



## CONTENTS

FROM OUR CHAIRMAN AND CEO	3				
<b>OUR BUSINESS</b>	<b>4</b>				
NUTRITION	5				
MEDICAL DEVICES	5				
DIAGNOSTICS	5				
ESTABLISHED PHARMACEUTICALS	5				
<b>APPROACH</b>	<b>6</b>				
SUSTAINABILITY AT ABBOTT	7				
HOW ABBOTT'S SUSTAINABILITY HELPS PEOPLE LIVE HEALTHIER LIVES	7				
SUSTAINABILITY MANAGEMENT AND GOVERNANCE	8				
ENGAGING OUR STAKEHOLDERS	9				
<b>PRIORITIES</b>	<b>10</b>				
<b>INNOVATING SOLUTIONS AND SYSTEMS FOR FULLER, HEALTHIER LIVES</b>	<b>11</b>				
DEVELOPING THE INNOVATIONS PEOPLE NEED	12				
INNOVATION IN DELIVERY MODELS AND INFRASTRUCTURE	13				
IMPROVING THE ACCESSIBILITY AND AFFORDABILITY OF HEALTHCARE	15				
		<b>EMPOWERING PEOPLE TO LIVE FULL AND HEALTHY LIVES</b>	<b>19</b>		
		PROVIDING TRAINING AND RESOURCES FOR HEALTHCARE PRACTITIONERS	20		
		EMPOWERING CONSUMERS	21		
		INSPIRING FULLER, HEALTHIER LIVES	21		
		EMPLOYEE SAFETY	24		
		HEALTH AND WELLNESS	26		
		<b>OPERATING SUSTAINABLY AND RESPONSIBLY</b>	<b>29</b>		
		<b>SAFEGUARDING THE ENVIRONMENT</b>	<b>30</b>		
		ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT OVERSIGHT	32		
		ADDRESSING GLOBAL CLIMATE CHANGE	35		
		A COMPREHENSIVE WATER STRATEGY	39		
		WASTE MANAGEMENT	41		
		PRODUCT STEWARDSHIP	42		
		ENVIRONMENTAL SUSTAINABILITY IN OUR COMMUNITIES	44		
		<b>SUPPLY CHAIN EXCELLENCE</b>	<b>45</b>		
		EMBEDDING OUR ONE PROCUREMENT STRATEGY	46		
		SOCIAL IMPACTS IN THE SUPPLY CHAIN	47		
		ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN	47		
		STRENGTHENING LOCAL SUPPLY CHAINS	48		
		SUPPLIER DIVERSITY	49		
		<b>VALUING OUR PEOPLE</b>	<b>51</b>		
		A DIVERSE, INCLUSIVE WORKPLACE	52		
		EMPLOYEE DEVELOPMENT AND TALENT MANAGEMENT	54		
		COMPENSATION AND BENEFITS	56		
		WORK-LIFE HARMONY	57		
		HUMAN RIGHTS	58		
		LISTENING TO OUR EMPLOYEES	58		
		<b>PRODUCT QUALITY AND SAFETY</b>	<b>59</b>		
		ENSURING QUALITY AND SAFETY	60		
		PROTECTING AUTHENTICITY	64		
		MAINTAINING BUSINESS CONTINUITY	65		
		CYBERSECURITY	65		
		<b>PROMOTING ETHICS AND INTEGRITY</b>	<b>66</b>		
		OUR EFFECTIVE COMPLIANCE PROGRAM	67		
		COMBATING CORRUPTION AND BRIBERY	70		
		PUBLIC POLICY ENGAGEMENT	70		
		<b>TRANSPARENCY AND REPORTING</b>	<b>71</b>		
		SCOPE OF REPORTING	72		
		FEEDBACK ON OUR REPORTING	72		
		TRANSPARENCY ON POLICIES	72		
		EXTERNAL ASSURANCE	73		
		AWARDS AND RECOGNITION	73		
		<b>METRICS</b>	<b>74</b>		

## FROM OUR CHAIRMAN AND CEO



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

### DEAR FELLOW STAKEHOLDER,

What does it mean to be a citizen? At Abbott, we believe it means helping to create the kind of community that we ourselves wish to live in: one with a healthy environment, in which fellow citizens help one another live their best lives, and where they can do useful, beneficial and fulfilling work. And to us, as a global company, that community is the world itself.

This report details the many ways we bring our trust and commitment as citizens to life, working to help address some of the world's biggest challenges.

First and foremost, always, is the work we do — bringing people new and better technologies to help them live fuller, healthier lives. It's a privilege to serve this mission, and it suffuses all of our actions as a company. We advanced this work in 2016 by adding new R&D facilities in Brazil and China, helping us to develop new solutions specifically targeted to meet differing regional needs around the world.

We work to create sustainable business solutions that benefit not just Abbott and the people who use our products, but the broader community as well. For instance, when we built a new nutritional products plant in India, suppliers weren't able to provide enough milk that met our high quality standards. So, we're working together with our supplier and nonprofit partners to reach up to 1,500 smallholder dairy farmers, providing them training and resources to raise both their output and quality standards. This builds a sustainable system that helps local communities thrive, consumers throughout India to receive high-quality nutrition and Abbott to better serve a large national market.

Our business is about improving people's lives; to us, that clearly implies vigorous environmental protection. In 2016 alone, we implemented over 130 projects at Abbott locations around the world to improve waste, water and energy efficiencies to reduce our footprint and advance sustainability in our communities. One example: a water conservation project at one of our facilities in California recycles water from manufacturing for use in the site's cooling towers and irrigation system, reducing fresh water consumption at the site by 60 percent.

And we remain committed to innovative and effective philanthropic efforts, such as working with PATH, an international nonprofit organization, to improve its Ultra Rice® formulation technology, which transforms a bowl of regular rice into a micronutrient-rich meal. Our nutrition scientists helped make Ultra Rice® more nutritious at a lower cost, to deliver the greatest benefit to the most people.

In 2016, these and our other efforts earned us inclusion in the Dow Jones Sustainability Indices for the 12th consecutive year, the last four as Global Industry Group Leader.

We at Abbott are proud to be contributing citizens of the global community of which we're part. Thank you for your interest in our sustainability work.

Sincerely,



**MILES D. WHITE**

# OUR BUSINESS

## IN THIS SECTION

### 5 NUTRITION ▶

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

### 5 MEDICAL DEVICES ▶

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

### 5 DIAGNOSTICS ▶

Our innovative technologies provide healthcare professionals the information they need to make the best treatment decisions, faster.

### 5 ESTABLISHED PHARMACEUTICALS ▶

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

Abbott is a globally diversified healthcare company, devoted to improving life through the development of products and technologies that span the breadth of healthcare. Approximately 94,000 Abbott people carry out our mission, reaching more than 150 countries.

Abbott has four core businesses, each focused on advancing innovations that provide better options and outcomes for people in pursuit of healthier lives.

---

**\$8.5 BILLION**  
SPENT WITH DIRECT SUPPLIERS

**\$1.5 BILLION**  
RETURNED IN DIVIDENDS  
TO SHAREHOLDERS

**\$1.4 BILLION**  
INVESTED IN R&D

**\$20.9 BILLION**  
NET SALES WORLDWIDE

---

Abbott is a globally diversified healthcare company, headquartered in north suburban Chicago, which is committed to helping people live their best possible lives through the power of health. Our business has brought new products and technologies to market for almost 130 years, creating more possibilities for more people at all stages of life. Today, 94,000 of us are working to help people live not just longer, but better, in the more than 150 countries we serve.

We have four major businesses, each focused on advancing innovations that provide better options and outcomes for people in pursuit of healthier lives. The breadth and balance of our product portfolio let Abbott help more people, in more places, and give us increased stability in an ever-changing world.

We deliver results for patients, consumers, healthcare professionals, employees and shareholders, and we work to continually invest, innovate and introduce new products that are changing the practice of healthcare. In 2016, we invested \$1.4 billion in research and development. Additionally, Abbott and our philanthropic foundation, the Abbott Fund, contributed nearly \$37 million in philanthropic grants, product donations and patient assistance.

## NUTRITION

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

## MEDICAL DEVICES

More advanced medical devices mean faster, more effective and less invasive solutions. Whether it's glucose monitoring systems, innovative therapies for treating heart disease, or products that help people with chronic pain or movement disorders, our medical device technologies are designed to help people live better and healthier lives. As the global population ages and the incidence of chronic diseases increases, we're working to help more people, in more places, than ever before. During 2016, Abbott announced the acquisition of St. Jude Medical, a leading medical device company with expertise and a track record of breakthrough innovation in cardiovascular disease and neuromodulation. The combination of Abbott and St. Jude establishes our business as a clear market leader in cardiovascular medical devices, with one of the industry's strongest new product pipelines. Also during the year, we announced the sale of Abbott Medical Optics (AMO), our division dedicated to vision and eye health, to Johnson & Johnson.

## DIAGNOSTICS

Our innovative instruments and tests help diagnose and monitor a range of health conditions with speed, accuracy and efficiency. Our diagnostics solutions range from automated immunodiagnosics systems and blood analyzers to sophisticated molecular diagnostics and point-of-care devices. They are designed to deliver information that helps improve decision making and patient care across the entire healthcare system.

## ESTABLISHED PHARMACEUTICALS

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

# APPROACH

## IN THIS SECTION

- 7 **SUSTAINABILITY AT ABBOTT ▶**  
Our sustainability strategy focuses on the areas where opportunities for our business intersect with positive social impact: We aim to achieve sustainable growth, deliver innovative solutions and build stronger communities to help more people live their best lives.
  
- 7 **HOW ABBOTT'S SUSTAINABILITY HELPS PEOPLE LIVE HEALTHIER LIVES ▶**  
Abbott helps people live fuller lives by innovating to help them get healthy and stay healthy by empowering healthcare practitioners, patients and consumers through education and by operating responsibly.

- 8 **SUSTAINABILITY MANAGEMENT AND GOVERNANCE ▶**  
Our approach to sustainability management and governance is focused on integrating sustainability with our core business strategy.

- 9 **ENGAGING OUR STAKEHOLDERS ▶**  
Listening to our stakeholders is vital to our success as a business and to our progress as a global citizen.

Abbott is in the business of life. We believe that good health is not just about treating an illness or managing a medical condition. It's about supporting people's health as if it were our own, so they can live their best lives. This belief in the power of health informs our approach to sustainability.

At Abbott, we're all about helping you live the best life you can through good health. We keep your heart healthy, nourish your body at every stage of life, help you feel and move better, and bring you information, medicines and breakthroughs to manage your health. Our business is built around delivering innovative solutions that can push healthcare further, sharing knowledge and empowering more people to achieve their potential.

Being a responsible, sustainable and inclusive business is an essential foundation for helping people live fuller, healthier lives. We focus on operating responsibly; preserving healthy living environments; and earning trust by doing the right things, for the long term, for the benefit of everyone who relies on our products and services. At the same time, we work hard to maximize the impact of our business in creating stronger communities around the world.

## SUSTAINABILITY AT ABBOTT

The goals of our sustainability strategy are to achieve sustainable growth, deliver innovative solutions and build stronger communities to help more people live their best lives. In order to focus our efforts in the areas where we can have the greatest possible impact, we must understand people's changing healthcare needs, as well as the most important environmental, social and governance factors affecting our business.

### MATERIALITY ANALYSIS

We partnered with the external agency, Corporate Citizenship, to undertake a materiality assessment to identify and prioritize our most important environmental, social and governance (ESG) topics. This involved rigorously assessing what matters to our stakeholders and what is relevant for commercial success in our markets. The topics that emerged from the process are those that can most significantly impact

the long-term success and viability of our business. They will inform our sustainability priorities over the coming months and years and act as valuable guideposts to our opportunities and challenges.

### THE PROCESS

We undertook a three-step process:

1. We conducted extensive research to identify the economic, governance, environmental and societal topics relevant to Abbott, our stakeholders and the broader healthcare industry.
2. We interviewed external experts in sustainability, environmental management, healthcare and public policy and invited them to prioritize these topics based on their significance and potential impact relative to our business. We also used the expertise of our Global Citizenship Advisory Council — a core group of independent expert advisors with a broad knowledge of corporate responsibility — to guide the process.
3. We interviewed senior leaders across Abbott to identify topics that would have the greatest potential impact on the long-term viability of our business.

Through this process, we identified a preliminary list of 20 ESG topics that are of material importance to Abbott, our industry and our priority stakeholders. We are currently working on building these into a materiality matrix that identifies the importance of each topic, its potential impact on our business and our degree of influence over the topic. In 2017, we plan to update the matrix to reflect the changing profile of our business following the acquisition of St. Jude.

The 20 areas identified for potential inclusion in the materiality matrix are as follows:

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

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

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

Abbott is committed to innovating to help people get healthy and stay healthy at all stages of life. We innovate new products to meet changing healthcare needs and develop new business models that create shared value for our communities and new systems that support the delivery of healthcare to those who need it most.

Knowledge is the essential foundation for healthier lives. Abbott works to empower healthcare

practitioners, patients, consumers and our own employees. We share our expertise about new research and new health solutions, market our products responsibly, and empower people to make informed choices about healthcare and nutrition.

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

## SUSTAINABILITY MANAGEMENT AND GOVERNANCE

Our commitment to good citizenship begins at the top. Our sustainability efforts are led by our board of directors and senior management. The Public Policy Committee of our board of directors is responsible for the review and evaluation of Abbott's policies and practices with respect to social responsibility.

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

We are committed to embedding our citizenship strategy ever more closely within our core business strategy. Our cross-functional Sustainability Working Group leads these integration efforts, while also overseeing the reporting of our financial, social and environmental performance. The team includes representatives from corporate purchasing; global environment, health and safety; office of ethics and compliance; quality and regulatory affairs; human resources; supply chain; research and development; investor relations; global marketing organization; government affairs; and commercial operations. The team also includes representatives from our affiliate operations in different countries.

Several of our country operations — including China, India, Ireland and Russia — have formed their own local, cross-functional sustainability working groups, which are responsible for embedding responsible business practices throughout the organization and driving specific stakeholder engagement initiatives appropriate to local needs.

In addition, the following committees and working groups play an important role in our citizenship governance process:

**Global Operations Council** – This body oversees the strategy for all Abbott operations (manufacturing, supply chain, engineering and environment, health and safety) and deploys resources to where they are needed based on internal assessment, risk profiles and industry best practices. For more information, please see the [Environment, Health and Safety Management Oversight](#) section of this report.

**Public Policy Committee of the Board of Directors** – Comprised solely of independent directors, this committee's charter includes reviewing and evaluating

Abbott's policies and practices with respect to social responsibility.

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

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

We also work externally with our Global Citizenship Advisory Council (GCAC), a core group of independent expert advisors with broad knowledge of corporate responsibility. Members of the GCAC provide guidance on strategic issues, identifying opportunities and advising on risks across our value chain. They include:

**Margaret Flaherty**

Senior Advisor, FSG, and Professor at the Business School Lausanne

**David Logan**

Co-Founding Director, Corporate Citizenship

**Jane Nelson**

Senior Fellow and Director of CSR Initiatives, Harvard Kennedy School

**David Vidal**

Emeritus Fellow, The Conference Board

## ENGAGING OUR STAKEHOLDERS

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

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

At Abbott, we value the trusted partnerships we have built over the years with government officials, healthcare professionals, educational institutions and nongovernmental organizations. We have a defined process of stakeholder engagement that guides Abbott leaders to ensure that we gather insights from all relevant people across the different countries in which we operate. In this way, we are able to engage and offer solutions that create real and lasting change in people's lives. These partnerships lead to healthier communities, while at the same time helping to create new economic opportunities for people in developed and emerging countries.

## SUPPORTING OUR CUSTOMERS

Providing our customers with clear channels of communication is an important element in our ability to support them and help meet their healthcare needs. We offer customers a number of different ways to connect with us around the clock, whether online, through social media, over the phone or through the mail. For our *Similac*<sup>®</sup> and *PediaSure*<sup>®</sup> nutrition products, for example, we operate dedicated social channels and a toll-free hotline, providing customer support and answering questions.

Our Net Promoter Score<sup>®</sup> (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. Our diagnostics business has increased its NPS from 32.1 in 2010 to 53.2 in 2016.

### STARTING A GLOBAL CONVERSATION

Does living fully look the same to an accountant in Shanghai as it does to an architect in New Delhi or a street artist in São Paulo? What about a factory worker in Detroit or a new mother in Berlin? We've been exploring what it means to live a healthy, full life and sharing what it looks like through our online site, [lifetothe fullest.abbott](http://lifetothe fullest.abbott), and our global social media channels.

It's all about sparking and sharing a global conversation with consumers. Through online surveys, social media and online events, nearly 2 million people from around the world told us what living a full life looks like to them. They told us what — from family to success, from giving to health — makes their lives fuller and happier. A full life means different things to us all, but good health is the foundation. Every day and around the world, we're putting our scientific leadership and innovation to work to help people live their best, healthiest lives. That's what inspires our work every day and keeps us pushing for tomorrow's breakthroughs.

# PRIORITIES

## IN THIS SECTION

- 11 INNOVATING SOLUTIONS AND SYSTEMS FOR FULLER, HEALTHIER LIVES ▶
- 19 EMPOWERING PEOPLE TO LIVE FULL AND HEALTHY LIVES ▶

- 29 OPERATING SUSTAINABLY AND RESPONSIBLY ▶

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

# INNOVATING SOLUTIONS AND SYSTEMS FOR FULLER, HEALTHIER LIVES

## IN THIS SECTION

### 12 **DEVELOPING THE INNOVATIONS PEOPLE NEED ▶**

We strive to make a lasting impact on human health by designing specific products to meet emerging needs and addressing the challenges people face every day.

### 13 **INNOVATION IN DELIVERY MODELS AND INFRASTRUCTURE ▶**

We develop innovative new approaches for sharing data, improving diagnosis and delivering healthcare, which help to improve the capacity of healthcare systems worldwide.

### 15 **IMPROVING THE ACCESSIBILITY AND AFFORDABILITY OF HEALTHCARE ▶**

Innovation has a key role to play in our efforts to keep healthcare affordable and accessible for those who need it most.

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

Abbott is in the business of life, and the business of life is also the business of innovation. To enable fuller, healthier lives, we must constantly innovate to meet changing needs and emerging challenges. We must seek to understand practitioners, patients and consumers in every market where we operate, listening to the issues that they face and developing solutions that can help them. We must keep innovating in the ways that our solutions are produced, packaged, priced and distributed, ensuring that quality healthcare and nutrition can reach those who need it most.

## DEVELOPING THE INNOVATIONS PEOPLE NEED

The human drive to explore new possibilities has succeeded in raising living standards dramatically around the world. With a growing population, longer lives, rapidly changing lifestyles and new healthcare challenges, the need for innovation is constant.

Abbott meets this challenge by focusing on delivering the highest possible quality of healthcare at every stage of the research and development process:

- Groundbreaking research to understand what the body needs and to deliver the right solutions
- Innovative product design that helps people live longer, more fulfilling lives
- The highest standards in healthcare solutions and practices that ensure our products deliver the best health outcomes

The innovations we launched in the last year are already changing people's lives by taking on cardiovascular disease, diabetes and other conditions. We introduced a heart stent that dissolves after clearing a blocked artery to help maintain the long-term natural movement of blood vessels, an approach to glucose monitoring that puts patients in control, and an infant formula that is closer to breast milk than ever before.

### OUR INNOVATIONS IN 2016

In 2016, Clarivate Analytics (formerly part of Thomson Reuters) named Abbott one of its Top 100 Global Innovators for the fourth consecutive year. This prestigious ranking recognizes businesses that advance scientific innovation across different industries, based on their commitment to innovation, protecting ideas and commercializing inventions.

Some of the most important life-enabling innovations Abbott brought to healthcare practitioners and patients in the last year include:

**FreeStyle® Libre** – An innovative glucose monitoring system for people with diabetes, *FreeStyle® Libre* avoids the need for routine finger pricking to test glucose levels, making it easier to monitor glucose levels around the clock. For patients living with diabetes — who often avoid testing their glucose with the traditional finger pricking method due to the pain and inconvenience — this can be life-changing. The *FreeStyle® Libre* sensor monitors glucose levels every minute of the day for up to 14 days. It also provides a more complete picture of actionable glucose data that is visible to both patients and their doctors — making it far easier for those with diabetes to take control of managing their condition. The *FreeStyle® Libre* system is currently available across 34 countries.

**Alinity™** – Diagnostic testing influences approximately 70 percent of healthcare decisions. However, this building block of healthcare is under pressure as a result of increased demand due to aging populations, the growing burden of managing chronic conditions and managing greater testing volumes on limited budgets. To help meet these and other challenges, Abbott's research and development teams engaged with thousands of clinicians, scientists, lab technicians and healthcare executives to create *Alinity™*, an innovative new family of harmonized instruments that Abbott has designed to meet a range of diagnostic needs. Their common user interfaces, error-proof design and increased automation enable more efficiency and flexibility. The global launch is underway and will be expanded further in 2017, elevating the role diagnostics plays in clinical decision making and helping to deliver high-quality care to patients.

**Thyroxine** – A healthy thyroid gland is critical for the development of infants and children. When young children are unable to produce the thyroid hormone naturally, it can result in slow growth, intellectual disability and developmental delays. Doctors typically prescribe thyroxine, an artificial form of the hormone, to treat such hypothyroidism. However, administering thyroxine to children is difficult. Parents often crush tablets in milk to make it palatable — but the risks of getting the dose wrong are high with this approach. Abbott's established pharmaceuticals division has developed a new oral-solution version of thyroxine for India, with an easy-to-use dosing device that improves accuracy, avoids spillage and reduces product contamination. Ensuring that children can get the right amount of thyroxine has a big impact in managing this condition — and enabling them to lead full and happy lives.

## 12 MOST IMPORTANT HEALTH INNOVATIONS OF 2016

*Popular Science* magazine named *FreeStyle® Libre* glucose monitoring system among its 12 Most Important Health Innovations of 2016.

### UNDERSTANDING HEALTHCARE NEEDS

Successful innovation is founded on research — including research on understanding the changing healthcare needs of people in different regions, markets and cultures. Abbott's approach to research and development (R&D) prioritizes factors such as differences in local taste and cultural preferences — something widely recognized when it comes to food, but often overlooked when it comes to medicine.

