



**Abbott**



100 mg/dL

120 mg/dL

114 mg/dL

100 mg/dL

CHANGING LIVES,  
**CHANGING THE FUTURE**

GLOBAL  
SUSTAINABILITY  
REPORT 2018



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## ABOUT THE COVER

Courtney Duckworth was diagnosed with type 1 diabetes when she was 10 years old, but she wasn't going to let her diabetes hold her back from crossing a marathon off her bucket list. Read more on **page 125** to find out how she used Abbott's FreeStyle® Libre flash glucose monitoring system to complete an extraordinary feat.



## FROM OUR CHAIRMAN AND CEO

### DEAR FELLOW STAKEHOLDER,

We at Abbott believe we're in the best business there is: we get to help people live fuller lives through better health. We recognize that as a privilege – one that comes with responsibilities.

The most important of these is that we manage the company to ensure that Abbott will be here – for another 130 years and beyond – continuing to benefit the millions of people around the world who depend upon us in such meaningful ways.

Our primary concern and contribution will always be the life-changing health technologies that we bring to the people who need them – technologies such as *FreeStyle® Libre*, which is helping people manage their diabetes more painlessly, easily and effectively than ever before; *Alinity™*, a family of advanced systems that are revolutionizing the diagnostic laboratory; and *Confirm Rx™*, the world's first and only smartphone-compatible insertable cardiac monitor to detect irregular heartbeats that can lead to heart failure.

Today, fulfilling this mission is more complex and challenging than ever before, because the role of business in society keeps evolving and creating new and greater expectations. So, while our ultimate goal is the same one we've always had – to improve lives – today we do that in more ways, for more people, than ever before. This report details our commitment to being a responsible and sustainable enterprise, and provides a broad range of our related efforts and their positive effects.

We thank you for your interest in, and support of, Abbott and our work. As you'll see in this report, we've continued to make important progress in the areas most important to the long-term welfare of our business and our varied stakeholders, which we've pursued consistently over time. In the months and years ahead, we'll keep raising that commitment as we create long-term value for all the people we're here to serve.

Best regards,

**MILES D. WHITE**

CHAIRMAN AND CHIEF EXECUTIVE OFFICER



# SUSTAINABILITY OVERVIEW

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A young boy with dark hair is laughing heartily, his eyes closed and mouth wide open, showing his teeth. He is wearing a teal-colored button-down shirt. The background is a weathered, textured wall with peeling paint and some blue patches. The lighting is natural, highlighting the boy's face and the texture of the wall.

## LIVING LONGER AND BETTER

Abbott is in the business of life, helping people live longer and better at all ages and stages of life through good health.

We do so through life-changing technologies and products that drive breakthroughs in prevention, diagnosis and treatment. We also do so by anticipating changes in medical science and technology to deliver the future of healthcare.

## OUR BUSINESS

Abbott's four core businesses are positioned for leadership across diverse markets and geographies, providing more ways to grow by helping people live better lives:

- Our medical devices business advances innovative technologies in cardiovascular care, diabetes management, and chronic pain and movement disorders.
- Our diagnostics business provides accurate, timely information so people can make better decisions for their health.
- Our nutrition business uses the latest science to create better ways to nourish bodies at every stage of life.
- Our medicines business delivers high-quality, trusted and affordable medicines to help people get and stay healthy.

In each of our businesses, we innovate early, moving quickly to address developing health needs and empowering people and their doctors with the data and knowledge required to make better, faster and more complete decisions about their health.

Our ability to respond in this way ultimately depends upon our sustainability as a business. This includes operating ethically and responsibly, ensuring quality and safety, valuing our people, building a resilient supply chain and delivering results for our shareholders.

Our core values of Pioneering, Achieving, Caring and Enduring are the foundation of our identity as a company. They define how we do our work and serve our stakeholders. Aligning our organization around this cohesive set of values is critical to the fulfillment of our mission and the achievement of our business goals.

- Pioneering: Bringing life-changing health technologies to the people who need it
- Achieving: Delivering customer-focused outcomes and world-class execution
- Caring: Helping people live fuller lives through better health
- Enduring: Managing the company to ensure its long-term success

In this report, we share our progress in delivering sustainable and responsible growth that improves lives and creates value in communities around the world.

 <p>\$30.6 BILLION NET SALES WORLDWIDE</p>	 <p>\$2 BILLION RETURNED IN DIVIDENDS TO SHAREHOLDERS</p>
 <p><b>\$2.3 BILLION INVESTED IN RESEARCH AND DEVELOPMENT</b></p>	
 <p><b>MORE THAN \$62 MILLION INVESTED IN COMMUNITIES</b></p>	

# A CLOSER LOOK AT ABBOTT'S RAPID DIAGNOSTICS BUSINESS

The ability to diagnose conditions quickly, without the need for a specialized laboratory, has a transformative effect on the accessibility of healthcare. With the integration of our rapid diagnostics business in 2018, Abbott expanded the testing solutions that we make available at the point of care.

Our diagnostics solutions cut the distance that many people need to travel for testing and the time they must wait for treatment. These products help prevent the undiagnosed spread of epidemics and infectious diseases, and keep communities safe through fast, reliable toxicology tests. The following demonstrates the impact of our rapid diagnostics business in 2018. Note that the rest of this report does not include data from this business unless otherwise stated.

**2 BILLION**  
diagnostic tests delivered in 2018

**2.6 MILLION**  
molecular tests delivered in 2018

**NO. 1**  
toxicology testing and specialty labs

## WE ARE THE GLOBAL LEADER

in rapid testing of a number of infectious diseases including HIV, malaria, dengue fever and respiratory diseases, such as influenza, strep A and pneumonia.



## IN 2018

we derived more than half our total revenue from outpatient settings. We're delivering life-changing technology that reflects where healthcare is heading — closer to patients.

**1 BILLION+**  
lateral flow tests sold in 2018

**120+ COUNTRIES**  
utilize Abbott HIV tests

**170 MILLION**  
malaria tests sold in 2018

**NO. 1**  
position in U.S. physician office laboratory (POL) respiratory\*

*“We’re focused on innovating and delivering best-in-class rapid diagnostics and monitoring that increase access to quality healthcare in all settings, from urban areas to the most remote and resource-limited regions of the world.”*

– CHRIS SCOGGINS  
SENIOR VICE PRESIDENT, RAPID DIAGNOSTICS

\*Based on revenue share only of total respiratory market including flu, Strep A and respiratory syncytial virus (RSV); market defined as rapid tests and Clinical Laboratory Improvement Amendments (CLIA)-waived only molecular tests.

## CORPORATE GOVERNANCE

Abbott is committed to strong corporate governance that aligns with stakeholder interests. Abbott's Board of Directors spends significant time with Abbott's senior management to understand the dynamics, issues and opportunities in its environment, and to provide both insights and ask probing questions that guide decision-making. This collaborative approach to risk oversight and emphasis on long-term sustainability begins with our leaders and is ingrained in Abbott's culture. The Board also regularly monitors leading practices and trends in governance and adopts measures that it determines are in the best interest of Abbott and its stakeholders.

### Board Leadership

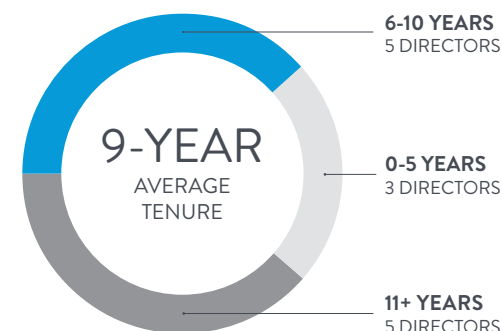
Abbott's Board of Directors consists of our Chairman and CEO, Miles D. White, and 12 independent directors. This composition achieves strong Board independence, with no director accountable to company management. To further strengthen the Board's independence, the Board has a Lead Independent Director, William A. Osborn. The Board has determined that this leadership structure ensures the appropriate level of oversight, independence, and responsibility is applied to all Board decisions, including risk oversight.

As Chairman and Chief Executive Officer, Mr. White provides cohesive leadership and direction for the Board and executive management, who benefit from his extensive industry expertise, leadership experience, and familiarity with our business.

As Lead Independent Director, Mr. Osborn has clearly defined responsibilities, including presiding over executive sessions of independent directors at each regularly scheduled board meeting, reviewing matters such as meeting topics and schedules, and consulting and engaging with major shareholders. The Lead Independent Director is elected annually by the independent directors.

### Board Composition and Diversity

In the process of identifying nominees to serve as a member of the Board of Directors, the Nominations and Governance Committee considers the Board's diversity of relevant experience, areas of expertise, ethnicity, gender and geography, and assesses the effectiveness of the process in achieving that diversity. In addition, Board members should have backgrounds that, when combined, provide a portfolio of experience and knowledge that will serve Abbott's governance and strategic needs.



The process used to identify and select nominees has resulted in an experienced, diverse and well-rounded Board of Directors that possesses the skills and perspectives necessary for its oversight role. Three new directors have been appointed since 2017, each of whom have a unique expertise and executive leadership to supplement the Board's skills and provide fresh perspective following a period of strategic shaping of the business.

Six of the 13 directors are women or minorities. The Board's diversity ensures that the company's thinking is informed by a wide range of perspectives. It is part of a commitment to diversity that applies at every level of our company. Forty-three percent of Abbott's management positions were filled by women in 2018, and the company was named one of the year's Top Companies for Executive Women and one of the Top 50 Companies for Diversity for the 15th time. In 2018, Abbott was again recognized by 2020 Women on Boards as a leader in its campaign to increase women's participation on corporate boards to 20 percent by 2020, a goal Abbott has met since 2010.

To learn more about our Board members' experience and qualifications, visit the Governance section of our [website](#).



### Board Committees

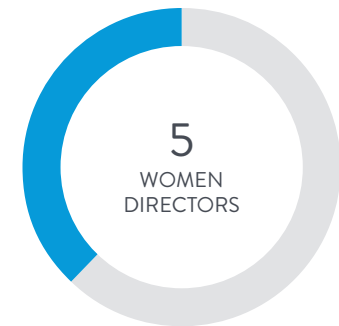
The Board has four key committees: Audit, Compensation, Nominations and Governance and Public Policy. Each of these board committees are fully independent.

- **Audit Committee:** Assists the Board of Directors in fulfilling its oversight responsibility with respect to Abbott's accounting and financial reporting practices and the audit process; the quality and integrity of Abbott's financial statements; the independent auditors' qualifications, independence and performance; the performance of Abbott's internal audit function and internal auditors; certain areas of legal and regulatory compliance; and enterprise risk management (ERM), including major financial and cybersecurity risk exposures. Each year, the committee receives a full report from our ERM leadership and discusses the topic at both the committee and Board level. To learn more about [Abbott's approach to ERM](#), see [page 10](#).
- **Compensation Committee:** Assists the Board of Directors in carrying out the Board's responsibilities relating to the compensation of Abbott's executive officers and directors; annually reviews the compensation paid to the members of the Board and gives its recommendations to the full Board regarding both the amount of director compensation that should be paid and the allocation of that compensation between equity-based awards and cash; and reviews, approves

and administers the incentive compensation plans in which any executive officer of Abbott participates and all of Abbott's equity-based plans.

- **Nominations and Governance Committee:** Assists the Board of Directors in identifying individuals qualified to become Board members and executive officers of Abbott; and serves in an advisory capacity to the Board and the Chairman of the Board on matters of organization, management succession plans, major changes in the organizational structure of Abbott and the conduct of Board activities.
- **Public Policy Committee:** Assists the Board of Directors in fulfilling its oversight responsibility with respect to Abbott's public policy, certain areas of legal and regulatory compliance and governmental affairs and healthcare compliance issues that affect Abbott.

A full description of the functions carried out by each board committee is available on the Governance section of our [website](#).

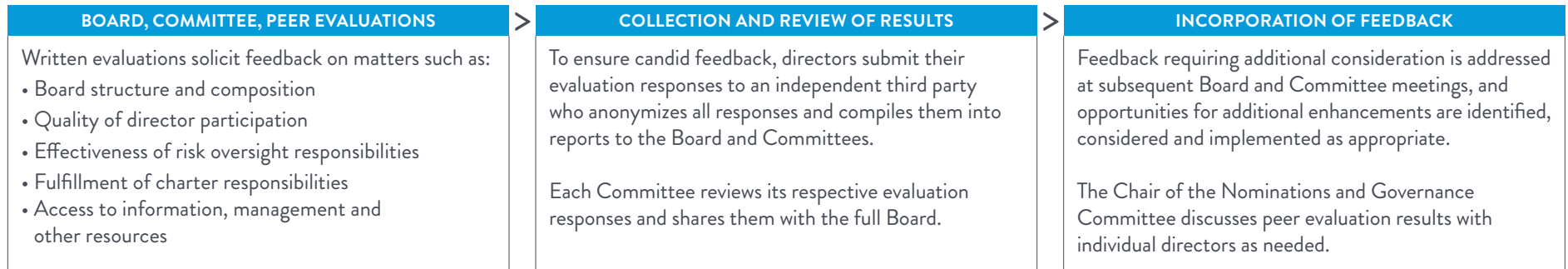


### DIVERSITY OF BOARD EXPERIENCES

- Financial acumen
- Consumer facing
- International experience
- Strategic shaping
- Data/cybersecurity
- Medical devices/healthcare
- Global supply chain operations

### Board Evaluation

Each year, Abbott's directors evaluate the effectiveness of the Board and its Committees in performing its governance and risk oversight responsibilities. Directors assess the performance of the Board of Directors, each of the Committees on which they serve and their peers as follows:



## SUSTAINABILITY AT ABBOTT

Abbott's approach to sustainability starts with the people we serve and our mission to help people live better and healthier. We achieve this through the way we operate and by innovating life-changing technologies and products. We aim to deliver sustainable, responsible growth that improves lives and creates value in communities around the world.

We believe that sustainability is built on systems thinking, collaboration and applying our unique strengths. The following principles inform our approach and help amplify the inherently positive social impact that a healthcare business such as ours should have.

- We drive a system of governance that puts sustainability at the heart of our business. From Research and Development (R&D) to Supply Chain and Manufacturing Operations to Product Marketing, we manage our environmental, social and governance impacts to maximize efficiency and effectiveness.
- We recognize that the healthcare environment is complex and interconnected. We invest in understanding the changing needs of different countries and cultures, and the impact of a changing external and operating environment. By identifying the most material issues for our business and the developing needs of the people we serve, we can make purposeful, intentional decisions about how best to position our business for the future.
- We build together by listening to the stakeholders most impacted by our products. We work with patients, consumers, healthcare practitioners, caretakers, external partners and suppliers to deliver sustainable impact.
- We apply our unique strengths as a business in a focused way by identifying and investing in the most impactful, life-changing innovations; evolving our business to meet emerging healthcare needs; or finding measurable ways to address social challenges through our scientific and technical expertise.

*“Sustainability is embedded in our core values at Abbott. We want to have an enduring impact in helping people live better – which means we have to think, and act, for the long term. This extends to everything we do, across our businesses and in partnership with others.”*

**MELISSA BROTZ**  
VICE PRESIDENT,  
GLOBAL MARKETING AND EXTERNAL AFFAIRS

## Sustainability Governance

Abbott's commitment to sustainable business starts at the top and is integrated across our organization:

- Our Board of Directors and senior management lead our sustainability activities. The Board's Public Policy Committee is responsible for reviewing and evaluating our policies and practices regarding corporate responsibility.
  - Our Global Citizenship Advisory Council (GCAC), a group of independent expert advisors and thought leaders in the area of sustainability, provides Abbott with guidance on strategic sustainability issues. This includes identifying risk and opportunities across our organization. The GCAC members include:
    - 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
- Abbott's Global Sustainability team takes the lead in implementing our sustainability strategy, working with our four businesses, key functional areas and affiliates around the world. The Global Sustainability team reports to our Vice President and Chief Marketing and External Affairs Officer who reports directly to our Chairman and CEO.
  - The Global Operations Council (GOC) oversees execution of the strategy for all Abbott operations (Manufacturing, Supply Chain, Engineering and Environment, Health and Safety) based on internal assessment, risk profiles and industry best practices to continuously improve Abbott's performance. The council is chaired by our Senior Vice President, Quality Assurance, Regulatory and Engineering Services, and includes three corporate officers and 26 divisional vice presidents, representing division and corporate operations. For more information on our management of operational sustainability, see the [Safeguarding Our Environment, Strengthening Our Supply Chain](#) and [Valuing Our People](#) sections of this report.
- Abbott's cross-functional Sustainability Working Group leads the integration of sustainability within our business and oversees Abbott's reporting of environmental, social and governance (ESG) performance. The team includes representatives from Corporate Purchasing, Global Environment, Health and Safety, Ethics and Compliance, Quality and Regulatory Affairs, Cybersecurity, Human Resources, Supply Chain, Legal, Corporate Governance, 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 global affiliates have formed their own local cross-functional sustainability working groups, which embed responsible business practices and drive stakeholder engagement initiatives tailored to local needs.

### **Managing Sustainability Risks and Opportunities**

It is important that our sustainability strategy reflects changing healthcare needs, emerging challenges and priorities, as well as the changing nature of Abbott's business.

Our enterprise risk management (ERM) process focuses on risks that have the capacity to impact our business performance. Our analysis of materiality broadens our perspective to consider all our stakeholders' expectations of a sustainable business, and the risks and opportunities that relate to meeting those expectations.

### ***Enterprise Risk Management***

Our ERM process is designed to evaluate risks on a consistent basis, measuring likelihood, impact and velocity to ensure the largest risks to Abbott have the appropriate focus and attention of our management team.

In late 2017, we formed a new ERM network team with eight functional experts, led by Abbott's Vice President, Internal Audit, who is a corporate officer. The network brings additional structure and consistency to risk evaluation and works to integrate ERM within our business. This group engages with a number of stakeholders who are subject matter experts on various enterprise risks, helping to identify additional mitigating actions that may be required to ensure risk management keeps pace with business strategy. Abbott's Vice President, Internal Audit, presents an overall ERM update to the Audit Committee of the Board of Directors once a year, and, in addition, detailed reviews of specific enterprise risks are completed with the Board of Directors or its committees throughout the year.

### ***Emerging Risk – Product Cybersecurity***

Product cybersecurity is an emerging risk area for Abbott. Our products provide critical therapies and information—sometimes in real-time—to help people and their doctors better manage patient outcomes. These connected devices are transforming healthcare, providing immense benefits to patients and physicians. However, they also create new risks for Abbott and our industry.

Failing to implement robust safety and cybersecurity measures could result in reputational and regulatory risks both for Abbott and for our industry as a whole. According to a survey commissioned by Abbott in 2018, 75 percent of physicians and 62 percent of hospital administrators feel inadequately trained or prepared to mitigate cyber risks. A lack of confidence in our products from a cybersecurity perspective could result in impacts to our market growth, reputation and the regulatory environment.

We believe that an industry-wide approach is essential for protecting patients and their data, which is vital if we are to realize the immense potential benefits of connected healthcare. We take a comprehensive approach to protecting the devices, products and systems that connect patients to healthcare professionals and institutions. We have evolved our cybersecurity governance approach to encompass the entire product life cycle, from product design to risk analysis and testing by internal and external experts. Abbott's cybersecurity partners include other members of the healthcare industry, trade associations, security experts, academic institutions and the research community. For further details of our [cybersecurity governance](#) and [management approach](#), see [page 35](#).

#### ***Emerging Risk – Disruptive Technologies***

Health systems are dealing with some of their most significant challenges ever – from increased patient needs to price pressure and consolidation. Now more than ever, our customers need partners and solutions that can address these challenges and revolutionize the way care is delivered. One way to do that is by bringing diagnostics closer to the patient.

Emerging technologies have the potential to change lives by bringing greater access to testing. They also create the potential for new entrants to disrupt the diagnostics industry, leaving Abbott in a position where our traditional products do not meet customers' needs. Additionally, the entrance of nontraditional competitors in the healthcare market could impact future growth potential.

To remain competitive, Abbott needs to continue innovating new technologies that are relevant in the changing healthcare landscape. As the leader in point-of-care testing, we have the scientific expertise and market understanding to be one of the most relevant players in this new environment. We are already providing testing in hospital, clinics, physicians' offices, pharmacies and in the most remote locations in emerging markets. Our scientists are actively researching and developing the next generation of diagnostic technologies. For further details of Abbott's [life-changing diagnostics technologies](#), see [page 4](#).

## In 2018, our executive management team committed to developing a new sustainability strategy that will launch in 2020.

### Materiality Analysis

Abbott takes a deliberate approach to shaping our business to reflect changing healthcare needs and opportunities. An important element in moving our company forward involves updating our assessment of materiality for Abbott to reflect the way our business has evolved. In recent years, we have conducted materiality assessments that monitor the most important issues to Abbott, our industry and our priority stakeholders. In 2018, our executive management team committed to developing a new sustainability strategy building off these assessments that will launch in 2020.

The strategy will be grounded in an updated approach to assessing materiality for Abbott that we developed and conducted in partnership with an external consultancy, Corporate Citizenship.

This materiality process included five stages:

1. We conducted extensive research on potential issues that included engaging ratings and rankings organizations, peers and competitors, tracking emerging issues and consulting best practices from across different industries.
2. Abbott's Executive Leadership team, which represents all of Abbott's divisions and corporate functions, convened to prioritize the topics with the greatest impact on Abbott over the next 5-10 years.
3. We interviewed senior leaders from across our organization to further refine the priority topics.
4. We met with a number of key external stakeholders, including customers, suppliers, investors, nongovernmental organizations, academics and regulators to collect feedback on the prioritized topics.
5. We synthesized the internal and external feedback into a list of 18 material issues, prioritized into three tiers, which was approved by Abbott's Executive Leadership team and will serve as the foundation of our sustainability strategy.

<b>TIER ONE</b>	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Data and Data Privacy</li> <li>• Access and Affordability</li> <li>• Talent</li> <li>• Government and Regulation</li> <li>• Product Quality and Safety</li> </ul>
<b>TIER TWO</b>	<ul style="list-style-type: none"> <li>• Supply Chain</li> <li>• Ethics and Compliance</li> <li>• Cybersecurity</li> <li>• Corporate Governance</li> <li>• Climate Change</li> <li>• Transparency and Reporting</li> <li>• Water</li> </ul>
<b>TIER THREE</b>	<ul style="list-style-type: none"> <li>• Executive Compensation</li> <li>• Human Rights</li> <li>• Antimicrobial Resistance</li> <li>• Animal Welfare</li> <li>• Clinical Trial Transparency</li> </ul>

### **Engaging Stakeholders**

Abbott is an active participant in the global dialogue on health and the broader role of business. 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.

Our stakeholder engagement is conducted formally, through the many associations and partnerships of which we are members. We also seek to engage with stakeholders more informally, through networks and organizations in which we participate.

Our local country businesses play an important role in forming relationships with stakeholders. To promote and ensure local implementation of our approach, we have a defined methodology, designed to be used on a cross-functional basis within each business and affiliate where we operate.

We have developed a stakeholder engagement process that guides Abbott leaders in setting local engagement strategies. Local teams are required to review their stakeholder engagement strategies on a regular basis. The outcomes of local stakeholder engagement are reported in country-level citizenship reports or at local stakeholder forums.

Through our engagement, we aim to stay well informed of the major issues of concern to all stakeholders wherever we operate.

### **Customer Satisfaction**

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 55.7 in 2018.









STAKEHOLDER GROUP	ENGAGEMENT METHODS	
<b>Investors</b>	<ul style="list-style-type: none"> <li>• Investor calls</li> <li>• In-person meetings</li> <li>• Annual shareholders meeting, quarterly earnings calls and conferences (full investor calendar webpage)</li> <li>• Investor newsletter</li> <li>• Annual Report</li> </ul>	<ul style="list-style-type: none"> <li>• Global Sustainability Report</li> <li>• Investor section of Abbott.com</li> <li>• Social media (Twitter®, Facebook®, Instagram®, YouTube® and LinkedIn®)</li> <li>• Email alerts</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Customer meetings</li> <li>• Customer call centers</li> <li>• Sales ambassadors and customer relationship managers</li> <li>• Field service representatives</li> <li>• Business and country representatives (Worldwide Contacts webpage)</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer and healthcare professional sections of Abbott.com</li> <li>• Brand websites</li> <li>• Social media (Twitter, Facebook, Instagram, YouTube and LinkedIn)</li> <li>• Focus groups</li> <li>• Clinical trials</li> </ul>
<b>Suppliers</b> <i>For more details on supplier engagement, see <a href="#">Strengthening Our Supply Chain (page 59)</a>.</i>	<ul style="list-style-type: none"> <li>• Strategic partnerships</li> <li>• Procurement specialists</li> <li>• Supplier Guidelines published in multiple languages</li> <li>• Supplier Diversity Policy and Program</li> <li>• Supplier Social Responsibility Program, including surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier audit programs</li> <li>• Supplier scorecards</li> <li>• Active leadership in the Diverse Manufacturing Supply Chain Alliance (DMSCA)</li> <li>• Suppliers sections of Abbott.com</li> </ul>
<b>Employees</b> <i>For more details on employee engagement, see <a href="#">Valuing Our People (page 70)</a> and <a href="#">Addressing Social Issues (page 87)</a>.</i>	<ul style="list-style-type: none"> <li>• Annual Employee Living Fully survey</li> <li>• Division Culture surveys</li> <li>• Ease of Working with HR survey</li> <li>• Annual all-employee meeting with our Chairman and CEO</li> <li>• Business and functional town hall meetings</li> <li>• Employee networks</li> </ul>	<ul style="list-style-type: none"> <li>• Abbott World intranet</li> <li>• Abbott World Today daily email article</li> <li>• aLIVE smartphone app</li> <li>• Yammer® groups</li> <li>• Employee Giving Campaign</li> <li>• Internal employee volunteering website</li> </ul>
<b>Governments</b> <i>For more details on government engagement, see <a href="#">Promoting Ethics and Integrity (page 19)</a> and <a href="#">Addressing Social Issues (page 87)</a>.</i>	<ul style="list-style-type: none"> <li>• Government affairs liaisons</li> <li>• Trade associations/organizations</li> <li>• Abbott Employee Political Action Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Global Citizenship programs</li> <li>• Corporate Political Participation webpage of Abbott.com</li> </ul>


## SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



In assessing what sustainability means to Abbott, we monitor how our priorities and material issues align with the Sustainable Development Goals (SDGs) published by the United Nations (UN). The following examples represent some of the many ways in which our work to help people live better and healthier lives intersects with the SDGs.