By investing in local R&D facilities, we bring our innovation process closer to the people using our products, and increase our ability to deliver solutions attuned to their particular needs and tastes. In 2016, Abbott opened new R&D facilities in Brazil and China, adding to our more than 40 existing R&D and laboratory sites across 20 countries.

In China, Abbott has invested \$50 million in a Shanghai facility investigating new ways to diagnose the most rapidly growing health conditions in the country and developing nutrition products that match Chinese tastes and preferences. The R&D facility includes a customer experience center to encourage wider innovation. The new pharmaceutical development centers in Singapore and Rio de Janeiro will help to develop specific products for the Southeast Asian and South American markets.

### BIOMEDICAL RESEARCH CONSORTIUM CHILE (BMRC)

Abbott is a member of the Biomedical Research Consortium Chile (BMRC), which works with researchers at the Universidad Católica de Chile (UC) to research solutions to global health issues. Over the last nine years, the BMRC's breakthrough innovations have included thyroid cancer and respiratory pathogen diagnosis kits, a methanemovirus vaccine, cancer and lupus therapies, and treatments for hypertension and metabolic syndrome.

### INNOVATION IN DELIVERY MODELS AND INFRASTRUCTURE

Innovation to enable fuller lives involves more than new healthcare products. By developing new delivery models and infrastructure, we can revolutionize healthcare worldwide. We develop innovative systems for sharing data, improving diagnosis, and delivering products and medical supplies to where they are most needed.

### PROMOTING BLOOD SAFETY ACROSS ASIA AND LATIN AMERICA

Transfusion of blood and blood products helps save millions of lives every year. However, the demand for safe and reliable blood often exceeds supply. In the developing economies of the Asia Pacific region, blood supplies are rarely sufficient to meet local needs and often fail to meet international quality and safety standards.

Abbott is working to address this challenge as part of the Blood Safety Initiative and Coalition, which brings together public and private partners to support the Asia Pacific Economic Cooperation (APEC) forum, and to improve the supply, quality and safety of blood supplies across Asia and Latin America. As part of our support for APEC's Blood Supply Chain Partnership Training Network (PTN), we are working to increase lab capacity, provide training and promote best practices in blood safety. In 2016, we supported PTN's first pilot training program on quality management systems for blood banks in Peru, attended the Blood Supply Chain Policy Forum in Vietnam, and helped to develop training resources and blood safety documents for the newly launched [PTN website](#).

### BUILDING A SUSTAINABLE FUTURE FOR HEALTHCARE IN TANZANIA

In 2016, Abbott continued its partnership with the government of Tanzania to strengthen the country's healthcare system. More than 800,000 patients have now registered with Tanzania's first nationwide laboratory network, the latest result of the \$125 million investment that Abbott and the Abbott Fund have made in the country's healthcare infrastructure.

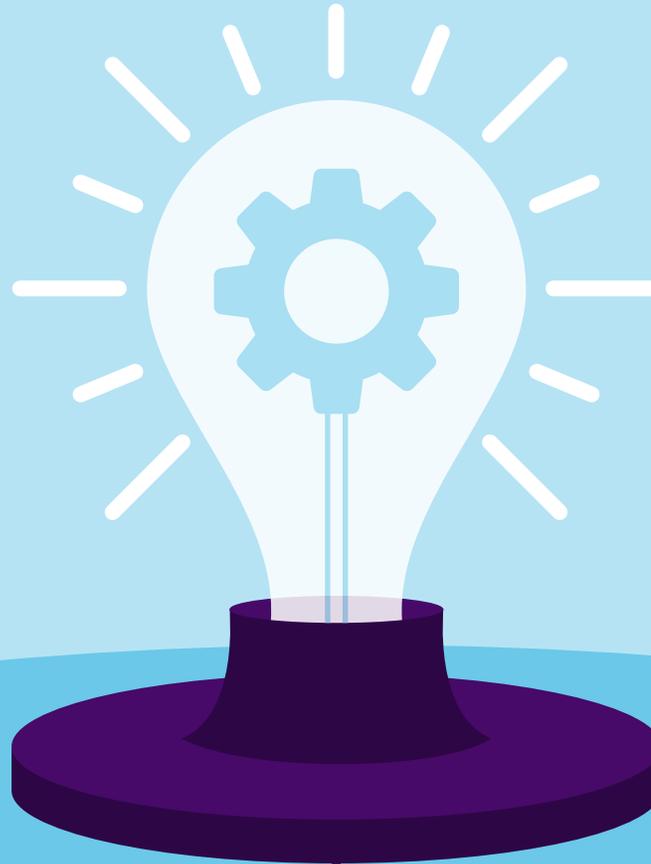
Linking all 23 of the country's regional healthcare laboratories, the new IT network enables the immediate sharing of test results, disease surveillance reports and healthcare management practices across the country. It helps Tanzanian healthcare practitioners battle many chronic diseases — including HIV/AIDS, the leading cause of death in the country — and helps ensure that the treatment people receive reflects the latest medical advances.

# INVESTING IN BREAKTHROUGH INNOVATIONS

Abbott's vision is fixed, clear and ambitious: to make Abbott the world's leading healthcare company in the markets in which we compete by setting the highest standards for innovation. We strive to understand the challenges practitioners, patients and consumers face in every market where we operate and develop solutions that meet these needs. Our approach enables us to bring inventions to market that are changing people's lives for the better.

**\$1.4B**  
INVESTED IN  
R&D IN 2016

WE INVESTED MORE THAN \$1.4 BILLION, RELENTLESSLY PURSUING NEW INNOVATIONS THAT MAKE A LASTING IMPACT ON HEALTH.



## 41 R&D AND LAB SITES WORLDWIDE

Great ideas come from all over the world. We established new R&D facilities in Brazil and China this year.



## TOP GLOBAL INNOVATOR

We are proud to be recognized among the Clarivate 2016 Top 100 Global Innovators and Fast Company's Most Innovative Companies of 2017.



In addition to leveraging the benefits of digital healthcare infrastructure for Tanzania, the partnership provides medical training for the healthcare providers of the future. During 2016, the fourth class of residents graduated from the Abbott Fund-supported Emergency Medicine Residency Program, the first such program in East Africa. These graduates provide critically needed care to more than 73,000 people per year.

In 15 years of partnership, Abbott has enabled more than 130,000 hours of training in patient testing, laboratory equipment operation, IT management and emergency medicine. During 2016, Abbott lab technicians spent almost 3,000 hours providing on-the-ground training and mentoring for local teams.

The Abbott and Abbott Fund program has modernized Muhimbili National Hospital, adding a new emergency department and outpatient treatment center, a state-of-the-art laboratory building and a hospital-wide information technology system that tracks inventory, prescriptions and patient health history. This IT infrastructure also helps the national hospital take important steps toward sustainability for Tanzania's public healthcare system, capturing more revenue from patients who can afford to pay for quality services.



## 73,000+ PEOPLE

Graduates of the Abbott Fund-supported Emergency Medicine Residency Program in Tanzania provide critically needed care to more than 73,000 people each year.



## 23 LABS

Twenty-three regional laboratories have been modernized and connected via Tanzania's first national IT network.



## 130,000+ HOURS

Abbott employee volunteers and our partners have contributed more than 130,000 hours to our efforts in Tanzania.

### NEW BLOOD TESTING TECHNIQUES TO ADVANCE DISEASE SURVEILLANCE

Rapid and reliable diagnosis is vital for managing the spread of viruses, both during sudden outbreaks and when countries face an established infectious disease threat.

Abbott responded to the recent Zika outbreak in the Americas by developing the first commercial molecular test for detecting the presence of the Zika virus in whole blood. The Abbott *RealTime* ZIKA test allows for more reliable diagnosis of Zika, over a longer period of time, than previous approaches. The test specifically detects Zika virus, so it is useful in an environment where other viruses — such as dengue or chikungunya — are present. This enables rapid, informed diagnoses even beyond the first few weeks after exposure. Such diagnoses can make an important difference to the lives of pregnant women and those planning to have children, as well as other symptomatic individuals.



## DETECTING ZIKA VIRUS IN WHOLE BLOOD

Abbott is committed to addressing public health needs around the globe. We developed the first commercial molecular test to detect the Zika virus in whole blood.

Abbott's R&D center in Shanghai uses the same molecular m2000 platform to explore diagnostic markers in the blood of HIV, hepatitis B and hepatitis C patients as part of our ongoing viral surveillance program. At the same time, we are working with the University of California San Francisco (UCSF) to develop new methods of analyzing blood that can simultaneously detect a broad range of known as well as novel pathogens, rather than testing for one specific pathogen at a time. Such an approach has the potential to revolutionize disease surveillance by providing much earlier warning of the spread of a pathogen.

### IMPROVING THE ACCESSIBILITY AND AFFORDABILITY OF HEALTHCARE

Making healthcare available and affordable is an essential component of Abbott's mission to enable fuller lives — and innovation has a vital role to play in making it possible. We work with nonprofit organizations and national healthcare systems to develop new solutions that can deliver the care that people need at scale, and we work to ensure the affordability of healthcare in emerging markets.



## AFFORDABILITY OF PRODUCTS IN INDIA

Abbott is committed to providing a broad range of affordable products for patients across India: 70 percent of our high-quality medicines sell for less than seven rupees (roughly 10 U.S. cents).

## EXPANDING DIABETES SUPPORT IN CHILE

Rapid changes in lifestyle in fast-developing markets are resulting in an equally rapid rise in noncommunicable diseases (NCDs), in particular diabetes. In Chile, where the International Diabetes Federation cited 1.3 million cases of diabetes in 2015,\* Abbott works closely with the Fundación Diabetes Juvenil de Chile (FDJ). This nonprofit organization works to make diabetes diagnosis and support available to young people across Chile. Abbott trains FDJ employees and provides discounted products for distribution through the foundation's nonprofit pharmacy and supports FDJ's expansion from a clinical support center in Santiago to other locations across the country. In 2016, Abbott worked with the foundation to help launch an online pharmacy, making breakthrough systems, such as *FreeStyle® Libre*, available direct to patients across the country.

## ACCESSIBILITY AND EDUCATION IN LATIN AMERICA

Being diagnosed with a chronic condition can be overwhelming emotionally and financially. We aim to support patients with chronic conditions, helping them to comply with their medical treatment so that they can continue to live full, healthy lives.

In Latin America, Abbott operates a range of patient support programs designed to provide affordability for those who depend on our products the most. We offer discounts of between 20 and 50 percent for standard drugs, treating conditions like hypertension and metabolic syndrome and helping to raise awareness of healthcare options through online platforms and educational tools. For example, our [Abrace a Vida website](#) in Brazil has engaged 415,000 patients, 78,000 physicians and 1,300 pharmacies since its launch in 2004. Across all of Latin America, we have more than 1.3 million patients enrolled in our patient support programs. Taken together, these programs help patients gain broader access, greater disease awareness and better treatment.

## WONDER GRAIN

Micronutrient malnutrition, or hidden hunger, affects more than 2 billion people worldwide; half of those affected reside in countries where rice is a staple food.† Fortifying rice to improve its nutritional value has the potential to make a significant impact on the health outcomes of these populations. Through a partnership between Abbott and the international nonprofit organization PATH, we are helping to do just that.

More than a dozen Abbott scientists worked with PATH to improve its Ultra Rice® fortification technology, developing enhanced formulations to improve nutrient quality and absorption, reducing costs by approximately 10 percent and optimizing flavor, aroma and appearance to make Ultra Rice mimic traditional rice as closely as possible. In addition, support from the Abbott Fund has helped build local capacity and strengthen local distribution in India.

The new formulations are already having an impact: In the United States, the Department of Agriculture approved fortified rice for distribution through U.S. food aid programs around the world. In India, it is now distributed as part of the school lunch program, targeting 450,000 children.

## REBUILDING NUTRITION IN HAITI FOLLOWING HURRICANE MATTHEW

In October 2016, Hurricane Matthew, one of the strongest hurricanes to hit the Caribbean in recent years, made landfall in Haiti. The impact on the Western Hemisphere's poorest nation was devastating – destroying lives, infrastructure and an already fragile food supply network.

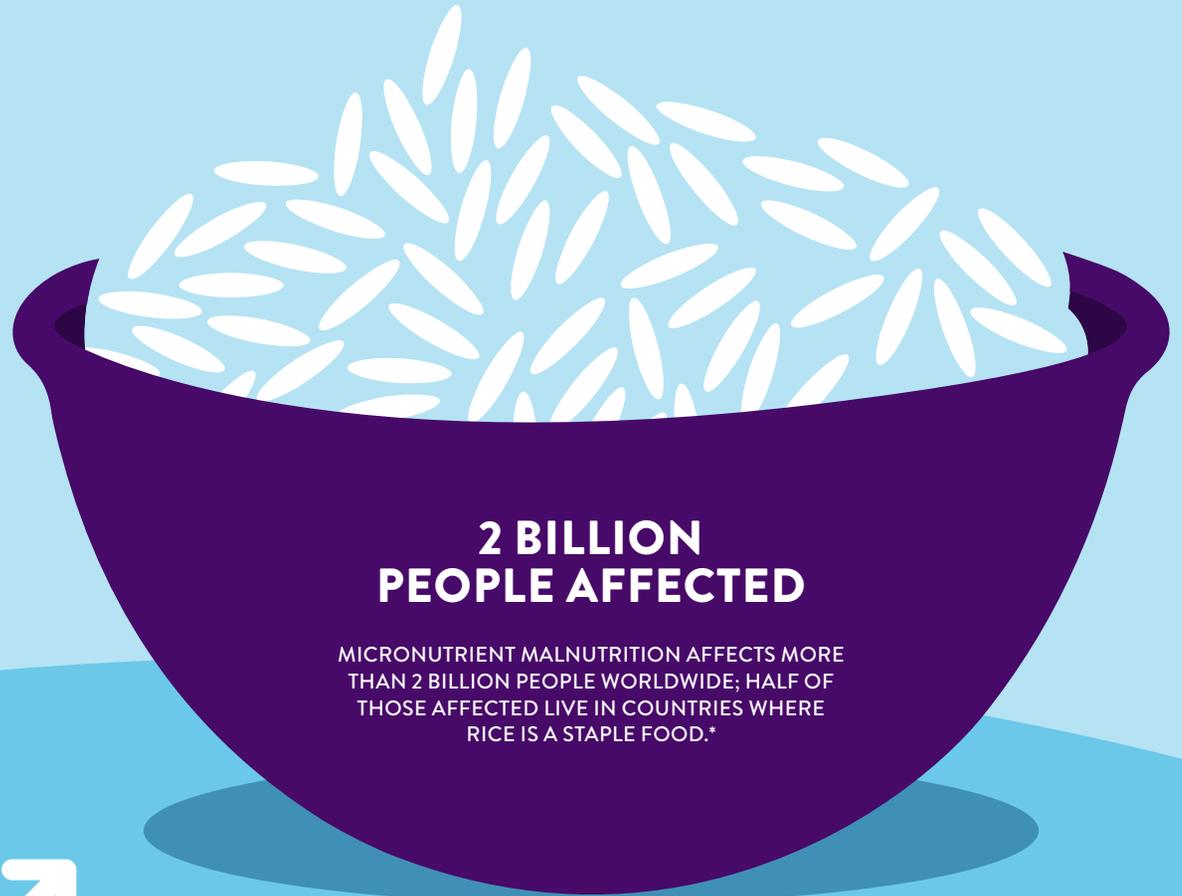
Since 2013, Nourimanba, a ready-to-use therapeutic food product provided free of charge by Partners In Health (PIH) for the treatment of severe childhood malnutrition, has played a vital role in saving lives in the country. Abbott and the Abbott Fund partnered with PIH and its Haitian sister organization, Zanmi Lasante (ZL), to build a state-of-the-art Nourimanba production facility that would withstand hurricanes. To help address the impact of Hurricane Matthew, the Abbott Fund provided \$75,000 to help ramp up production of Nourimanba to meet increased demand.

\* International Diabetes Federation.

† Food and Agriculture Organization of the United Nations, "The State of Food Insecurity in the World" (2014).

## FORTIFYING RICE TO FIGHT MALNUTRITION

Rice is a staple food that feeds half the world, including some of the world's poorest countries. Besides being an abundant food source, rice can also help overcome the global health problem of micronutrient malnutrition, through fortification with essential vitamins that are lacking in people's diets. Working with the international nonprofit organization PATH, Abbott scientists reformulated PATH's Ultra Rice<sup>®</sup>, a fortified grain that looks and tastes like rice. The new formulations are already making a positive impact.



**2 BILLION PEOPLE AFFECTED**

MICRONUTRIENT MALNUTRITION AFFECTS MORE THAN 2 BILLION PEOPLE WORLDWIDE; HALF OF THOSE AFFECTED LIVE IN COUNTRIES WHERE RICE IS A STAPLE FOOD.\*



**10% REDUCTION IN COSTS**

The enhanced formulation reduced costs by approximately 10 percent, and optimized flavor, aroma and appearance to make Ultra Rice mimic traditional rice as closely as possible.



**APPROVED FOR DISTRIBUTION**

In the United States, the Department of Agriculture approved fortified rice for distribution through U.S. food aid programs around the world.



**450,000 CHILDREN REACHED**

In India, the new Ultra Rice formulation is now being distributed as part of the school lunch program for 450,000 children.

The ability of the facility to resume production of Nourimanba immediately following the hurricane played a vital role in combating the effects of the disaster — and supporting ZL's strategy of treating children at their health facilities across Haiti. Abbott experts continue to provide training and share best practices and guidance, both on site and virtually, volunteering more than 15,000 hours in total since the partnership began. To date, the partnership has treated more than 30,000 children. As part of a long-term plan, the facility is looking to drive sustainability by selling high-quality food products, as well.

This strategic partnership also supports local farmers in Haiti by expanding demand for locally sourced, high-quality peanuts, a staple food in the region. In 2013, working together with the international nonprofit TechnoServe, the partnership piloted a new business supply-chain model to expand the supply of quality, cost-competitive peanuts while boosting incomes for approximately 300 local smallholder farmers. Based on the success of the pilot, other partners are now replicating and expanding this model across Haiti.

# EMPOWERING PEOPLE TO LIVE FULL AND HEALTHY LIVES

## IN THIS SECTION

### 20 PROVIDING TRAINING AND RESOURCES FOR HEALTHCARE PRACTITIONERS ▶

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

### 21 EMPOWERING CONSUMERS ▶

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

### 21 INSPIRING FULLER, HEALTHIER LIVES ▶

We aim to inspire young people to explore their potential – and communities to take control of their living environments.

### 24 EMPLOYEE SAFETY ▶

We are committed to keeping everyone who works at Abbott healthy and safe. We educate our employees and empower them to promote safer and healthier lives in their communities.

### 26 HEALTH AND WELLNESS ▶

We tailor our workplace health and wellness programs to reflect local needs, customs and healthcare systems.

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

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

## PROVIDING TRAINING AND RESOURCES FOR HEALTHCARE PRACTITIONERS

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

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

### RAISING AWARENESS OF DIABETES IN CHINA

China's rapid urbanization and rising income levels have led to rapid changes in lifestyles. An unfortunate consequence is an equally rapid rise in noncommunicable diseases (NCDs) — and particularly in the prevalence of diabetes. Abbott has been working with the Chinese government to develop an awareness-building and educational program that can slow the

spread of diabetes and mitigate its impact on people's lives. Its aim is to help healthcare practitioners diagnose diabetes sooner — and to reach out to patients to help them monitor sugar levels and manage their condition.

The Diabetes Care program includes an online portal that healthcare practitioners across China can use to access information about the disease. Abbott also worked with the government on a survey of doctors and patients to help assess the true incidence of diabetes in China — and raise awareness of the measures patients and doctors can take to manage the disease. Completed in May 2016, the study discovered that the majority of Chinese diabetes patients do not test their blood glucose levels often enough.

### KNOWLEDGE GENIE: AN ONLINE HUB FOR HEALTHCARE PRACTITIONERS WORLDWIDE

Many regions lack access to medical knowledge, particularly on emerging research studies and treatments. We're closing that gap. More than 160,000 doctors worldwide use *Knowledge Genie*, Abbott's multi-channel knowledge center, to stay on top of important developments in their field. We launched *Knowledge Genie* in 2010 to provide ready access to learning resources and news of the latest treatments and techniques. Today, its online library includes more than 3,000 medical journals, more than 2,000 e-books and daily updates on research and clinical developments. In India, *Knowledge Genie* plays a vital role in sharing new thinking on healthcare. More than 55,000 of the country's doctors, across 15 specialties, are registered with the portal.

### SMARTER, SWIFTER NUTRITION SUPPORT

Globally, one in three people who enter the hospital are malnourished, and more become malnourished during their stay. While most are in the hospital for another medical condition, having poor nutritional status (or malnutrition) slows recovery and increases the chances

of being readmitted to a hospital in the future. In the U.S., Abbott worked with Advocate Health Care at four of its Chicagoland hospitals to implement nutrition care programs that screened patients for malnutrition and implemented nutritional intervention for those identified as at risk. The study showed that using either of the nutrition care programs — basic or enhanced — reduced the risk of patient readmissions by 27 percent and shortened the average length of hospital stays by 25 percent, compared to the hospitals' previous rates.

Malnutrition affects a similar proportion of people admitted to care homes. For the last 10 years, Abbott has been providing the Essential Elements of Nutrition Care (EEoNC) program in Ireland, which helps nurses identify, treat and monitor disease-related malnutrition. Developed in line with the Health Information and Quality Authority (HIQA) guidelines on nutrition care, the program includes menu audits to analyze the nutritional value of menus, as well as online courses on the appropriate treatment of disease-related malnutrition.

In 2015, Abbott launched an app, designed in association with Irish dietitians, that enables healthcare professionals to assess those at risk of malnutrition. Available for iPhone® and Android™ devices, the app uses the MUST (Malnutrition Universal Screening Tool) developed by the British Association of Parenteral and Enteral Nutrition (BAPEN).