SUSTAINABLE DEVELOPMENT GOALS	EXAMPLE
<p><b>GOAL 1</b> End poverty in all its forms everywhere</p> 	<p>Abbott and the Abbott Fund have a long history of providing humanitarian relief around the world in times of disaster. Through grants and product donation support, we are committed to helping communities impacted by disaster in alignment with SDG Target 1.5. We take a comprehensive approach, working with trusted partner organizations by focusing on preparedness, response and recovery to build more resilient communities. For more information, go to the Disaster Relief page on our <a href="#">website</a>.</p>
<p><b>GOAL 2</b> End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p> 	<p>Combining a century's worth of Abbott science-based nutrition expertise and Abbott Fund investment with PATH's innovative Ultra Rice formulation technology and on-the-ground expertise, we have transformed a bowl of rice into a micronutrient-rich meal. For more information, go to the Ultra Rice page on our <a href="#">website</a>.</p>
<p><b>GOAL 3</b> Ensure healthy lives and promote well-being for all at all ages</p> 	<p>Abbott's diabetes care business has revolutionized continuous glucose monitoring with <i>FreeStyle® Libre</i>. Go to our <a href="#">website</a> to learn more about how Abbott has developed a life-changing experience for people with diabetes.</p> <p>Additionally, our rapid diagnostic tests help fight malaria in the Indian state hit hardest by the disease. Read more about how we are working to eliminate malaria on our <a href="#">website</a> and find out more about the many other ways we improve health by visiting <a href="#">Abbott.com</a>.</p>

SUSTAINABLE DEVELOPMENT GOALS	EXAMPLE
<p><b>GOAL 4</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> 	<p>Through science, technology, engineering and math (STEM) education, Abbott and the Abbott Fund are inspiring the next generation of innovators. Since the inception of our STEM programs, we have leveraged employee expertise to deliver engaging educational programs in more than 1,000 schools and community partnerships reaching more than 325,000 kids. Read more about our STEM programs on the Science Education page of our <a href="#">website</a>.</p>
<p><b>GOAL 5</b> Achieve gender equality and empower all women and girls</p> 	<p>In 2018, Abbott was named a <i>Working Mother</i> magazine Top 100 company for the 18th year. After hitting the magazine's hall-of-fame status in 2016, we have continued our efforts in evaluating employees' greatest needs in markets around the world where we have offices. We are proud that working mothers can find the flexibility they need to live their fullest lives at work and at home. Read more about Abbott's achievement on our <a href="#">website</a>.</p>
<p><b>GOAL 6</b> Ensure availability and sustainable management of water and sanitation for all</p> 	<p>Access to water is essential to Abbott's manufacturing operations and business continuity, and it also plays a critical role in the use of many of our products. 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. Through our 2020 water reduction target to decrease Abbott's total water intake by 30 percent by 2020, compared to 2010 and adjusted for sales, we ensure the water efficiency of our operations and reduce our water-related impacts. Since 2010, we have reduced our water intake by more than 3 percent on an absolute basis and 27 percent when adjusted for sales. See <a href="#">page 48</a> in <a href="#">Safeguarding Our Environment</a> for more details.</p>

SUSTAINABLE DEVELOPMENT GOALS	EXAMPLE
<p><b>GOAL 13</b> Take urgent action to combat climate change and its impacts</p> 	<p>Abbott is committed to identifying and mitigating climate-related risks that impact our operations, supply chain and distribution network. A core part of Abbott’s business strategy includes reducing our energy and carbon footprint in our operations. 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. In 2018, we achieved a 42 percent reduction, adjusted for sales since 2010.<sup>1</sup></p> <p>Additionally, we set an aggressive target to reduce the total weight of our packaging by 10 percent by 2020, compared to our 2010 baseline. We surpassed our initial goal in 2017 and continued this trajectory of progress by achieving total annualized reductions of 14 percent in 2018. Through this achievement, we have eliminated approximately 41.3 million pounds of packaging since 2010. See <a href="#">page 57</a> in <a href="#">Safeguarding Our Environment</a> for more details.</p>

1. Scope 1 and 2 emissions were calculated using the World Resources Council (WRI) Greenhouse Gas Protocol (GHGP). To calculate our Scope 2 emissions, we use the GHGP market-based methodology. Where market-based information is not available, location-based results have been used as proxy. For full details on our [carbon emissions](#), including market- and location-based calculations, please see [pages 103, 106-108](#) in the [Reporting on Sustainability](#) section.

# 2018 SUSTAINABILITY HIGHLIGHTS

## TALENT

**103,000 EMPLOYEES\***

serving people in more than  
160 countries

**46% FEMALE<sup>†</sup>**

U.S. workforce

**34% MINORITIES<sup>†</sup>**

U.S. management positions

**7,500+ EMPLOYEES**

participated in our leadership and  
development programs —  
up 45% from 2017

**7,000+ EMPLOYEES**

involved in one of nine  
employee networks

## INNOVATION

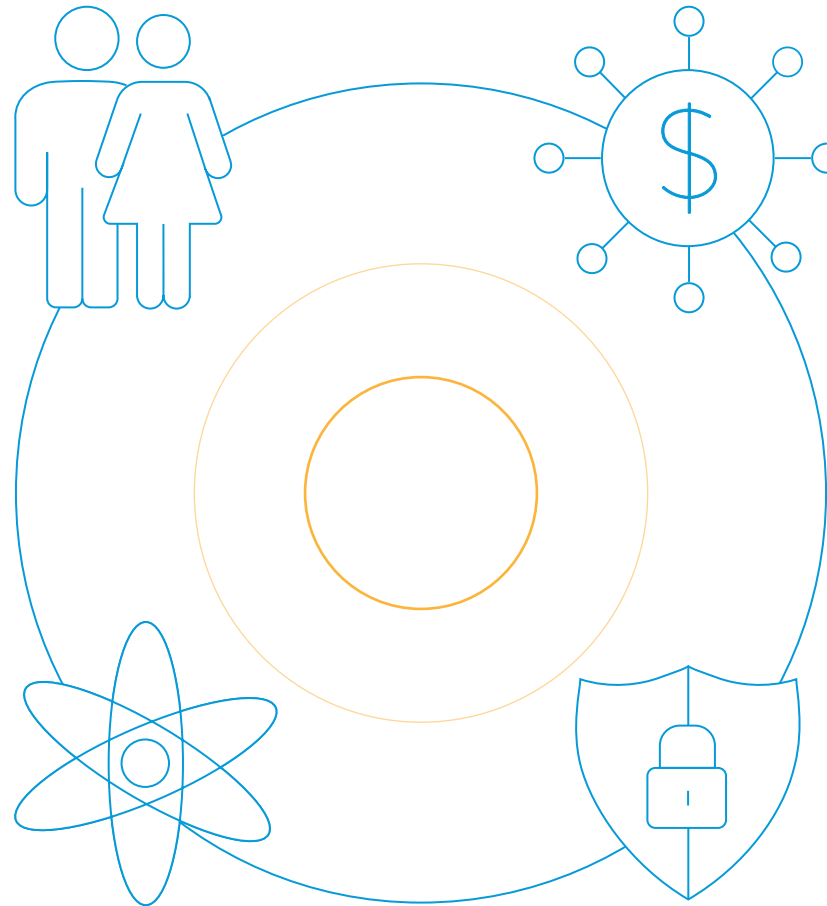
**\$2.3 BILLION**

invested in research and development

**3 LEADING CONNECTED  
CARE DEVICES**

that let patients and doctors remotely monitor  
chronic conditions, helping reduce costs and  
improving patients' quality of life

- Diabetes: *FreeStyle® Libre*
- Cardiac Rhythm Management: *Confirm Rx™*
- Heart Failure: *CardioMEMS™ HF System*



## ACCESS AND AFFORDABILITY

**50% REDUCTION IN  
MORTALITY RATE**

at Tanzania's Muhimbili National Hospital  
due to a \$130 million investment  
in the Tanzanian healthcare system,  
as well as training more than  
**300 PHYSICIANS,  
NURSES AND STUDENTS**

**\$120+ SAVED  
EACH MONTH**

by *FreeStyle Libre* users who can eliminate  
of the cost of test strips<sup>‡</sup> while also minimizing  
the cost of diabetes-related complications,  
including cost of additional treatment that  
could lead to hospitalizations and other  
long-term care<sup>§||</sup>

## CYBERSECURITY

**2 DEDICATED  
ORGANIZATIONS**

responsible for cybersecurity risk management,  
enabling greater focus on two equally important  
areas for our business

- Enterprise
- Product Cybersecurity

\*Includes Alere employees

<sup>†</sup>Percentages as of December 31, 2018. Percentages represent count of U.S. employees, excluding rapid diagnostics business. Management positions are defined as grades 17–49.

<sup>‡</sup>Hellmund R. Cost calculation and adherence to ADA recommendations based on a flash continuous glucose monitoring system. Presented at the American Diabetes Association 78th Scientific Sessions. [https://plan.core-apps.com/tristar\\_ada18/abstract/5188446740e191fd289345d56a78cdc8](https://plan.core-apps.com/tristar_ada18/abstract/5188446740e191fd289345d56a78cdc8)

<sup>§</sup>Hellmund R. Cost calculation and adherence to ADA recommendations based on a flash continuous glucose monitoring system for people with T1DM or T2DM using MDI therapy [Abstract]. *Diabetes*. 2018;67 (Suppl 1):69-LB. <https://doi.org/10.2337/db18-69-LB>

<sup>||</sup>Hellmund R, Weitgasser R, Blissett D. Cost calculation for a flash glucose monitoring system for UK adults with type 1 diabetes mellitus receiving intensive insulin treatment. *Diabetes Res Clin Pract*. 2018. <https://ncbi.nlm.nih.gov/pubmed/29410149>



## SECTION 1

# PROMOTING ETHICS AND INTEGRITY

Our Compliance Program.....	21
Combating Corruption and Bribery.....	25
Public Policy Engagement.....	26

A person in a blue long-sleeved shirt and dark pants is running through a dense forest of tall evergreen trees. The forest floor is covered in green ferns and other vegetation. Sunlight filters through the trees, creating a dappled light effect. The overall scene is lush and green, conveying a sense of nature and vitality.

## BUILDING TRUST IN ALL WE DO

As a global healthcare business, Abbott works to make a positive impact on healthcare decisions throughout the world to advance people's ability to live full and healthy lives.

We must demonstrate that this advocacy is always maintained ethically and responsibly. We are committed to adhering to all applicable laws and regulations and always operating honestly, fairly and with integrity.

We report on the channels and structures through which we embed ethical behavior at all levels of our organization, building a culture of compliance that engages all of our employees. We also describe how, through our approach, we are able to detect and address emerging ethical issues and compliance risks.

## OUR COMPLIANCE PROGRAM

We have designed our global ethics and compliance program to align with the elements of an effective program as described in the voluntary *Compliance Program Guidance for Pharmaceutical Manufacturers* published in 2003 by the Office of Inspector General, U.S. Department of Health and Human Services (HHS-OIG). Our policies also incorporate code of conduct guidelines from applicable medical technology trade associations, including AdvaMed, APACMed, MedTech Europe and MECOMED.

The key elements of Abbott's compliance program are:

- Leadership
- Written standards of conduct
- A process for reporting concerns
- Training and communications
- Auditing and monitoring
- Investigations and corrective actions
- Risk assessments and compliance enhancements

In several countries, laws require additional transparency and restrictions on conduct when businesses interact with healthcare providers. Abbott complies with all such local requirements, including additional certification, tracking and reporting on payments and transfers of value. These additional transparency laws exist at the federal and state levels in the United States and in countries such as Belgium, Brazil, Canada, Colombia, Denmark, France, Indonesia, the Philippines, Portugal, Romania, South Korea and Turkey.

*“At Abbott, ethics and compliance are a critical part of how we do business every day. Our most important job in the Ethics and Compliance organization is to work closely with Abbott leaders to continuously build this culture throughout all levels of our global organization.”*

**JAMES YOUNG**  
VICE PRESIDENT,  
CHIEF ETHICS AND COMPLIANCE OFFICER



### **Ethics and Compliance Leadership**

Abbott's Chief Ethics and Compliance Officer (CECO) is the vice president responsible for leading our ethics and compliance program and managing our Office of Ethics and Compliance (OEC). The CECO regularly reports compliance matters to our Chairman and CEO, to our Chief Operating Officer, to senior-level leaders and to our Board of Directors and its committees.

Abbott's Business Conduct Committee (BCC), which is chaired by the CECO, assists in implementing the compliance program. This group meets regularly to discuss the changing legal and regulatory environment, monitor best practices and refine Abbott's approach. The BCC consists of senior-level leadership and is directly accountable to our Chairman and CEO.

Each Abbott business has dedicated OEC staff members that support the business on implementing our ethics and compliance program. Outside the United States, we operate an affiliate compliance program that is managed by local affiliate compliance committees. The committees include top executives from all of Abbott's businesses within a country and are responsible for the day-to-day execution of the compliance program. The committees monitor compliance, provide training and ensure employee awareness and engagement. They meet regularly to discuss emerging issues and work with local OEC staff to implement new programs.

### **Policies and Standards of Conduct**

Our Code of Business Conduct is the foundation for ethical conduct at Abbott. Our code is available in print and online in 29 languages, and every Abbott employee is required to read the code and certify his or her adherence annually.

The code embodies our company values and expectations. It establishes the principle that it is every employee's responsibility to live Abbott's values every day, including: holding themselves to the highest ethical standards, keeping a watchful eye on our activities, reporting concerns in good faith and always operating with honesty, fairness and integrity. Key areas highlighted in the code include adhering to policies and procedures, treating confidential information appropriately, avoiding conflicts of interest and maintaining accurate books and records. The code clearly states that Abbott does not tolerate illegal or unethical behavior in any aspect of our business and that employees are required to ask questions and/or report any concerns.

We have developed a Decision Making AID (Assess Impact Decide) framework, which is designed to help our employees apply the code's principles. In addition to guiding their own actions, this helps our employees monitor behavior, ask questions and report concerns.

Our written policy called Employee Problem Solving is designed to support the open exchange of information and help employees resolve concerns. It applies to all Abbott employees worldwide, except where local laws and/or collective bargaining agreements dictate otherwise.

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, diagnostics, nutrition products and medicines.

We update our ethics and compliance policies regularly to reflect changes to the law or industry codes, including rules on interactions with healthcare professionals. In 2018, we rolled out the Code of Business Conduct and compliance policies and procedures to our newly acquired rapid diagnostics business.

### **Transparency on Nutrition**

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. We also are responsible for taking steps to ensure that our conduct, at every level in this regard, conforms to our nutrition business's [Global Infant Formula Marketing Policy](#) and local laws in the countries where we operate.

### **Process for Reporting Concerns**

Our Code of Business Conduct emphasizes employee reporting concerns. This requires us to create an environment where they can do so in good faith, without fear of retaliation. The code outlines Abbott's responsibilities for handling employee grievances and complaints in an ethical way and strictly forbids any retaliation against any person who raises a complaint.

We have clearly defined systems and processes for asking questions and reporting 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.

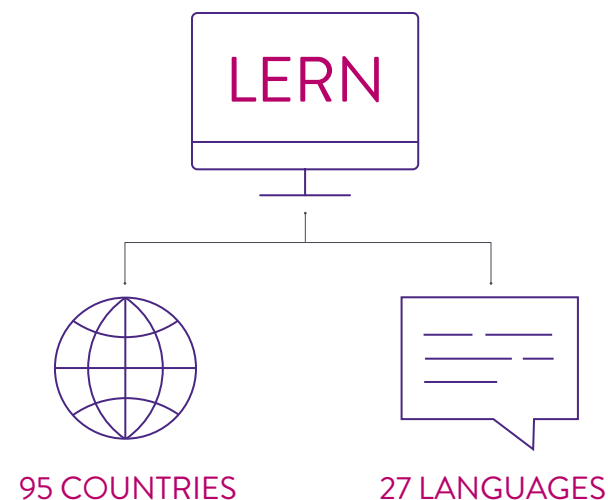
The helpline is available 24 hours a day, seven days a week. Employees may also contact OEC staff or the CECCO directly. We also have additional systems in place for reporting through social media channels, which includes reporting concerns, responding to questions on ethics or handling reports of suspected or actual violations.

### **Training and Awareness**

Abbott's employees participate in a global online Legal and Ethics Resource Network (LERN) training program, which educates them on all aspects of the code and provides practical guidance on how to recognize and respond to legal and ethical issues. We provide LERN training in 95 countries and 27 languages. We also run localized training initiatives that focus on executing Abbott's policies in alignment with applicable local laws.

We supplement training with communications designed to raise awareness of and engagement in compliance issues. These include emails, newsletters, videos and issue highlights on our OEC intranet site. Our OEC staff also participate in global, national and regional sales meetings, as well as local site meetings, creating the opportunity to discuss compliance issues face to face.

## **LEGAL AND ETHICS RESOURCE NETWORK (LERN) TRAINING**



### **Monitoring and Accountability**

We oversee compliance with our policies and procedures through periodic auditing and monitoring, with the frequency guided by an assessment of compliance risks for different business interactions and regions. We track action items from our audits and monitoring to ensure that any business process enhancements or corrections are made in a timely fashion.

### **Investigations and Corrective Actions**

Adhering to our Code of Business Conduct is a condition of continued employment at Abbott. We investigate all reports of potential violations of our code, policies or procedures, and take appropriate corrective action.

Any Abbott employee who violates our code, policies or procedures is subject to appropriate disciplinary action, which may include termination. Corrective action may also include terminating third-party relationships. Any Abbott employee who refuses to cooperate in an investigation may also be subject to disciplinary action, as may any employee who reports a concern that is knowingly false or intended to threaten, intimidate or retaliate.

Abbott does not tolerate retaliation against anyone who reports a violation in good faith. These guidelines are well publicized and enforced throughout the company.

We regularly report information about investigations to our Board of Directors and senior management, and 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.

### **Risk Assessments**

The OEC regularly assesses compliance risks by monitoring the results of internal investigations, audits and monitoring programs and paying close attention to the external risk environment. This includes changes to industry codes and best practices, guidance from governments and enforcement actions taken against other companies. As emerging compliance risk is identified, the OEC develops plans for improvements and enhancements.

An example of one of our assessment programs is the Anti-Corruption Compliance Enhancement (ACE) program, in which we conduct an in-depth evaluation of the commercial practices of a particular country. If risks are identified, the OEC and senior leaders collaborate to develop compliance enhancements to remediate the risks and track their implementation.

## COMBATING CORRUPTION AND BRIBERY

Abbott is committed to preventing corruption in connection with our global business activities. The OEC has developed a Third-Party Compliance Process to identify and address corruption and bribery risks that occur when third parties interact with government officials or healthcare providers on Abbott's behalf.

The Third-Party Compliance Process requires Abbott businesses, subsidiaries and affiliates outside of the United States to conduct due diligence prior to engaging third parties who will perform services for Abbott. This process centralizes the functions of monitoring and mitigating risks, reduces the time and costs involved in third-party screening and provides an intuitive system that employees can easily use to identify high-risk business partners.

Key elements of the Third-Party Compliance Process include:

- Screening ex-U.S. third parties that interact with government officials or healthcare providers on Abbott's behalf
- Contracting with third parties through written agreements that contain compliance requirements
- Training, monitoring and auditing third parties (in some circumstances)

We routinely update our Third-Party Compliance Process tools and resources to mitigate third-party risks and better equip our business to prevent corruption and bribery.

## Public policy impacts our ability to advance healthcare – and make those advances accessible to the people they can help.

### PUBLIC POLICY ENGAGEMENT

Public policy impacts our ability to advance healthcare – and make those advances accessible to the people they can help. We see it as part of our responsibility to ensure that legislators and regulators understand Abbott’s views on major healthcare issues and the repercussions of public policy. It is vital that our engagement in this area always meets our ethical standards and complies with all relevant laws.

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 patients, consumers and our employees or Abbott’s 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. This activity is designed to champion our interests, those of our industry and, most importantly, those of the people who rely on our products.

We participate in the political process by contributing to U.S. state and local candidates and political organizations through our Abbott Employee Political Action Committee (AEPAC). We choose to support candidates and organizations that we believe understand how government actions can affect access to medical advances and that will work to promote an environment that fosters continued medical progress. We do not make direct independent expenditures on behalf of candidates running for public office. If such expenditures are made in the future, they would be included in our semiannual report.

Our political contributions are bipartisan, made without regard for the private political preferences of our officers and executives, and are based on the following criteria:

- Policy positions of candidates that reflect Abbott’s interests
- Representation of geographic areas where Abbott employees and facilities are located
- Relevant legislative committee assignments of office holders
- A candidate’s ability to be elected
- The need for financial assistance

Abbott’s U.S. Government Affairs function, under the direction of the Vice President of U.S. Government Affairs, reviews and approves all political contributions. This includes ensuring that all contributions are consistent with the company’s guidelines and in accordance with applicable laws. The Public Policy Committee of Abbott’s Board of Directors reviews the company’s U.S. political contributions policy annually.



## SECTION 2

# ENSURING QUALITY AND SAFETY

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Performance Updates .....	33
Cybersecurity .....	35



## DELIVERING QUALITY AND SAFETY

Trust in Abbott depends on our business consistently delivering products that are safe, effective and high quality. Everyone at Abbott is responsible for maintaining trust. As a global healthcare company operating in more than 160 countries, we are subject to laws of varying complexity around the world. Operating in this environment requires continuous monitoring, as well as an ability to adapt quickly to changing local regulations.

In order to create the future of healthcare, we must move quickly to respond to emerging healthcare needs and opportunities, especially those in connected care and digital health. We must be rigorous in anticipating, identifying and mitigating the risks involved in addressing those needs and investing in those opportunities. We are committed to embedding quality and safety throughout our value chain, including cybersecurity risk management associated with the use of our connected devices.

## GOVERNANCE

Responsibility for quality and regulatory matters across Abbott sits with our Senior Vice President, Quality Assurance, Regulatory and Engineering Services, a corporate officer who reports directly to our Chairman and CEO. Dedicated quality and regulatory leaders within each Abbott business report to the heads of the businesses they support and are accountable to the Senior Vice President.

## MANAGEMENT APPROACH

We take a holistic view of quality across our organization and require our senior quality, regulatory and operations leaders to meet quarterly to analyze trends and review best practices. This engagement helps maintain a leading quality management system in line with global industry standards and the changing regulatory landscape.

Our quality management system embeds the guiding principle of continuous improvement in all areas of quality and safety. As part of this system, we maintain a set of quality policies that incorporates regulatory requirements from key global markets and ensures that we implement robust and compliant processes across our businesses.

### Quality Management System

We track the quality performance of our businesses and individual sites using a multicomponent model and proprietary metrics that we review annually. We respond to changes in performance from a site or a business, analyzing the causes of the change, either to address them directly or to capture best practices to apply elsewhere in our organization. We are introducing predictive analytics into our approach to tracking performance, using machine learning models to identify and predict quality and compliance risks and assist with root cause analysis.

Our global audit programs assess compliance to quality and regulatory standards and processes, including design controls, production and process controls, supply chain, data integrity, corrective and preventive actions (CAPA) and complaint handling. We develop correction plans to address all relevant audit observations. Each of our operating businesses also fulfills local regulatory requirements for performing internal quality audits, with findings highlighted in management reviews.

*“We are committed to upholding our guiding principles of quality and safety throughout our value chain and living up to the trust our customers place in us.”*

### CORLIS MURRAY

SENIOR VICE PRESIDENT,  
QUALITY ASSURANCE, REGULATORY AND  
ENGINEERING SERVICES



## MEDICAL DEVICE SINGLE AUDIT PROGRAM (MDSAP)



### Our One Abbott Approach

Our One Abbott global commercial quality assurance (QA) initiative focuses on establishing common procedures and processes for quality management across our businesses, with a focus on four key areas:

- Organization and professional development
- Operational excellence
- Customer satisfaction
- Supply chain assurance

Since first launching the initiative in 2016, we have succeeded in aligning our quality systems for managing suppliers, nonconformance and CAPA, and documentation management. The One Abbott QA team has also hosted two global conferences with attendees from across Abbott businesses, which focused on defining best practices and challenging the status quo.

### Quality Certifications

Abbott maintains certification to global industry standards and has achieved independent quality certifications across our Global Manufacturing, R&D and Commercial Operations. While some certifications are not required by regulation, we embrace them as value-added, driving operational excellence. Our standards include:

- ISO 9001, ISO 14001, ISO 17025, ISO 22000, ISO 90013
- ISO 13485 (Medical Devices – Quality Management Systems), with 100 percent of device facilities certified
- NSF (National Sanitation Foundation) International
- GFCO (Gluten-Free Certification Organization)
- GMP+ FSA (Good Manufacturing Practices Plus and Feed Safety Assurance)
- Safety Assurance Certification
- HACCP (Hazard Analysis and Critical Control Points)
- Halal
- QAI (Quality Assurance International) Organic Certification
- Kosher
- Class A Certification

### Protecting Product Authenticity

Ensuring the authenticity of products is critical for maintaining trust in our brand. We take action to identify and eliminate counterfeit products in the marketplace through a strategy focused on four key areas:

- Securing the global supply chain through continual analysis for weak points and advanced investigative tools to identify and prevent suspicious activities.
- Including overt and covert security features to easily identify authentic Abbott products. These include customized security labels, tamper-resistant seals and security features for cartons.
- Disrupting criminal organizations through our work with local law enforcement and regulatory organizations to identify transnational criminals involved in counterfeiting, diversion and theft.
- Working closely with industry, governments and other organizations to share insights and strategies and formulate joint action plans.

In 2018, we implemented a program to leverage state-of-the-art analytic techniques to identify and eliminate illicit internet sales, which resulted in the successful removal of more than 340 websites and more than 4,300 listings. This reduces the risk of counterfeit, diverted, outdated and stolen products from entering the marketplace. In 2018, we partnered with local law enforcement in two Latin American countries to educate, identify and seize unauthorized and illegal product. These proactive measures enabled the businesses to reestablish market presence and improve overall sales.

### **Safeguarding Intellectual Property**

We are intent on developing a culture that protects our intellectual property and trade secrets from growing international threats. We focus our efforts on three fronts:

- Educating key employees to raise awareness of intellectual property protection, and train them in risk-reduction strategies.
- Conducting on-site vulnerability analysis/threat assessments to determine the risk to Abbott's intellectual property and create mitigation strategies.
- Identifying at-risk facilities and operations and conducting protective technical security countermeasure (TSCM) sweeps/inspections. A TSCM sweep/inspection includes electronic, visual and physical examinations to establish that an area is free of covert monitoring devices, hazards and/or weaknesses that could comprise intellectual property.