### HOSTING HEALTHCARE SUMMITS AND CONFERENCES IN SOUTH AMERICA

In Colombia and Mexico, Abbott hosted National Summits for Continuing Education that brought together different perspectives on national health issues — and shared relevant medical advances. The sessions aimed to support general practitioners in gaining the tools needed to address high-impact health issues afflicting local populations, such as heart disease

and depression. In Mexico, our summit was endorsed by the Mexican Medical Association as part of healthcare practitioners' medical education hours. Over three days, the summit featured contributions from 13 nationally recognized medical experts, as well as a representative from Mexico's Ministry of Health.

## EMPOWERING CONSUMERS

Helping people make informed choices about healthcare and nutrition is one of the most productive strategies available for enabling healthier lives. We are committed to building awareness of the choices available, helping to overcome social barriers and stigmas that prevent people from living to the fullest, and establishing robust guidelines and standards that ensure healthcare choices are always well informed.

### PUTTING WOMEN'S HEALTH IN WOMEN'S HANDS

Of the estimated 3.5 billion women in the world, 2 billion are at an age where gynecological healthcare can make a significant difference for living a full and healthy life. Yet many of these women either do not know about the treatments available to them, or are prevented from using them due to fear of social stigma.

For the last two years, Abbott's WomenFirst program in Russia has worked to empower women with knowledge and support to help manage their health at all stages of life. The program provides women with the latest medical information about their health management through a website, TV ad campaign and workshops, raising awareness of the healthcare choices available.

### PLAYING THE GAME ON MEDICINE ADHERENCE

For those with diagnosed illnesses, especially chronic ones, medication adherence is critically important to leading a full life. But taking medication at the correct time and continuing to do so over time is a challenge for many patients across the globe.

To support patients with this adherence need, Abbott piloted an online platform in Mexico and in the Philippines that applies principles of gamification to engage with patients diagnosed with cardiovascular disease. The new platform is designed to help patients understand their disease and take their medication properly over time. The program began in 2016 and includes components that encourage patients to complete disease education courses, take quizzes and record their daily use of medicines online, with points awarded for those who comply. Points collected can be redeemed for health-oriented rewards or monetary-equivalent donations to selected local charities. In Mexico, where the program has been running for almost a year, early data shows that the platform has driven a 50 percent increase in those taking medicines correctly, compared to those not on the platform, over the same time frame. The program in the Philippines, which started later in 2016, also shows positive medication adherence trends. Abbott plans to launch similar pilot programs in additional emerging markets in 2017.

### ADVANCING HEART HEALTH IN IRELAND

More than 1,000 lives are lost to heart disease and stroke in Ireland each year — and yet, in 80 percent of cases, incidents of heart disease and stroke are preventable. Abbott's partnership with the Irish Heart Foundation's Happy Heart Appeal is focused on raising awareness of the risk factors for these conditions — and promoting action to reduce obesity and high blood pressure. Our partnership includes funding to support the program, raising awareness of healthy lifestyle choices in local schools, and training and health checks for our own employees.

## INSPIRING FULLER, HEALTHIER LIVES

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

### INSPIRING YOUNG PEOPLE TO EXPLORE SCIENCE

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

#### Driving a Passion for Science in China

Abbott exists to enable fuller lives through the power of health. However, we know that fuller lives are also made possible through a passion for scientific exploration. In China, Abbott Family Science brings together the Abbott Fund, the Children & Youth Science Center of CAST (CYSCC) and the volunteering efforts of Abbott employees to inspire that passion in a new generation of children.

Since its launch in 2010, Abbott Family Science has engaged nearly 85,000 children and parents from across rural and urban China in fun, hands-on experiments. More than 3,300 Abbott employees have helped to bring science to life through demonstrations featuring everyday items like cups, coins and newspapers. In doing this, they have helped young people understand the value of science in improving people's lives.

In 2016, Abbott Family Science built on the success of that program with the launch of clear online video demonstrations of experiments, which teachers can

conduct in the classroom. Our target is for the videos to engage 70,000 additional children and families across 800 schools by September 2017.

### Operation Discovery

Through Operation Discovery, older children explore the daily work of Abbott scientists in hands-on lab experiments at our facilities. Since 2002, more than 1,000 Abbott scientists have hosted Operation Discovery programs in China, Germany, Ireland, Singapore and the U.S., sharing the tools and techniques they use on the job to develop healthcare innovations. Last year, we expanded the program to four new locations in the U.S. and Ireland. In a 2016 survey, we learned that 95 percent of students participating in Operation Discovery agreed that they enjoyed meeting scientists and engineers, and 82 percent said that the event made them want to learn more about how science and engineering can improve human health.

### The Science of Girl Power

A recent U.S. study, published in the journal *Nature*, found that girls as young as six believe that being “really, really smart” means being a boy. This lack of confidence often stems from a lack of visible female role models in STEM (science, technology, engineering and math) industries. A new campaign from Abbott — to mark the United Nations International Day of Women and Girls in Science — aims to change that. We asked a group of four- and five-year-old girls at our Early Discoveries child development center in Illinois to tell us the questions they would most like to ask female scientists working at Abbott. The film we created from

this session demonstrates the contribution that women make as innovation leaders at Abbott — and shows young girls that science has no gender.

### BUILDING HEALTHY ENVIRONMENTS THROUGH COMMUNITIES

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

#### Sanitation for Better Health in India

More than half of India’s people have no access to toilets and are being forced to defecate in the open, which raises huge risks to their health and that of their neighbors through poor sanitation. In the villages of Dadheda and Talodara in the state of Gujarat, 70 percent of people were without a toilet. Working with a number of respected NGOs, we launched a comprehensive awareness, education and infrastructure program with the aim of helping these villages improve sanitation.

Our objective was to bring about meaningful, sustainable change through a robust series of capacity-building interventions and infrastructure development. Abbott invested \$500,000 to build toilets in households, schools and health centers. In addition, we supported community education efforts to raise awareness of the connections between sanitation and health, delivered through community-based organizations to ensure effective and efficient engagement. We tracked the activities on an ongoing basis through a cloud-based mobile application.

The initiative has yielded positive outcomes. All households in both villages now have access to sanitation facilities and are equipped to handle the maintenance and upkeep of toilets. Additionally, the community has a better understanding of the relationship between sanitation and health. In 2017, we will complete our end-line program evaluation and engage with newly formed village sanitation committees in each village to ensure the sustainability of the intervention.

## INDIA SANITATION PROGRAM RESULTS



**512**  
TOILETS  
CONSTRUCTED

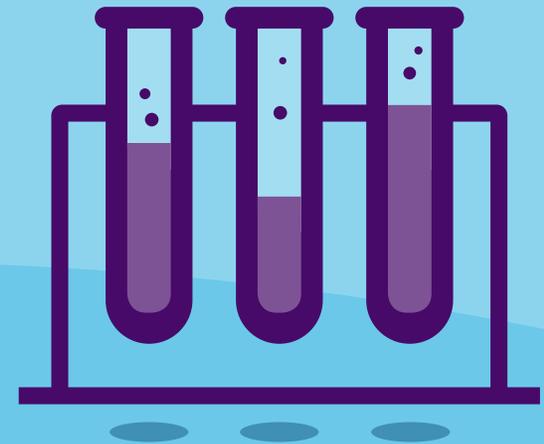
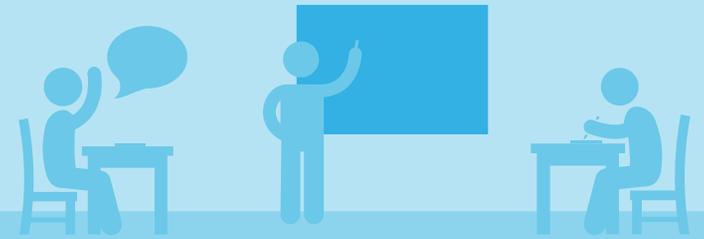
Our partners built 512 new household toilets in the two villages.

**3,150**  
PEOPLE  
REACHED

Our partners reached 3,150 people, providing education on the links between health, hygiene and sanitation; maintenance of toilets; and social inclusion and gender equality.

# INSPIRING THE NEXT GENERATION OF SCIENTISTS AND ENGINEERS

Abbott believes that inspiring the young people of today can produce the science and technology leaders of tomorrow. Our award-winning Family Science program is just one way we inspire kids and demonstrate just how exciting science can be. Working with educators, Abbott scientists and volunteers visit a school or a community center to share fun, hands-on science activities with children and parents. Through exploration and discovery, the program makes science interesting and compelling — and kids and parents share the learning experience.



## OFFERED IN 5 COUNTRIES

IN 2016, ABBOTT FAMILY SCIENCE WAS OFFERED IN CHINA, IRELAND, SINGAPORE, THE U.K. AND 6 LOCATIONS IN THE U.S.

**175,000+**

More than 175,000 students and parents have participated in Abbott Family Science since 2006.

**5,000+**

More than 5,000 Abbott volunteers involved since 2006.

**95%**

Ninety-five percent of parents reported the program motivated them to seek other science education opportunities for their families.

**89%**

Eighty-nine percent of children reported that the program made them want to learn more about science.

### Promoting Active Lifestyles in Brazil

In 2016, Abbott Brazil sought to build fuller lives in Brazil in partnership with the Instituto Esporte & Educação, an organization that aims to contribute to culture and sports in the country. Abbott was one of 2016 sponsors of the organization's Sports Caravan program, which promotes activities to engage children with sports, introducing the benefits of an active lifestyle and healthy living. The organization also runs a comparable Arts Caravan, which provides training workshops and youth leadership programs in literature and communications.

In 2016, Sports and Arts Caravan workshops engaged more than 31,700 children and 2,400 teachers across 205 schools in Brazilian cities with a low-to-medium score on the Human Development Index. The Sports Caravan program specifically raised awareness of the long-term health benefits that come from encouraging regular exercise starting at an early age.

### Disaster Relief

When natural disasters and other emergencies strike, Abbott and the Abbott Fund work closely with our trusted humanitarian relief partners to address both immediate needs and longer-term reconstruction and rehabilitation efforts. We also understand the value of preparation. Abbott is working with Direct Relief and Feeding America to pre-position critical products in high-risk areas across the U.S. ahead of hurricane season. This ensures that the right products are in the right places *before* disaster strikes.

In 2016, Abbott and the Abbott Fund provided more than \$390,000 in product and cash donations in response to severe floods in the U.S., earthquakes in Ecuador and Japan, Hurricane Matthew in Haiti and the U.S., and the water crisis in Flint, Michigan.

## EMPLOYEE SAFETY

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

### HEALTH AND SAFETY MANAGEMENT

Abbott has clear, consistent global policies and standards for managing employee health, safety and productivity, while also protecting the environment.

We regularly evaluate the health and safety performance of all Abbott manufacturing plants, R&D centers and commercial operations sites, using clear technical requirements, with auditing and reporting against specific metrics. Each facility is evaluated regularly against the following categories:

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

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

The strategic plan focuses on four key areas:

- **Performance improvement** – Driving continued reductions in injury and illness rates and environmental metrics
- **Compliance assurance and risk reduction** – Implementing standardized risk assessment processes and enhanced EHS audits
- **Sustainability and social responsibility** – Integrating environmental and product stewardship initiatives into product development
- **People and culture** – Recognizing achievements through our EHS Excellence Awards and maintaining the health of our employees

Improving our performance requires clear lines of accountability and senior-level leadership and support. For more on these roles and responsibilities, and for EHS performance and improvement initiatives, see the [Safeguarding the Environment](#) section of this report.

### REDUCING SAFETY INCIDENTS

We believe that safety is the responsibility of every employee — and that all incidents that compromise our employees' health and safety are preventable.

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

Our two priority safety goals include:

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

Each of our business units is responsible for identifying and addressing areas of concern in health and safety performance, reviewing specific risks and implementing measures to improve performance. We focus additional efforts on manufacturing sites and commercial affiliates that present the greatest opportunities for health and safety performance improvement.

### REDUCING INCIDENTS THAT RESULT IN TIME OFF WORK

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

Between 2010 and 2015, our overall lost-workday case rate declined nearly 53 percent. We are proud to report that in 2016 we continued this trend and reduced lost-time cases to 0.17 cases per 100 employees. We are on track to reach our 2020 goal of 0.15 cases per 100 employees. Acquisitions in 2015 of CFR Pharmaceuticals and Veropharm caused a slight increase in last year's rate. We launched an aggressive EHS integration plan for these sites, which has delivered strong improvements, evidenced by the overall decrease in case rate between 2015 and 2016. We are confident that between now and 2020, our total operations will meet our ambitious goal. We will continue to focus on implementing consistent EHS standards and investing in capital improvements that reduce risk for both continuing operations and recent acquisitions.

In addition to site-specific efforts, we introduced a hand injury prevention initiative and continued implementation of several global programs this year:

- **Hand Injury Prevention** – Significant injuries are rare at Abbott, with an average of five incidents per year over the last five years. In 2016, the majority of

incidents at our manufacturing sites involved injuries to hands. As a result of this trend, we launched a Hand Safety Awareness Campaign. Key components of this campaign include awareness communications and formal review of specific items related to hand safety, such as Lock-Out Tag-Out and Personal Protective Equipment programs.

- **Behavior-Based Safety (BBS) Program** – In 2015, we standardized our BBS program across the company, bringing together best-in-class initiatives from across our business that encourage employees to think and act safely. As part of this process, we collected initial benchmark data on safety behaviors. Last year, we launched a new global data collection system to gather detailed data on safe behavior and identify at-risk behaviors. This year, we will review detailed data to develop Key Performance Indicators (KPIs) to drive behavior change.
- **Slip, Trip and Fall (STF) Campaign** – In 2016, we expanded our comprehensive global Slip, Trip and Fall awareness campaign to draw attention to workplace hazards and help drive injury prevention. Originally focused on our commercial field and office locations, the campaign now includes all employees.
- **Global Health Scorecard** – In early 2011, we launched our Global Health Scorecard, which monitors each site's performance on key occupational health initiatives. The scorecard includes annual performance targets for each year from 2011 to 2020, enabling us to measure performance and optimize employee health offerings across all of our manufacturing sites and commercial affiliates. The Abbott Global Health Scorecard ranks sites according to how many targets they have reached, based on a menu of 15 global health criteria, such as an active pause (stretch) exercise program. In 2016, 100 percent of our manufacturing and R&D sites met the 2016 scorecard targets.



### NEARLY 30% REDUCTION IN LOST-TIME CASE RATE

In 2016, we reduced our lost-time case rate by 29.2 percent to 0.17 cases per 100 employees.

### REDUCING VEHICLE ACCIDENTS

We continue to focus on educating employees with the tools and knowledge necessary to create a culture of safe driving. Our vehicle safety program was designed to help our employees better understand the risks associated with distracted driving. The program encourages field-based employees to use safe driving habits and raises awareness about the risks posed by in-vehicle distractions, such as mobile telephone use. Since the campaign's launch, 100 percent of our commercial business units have taken formal steps to prohibit calling and texting while driving.

In 2016, Abbott conducted an in-depth evaluation of our vehicle crash reporting processes. We reviewed our commercial employees' driving patterns to evaluate whether certain crashes, like those that occur while leaving home to meet customers, should be included in our Commercial EHS metrics. We concluded that we should include these cases in our metrics to better understand the risks to our commercial employees and how to protect them, as well as to bring ourselves in line with industry best practices. In addition, we have continued to integrate recent acquisitions into our fleet safety program and are actively implementing behind-the-wheel training and management reviews in the newly acquired businesses in order to instill our fleet safety culture.

As a result of this evaluation and the inclusion of new acquisitions, our Abbott overall accident rate per million miles driven (APMM) increased to 5.2, an overall crash increase of roughly 25 percent. These metric adjustments affected all divisions. We are firmly committed to meeting our 2020 APMM target of 4.0 and continue to be on pace to achieve our goal.

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

We continued to expand our efforts to provide children with high-quality helmets and raise awareness about the importance of road safety near local schools in Vietnam and India. In 2016, Abbott issued more than 8,300 high-quality helmets and held helmet education classes for teachers, students and parents at 11 primary schools in Vietnam. In India, we collaborated with a local school in Mumbai to educate more than 2,000 students on pedestrian safety. In 2017, we will continue expanding these successful programs to additional schools and engage our employees in these road safety initiatives.



## 463,000+ PLEDGES

Through our campaign for road safety, employees in India raised awareness about road safety and encouraged more than 463,000 people to take ownership of personal road safety.



## 8,300+ HELMETS

Abbott issued more than 8,300 high-quality helmets at 11 primary schools in Vietnam.

### CAMPAGNING FOR ROAD SAFETY THROUGH EMPLOYEES IN INDIA

In 2016, our sales team in India worked to have an even greater impact on road safety locally, launching a nationwide road safety awareness campaign known as iCare. For one day, more than 6,000 members of our sales staff used their regular visits to medical clinics as an opportunity to speak with and educate patients in the waiting rooms about safe driving practices. They shared simple steps for reducing road accidents and injuries, like wearing a helmet and a seat belt, staying alert, obeying speed limits and avoiding mobile phone use while driving. With this initiative and others leveraging the success of our road safety program for Abbott sales staff, we are making a major impact on safe driving across India. To date, our salespeople and other staff members have reached nearly 500,000 people; of those, 463,000 received “In Case of Emergency” cards, promising to take ownership of their personal road safety and to share road safety awareness ideas with friends and relatives. The iCare program extended its reach through 386 employees and 17 schools to educate 18,823 students on pedestrian safety and road safety awareness.

### RECOGNIZING PERFORMANCE

Our Commercial EHS programs have achieved a number of targets and passed a number of milestones. Recognizing these successes is an important part of our drive for continuous improvement, especially given the significant efforts involved on the part of Abbott employees.

Our Commercial EHS Program of the Year and Most Improved Commercial EHS Program awards recognize these efforts. They are awarded following in-depth analysis of EHS-related performance metrics and a comprehensive review of documentation related to each organization’s fleet safety programs and standards. In 2016, we selected India as the Large Affiliate winner and Malaysia as the winner in the Small Affiliate category. The U.S. Program winner was Abbott Medical Optics, and Italy was recognized as Most Improved.

### HEALTH AND WELLNESS

At Abbott, we inspire and motivate our employees with a variety of health and wellness programs to help them live healthy lives. Our education and wellness programs vary from country to country, reflecting local needs, customs and health systems. Most Abbott locations offer on-site influenza immunizations and health screenings. Ninety-eight percent of our sites facilitate employee exercise by offering on-site fitness centers, health club membership subsidies or discounts at sports and recreation clubs. All sites are required by Abbott standards to have a designated healthcare professional responsible for executing health programs based on site-specific hazards and risks.

## HEALTH SCREENINGS AND TRAININGS

Abbott engages more than 100 medical professionals with responsibility for employees' health, safety and well-being. These providers complete medical surveillance of examinations for high-risk working conditions. Abbott health professionals administered more than 31,000 medical surveillance exams in 2016.

As part of our workplace wellness program, occupational health professionals train our employees on methods for preventing and managing a variety of health conditions. This aims to reduce lost time at work and increases productivity while improving health, job satisfaction and self-image for our employees. The Centers for Disease Control have noted the positive impact of such programs on morale, recruitment and retention.

During 2016, occupational health professionals provided training and health activities. Health education programs provided training for approximately 22,500 Abbott employees and contract workers; this is an increase of 25 percent in training participation from the previous year. Specifically, more than 1,100 employees were trained to provide first-aid care and cardiopulmonary resuscitation (CPR) and to use an automated external defibrillator (AED); many also received certifications from local credentialing bodies. All Abbott manufacturing sites and larger affiliate locations are equipped with AED units, based on our global health practices. Worldwide, more than 62,000 workers were engaged in activities designed to promote good health. In total, workers engaged with our occupational health groups on more than 139,000 occasions. The Occupational Health Programs are key initiatives to support health in Abbott and the communities in which we operate.



## 100+ HEALTH PROFESSIONALS

More than 100 health professionals are actively engaged in health and wellness promotion at Abbott sites.

## EXERCISE ACROSS ABBOTT

Exercise Across Abbott is our most popular and long-standing global wellness program, with 18 percent of Abbott employees across 62 countries taking part each year. Employees team up by department or with other colleagues to track how many minutes they exercise each day and compete for prizes in a variety of categories. In 2016, approximately 71 percent of participants consistently increased their weekly exercise for four weeks.

Exercise Across Abbott has inspired similar local programs. In India, approximately 780 employees participated in 2016's Stepathlon, a 100-day event focused on a variety of physical challenges to help employees maintain their health goals.



## 62 COUNTRIES

Employees in 62 countries participated in our global fitness program, Exercise Across Abbott, in 2016.

## LIVELIFEWELL

LiveLifeWell is our integrated wellness program for employees in the United States, where approximately 72 percent of employees and their spouses participate. LiveLifeWell features online health assessment tools, personal health coaching and awareness campaigns and events, as well as on-site immunizations and health screenings. The program helps our employees learn about their health risks and encourages them to make healthy choices.

In 2016, LiveLifeWell continued its focus on emotional, physical and financial health, as well as managing stress, a leading risk factor in today's workplace. We offer tailored support for managers, helping them to grow their leadership skills while managing personal stress; provide specific education and resources for employees who are also adult caregivers; and run programs focused on back health and blood pressure management.

We have also set the stage for our new LiveLifeWell app, which launches in 2017 in the U.S. and Colombia. Available online and via mobile, the app helps employees track how well they eat, how much they exercise and how much sleep they get — and keeps them incentivized through cash-value rewards. The LiveLifeWell app will make it easier to keep wellness top of mind for our employees and will be an important tool for personal health management.

## EMPLOYEE ASSISTANCE PROGRAMS

We provide company-funded employee assistance programs (EAPs) in 23 countries. These programs help employees address personal concerns and provide individual support from mental health experts, who can help identify and resolve issues with health, family, stress, finances, legal concerns and grief. In this way, the programs also help promote a productive and healthy workplace. In 2016, we launched our EAP

services in India through a series of employee town halls and team meetings.

Beyond the expert one-on-one support, EAPs also provide ongoing support for employees and their families in the form of seminars and online education. Topics covered include stress management, care for children and the elderly, depression and personal health. Abbott EAPs also include crisis intervention services and workplace emergency response.