### **Product Stewardship**

Abbott's product stewardship program is designed to minimize the impact of our products and their packaging throughout the product life cycle. The program tracks and addresses regulations regarding restricted chemicals that may impact product quality and safety, and ensures due diligence regarding conflict minerals. We identify, track and document changing regulations and keep all areas of the company informed about potential business impacts through biweekly product stewardship business meetings. We offer product stewardship training on conflict minerals, medical device regulation and materials of interest where chemicals may impact our products. We also offer training on the use of our global data composition repository to relevant teams, including those in R&D, Supply Chain, Procurement and Environment, Health and Safety.

We require all Abbott employees with responsibility for product quality to be trained to the latest industry standards on good manufacturing, laboratory, clinical and distribution practices.

#### ***Harmful Chemicals***

Responding to regulations on harmful chemicals is a key element of our product stewardship program. Our efforts to deliver more sustainable products include meeting changing regulations in a way that enables responsible use, recycling and disposal. We ensure that all Abbott products are marketed and sold in compliance with regulations at a product's inception and proceeding throughout the product life cycle.

#### ***Conflict Minerals***

Abbott has a defined due-diligence structure and process to understand the use and sources of conflict minerals such as tantalum, tin, tungsten and gold — known as 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. The form, report and our position statement on conflict minerals can be found on our [website](#). We are a member of the Responsible Minerals Initiative, which works to provide companies with tools and resources to make sourcing decisions that improve regulatory compliance and support responsible sourcing from conflict-affected and high-risk areas.

We use the Responsible Minerals Initiative standardized Conflict Minerals Reporting Template to survey our suppliers on this issue. We also use an automated conflict minerals analysis tool to assess risk to our supply chain.

#### **Product Quality Training**

We require all Abbott employees with responsibility for product quality to be trained to the latest industry standards on good manufacturing, laboratory, clinical and distribution practices. We offer more than 450 quality courses in multiple languages and an additional 500 computer-based training courses on a broad array of regulatory and compliance topics.

#### **New Acquisitions**

By expanding our portfolio of treatment choices through new acquisitions, we are able to maintain diversity and innovation in our products. We have a systematic process of assessing risk when integrating new acquisitions. Our objective is to smoothly transition new products into alignment with Abbott's established quality requirements.

Following acquisitions, a cross-functional team assesses, identifies and prioritizes risks in order to develop integration action plans. We focus on ensuring compliance with country requirements and the Abbott quality system, and reinforcing the consistent provision of safe, quality products to our customers.

A critical part of our process is ensuring that new employees from the acquired company receive quality training, expand their knowledge and receive development opportunities. This helps maintain a quality foundation throughout the transition.

## PERFORMANCE UPDATES

### Product Quality Indicators

Abbott's manufacturing footprint is extensive and complex, with 77 sites across Northern and Latin America, Europe and Asia-Pacific. Our manufacturing operations cross many different jurisdictions, and global regulatory trends lead us to expect increased oversight from regulatory agencies. Our quality management objective is to continually increase the percentage of site visits that result in zero observations.

QUALITY INSPECTIONS AND AUDITS	2018
Number of quality/regulatory inspections of Abbott sites by worldwide health authorities	593
Percentage that resulted in zero observations	75%
Number of Food and Drug Administration (FDA) inspections of Abbott sites	27
Percentage that resulted in zero observations	78%
Average number of observations per FDA inspection	0.67
Number of internal independent audits to ensure compliance with Abbott quality standards	52 (Global Compliance)

FDA WARNING LETTERS ISSUED	2018
Total number of letters issued for Abbott	0

### Aligning with Global Standards

In 2018, we continued our work to ensure that Abbott's global quality management system aligns with the European Union (EU) In Vitro Diagnostics Regulation (IVDR) and Medical Device Regulation (MDR) published in 2017. Leaders from impacted businesses and functions are identifying product and process changes required to meet new regulations during the three-year MDR and five-year IVDR implementation periods. We have launched new product quality training courses to align our quality management systems with the EU's IVDR and MDR regulations.

With growing emphasis on data integrity from global regulators, we have continued to assess our quality and critical electronic systems against Good Manufacturing Practice (GMP) expectations, confirming compliance to and strengthening our quality processes. All Abbott businesses are undertaking a comprehensive assessment of data integrity compliance for manufacturing process records and support systems to ensure the continued safety and conformity of our products.

### Training and Certification

In 2018, we launched new quality and safety training courses on procurement for product stewardship and postmarket surveillance. Forty-six of our quality and regulatory professionals achieved certification as Hazard Analysis and Critical Control Points (HACCP) auditors, biomedical auditors, quality engineers and regulatory affairs auditors by the American Society for Quality (ASQ) and the Regulatory Affairs Professionals Society (RAPS).

## EXTERNAL RECOGNITION



### SHINGO PRIZE

Abbott's nutrition facility in Granada, Spain, received the prestigious Shingo Prize in 2018. The Shingo Prize is an internationally recognized symbol of excellence that denotes organizations where principles of operational excellence are deeply embedded in culture, thinking and behavior.



### INDIA PHARMA AWARD

Our medicines business in India received the 2018 India Pharma Award for recognizing quality excellence initiatives in manufacturing operations.

We take a comprehensive approach to protecting the devices, products and systems that connect patients to healthcare professionals and institutions, ensuring their safety and that of their data.

## CYBERSECURITY

Data technologies are transforming modern medicine through the growth of connected medical devices, products, diagnostics platforms and systems. Living up to the trust that our customers place in Abbott requires a strong focus on cybersecurity. We take a comprehensive approach to protecting the devices, products and systems we offer that connect patients to healthcare professionals and institutions, ensuring their safety and that of their data. We are also committed to evaluating and evolving our approach on a regular basis.

### Cybersecurity Governance and Management Approach

We have evolved our approach to cybersecurity governance to enable greater focus on two equally important areas for our business: enterprise and product cybersecurity. By entrusting cybersecurity governance to separate organizations for each of these areas, we identify and mitigate risks to the security and safety of our products themselves and the security of the data collected through them.

- Responsibility for enterprise cybersecurity, including the security of Abbott data on servers, websites and mobile devices, sits with our Information Security and Risk Management (ISRM) organization.
- Responsibility for product cybersecurity, including secure design, development and ongoing cybersecurity surveillance for products in the customer environment, sits with our Product Cybersecurity organization.

Abbott's Chief Information Officer (CIO) has overall responsibility for both cybersecurity organizations and for ensuring a holistic approach to cybersecurity across Abbott. The CIO reports directly to Abbott's Chief Financial Officer. Support for the CIO comes from our Cybersecurity Oversight committee, which is responsible for developing and implementing our overall cybersecurity strategy. The committee includes executives from Public Affairs, Quality, Finance, Global Security, Legal, Information Technology (IT) and Human Resources.

Our overall approach to cybersecurity governance is designed to protect Abbott devices, products and systems through a focus in four areas:

- **Cybersecurity-embedded design**, which involves a cybersecurity review and analysis as new products are built and systems updated.
- **Constant threat and risk analysis**, which is used to identify new threats and deploy cybersecurity controls. This is informed by collaboration with external experts and information-sharing agreements with specialists in the healthcare and cybersecurity fields.
- **Security testing** by both internal and independent external experts. This ensures our devices, products and systems meet or exceed current cybersecurity standards.

- **Partnerships to assess trends, share threat information and establish standards** that protect patients and maintain trust in the healthcare system. Abbott's cybersecurity partners include other members of the healthcare industry, trade associations, security experts, academic institutions and the research community.

Both technology and the threats associated with it will continue to evolve. Because of this, we constantly evaluate and adapt our security measures with the goal of ensuring our patients receive the highest quality care. The Cybersecurity and Quality organizations work closely together to incorporate cybersecurity considerations throughout the product life cycle, including design, development and manufacturing, as well as the integrity of our quality data systems.

## Abbott's [Privacy Policy](#) details our commitment to our patients with regard to the collection and use of their data.

We continue to expand our global ISRM organization through regional programs to identify and address specific cybersecurity risks. We established cybersecurity teams in Russia and China during 2017 and established a regional cybersecurity presence in Germany, India, Latin America and Southeast Asia in 2018.

We require Abbott employees worldwide to complete our Cybersecurity Awareness and Education training on an annual basis. We have also rolled out technical cybersecurity training targeting medical device software engineers and other R&D employees with responsibility for designing and developing our next-generation medical devices.

### **External Engagement**

We work with healthcare partners, such as healthcare delivery organizations (HDOs) and physicians, to raise awareness of cybersecurity risks and responsibilities across the healthcare ecosystem. We believe that a system-wide approach is essential for protecting patients and their data, which is vital if we are to realize the immense potential benefits of connected healthcare.

In November 2018, Abbott partnered with security and risk management advisors, The Chertoff Group, to publish a pioneering [white paper](#) on securing the connected healthcare environment. Our paper was based on proprietary research among hospital leaders and physicians, which assessed the current state of readiness on cybersecurity, identified gaps and suggested priorities for healthcare stakeholders working in partnership to address them. This document called for the industry to address three critical areas:

- Industry-wide standards and cybersecurity by design to ensure protections are built into medical device development and that physicians and patients feel confident in the security and safety of devices
- Investment in cybersecurity incident response processes for identifying and responding to vulnerabilities in a timely manner while supporting safe clinical care
- Improved education, focus and training to increase all stakeholders' understanding of cyber risk in the healthcare setting

Besides broader thought leadership initiatives, we collaborate directly with physicians who care for patients with implanted devices through our Cyber Security Medical Advisory Board (CSMAB). The CSMAB provides us with valuable direct feedback on how cybersecurity risks may impact patient care.

We also operate a coordinated disclosure program, which allows external parties, such as security researchers, to submit reports of potential vulnerabilities and privacy issues with Abbott products. Information on how to submit a vulnerability can be found on our [website](#). Following receipt and acknowledgment of a vulnerability report, Abbott will evaluate and validate the vulnerability, working with the appropriate product teams for review and verification. If the vulnerability is confirmed, Abbott will evaluate the potential impact and take appropriate action. This program aligns with industry standards and with guidance from the U.S. Food and Drug Administration on postmarket management of cybersecurity in medical devices.



## SECTION 3

# SAFEGUARDING OUR ENVIRONMENT

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## PROTECTING A HEALTHY ENVIRONMENT

Abbott is committed to safeguarding a healthy environment for everyone by reducing the environmental impacts of our business across our value chain. This commitment shapes the way we source, manufacture, design and distribute our products and forms the basis for our environmental management systems and governance.

## GOVERNANCE

Abbott's environmental governance and management systems are part of an integrated Environmental, Health and Safety (EHS) approach. Our long-term environmental strategy focuses on reducing and mitigating EHS risks, delivering cost efficiency, ensuring business continuity, and addressing our stakeholder's expectations to be a responsible and sustainable leader. This includes reducing our greenhouse gas (GHG) emissions, water use and waste impacts.

Our EHS management and governance systems incorporate environmental focus within our day-to-day planning and business processes, with clear lines of accountability and senior-level leadership and support. The Divisional Vice President, Compliance and Operational Services, leads our EHS management efforts and elevates matters when required to the Senior Vice President, Quality Assurance, Regulatory and Engineering Services, a senior corporate officer who reports to our Chairman and CEO.

### 2018 OVERALL ENVIRONMENTAL PROJECTS AND SAVINGS



The following groups support implementation of our EHS programs and initiatives:

- Abbott's Global Operations Council (GOC) oversees execution of the strategy for all of our operations (manufacturing, supply chain, engineering and EHS).
- The Commercial EHS Executive Council sets priorities and establishes EHS goals and objectives for our commercial operations, such as increasing driver safety and implementing actions that reduce GHG emissions.
- The EHS Leadership Council establishes EHS programs, builds awareness, education and expertise, and promotes our EHS awards.

*“Our environmental strategy informs how we operate our day-to-day business in a manner that safeguards the environment and helps improve the efficiency and sustainability of our business.”*

#### AGNES ORTEGA

DIVISIONAL VICE PRESIDENT,  
COMPLIANCE AND OPERATION SERVICES

## STRATEGY

### Progress on 2020 Targets




As part of our environmental management strategy, we established targets for reducing GHG emissions, water use and waste by 2020, compared to 2010 levels and adjusted for sales. These targets reflect our longstanding commitment to reducing environmental impact and aligning all aspects of our business for continuous improvement. Targets include:

- A 40 percent reduction in the carbon dioxide equivalent (CO<sub>2</sub>e) emissions associated with Abbott's business operations and the electricity we purchase (known as Scope 1 and Scope 2 emissions)
- A 30 percent reduction in Abbott's total water intake
- A 50 percent reduction in the total waste generated by Abbott

To maintain progress toward our 2020 targets and to identify continuous improvement measures, each Abbott business establishes annual environmental goals, reported against on quarterly scorecards and shared with executive leadership. We verify our performance data using an independent assurance provider, Bureau Veritas. See [page 97](#) in the [Reporting on Sustainability](#) section for more details on our [data verification and assurance practices](#).

The table below shows our progress toward our 2020 targets.

### 2020 ENVIRONMENTAL TARGETS PROGRESS

	2010 BASELINE	→ 2018*	→ 2020 TARGET*
 REDUCTION IN CO <sub>2</sub> e EMISSIONS		42% <sup>†</sup>	40%
 REDUCTION IN TOTAL WATER INTAKE		27%	30%
 REDUCTION IN TOTAL WASTE		44%	50%

\*Normalized by sales

†Calculated using the market-based method

## Technical and management experts regularly update Abbott policies and standards to reflect current and future environmental practices and regulatory changes as well as ISO and regulatory requirements.

### Policies and Management Systems

We take a systematic approach to continuous improvement in environmental performance through the EHS management system. This is based on Abbott's published EHS policy and internal management and technical standards, including:

- [Environment](#), [Energy](#) and [Water](#) policies detailing environmental commitments
- Corporate Environmental Guidelines governing our approach to meeting these commitments
- [Supplier Guidelines](#) and [Environmental Procurement Guidelines](#) outlining principles and expectations for business relationships
- Internal EHS Audit Program to ensure compliance and continuous improvement

Technical and management experts regularly update Abbott policies and standards to reflect current and future environmental practices and regulatory changes as well as International Organization for Standardization (ISO) and regulatory requirements.

Our comprehensive EHS audit program ensures that our sites comply with internal standards and regulatory requirements, as well as identify potential risks to our employees and the business. Audit frequency is determined by an annual risk-factor evaluation. After audits are completed, corrective action plans are developed and monitored to ensure continuous improvement and sustainable operations. Together, our policies and management practices deliver a consistent approach to managing, measuring and reducing environmental impacts across our operations.

Externally established standards guide our actions, and we pursue external certification where relevant.

- We consider Leadership in Energy and Environmental Design (LEED) certification principles when building new facilities.
- In cases where external certifications, such as ISO, will result in value to the business, individual sites or businesses may pursue these as well.

By the end of 2018, 51 percent of Abbott manufacturing sites held environment-related ISO certifications. This included 30 manufacturing sites with ISO 14001 and 18 with ISO 50001 certifications. Abbott's ISO 50001-certified manufacturing sites represent 49 percent of our manufacturing energy use, and our ISO 14001 site represents 30 percent. In addition, eight nonmanufacturing sites achieved ISO 14001, and one achieved ISO 50001 certification. Similarly, 19 facilities achieved LEED certification, including one platinum, six gold and five silver certifications. Combined, these facilities represent 1.5 million square feet.

Our efforts to improve environmental efficiency depend upon engaging employees at all levels of our organization. To drive progress across our businesses and key functions, EHS leaders are evaluated against environmental performance goals as part of their annual performance appraisals. Likewise, our annual EHS awards program is designed to drive greater engagement by recognizing exceptional performance by sites, teams and individuals. This includes awards for large and small sites with the best overall EHS performance for the year, manufacturing sites achieving high performance through best practices, and outstanding initiatives.

We also provide training to our EHS employees on applicable EHS regulations and internal technical standards through both internal and external trainings and conferences. We promote EHS awareness and share best practices across Abbott through a dedicated month highlighting EHS topics, as well as a monthly webinar series featuring subject matter experts and presentations from sites with high performance on our priority EHS issues.

### **Mergers and Acquisitions**

Abbott undertakes EHS due diligence on all mergers, acquisitions and divestitures worldwide. This due-diligence procedure ensures consistent and proper identification and management of our EHS liabilities associated with such transactions.

Two levels of due diligence are performed, depending on the nature of the transaction:

1. For all property transactions, Abbott completes environmental due diligence to identify and properly mitigate any environmental issues.
2. 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.

We also have a process to integrate new business acquisitions into Abbott EHS management practices to meet our standards. This includes a robust process for program, resources and standards training and implementation, with multiple assessments completed throughout to ensure effectiveness.

## MANAGING CLIMATE RISKS

Abbott is committed to identifying and mitigating climate-related risks that impact our operations, supply chain and distribution network. These risks include potential physical risks, as well as emerging transitional risks. Our integrated multidisciplinary company-wide risk management process assesses and manages climate-related risks at various levels of our company to ensure that our businesses and operations are resilient. Our policies, standards and programs drive business resilience and are regularly updated to align with current and future global requirements.

Abbott's enterprise risk management (ERM) process identifies and evaluates the most critical risks to our business and provides guidance to our Board of Directors and management team. We have identified the increasing global focus and expectations to manage and mitigate environmental impacts as an enterprise risk for Abbott. For more information on our [ERM approach](#), go to the [Sustainability Overview](#) section on [page 10](#).

Abbott's EHS governance teams and businesses also monitor emerging climate-related trends and regulations to analyze their potential impact on Abbott, understand our risk exposures and develop appropriate management strategies. To calculate the financial implications of potential climate-related risks, Abbott's EHS and Economics organizations undertake scenario sensitivity risk-modeling

analyses. Recent analyses have considered COP21 (global agreements on climate change), potential carbon taxes, water scarcity and impacts to agricultural supply chains.

Through these processes, we have concluded that Abbott is not exposed to climate change risks that have potential to generate a substantive change in business operations, revenue or expenditure at a corporate level; however, we have determined that limited climate-related risks exist at site and regional operation levels and throughout our supply chain. Through Abbott's diverse geographical distribution, the potential for climate-related acute physical risks to have a substantive impact on our business is significantly mitigated.

Our most significant climate-related risks are transition risks related to emerging GHG emissions management expectations, including carbon limits and taxes, enhanced emissions-reporting obligations, costs to transition to lower emissions technologies, and increased costs of goods and services.

The physical risks associated with climate change cannot be prevented, however we are prepared to mitigate the risks associated with these types of events. Through the work of our Business Continuity and Crisis Management, EHS, Engineering and Supply Chain groups, we identify and implement measures to ensure our business resilience. Our dedicated Crisis and Business Continuity organization addresses acute physical risks, such as unforeseen extreme weather events and changing precipitation patterns. Similarly, Abbott's Engineering and EHS policies and management standards consider chronic physical risks, such as water scarcity, and require sites to conduct regular risk and opportunity evaluations and implement mitigation strategies.

To address climate-related risks and ensure our business resilience, Abbott's Business Continuity and Crisis Management organization implements measures to ensure business continuity and minimize the financial impacts of physical climate-related risks. Likewise, a core part of Abbott's business strategy includes reducing our energy and carbon footprint in our operations and engaging our value chain in strategic sourcing categories. For more information on management and progress to address our specific climate-related risks, see [Reducing Energy and Emissions \(page 44\)](#), [Protecting Water Resources \(page 48\)](#) and [Producer Responsibility \(page 57\)](#) later in this section.

## REDUCING ENERGY AND EMISSIONS

To achieve a healthier planet and operate as a responsible corporate citizen, Abbott remains committed to helping address climate-related issues by reducing energy consumption and air emissions in our direct operations and throughout our value chain. The nature of our business includes a range of 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 comprehensive management program for tracking and reducing energy and air emissions is outlined in our Climate Responsible Energy Policy and Internal Energy Guidelines. Together, these detail our commitments and provide guidance 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

We work within international commitments and frameworks, like the CDP (previously the Carbon Disclosure Project), the Greenhouse Gas (GHG) Protocol and municipal governments, to measure, track, reduce and report GHG, volatile organic compounds (VOCs) and sulphur oxide (SOx) emissions. In 2018, Abbott received a B rating for our CDP Climate Change Survey response, maintaining our score from the previous year. For more detailed information on our performance in [limiting GHG emissions](#), see [pages 121-122](#) of the [Reporting on Sustainability](#) section.

Abbott has established an Energy Council comprised of business and corporate leaders that initiates strategic programs, monitors goal performance, supports strategy development, and aligns resources and initiatives. This Council is supported and advised by energy practitioners in our Energy Community of Practice. Together, this network creates and promotes processes and tools to share knowledge and best practices on the application of utility and energy technologies and drives implementation of global initiatives designed to improve energy cost and carbon performance.

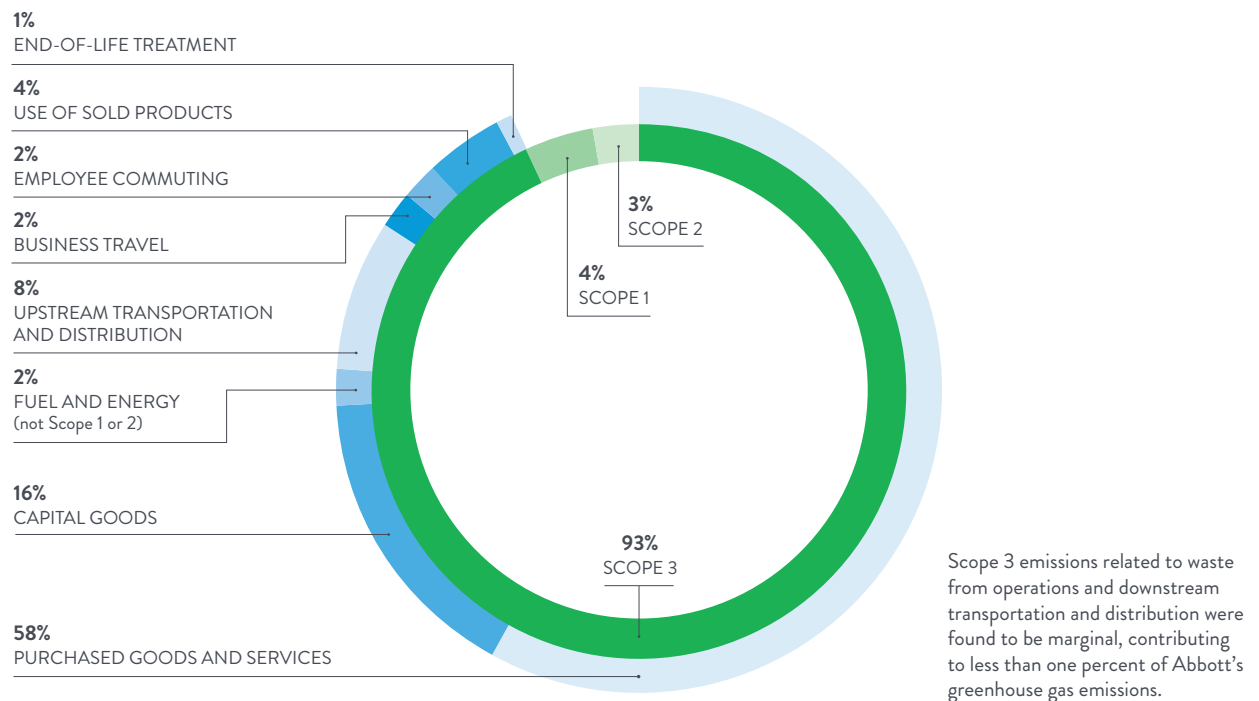
Our carbon emissions management extends beyond our direct operations and includes measuring and managing the Scope 3 GHG emissions resulting from the supply, distribution and consumption of our products. Abbott's Global EHS and Procurement teams work throughout our [value chain to reduce the carbon impacts](#) associated with the goods and services that we procure. See [page 68](#) for more details.

We also are committed to minimizing the impact of our global fleet of Abbott-owned, Abbott-leased and personally-owned vehicles used by employees. As an example, to reduce our environmental impact we offer car-sharing programs at sites in Italy, which have reduced Abbott's business emissions in the country by an estimated 15 percent, while enabling significant cost savings.

### Our Carbon Footprint

We are committed to reducing our carbon emissions, and we encourage our suppliers, distributors and other stakeholders to reduce their own impacts. Our carbon footprint shows the breakdown of Scope 1 and Scope 2 emissions, as well as the details surrounding Scope 3 emissions.

### OUR CARBON FOOTPRINT





In 2018, our greatest carbon reductions were achieved through the purchase of electricity from utility providers that include above-average renewable generation in their energy mix, particularly in Europe.

### Scope 1 and Scope 2 Emissions

To reduce our emission impacts, we have a comprehensive management program which includes purchasing more renewable electricity, increasing energy efficiency across our operations, and integrating sustainable engineering technologies and concepts into our projects. We verify all Scope 1 and 2 emissions through a third-party assurance process.

Our three most significant areas of climate change impact are electricity use, fuel consumption in manufacturing and global sales fleet. Together, these represent more than 90 percent of the Scope 1 (direct) and Scope 2 (indirect) emissions associated with our direct operations. For more details, see [pages 104, 107-109](#) in the [Reporting on Sustainability](#) section.

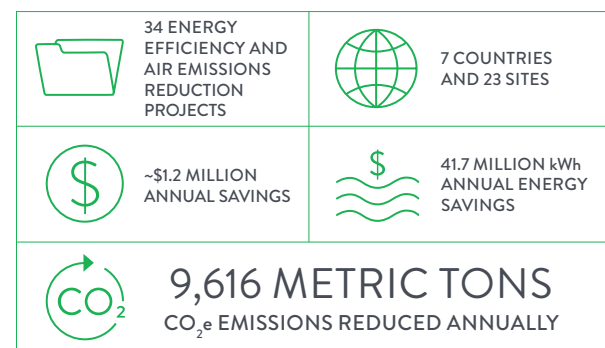
### Scope 1 and Scope 2 Performance

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. In 2018, we achieved a 42 percent reduction, adjusted for sales since 2010.<sup>1</sup>

In 2018, our greatest carbon reductions were achieved through the purchase of electricity from utility providers that include above-average renewable generation in their energy mix, particularly in Europe. This resulted in a savings of 77,000 metric tons of CO<sub>2</sub>e. We achieved additional reductions by implementing 34 energy efficiency and air emissions projects at 23 manufacturing sites. In addition, 62 energy assessments have been conducted at 67 percent of Abbott operations in the last three years.