Abbott's EAPs earn high marks from our employees for their effectiveness. In 2016, a survey of employees using our EAPs in the United States found that because of their participation in the service:

- 82 percent reported feeling less stress about their situation.
- 83 percent reported that they were less likely to lose work time due to a personal or family reason.
- 66 percent reported improved productivity on the job.
- 63 percent reported the service saved them one to five hours of personal or work time; 22 percent saved six to 10 hours.

# OPERATING SUSTAINABLY AND RESPONSIBLY

## IN THIS SECTION

### 30 SAFEGUARDING THE ENVIRONMENT ▶

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

### 45 SUPPLY CHAIN EXCELLENCE ▶

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

### 51 VALUING OUR PEOPLE ▶

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

### 59 PRODUCT QUALITY AND SAFETY ▶

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

### 66 PROMOTING ETHICS AND INTEGRITY ▶

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

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

# SAFEGUARDING THE ENVIRONMENT

## IN THIS SECTION

32 ENVIRONMENT, HEALTH  
AND SAFETY MANAGEMENT  
OVERSIGHT ▶

35 ADDRESSING GLOBAL  
CLIMATE CHANGE ▶

39 A COMPREHENSIVE  
WATER STRATEGY ▶

41 WASTE MANAGEMENT ▶

42 PRODUCT STEWARDSHIP ▶

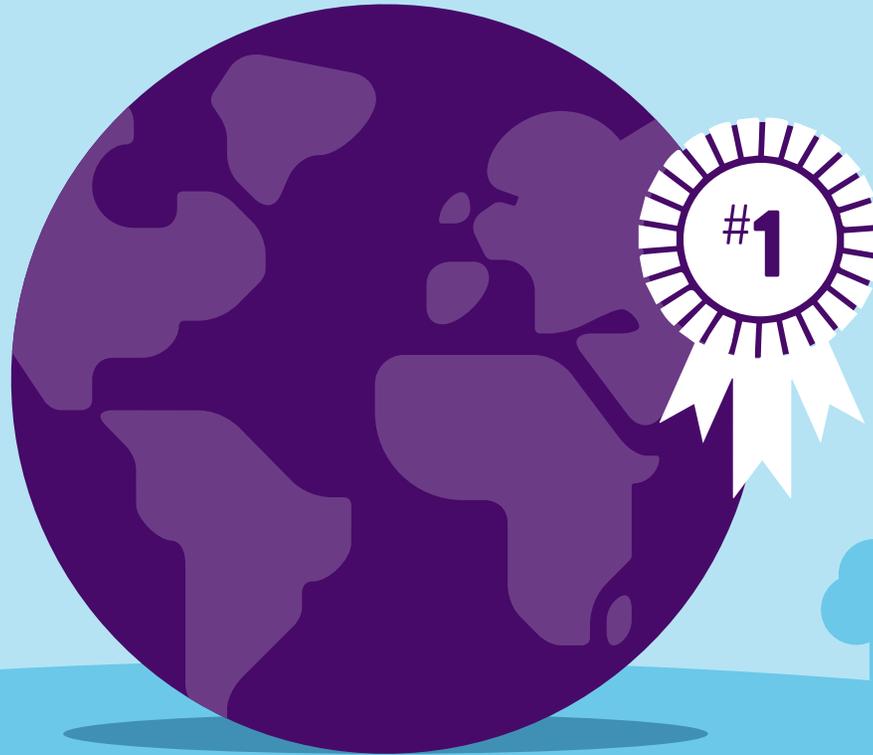
44 ENVIRONMENTAL  
SUSTAINABILITY IN OUR  
COMMUNITIES ▶

## ✔ 2016 HIGHLIGHTS

- Completed more than 130 environmental projects in 2016 to improve waste, water and energy efficiencies, resulting in \$4.6 million in expected annual savings.
- Launched our first company-wide environmental guidelines to make more sustainable choices as projects are executed.
- Achieved Utility Excellence program four-year goal to reduce spend on utilities by 50 percent by 2017, resulting in reduced energy demand and CO<sub>2</sub> emissions.
- Reduced waste sent for treatment and disposal by continually finding ways to reuse material rather than dispose of it; materials sent for reuse now exceed our total waste generated.
- Reduced plastic usage for nutrition product overcaps by 35 percent for each cap by converting to polypropylene.

# ENVIRONMENTAL SUSTAINABILITY AT ABBOTT

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



NO. 1 IN OUR INDUSTRY GROUP FOR ENVIRONMENTAL PERFORMANCE IN DJSI

INCLUDED IN THE CDP LEADERSHIP CATEGORY IN 2016

**\$4.6M IN SAVINGS**

130+ PROJECTS IN 2016 IMPROVED ENVIRONMENTAL PERFORMANCE AND CREATED \$4.6 MILLION IN ESTIMATED SAVINGS.



↓ **28%**  
Reduction in Scope 1 and 2 CO<sub>2</sub>e emissions since 2010\*

---

↓ **40%**  
Goal by 2020\*

## REDUCING CARBON EMISSIONS

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



↓ **18%**  
Reduction in water intake since 2010\*

---

↓ **30%**  
Goal by 2020\*

## CONSERVING WATER

We are working to map our water footprint and reduce our water intake and are improving access to clean water through product innovation.



↓ **39%**  
Reduction in waste since 2010\*

---

↓ **50%**  
Goal by 2020\*

## ELIMINATING WASTE

Abbott strives continuously to eliminate waste from our operations, and to repurpose any waste that is unavoidable. We have achieved zero-waste-to-landfill efforts in 12 countries.



↓ **6.3%**  
Annualized reductions since 2010

---

↓ **10%**  
Annualized reductions by 2020

## REDUCING PACKAGING

Looking at packaging through a sustainability lens enables us to consider environmental impacts throughout the product lifecycle. Achieving this goal will eliminate 30 million pounds of packaging from our supply chain by 2020.

\* Normalized by sales

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

Our environmental initiatives aim to protect the planet while improving efficiency, reducing costs and preserving our ability to do business in the future. We follow an Abbott tradition of environmental stewardship, while being guided by national and international regulations and seeking feedback from our stakeholders.

In addition to fostering a healthy and productive work environment, our Environment, Health and Safety (EHS) strategy commits us to improving efficiency and sustainability for our business and products, reducing greenhouse gas (GHG) emissions, water use and waste, while strengthening EHS practices across the business.

130+ ENVIRONMENTAL PROJECTS

\$4.6M IN EXPECTED ANNUAL SAVINGS

In 2016, we implemented over 130 environmental projects to improve waste, water and energy efficiencies toward our 2020 goals. Moving forward, these projects are expected to result in more than \$4.6 million in savings annually.

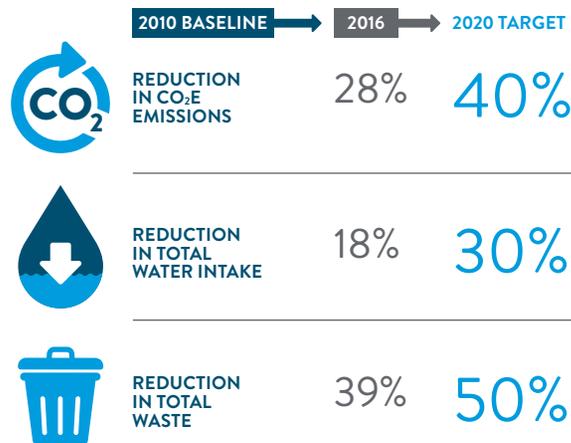
### PROGRESS TOWARD AMBITIOUS TARGETS

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

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

To meet the 2020 targets, each business unit sets and tracks progress toward individual environmental goals on an annual basis. Cumulatively, Abbott’s divisions met all 2016 CO<sub>2</sub>e and waste goals and were within 2 percent of meeting the water goals.

### 2020 ENVIRONMENTAL GOALS PROGRESS



### ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT OVERSIGHT

Our environmental impacts are closely interconnected, and our approach to managing them must be integrated, as well. Our management and governance systems reflect our three priorities and incorporate them within our day-to-day planning and business processes.

Improving our performance requires clear lines of accountability and senior-level leadership and support. A key role is taken by our Senior Vice President, Quality Assurance, Regulatory and Engineering Services, a senior corporate officer who reports to our Chairman and CEO. The responsibilities for this role include reviewing our environmental metrics, key programs and progress regularly, and reporting key developments to our Chairman and CEO, as well as executive staff, on a quarterly basis. Additionally, the following groups are responsible for implementing our EHS programs and initiatives.

**Global Operations Council** – This body oversees the strategy for all Abbott operations (manufacturing, supply chain, engineering and environment, health and safety) and deploys the necessary resources based on internal assessment, risk profiles and industry best practices. The council is chaired by our Senior Vice President, Quality Assurance, Regulatory and Engineering Services and is comprised of key internal regulatory leadership.

**Commercial Environment, Health and Safety Executive Council** – This council sets priorities and establishes EHS goals and objectives for our operations around the world. This includes driver safety, reducing vehicular accidents among the sales force and reducing GHG emissions from fleet vehicles. It also includes global community outreach initiatives related to vehicle and pedestrian safety in commercial emerging markets. The Executive Vice President (EVP) of Established

Pharmaceuticals, a senior corporate officer, chairs this group and reports directly to our Chairman and CEO.

### Environment, Health and Safety Leadership Council

– This group manages programs and sets targets in accordance with the priorities set by the Global Operations Council and the Commercial EHS Executive Council. Led by the Division Vice President of Compliance and Operations Services, the council consists of EHS leads from each of our operating businesses and the corporate EHS team. The council meets regularly to share best practices and discuss EHS issues with company-wide implications. It also builds awareness of EHS performance and improvement initiatives, promotes our [EHS awards program](#) and supports EHS training and conferences.

### MANAGEMENT, POLICIES AND STANDARDS

We must always operate in a way that protects human health and the environment. This requires clear policies, standards and systems for environmental management. We regularly evaluate our environmental management metrics and our auditing and reporting mechanisms to check that they meet their purposes. Managers are responsible for improving their environmental performance against agreed-upon goals, as part of their annual performance appraisals.

We apply the principles of our EHS management system in all aspects of the business, with the aim of reducing greenhouse gas emissions, water use and waste:

- **Environment, Energy and Water Policies** – These policies confirm our commitment to managing our environmental footprint, including reducing CO<sub>2</sub>e emissions, managing water responsibly and measuring performance. These [policies](#) are available on our website.
- **Corporate Environmental Guidelines** – These guidelines govern our approach to developing new Abbott sites and modifying existing ones, as well as

other environment-specific improvement projects. They aim to reduce the environmental impact of these projects throughout their life cycle and include evaluation frameworks, best-practice technologies, operational processes and controls and best management practices.

#### NEW GUIDELINES FOR FACILITIES

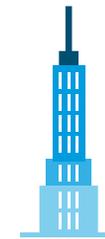
When Abbott constructs new facilities or modifies existing ones, we create an opportunity to positively influence our environmental performance.

In 2016, we launched Abbott's first company-wide environmental guidelines, which will help our engineers, project planners and operations employees identify the full environmental impact of their projects – and make more sustainable choices as projects are executed. Developed by a dedicated team of internal and external experts, the new guidelines cover energy, water and waste, helping to raise awareness of potential issues and showing how to align projects with Abbott's environmental standards.

This past year, our Corporate Engineering and Global EHS teams also launched a joint global initiative to predict how capital investment projects will affect our environmental performance.

- **Global EHS Audits** – These assessments identify potential risks to employees, the environment and the company, and ensure all of our sites comply with internal standards and regulatory requirements. Our audit program aims to foster continuous improvement by developing our employees' expertise and sharing best practices. Audit teams include subject matter experts who provide knowledge of local standards and external perspectives on compliance. Abbott EHS also partners with commercial management to complete on-site gap audits for all of our affiliates, in order to ensure sustainable compliance and program improvement.

- **EHS Reporting and Assurance** – Our environmental and safety data is verified externally by the independent company Bureau Veritas. A copy of the [verification statement](#) is provided on our website.
- **ISO Certification** – Abbott has established our own environmental technical and management standards that closely mirror ISO standards. This ensures that our management systems operate in accordance with recognized environmental practices and regulatory requirements. Our sites and divisions pursue additional external certifications where there is recognizable value to our business in doing so. In 2016, Abbott's ISO 14001 certified sites increased from 27 to 36 percent, including all manufacturing facilities in Abbott's Diagnostics division. Similarly in 2016, 21 percent of our sites were ISO 50001 certified, including all manufacturing facilities in our Nutrition division, three facilities in our Diagnostics division and two in our Established Pharmaceuticals division; this represents an increase of 7 percent from 2015.
- **Acquisitions and Divestures** – Abbott completes environmental due diligence related to all acquisitions and divestures to identify and properly mitigate any environmental liabilities. Additionally, all business acquisitions undergo an established process to integrate Abbott EHS management practices to meet Abbott standards.



#### 14 LEED-CERTIFIED FACILITIES

Abbott has 14 LEED-certified facilities – including two gold and seven silver certifications – throughout the world. Our LEED-certified space equals 2.95 million square feet; that's slightly bigger than the Empire State Building in New York City. Three additional certifications will be completed in 2017.

## RECOGNIZING SUCCESS: EHS AWARDS PROGRAM

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

### Plant of the Year

The Plant of the Year Awards honor sites for their overall EHS performance. Each year, we select one winner for each of the Large Plant and Small Plant categories. Winning plants have a proven record of superior performance and excellence in their EHS programs overall, as well as compliance, business processes and management. We measure this through evaluation-rating processes similar to those of the Dow Jones Sustainability Index (DJSI) and the CDP (formerly the Carbon Disclosure Project). Competition for the awards has increased significantly in recent years, as sites improve their EHS performances. In 2016, 55 Abbott manufacturing plants competed for the awards.

### EHS PLANT OF THE YEAR – LARGE PLANT

The Abbott Nutrition Supply Chain facility in Zwolle, Netherlands, is our most recent EHS Large Plant of the Year. Zwolle demonstrated continued leadership in promoting an EHS culture grounded in ongoing improvements and plant-wide support. The plant maintained a proactive community outreach program to raise awareness of EHS practices, retained zero waste to landfill and also gained ISO 50001 energy certification. Our Zwolle plant also reduced its total waste by 53 percent between 2010 and 2016, improved its already extensive behavior-based safety (BBS) program and implemented other continuous improvement projects.

### EHS PLANT OF THE YEAR – SMALL PLANT

Our Established Pharmaceuticals facility in Rio de Janeiro, Brazil, earned the title of Small Plant of the Year, in large part through its robust waste management program, which includes Zero-Waste-to-Landfill certification and an 11 percent waste reduction across its operations since 2010. The facility demonstrates a strong EHS culture, with management support across the plant, achievement of significant EHS goals and continuous improvement processes and initiatives. Community outreach efforts are another feature of the Rio facility, including a wastewater treatment workshop for local children and several awards recognizing its strong EHS performance.

### Global EHS Excellence Awards

Our Global EHS Excellence Awards recognize teams or individuals that excel in specific areas of EHS management, as well as recognizing actions accomplished within a specific program. The waste reduction team at our Established Pharmaceuticals facility in Baddi, India, was among the nine recipients in 2016. The Baddi team implemented a waste tracking system that drove a total waste reduction of 75 percent between 2010 and 2016, including a 100 percent reduction in operations waste generated from boiler going to landfill, a 94 percent reduction in glass waste and a 69 percent reduction in wood waste. As another example, at our Diagnostics facility in Wiesbaden, Germany, engineering and EHS teams partnered to develop a comprehensive ISO 50001 certified energy management system.

## High Performance Awards

In 2016, EHS implemented a High Performance Awards program, which is designed to identify and recognize Abbott manufacturing sites for specific EHS programs that demonstrate effective and consistent implementation of high-performing best practices. Programs are evaluated in detail against model criteria and are recognized as a benchmark for others. The High Performance Awards currently cover air (including energy and GHG emissions), water and waste programs.

### HIGH PERFORMANCE IN WASTE MANAGEMENT

Abbott's Diabetes Care facility in Donegal, Ireland, received the High Performance Award for Waste Management after achieving consistent reductions in absolute waste volumes since 2012 and normalized reductions since 2011. In a year of its highest production since opening in 2006, the site achieved its lowest quantity of waste generated when normalized to production. Donegal has created an integrated waste management program to identify waste reduction opportunities, which includes a materials road map, insourcing, yield performance, strategic planning and training and awareness.

Best practices include waste reduction targets linked to Abbott's 2020 corporate goals, Zero Waste to Landfill certification since 2013, targeted waste reduction programs involving the participation and training of all staff on-site, regular opportunity assessments and a partnership with local schools to educate children about waste management. As a result of these efforts, between 2012 and 2016, Donegal reduced waste generated by 246 U.S. tons, the equivalent of some 123 automobiles.

### HIGH PERFORMANCE IN WATER MANAGEMENT

Abbott's Nutrition facility in Jiaying, China, received the High Performance Award for Water Management after achieving reductions in its absolute and normalized volumes since its startup in 2014. Jiaying's water program maintains clear targets and goals, an assessment process for identifying water-saving opportunities, an active preventive maintenance program and employee awareness campaigns and training. With 18 water meters measuring actual flow in strategic areas throughout the operation, the site has a firm understanding of its high-use areas and has focused its reduction efforts in these areas. The site's robust monitoring program also allows for real-time identification and correction of problems in areas with higher than expected water flow. Through these water reduction programs, Jiaying reduced its total water intake by 9 percent in 2015 and 22 percent in 2016, averaging more than 13 million gallons per year.

### EMPLOYEE ENGAGEMENT INITIATIVES

Internal engagement is vital for reducing our environmental impact. Abbott strives to help our employees understand how they can contribute to reducing energy and water use and to empower action at all levels of our organization. At our Diagnostics facility in Des Plaines, Illinois, EHS and Business Excellence teams came together to install clear signage across all areas of the site, significantly improving understanding of EHS expectations and encouraging personal accountability. The signage raises awareness of EHS priorities, such as near-miss reporting and biological and chemical materials inventories.

Our Established Pharmaceuticals plant in Rio de Janeiro, Brazil, runs an always-on communications campaign to engage employees in reducing our environmental footprint. Called Menos é Mais (Less Is More), the campaign includes a competition to submit ideas for reducing environmental impact. In 2015, more than 280 employees participated in this competition, generating 69 ideas for saving energy and

water. As a result, several initiatives were implemented in 2016, including more efficient restroom and shower fixtures in the plant, consolidated composting and more efficient LED lamps in external and warehouse areas.

### ADDRESSING GLOBAL CLIMATE CHANGE

Climate change represents a serious threat to healthy living environments worldwide. Extreme weather patterns and water scarcity could lead to significant changes in the nature of global diseases and their impact on people's opportunities to live healthy lives. Between 2016 and 2030, it is estimated that climate change will contribute to an additional 250,000 deaths per year from malnutrition, malaria, diarrheal disease and heat stress.<sup>†</sup> Climate change also poses challenges to our supply chain, our operations and our distribution network.

Policy and individual choices have the potential to reduce greenhouse gas emissions and safeguard health worldwide. As a global healthcare company, we are committed to taking action to prevent climate change and its damaging effects. As a business committed to enabling fuller lives through better health, we also take action to address the predicted consequences of climate change on our ability to address global healthcare needs.

We work within international commitments and frameworks, like the CDP (formerly the Carbon Disclosure Project) to reduce our direct GHG emissions and those throughout our supply chain. Our Climate Responsible Energy Policy and Energy Guidelines direct our efforts in these areas. Our policies and carbon reduction initiatives help protect the planet while improving efficiency, reducing costs and preserving our ability to do business in the future.

### ABBOTT'S CARBON FOOTPRINT

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

### SCOPE 1 AND 2 EMISSIONS

Abbott has been measuring and managing our direct emissions since 2000 and participating in CDP emissions reporting programs since 2004. CDP, formerly known as the Carbon Disclosure Project, is an international initiative that provides an important framework for measuring and managing our emissions. In 2016, Abbott improved our CDP score to an A-, placing our business in the Leadership Category of CDP climate change participants.\* This recognition reflects year-on-year improvements in our emissions performance, and represents our understanding of the risks and opportunities presented by climate change.

In addition to fostering greater transparency, this work has identified our three most significant areas of climate change impact: manufacturing fuel combustion,

\*Until now, companies have received two separate scores: a numerical score (up to 100) to represent the level of disclosure, and a letter score (A–E) to illustrate sustainability performance. However, as of this year, companies receive only one letter score to represent their overall level of engagement on sustainability. The grades (D–A) represent thresholds for Disclosure (D), Awareness (C), Management (B) and Leadership (A). Abbott increased from a score of B 99 in 2015, to A- in 2016.

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

## SCOPE 1 & 2 CARBON EMISSIONS

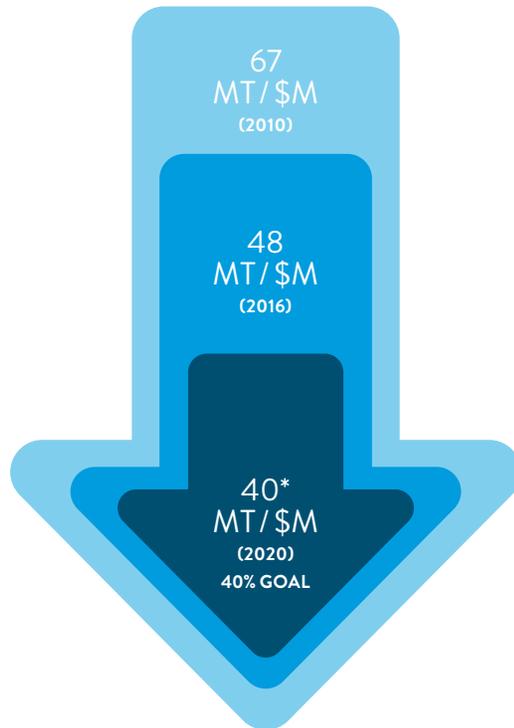
(Metric tons per \$ million sales)

↓ 28%

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

↓ 40%

GOAL BY 2020



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

electricity use and global fleet, which together represent more than 90 percent of our Scope 1 and 2 emissions. We have developed a comprehensive management program to address these impacts, including increasing energy efficiency across our operations and integrating green engineering technologies and concepts into our projects.

These actions have resulted in a 9 percent reduction in our absolute energy consumption since 2010, along with a 14 percent reduction in absolute GHG emissions, as measured using the Greenhouse Gas Protocol Scope 2 location-based method. When the growth in our sales is taken into account, we have reduced energy consumption by 24 percent and GHG emissions by 28 percent compared to 2010. In 2016, our absolute energy consumption and CO<sub>2</sub>e emissions decreased 0.5 percent and increased 0.2 percent, respectively, from 2015. This reduction was due in large part to our focused efforts on improved technologies and energy efficiency, as well as our Utility Excellence program, which is focused on improving energy efficiency in our nutrition business.

In January 2015, new GHG Scope 2 dual reporting guidance was released. To align with this, we have also calculated and verified our 2016 Scope 2 emissions using the market-based method. Measured by this method, our Scope 2 emissions are 547,000 metric tons, which is 6 percent higher than our figure calculated using the location-based method.

### SCOPE 3 EMISSIONS

Abbott's carbon footprint reaches far beyond the emissions associated with our own direct operations. We estimate that the emissions indirectly resulting from our activities (known as Scope 3 emissions) are eight times our Scope 1 and 2 emissions combined.

As for most global companies, Scope 3 emissions include 15 categories, 10 of which apply to Abbott, and we

have quantified our GHG emissions in each of these. We assess Scope 3 emissions using the methodology outlined in the World Business Council for Sustainable Development/World Resources Institute Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. We have quantified GHG emissions for the applicable Scope 3 categories and have identified areas where we may be able to potentially influence emissions. These sources include emissions from purchased goods and services, product use and disposal, transportation and distribution, commercial business travel, waste management and employee commuting.

We have also verified our 2016 Scope 3 GHG emissions related to business travel and operational waste through our third-party assurance process. Our business travel emissions are roughly 134,000 metric tons CO<sub>2</sub>e, which is about 2 percent of our Scope 3 emissions and 13 percent of our Scope 1 and 2 emissions. By implementing policies that focus on reducing travel, including using virtual meeting technology, we have reduced emissions related to business travel activities over the past few years.

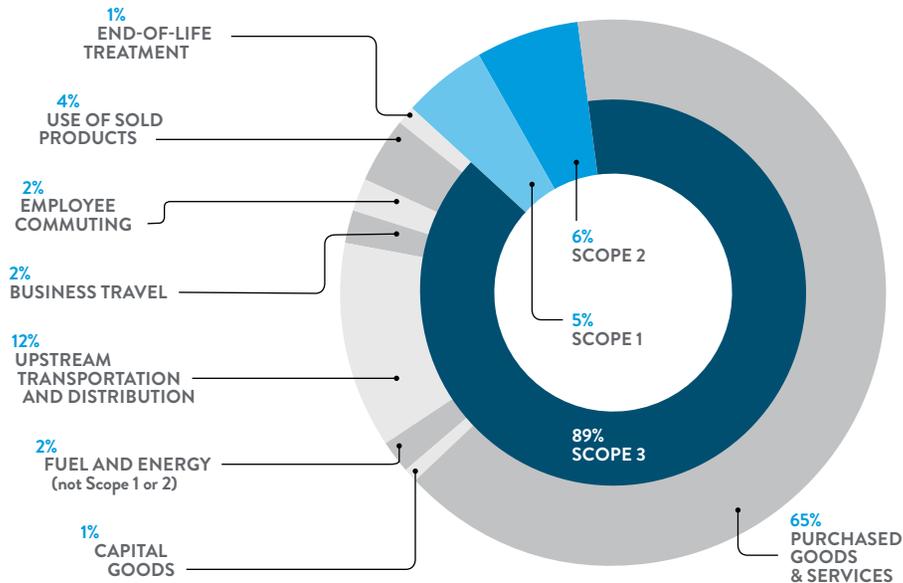
Emissions resulting from waste from our operations were 9,541 metric tons CO<sub>2</sub>e in 2016. We are actively working to reduce these emissions by generating less waste and minimizing the amount of waste sent to landfill. Since 2010, we have reduced waste to landfill by 54 percent. These landfill reductions, coupled with an overall waste reduction of 27 percent, have helped reduce our GHG emissions by 11,000 metric tons compared to 2010, effectively halving our impact in this area.

We are committed to working across our global value chain to reduce our emissions and encourage our suppliers, distributors and other stakeholders to manage and reduce their impacts. To facilitate this process,

## ABBOTT'S CARBON FOOTPRINT

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

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



Abbott joined the CDP Supply Chain Program in 2013 and has been an active member for the past four years. For more information on our involvement with the CDP Supply Chain Program and our broader efforts to address supply chain emissions, please see the [Supply Chain Excellence](#) section of this report.

### REDUCING OUR CARBON FOOTPRINT

To meet our ambitious carbon emissions reduction target, we are switching to the use of low-carbon fuels, cogeneration and renewable energy in many of our operations.

Our Climate Responsible Energy Policy provides guidance and goals to help our employees around the world manage energy use and related emissions. Our policy focuses on increasing energy efficiency in our manufacturing operations, investing in low-carbon

energy, improving efficiency within our transportation fleet, encouraging a lower carbon footprint within our supply chain and publicly reporting our performance.

Our Energy Community of Practice includes representatives from our most energy-intensive businesses. The council works to monitor, evaluate and reduce our total energy consumption, and promotes energy conservation and alternative energy projects.

Through our numerous energy management initiatives, we:

- Perform energy audits to identify energy conservation opportunities;
- Share best-in-class energy practices;
- Evaluate and test new energy conservation technologies;

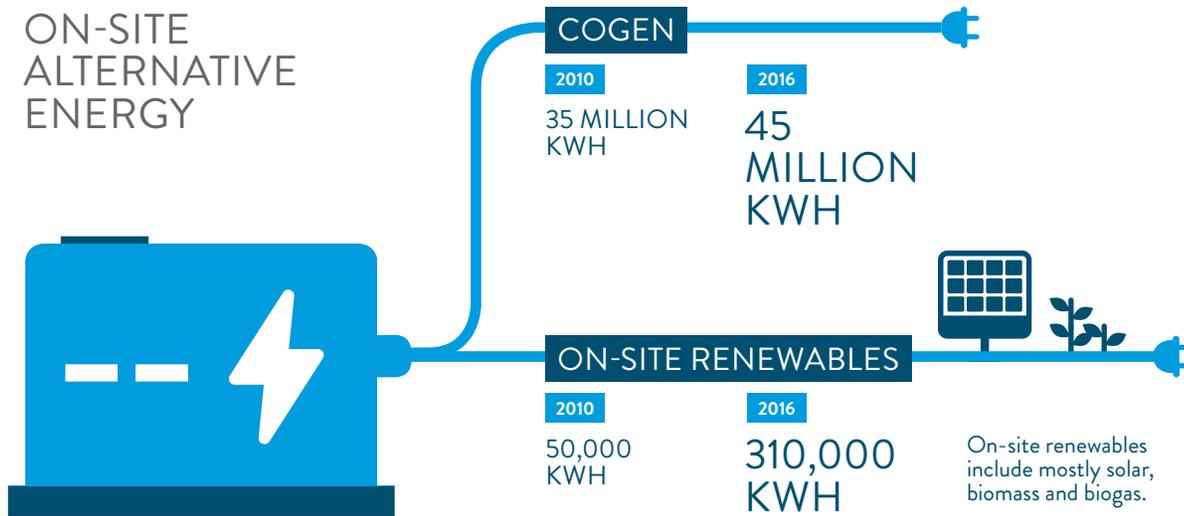
- Prioritize and allocate funding for projects that reduce carbon and energy;
- Source low-carbon fuels;
- Negotiate competitive energy contracts; and implement financial hedges to reduce price volatility.

### UTILITY EXCELLENCE PROGRAM

The manufacturing of Abbott's nutrition products is particularly energy- and water-intensive, accounting for around 19 percent of our GHG emissions related to manufacturing and 14 percent of our water intake normalized to sales from 2010. This is why Abbott's nutrition business launched the Utility Excellence (UEX) program in February 2013. The Utility Excellence program met its goal to reduce our spend on utilities by 50 percent by 2017.

Abbott's nutrition team has established UEx teams at 14 sites, embarking on a journey to transform site culture through employee awareness and engagement. In 2016, the UEx team delivered \$7 million in sustainable utility savings and completed energy assessments at all sites, which identified an additional \$12 million in potential savings to help build a pipeline to meet our 2020 goals. A global workshop was facilitated at all sites in Ireland to drive best-practice replications. A total of 107 items were identified, and the UEx team continues to track and share data. Our site in Columbus, Ohio, also piloted a weekly continuous assessment process in 2016, which all large sites are aiming to replicate in 2017. A data analytics pilot was rolled out at the Cootehill, Ireland, site, which presents an interesting replication opportunity for piloting sites in 2017.

## ON-SITE ALTERNATIVE ENERGY



### UTILITY EXCELLENCE PROGRAM

The Utility Excellence (UEX) program met its goal to reduce spend on utilities by 50 percent by 2017.

Beyond our own energy production, we purchase electricity from utility providers that include above-average renewable generation in their energy mix, particularly in Europe.

### COGENERATION AND RENEWABLE ENERGY

During 2016, six of our facilities utilized cogeneration units, which are power-generating units that capture unused heat for other practical uses. These six units generate 45 million kilowatt hours (kWh) of electricity over the course of a year. During 2016, we also generated 310,000 kWh of renewable energy at our sites, primarily through solar power. These efforts have increased our on-site renewable energy generation sixfold compared to 2010 and increased our on-site cogeneration by 28 percent across all manufacturing locations.



# 34

ENERGY EFFICIENCY PROCESS AND TECHNOLOGY PROJECTS WERE IMPLEMENTED IN 2016

### ENERGY EFFICIENCY PROCESS AND TECHNOLOGY PROJECTS

2016 project highlights included:

- A new boiler system at our Nutrition facility in Cootehill, Ireland, replaced three dual-fueled boilers with two highly efficient natural gas steam boilers and four combined heat and power units, resulting in a carbon emissions reduction of approximately 8,000 metric tons per year.
- A larger trash compactor at our Diabetes Care facility in Witney, U.K., reduced the number of waste collections and eliminated 5,800 miles driven by trash trucks and the related carbon emissions, while generating \$13,600 in annual savings.
- A cogeneration facility and solar photovoltaic units were installed at our Diagnostics facility in Wiesbaden, Germany. Combined with other energy efficiency efforts in 2016, this resulted in CO<sub>2</sub> emissions being reduced by 1,406 metric tons, or 13 percent of total emissions.
- Utilities scheduling improvements at our facilities in Abbott Park, Illinois, resulted in energy savings of 1,700,000 kWh and a \$100,000 annual reduction in energy costs.
- A new can-rinsing process at our Nutrition facility in Sturgis, Michigan, reduced the environmental footprint by 4.7 million gallons of water and 916,822 kWh of gas and electricity, which equates to 267 metric tons in CO<sub>2</sub> emissions reductions and \$23,400 in annual sewer costs.
- At our Shanghai Cleaner Production Center (SCPC) in China, annual electricity, fuel and water savings resulted in the facility being awarded Cleaner Production Certification.

### MINIMIZING THE IMPACT OF OUR FLEET

Changes in our vehicle-leasing program in the United States have improved the carbon profile of our 2,652-vehicle fleet over recent years, with nearly 17 percent of our fleet now comprised of hybrid vehicles. We have also installed vehicle charging stations at various facilities and converted some of the vehicles at our headquarters campus to run on electricity.

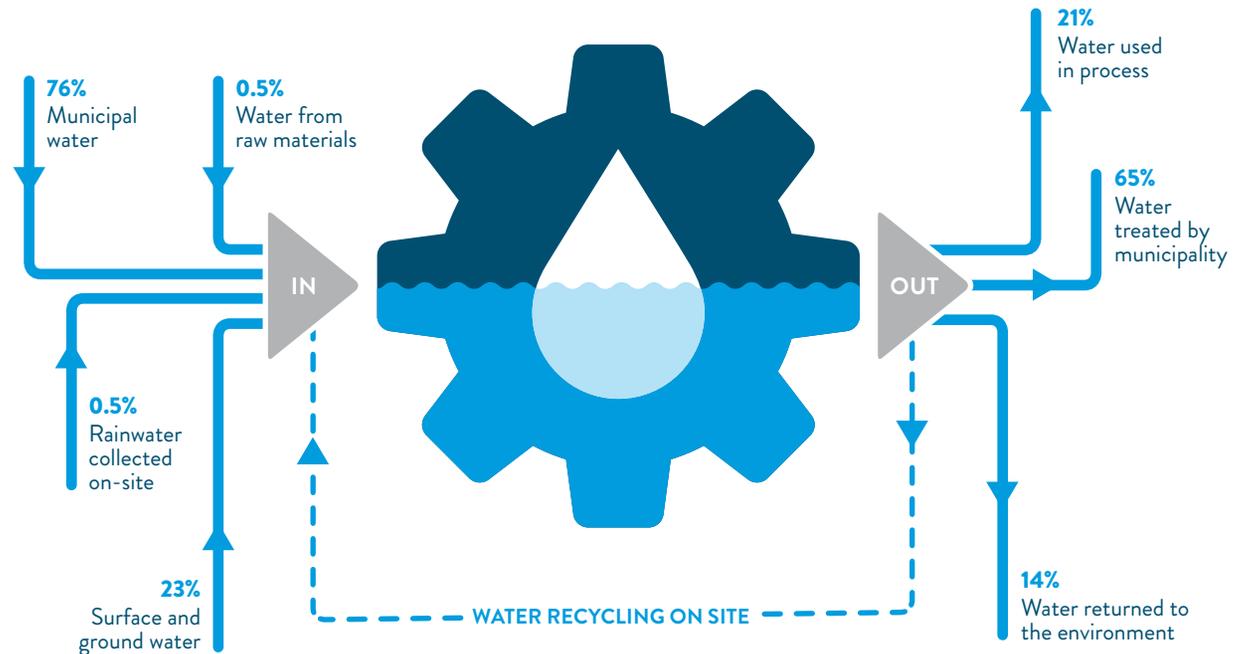
We are applying the learnings from our U.S. vehicle leasing program across our international vehicle fleet in 2017.

### TELEMATICS INTRODUCED ACROSS U.K. COMPANY CAR FLEET

In 2013, we introduced telematics across our U.K. company car fleet to track vehicle operation and provide feedback on driving styles. GPS technology provides data on vehicle location, speed, acceleration and the extent of impact in the event of an accident, encouraging safer behavior on the roads. It also encourages fuel-efficient driving, with annual fuel consumption savings of 10 percent, or 157 metric tons of carbon emissions. In 2016, tighter sensitivities were implemented, further improving fuel savings and driver behaviors.



### UNDERSTANDING OUR WATER FOOTPRINT



### A COMPREHENSIVE WATER STRATEGY

Clean water is a critical resource, essential for human health and for the health of economies and ecosystems. Climate change, increasing water scarcity, population growth, demographic changes and urbanization all pose challenges to our global water supply. By 2025, half of the world’s population will be living in water-stressed areas.\* The world needs better management of all water resources, and reuse of wastewater to recover water, nutrients and energy is becoming an important part of the strategy.

Access to water is essential for our manufacturing operations. It also plays a critical role in the use of many of our products. Abbott is committed to managing our water use in an efficient, sustainable manner and to improving access to clean water for communities. Our recently updated [Water Position Statement](#) and Water Use Guidelines incorporate our commitment to using water responsibly. We also work with communities to improve their access to clean water and to encourage water management and conservation.

### REDUCING OUR WATER FOOTPRINT

Our aim is to reduce our company’s total water intake by 30 percent by 2020, compared to 2010 and adjusted for sales. During 2016, we succeeded in reducing our water

\* [who.int/mediacentre/factsheets/fs391/en/](http://who.int/mediacentre/factsheets/fs391/en/)

use by 94 million gallons compared to 2010, meaning that we have now lowered our total worldwide water intake by 3 percent on an absolute basis and 18 percent on a sales-adjusted basis since 2010. These savings were achieved through innovative approaches that include more water-efficient technologies, changes to our manufacturing and maintenance processes and the recycling of water.

We use global water risk mapping tools from the World Resource Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) to identify which of our manufacturing plants operate in water-stressed regions. Mapping our sites in this way helps inform how we communicate about our water challenges and drives change. It also allows our company to focus on the manufacturing sites at greatest risk of water supply interruptions now and in the future.

Sites that are identified as significant water users, or that operate in water-stressed regions, are required to have a water management plan and perform detailed local water analyses. They must identify the impact of their water use on communities and the environment and develop water strategies and performance targets for reducing their water risks. In 2016, 26 of our manufacturing sites operated in water-stressed regions, with their water use representing 15 percent of Abbott's total water intake.

Abbott has participated in the CDP Water Disclosure program since 2010. This has allowed us to share critical data on our water performance while gaining valuable insight into the water performance of other companies in the healthcare sector and beyond. In 2016, we improved our water score from a B- to a B, maintaining a management-level rating for our water stewardship program and performing above the industry average of B-.

## WATER INTAKE REDUCTIONS

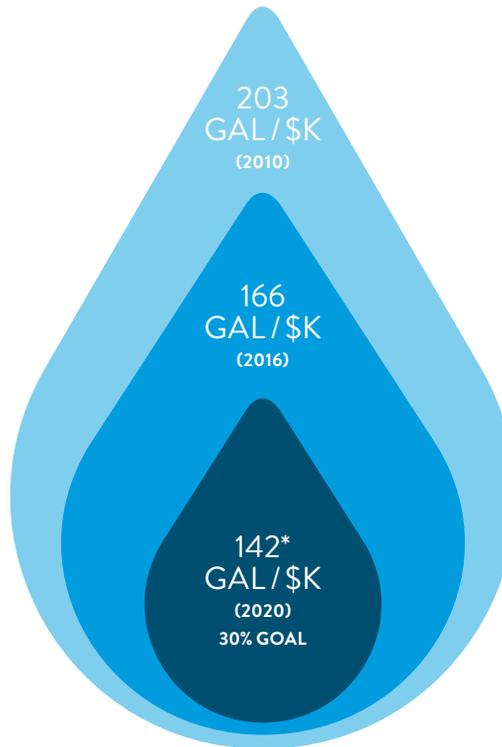
(Gallons per \$1,000 Sales)

↓18%

LESS GALLONS PER \$1,000 SALES SINCE 2010

↓30%

GOAL BY 2020



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

37

WATER EFFICIENCY AND REDUCTION PROJECTS WERE IMPLEMENTED IN 2016

2016 water-related projects include:

- Through multiple water reduction activities, our Established Pharmaceuticals facility in Victoriaville, Canada – the seventh largest user of water among all Abbott locations worldwide – reduced water use by 4 percent. This reduction is all the more remarkable because the facility boasted a 26 percent increase in production between 2015 and 2016. Building on this success, Victoriaville has planned additional water reduction initiatives through 2018.
- A water conservation project was implemented at our Vascular facility in Santa Clara, California, that supplies reclaimed water from manufacturing processes to the site's cooling towers and irrigation system. This project recycles 10 million gallons of water and reduces fresh water consumption by 60 percent, saving \$44,000 annually.
- A project to recirculate cooling water and prevent unnecessary water use at our Nutrition facility in Cootehill, Ireland, reduced water use by 18 percent, the equivalent of 634 gallons of water per ton of product produced.
- Water efficiency projects, including a new cleaning process for manufacturing tanks and equipment, were implemented at our Established Pharmaceuticals facility in Tlalpan, Mexico. These projects reduced water intake by 1.5 million gallons per year.
- A rooftop rainwater capture and storage system at our Vascular facility in Clonmel, Ireland, reduced the purchase of municipal water by 25 percent.

## WASTE MANAGEMENT

The world's resources are finite, and even renewable resources are being used faster than they can regenerate. Waste continues to increase, landfill space is rapidly shrinking, and access to acceptable waste disposal facilities is limited. This makes improving waste management a priority, both for our business and for the planet. It improves operating efficiency, reduces costs and cuts demand for virgin resources, reducing our environmental impact.

Abbott strives continuously to eliminate waste from our operations and to repurpose any waste that is unavoidable. We follow a five-step waste management model.

### FIVE-STEP WASTE MANAGEMENT MODEL



## REDUCING OUR WASTE FOOTPRINT

Abbott strives to find ethical, economical and efficient ways to reduce the volume and toxicity of waste and to conserve and recover resources to the greatest extent possible. Our goal is to reduce the total waste we generate by 50 percent by 2020, compared to 2010 and adjusted for sales. We collect key waste performance data across all operations and have technical standards and guidelines to drive waste reduction. By the end of 2016, we had achieved a 27 percent reduction in our absolute volume of waste and a 39 percent reduction when adjusted for sales compared to 2010. During 2016, we reduced waste by 3,914 U.S. tons, or 6 percent on an absolute basis, by reducing waste at the source and identifying opportunities for reuse.

### Zero Waste to Landfill

Abbott launched our Zero Waste to Landfill (ZWL) program in 2012 to eliminate waste sent to a landfill across our sites through a combination of recycling, composting and environmentally responsible incineration. This program results in improved waste efficiency, cost savings and reductions in our carbon footprint, while also engaging employees in our environmental initiatives. Subsequently, 23 Abbott manufacturing facilities and five non-manufacturing facilities across 12 countries have achieved ZWL status, helping to reduce the total amount of waste that our business sends to landfill by more than 50 percent.