We aim to further reduce Abbott's GHG emissions by investing in low-carbon fuels, cogeneration and renewable energy generation at our facilities. During 2018, six of our facilities used cogeneration units, which are power-generating units that produce electricity and useful heat. On-site cogeneration has increased by 86 percent since 2010 and produced more than 65 million kilowatt-hours of electricity in 2018. Our on-site renewable energy generation increased by almost 10 percent in 2018, with 1.3 million kilowatt-hours generated, primarily through solar power. For a detailed review of our [energy reductions](#), see our Scope 1 and Scope 2 energy consumption on [pages 118-124](#) in the [Reporting on Sustainability](#) section.

### 2018 ENERGY AND CO<sub>2</sub>e PROJECTS AND SAVINGS



### Scope 3 Emissions

Scope 3 GHG emissions include 15 categories associated with the supply, distribution and consumption of our products, 10 of which apply to Abbott and are calculated annually using the GHG Protocol. We verify our Scope 3 emissions related to business travel and operational waste processing through a third-party assurance process.

Our Scope 3 emissions are an estimated 12 times larger than our Scope 1 and 2 emissions combined. We actively work to manage our Scope 3 emissions related to the end-of-life treatment of waste, business travel, employee commuting, transportation, distribution and use of our products and energy purchases.

### Scope 3 Performance<sup>2</sup>

Since 2010, we have reduced the Scope 3 emissions associated with operational waste processing by almost 60 percent. This is a result of reducing overall waste by 26 percent and reducing our waste-to-landfill by 49 percent. Our suppliers undertake additional activities to reduce Scope 3 emissions.

### ENERGY REDUCTION HIGHLIGHTS

In 2018, some of our greatest carbon reduction and energy efficiency projects included:

PROJECT	LOCATION	CO <sub>2</sub> e SAVED (metric tons)
Optimized processes and existing equipment for maximum efficiency	Abbott Headquarters in Lake County, Illinois	1,185
Upgraded LED lighting	Vascular manufacturing facility in Clonmel, Ireland	880
Implemented heat recovery and process efficiencies in boiler systems	Nutrition manufacturing facility in Singapore	562

## PROTECTING WATER RESOURCES

Access to water is essential to Abbott's manufacturing operations and business continuity and also plays a critical role in the use of many of our products. 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 where we operate.

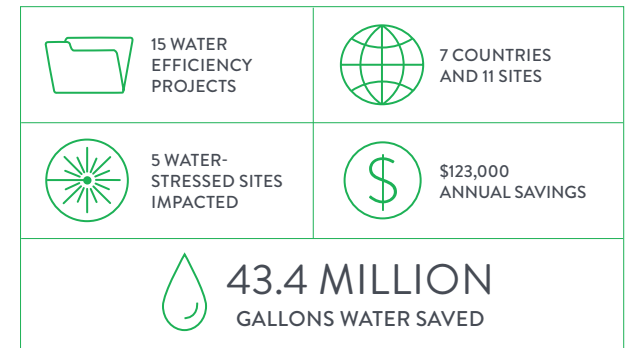
Our approach is based on four core principles. These are communicated across our business through Abbott's Water Policy on Access to Clean Water and our internal Water Use Guidelines.

- Reducing the amount of water our business consumes by working to improve water efficiency across our operations
- Preventing adverse impacts to human health and the environment resulting from our water use and discharge
- Engaging across our value chain to encourage the latest water management principles
- Educating employees, suppliers and customers about the importance of protecting water resources

In 2018, Abbott partnered with the World Resources Institute (WRI) and the Alliance for Water Stewardship (AWS) to explore the business case for context-based approaches to water management. As a result, we have fully integrated a context-based approach into Abbott's water management technical standard, which governs our operational water management. The new approach includes monitoring and measuring our impact on water resources for the communities where we operate, assessing water-related business risks at the water basin level across the value chain, and embedding water-efficient design as a key element in our management and manufacturing processes. By adopting a context-based approach, we are able to better understand our water impacts across the value chain at a basin level, as well as to ensure business continuity and mitigate water-related risks.

In addition to partnering with various water stakeholders, 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, as well as with global leaders.

### 2018 WATER PROJECTS AND SAVINGS



### **Water Risk Management**



To ensure we are aware of water-related risks and opportunities, we assess our water resilience annually by evaluating all sites based on local water stress and intensity of water use. We use the WRI Aqueduct, a global water risk-mapping tool, to identify Abbott sites that require a water management plan for pinpointing the impact of their water use on the communities where we operate. Abbott EHS and Engineering organizations also consider the potential for water-related risks for any acquisitions and site-expansion projects.

In 2018, we updated our water management standard to identify three categories of Abbott sites that require water management plans. These sites represent significant water users that consume more than 50 million gallons of water annually, significant water users that operate in water-stressed areas and sites that operate in water-stressed areas but are not significant water users. In addition to developing a water management plan, sites in the first two categories must engage with key stakeholders in their local catchment basin to identify and address water-related risks and challenges.

Our annual water-stress mapping and analysis support our water management strategies and confirm that Abbott is not exposed to significant chronic physical water-related risks at a global level. In 2018, 43 of our 90 manufacturing and research and development (R&D) sites operated in water-stressed regions. However, more than 60 percent of these sites in water-stressed areas are low-water intensity users with minimal water impacts on our operations and the local water basins.

## ABBOTT'S WATER RISK ASSESSMENT FRAMEWORK

**STEP 1:**  
DETERMINE SITE WATER RISK PROFILE (90 MANUFACTURING AND R&D SITES ANALYZED)

BASELINE WATER STRESS <small>USING THE WORLD RESOURCES INSTITUTE AQUEDUCT TOOL</small>		+	ANNUAL WATER USE INTENSITY	
 HIGH/EXTREMELY HIGH			HIGH ANNUAL WATER USE	
			LOW ANNUAL WATER USE	
			MINIMAL ANNUAL WATER USE	
 LOW/MEDIUM			HIGH ANNUAL WATER USE	
			MINIMAL TO LOW ANNUAL WATER USE	

=

**STEP 2:**  
IMPLEMENT MITIGATION ACTIONS

LEVEL OF MITIGATION REQUIRED <small>BASED ON SITE PROFILE</small>
<b>LEVEL 1</b> <ul style="list-style-type: none"> <li>Evaluate local water risks</li> <li>Identify opportunities to mitigate water-related risk</li> <li>Set and track water targets</li> <li>Engage local stakeholders</li> </ul>
<b>LEVEL 2</b> <ul style="list-style-type: none"> <li>Evaluate local water risks</li> <li>Identify opportunities to mitigate water-related risk</li> <li>Set and track water targets</li> </ul>
<b>LEVEL 3</b> <ul style="list-style-type: none"> <li>No action required</li> </ul>

### Our Water Footprint

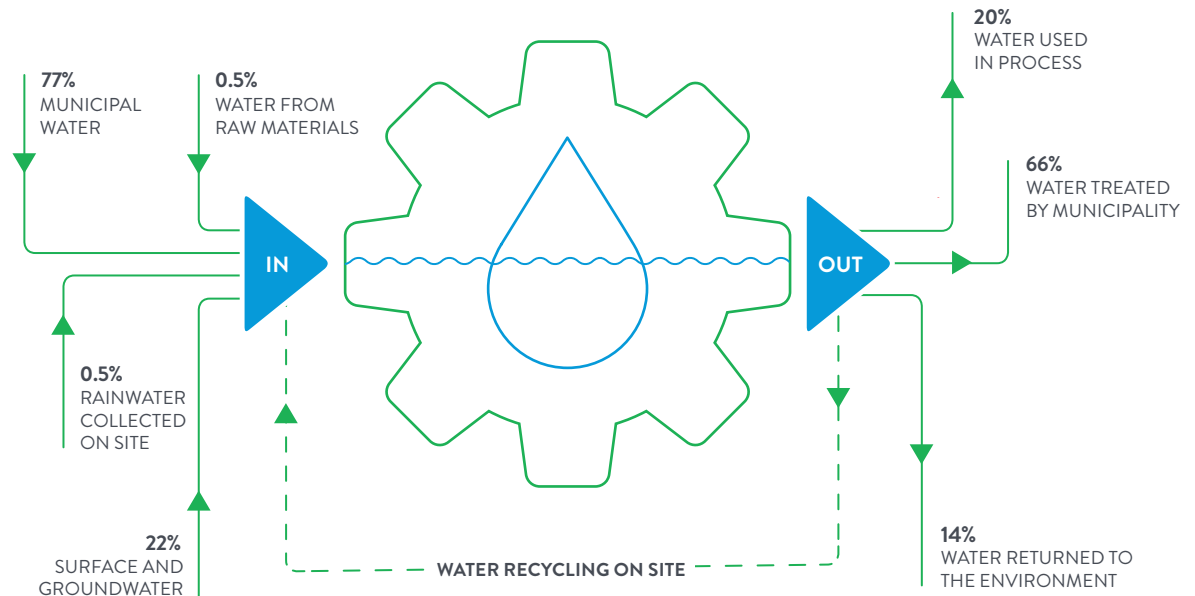
Each year we map our water footprint to understand where the water that we consume comes from, how it is discharged and treated, and the impacts that we have on our local water basins. In 2017, we began collecting water-recycling data, and in 2018, all Abbott sites reported this data.

We define water recycling as the act of processing used water and wastewater through another cycle before discharge to final treatment and discharge to the environment. In general, the three types of water recycling and reuse used in Abbott facilities include:

- Wastewater recycled for use in the same process cycle
- Wastewater recycled and reused in a different process, but within the same facility
- Wastewater reused at another of the organization's facilities

When reporting water recycling data, we calculate the volume of recycled or reused water as the volume of water intake that has been avoided through recycling or reuse.

### OUR WATER FOOTPRINT



### Water Reduction Performance

Through our 2020 water reduction target to decrease Abbott's total water intake by 30 percent by 2020, compared to 2010 and adjusted for sales, we ensure the water efficiency of our operations and reduce our water-related impacts. Abbott's total water intake in 2018 was 3,487 million gallons, a 2 percent increase compared to 2017. Since 2010, we have reduced our water intake by more than 3 percent on an absolute basis and 27 percent when adjusted for sales.

In 2018, Abbott received a score of B- (management category) on our CDP water disclosure, down from our score of A- (leadership category) in the previous year. This change in our performance is a result of significant changes to the 2018 questionnaire and scoring methodology and is in line with global trends in CDP water disclosure scores.

We are committed to staying on top of emerging best practices in water management and have implemented a context-based water management approach to align with global water leaders and improve our score in the future. For detailed information on our [water management performance](#), see [pages 104, 109-110](#) in the [Reporting on Sustainability](#) section.

### WATER REDUCTION HIGHLIGHTS

In 2018, some of our greatest water efficiency projects included:

PROJECT	LOCATION	ANNUAL WATER SAVINGS (millions of gallons)
Recycled and recovered water at water-stressed locations	Nutrition manufacturing facilities in Jiaxing, China, and Jhagadia, India	13.4
Modified landscaping and irrigation water use practices	5 cardiovascular/neuromodulation manufacturing facilities in Arizona, Minnesota and Texas (one of which operates in a water-stressed location)	3.5
Implemented intake water recycling in the ion exchange unit	Medicines manufacturing facility in Victoriaville, Canada	18.4

We have achieved reductions in water use by implementing water-efficient interventions in our operations and processes, using more water-efficient technologies, changing our manufacturing and maintenance processes, and recycling water. In 2018, we implemented 15 water efficiency and reduction projects at 11 manufacturing sites across our global operations (five operating in water-stressed areas).

## REDUCING WASTE

Abbott is committed to minimizing our waste impacts throughout the entire life cycle of our products and packaging. We recognize two key areas of responsibility in reducing waste:

- Our operational waste, which includes the waste that we directly generate
- Our extended-producer responsibility, which considers the environmental impacts associated with our products throughout their complete life cycle, including design, production, consumption and disposal

Abbott strives to find ethical, economical and efficient ways to reduce the volume and toxicity of waste, to conserve and maximize the recovery of resources and ensure proper waste disposal practices. Likewise, reducing waste toxicity, as well as the amount of waste that is classified as hazardous, is a priority for Abbott, as it prevents harmful environmental impacts and has direct benefits for human health. We collect waste performance data and have technical standards, guidelines and programs to reduce risk associated with the generation, handling and disposal of non-hazardous and hazardous waste across all operations. Through these efforts, we improve operating efficiency and reduce our environmental risks and impacts.

### 2018 WASTE PROJECTS AND SAVINGS





### Circular Economy Approach

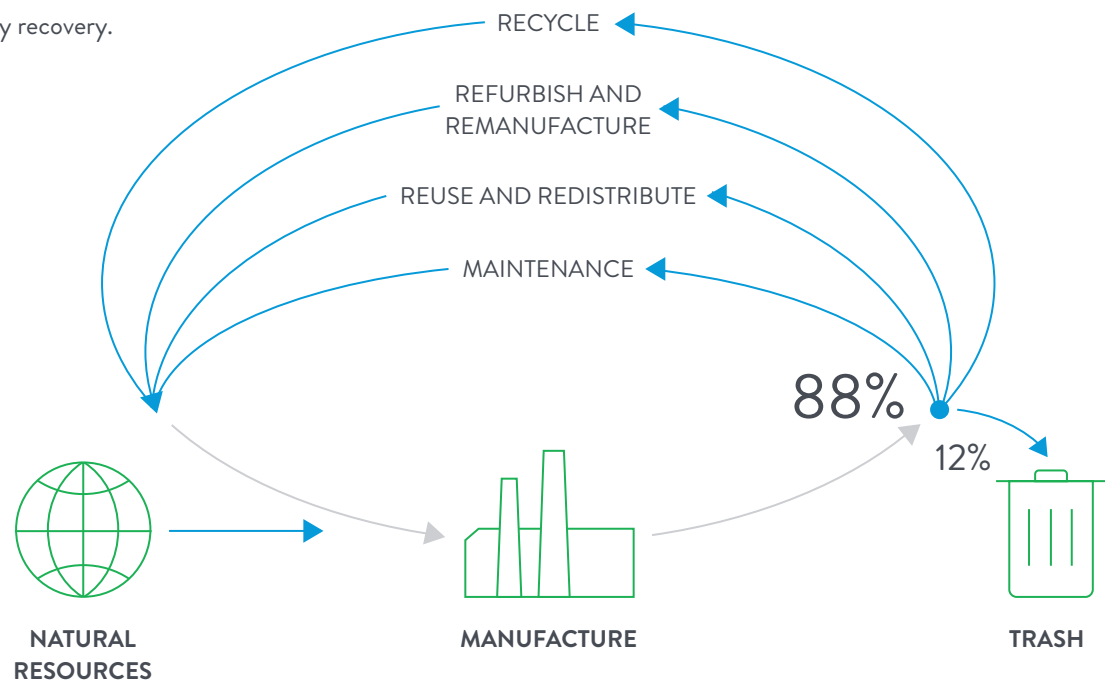
In 2018, we updated our internal technical standard for operational waste management to transition our waste management strategy from a recycling economy to a circular economy approach. This approach is applied to both our hazardous and non-hazardous waste, with non-hazardous waste representing the majority of the waste that Abbott generates.

Our circular economy approach to waste management employs a variety of waste management strategies aimed at reducing the overall amount and toxicity of waste generated, including:

- Preventive maintenance and process design to eliminate waste generation
- Process waste reduction through diagnosing and fixing problems that would otherwise result in waste generation
- Reducing waste through product design, material input and purchasing decisions
- Partnering across other value chains to reuse byproduct materials as is or in substantially the same form (otherwise known as beneficial reuse)
- Ensuring proper waste material segregation
- Composting, recycling and incinerating with energy recovery

### CIRCULAR ECONOMY APPROACH TO WASTE MANAGEMENT

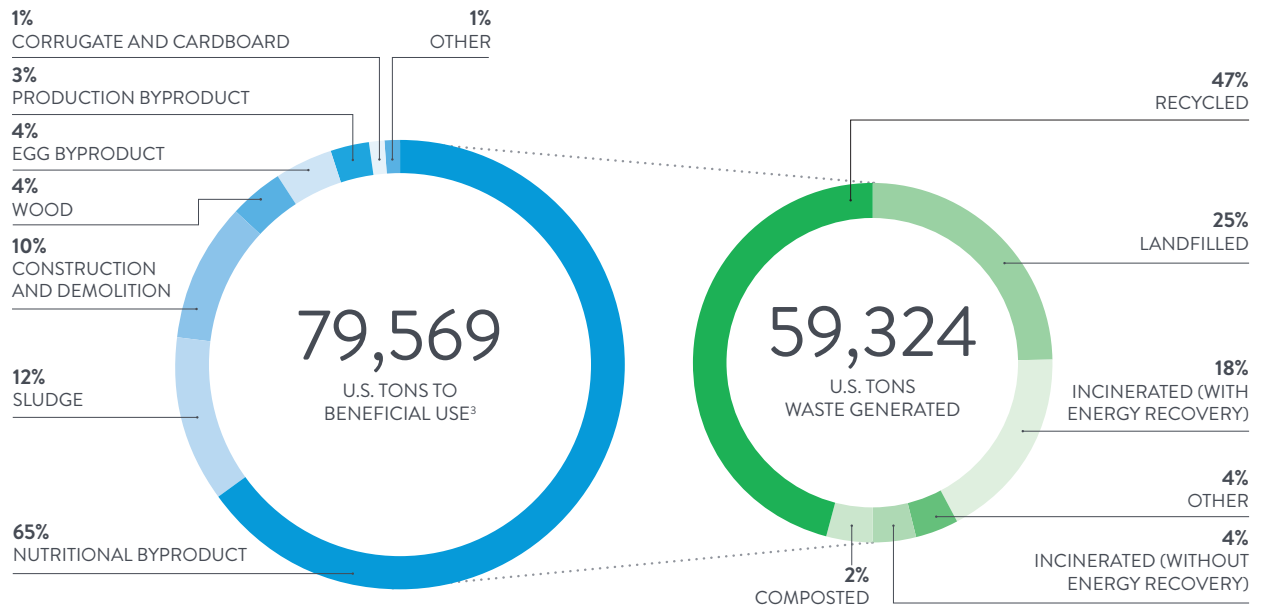
88% of non-product material we produce is diverted from landfill and incineration without energy recovery.



To incentivize our sites to eliminate waste sent to landfill, Abbott's Zero Waste to Landfill program was launched in 2012. Besides helping to reduce waste generated, this program also reduces GHG emissions, saves costs and helps to engage employees in our environmental initiatives. Likewise, our supply chain also plays a vital role in reducing the waste associated with Abbott's operations. We work closely with material suppliers to implement sustainable packaging solutions to eliminate or reuse as much packaging that comes into our manufacturing processes as possible.

In the disposal of our waste, our technical standard for operational waste management establishes a framework for managing waste in accordance with circular economy principles and mandates auditing and approval of waste management vendors to ensure that they employ the most efficient and responsible disposal techniques. Similarly, we also partner with our IT life cycle management suppliers to ensure that Abbott's used electronics are properly handled and refurbished — and if viable, recycled or disposed of — when necessary. See the [Strengthening Our Supply Chain](#) section on [page 59](#) for more details.

## WASTE MANAGEMENT



In total, 26 Abbott manufacturing facilities and seven nonmanufacturing facilities, located across 16 countries, have now achieved Zero Waste to Landfill status.

#### Our Waste Footprint

Waste management is a priority for our business. Part of that focus includes remaining committed to managing our waste footprint. The chart on this page shows our waste footprint in detail, including how waste from our own operations gets diverted from landfill.

As part of our footprint, Abbott engages in beneficial use of materials. Beneficial use is when a material that otherwise would have been waste is reused as is to replace a commercial product or commodity. Abbott's beneficial-use activities have grown by 144 percent since 2010 and have exceeded our total waste generated since 2016. In 2018, our beneficial use activities exceeded Abbott's total waste generated by 39 percent. For additional details on our [waste reduction](#), see [pages 105, 111-115](#) in the [Reporting on Sustainability](#) section.

#### Waste Reduction Performance

Abbott's 2020 target is to reduce the total waste we generate by 50 percent, compared to 2010 and adjusted to sales. In 2018, we produced 59,324 tons of waste. This represented a reduction in total waste of almost 2 percent compared to 2017 and means we have now reduced our total annual production of waste by 26 percent on an absolute basis and by 44 percent when adjusted for sales, compared to 2010 levels.

Less than 12 percent of Abbott's total waste is classified as hazardous. During 2018, we produced 6,939 tons of hazardous waste, which represented a reduction of almost 4 percent compared to 2017. In addition, we also generated only 279 tons of electronic waste. In partnership with our global electronic waste partners, we recycled 450 tons and resold 96 tons of electronic equipment, which represents a combined increase of 104 percent from 2017 activities.

In total, 26 Abbott manufacturing facilities and seven nonmanufacturing facilities, located across 16 countries, have now achieved Zero Waste to Landfill status. This has contributed to an almost 49 percent reduction in the total amount of waste that Abbott sends to landfill since 2010.

#### WASTE REDUCTION HIGHLIGHTS

In 2018, some of our waste-efficiency projects included:

- 11,122 U.S. tons of construction and demolition waste were diverted from landfill and recycled or beneficially reused as fill material across 20 manufacturing locations in China, Europe and North America.
- Seven U.S. tons of hazardous waste and \$20,000 saved annually through recycling sharp items that would previously have been categorized as hazardous at our cardiovascular neuromodulation manufacturing facility in Coyol, Costa Rica.
- 11,000 meters of shore and river edge regularly maintained through partnership with local stakeholders to adopt a watercourse at eight nutrition manufacturing facilities in Europe and Southeast Asia.

## PRODUCER RESPONSIBILITY

Under the principle of extended producer responsibility, we are committed to minimizing the environmental impact of our products on the environment and human health throughout a product's entire life cycle. Doing so enables us to improve operating efficiency, reduce product and operational costs, and reduce the overall impact of our products.

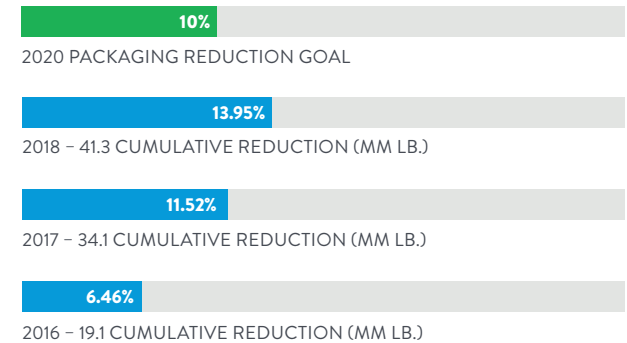
This approach considers all components of our business value chain, including:

- Confirming 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 labelled in accordance with those recommendations

To foster these principles, multiple functions across Abbott work together to incorporate sustainability considerations into our product research and development processes. This includes designing applicable products for optimal energy consumption and to prolong product lifespan. Likewise, our Packaging Council, made up of Quality, Engineering, EHS and Procurement representatives, set an aggressive target to reduce the total weight of our packaging by 10 percent by 2020, compared to our 2010 baseline. We surpassed our initial goal in 2017 and continued this trajectory of progress by achieving total annualized reductions of 14 percent in 2018. Through this achievement, we have eliminated approximately 41.3 million pounds of packaging and saved more than \$100 million since 2010.

Engaging and partnering with our suppliers also plays a vital role in reducing and mitigating the waste and other environmental impacts associated with Abbott's extended value chain. In addition to our [product stewardship program](#) (see [page 31](#) in the [Ensuring Quality and Safety](#) section for more details), our Supply Chain, R&D, EHS and Engineering groups also work closely with our suppliers in a variety of strategic sourcing areas to ensure that we appropriately identify and mitigate the impacts associated with the production and consumption of our products and packaging. These sourcing categories include, but are not limited to, energy, transportation

## CUMULATIVE PACKAGING REDUCTION



and distribution, active pharmaceutical ingredients and chemicals of environmental concern, packaging, agriculture, dairy, electronics, and waste management. For more information, see the [Strengthening Our Supply Chain](#) section on [page 59](#).

## ENVIRONMENTAL INVESTMENT AND COMPLIANCE

Abbott believes that our operations comply in all material respects with applicable laws and regulations concerning environmental protection. Regulations under federal and state environmental laws impose stringent limitations on emissions and discharges to the environment from various manufacturing operations.

Abbott's capital and operating expenditures for pollution control in 2018 were not material. We collect data on capital and operating expenditures related to environmental matters from all sites where this spending exceeds approximately \$1 million. In 2018, these sites reported operating expenditures for pollution control to be approximately \$23 million and capital expenditures for pollution control to be approximately \$5 million.

Abbott has been identified as one of many potentially responsible parties in investigations and/or remediations at several locations in the United States, including Puerto Rico, under the Comprehensive Environmental Response, Compensation, and Liability Act, commonly known as Superfund.

Abbott is also engaged in remediation at several other sites, some of which are owned by Abbott, in cooperation with the Environmental Protection Agency or similar agencies. While it is not feasible to predict with certainty the final costs related to those investigations and remediation activities, Abbott believes that such costs, together with other expenditures to maintain compliance with applicable laws and regulations concerning environmental protection, should not have a material adverse effect on Abbott's financial position, cash flows or results of operations.

1. Scope 1 and 2 emissions were calculated using the World Resources Council (WRI) Greenhouse Gas Protocol (GHGP). To calculate our Scope 2 emissions, we use the GHGP market-based methodology. Where market-based information is not available, location-based results have been used as proxy. For full details on our [carbon emissions](#), including market- and location-based calculations, please see [pages 103, 106-108](#) in the [Reporting on Sustainability](#) section.

2. 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. 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.

3. Beneficial use is when a material that otherwise would have been waste is reused as is to replace a commercial product or commodity.



## SECTION 4

# STRENGTHENING OUR SUPPLY CHAIN

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A man with glasses, wearing a white button-down shirt and blue jeans, is walking through a field of tall, green grass. He is looking off to the side. The background is a soft, hazy landscape under a clear sky.

## MAINTAINING RESILIENCY TO DELIVER PRODUCTS

Abbott works with more than 70,000 suppliers in 120 countries. We depend on a high-quality, sustainable and resilient supply chain to deliver products that millions of people depend on worldwide.

We seek to build, maintain and strengthen a supply chain that ensures access to science-based healthcare products in the most efficient, effective and ethical manner while protecting and elevating Abbott's brand and minimizing our shared sustainability impacts.

## GOVERNANCE

Lead responsibility for Abbott's supply chain sits with our Chief Procurement Officer, who is part of the Global Operations Council (GOC) and reports directly to the Chief Financial Officer. The Chief Procurement Officer is supported by dedicated procurement leaders who specialize in a number of supplier categories.

Abbott's Supply Chain Council (SCC) oversees the development of our global supply chain strategy, meeting quarterly and reporting regularly to the GOC. The SCC consists of senior leaders with responsibility for the supply chain of each Abbott business. These leaders report to the Vice President of Operations for their respective businesses.

The SCC makes recommendations on the vision and targets for achieving a sustainable and resilient supply chain and works to embed a consistent approach to identify and manage sustainability risks among our suppliers.

In 2018, the SCC benchmarked approaches to supply chain sustainability across our businesses. We are currently updating our approach to embedding sustainability considerations throughout the process of selecting and managing supplier relationships.

The SCC is supported by several other committees and teams across Abbott that provide leadership in key areas relating to the quality and resiliency of our supply chain.

- The Supplier Diversity Governance Council is responsible for developing a more diverse supplier base and has appointed supplier diversity champions in every Abbott business and major category of spend.
- Abbott's Executive Crisis Management Team (ECMT) is responsible for managing risks to business continuity in Abbott's supply chain. The ECMT is supported by our Global Security organization and a network of 32 country-specific crisis action teams.

*“We take pride in building and maintaining a resilient supply chain, ensuring that the people who depend upon our products can get them when they need them.”*

**RIC SCHNEIDER**  
DIVISIONAL VICE PRESIDENT,  
CHIEF PROCUREMENT OFFICER



## MANAGEMENT APPROACH

Our supply chain management approach emphasizes partnership in sustainability and innovation. Working closely with our suppliers on new solutions supports our delivery of life-changing technology. It also promotes new approaches that help reduce our environmental impact and multiply the social and economic value we create. The SCC has established multiple initiatives to embed sustainability as a key element of our supplier partnerships. These initiatives enable us to manage risks systematically and to identify opportunities to enhance the sustainability of our business as a whole.

### **Supply Chain and Procurement Strategy**

Our objective for a sustainable supply chain is to ensure that everything we make and that others make for us is sourced and produced in an ethical manner while minimizing our shared sustainability impact. We are further updating our process for integrating this objective into our approach to selecting and managing our suppliers. This involves integrating sustainability alongside the five objectives of our supply chain and procurement strategy:

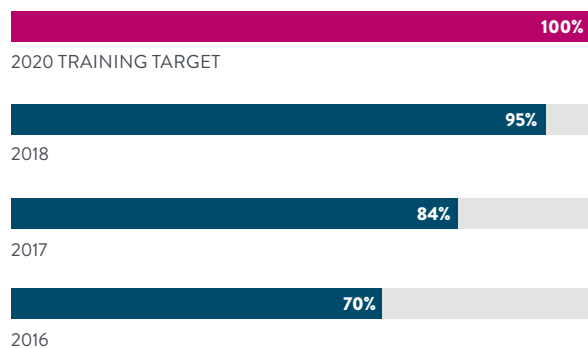
1. Ensure our supply network aligns with, protects and elevates our brand.
2. Create shared-value relationships by conducting business with transparency and trust.
3. Enhance margins and elevate financial performance by optimizing total cost, balancing risk with return and certainty.
4. Expedite growth and drive innovation through proprietary and exclusive opportunities.
5. Design a flexible, dynamic supply network, driving service with value and quality, without supply risk.

We develop supplier contracts that embed standards aligned with our sustainability objectives and require suppliers to uphold the principles outlined in our Supplier Guidelines.

Abbott's purchasing community spans geographies, organizations and structures. It follows the principles of focus, discipline, creativity and community in seeking to form innovative and strategic partnerships. Embedding sustainability expertise within our supply chain and procurement functions is a key element of our approach. Abbott has set a target for 100 percent of our Global Procurement professionals to be trained in sustainability and supply chain resilience by 2020. In 2018, we provided supply chain resilience training to 95 percent of our Global Procurement organization. This builds on our recent progress and puts Abbott on course to reach our target by 2020. Supply chain resilience training also offered to procurement professionals in three Abbott businesses.

We use supplier classification models to identify critical suppliers, so that we can form strategic partnerships with them to help manage risk.

## SUPPLY CHAIN RESILIENCE TRAINING



We work with supply chain organizations, like the Manufacturers Alliance for Productivity and Innovation and the Institute for Supply Management, to ensure that our supply chain strategy aligns with leading standards and best practices.

### Guidelines, Standards and Policies

Abbott's Supplier Guidelines define the minimum standards that our suppliers and their suppliers must maintain when conducting business with our company. These include standards concerning ethical behavior and anticorruption, business integrity and fair competition, human rights, privacy, labor rights and worker protection, animal welfare, environmental stewardship, conflict minerals and health and safety practices. Our Supplier Guidelines are published in multiple languages and are available on our [website](#). Suppliers are responsible for confirming their compliance and providing relevant training.

We also use the following guidelines and policies to embed sustainability considerations into our supply chain management:

- Our **Green Procurement Guidelines** incorporate the principle of environmentally preferable products, which instructs our sourcing team to seek environmentally preferable choices, including asking our suppliers to provide these options.
- Our **Water Guidelines** require transparency from our suppliers about their water management practices and aim to establish sustainable water management throughout our supply chain.
- Our **Climate Responsible Energy Guidelines** encourage suppliers to reduce their carbon footprints and improve energy efficiency.
- The Abbott **Supplier Diversity Policy** commits our organization to equal opportunities for businesses that are small or are majority-owned and operated by a member of an under-represented group (e.g., women, ethnic minorities, veterans, members of the LGBTQ community or individuals with a disability).

We monitor compliance with these guidelines through our Supplier Social Responsibility program and contracting process, and we work with suppliers to improve their performance, where required.

### Selecting and Classifying Suppliers

When selecting suppliers, we consider environmental, social and governance factors, in addition to business capabilities and capacities, financial health and strategic alignment with Abbott's vision. We use supplier classification models to identify critical suppliers, so we can form strategic partnerships with them to help manage risk. Our Approved Suppliers List categorizes all Abbott suppliers as either high (critical), medium or low risk. Our critical suppliers include those supplying materials, components and services that can influence the safety and performance of our products, as well as those that are the only approved source of materials, components and services. Our assessment of risk and criticality also takes into account supply chain transparency and complexity, supplier certification, proximity to the patient and the potential for economically motivated adulteration.

### Monitoring and Evaluating Suppliers

We monitor supplier compliance with the basic principles outlined in our Supplier Guidelines, and we engage with critical and strategic suppliers that represent our greatest social sustainability risks and opportunities. As part of this process, we annually assess the performance of suppliers representing a high sustainability risk to ensure they meet our quality and social requirements. We have sustainability engagement programs for the sourcing categories with the highest levels of sustainability risk, and we engage with suppliers to help address the issues we identify.

We use intelligence from our risk management tool to prioritize which suppliers we survey and audit. We have developed specific supplier audit programs for suppliers of chemicals of environmental concern and active pharmaceutical ingredients, as well as for waste vendors.

### Safeguarding Business Continuity

Abbott's Supply Chain Council and Business Continuity group use a real-time risk intelligence and supplier mapping tool to track the geopolitical, security, sustainability, environmental and infrastructure risks that could affect Abbott's supply chain. Through this system, we have identified more than 100 suppliers at high risk of losing manufacturing capacity due to natural disasters, and all Abbott businesses have prepared contingency plans for such catastrophic events. We also use the World Resources Institute Aqueduct Tool™ to determine which suppliers have the greatest risk of water supply interruptions. For more information about our [water risk management](#), see [page 49](#) in [Safeguarding the Environment](#).

## PERFORMANCE UPDATES

As part of our approach to managing environmental and social sustainability risk in our supply chain, the SCC has developed strategic initiatives for several high-sustainability-risk sourcing categories: energy, transportation and distribution, agriculture, chemicals of environmental concern and active pharmaceutical ingredients, packaging, dairy and waste management. Our Global Procurement and Global Environment, Health and Safety (GEHS) teams have also engaged in six one-to-one partnerships with strategic suppliers to identify sustainable supply chain opportunities. This includes information and best-practice sharing for sustainability-related programming and initiatives, as well as exploring collaborative projects to improve product sustainability.

### Social Responsibility

Abbott's Supplier Social Responsibility (SSR) program includes surveying and auditing critical suppliers to confirm adherence to our Supplier Guidelines. During 2018, we asked 255 of our critical suppliers to respond to our SSR survey, which received a response rate of 66 percent. This survey showed that 76 percent of suppliers that responded have environment, health and safety and sustainability programs; 78 percent have code of conduct and ethics policies; 97 percent have not had any violations with respect to ethics compliance, human rights, labor practices and health and safety; 88 percent have

business continuity plans in place; and 57 percent have strategies to work with diverse suppliers.

We also conducted site audits at 30 suppliers that we identified as being high risk for sustainability issues. These audits utilized Workplace Conditions Assessment standards. In 65 percent of cases, the audits were acceptable, with minor observations. We worked with the remaining suppliers to address the needs that the audits identified. In cases of major and zero-tolerance findings, we required our suppliers to implement corrective and preventive action plans, which had to be submitted in documented form within 30 days of the audit results being received by the supplier. In total, we have audited 8 percent of our Tier 1 suppliers over the past three years.



## ABBOTT'S KEY SUPPLY CHAIN INITIATIVES IN 2018 INCLUDED:

### LAUNCHING A FORMAL PROCESS

for assessing supplier risk and compliance with our Social Responsibility Guidelines by surveying suppliers on social and environmental sustainability issues

### ENSURING A DIVERSE SUPPLY CHAIN

that secures inclusion of diverse suppliers to drive economic growth in North America

### AUDITING HIGH-SUSTAINABILITY-RISK SUPPLIERS

for social and environmental sustainability issues (including priority areas, such as labor, human rights, environment and anticorruption)

### CREATING AN ENVIRONMENT

in which suppliers can leverage best practices and shared experiences

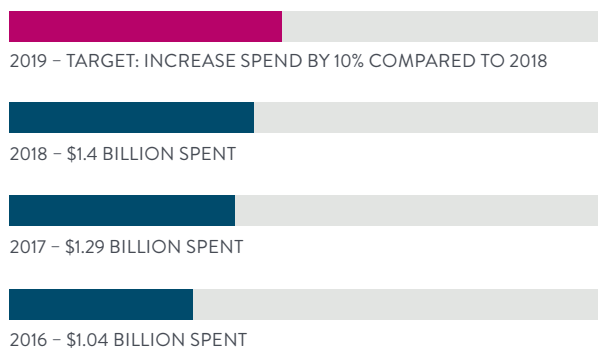
In 2018, *DiversityPlus* magazine listed Abbott's Supplier Diversity Program as a Top 30 Champion of Diversity. *Hispanic Network*, *Professional Woman's Magazine* and *U.S. Veterans* also named us as a top-rated supplier diversity program.

### Supplier Diversity

Abbott's Supplier Diversity Program is designed to ensure opportunities are available to groups traditionally under-represented in business. In 2018, we worked with 5,690 small and diverse suppliers. The \$1.4 billion we spent with these suppliers represented a 8.5 percent increase over the previous year's amount and adds up to 20 percent of our total spend in North America. During 2018, Abbott also successfully implemented a Supplier Diversity Tier 2 program to grow the diversity of our supplier base. This involves partnering with key and strategic suppliers to ensure they contract their own business with small and diverse suppliers. In 2019, our target is to increase spend with diverse suppliers in the U.S. by 10 percent compared to the previous year.

Abbott takes an active role within the Diverse Manufacturing Supply Chain Alliance (DMSCA), which aims to support small and minority-owned manufacturing suppliers that bring diverse and innovative solutions into the supply chain. Our Chief Procurement Officer leads the DMSCA's Strategic Sourcing Executive Leadership Committee and Corporate Mentoring Program, and we remain committed to growing DMSCA through active leadership in its corporate governance.

### AMOUNT SPENT ON DIVERSE SUPPLIERS



External recognition for Abbott's Supplier Diversity Program includes being listed as a 2018 Top 30 Champion of Diversity by *DiversityPlus* magazine and being named as a top supplier diversity program by *Hispanic Network* and *Professional Woman's Magazine*, and a *U.S. Veterans* Best of the Best.

### Agriculture

Agriculture is another strategic sourcing category where we have identified an opportunity to significantly impact the sustainability of our supply chain. Abbott's Food and Safety Council (including representatives from supply chain, regulatory and research and development) meets on a quarterly basis to address concerns related to our agriculture supply chain, including sustainability issues. In addition, Abbott does not use palm oil in our products and ensures that all palm-affiliated products (such as palm nuts) are responsibly and ethically sourced. Abbott is also a leader in food safety and sustainability through an internal surveillance program that tests above industry requirements.

## Abbott is a leader in food safety and sustainability through an internal surveillance program that tests above the industry requirements.

### Animal Welfare in Dairy

Abbott is committed to improving the health and welfare of the dairy animals that produce ingredients for our products around the world. At Abbott, we believe proper animal health and welfare enrich the lives of dairy cows and have social and economic benefits for dairy farmers. As endorsed by the World Organization for Animal Health, Abbott fully supports the Five Freedoms of animal welfare. In 2018, our nutrition business consulted with our global dairy suppliers to continuously improve the animal health and welfare programs they develop.

In 2018, Abbott partnered with World Animal Protection and our local dairy suppliers to implement an animal welfare training program in India. The goal of this program is to promote animal health and welfare outcomes, including better access to water, proper housing, animal nutrition and proper veterinary care.

### Chemicals of Concern

In 2017, Abbott's medicines business established an engagement program for suppliers of chemicals of environmental concern, including active pharmaceutical ingredients. The program aims to minimize our environmental risk exposure and ensure business continuity.

Through the program, we identify suppliers that handle chemicals with a high environmental concern if released into the environment, and we audit suppliers that we determine to be critical to the business or that have negative media exposure or notices of violation. In 2018, we evaluated more than 300 suppliers from China, Europe, India and Latin America.

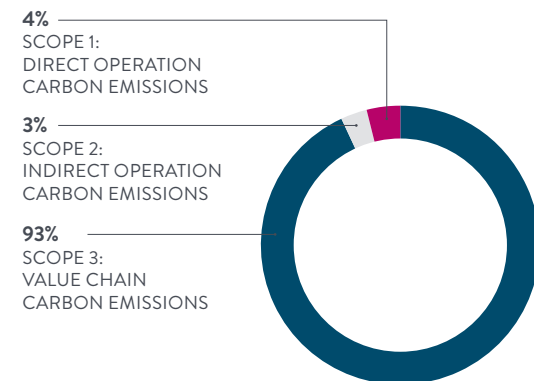
We surveyed 77 suppliers and conducted 42 EHS on-site audits. This was a significant increase from 2017, when the program surveyed 60 suppliers and conducted 36 EHS on-site audits.

### Carbon Emissions

In 2018, carbon emissions resulting from the supply, distribution and use of our products made up 93 percent of Abbott's carbon footprint.

### ABBOTT'S CARBON FOOTPRINT

Abbott's Scope 3 emissions make up 93 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.



We assess supply chain-related carbon emissions and engage our suppliers in reducing emissions through the CDP (formerly known as the Carbon Disclosure Project) Supply Chain Program. In 2018, we surveyed 223 suppliers on environmental practices and performance, achieving a 76 percent response rate, an increase of 14 percent over the previous year. This survey showed that 74 percent of suppliers were subject to climate-related risks (a 15 percent increase over last year); 58 percent had active carbon reduction targets; 79 percent are integrating climate issues into their long-term business objectives; and 51 percent are engaging with their suppliers on climate change. In addition, it is estimated that the surveyed suppliers reduced their carbon emissions by 5.8 million metric tons in 2017, resulting in \$56 million in annual savings.

### **Renewable Energy**

Our Global EHS and Procurement teams work together to purchase electricity from utility providers that include above-average renewable generation in their energy mix. We estimate that Abbott sites that purchase energy exclusively from renewable sources saved approximately 77,000 metric tons of CO<sub>2</sub>e in 2018. For more details of our [renewable energy supply initiatives](#), see the [Safeguarding Our Environment](#) section on [page 46](#).

### **Operations in Water-Stressed Areas**

Our mapping of critical suppliers using the World Resources Institute Aqueduct™ Tool identified that 23 percent of our critical suppliers currently operate in areas of high and extremely high baseline water stress. This approach allows our businesses to engage with strategic suppliers operating in water-stressed areas to ensure business continuity.

### **Transportation and Fuel Efficiency**

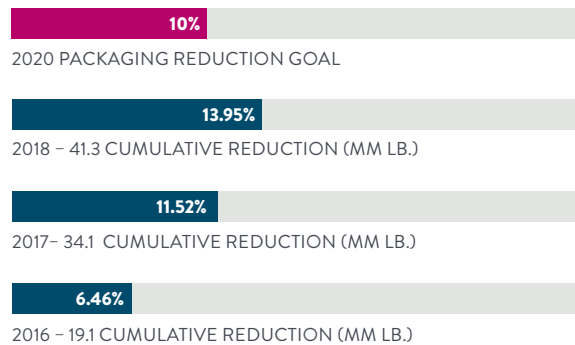
Abbott has identified upstream and downstream transportation as the sourcing category with the greatest opportunity to reduce carbon emissions in our supply chain. In 2018, we increased our use of rail transportation, which is twice as efficient as truckload shipping. We also continued to enforce our increased supplier fuel-efficiency standard, which was implemented in 2017, and we partnered with the U.S. Postal Service to reduce small-parcel deliveries during the last mile of transport.

Beginning in August 2018, Abbott's U.S. businesses joined the U.S. Environmental Protection Agency SmartWay® program, which helps companies advance supply chain sustainability by measuring, benchmarking and improving freight transportation efficiency. Through this program, Abbott reduced the carbon emissions associated with our transportation supply chain. In addition, in 2018, our nutrition business, which uses 4.3 million gallons of diesel fuel, reduced its reported fuel consumption by 433,710 gallons.

### Packaging

Partnering with suppliers to find alternative and more sustainable packaging materials is a key tenet of our strategy to reduce packaging waste throughout Abbott's value chain. This includes increasing the sustainability of fiber-based packaging, reducing our use of plastic and implementing reusable packaging and packaging take-back initiatives. Supplier partnerships have played a key role in surpassing our target of reducing packaging weight by 10 percent by 2020, compared to 2010 levels. Details of our [next-generation sustainable packaging target](#) can be found in the [Safeguarding Our Environment](#) section on [page 57](#).

### CUMULATIVE PACKAGING REDUCTIONS



### Waste Management

We work with our waste vendors to ensure they employ the most efficient and responsible disposal techniques in the management of our waste. To ensure that we are only using appropriately qualified and responsible vendors, we conduct on-site evaluations and reviews of all waste management firms every five years, at a minimum, through Abbott's Waste Vendor Assessment program. In 2018, 41 of our waste vendors were assessed through this program.

We also partner with our IT life-cycle management suppliers to ensure that Abbott's used electronics are properly handled and disposed. Our electronic equipment reuse and recycling program recycled 450 U.S. tons and resold 96 U.S. tons of electronic equipment in 2018. This is an increase of 104 percent from 2017 activities.





## SECTION 5

# VALUING OUR PEOPLE

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A photograph of two women in a professional setting. The woman on the left has long, dark, curly hair and is wearing an orange top. The woman on the right has shoulder-length brown hair and is wearing a grey blazer over a blue top. They are both looking towards the right side of the frame. The background is slightly blurred, showing what appears to be a presentation screen with blue and white elements.

## DEVELOPING TALENTED PEOPLE

The sustainability of Abbott's business depends on attracting, engaging and developing talented people who share our vision and values. That's why we offer innovative programs, benefits and resources that address the diverse needs of our employees, reward their efforts, help them build their best careers at Abbott and provide solid financial security.

We take a collaborative approach, listening to our employees to understand their needs and working with them to build a workplace environment that meets those needs. Our success depends on keeping employees and their loved ones safe, healthy and well; making sure that all feel valued; and building a talent pipeline that allows us to deliver life-changing technology for years to come.

## GOVERNANCE

Responsibility for Abbott's talent management sits with our Executive Vice President, Human Resources, a corporate officer who reports directly to our Chairman and CEO. Senior leaders specializing in various human resource specialties report to the Executive Vice President.

Our commitment to diversity and inclusion begins at the top. Abbott's Chairman and CEO leads our Executive Inclusion Council, which monitors the hiring and advancement of women and minorities in U.S. management positions. The council also works to promote an inclusive work environment for people with disabilities at all of our businesses and locations.

*“Our company innovates and improves the programs and benefits we offer our employees as much as we innovate to meet the needs of the people who rely on our products. To keep pace, we keep listening and evolving our offerings.”*

**STEPHEN FUSSELL**  
EXECUTIVE VICE PRESIDENT,  
HUMAN RESOURCES

Abbott believes in the dignity of every human and respects individual rights. Read our complete position statement on human rights [here](#).

## OUR WORKPLACE ENVIRONMENT

### Core Workplace Components

Abbott has approximately 103,000 employees<sup>1</sup> serving people in 160 countries. Our promise to each of these employees is to provide a workplace environment that:

- Promotes diversity and inclusion
- Offers extensive professional development, mentoring and training programs
- Encourages and supports work-life harmony
- Offers competitive compensation and benefits tailored to each market
- Protects human rights
- Offers wellness programs
- Commits to employee health and safety

### Protecting Human Rights

Abbott believes in the dignity of every human being and respects individual rights, as set forth in the United Nations Universal Declaration of Human Rights. Our mission and core values reflect these principles, and they are reinforced through our employment, ethics and procurement policies, which also apply to suppliers.

We believe that governments have the primary responsibility for respecting, protecting and promoting the human rights of their citizens. However, 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

## Our approach to talent management incorporates skill assessments, performance appraisals and career pathing.

### TALENT MANAGEMENT APPROACH

#### **Succession Planning**

Abbott's Board of Directors and senior management teams place a strong emphasis on our succession planning processes, as well as our focus on talent development, and diversity and inclusion efforts. The board conducts an annual Talent Management Review (TMR) to assess critical positions, identify succession plans and create development plans. Most recently, this resulted in the re-establishment of the Chief Operating Officer role for the continued development of one of our long-time leaders, Robert Ford.

The process cascades to the senior leadership team and throughout the company. The senior leadership team holds divisional, functional and regional TMRs, and each carries goals to identify "Ready Now" and "Ready Future" successors. These same discussions happen at all levels of the company, where people managers carry talent development goals each year.

#### **Career Development**

Our approach to talent management incorporates skill assessments, performance appraisals and career pathing. We have established an integrated global talent management process, so we can identify talented people from across our organization, assess them accurately and help them develop skills consistently.

All employees participate in our annual performance management process and work with their managers to create talent profiles and development plans that support their particular career objectives. To help employees meet their objectives, develop their skills and build their best careers, we provide both job-specific training and broader leadership training and development opportunities.

Mentoring plays a key role in development for Abbott employees. We operate a formal mentoring program for employees of all levels, which matches mentors and protégés for 12-month partnerships to help employees develop skills, share knowledge of Abbott and broaden their networks. In 2018, we saw a 59 percent increase in the number of employees who signed up to be mentors and protégés.

Due to the global scope of our business, many of our employees work or travel outside of their home countries. The ability to engage people across different cultures is both a key need for our business and an important development opportunity. Abbott's Cultural Navigator™ internet-based toolkit is free for employees and is designed to increase their understanding of different countries and cultures, providing guidance on business practices and social etiquette for more than 100 countries.

## Recruitment

Abbott takes an integrated approach to building a diverse talent pipeline that can meet the needs of our businesses. This involves building a compelling employer brand, both through our own digital properties and through other channels; partnering with academic institutions and associations that align with our needs; and providing opportunities for talented college students to develop their careers at Abbott.

The academic partners and institutions that help Abbott identify talent include:

- Association of Latino Professionals in Finance and Accounting (ALPFA)
- Black Engineer of the Year Award (BEYA)
- IMT Ghaziabad and NITIE in India
- Nanyang Technological University in Singapore
- National Association of Colleges and Employers (NACE)
- National Society of Black Engineers (NSBE)
- Reaching Out MBA (ROMBA)
- Society of Hispanic Professional Engineers (SHPE)
- Society of Women Engineers (SWE)
- Zhejiang University and Shanghai Jiao Tong University in China

Our internship program helps Abbott identify and recruit talent at an early career stage, giving students hands-on experience working with Abbott employees on real-life business projects. We have set a goal of converting at least 50 percent of interns into full-time Abbott employees.

We also use targeted social media platforms, such as LinkedIn®, along with the career section of our own website, to build our employer brand and reach talented people who want to help others live fully with our life-changing technology.

## Performance Update

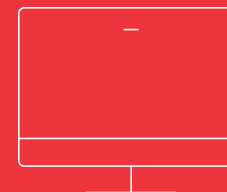
### *Employee Development*

Performance and career progression data show that, when compared to Abbott benchmarks for their peer groups, participants in our key talent programs outperform their peers, are more frequently promoted and are identified as successors more often.

In 2018, we launched Career Connect, a new career and development planning tool available to all employees. Career Connect's personalized tools help employees identify what is important to them in their careers, guide them on how to have better career conversations with managers and create clear development plans for achieving their career goals. In 2019, we plan to launch additional resources that connect employees with people in the roles they want to explore and provide voluntary on-the-job learning opportunities that build their skills and prepare them for future roles or assignments.

## ENHANCED CURRICULUM

In 2018, we enhanced our curriculum of development programs to improve the business relevance of the offerings, improve employee satisfaction with the programs and increase enrollment. Notable achievements include the following:



**7,500+** Abbott employees participated in our leadership and development programs in 2018 (a 45 percent increase compared to 2017).

**185** entry-level employees worldwide joined Abbott through our Professional Development Program, which gives new talent the opportunity to rotate through roles in IT, Finance and Operations in different Abbott businesses and locations.

**32** high-performing and carefully selected young professionals participated in the Global Citizen Development Program, which helps employees build their career networks and prepare for greater responsibilities in our increasingly global company.

**292** employees from 17 cohorts in the Americas, Asia and Europe completed our Emerging Leader Program, which accelerates the development of high-potential people in frontline roles.

**29** new general managers in 13 countries graduated from our Global Leadership Program.

**31** newly hired or newly promoted executives attended our Executive Compass Program, a three-day in-person course focused on successfully transitioning to a new leadership role. Compass is taught by our senior-most leaders and respected thought leaders from prominent academic institutions. Each year, 30–35 newly hired or newly promoted executives attend Compass. Over the last five years, 144 leaders have attended the course.