## WASTE REDUCTIONS

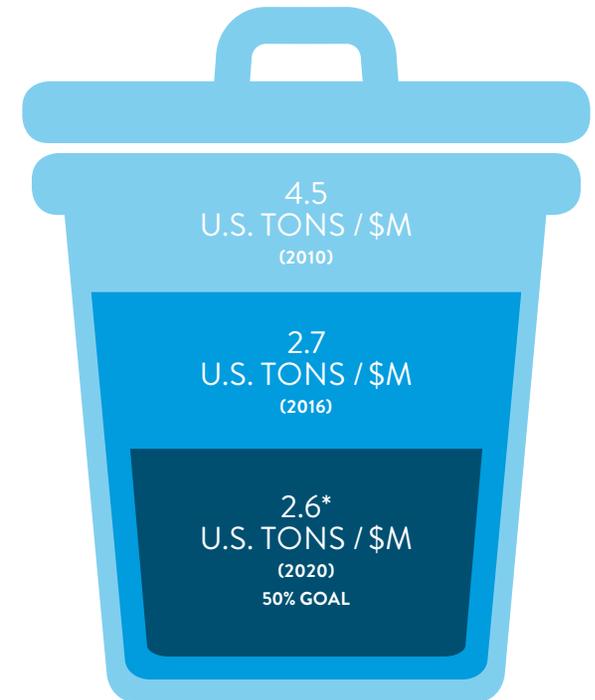
(U.S. tons per \$ million sales)

↓ **39%**

**LESS WASTE PER \$ MILLION SALES SINCE 2010**

↓ **50%**

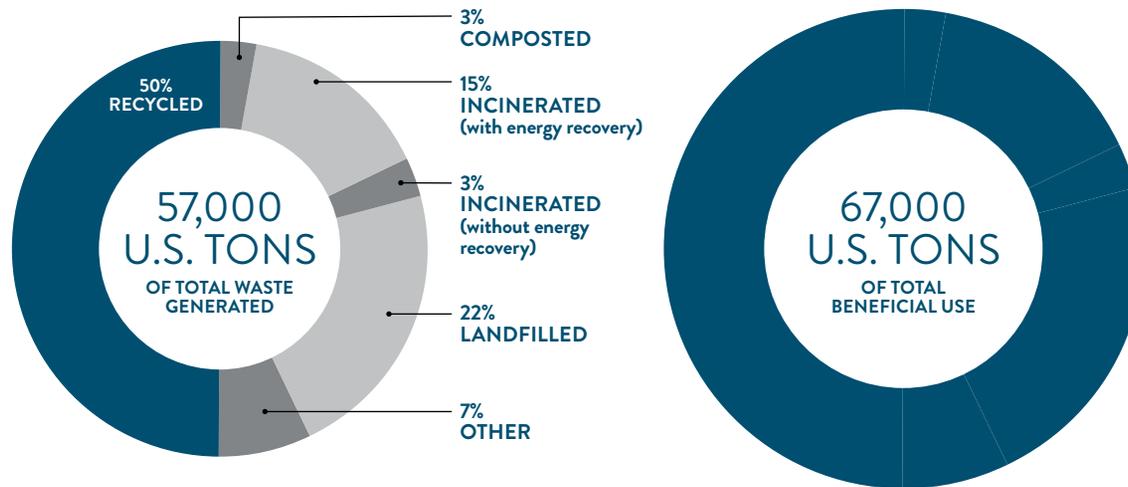
**GOAL BY 2020**



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

## WASTE MANAGEMENT

Abbott's beneficial-use activities have grown by 77 percent since 2010, now exceeding our total waste generated.



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

### WASTE MANAGEMENT BEYOND ABBOTT

Our waste management efforts extend beyond our own operations. We have strict requirements for all vendors responsible for managing our waste, and vendors who do not meet these standards are not permitted to do business with our company. Waste management firms are evaluated through Abbott's waste vendor assessment program, which includes periodic on-site evaluations and reviews. These assessments ensure that only appropriately qualified and responsible vendors are permitted to manage Abbott's waste.

### PRODUCT STEWARDSHIP

Abbott designs and manufactures products to give people the opportunity to live full and healthy lives. Abbott's primary concern is to ensure quality, safety, integrity and ease of use for our healthcare products. Minimizing the environmental impacts of those products is an important part of our role. It helps to maintain a healthy environment and helps people to reduce their own environmental impact. We are constantly working to improve packaging and product design and to reduce the waste, water and energy demands that stem from using our products.

# 34

WASTE REDUCTION PROJECTS WERE IMPLEMENTED IN 2016

2016 waste-reduction projects included:

- A project to reduce the thickness of the polyester substrate used in the manufacture of the *FreeStyle® Lite* biosensor by 10 percent, was implemented at our Diabetes Care facility in Donegal, Ireland. This reduced waste by 23 U.S. tons in 2016.
- Diverting ice packs from temperature-controlled shipments received at our Diagnostics facility in Lake County, Illinois, to an anaerobic digester, turns them into fertilizer for local use. In 2016, over 107 U.S. tons were diverted from landfill.
- Diverting 496 U.S. tons of plastic and metal scrap, wood and glass materials from landfill at our Medical Optics facility in Anasco, Puerto Rico, earned the facility two awards from the Puerto Rico Manufacturing association for its recycling program.
- A color-code recycling system was implemented at our Nutrition facility in Sturgis, Michigan. Adding this system to the site's existing program resulted in a 10 percent increase in recycling and brought the site's total recycling rate to over 90 percent.

### GREEN PRODUCT INNOVATION

Abbott's product stewardship and R&D teams work closely with our EHS function to incorporate environmental considerations into the R&D process and keep the R&D team informed about emerging environmental issues related to product design. We have, for example, introduced a new process for identifying substances that may impact our products' life cycle and environmental impact. We have also developed a guide to identifying safer alternatives for chemical reagents and calibrants.

## CONFLICT MINERALS

Abbott has a defined due diligence structure and process that allows us to understand the use and sources of tantalum, tin, tungsten and gold (3TGs) in our products and across our global supply chain. Our Product Stewardship team uses the standardized Conflict Minerals Reporting Template of the Conflict Free Sourcing Initiative (CFSI) to query our suppliers on this issue. In 2016, we launched an automated Conflict Minerals analysis tool, providing consistent and accurate assessment capabilities for all our businesses. Abbott filed a Form SD and Conflict Minerals Report with the U.S. Securities and Exchange Commission in compliance with the Dodd-Frank Act.

## EU ROHS COMPLIANCE

All Abbott electronic medical devices, including in-vitro diagnostics products in the EU, are compliant with the EU Directive on the Restriction of Hazardous Substances (RoHS) in electronic equipment. This involves supplying compliance documentation for each component in the products.

## SUSTAINABLE PACKAGING

Abbott has an aggressive target to reduce the total weight of our packaging by 10 percent by 2020, compared to our 2010 baseline. Achieving this goal will eliminate approximately 30 million pounds of packaging from our supply chain. Between 2010 and 2016, we achieved 6.3 percent annualized reductions, eliminating approximately 18 million pounds of packaging.

Our approach to sustainable packaging is guided by four R's, designed to help reduce environmental impact while protecting our products:

- **Reduce** – Optimize packaging design to reduce the amount of materials used.
- **Renew** – Source packaging with renewable materials when feasible.

- **Recycle** – Improve the use of recycled content in our packaging, and expand the use of packaging that is recyclable.
- **Reuse** – Design packaging to allow reuse opportunities.

Looking at packaging through a sustainability lens enables us to consider environmental impacts throughout the product life cycle. For example, our milk-based nutritional products feature packaging that can be shipped and stored without refrigeration for up to 36 months, thus reducing the energy used by shippers, distributors and consumers throughout the supply chain. This is an especially important benefit for people in developing nations, where refrigeration facilities are less reliable and less widely available.

## SUSTAINABLE PACKAGING PARTNERSHIPS

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



BY CONVERTING TO POLYPROPYLENE, PLASTIC USAGE FOR NUTRITION PRODUCT OVERCAPS HAS BEEN REDUCED BY 35 PERCENT

## SUSTAINABLE PACKAGING INITIATIVE HIGHLIGHTS

Initiatives to make our packaging more sustainable in 2016 included:

- Innovative new packaging for our *Eleva*<sup>TM</sup> infant formula products in China incorporates an integrated scoop. In addition to eliminating the need to dig for the scoop, the packaging provides a more sanitary experience, adding to the *Eleva*<sup>TM</sup> brand's premium image.
- Converting the bottles used for our Established Pharmaceuticals products from glass to polypropylene reduced packaging weight by 80 percent while saving \$810,000 in costs and eliminating breakages and market returns.
- Converting the overcap material used on metal cans of nutritional powder products from a low-density polyethylene to polypropylene reduced the weight of each cap by a minimum of 35 percent. Similarly, through implementing a mechanized system, we have been able to pack more caps into a bigger box and to use a thinner liner bag to line the box, eliminating approximately one U.S. ton of paper plastic waste annually. This effort was the merit award winner for the National Environment Agency of Singapore 3R (Reduce, Reuse, Recycle) Program.

## ENVIRONMENTAL SUSTAINABILITY IN OUR COMMUNITIES

Several Abbott sites work with their communities to promote sustainability, work toward healthy environments and address the impacts of climate change at a local level. Employees at 20 sites in six different countries celebrated Earth Day in 2016, with activities ranging from volunteer opportunities and recycling drives to exhibits raising awareness of environmental issues and our programs.

---

### 2+ U.S. TONS

#### REUSE-A-SHOE PROGRAM

In 2016, multiple sites in the United States participated in the Reuse-A-Shoe program, collecting more than two U.S. tons, or the equivalent of one automobile of shoes.

### 15+ U.S. TONS

#### ELECTRONIC WASTE COLLECTION

Similarly, multiple sites in the United States participated in Abbott's Electronic Waste Collection program. The program collected more than 15 U.S. tons, or the equivalent of seven automobiles, of e-waste in 2016.

---

#### ABBOTT ENVIRONMENT-RELATED VOLUNTEERING HIGHLIGHTS

- Employees at our Nutrition facility in Sturgis, Michigan, participate in a range of community outreach initiatives, including the Abbott Family Science Night at the local elementary school, the annual St. Joseph County river cleanup and planting over 900 trees.
- In Karachi, Pakistan, our Established Pharmaceuticals facility hosted a waste management training for teachers and students from the University of Karachi.
- Volunteers from our Established Pharmaceuticals facility in Rio de Janeiro held a wastewater workshop for local children, demonstrating how to build a natural filter using sand, rocks, cotton and a recycled plastic bottle. The activity was designed to show how simple actions can reduce environmental impact.
- Volunteers from our Vascular facility in Menlo Park, California, took part in California's Coastal Cleanup Day, collecting and disposing of about 800 pounds of litter from the Menlo Park section of the San Francisquito Creek. The facility has made an ongoing commitment to adopt the creek site and to partner with neighbors and community groups on cleanup and restoration activities.

# SUPPLY CHAIN EXCELLENCE

## IN THIS SECTION

46 EMBEDDING OUR ONE PROCUREMENT STRATEGY ▶

47 SOCIAL IMPACTS IN THE SUPPLY CHAIN ▶

47 ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN ▶

48 STRENGTHENING LOCAL SUPPLY CHAINS ▶

49 SUPPLIER DIVERSITY ▶

## ✔ 2016 HIGHLIGHTS

- We expanded our procurement approach for managing our supply chain, which is designed to build sustainable, long-term relationships with a community of suppliers and take a holistic approach to quality and value, all while minimizing risk.
- We developed a more robust and comprehensive approach to auditing our suppliers – including using DHL’s real-time risk intelligence tool, Resilience360 – to identify at-risk countries and inform our survey program.
- We increased our spend with small, women-owned businesses by 2 percent.

Abbott works with more than 68,000 suppliers in 150 different countries, spending over \$8.5 billion with our direct suppliers in 2016. Our supply chain is not just a fundamental part of our business success — it is also integral to our impact on society. The way that we manage our supplier relationships helps to safeguard the quality of our products and their impact in helping people to live fuller, better lives. We proactively manage social risks in our supply chain to guard against abuses and exploitation, and to protect human rights. We also work with our suppliers to reduce our environmental footprint. By striving for excellence in our supplier relationships, we seek to spread economic opportunity, build shared value and promote sustainable growth in our markets.



## 150 COUNTRIES

We work with more than 68,000 suppliers in 150 countries.



## \$8.5B

Abbott spent \$8.5 billion with direct suppliers in 2016.

## EMBEDDING OUR ONE PROCUREMENT STRATEGY

During 2016, we continued to operationalize our One Procurement strategy for supply chain management. This creates a unified approach to supply chain management, replacing our previous approach of different functions and markets managing their suppliers independently.

Building a smaller, leaner organization helps us to reduce fragmentation and increase consistency in our supply chain, and it also enables a more innovative and strategic relationship with our suppliers. The One Procurement strategy leverages these advantages to deliver against five points of purpose, each of which has positive impacts on the people and communities with which we work:

- **Protect and elevate the Abbott brand** – Ensuring authenticity and quality in our supply chain
- **Create shared value relationships** – Enabling sustainable supplier development and achieving positive social impact at scale
- **Enhance margin and elevate financial performance** – Building a more sustainable global healthcare business
- **Expedite growth and innovation** – Working with our suppliers collaboratively to explore new innovation opportunities and reaching out to suppliers in new markets
- **Design a flexible, dynamic supply network** – Ensuring we can keep our supply chain stable and resilient

We focus on identifying the overall value that suppliers can provide, looking beyond price and placing increased emphasis on real-time collaboration and the potential of suppliers to contribute to Abbott’s innovation strategy. Within each of our specialist vertical teams, we have

dedicated personnel focused on value and continuity of supply.

Under the One Procurement strategy, we are developing supplier partnerships that support Abbott’s growth and, at the same time, strengthening local communities, sustainable innovation and the environment. For example, in Pakistan and Mexico, One Procurement, Local Procurement and Engineering expertise helped to identify a new supplier to maintain the energy cogeneration turbines powering two Abbott manufacturing facilities. This new initiative is expected to result in savings of approximately \$1 million over the next five years, as well as improved service levels and more regular maintenance, which are expected to reduce carbon emissions over the same period.

Closer working relationships with suppliers also enable innovation across Abbott’s divisions. Working with one of our suppliers, we have been able to develop innovative milling media for our *Cholib* and *Penta* products, which will reduce the environmental impact of the manufacturing process while adding flexibility to our supply chain. Working with another supplier in Colombia has helped us to develop a new statin technology to treat high cholesterol and control the risk of heart disease. The innovative manufacturing process developed will reduce both costs and carbon emissions in our supply chain.

### OUR SUPPLIER SELECTION PROCESS

As part of our selection process, we assess each supplier, paying close attention to their business capabilities and capacities, financial health and strategic alignment with our vision to enable fuller lives. We monitor their compliance with our supplier guidelines, as well as applicable regulatory and quality requirements. We reevaluate suppliers at regular intervals to ensure they continue to meet our quality requirements and performance criteria.

Around 40 percent of our suppliers provide goods and services with the potential to impact directly on the quality of our products, and we put increased focus on their performance. We identify these suppliers using a risk-classification system that considers factors like the impact of the material or service on the safety of our consumers, the potential for adulteration and supplier certification. We audit these suppliers regularly to ensure they have adequate process controls in place, and we collaborate closely with them to address risk for noncompliance. We have identified more than 100 suppliers in high-risk geographies that are at risk of loss of manufacturing capacity due to natural disaster, and we have documented contingency plans for such catastrophic events.

We work with several supply chain organizations, including the Manufacturers Alliance for Productivity and Innovation and the Institute for Supply Management, to embed standards and best practices. We also work with third-party providers to deliver training for suppliers, including training on the Registration, Evaluation and Authorization of Chemicals (REACH) and the Restriction of Hazardous Substances (RoHS). This training helps to ensure that our products comply with all relevant regulations, as well as with our own high quality standards.

## SOCIAL IMPACTS IN THE SUPPLY CHAIN

Through our Master Service Agreement, we require suppliers to adhere to the standards of our Supplier Social Responsibility (SSR) policy, which aligns with our sustainability strategy. We manage compliance with these standards through our SSR program to manage third-party risk, and we embed sustainability into current practice across our supplier community.

Our Supplier Guidelines document our principles and expectations in areas such as ethical behavior, business

integrity and fair competition; human rights, privacy, labor rights and worker protection; animal welfare, environmental stewardship; and health and safety practices. Our guidelines are published in multiple languages and available to all our suppliers, who can also find answers to frequently asked questions (FAQs) on the [Resources for Suppliers](#) section of our website.

### AUDITING OUR SUPPLIERS

Our SSR program requires suppliers to comply with Abbott's Supplier Principles and undergo surveys and audit processes to verify they meet our standards. In 2016, we developed an approach to evaluating suppliers using the DHL Resilience360 tool, which identifies suppliers at higher risk for failing to meet our social and environmental supplier standards. We send surveys to these suppliers with robust questions addressing:

- Safe working conditions
- Dignified and respectful treatment of employees
- Responsible manufacturing processes
- Adequate management systems
- Ethical practices
- Environmental management

Based on the survey responses, we select suppliers for audit to ensure compliance with Abbott social standards, conducted by our third-party partner Intertek. In 2016, we performed 17 on-site audits, with 82 percent of our suppliers obtaining a high or medium performance score. We took mitigating action, where required, by working with suppliers to close out any zero-tolerance and major audit observations.

## ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN

Our Green Procurement Policy remains a cornerstone of our supply chain practices under the One Procurement strategy. It encourages Abbott teams to seek out

environmentally preferable and sustainable options in each of our categories. We have embedded the principle of Environmentally Preferable Products within our Procurement Guidelines, which instructs our sourcing teams to promote, request and consider environmentally preferable choices, while asking our suppliers to provide them, as well.

Environmental risk management is also a key priority for our Supply Chain Council, which benchmarks the risk management processes for each of Abbott's divisions. The council's quarterly meetings provide an opportunity to share best practices on managing environmental impact within the supply chain.

### MEASURING SUPPLY CHAIN EMISSIONS

The carbon emissions resulting from the supply, distribution and use of our products are eight times the size of the emissions resulting from our own direct activities. Understanding and managing these emissions (known as Scope 3 emissions) is, therefore, a priority for Abbott. We encourage our suppliers and distributors to reduce their emissions and to assist in carbon reduction efforts. For more information on our Scope 3 emissions and calculations, please see the [Safeguarding the Environment](#) section of this report.

We are committed to working across our global value chain to reduce our emissions and encourage our suppliers, distributors and other stakeholders to manage and reduce their impacts. To facilitate this process, Abbott joined the CDP (formerly the Carbon Disclosure Project) Supply Chain Program in 2013 and has been an active member for the past four years. Each year, as part of this program, we invite our top suppliers by spend and strategy to complete the CDP Supply Chain Questionnaire. In 2016, Abbott utilized the CDP Supply Chain Program to survey 349 suppliers about their environmental practices and performance, with a response rate of 59 percent, which is 6 percent

higher than the global average. We also found a higher percentage of responding suppliers that were reporting their own emissions.

Several suppliers responded that Abbott's participation in the CDP Supply Chain Program has helped them take action to calculate corporate-level emissions and identify energy efficiency and greenhouse gas reduction initiatives. For example, we collaborated with one supplier to pilot a modification in tertiary packaging, so that more products can be placed in a single carton, resulting in lower transportation impacts, and we began working with suppliers to develop strategic partnerships to improve sustainability initiatives for both organizations.

To help our suppliers identify more actions to reduce carbon emissions, in 2015 Abbott joined the Action Exchange, a CDP initiative that facilitates collaboration with our suppliers on reducing emissions and costs and on driving operational efficiencies. Suppliers that have participated in the Action Exchange report that they have benefited from:

- Learning about peer best practices and emissions reduction projects with the shortest payback
- Connecting with experts in energy efficiency
- Demonstrating leadership in climate change mitigation

### REDUCING TRANSPORTATION EMISSIONS

Abbott's logistics team actively works to identify opportunities to improve our transportation efficiencies, such as working to reduce the number of underutilized truckloads over the past two years. Since 2013, our Diagnostics division has reduced U.S. truckload shipping volumes, resulting in a 10 percent reduction in carbon emissions in the past year. Additional efficiencies were also achieved through network-routing improvements across all road shipments.

Through the CDP Supply Chain Program, we are able to gather information from transportation providers and identify opportunities to reduce our carbon footprint. In 2016, 42 transportation suppliers responded to the survey, allowing Abbott greater insight into our Scope 3 carbon emissions related to transportation and distribution activities.

### STRENGTHENING LOCAL SUPPLY CHAINS

India is the world's largest producer of milk, and nearly half of rural households depend on dairy farming for at least part of their income. Despite dairy farming being a well-established industry, many dairy farmers continue to be marginalized. They are often held back by middlemen taking a significant position of any earnings, by a lack of the technology and methods to produce higher quality milk for a better price, and by a limited knowledge of the organized dairy sector that companies like Abbott participate in. A further problem is that women are often excluded from decision-making, despite playing a significant role in dairying work.

### BUILDING A SUSTAINABLE, LOCAL SUPPLY CHAIN

In 2014, Abbott opened a new state-of-the-art manufacturing facility for nutrition products in Jhagadia, Gujarat. However, dairy farmers weren't able to produce the volume of high-quality milk that Abbott needed to meet our strict quality standards. Working with Prabhat, a local dairy supplier, and TechnoServe, a nonprofit organization seeking business solutions to poverty, we developed a quality-focused demonstration model that strengthens Abbott's local dairy supply chain and empowers smallholder farmers to produce increased volumes of higher-quality milk — which can help them build their small dairy-farming businesses and communities.

Since 2016, our program has directly reached nearly 1,500 smallholder dairy farmers, half of which are

women, in Maharashtra, the state neighboring Gujarat. First, we worked to develop the infrastructure required to expand capacity for milk production, including 10 village-based milk chilling facilities.

Before Prabhat began collecting milk in these villages, our program delivered robust training on the basics of ensuring high-quality milk. After collection began, we expanded training to include topics on technical dairying skills, animal feed and care, farm management and the business of dairying. We run trainings specifically for women farmers, as well.

We established transparent pricing mechanisms for the farmers' milk that clearly demonstrate the link between quality and price. The program also further incentivizes farmers to deliver contaminant-free milk, with Prabhat paying an additional premium that is unique in the region. The confidence that higher quality will result in higher prices builds trust among farmers and provides an incentive for them to further strengthen their approach.

### TESTING OUR IMPACT AND EXPANDING OUR APPROACH

By the end of 2016, our program had run nearly 200 training sessions for farmers in target villages. The combination of training, infrastructure and transparent pricing is already having an impact on the quality of milk supplied to Prabhat and the value that this represents to local communities. Farmers in the program supplied nearly 2.3 million liters of high-quality milk to Prabhat in 2016. Within seasonal norms, we are seeing a consistent increase in the volume of high-quality milk

that meets Abbott's exacting standards collected every month, demonstrating the impact of our program's training-led approach and the trust generated to reach and retain more farmers in target villages.

Based on this success, Prabhat is committed to expanding this model to 200 additional villages in the region over three years. This will give more smallholder farmers access to a trusted and transparent market and the skills and infrastructure that they need to supply it. Abbott plans to work closely with Prabhat to pursue this strategy and find new ways of building a stronger business, while generating a positive impact in our communities.

## SUPPLIER DIVERSITY

At Abbott, we believe our potential is fulfilled when we help others fulfill their potential. Within North America, we operate a supplier diversity policy to ensure equal opportunities for businesses that are either small, or that are majority-owned and operated by a woman, a member of an ethnic minority, a veteran or a person with a disability. This policy aligns with the strong American tradition of diversity and inclusion, and is designed to ensure that opportunities are available to groups traditionally under-represented in business.

We believe that diversity in our suppliers is essential to our ability to compete. Under our One Procurement strategy, it helps to ensure that we collaborate with diverse groups that reflect the communities we serve. Diversity also brings new perspectives to the table, as we work to develop collaborative, innovative solutions.

The HUBZone program, run by the U.S. Small Business Administration (SBA), identifies small businesses that operate and employ people in Historically Underutilized Business Zones. Abbott works with HUBZone suppliers in Puerto Rico to deliver innovative packaging for

products distributed across South America and the Caribbean. These suppliers have developed creative solutions for using cardboard packaging to protect products during transportation, maintaining product quality and reducing environmental impact. Their innovative approach to incorporating product literature in the design of packaging helps to engage and educate those using our products.

Our focus is on engaging diverse businesses, assessing the value they can provide fairly and fully, and ensuring that we award the business to the right supplier. We have Supplier Diversity Champions in every unique Abbott business and every major category of spend. The champions' role is to oversee, monitor and track our diverse spend, within their respective businesses. In 2016, we spent \$1.04 billion with suppliers certified as diverse. This represents 8 percent of total spend in our supply chain and 18 percent of our spend within North America.

Our Supplier Diversity Governance Council takes the lead on guiding our organization toward a more diverse and sustainable supply chain. During 2015, we increased our engagement with advocacy organizations, and we now have a chair on the board of the United States National Minority Supplier Development Council. Also in 2016, Abbott's Chief Procurement Officer became a member of the Diverse Manufacturing Supply Chain Alliance's CPO Advisory Committee.

Our work with diverse suppliers helps both Abbott and our partners succeed. For example, Marathon Medical, a veteran-owned business expanding through its work with Abbott, is now the lead distributor for Abbott Point of Care (APOC) devices for clients, such as the U.S. Department of Defense and the U.S. Department of Veterans Affairs. During 2015, we expanded our partnership with Marathon Medical through an

agreement to supply the U.S. Indian Health Service, a contract with an annual value of \$30 million.



2%+

In 2016, our spend with small disadvantaged businesses increased by 2 percent, and our spend with small, women-owned businesses increased by 2 percent.

# FULLER LIVES THROUGH LOCAL SUPPLY CHAINS

India is the world's largest milk producer, but small dairy farmers there often don't have access to the training and resources that would help them improve the quality of their milk, grow their farms and build better lives for their families.

Abbott and our partners are working to change this by developing a sustainable, local supply model for Abbott's nutrition manufacturing facility in Jhagadia, Gujarat. Our program provides smallholder farmers in the neighboring state of Maharashtra with the infrastructure they need to supply high-quality milk, an incentive to improve quality through transparent pricing and the skills they need to expand production while managing finances and building more prosperous communities.



**1,500 FARMERS**

Nearly 1,500 smallholder farmers participating in program

**2.3M LITERS**

Nearly 2.3 million liters of high-quality milk supplied in 2016



## 1. TRAINING

We're training smallholder farmers on feeding and animal care, as well as financial literacy and the business of dairy farming.

APPROXIMATELY 200 TRAINING SESSIONS RUN IN 2016.



## 2. INFRASTRUCTURE

We've built collection centers in communities to store milk from smallholder farmers and prevent spoilage.

BULK MILK CHILLERS INSTALLED AT MILK COLLECTION CENTERS IN 10 VILLAGES ACROSS THE REGION .



## 3. MARKET

Industrywide, farmers are paid a higher price for a higher-quality product.

TRANSPARENT PRICING CLEARLY SHOWS THAT HIGHER PRICES PAID FOR HIGH-QUALITY MILK INCENTIVIZE GOOD DAIRY FARMING PRACTICES.

# VALUING OUR PEOPLE

## IN THIS SECTION

- 52 A DIVERSE, INCLUSIVE WORKPLACE ▶
- 54 EMPLOYEE DEVELOPMENT AND TALENT MANAGEMENT ▶
- 56 COMPENSATION AND BENEFITS ▶

- 57 WORK-LIFE HARMONY ▶
- 58 HUMAN RIGHTS ▶
- 58 LISTENING TO OUR EMPLOYEES ▶

## ✔ 2016 HIGHLIGHTS

- We surveyed 85 percent of our employees worldwide to help improve the mix of programs and opportunities that makes employment at Abbott rewarding, tailored to the different countries and regions where we operate.
- In the U.S., the percentage of minorities in management positions at Abbott has increased from 22 percent in 2010 to 31 percent in 2016.

Abbott's ability to adapt to changing healthcare needs — quickly and continually — is vital to our ongoing success. The key to Abbott's agility is, of course, our people around the globe. Our approximately 94,000 employees serve people in more than 150 countries. Their skill and their dedication to advancing human health and well-being are the heart and soul of our company.



## EMPLOYEES WORLDWIDE

We have approximately 94,000 employees in more than 150 countries.

That is why we choose our people carefully, selecting those with the energy, enthusiasm, expertise and commitment to create a positive impact on the health of the world. It is also why we provide our employees with opportunities to pursue fulfilling careers at Abbott. Our company's human resources strategies, across the breadth and diversity of our global businesses, reflect the depth of our commitment to employees.

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

proposition and total rewards package. This approach enables us to address local talent challenges more effectively, in areas such as diversity and inclusion and work-life harmony.

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

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

We have been recognized with a number of workplace excellence awards globally. For a list of these, please see [Awards and Recognition](#) in the [Transparency and Reporting](#) section of this report.

## A DIVERSE, INCLUSIVE WORKPLACE

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

Our commitment to diversity and inclusion begins at the top. Abbott's Executive Inclusion Council, led by our Chairman and CEO, monitors the hiring and advancement of women and minorities in U.S. management positions. It also supports programs that promote an inclusive work environment. Women make

up 42 percent of our employee base globally. In the U.S., Abbott has particularly focused on the representation of women and minorities in management. As a result, the percentage of women in management positions increased from 44 percent in 2010 to 47 percent in 2016. The percentage of minorities in management positions increased from 22 percent in 2010 to 31 percent in 2016.

We believe that diversity and inclusion programs are most effective when they are tailored to the local context and culture. Our Women Leaders of Abbott (WLA) employee network is designed to help female employees further their careers and empower their leadership at Abbott, through chapters specific to various markets. In 2016, we established a Singapore WLA chapter with more than 300 participants, adding to our existing chapters in the U.S., Canada, Costa Rica, Puerto Rico, India, China, Brazil and all European countries. In addition, many Abbott businesses have developed their own function-specific diversity and inclusion initiatives.

In 2016, Abbott was ranked a top 10 company by the U.S. National Association for Female Executives' top companies list, a list our company has been featured on every year since 2009. We are also proud to have appeared on *DiversityInc's* list of top companies for diversity in the U.S. every year since 2004 and on *Working Mother* magazine's 100 Best Companies list since 2001.

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

- For six consecutive years, Abbott has been named one of the top employers for people with disabilities in China by Top Employer Institute.
- In Brazil, we have adapted our recruitment and selection processes to avoid bias toward those with disabilities, and we supported this by promoting the importance of inclusivity to employees.

- In Japan, we have promoted inclusion by evaluating positions and expanding employment opportunities for people with intellectual, mental and physical disabilities.
- In the United Kingdom, we make all reasonable adjustments to work environment and hours for all employees covered under the Disability Discrimination Act (DDA), including people with mental health issues.
- *CAREERS & the disABLED* magazine's Top 50 Employers for 2016 Readers' Choice ranking recognized Abbott for establishing a positive working environment for people with disabilities.



## 13 CONSECUTIVE YEARS

Abbott was included on *DiversityInc's* list of top companies for diversity in the U.S. for the 13th consecutive year in 2016.

## RECRUITING AND DEVELOPING DIVERSE TALENT

Abbott uses an integrated approach to build and maintain a diverse talent pipeline that can meet the needs of our businesses. We use social media and other channels to build our employer brand and target relevant, talented people. We also form partnerships with academic institutions and associations that are aligned with our needs. In 2016, we continued to strengthen our early intake programs in key markets to help reinforce a sustainable talent pipeline. We also partnered with local diversity organizations around the world to support STEM (science, technology, engineering and math) programs for students of all ages.

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

## INTERNSHIP PROGRAM

Our internship program helps Abbott identify and recruit talent at an early stage, giving students hands-on experience working with Abbott employees on real-life business projects. In 2016, our program was named one of the 50 best internship programs in the United States by career rankings website [Vault.com](http://Vault.com), with the second-highest rating for healthcare companies. During the year, 960 college students took part in our program globally. More than 150 students participated in the United States, of which 59 percent were women.

## EMPLOYEE NETWORKS

Abbott's employee networks play a vital role in building an inclusive culture across our business operations. They help to expand visibility and opportunity for their more than 3,000 members from minority and other potentially disadvantaged groups. A corporate officer supports each of these networks, helping to align their objectives with Abbott's business strategies. Doing so helps our employee networks to make an important contribution to career development, mentoring, community involvement, informal networking and leadership skills development for their members. Our networks include:

- Asian Leadership and Cultural Network (ALCN)
- Black Business Network (BBN)
- LA VOICE Network (Hispanic/Latino)
- Flex Network (part-time and flexible schedules)
- PRIDE (LGBT)
- Women Leaders of Abbott (WLA)
- Veterans at Abbott

During 2016, we made significant progress in expanding the reach and influence of our employee networks outside the United States. Our vascular facility in Costa Rica launched the first PRIDE network outside the United States, and the same facility's WLA network signed a commitment with HeForShe and the National Institute of Women (INAMU) in Costa Rica. Under this agreement, Abbott in Costa Rica will work toward the Gender Equity seal that INAMU grants to local companies with clear efforts and initiatives for an equal opportunity workplace.

More than 500 women participated in activities organized by Abbott's WLA network in China, which was established in December 2015. These activities included leadership skills training, face-to-face advice from local female leaders, a health run and wellness workshops.

## MENTORING

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

In 2016, we expanded our formal mentoring program, which is available to all Abbott employees worldwide. The program matches potential mentors and protégés based on skills, shared goals and interests. We made several improvements to our mentoring website during the year to enhance our ability to put the right partnerships together. Over 12-month partnerships, both mentors and protégés develop their skills, share their knowledge of Abbott and broaden their personal and business networks.

In addition, our employee networks host a series of global mentoring circles. These circles allow one or more subject matter experts to mentor a group of protégés sharing similar interests, combining education with networking opportunities. Our WLA network has facilitated several circles, bringing senior leaders together with protégés from the United States and other countries. These circles typically meet once a month for three months to discuss various topics and create opportunities for further engagement.

## EMPLOYEE DEVELOPMENT AND TALENT MANAGEMENT

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

All Abbott employees worldwide have access to job-specific training and development to help them succeed in their roles. These training and development

opportunities cover the full range of functions at our company, from commercial and operations to research and development, as well as human resources, finance and information technology. We also offer broader learning and career development programs to help employees at all levels realize their potential. We develop current and future leaders through a robust combination of training, on-the-job experiences and formal and informal mentoring. More than 5,000 of our managers participated in these learning and development opportunities in 2016.

### LEADERSHIP DEVELOPMENT PROGRAMS

We offer focused development programs for employees who are making the transition into leadership roles. Not only do our programs help develop employees and leaders, but they also help strengthen our internal networks. Alumni of these programs routinely reach out and connect with former classmates to share learnings, gain insights and explore new ideas. These programs include:

#### Emerging Leader Program

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

Integrated into each participant's personal assessments and growth plans, the ELP includes discussions of strategy, leadership and people management. In 2016, nearly 250 leaders in 12 cohorts completed the ELP in the Americas, Europe and Asia.

#### Global Leadership Program

The Global Leadership Program (GLP) prepares new general managers in our international affiliates to lead their business in a changing and dynamic business environment. The program design enables global leaders to benefit from the experience, teachings and

advice of successful and knowledgeable senior leaders from across Abbott's lines of business around the world.

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

The GLP has produced strong global networks of GLP alumni, who routinely connect with one another to share insights and explore new ideas. These alumni connections build trust and develop a shared organizational understanding at leadership levels. In 2016, 34 participants from 22 countries graduated from the GLP.

#### Executive Compass Program

Abbott's Executive Compass Program (ECP) is the capstone of our leadership development programs, providing targeted transition support for the most senior-level leaders. In the past 10 years, nearly 400 divisional vice presidents and general managers of our large business units have completed the ECP.

The weeklong program is delivered by top leaders in our company, as well as by external faculty, including published thought leaders and top business school professors from Kellogg School of Management at Northwestern University. The program provides new senior leaders with a deep dive into Abbott strategy and challenges them to think through a broad range of scenarios affecting stakeholders, customers and our business. We recently updated the ECP to ensure that it addresses the critical leadership capabilities needed for Abbott's continued success. In 2016, more than 25 participants from seven different countries completed the program.

### Professional Development Program

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

Since its inception in 1968, more than 2,100 employees have participated in the program. We operate PDPs in 17 different countries and territories, including Brazil, Canada, China, Costa Rica, Germany, India, Ireland, Mexico, the Netherlands, Puerto Rico, Russia, Singapore, Spain, Switzerland, the United Kingdom, the United States and Uruguay. Approximately 50 percent of program participants are based outside the United States.

Abbott's Leader Coach is a virtual assistant for managers, available globally 24 hours a day, seven days a week. It provides fast, intelligent, interactive and responsive support to help managers address professional and supervisory challenges. Users are able to search for relevant information on a particular topic, with Leader Coach prompting them with questions before suggesting the best resources targeted to their needs. This avoids participants having to search through long lists of suggested links.

### Local Training Programs

Our local affiliates offer tailored training and development programs, in addition to our global management programs:

- In Ireland, Abbott Diagnostics piloted a skills development program in our Technical Operations group. Employees create an individualized skills matrix, determine their proficiency level for the skills that they need, and use mentoring, coaching and development tools to progress. Almost 60 percent of the pilot participants had less than two years of service, so the goal was to help accelerate their learning. Initial pilot data shows that employee turnover decreased by 13 percent, and the number of tasks able to be completed by the team increased from a baseline of 16 to over 50 in just 35 weeks. Not only did learning accelerate for these team members, but culture on the team also shifted to be more collaborative and supportive.
- In Saudi Arabia, we launched the Abbott Foundation Program to build a sustainable field sales pipeline by targeting recent Saudi graduates with science and engineering degrees. The program provides these new professionals with the tools to be successful and to build a long-term career. Through classroom training, they build product knowledge, selling, negotiation and communications skills, and they gain on-the-job training with experienced "buddy" sales representatives, who provide mentoring and coaching. Initial feedback from participants shows they are highly engaged and enthusiastic.
- In India, capability-building programs have been introduced for our employees, in collaboration with the Indian Institute of Management (IIM), India's premier business and management institute. These programs include campus-based training for our marketing managers, designed to help them fulfill their potential and think creatively about branding. Abbott also works with IIM in Calcutta to offer an

executive education program that gives employees the chance to join professional certification programs for career advancement. We currently sponsor 75 employees enrolled in these programs.

### CROSS-CULTURAL TRAINING

Because the scope of our business is global, many of our employees work or travel outside of their home countries, and the ability to engage people across different cultures is a key business need. Abbott provides all employees with free access to Cultural Navigator™, an internet-based toolkit providing guidance on business practices, management tools, social etiquette, cultural norms and customs for more than 100 different countries.

The Cultural Navigator tool encourages employees to generate a personal cultural profile and compare their typical business approach to standard practices in other cultures. They can run business simulation exercises to identify potential cross-cultural barriers and prepare themselves for potential challenges.



### ALL EMPLOYEES

All employees have access to Cultural Navigator™, an online toolkit with more than 100 country-specific cultural learning modules.

## TALENT MANAGEMENT

We are committed to providing every Abbott employee with the opportunity to improve in their current role, anticipate challenges and progress their career – including competing for more senior roles. Our approach to talent management incorporates skills assessments, performance appraisals, succession and development planning and career pathing. We have established an integrated global talent management process so that we can identify talented people from across our organization, assess them accurately and map skills consistently.

Our talent-mapping process involves employees working with their managers to develop talent profiles and development plans that support their career objectives. In addition, all Abbott employees participate in our annual performance management process, known as Performance Excellence.

## COMPENSATION AND BENEFITS

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

Our compensation is intended to compare favorably with the pay programs of other global, consumer-facing and manufacturing-driven organizations that have financial, operational and employment characteristics similar to our own.

Our total rewards program combines elements of base and variable pay with a broad array of benefits and opportunities for growth. It is designed to help build a corporate culture that encourages employees to build their careers at Abbott.

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

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

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

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

individual performance.

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

## SCOPE AND ELIGIBILITY OF EMPLOYEE STOCK PLANS

Abbott strongly supports employee ownership. Our global, corporate, long-term incentive program grants restricted stock units (RSUs) to employees, beginning at the manager level. In 2017, Abbott granted RSUs to more than 10,000 employees in 70 countries. In the United States, we allow employees to invest in Abbott through our 401(k) program. Outside the United States, most countries also offer the ability for employees to purchase stock at a discount through the Employee Stock Purchase Plan (ESPP). The ESPP is open to all employees, except corporate officers in the countries where it is offered. In 2016, more than 9,200 employees in 56 countries participated in the ESPP.

## SCOPE AND ELIGIBILITY FOR NON-SALARY BENEFITS

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

## WORK-LIFE HARMONY

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

We offer flexible work schedules across 60 countries, including flex time, summer hours, part-time arrangements, job sharing, compressed work weeks, phased retirement and telecommuting. In 2016, as part of our employee value proposition review, we identified opportunities in our 13 largest markets for additional workplace flexibility, as well as for professional training and community support programs to enhance work-life balance. We will launch several of these programs in 2017.

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

### CHILDCARE

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

Our Early Discoveries on-site childcare center, based at our headquarters in Lake County, Illinois, is one of the five largest centers operated by our partner, Bright Horizons, and is ranked in the top 8 percent of U.S. childcare centers for quality by the National Association for the Education of Young Children (NAEYC). The center offers full- and part-time care, backup care, school holiday childcare programs and full-day four-year-old kindergarten prep programs, among other choices. Early Discoveries' STEM-based curriculum exposes preschool and kindergarten prep children

to new experiences and helps them acquire age-appropriate skills. In the kindergarten prep program, activities include introductions to computer coding, programming and robotics, engineering and mechanical problem solving.

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

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

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

### EDUCATING MANAGERS TO SUPPORT WORK-LIFE HARMONY

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

## PRODUCTIVE TRANSITION TO RETIREMENT

We are especially mindful of the complex and changing definition of retirement today, especially for the first wave of baby boomers, who are retiring in record numbers. We believe that supporting employees through flexible working arrangements as they get older can make an important contribution to accessing the skills we need. At the same time, it enables those employees to live fuller lives, on their terms. Abbott's Freedom to Work program, available to eligible U.S. employees, offers employees considering retirement the option to scale back their hours and/or change their responsibilities without affecting their benefits. Freedom to Work has received 1,308 employee enrollments since the program's launch in 2008.

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

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

## HUMAN RIGHTS

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

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

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

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

## LISTENING TO OUR EMPLOYEES

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

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

- **Employee Annual Meeting** – In this live employee forum each December, our Chairman and CEO, Miles D. White, answers questions submitted by employees around the world. The hour-long session is broadcast by satellite to all Abbott locations, with questions and answers then translated into eight languages and archived on the Abbott employee intranet. In 2016, more than 200 questions were submitted by employees.
- **Local feedback** – Our local offices organize their own initiatives to facilitate dialogue and encourage informal employee feedback. For example, in Ireland we host Lunch & Learn and Nosh & Natter meetings, where employees meet informally with senior leaders for discussion, information sharing and learning.
- **Employee networks** – Our employee networks provide a forum where common interests can be identified and addressed.
- **New hires** – We seek feedback from newly hired employees regarding the recruitment process and their early experiences at Abbott. Recently we launched a semi-annual, multiple-language survey in our EMEA (Europe, Middle East and Africa) region to understand the resource needs and success barriers for new employees in these markets; the first survey resulted in more than 1,400 responses from employees

and their managers in 24 countries – a 55 percent response rate.

In 2016, we gathered feedback from employees around the world about our employee value propositions – the mix of programs and opportunities that makes employment at Abbott rewarding. Surveys and focus groups in Abbott's top 13 global markets, in which 85 percent of our employees work, explored issues such as financial security and benefit options; professional opportunities, particularly for women and those starting their careers with us; and Abbott's relationships with the communities in which we operate. This feedback is shaping our employee strategy for 2017 and beyond.

We have also made it a priority to understand employees' engagement with our Human Resources services. In 2016, our EASE survey went to all employees to assess satisfaction and ease of use of our HR programs, technologies and communications. The survey was translated into nine languages and gathered feedback from more than 7,200 employees – a 12 percent response rate.