### **Talent Pipeline**

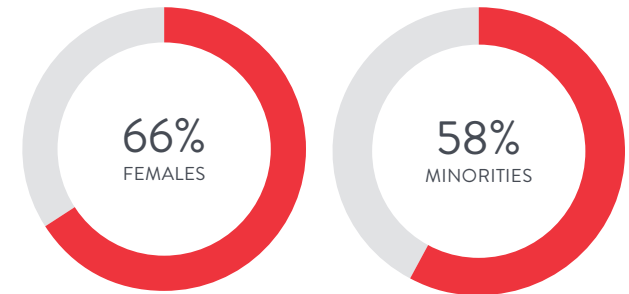
In 2018, we launched a new Abbott career site that uses artificial intelligence to tailor content and recommend opportunities for job seekers. Our site is designed to simplify the job search at Abbott and create positive experiences throughout the hiring process. The site has led to a 67 percent increase in internal hires and a 92 percent increase in user satisfaction.

We also made several important updates to our internship program, including revisions based on feedback from interns themselves. These included rolling out our mobile app for interns, which was launched in the United States in 2017 and is now available across Latin America, India, Ireland and Singapore. The app helps interns navigate life at Abbott, and it has generated positive feedback, with participants telling us that it helps with the onboarding process and enables them to stay connected to other interns. Engagement is high across all markets and has reached 100 percent in the United States, with interns publishing 888 posts that generated 22,000 clicks and 3,100 comments.

Each of our U.S. interns is now paired with a mentor who has a similar discipline of study and background and can help the intern navigate Abbott's organization, understand the company vision and prepare for a career with our company.

In 2018, our science, technology, engineering and math (STEM) high school internship program, which promotes STEM careers through hands-on experience and real-world projects, included 66 percent females and 58 percent minorities. This positively contributed to our objective of a more diverse talent pipeline.

### **STEM INTERNSHIP PROGRAM**





## COMPENSATION AND BENEFITS

Our compensation policy has a vital role to play in attracting the best and brightest minds to work at Abbott — and in building an environment of equal opportunity for all.

We apply the following principles to help achieve consistent, fair compensation packages that reward performance:

- Base salaries and benefit packages are competitive in the markets where we compete for employees, and benefit packages are appropriate to each market.
- Annual and long-term incentive packages are linked directly to business and individual performance, with a balance of short- and long-term financial and strategic objectives.
- Compensation elements encourage behavior that is consistent with the ethical values in Abbott's Code of Business Conduct.

The fundamental principle of compensation at Abbott is that it should be driven by employees' performance and expertise. We have procedures and processes to ensure consistency in compensation across similar roles in relevant markets. As a result, Abbott believes that policies are in place so our employees receive comparable compensation, regardless of race or gender. Abbott has procedures that encourage frequent manager and employee dialogue around performance and compensation, and we make a range of channels available for employees to raise any concerns in this area.

One component of our total compensation philosophy is to enable employees to build an ownership stake in the company. Several programs facilitate ownership:

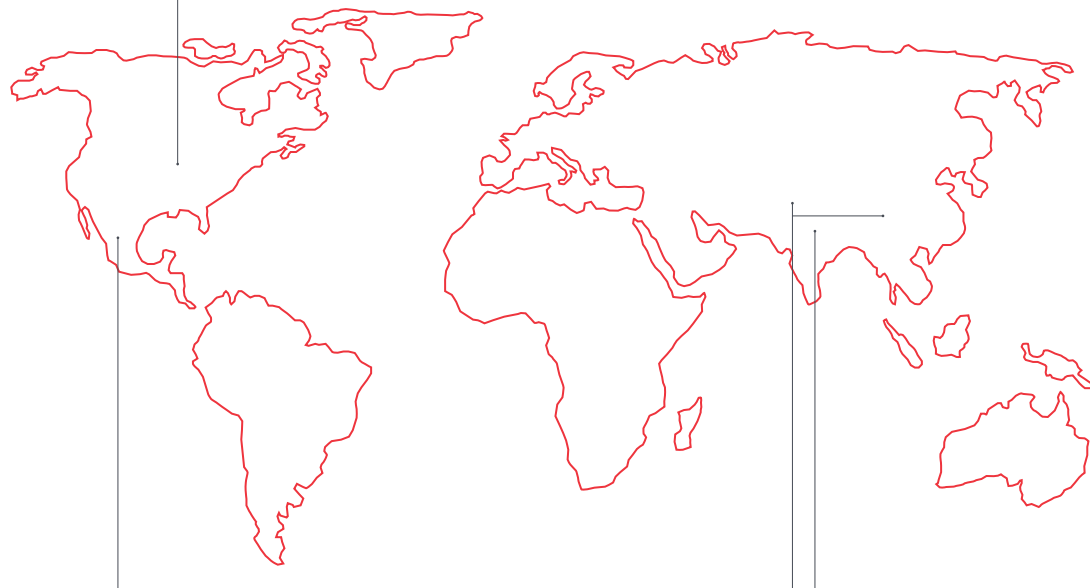
- Abbott's global long-term incentive program grants restricted stock units (RSUs) to employees, generally beginning at the manager level. Over time, when the awards vest, they are paid out in shares of Abbott common stock (except in countries that require payment in cash). In 2018, Abbott granted RSUs to more than 11,000 employees in 70 countries.
- In the United States, employees can invest in Abbott stock through our 401(k) program, which provides a 5 percent match to an employee's 2 percent contribution to the program.
- Outside the United States, most countries offer employees the opportunity to purchase stock at a discount through the Employees Stock Purchase Plan (ESPP). The ESPP is open to all employees, except corporate officers, in the countries where it is offered.

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. Outside of the United States, we provide benefit programs that are above and beyond government requirements. Our global Human Resources (HR) teams work to identify the particular needs of employees in different countries, so we can deliver innovative solutions that make a tangible difference and strengthen our value proposition for employees on a local basis.

In 2018, Abbott launched an innovative solution in the United States that addresses the significant problem of student loan debt. The Freedom 2 Save program helps employees with student loans save for retirement while they make their loan payments. Under this program, employees who put at least 2 percent of their eligible pay toward their student loan debt can receive a 5 percent contribution from Abbott into their 401(k) accounts, without any 401(k) contributions of their own. This means that the participating employees do not sacrifice saving for their future while paying off their debt.

## EXAMPLES OF HOW WE TAILOR OUR OFFERINGS TO MEET LOCAL NEEDS

In the **UNITED STATES**, employees who qualify for the company's 401(k) and who are also contributing 2 percent of their eligible pay toward student loans can receive the equivalent of the company's traditional 5 percent "match" deposited into their 401(k) plans, without any 401(k) contribution of their own, through our new Freedom 2 Save program.



In **CHINA, INDIA** and **MEXICO**, employees use a points-based system to select flexible benefits to suit their needs and life stages.

In **INDIA**, we offer a higher education course developed with the nation's leading business school, the Indian Institute of Management Calcutta.

## DIVERSITY AND INCLUSION

Our employee networks play a vital role in building an inclusive culture across all Abbott operations. They help expand visibility and opportunity for their more than 7,000 members from minority and other potentially disadvantaged groups. An Abbott corporate officer serves as an executive sponsor for each of these networks, helping to align their objectives with Abbott's business strategies.

We operate the following employee networks:

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

We work to build increasing inclusivity for all, regardless of race, gender, age, sexual orientation, disability or nationality, across Abbott. Ensuring an inclusive environment for people with disabilities requires raising awareness of issues among both managers and employees. Abbott works with local partners to provide training on the experiences of employees with disabilities and to help avoid unconscious bias in our hiring process.

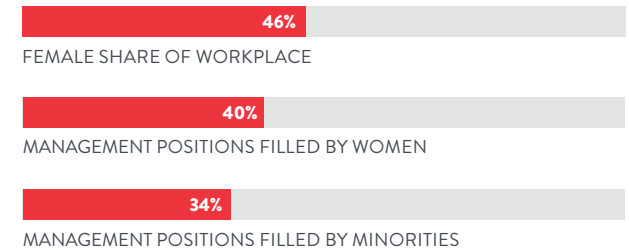
### Performance Updates

In Brazil, where more than 150 employees have participated in disability awareness training, Abbott has hired 64 people with disabilities since 2014, including 30 in 2018. In France, where approximately 100 of our employees attended disability workshops in 2018, we have almost doubled the number of people with disabilities employed by Abbott, from five in 2013 to nine at the end of 2018.

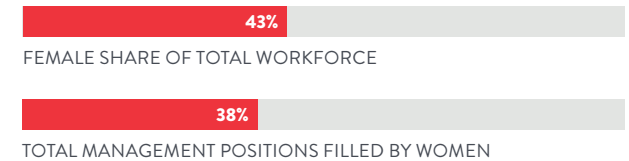
Abbott's Diversity and Inclusion team, with support from our employee networks, has taken an active role in tackling unconscious bias. In 2018, we hosted an event attended by more than 700 employees, which explored Abbott's commitment to inclusion and leadership development, as well as the reality of unconscious bias. During the event, several of our executives and board members were joined by a renowned social psychologist to facilitate discussions on how Abbott can become a more inclusive environment surrounded by diverse and innovative ideas.

We have integrated unconscious bias training into our core leadership training modules and delivered this training to more than 2,000 employees in 2018. We have also integrated relevant elements of the training into our Interview for Success recruiting app for managers.

## WORKPLACE DIVERSITY IN THE U.S.<sup>2</sup>



## GLOBAL WORKPLACE DIVERSITY



Abbott's commitment to promoting diversity and inclusion is consistently recognized by external organizations:

- *Working Mother* magazine included Abbott on its 2018 list of the best companies for the 18th consecutive year.
- *DiversityInc* magazine named Abbott one of its top 50 companies for diversity in the United States for the 16th consecutive year.
- The U.S. National Association for Female Executives (NAFE) recognized Abbott as a top company for executive women for the 10th consecutive year.
- Abbott achieved a 95 percent rating on the Human Rights Campaign's 2018 Corporate Equality Index, showing that our business values LGBTQ workplace inclusion.

## LISTENING TO OUR EMPLOYEES

Abbott conducts regular surveys to gather employee feedback about working at Abbott to understand our employees' level of engagement with our business strategy. This is an opportunity to learn where we can make meaningful improvements. These surveys include Division Culture surveys and our annual Employee Living Fully survey. In 2018, this survey was sent to more than 64,000 employees and received 8,893 responses (a 14 percent response rate). Through our organization-wide Ease of Working with HR survey, we gathered feedback from 10,330 employees (an 11 percent response rate).

Besides surveys, Abbott relies on a variety of formal and informal channels to gather feedback from our employees. These include an annual all-employee meeting with our Chairman and CEO, where a significant portion of the meeting is dedicated to addressing employee questions and comments. Lunch-and-learn meetings also are conducted with senior leaders as a way to listen and respond to employee comments and concerns. The 7,000 employees involved in our employee networks identify and address common interests through various forums. Through the networks, employees participate in events and activities, where they share feedback and provide recommendations on various programs and development opportunities. For more information on how we [engage employees](#), see the [Sustainability Overview](#) section on [page 14](#).

## EMPLOYEE WELL-BEING

Abbott takes a holistic approach to employee well-being. We offer programs that support work-life harmony and promote good health; many of these programs are available to employee family members, as well.

We pay particularly close attention to the mental health of our employees through an integrated approach that includes addressing the causes of stress, both within and outside the workplace. Our company-funded Employee Assistance Program (EAP) provides free expert mental health support for employees and their families through one-on-one support, seminars, online courses, crisis intervention services and workplace emergency response. The EAP earns high marks from employees for effectiveness, with 77 percent of participants reporting improved productivity, 71 percent reporting a reduction in stress and 73 percent saying they were less likely to lose work time due to personal reasons.

Our LiveLifeWell integrated wellness program, available in the United States, caters to the mental, financial and physical health of employees and their spouses through assessments and the LiveLifeWell app. This app helps users track progress toward well-being goals, such as nutrition, exercise and sleep. The LiveLifeWell app also provides access to counseling, caregiver support, employee assistance and courses on financial fitness, mindful living and stress management. Approximately 56 percent of employees and eligible spouses participated in LiveLifeWell assessments in 2018.

Our most popular and long-standing physical wellness program is Exercise Across Abbott, which encourages our employees to team up with colleagues and compete for prizes by tracking how many minutes they exercise each day. Around 15 percent of Abbott employees across 64 countries take part each year. In 2018, 75 percent of teams consistently increased their weekly exercise for four weeks.

We recognize that flexible working is often an essential enabler of employee well-being. Abbott offers flexible work schedules across 60 countries, including flex time, summer hours, part-time arrangements, job sharing, compressed workweeks and telecommuting. Abbott's Freedom to Work program, available to U.S. employees, offers those considering retirement the option to scale back their hours and change their responsibility without affecting their benefits. More than 1,400 employees have enrolled in Freedom to Work since the program launched in 2015.

Our comprehensive childcare programs include on-site childcare, parenting and counseling services, as well as nationwide childcare discounts and backup care resources. Additionally, we offer maternity and paternity leave for new parents, as well as Milk Stork breast milk delivery services for business-traveling mothers. Since 2015, Abbott has also provided financial support for adoption of up to \$20,000 per child.

## EMPLOYEE HEALTH, SAFETY AND WELLNESS

### Governance

Abbott takes an integrated approach to managing our environmental impacts and the health and safety of our employees through our Environment, Health and Safety (EHS) management system. We manage these three areas through our corporate EHS function, which handles governance, management and technical standards. Our list of global EHS standards can be found on our [website](#). For full details of our [EHS governance structure](#), see the [Safeguarding Our Environment](#) section on [page 39](#).

### Management Approach

Our long-term EHS strategy focuses on reducing and mitigating EHS risks, delivering cost efficiency, ensuring business continuity and addressing the expectations of our stakeholders to be a responsible and sustainable leader in the healthcare sector. This includes focusing on the health, safety and well-being of our workforce.

We maintain global policies and standards for managing employee health, safety and productivity that are regularly updated by technical and management experts with consideration for global requirements and regulatory changes. We focus on improving performance, ensuring compliance, reducing risk and embedding a culture of safety into our operations.

We regularly evaluate all Abbott commercial operations, manufacturing, and research and development (R&D) sites through internal compliance assurance audits that assess performance in the following categories:

- Health and safety policy and program
- Strategic planning
- Risk assessment/self-assessment
- Business integration
- Training and awareness
- Communication and information
- Performance measures
- Health and safety technical standards

Our efforts to embed our health and safety culture depend on engaging employees at all levels of our organization. We provide training to our EHS employees on applicable EHS regulations and internal technical standards, encourage them to gain external certifications, and support attendance at external training and conferences. We promote EHS awareness and share best practices across Abbott with EHS month, as well as a monthly webinar series featuring subject-matter experts and presentations from business sites that have reached high performance in our priority EHS areas of focus. We support a global behavior-based safety observation program to encourage employees to take ownership of a positive safety culture.

Abbott's EHS Scorecard, which is distributed to our senior leadership every month, is a key management tool for tracking employee health and safety performance. The scorecard data is communicated across our organization to drive action. Our metrics align with our EHS 2020 targets, including the number of significant EHS incidents, such as lost-time case rate, recordable case rate and accidents per million miles (APMM) driven. In addition, we monitor on-time completion of corrective actions. Our global health scorecard also tracks implementation of our occupational health well-being initiatives through a dynamic scoring system, increasing the requirements for each site annually. The results of this analysis are communicated to site and division leadership annually.

### Progress on 2020 Targets

We have set 2020 targets for health and safety performance and identified two priority safety goals to drive continuous improvement in reducing the number of incidents:

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

We have set the target for reducing our lost-time case rate to 0.15 per 100 workers, including employees and contractors, by 2020 and reducing our APMM driven rate to 4.0 in the same time frame.

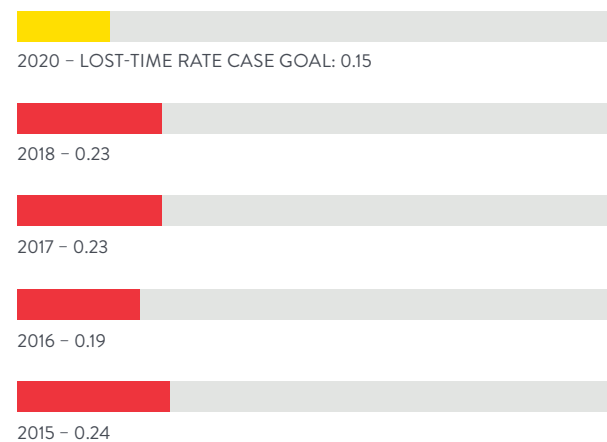
The lost-time case rate includes any work-related injuries requiring days away from work. In 2018, our lost-time case rate remained the same as in the previous year. Throughout 2018, we focused on building safety programs for our newly acquired medical device business. Maintaining safety rates throughout the acquisition and integration process displays our commitment to keeping workers safe on the job. In the year ahead, we will continue to integrate our recently acquired rapid diagnostics business to ensure its safety programs develop and mature.

We aim to drive continuous reductions in APMM through our global safe-driving program, which raises awareness of safe-driving habits among field-based employees. In 2018, our cardiac arrhythmias and neuromodulation businesses completed behind-the-wheel training for 4,000 sales and service employees as part of their fleet safety orientation. We also introduced new vehicle safety features in our U.S. fleet with the target of rolling them out to all Abbott's commercial vehicles in the United States by 2021. These features include adaptive cruise control, automatic braking, reverse cameras, collision, lane departure and blind spot warnings. Through this initiative, we have seen a 15.5 percent reduction in vehicle accident rates in these vehicles.

In India, where Abbott has thousands of field sales representatives, our vehicle safety program emphasizes motorcycle safety, in particular the need to wear a helmet. Abbott distributes new helmets to all sales representatives and any other employees who are motorcycle riders. As a result of Abbott's safe-driving program, our global APMM for 2018 was 4.1, a reduction of 16 percent compared to 2017, which puts us on track for our 2020 target of 4.0.

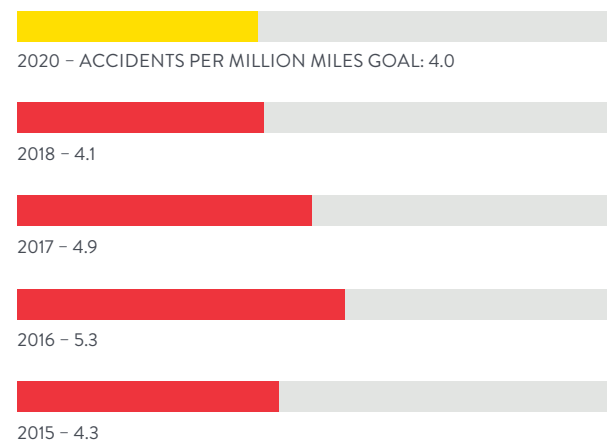
## LOST-TIME CASE RATE<sup>3</sup>

EMPLOYEE AND CONTRACTOR



## ACCIDENTS PER MILLION MILES

EMPLOYEE



### Performance Updates

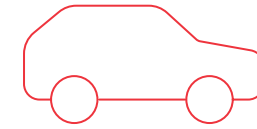
We monitor employee injuries globally (both lost-time cases and recordable cases) and report rates to executive management on a monthly basis as part of our EHS Scorecard. Analysis of our 2017 and 2018 health and safety data identified our major mechanisms of injury as vehicle-related, slips/trips/falls, contact with object and ergonomic-related injuries. In 2018, Abbott built targeted programming and awareness campaigns to reduce these injuries, resulting in a 50 percent reduction in ergonomic-related lost-time injuries from 2017 to 2018.

The recordable case rate includes any work-related injuries resulting in death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, loss of consciousness, or significant illness or injury diagnosed by a licensed healthcare professional. Abbott's recordable case rate increased from 0.36 to 0.40 from 2016 to 2017, however remained flat in 2018.

The increase from 2016 to 2017 is attributed to the inclusion of Abbott's recently acquired cardiovascular and neuromodulation medical device business' injury data beginning in 2017. As we implement Abbott EHS programs and standards across the businesses we have acquired, we expect Abbott's overall injury rate to trend downward once again.

There are 120 Abbott occupational health professionals around the world who oversee our employees' health and well-being. These professionals conduct regular screenings and health education programs that focus on stress management, first aid, body mass index and weight reduction. During 2018, this team carried out more than 34,000 medical surveillance exams and 132,000 health education engagements (a 32 percent increase) and trained 5,400 employees in first aid and CPR.

We also monitor the impact of our health and wellness programs through our occupational illness frequency rate, which measures reported cases of illness resulting from work, including minor cases that require first aid only. Our occupational health and safety program identifies and eliminates occupational risks, with the aim of reducing the occupational illness frequency rate. This has remained at 0.2 illnesses reported per million working hours since 2015. In addition, 87 percent of our R&D and manufacturing sites met their global health scorecard targets for employee wellness initiatives during 2018.

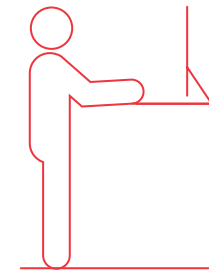


### SAFE-DRIVING PROGRAM

16%

REDUCTION IN ACCIDENTS  
PER MILLION MILES  
FROM 2017 TO 2018

In 2017, we launched a pilot program at our nutrition site in Fairfield, California, in which we partnered with a local health provider to offer emergency telemedicine support during off-shift hours. In 2018, we expanded this program from a pilot to a full launch on site. This has reduced emergency room visits, as well as employee travel and waiting time. In 2019, we are evaluating expansion of our telemedicine support program to other business sites.



### ERGONOMICS

50%

REDUCTION IN ERGONOMIC-RELATED  
INJURIES FROM 2017 TO 2018



### Maintaining a Well Workplace

Abbott strives to ensure we operate a well workplace, one that is not only safe and healthy but also fosters well-being and ensures all employees feel welcome, happy and engaged.

Our standards and initiatives include:

- Offering employees an ergonomic program that incorporates metric tracking of injuries and assessments of workplace ergonomics by trained on-site EHS professionals.
  - Promoting active-pause programs to encourage stretching during the workday, along with targeted initiatives to increase flexibility and core strength.
  - Providing suitable illumination, with EHS professionals available at all manufacturing sites to measure that lighting meets our global engineering standards.
  - Providing collaborative work spaces with natural light and comfortable furniture.
  - Regularly monitoring noise to ensure exposures are below local regulatory limits or the threshold limit values set by the American Conference of Governmental Industrial Hygienists, where no local limits exist.
  - Completing preventive maintenance of air filtration systems, which is validated through our internal auditing process, to ensure air quality. Our Green Building Strategic Initiative includes indoor air quality management as a best practice.
- Maintaining global engineering standards for humidification and dehumidification.
  - Maintaining indoor workplace temperatures within industry standards set by the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE).
  - Providing sites with additional guidance developed by occupational health professionals during outdoor temperature extremes.

1. Including Alere employees

2. Percentages as of December 31, 2018. Percentages represent count of U.S. employees, excluding rapid diagnostics business. Management positions are defined as grades 17–49.

3. 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.





## MAKING A POSITIVE IMPACT

As a healthcare leader, we have an inherently positive social impact on helping people to live longer and better.

We apply our unique strengths to identify and invest in life-changing innovations, design new business models to meet emerging healthcare needs and find measurable ways to address social challenges through our scientific and technical expertise. When we prioritize systems thinking and collaboration, we can grow our business, improve lives and create value in communities around the world.

## OUR APPROACH TO SHARED IMPACT

Shared impact is an integral part of Abbott's strategy for delivering health solutions in emerging and developing economies. Our approach is based on innovation: new products to meet local healthcare needs, new business models that create value for communities and new systems that can deliver healthcare to those who need it most. Through this work, we tie the growth of our business to meeting social needs.

### **Bringing Healthcare Closer to Home in Rural Africa**

According to World Bank data, 60 percent of people in sub-Saharan Africa live in rural areas where access to healthcare is limited. These limits on the accessibility of healthcare constrain the potential of people and society. In Rwanda, Abbott has identified an opportunity to create shared impact by supporting the Ministry of Health's program to close the rural healthcare gap.

The Rwandan government has a bold vision to deliver quality primary care and testing within a 30-minute walk of every Rwandan home. Through an innovative health post model, Abbott is working in partnership with the Ministry of Health and Society for Family Health Rwanda to help build a connected health network and make it financially sustainable. By equipping the posts with rapid diagnostics, supporting nurses with testing and business training and demonstrating the impact of the network on patients' lives, we can help establish a model for primary care in rural areas that could be scaled across Africa and beyond.

*“Our approach to making a positive social impact starts with a question: how can we apply our unique technologies, expertise and business mindset to solve challenges in new ways? And then we listen and collaborate closely with the people we serve to build a better and lasting response, together.”*

**JENNA DAUGHERTY**  
DIVISIONAL VICE PRESIDENT,  
GLOBAL CITIZENSHIP AND SUSTAINABILITY

Our goal has been to create an innovative model for modernizing the dairy industry in rural communities that is both sustainable and scalable.

#### **Empowering Dairy Farmers Through a Sustainable Local Supply Chain**

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. However, dairy farmers are often marginalized, lacking the technology and methods to produce higher quality milk for a better price, and with limited knowledge of the organized dairy sector. As a result, middlemen often take a significant portion of their earnings. Additionally, within dairy farming communities, women are often excluded from decision making despite playing a significant role in dairying work.

In 2014, Abbott opened a new state-of-the-art manufacturing facility for nutrition products in Jhagadia, Gujarat, India. When we encountered difficulties sourcing high-quality milk to meet our strict quality standards, we identified an opportunity to build a sustainable, local supply chain that could empower dairy farming communities while meeting the long-term needs of our business.

We partnered with Technoserve, an international nonprofit that pursues business-led solutions to poverty, to design a local supply chain. Working with local dairy company Prabhat, we invested in farm management and finance training for 1,500 dairy farmers, including training specifically for women farmers who represent half of all dairy farmers in the program. We worked closely with the farmers to overcome risks such as drought and fungal contamination and provide better care for cows. We also connected rural communities to reliable cold-storage and transportation.

Our goal has been to create an innovative model for modernizing the dairy industry in rural communities that is both sustainable and scalable. Throughout the first pilot demonstration, we measured and analyzed outcomes and impacts to prove the value of this model. 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 now committed to expanding the model to 200 additional villages in the region over three years, giving more smallholder farmers access to skills, infrastructure and a trusted and transparent market.

#### **FORTUNE'S CHANGE THE WORLD LIST**

The success of our local supply chain shared impact program led to Abbott being named to *Fortune* magazine's 2018 Change the World list, which recognizes companies that are delivering an important social or environmental impact through their core business strategy and operations.

## INCREASING ACCESS TO HEALTHCARE

Abbott partners with local governments, nongovernmental organizations and other key stakeholders to develop innovative solutions for increasing the accessibility of healthcare. We use our expertise to help develop new models for healthcare systems and make targeted investments in infrastructure that have a measurable impact.

### Helping People with Diabetes Cut Costs

Abbott's *FreeStyle® Libre* system, which enables continuous glucose monitoring through a sensor painlessly applied on the skin of the back of the upper arm, reduces the cost of diabetes for healthcare systems by improving glucose control and reducing the incidence of long-term complications<sup>1,2</sup> from one of the world's leading noncommunicable diseases (NCDs).

Abbott is working with governments around the world to qualify the *FreeStyle Libre* system for government reimbursement, helping to realize its potential for increasing the affordability of diabetes care. The system is now available in more than 46 countries and is partially or fully reimbursed in 33 of them, with 1.5 million people using the system worldwide.<sup>3</sup> Additionally, by doing away with the need for single-use test strips,<sup>4</sup> *FreeStyle Libre* users can save more than \$120 a month,<sup>5</sup> significantly reducing the cost of managing diabetes for the individual.

### Elevating Healthcare Infrastructure in Tanzania

For almost 20 years, Abbott and the Abbott Fund have worked with the government of Tanzania in a groundbreaking public-private partnership to elevate the country's healthcare system. Our investments of more than \$130 million, combined with more than 70 Abbott employees volunteering as mentors to support training, have delivered measurable impact in three key areas:

- Establishing emergency medicine as a new medical specialty in Tanzania through the Emergency Medicine Department (EMD) at Muhimbili National Hospital and two regional emergency rooms in Mbeya and Mt. Meru. The department at Muhimbili National Hospital now provides emergency care to an estimated 60,000 people per year, and has reduced the mortality rate at the hospital by 50 percent while training more than 300 physicians, nurses and students through its residency program.
- Providing world-class diagnostics services through a network of 23 regional laboratories, centered on Muhimbili National's Central Pathology Laboratory (CPL). These 23 regional labs support more than 120 district laboratories, provide accurate and timely diagnosis and improve healthcare for millions of people across the country.

- Supporting the financial sustainability of the healthcare infrastructure through a cost-center model at Muhimbili National's EMD, which recovers costs through those patients with health insurance or the ability to pay. This important initiative has helped the department generate a surplus of more than \$14 million, which supports the hospital's commitment to providing critical care, regardless of ability to pay.

In 2018, our partnership received the U.S. Chamber of Commerce Foundation's Citizenship award for Best Health and Wellness Program, in recognition of its success establishing emergency medicine facilities in Tanzania.

The tests are simple and portable, and they provide quick and reliable results without needing access to a laboratory.

### **Eliminating Malaria in India**

In 2018, Abbott launched a new public-private partnership to support the Indian government's ambitious goal to eliminate malaria in the country by 2030, focusing our efforts on the Indian state hardest hit by the disease.

India accounts for 58 percent of incidents of malaria in Southeast Asia, and has the most cases of the disease outside of Africa. The state of Odisha accounts for 40 percent of these cases, giving it a pivotal role in the push. Impressive progress has already been made, with malaria cases in Odisha dropping 80 percent in less than a year. However, building on this momentum requires a significant improvement in the accuracy of data. Odisha needs rapid, reliable diagnostics to help eliminate malaria even when no obvious symptoms are present, helping prevent future transmission. More robust diagnostics can also cut the risk of resistance to malaria treatments growing through misdiagnosis and overuse of drugs.

Through our partnership with the global advocacy organization Malaria No More, Abbott is supplying 1 million antigen-based SD BIOLINE Malaria Ag P.f/P.v rapid diagnostic tests for detection of malaria parasites in human whole blood. The tests are simple and portable, and they provide quick and reliable results without needing access to a laboratory – an important first step in saving lives and advancing treatment and prevention efforts. Alongside the tests themselves, we are working to develop diagnostics training to support reliable data collection, as well as investing in other areas of Malaria No More's work in the state.

### **Extending the Battle Against HIV to the Remotest Areas**

The Joint United Nations Program on HIV/AIDS (UNAIDS) has set three targets for 2020 to help accelerate the global response to the HIV epidemic:<sup>6</sup>

- 90 percent of people living with HIV will know their status.
- 90 percent of people with diagnosed HIV will receive sustained antiretroviral therapy (ART).
- 90 percent of people receiving ART will have successfully suppressed the virus.

These 90-90-90 targets depend on the availability of effective testing in remote regions where the battle against HIV is often most challenging. Testing is required not just to identify those infected with HIV, but also to monitor how patients are responding to treatment. Abbott rose to the challenge by developing the first tests for HIV using dried blood spot (DBS) samples, which are collected on special paper that can be easily transported. These tests bring HIV diagnosis and treatment within the reach of communities even when they lack dedicated labs, sophisticated equipment and highly trained personnel.

## ENGAGING WITH EMPLOYEES AND COMMUNITIES

Abbott's commitment to supporting communities is demonstrated through our employees' passion for giving back. Our direct investment in communities takes the form of cash and in-kind donations, as well as employee time. The value of our community investment exceeded \$62 million in 2018.

2018 SOCIAL INVESTING	
Cash contributions	\$ 39,169,112
Time, employee volunteering	1,660,010
In-kind giving, product or service donations	13,357,181
Management oversight	8,311,031
<b>Total</b>	<b>\$62,497,334</b>

### Employee Donations and Matched Giving

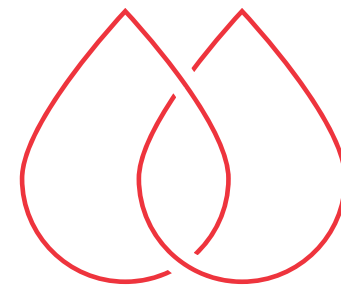
Abbott employees give generously of their time, expertise and resources, supporting numerous community-based initiatives worldwide. Our annual Employee Giving Campaign gives our employees an opportunity to donate. In 2018, 84 percent of Abbott employees donated to more than 5,600 nonprofit organizations. In the United States the Abbott Fund Matching Grant Program matches our employees' contributions to qualifying causes on a dollar-for-dollar basis. When these matching donations were included, the Employee Giving Campaign pledged a total of \$6.58 million, the highest dollar amount raised in the history of our campaign.

Throughout the year, Abbott employees are also 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. During 2018, our employees contributed a total of \$7.99 million to nonprofit organizations including the Abbott match.

### Employee Volunteering

In 2018, Abbott employees contributed a combined 29,921 volunteer hours supporting causes in China, Costa Rica, Germany, India, Ireland, Japan, Mexico, Russia, the United States and Vietnam, among other countries.

Inspiring young people to explore careers in science, technology, engineering and math (STEM) is a focus of employee volunteering at Abbott. During 2018, more than 500 of our people volunteered more than 2,900 hours to our Operation Discovery and Family Science programs, providing 3,705 students, children and parents with an experience of learning from our best-in-class scientists. Since 2006, 6,505 Abbott scientists, engineers and other employees have shared their expertise to support programs that advance STEM education around the world. The Abbott Fund has supported these efforts with donations of more than \$56 million during this time.



764

UNITS OF BLOOD  
DONATED  
BY EMPLOYEES IN 2018  
SUPPORTED

2,290

PEOPLE IN NEED



## EXTERNAL RECOGNITION

### DOW JONES SUSTAINABILITY INDEX

We were named the global Industry Leader in the Health Care Equipment and Supplies for six consecutive years (2013–2018) for our strong environmental, social and economic performance.

### BEST CORPORATE CITIZENS

*Corporate Responsibility* magazine named us among the top 100 companies for 10 consecutive years (2009–2018) and the healthcare sector leader in 2017.

### FORTUNE'S MOST ADMIRED COMPANIES

We were ranked No. 1 for Social Responsibility in our industry sector on *Fortune's* Most Admired Companies list for five consecutive years (2014–2018).

#### Strengthening Communities at Risk from Hurricanes

Since 2005, Abbott and our partners Feeding America and Direct Relief have been working to prepare communities for hurricane season, positioning crucial supply packages in at-risk areas. Over the last 12 years, these packages have supplied desperately needed nutrition and healthcare to more than 620,000 people.

In 2018, Abbott employee volunteers worked closely with Feeding America to prepare 4,000 disaster relief packs with Abbott nutrition products for adults and children. We store these packs at regional food banks ready for deployment in the hours following a hurricane, targeting heavily impacted regions like Florida, Louisiana, Puerto Rico and Texas. Abbott products within the packs include *Similac*® infant formula, *PediaSure*®, *PediaLyte*®, *ZonePerfect*®, nutrition bars and *Ensure*®.

Abbott's partnership with Direct Relief provides community health clinics with rehydration and nutrition products that can be distributed as part of medical care following a disaster. First pioneered by Abbott, this initiative now includes contributions from many other healthcare companies, providing 62 clinics in the southern United States, Puerto Rico and the Caribbean with the supplies required to treat 100 patients for three to five days.

#### Providing Relief When Natural Disasters Strike

Besides working to prepare communities, Abbott aims to respond rapidly when natural disasters or other emergencies strike. In 2018, Abbott and the Abbott Fund donated more than \$1.1 million in funding and healthcare and nutritional products to address both immediate needs and longer-term recovery efforts following devastating events. These included the wildfires in California, hurricanes throughout the United States, the powerful earthquake and tsunami in Indonesia and catastrophic flooding in the Kerala region of India, where we worked with CARE India and AmeriCares India to deliver medicines, vitamins, mosquito nets and water treatment kits to those affected. Over the past decade, our rapid response to earthquakes, typhoons and flooding worldwide has involved providing nearly \$50 million in funding and medical supplies.

1. Hellmund R. Cost calculation and adherence to ADA recommendations based on a flash continuous glucose monitoring system for people with T1DM or T2DM using MDI therapy [Abstract]. *Diabetes*. 2018;67 (Suppl 1): 69-LB. <https://doi.org/10.2337/db18-69-LB>.
2. Hellmund R, Weitgasser R, Blissett D. Cost calculation for a flash glucose monitoring system for UK adults with type 1 diabetes mellitus receiving intensive insulin treatment. *Diabetes Res Clin Pract*. 2018. <https://ncbi.nlm.nih.gov/pubmed/29410149>.
3. Data on file: Abbott Diabetes Care
4. Fingersticks are required for treatment decisions when you see Check Blood Glucose symbol, when symptoms do not match system readings, when you suspect readings may be inaccurate or when you experience symptoms that may be due to high or low blood glucose.
5. Hellmund R. Cost Calculation and Adherence to ADA Recommendations based on a Flash Continuous Glucose Monitoring System. Presented at the American Diabetes Association 78th Scientific Sessions. [https://plan.core-apps.com/tristar\\_ada18/abstract/5188446740e191fd289345d56a78cdc8](https://plan.core-apps.com/tristar_ada18/abstract/5188446740e191fd289345d56a78cdc8)
6. 90-90-90: Treatment for all. UNAIDS. <http://www.unaids.org/en/resources/909090>



## SECTION 7

# REPORTING ON SUSTAINABILITY

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## REPORTING ON SUSTAINABILITY

Abbott's sustainability reporting seeks to address the interests of a range of stakeholders. These include investors, customers, suppliers, employees and government and regulatory bodies, as well as communities, nongovernmental organizations (NGOs) and opinion leaders. We align our approach with the requirements of leading environmental, social and governance (ESG) ratings and sustainability indices, and seek feedback from our stakeholders in order to drive continuous improvement.

### **Evolving Our Approach**

We have been reporting on aspects of our sustainability activities since the early 1970s, when our first reports focused on our environmental impacts. Our approach to reporting has always evolved along with our business and the environment in which we operate. This year, we published the report with two distinct but complementary sections. The Sustainability Overview outlines how sustainability integrates with Abbott's business as a whole. The accompanying in-depth Performance Report analyzes our performance against sustainability key performance indicators (KPIs), along with important context on our governance and management approach to key sustainability issues.

Additional sustainability reports and performance updates, including country reports for key markets, can be found on the [Sustainability Reporting](#) page on our website.

### **Scope of This Report**

- All financial information is stated in U.S. dollars.
- All data in this report reflects Abbott's activities, with a focus on 2018 results.
- The data included in this report does not include our rapid diagnostics business (formerly known as Alere) unless otherwise indicated. We plan to include complete data on our rapid diagnostics business in the 2019 Global Sustainability Report.
- 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 2019 Global Sustainability Report will be published in the second quarter of 2020.

### **Reporting Feedback**

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 Responsibility website and the production of this sustainability report. We gratefully acknowledge the counsel we receive from Corporate Citizenship, SustainAbility, the Global Reporting Initiative (GRI) and the World Business Council for Sustainable Development, among others. Our engagement with these groups better informs our approach to reporting. It also keeps us abreast of stakeholder expectations and helps us identify areas of opportunity for strengthening stakeholder engagement. We also refer to external standards on reporting, such as the GRI G4 Sustainability Reporting Guidelines and the Sustainability Accounting Standards Board (SASB) standards.

We welcome feedback on our report. Please send us an email at [responsibility@abbott.com](mailto:responsibility@abbott.com) to share yours.

### Transparency on Policies

Our policies always seek to meet or exceed the national and international standards in the countries where we operate. The following critical policies can be found on our website:

- Code of Business Conduct
- Supplier Guidelines
- Position Statement on Conflict Minerals
- Environment Policy
- Energy Policy
- Water Policy
- Environmental Procurement Guidelines
- Global Environment, Health and Safety Standards
- Environmental and Safety Assurance Statement
- Anti-Corruption Training Guide for Companies Doing Business with Abbott
- Clinical Trial 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
- Global Infant Formula Marketing Policy
- Global Animal Welfare Policy

### External Assurance

Abbott engaged an independent assurance provider, Bureau Veritas, to conduct assurance of selected 2018 environmental and safety data. The [Environmental Policy](#) page on our website includes a PDF of the Bureau Veritas Assurance Statement.

## KEY METRICS – FINANCIAL

### SALES WORLDWIDE DOLLARS IN MILLIONS

	TOTAL
2018	\$30,578
2017	\$27,390
2016	\$20,853
2015	\$20,405

### DIVIDENDS PAID DOLLARS IN MILLIONS

	TOTAL
2018	\$1,974
2017	\$1,849
2016	\$1,539
2015	\$1,443

### R&D INVESTMENT DOLLARS IN MILLIONS

	TOTAL
2018	\$2,300
2017	\$2,260
2016	\$1,447
2015	\$1,405

### SPEND ON DIRECT SUPPLIERS DOLLARS IN BILLIONS

	TOTAL
2018	\$8.4
2017	\$8.7
2016	\$8.5
2015	\$8.3

## KEY METRICS – SOCIAL

### EMPLOYEES

	TOTAL	% of Women in Management (U.S.)*	% of Minorities in Management (U.S.)*
2018	103,000 <sup>†</sup>	40%	34%
2017	99,000	43%	30%
2016	94,000	47%	31%
2015	74,000	46%	29%

### U.S. EMPLOYEE GIVING CAMPAIGN RESULTS DOLLARS IN MILLIONS

	TOTAL
2018	\$6.58
2017	\$5.61
2016	\$5.60
2015	\$4.10

### SOCIAL INVESTING DOLLARS IN MILLIONS


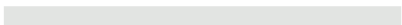
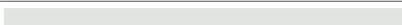

	TOTAL
2018	\$62.5
2017	\$65.0
2016	\$36.9
2015	\$37.0

\*Percentages as of December 31, 2018. Percentages represent count of U.S. employees, excluding rapid diagnostics business. Management positions are defined as grades 17–49.






<sup>†</sup>Including Alere employees

## KEY METRICS – SOCIAL

### OCCUPATIONAL ILLNESS FREQUENCY RATE ILLNESSES PER MILLION HOURS (EMPLOYEE AND CONTRACTOR)

2018		0.2
2017		0.2
2016		0.2
2015		0.2

### LOST-TIME CASE RATE CASES PER 100 WORKERS\*

		TOTAL Employee and Contractor	Employee	Contractor
2020 GOAL		0.15		
2018	 0†	0.23	0.25	0.04
2017		0.23	0.25	0.04
2016		0.19	0.21	0.05
2015		0.24	0.25	0.08



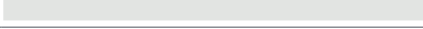
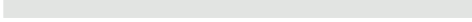
\*Annual incident rates are calculated per 100 employees, assuming the average employee works 40 hours per week and 50 weeks per year. This is equivalent to 200,000 hours worked.

†Change from 2017 to 2018




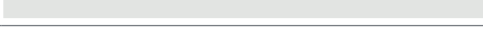
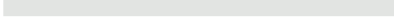


## KEY METRICS – SOCIAL

### RECORDABLE INJURY OR ILLNESS INCIDENT RATE INCIDENTS PER 100 WORKERS\*

2018		0.40
2017		0.40
2016		0.36
2015		0.40





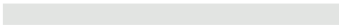
### GLOBAL VEHICLE ACCIDENT RATE ACCIDENTS PER MILLION MILES DRIVEN (EMPLOYEE ONLY)

2020 GOAL		4.0
2018		4.1
2017		4.9
2016		5.3
2015		4.3





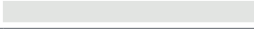
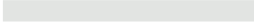
\*Annual incident rates are calculated per 100 employees, assuming the average employee works 40 hours per week and 50 weeks per year. This is equivalent to 200,000 hours worked.

## KEY METRICS – ENVIRONMENTAL

### SCOPE 1 AND 2 CO<sub>2</sub>e EMISSIONS – ABSOLUTE 1,000 METRIC TONS

			<b>TOTAL</b> (Scope 1 and Scope 2) Market-Based CO <sub>2</sub> e Emissions <sup>(a),(b)</sup>	<b>TOTAL</b> (Scope 1 and Scope 2) Location-Based CO <sub>2</sub> e Emissions	Purchased Fuels (Scope 1) CO <sub>2</sub> e Emissions <sup>(c)</sup>	Refrigerant (Scope 1) CO <sub>2</sub> e Emissions <sup>(d)</sup>	Total Direct (Scope 1) CO <sub>2</sub> e Emissions	Purchased Energy (Scope 2) Market-Based CO <sub>2</sub> e Emissions <sup>(a),(b)</sup>	Purchased Energy (Scope 2) Location-Based CO <sub>2</sub> e Emissions <sup>(e)</sup>
<b>2018</b>		<b>-4.3%<sup>†</sup></b>	<b>955</b>	<b>1,032</b>	<b>516</b>	<b>9</b>	<b>525</b>	<b>429</b>	<b>506</b>
<b>2017</b>			<b>997</b>	<b>1,031</b>	<b>516</b>	<b>10</b>	<b>526</b>	<b>472</b>	<b>506</b>
<b>2016</b>			<b>1,091</b>	<b>1,061</b>	<b>502</b>	<b>14</b>	<b>516</b>	<b>574</b>	<b>544</b>
<b>2015</b>			<b>1,114</b>	<b>1,078</b>	<b>496</b>	<b>11</b>	<b>507</b>	<b>607</b>	<b>570</b>
<b>2010*</b>			<b>1,237</b>	<b>1,237</b>	<b>560</b>	<b>9</b>	<b>569</b>	<b>668</b>	<b>668</b>

### SCOPE 1 AND 2 CO<sub>2</sub>e EMISSIONS – NORMALIZED BY SALES METRIC TONS PER \$ MILLION SALES

			<b>TOTAL</b> (Scope 1 and Scope 2) Market-Based CO <sub>2</sub> e Emissions <sup>(a),(b)</sup>	<b>TOTAL</b> (Scope 1 and Scope 2) Location-Based CO <sub>2</sub> e Emissions	Total Direct (Scope 1) CO <sub>2</sub> e Emissions <sup>(c)</sup>	Purchased Energy (Scope 2) Market-Based CO <sub>2</sub> e Emissions <sup>(a),(b)</sup>	Purchased Energy (Scope 2) Location-Based CO <sub>2</sub> e Emissions <sup>(e)</sup>
<b>2020 GOAL</b>		<b>-40%<sup>‡</sup></b>	<b>34</b>				
<b>2018</b>		<b>-9.9%<sup>†</sup></b>	<b>33</b>	<b>36</b>	<b>18</b>	<b>15</b>	<b>18</b>
<b>2017</b>			<b>37</b>	<b>38</b>	<b>20</b>	<b>18</b>	<b>19</b>
<b>2016</b>			<b>42</b>	<b>41</b>	<b>20</b>	<b>22</b>	<b>21</b>
<b>2015</b>			<b>45</b>	<b>43</b>	<b>20</b>	<b>24</b>	<b>23</b>
<b>2010*</b>			<b>57</b>	<b>57</b>	<b>26</b>	<b>31</b>	<b>31</b>

\*Baseline year

<sup>†</sup>% change from 2017 to 2018

<sup>‡</sup>% change from 2010 (goal)

## KEY METRICS – ENVIRONMENTAL

### SCOPE 3 CO<sub>2</sub>e EMISSIONS\*\* PERCENTAGE OF TOTAL EMISSIONS

	PERCENTAGE OF TOTAL
2018	93%
2017	93%
2016	93%
2015	91%

### WATER INTAKE BILLION GALLONS

	TOTAL	Total Water-Stressed Locations <sup>(1)</sup>
2018	3.49	1.61
2017	3.42	1.62
2016	3.56	1.67
2015	3.45	1.66
2010*	3.61	1.61

### WATER INTAKE – NORMALIZED BY SALES GALLONS PER \$1,000 SALES

	TOTAL	Total Water-Stressed Locations <sup>(1)</sup>
2020 GOAL	117	
2018	122	56
2017	128	60
2016	139	65
2015	139	67
2010*	167	74

\*Baseline year

†% change from 2017 to 2018



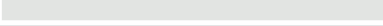

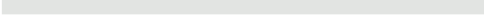
‡% change from 2010 (goal)

\*\*All Scope 3 calculations are adjusted to account for updated spend metrics.



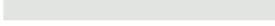


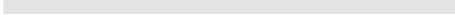
Sourcing category spend allocations are subject to change year over year in alignment with business strategy.

## KEY METRICS – ENVIRONMENTAL



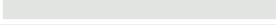
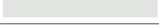

### TOTAL WASTE TONS

		TOTAL <sup>(e)</sup>	Total Waste Not Landfilled	Total Waste Landfilled	Total Waste Recycled
2018	 -1.6% <sup>†</sup>	59,324	44,247	15,076	27,934
2017		60,269	43,190	17,079	27,481
2016		63,341	48,554	14,787	31,603
2015		65,733	50,553	15,180	31,222
2010*		80,442	51,074	29,368	35,437

### TOTAL WASTE – NORMALIZED BY SALES TONS PER \$ MILLION SALES

		TOTAL
2020 GOAL	 -50% <sup>‡</sup>	1.86
2018	 -7.3% <sup>†</sup>	2.08
2017		2.24
2016		2.47
2015		2.65
2010*		3.73

### PACKAGING REDUCTION MILLION POUNDS OF PACKAGING

		Cumulative Reduction (%)	Cumulative Reduction (MM lb.)
2020 GOAL	 -10% <sup>‡</sup>	-10%	30
2018		13.95%	41.3
2017		11.52%	34.1
2016		6.46%	19.1
2015		5.21%	15.4
2010*		0%	0

\*Baseline year

†% change from 2017 to 2018

‡% 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<sup>(a)</sup> 1,000 METRIC TONS

	2010*	2016	2017	2018
<b>NORTH AMERICA</b>				
Canada	25	17	18	18
USA	671	523	493	491
Region Total	697	540	511	509
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	12	16	12	11
Brazil	3	5	11	9
Chile	4	4	4	3
Colombia	1	2	3	3
Costa Rica	0	2	0	1
Mexico	16	14	13	13
Peru	1	1	1	2
Puerto Rico	57	12	14	11
Commercial Region Total <sup>(b)</sup>	25	24	28	20
Region Total	120	80	86	73

	2010*	2016	2017	2018
<b>EUROPE</b>				
Belgium	0	0	0	0
Germany	31	25	23	22
Ireland	66	56	47	48
Netherlands	71	66	70	74
Russia	17	23	25	27
Spain	11	9	8	8
Sweden	0	0	0	0
Switzerland	0	0	0	0
United Kingdom	17	10	9	8
Commercial Region Total <sup>(b)</sup>	42	40	46	39
Region Total	255	229	229	227
<b>ASIA PACIFIC</b>				
China	5	21	19	18
India	18	39	37	45
Japan	1	1	1	1
Malaysia	0	9	9	9
Pakistan	19	21	22	24
Singapore	45	43	43	45
Vietnam	1	1	2	3
Commercial Region Total <sup>(b)</sup>	74	73	72	74
Region Total	165	212	206	222
<b>Total</b>	<b>1,237</b>	<b>1,061</b>	<b>1,031</b>	<b>1,032</b>

\*Baseline year

DETAILED  
ENVIRONMENTAL  
PERFORMANCE

CO<sub>2</sub>e DIRECT EMISSIONS (SCOPE 1) BY REGION  
1,000 METRIC TONS

	2010*	2016	2017	2018
<b>NORTH AMERICA</b>				
Canada	14	11	11	11
USA	292	241	242	241
Region Total	306	252	253	252
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	6	7	4	3
Brazil	2	2	9	8
Chile	1	0	0	0
Colombia	0	0	0	1
Costa Rica	0	0	0	0
Mexico	15	14	12	13
Peru	0	0	0	0
Puerto Rico	2	0	4	1
Commercial Region Total	22	21	25	16
Region Total	49	45	54	42

	2010*	2016	2017	2018
<b>EUROPE</b>				
Belgium	0	0	0	0
Germany	11	13	11	11
Ireland	38	32	29	30
Netherlands	41	32	34	35
Russia	13	14	15	17
Spain	5	6	4	5
Sweden	0	0	0	0
Switzerland	0	0	0	0
United Kingdom	5	3	3	3
Commercial Region Total	32	30	36	31
Region Total	145	130	133	132
<b>ASIA PACIFIC</b>				
China	1	9	8	7
India	1	11	11	15
Indonesia	0	1	1	1
Japan	0	0	0	0
Malaysia	0	0	0	0
Pakistan	16	18	19	20
Singapore	18	21	20	23
Vietnam	0	0	0	0
Commercial Region Total	31	30	29	34
Region Total	69	90	86	100
<b>Total</b>	<b>569</b>	<b>516</b>	<b>526</b>	<b>525</b>

\*Baseline year

DETAILED  
ENVIRONMENTAL  
PERFORMANCE

CO<sub>2</sub>e EMISSIONS – PURCHASED ENERGY (SCOPE 2) BY REGION<sup>(c)</sup>  
1,000 METRIC TONS

	2010*	2016	2017	2018
<b>NORTH AMERICA</b>				
Canada	11	7	7	7
USA	379	282	251	250
Region Total	390	288	258	257
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	6	9	9	8
Brazil	1	3	2	1
Chile	3	3	3	3
Colombia	1	2	2	3
Costa Rica	0	2	0	0
Mexico	0	0	1	0
Peru	1	1	1	1
Puerto Rico	54	11	10	11
Commercial Region Total <sup>(h)</sup>	3	3	3	4
Region Total	70	35	31	32

	2010*	2016	2017	2018
<b>EUROPE</b>				
Belgium	0	0	0	0
Germany	20	12	11	11
Ireland	28	24	18	18
Netherlands	30	34	37	39
Russia	4	8	10	10
Spain	6	4	4	4
Sweden	0	0	0	0
Switzerland	0	0	0	0
United Kingdom	12	7	7	6
Commercial Region Total <sup>(h)</sup>	9	9	9	7
Region Total	111	99	96	94
<b>ASIA PACIFIC</b>				
China	4	12	11	11
India	17	28	27	30
Indonesia	2	2	3	3
Japan	1	1	1	1
Malaysia	0	9	9	9
Pakistan	2	3	3	3
Singapore	26	22	23	22
Vietnam	1	1	2	3
Commercial Region Total <sup>(h)</sup>	43	43	43	41
Region Total	97	122	121	123
<b>Total</b>	<b>668</b>	<b>544</b>	<b>506</b>	<b>506</b>

\*Baseline year

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## Water Intake

### WATER INTAKE BY REGION BILLION GALLONS

	2010*	2016	2017	2018
<b>NORTH AMERICA</b>				
Canada	0.22	0.16	0.16	0.20
USA	1.90	1.90	1.80	1.77
Region Total	2.12	2.06	1.96	1.97
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	0.08	0.09	0.07	0.07
Brazil	0.01	0.02	0.02	0.02
Chile	0.02	0.02	0.02	0.02
Colombia	0.01	0.02	0.02	0.02
Costa Rica	0.00	0.03	0.03	0.03
Mexico	0.04	0.04	0.03	0.03
Peru	0.01	0.01	0.01	0.01
Puerto Rico	0.16	0.03	0.03	0.02
Region Total	0.33	0.25	0.21	0.20

	2010*	2016	2017	2018
<b>EUROPE</b>				
Belgium	0.00	0.00	0.00	0.00
Germany	0.04	0.04	0.04	0.04
Ireland	0.17	0.17	0.17	0.18
Netherlands	0.40	0.34	0.35	0.37
Russia	0.08	0.07	0.07	0.05
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	0.00	0.00	0.00
Region Total	0.77	0.70	0.71	0.72
<b>ASIA PACIFIC</b>				
China	0.01	0.08	0.08	0.08
India	0.06	0.12	0.12	0.14
Indonesia	0.01	0.01	0.01	0.01
Japan	0.00	0.00	0.00	0.00
Malaysia	0.00	0.03	0.02	0.01
Pakistan	0.12	0.13	0.13	0.15
Singapore	0.19	0.19	0.19	0.20
Vietnam	0.00	0.00	0.00	0.01
Region Total	0.39	0.56	0.55	0.59
<b>Total</b>	<b>3.61</b>	<b>3.56</b>	<b>3.42</b>	<b>3.49</b>

\*Baseline year



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### Water Consumed (In Process)

**TOTAL  
BILLION GALLONS**

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total Water Consumed	0.68	0.78	0.74	0.70	-4.8

**NORMALIZED BY SALES  
GALLONS PER \$1,000 SALES**

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total Water Consumed	31	30	28	25	-10.4

### Water Discharged (Impaired)

**TOTAL  
BILLION GALLONS**

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total Water Discharged (Impaired)	2.26	2.22	2.19	2.30	5.2

**NORMALIZED BY SALES  
GALLONS PER \$1,000 SALES**

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total Water Discharged (Impaired)	105	87	81	81	-0.9

\*Baseline year

### Water Discharged (Non-Impaired)

**TOTAL  
BILLION GALLONS**

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total Water Discharged (Non-Impaired)	0.67	0.56	0.50	0.48	-3.0

**NORMALIZED BY SALES  
GALLONS PER \$1,000 SALES**

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total Water Discharged (Non-Impaired)	31	22	19	17	-8.6

### Biochemical Oxygen Demand (BOD) Concentration in Wastewater

**MILLIGRAMS PER LITER**

	2010*	2016	2017	2018	% Change From 2017 to 2018
Concentration in Wastewater Discharged to Environment <sup>(1)</sup>	6	8	16	10	-37.5

DETAILED  
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## Total Waste<sup>(g)</sup>

### TOTAL WASTE BY REGION TONS

	2010*	2016	2017	2018
<b>NORTH AMERICA</b>				
Canada	1,313	758	790	728
USA	41,973	29,609	28,600	27,334
Region Total	43,286	30,366	29,390	28,063
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	1,359	1,206	997	825
Brazil	680	660	615	637
Chile	580	776	708	633
Colombia	816	1,275	1,765	1,638
Costa Rica	0	1,222	1,332	1,461
Mexico	222	453	379	459
Peru	313	392	346	339
Puerto Rico	3,292	540	547	673
Commercial Region Total <sup>(h)</sup>	814	814	814	658
Region Total	8,076	7,338	7,502	7,322

\*Baseline year

	2010*	2016	2017	2018
<b>EUROPE</b>				
Belgium	368	368	368	382
Germany	2,158	2,693	2,461	2,993
Ireland	5,216	4,521	4,091	4,116
Netherlands	6,670	4,419	4,660	4,640
Russia	1,206	1,358	1,094	1,072
Spain	738	1,305	1,251	1,238
Sweden	113	0	0	0
Switzerland	90	52	48	95
United Kingdom	1,260	1,195	702	800
Commercial Region Total <sup>(h)</sup>	817	817	817	739
Region Total	18,637	16,729	15,492	16,076
<b>ASIA PACIFIC</b>				
China	207	616	391	348
India	2,063	2,245	2,186	2,163
Indonesia	205	16	26	28
Japan	498	400	386	304
Malaysia	0	118	118	132
Pakistan	1,257	647	657	662
Singapore	3,993	2,654	1,836	2,587
Vietnam	49	40	114	70
Commercial Region Total <sup>(h)</sup>	2,172	2,172	2,172	1,569
Region Total	10,444	8,908	7,886	7,863
<b>Total</b>	<b>80,442</b>	<b>63,341</b>	<b>60,269</b>	<b>59,324</b>

DETAILED  
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**Hazardous Waste<sup>(g)</sup>**

**TOTAL  
TONS**

	2010*	2016	2017	2018	% Change From 2017 to 2018
Hazardous Waste Not Landfilled	9,397	6,200	6,661	6,443	-3.3
Hazardous Waste Landfilled	786	658	550	496	-9.9
Total Hazardous Waste	10,183	6,858	7,212	6,939	-3.8

**NORMALIZED BY SALES  
TONS PER \$ MILLION SALES**

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total Hazardous Waste	0.47	0.27	0.27	0.24	-9.4

\*Baseline year

DETAILED  
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HAZARDOUS WASTE BY REGION<sup>(6)</sup>  
TONS

	2010*	2016	2017	2018
<b>NORTH AMERICA</b>				
Canada	149	143	128	112
USA	1,304	885	975	892
Region Total	1,453	1,028	1,103	1,003
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	603	564	544	401
Brazil	117	158	202	203
Chile	237	330	156	164
Colombia	198	183	251	298
Costa Rica	0	378	386	399
Mexico	33	116	62	80
Peru	79	113	96	100
Puerto Rico	1,596	63	55	53
Commercial Region Total <sup>(h)</sup>	123	123	123	66
Region Total	2,985	2,028	1,874	1,764

	2010*	2016	2017	2018
<b>EUROPE</b>				
Belgium	8	8	8	2
Germany	486	967	589	735
Ireland	536	451	457	514
Netherlands	3,283	1,414	1,685	1,741
Russia	294	94	417	298
Spain	3	7	4	5
Sweden	0	0	0	0
Switzerland	2	0	0	0
United Kingdom	481	84	64	67
Commercial Region Total <sup>(h)</sup>	66	66	66	74
Region Total	5,159	3,092	3,290	3,435

	2010*	2016	2017	2018
<b>ASIA PACIFIC</b>				
China	3	19	21	19
India	264	286	502	298
Indonesia	7	8	10	14
Japan	18	14	12	11
Malaysia	0	60	60	63
Pakistan	65	105	75	114
Singapore	24	12	20	19
Vietnam	16	17	53	42
Commercial Region Total <sup>(h)</sup>	190	190	190	157
Region Total	587	711	945	736
<b>Total</b>	<b>10,183</b>	<b>6,858</b>	<b>7,212</b>	<b>6,939</b>

\*Baseline year

DETAILED  
ENVIRONMENTAL  
PERFORMANCE

**Non-Hazardous Waste<sup>(6)</sup>**

**TOTAL  
TONS**

	2010*	2016	2017	2018	% Change From 2017 to 2018
Non-Hazardous Waste Not Landfilled	41,677	42,354	36,529	37,804	3.5
Non-Hazardous Waste Landfilled	28,582	14,129	16,529	14,580	-11.8
Total Non-Hazardous Waste	70,258	56,483	53,058	52,385	-1.3

**NORMALIZED BY SALES  
TONS PER \$ MILLION SALES**

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total Non-Hazardous Waste	3.25	2.20	1.98	1.84	-7.0

\*Baseline year

DETAILED  
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NON-HAZARDOUS WASTE BY REGION<sup>(e)</sup>  
TONS

	2010*	2016	2017	2018
<b>NORTH AMERICA</b>				
Canada	1,164	615	662	617
USA	40,669	28,724	27,625	26,443
Region Total	41,833	29,338	28,287	27,059
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	756	642	453	423
Brazil	563	502	413	433
Chile	343	446	552	470
Colombia	618	1,092	1,514	1,339
Costa Rica	0	844	947	1,062
Mexico	190	337	317	379
Peru	234	279	250	239
Puerto Rico	1,696	477	491	620
Commercial Region Total <sup>(h)</sup>	691	691	691	592
Region Total	5,091	5,310	5,628	5,558

	2010*	2016	2017	2018
<b>EUROPE</b>				
Belgium	361	361	361	379
Germany	1,672	1,726	1,872	2,259
Ireland	4,679	4,071	3,634	3,602
Netherlands	3,388	3,005	2,975	2,899
Russia	912	1,264	677	775
Spain	735	1,298	1,247	1,233
Sweden	112	0	0	0
Switzerland	89	52	48	95
United Kingdom	779	1,111	637	733
Commercial Region Total <sup>(h)</sup>	751	751	751	665
Region Total	13,478	13,637	12,202	12,640

	2010*	2016	2017	2018
<b>ASIA PACIFIC</b>				
China	205	598	370	329
India	1,799	1,959	1,684	1,865
Indonesia	198	8	16	14
Japan	480	387	374	292
Malaysia	0	58	58	69
Pakistan	1,192	541	581	548
Singapore	3,968	2,642	1,816	2,568
Vietnam	33	23	60	29
Commercial Region Total <sup>(h)</sup>	1,982	1,982	1,982	1,412
Region Total	9,857	8,198	6,941	7,127
<b>Total</b>	<b>70,258</b>	<b>56,483</b>	<b>53,058</b>	<b>52,385</b>

\*Baseline year

DETAILED  
ENVIRONMENTAL  
PERFORMANCE

## Energy Consumption

### 1,000 GIGAJOULES

	2010*	2016	2017	2018	% Change From 2017 to 2018
Purchased Fuels (Scope 1) <sup>(c)</sup>	9,180	8,895	9,113	9,130	0.2
Purchased Energy (Scope 2)	5,217	4,492	4,403	4,265	-3.1
Total (Scope 1 and Scope 2) Energy Consumption	14,398	13,387	13,516	13,395	-0.9

### NORMALIZED BY SALES GIGAJOULES PER \$ MILLION SALES

	2010*	2016	2017	2018	% Change From 2017 to 2018
Purchased Fuels (Scope 1)	425	347	339	320	-5.7
Purchased Energy (Scope 2)	242	175	164	150	-8.8
Total (Scope 1 and Scope 2) Energy Consumption	667	522	503	470	-6.7

## Electricity Generated On Site

### MILLION KILOWATT HOURS

	2010*	2016	2017	2018	% Change From 2017 to 2018
From Cogeneration	35.3	45.3	55.9	65.7	17.5
From Renewables	0.05	0.31	1.18	1.30	9.5

\*Baseline year

DETAILED  
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TOTAL SCOPE 1 AND SCOPE 2 ENERGY CONSUMPTION BY REGION  
1,000 GIGAJOULES

	2010*	2016	2017	2018
<b>NORTH AMERICA</b>				
Canada	445	331	335	352
USA	7,117	6,501	6,464	6,394
Region Total	7,562	6,831	6,799	6,746
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	109	141	133	128
Brazil	81	84	188	172
Chile	40	36	32	28
Colombia	33	45	52	58
Costa Rica	0	101	102	105
Mexico	275	246	219	231
Peru	19	18	19	21
Puerto Rico	652	114	163	120
Commercial Region Total	424	404	463	301
Region Total	1,633	1,188	1,371	1,165

	2010*	2016	2017	2018
<b>EUROPE</b>				
Belgium	3	3	2	3
Germany	360	291	284	281
Ireland	728	741	660	675
Netherlands	961	825	870	923
Russia	265	336	357	385
Spain	144	155	125	140
Sweden	30	0	0	0
Switzerland	5	2	2	2
United Kingdom	175	109	117	124
Commercial Region Total	645	616	705	551
Region Total	3,317	3,078	3,121	3,085
<b>ASIA PACIFIC</b>				
China	27	215	192	185
India	140	282	272	360
Indonesia	15	20	21	21
Japan	10	8	8	9
Malaysia	0	49	46	48
Pakistan	306	313	311	350
Singapore	515	556	539	604
Vietnam	9	12	14	24
Commercial Region Total	862	834	822	798
Region Total	1,886	2,289	2,224	2,399
<b>Total</b>	<b>14,398</b>	<b>13,387</b>	<b>13,516</b>	<b>13,395</b>

\*Baseline year



DETAILED  
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ENERGY CONSUMPTION – PURCHASED FUELS (SCOPE 1) BY REGION  
1,000 GIGAJOULES

	2010*	2016	2017	2018
<b>NORTH AMERICA</b>				
Canada	253	187	193	194
USA	4,772	4,493	4,512	4,488
Region Total	5,024	4,679	4,705	4,682
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	47	57	52	51
Brazil	25	18	134	131
Chile	13	7	5	4
Colombia	7	7	9	12
Costa Rica	0	2	2	3
Mexico	272	244	214	229
Peru	3	3	3	3
Puerto Rico	27	6	57	10
Commercial Region Total	333	313	371	235
Region Total	726	657	848	679

\*Baseline year

	2010*	2016	2017	2018
<b>EUROPE</b>				
Belgium	1	1	0	1
Germany	179	189	188	186
Ireland	512	540	509	519
Netherlands	717	568	600	624
Russia	228	257	267	288
Spain	61	99	71	84
Sweden	0	0	0	0
Switzerland	0	0	0	0
United Kingdom	91	48	50	52
Commercial Region Total	465	437	526	451
Region Total	2,254	2,138	2,211	2,205
<b>ASIA PACIFIC</b>				
China	9	151	132	124
India	75	158	148	211
Indonesia	7	8	8	9
Japan	0	0	0	0
Malaysia	0	1	1	1
Pakistan	288	287	281	316
Singapore	329	376	351	401
Vietnam	0	0	0	1
Commercial Region Total	468	440	428	501
Region Total	1,175	1,420	1,349	1,563
<b>Total</b>	<b>9,180</b>	<b>8,895</b>	<b>9,113</b>	<b>9,130</b>

DETAILED  
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PERFORMANCE

ENERGY CONSUMPTION – PURCHASED ENERGY (SCOPE 2) BY REGION  
1,000 GIGAJOULES

	2010*	2016	2017	2018
<b>NORTH AMERICA</b>				
Canada	193	144	142	158
USA	2,345	2,008	1,953	1,905
Region Total	2,538	2,152	2,094	2,064
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	62	84	81	77
Brazil	56	65	54	41
Chile	26	30	26	24
Colombia	26	38	43	46
Costa Rica	0	99	99	102
Mexico	3	2	5	2
Peru	16	15	17	18
Puerto Rico	625	107	106	111
Commercial Region Total	92	92	92	66
Region Total	907	532	523	486

\*Baseline year

	2010*	2016	2017	2018
<b>EUROPE</b>				
Belgium	2	2	1	2
Germany	180	102	96	95
Ireland	217	201	150	156
Netherlands	244	256	270	299
Russia	37	80	90	97
Spain	83	56	54	56
Sweden	30	0	0	0
Switzerland	5	2	2	2
United Kingdom	84	61	67	72
Commercial Region Total	179	179	179	100
Region Total	1,062	940	910	880
<b>ASIA PACIFIC</b>				
China	19	64	60	62
India	65	123	124	149
Indonesia	9	12	12	12
Japan	10	8	8	9
Malaysia	0	48	45	47
Pakistan	18	27	31	35
Singapore	187	180	188	202
Vietnam	9	12	13	23
Commercial Region Total	394	394	394	297
Region Total	710	868	875	836
<b>Total</b>	<b>5,217</b>	<b>4,492</b>	<b>4,403</b>	<b>4,265</b>

DETAILED  
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ENERGY BY SOURCE<sup>Ⓟ</sup>

	ENERGY CONSUMED (Units Below)				
	2010*	2016	2017	2018	UNITS
<b>STATIONARY SOURCES</b>					
Electricity (Purchased)	1,109	1,025	998	1,024	million kWh
Natural Gas	5,409	6,723	6,680	6,904	million cubic feet
Fuel Oils	4	0	1	0	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	18	20	19	million kWh
Biofuels	N/A	N/A	N/A	N/A	N/A
Generated Electricity (Cogeneration and Renewables)	35	46	57	67	million kWh
Leased Building Electricity	139	139	139	99	million kWh
Leased Building Natural Gas	22	22	22	14	thousand therms
<b>MOBILE SOURCES</b>					
Sales Fleet Gasoline	12.2	10.5	11.4	10.3	million gallons
Sales Fleet Diesel	2.7	2.4	2.4	2.5	million gallons
Aviation Fuel	0.8	0.7	0.7	0.7	million gallons
Plant/Shuttle Fleet (Diesel, Gasoline, E85, Propane)	0.2	0.2	0.1	0.1	million gallons

ENERGY BY SOURCE<sup>Ⓟ</sup>

	ENERGY CONSUMED (1,000 Gigajoules)			
	2010*	2016	2017	2018
<b>STATIONARY SOURCES</b>				
Electricity (Purchased)	3,991	3,691	3,594	3,685
Natural Gas	5,513	6,864	6,828	7,038
Fuel Oils	556	36	86	56
Coal	935	0	0	0
Misc. Fuels (Propane, Kerosene, LPG, LNG)	19	136	221	197
Purchased Steam, Hot Water and Chilled Water	493	67	71	70
Biofuels	58	7	9	9
Generated Electricity (Cogeneration and Renewables)	0	1	4	5
Leased Building Electricity	499	499	499	357
Leased Building Natural Gas	234	234	234	149
Stationary Total	12,210	11,658	11,590	11,565
<b>MOBILE SOURCES</b>				
Sales Fleet Gasoline	1,604	1,390	1,501	1,338
Sales Fleet Diesel	386	342	356	365
Aviation Fuel	76	93	94	95
Plant/Shuttle Fleet (Diesel, Gasoline, E85, Propane)	33	28	19	16
Mobile Total	2,099	1,853	1,970	1,813

\*Baseline year

DETAILED  
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CO<sub>2</sub> EQUIVALENT BY ENERGY SOURCE<sup>9</sup>

	GREENHOUSE GAS EMISSIONS (1,000 Metric Ton CO <sub>2</sub> Equivalent)			
	2010*	2016	2017	2018
<b>STATIONARY SOURCES</b>				
Electricity (Purchased)	588	483	444	447
Natural Gas	292	363	361	373
Fuel Oils	41	3	6	4
Coal	83	0	0	0
Misc. Fuels (Propane, Kerosene, LPG, LNG)	1	11	16	15
Purchased Steam, Hot Water and Chilled Water	21	3	3	3
Biofuels	0.1	0.0	0.0	0.0
Generated Electricity (Cogeneration and Renewables)	0	0	0	0
Leased Building Electricity	50	50	50	49
Leased Building Natural Gas	9	9	9	8
Stationary Total	1,086	921	889	898
<b>MOBILE SOURCES</b>				
Sales Fleet Gasoline	107	93	100	90
Sales Fleet Diesel	27	24	25	26
Aviation Fuel	5	6	6	7
Plant/Shuttle Fleet (Diesel, Gasoline, E85, Propane)	2	2	1	1
Mobile Total	142	125	133	123

\*Baseline year

DETAILED  
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PERFORMANCE

### Volatile Organic Compound (VOC) Emissions

**TOTAL**  
1,000 METRIC TONS

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total	1.00	1.16	1.16	1.23	5.4

**NORMALIZED BY SALES**  
METRIC TONS PER \$ MILLION SALES

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total	0.046	0.045	0.043	0.043	-0.8

### Sulfur Oxide (SO<sub>x</sub>) From Combustion<sup>(k)</sup>

**TOTAL**  
1,000 METRIC TONS

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total	0.58	0.04	0.04	0.05	13.6

**NORMALIZED BY SALES**  
METRIC TONS PER \$ MILLION SALES

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total	0.027	0.002	0.007	0.007	5.6

### Nitrous Oxide (NO<sub>x</sub>) From Combustion<sup>(k)</sup>

**TOTAL**  
1,000 METRIC TONS

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total	0.410	0.320	0.326	0.334	2.5

**NORMALIZED BY SALES**  
METRIC TONS PER \$ MILLION SALES

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total	0.019	0.012	0.012	0.012	-3.4

\*Baseline year

DETAILED  
ENVIRONMENTAL  
PERFORMANCE

### Environment, Health and Safety (EHS) Fines

U.S. DOLLARS

	2010*	2016	2017	2018 <sup>(1)</sup>	% Change From 2017 to 2018
Environmental Fines	27,950	0	0	0	N/A
Health and Safety Fines	0	180	751	3,000	299%
Total Environment, Health and Safety Fines	27,950	180	751	3,000	

### Environment, Health and Safety (EHS) Inspections by Government Agencies<sup>(m)</sup>

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total	46	61	130	139	6.9

### Notices of Violation (NOVs)

	2010*	2016	2017	2018	% Change From 2017 to 2018
Total	4	4	4	7	75.0

\*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.**

- (a) Progress toward 2020 carbon goal is reported using the GHGP Scope 2 market-based methodology.
- (b) Per the GHGP, where market-based information is not available, location-based results have been used as proxy.
- (c) Reported Purchased Fuel Scope 1 sources consist of fuel consumed by manufacturing facilities, sales fleet and Abbott-owned aviation.
- (d) Per WRI GHGP, Scope 1 refrigerant CO<sub>2</sub>e emissions include only those covered in the Kyoto Protocol.
- (e) 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.
- (f) Water-stressed locations have been determined using WRI Aqueduct global water risk mapping tool.
- (g) Waste-generation data do not include materials that are reused beneficially, which was roughly 98,000 tons in 2018.
- (h) Waste and CO<sub>2</sub>e Commercial Region Total data collection and calculation methodology were updated to better quantify years 2010–2017.
- (i) 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 17 percent of total water discharged.
- (j) 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-, 10-, and 9-thousand metric tons from 2010–2018, respectively.
- (k) Reflects emissions from fuel combusted at manufacturing facilities only.
- (l) Our recently acquired Rapid Diagnostics business (formerly Alere) data are not included in this report.
- (m) 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 2010–2016, only 2017 forward.

Note: Sums may not add up exactly due to rounding.

## ABOUT THE COVER



Courtney Duckworth was diagnosed with type 1 diabetes when she was 10 years old, but she wasn't going to let her diabetes hold her back from crossing a marathon off her bucket list. She decided in college to train for and compete in her first marathon, and in 2015, she ran the Boston Marathon using Abbott's *FreeStyle® Lite* traditional glucose meter. In 2018, she ran her second Boston Marathon with the help of our *FreeStyle® Libre* flash glucose monitoring system.

With the *FreeStyle Libre* system, she did not need to prick her finger<sup>1</sup> when running. Instead, she waved a handheld device over a sensor about the size of two stacked quarters worn on the back of her upper arm. Her glucose measurement immediately appeared on the device reader, along with information about how her glucose had been trending and where it was forecasted to go. This life-changing technology gave her the confidence to know what was going on with the glucose in her body throughout her race, helping her to accomplish yet another extraordinary feat.

From the beginning, we have worked to provide broad access to the *FreeStyle Libre* system in countries around the world. The system reduces users from having to pay for test strips that are typically used for routine blood glucose self-monitoring<sup>1</sup>. In 2018, Abbott presented data that showed *FreeStyle Libre* users saw savings of more than \$120 a month by eliminating the cost of test strips<sup>2</sup>. We also work with governments around the world to qualify the system for government reimbursement, making the device more accessible for people who could most benefit. All of this work is translating into rapid access for people with diabetes: the *FreeStyle Libre* system is now available in more than 46 countries and is partially or fully reimbursed in 33 of them – with 1.5 million people currently using the system<sup>3</sup>.

### INDICATIONS AND IMPORTANT SAFETY INFORMATION

*FreeStyle Libre* Flash Glucose Monitoring systems are continuous glucose monitoring (CGM) devices 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 systems are intended for single patient use and require 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 system does not have alarms unless the sensor is scanned, and the system contains small parts that may be dangerous if swallowed. The 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. When using *FreeStyle LibreLink* app, access to a blood glucose monitoring system is required as the app does not provide one. 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.

1. Fingersticks are required for treatment decisions when you see Check Blood Glucose symbol, when symptoms do not match system readings, when you suspect readings may be inaccurate, or when you experience symptoms that may be due to high or low blood glucose.

2. Hellmund R. Cost Calculation and Adherence to ADA Recommendations based on a Flash Continuous Glucose Monitoring System. Presented at the American Diabetes Association 78th Scientific Sessions. [https://plan.core-apps.com/tristar\\_ada18/abstract/5188446740e191fd289345d56a78cdc8](https://plan.core-apps.com/tristar_ada18/abstract/5188446740e191fd289345d56a78cdc8)

3. Data on file: Abbott Diabetes Care





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