# PRODUCT QUALITY AND SAFETY

## IN THIS SECTION

60 ENSURING QUALITY AND SAFETY ▶

64 PROTECTING AUTHENTICITY ▶

65 MANAGING BUSINESS CONTINUITY ▶

65 CYBERSECURITY ▶

## ✔ 2016 HIGHLIGHTS

- Abbott holds independent quality certifications in global manufacturing, R&D and commercial operations around the world.
- Globally, we offer more than 300 Abbott quality courses, in addition to business-specific training.
- Our Diagnostics manufacturing plant in Longford, Ireland, received the prestigious Shingo Prize®, awarded to organizations whose operational excellence is deeply embedded in the thinking and behavior of all leaders, managers and associates.

## ENSURING QUALITY AND SAFETY

Consumers trust Abbott products to help them live their best possible lives through better health. We do not take this responsibility lightly. We are fully committed to improving healthcare by providing high-quality, safe and effective products and ensuring compliance. Our quality culture is embedded in everything we do.

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

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

### QUALITY MANAGEMENT

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



Cross-divisional councils representing quality, regulatory and operations work routinely to address the changing regulatory landscape, plan initiatives, develop talent and share best practices. In addition, senior quality, regulatory and operations leaders representing each operational division meet on a quarterly basis to review and analyze quality trends and take appropriate actions.

### MANAGING QUALITY SYSTEMS AT ABBOTT

Our quality management team establishes the global quality system. The system includes all quality activities, from developing quality policy and specifications to conducting quality audits and implementing continuous improvement initiatives. We maintain leading quality management systems and standards through a variety of elements, including:

- Data analytics
- Continuous improvement programs
- Employee training and development
- Compliance
- Certifications

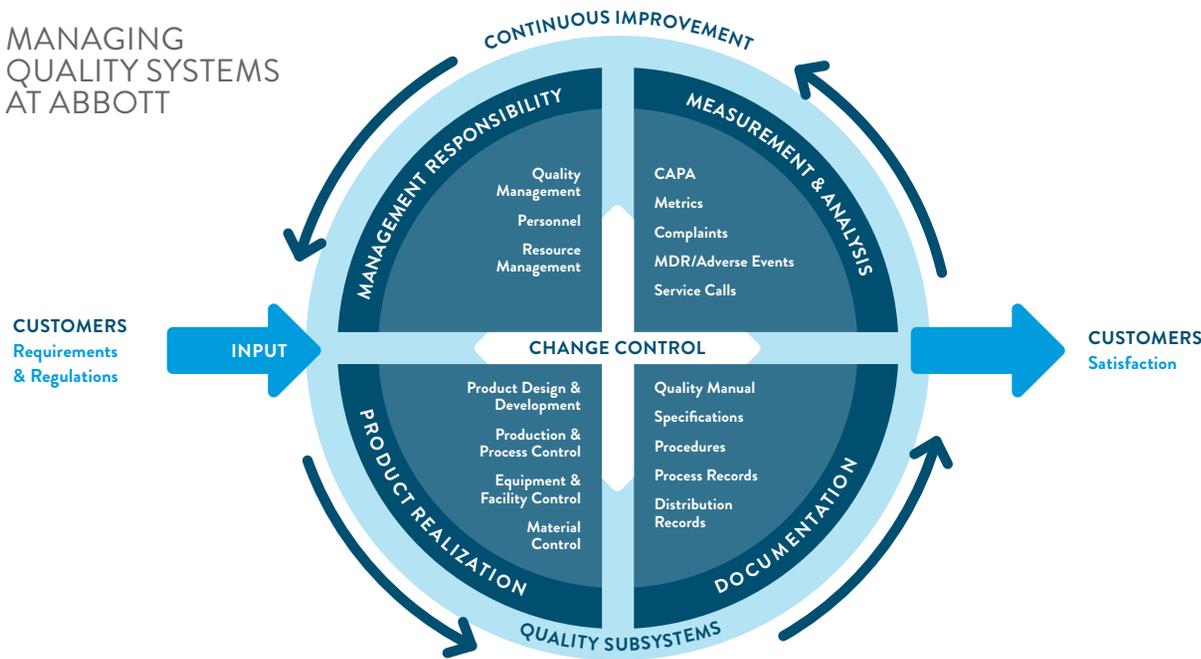
- Industry partnerships
- Compliance and regulatory surveillance
- External advocacy
- Awards and recognition

### CONTINUOUS IMPROVEMENT PROGRAMS

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

In 2016, we undertook a global gap assessment with respect to ISO 13485:2016, ISO 9001:2015 and Medical Device Single Audit Program (MDSAP), and implemented associated education and training across the organization in preparation for program launch. Similarly, Abbott is following closely the rewrites of the In Vitro Diagnostic (IVD) regulations and Medical Device Directives (MDD) in the European Union to

MANAGING QUALITY SYSTEMS AT ABBOTT



ensure that the Abbott quality management system remains aligned with the updated requirements.

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

- Using the McKinsey 7-S framework, the quality organization has identified ongoing initiatives in the five areas of structure, systems, staff, skills and style. These initiatives are tracked and revised as necessary on a periodic basis.
- Each of our operating businesses conducts quarterly executive management reviews involving key leaders in their division. These reviews are structured to

support continuous improvement by reviewing quality systems in each division to ensure their suitability, adequacy and effectiveness.

- We have a corporate-wide program for auditing compliance to quality and regulatory standards. In 2016, 32 percent of our manufacturing, quality and R&D operations were evaluated by this program. Our corporate and division compliance audits are focused on quality systems, including corrective action/preventive action (CAPA), complaints, design controls, production and process controls, purchasing controls/supply chain and data integrity. We develop corrective plans to address all relevant observations made during the audit. In addition, each operating division fulfills local regulatory requirements for performing

internal quality audits at their facilities in defined time frames. Data from this process is highlighted in management reviews.

- We continue to use proprietary metrics to drive continuous improvement. We use a multi-component model to monitor the overall performance of individual sites, as well as overall division performance compared with industry norms. When a site registers changes in performance, we analyze potential drivers to address any concerns and capture best practices.

**EMPLOYEE TRAINING AND DEVELOPMENT**

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

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

- In 2016, more than 44 quality and regulatory professionals were certified by the American Society for Quality (ASQ) and the Regulatory Affairs Professionals Society (RAPS) as hazard analysis and critical control points (HACCP) auditors, biomedical auditors, quality engineers and regulatory affairs auditors, to name a few.
- Globally, we offer more than 300 Abbott quality courses, in multiple languages, in addition to business-specific training.

- We offer access to more than 500 UL EduNeering computer-based training courses, in many languages.
- We conduct monthly meetings to communicate learning, knowledge and performance with respect to quality and regulatory industry trends, regulation changes and best practices, such as ISO 13485, EU MDR/IVDR, MDSAP, cybersecurity and more. These webinars include leaders and personnel representing regulatory, operations, engineering and quality.
- We offer webinar education from various industry sources on the latest key topics, such as data integrity, unique device identifiers, human errors and quality metrics.
- Through the annual Engineering and Quality Knowledge Improvement program, the Technical Center of Excellence and the Abbott Engineering Standards groups offered programs attended by engineers from the Americas, Europe and Asia, including programs on process water systems, compressed air systems and Abbott engineering standards
- We have engineering, quality and regulatory knowledge sharing portals available for all employees.
- We host an annual global cross-functional/cross-business leadership meeting that provides updates on industry trends and key topics, as well as hands-on educational workshops on topics, such as data and predictive analytics, critical thinking, navigating the regulatory landscape and influencing the Abbott brand. The goal is to not only provide training and education, but also to help leaders see how their work matters and how different departments are interdependent.

In addition to Abbott-led training activities, we encourage our employees to remain up-to-date with product quality, safety and regulatory developments. Abbott personnel participate in a variety of industry conferences. In 2016, Abbott participated in more than 25 external events, including global and regional conferences. For example, we had sponsorship

participation for events hosted by the Regulatory Affairs Professionals Society (RAPS), the Association of Food and Drug Officials (AFDO), American Society for Quality (ASQ), MedCon – Xavier University Health and the Medical Device Innovation Consortium (MDIC). For a representative list of our external engagement, see the [external quality memberships, partnerships and events list](#) on our website.

### PRODUCT QUALITY AND COMPLIANCE

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

During 2016, Abbott experienced an increase in the number of inspections, with a combined total of 349 external quality/regulatory inspections across 35 countries (a 22 percent increase from 2015). Through ongoing quality system surveillance activities, we strive to continue increasing the number of inspections without findings. Abbott saw a 20 percent improvement in the total inspections without findings from 2015 to 2016. No Food and Drug Administration (FDA) warning letters were received in 2016.

### CERTIFICATIONS

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

- ISO 9001, Quality Management System
- ISO 13485, Medical Devices Quality Management Systems, with 100 percent of device facilities certified
- ISO 14001: 2004, Environmental Management Systems
- ISO 17025, General Requirements for the Competence of Testing and Calibration Laboratories
- ISO 22000, Food Safety Management
- ISO 90013, Quality Management Systems
- NSF International
- Gluten Free Certification Organization (GFCO)
- GMP + FSA, Good Manufacturing Practices + Feed Certification Scheme
- Hazard Analysis and Critical Control Point (HACCP)
- Halal
- QAI Organic
- Kosher
- Class A certification, a standard practice across many Abbott facilities in nutrition, devices, diagnostics and pharmaceuticals

In addition, five manufacturing sites have received MDSAP certification.

### INDUSTRY PARTNERSHIPS

Given the complexity of issues that challenge healthcare systems, we are committed to working with governments and regulatory bodies to promote understanding of healthcare issues for communities around the world. We work with these groups to achieve rigorous quality standards that result in products of the highest quality and reliability for consumers. Abbott

monitors evolving regulatory requirements and industry practices through our involvement in trade associations, patient groups and other organizations.

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

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

#### AWARDS AND RECOGNITION

As a result of our quality and regulatory team's efforts, we have been recognized by several independent organizations for our commitment to quality and safety. The Abbott Annual Chairman's Awards, Abbott's highest recognition, recognize achievements that have had pivotal importance for our business and for the people we serve. In 2016, the Compliance Award was received by our vascular business. The vascular team demonstrated a high level of compliance, receiving zero audit-related findings from more than 40 consecutive external inspections over an 18-month period.

In 2016, our Diagnostics manufacturing plant in Longford, Ireland, received the prestigious Shingo Prize®, bringing Abbott's Shingo total to two, including Abbott's vascular facility in Clonmel, Ireland. This award is given to organizations whose operational excellence is deeply embedded in the thinking and behavior of all leaders, managers and associates.

Additionally, our Diagnostics plant in Longford, Ireland, was named Med-Tech Company of the Year by Enterprise Ireland, IDA Ireland and the Irish Medical Devices Association. This award recognizes innovations in product and service development. The Longford manufacturing site has developed an organization focused on customer needs and a culture of continuous improvement that enables operational and product quality excellence.

Our nutrition site in Jiaying, China, was certified by China Quality Mark (CQM) as the Best Honor Customer. CQM is the largest governmental certification company in China, and Jiaying was recognized for its excellent performance in HACCP and Dairy GMP.

We recognize our individuals, teams, manufacturing plants and commercial affiliates' contributions to quality and regulatory performance throughout the year through Abbott's annual quality and regulatory awards. In 2016, we established recognition of commercial affiliates exhibiting the most improvement in integration of quality and regulatory initiatives. We annually recognize one winner with an esteemed Reclaimed Treasure Award that fosters a One Abbott approach, with key behaviors in collaboration and innovation. The winner in 2016 took an innovative idea from another division and used it to improve production quality and generate \$16 million in savings.



## MANAGING QUALITY AND SAFETY IN THE SUPPLY CHAIN

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

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

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

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

Resources are available to coach and train our suppliers on quality and safety, including third-party manufacturing (TPM) partners when appropriate. For example, in our nutrition business, supplier and

ingredient quality assurance teams work with suppliers and TPMs by qualifying, monitoring and discussing maintenance and improvement initiatives. In our engagement with these suppliers and TPMs, we focus on the areas that benefit both Abbott and our partners.

These may include:

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

## PROTECTING AUTHENTICITY

People around the world depend on Abbott products and trust in the reliability and quality that our brands represent. Protecting the authenticity of our products is a critical factor in earning that trust. Product integrity and the related investigations are the functional responsibility of Abbott's Global Security division, which works to prevent counterfeit, illegally diverted and stolen Abbott products from entering the marketplace.

Our strategy for protecting authenticity rests on four pillars:

- **Making a secure supply chain** – By analyzing the global supply chain for weak points, using risk mitigation tools to identify suspicious activities and expanding the use of distributor agreements with contracted wholesalers and distributors, Abbott reduces the risk of counterfeit, diverted and stolen products entering the marketplace. Where allowed, we include clauses in our contractual agreements requiring exclusive sourcing, regular audits and enforcement of territory restrictions. We also apply

“intended for sale in” stickers to certain products intended for specific regions.

- **Ensuring ability to authenticate** – We include overt and covert security features on select packaging to hinder counterfeiters and make it easier to identify authentic Abbott products. Our overt security features are easily recognizable by our customers, but very difficult to duplicate. This improves the security of our products and deters counterfeiting. In addition, several Abbott packaging sites and authorized distributors are adding security features to our cartons to reduce the risk of counterfeiting and of our products being diverted.
- **Disrupting criminal organizations** – Global Security uses forward-leaning investigative tools, applications and strategies to identify suspect Abbott products. The Abbott investigative and analytics teams work with local law enforcement and regulatory organizations to identify transnational criminals involved in counterfeiting, diversion and theft. We continually help to prevent Abbott products intended for other markets from being reimported into the United States.
- **Building global momentum** – We have a global outreach strategy focused on establishing relationships with government, industry and not-for-profit organizations. Abbott Global Security works closely with these groups to learn of industry-wide trends and problem areas, to share strategies and to formulate joint action plans where appropriate. We seek to evolve our collaborative working relationship with U.S.-based governmental agencies, facilitating a worldwide network of trust in the fight against counterfeiting and diversion.

## MAINTAINING BUSINESS CONTINUITY

According to Aon Benfield, in 2016 global catastrophe losses rose to the highest level seen in four years. Last year, natural disasters resulted in economic losses of \$210 billion globally. Such events create increased demand for critical food and medicines, while also complicating the delivery of these life-saving products.

To ensure our continued ability to fulfill vital healthcare needs in communities around the globe, and to support our stakeholders and mitigate risks to our supply chain, Abbott created the Executive Crisis Management Team (ECMT). The ECMT is tasked with:

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

Headed by our Senior Vice President, Quality Assurance, Regulatory and Engineering Services, the ECMT comprises two senior leadership teams with cross-divisional, multifunctional representation. The skills within the teams enable us to address the wide range of potential crises that Abbott might face across the globe. Having two teams also ensures full-shift coverage of a crisis, with round-the-clock management, when necessary. Once the team has gathered sufficient information about a crisis and devises an action plan, the ECMT transitions into business continuity and recovery mode.

Abbott has a network of country Crisis Action Teams (CATs) that also help manage our crisis response. There are currently 32 country-specific CATs that manage events locally and support the ECMT, as necessary. Our crisis management team and business continuity coordinators practice crisis scenarios with the ECMT, CATs and site business continuity management teams,

working to develop and test our crisis management and business continuity plans.

## CYBERSECURITY

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

However, the promise of an interconnected, data-driven healthcare model is not without its challenges. Increasingly decentralized IT systems make cybersecurity management increasingly complex. In addition to an evolving threat landscape, the regulatory environment is rapidly changing. As a leader in creating breakthrough healthcare products, Abbott must also be a leader in technology.

Against a background of constant change, we are continually evaluating and adapting our security measures with the goal of ensuring that our patients receive the highest quality care. As patients and healthcare professionals rely on our devices, products and systems, we take a broad and holistic approach to ensuring the safety and security of the data.

Our Information Security and Risk Management (ISRM) function is dedicated to cybersecurity and is responsible for the security of Abbott data on servers, websites and mobile devices, as well as the security of our medical devices and products, which includes confidential customer and patient data.

Our security oversight committee, which includes senior executives from Compliance, Information Technology, HR, Finance and Legal, provides oversight of our cybersecurity strategy. This committee meets at least every quarter, and sometimes more often in response to specific risks. We also have a cybersecurity steering committee, responsible for developing and implementing the overall cybersecurity strategy. This group is comprised of executives from Public Affairs, Ethics and Compliance, Global Security, Legal, Information Technology and HR. Together, the two committees ensure wide engagement and action on cybersecurity issues across Abbott's businesses.

Abbott also works in collaboration with industry partners, including security experts, academic institutions and the research community, to identify cybersecurity threats affecting the industry as a whole and to test vulnerabilities. We work through multiple trade associations for medical device manufacturers, to engage directly with our peers. Together, we are able to assess trends, share threat information and establish collective standards to protect patients. Our intelligence-driven information security management system is informed first by this wider threat intelligence, which we then apply to the development of our security design.

To maintain the trust of our patients, we use a regular testing program to ensure our devices, products and systems are appropriately aligned with or exceed current cybersecurity standards. We conduct regular vulnerability scanning to identify potential risks of our products and services. When we develop or acquire new products, we conduct rigorous risk assessments to test what controls are built into the product and which industry standard has been used. We also commission penetration testing by independent third parties. When vulnerabilities are discovered, we deploy controls to mitigate risks.

# PROMOTING ETHICS AND INTEGRITY

## IN THIS SECTION

67 **OUR EFFECTIVE COMPLIANCE PROGRAM** ▶

70 **COMBATING CORRUPTION AND BRIBERY** ▶

70 **PUBLIC POLICY ENGAGEMENT** ▶

## ✔ 2016 HIGHLIGHTS

- Abbott's Code of Business Conduct, which sets forth our basic guidelines and requirements for ethical behavior, is now available in print and online in 29 languages.
- We launched our Legal and Ethics Resource Network (LERN) system, an online ethics and compliance training program, in 15 additional countries. This brings the total number of countries training on LERN to 81.
- More than 99 percent of Abbott employees around the world participated in our LERN program.

Abbott's mission to help more people live their best, healthiest lives comes with the responsibility to always do so ethically and with integrity. Our Ethics and Compliance program continually seeks to embed these values in the way that every Abbott employee operates.

Our business has a long history of enhancing trust and has always recognized the importance of reputation to our success. Nearly 150 years ago, our founder, Dr. Wallace Abbott, was one of the first to recognize the importance of ethics to the growing pharmaceuticals sector, introducing high standards of safety and efficacy that are the foundation of the modern healthcare industry. Abbott employees understand the global impact of our work on the lives of millions of people, and we continue to embody Dr. Abbott's commitment by striving to do the right thing, in the right way, in every aspect of the work we do. We support employees by fostering a clear understanding of our company values, the Abbott Code of Business Conduct, our policies and procedures, and our legal obligations related to ethical conduct.

### BUSINESS ETHICS AT ABBOTT

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

### OUR EFFECTIVE COMPLIANCE PROGRAM

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

These seven elements are:

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

### LEADERSHIP

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



### 29 LANGUAGES

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

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

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

### WRITTEN STANDARDS

We earn our reputation by the decisions we make and the actions we take on behalf of the people we serve through our work each day. Our Code of Business Conduct embodies our company values and expectations, providing a foundation for the responsibilities and behaviors that will help us make the best choices for Abbott and our diverse stakeholders. We all share in the responsibility to live our values every day. That includes keeping a watchful eye on our business activities and reporting concerns in good faith without fear of retaliation. During 2016, we continued to increase the accessibility of our Code, which is now available in print and online in 29 languages. Abbott employees are required to read our Code and certify their adherence to it every year.

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

The Code clearly states that Abbott does not tolerate illegal or unethical behavior in any aspect of our

business. It emphasizes the importance of ethical and honest conduct, of adhering to Abbott's policies and procedures, of treating confidential information appropriately, of avoiding conflicts of interest and of maintaining Abbott's books and records with accuracy and integrity. Further, it requires our employees to ask questions or report any concerns. We have developed a decision-making framework for our employees, known as AID (Assess, Impact, Decide), which helps them ask the right questions and determine a course of action that supports the Code's principles.

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

We regularly update our ethics and compliance policies to incorporate changes to the law and industry codes, including rules regarding interactions with healthcare professionals. We also seek opportunities to enhance and streamline compliance standards to meet modern and diverse business needs. In 2016, we further advanced our initiative to standardize the terms and definitions within our compliance program, across our global business. This standardization will make compliance more accessible to all of our employees and stakeholders. It will facilitate more efficient decision making and foster added business ownership of compliance. A more streamlined approach and common understanding of compliance will also allow clearer comparison and analysis of our activities and our compliance metrics.

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

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

### EFFECTIVE LINES OF COMMUNICATION

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



### ABBOTT'S ETHICS AND COMPLIANCE HELPLINE

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

We analyze all allegations that we receive and take corrective action where necessary, including terminating employees or third-party relationships.

We regularly report information about breaches of our Code to senior management.

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

### TRAINING

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

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

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

In 2016, we launched LERN in 15 additional countries, bringing the total number of countries on LERN to 81. At the end of 2016, LERN was used by over 99% of

Abbott employees. We have also introduced new LERN courses: *Ethics and Compliance at Abbott*; *Data Privacy and Protection*; and *Protecting Abbott's Confidential Information* course and certification, which were assigned to employees worldwide. All employees in countries using LERN are required to complete the *Code of Business Conduct Certification* and the *Conflicts of Interest Certification* every year at a minimum.

One of the LERN courses, *Global Promotional Practices*, describes consumer and customer expectations of promotional activities, outlines the principles behind promotional laws and regulations, explains what Abbott does to ensure promotional integrity and provides practical advice on decision making. This module is assigned periodically to relevant Abbott employees.

#### ACCOUNTABILITY

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

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

#### ASSESSMENT

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

#### REMEDIATION

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

#### POLICIES AND PROCEDURES

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

An important part of our commitment to supporting patients, consumers and healthcare professionals is an obligation to communicate responsibly about our products and services and the alternatives that exist. Our policies and procedures ensure that our activities conform to the regulatory licenses and approvals that

we obtain in order to promote, sell and import medical devices, pharmaceuticals and other products. We respect the expertise of healthcare professionals — such as physicians, pharmacists, nurses, researchers and laboratory staff — who provide guidance about treatment options and healthy living and must use their independent judgment to determine the best course of care for their patients. We are dedicated to providing these professionals with timely and accurate information that will help them make decisions and offer advice. We believe that we can best achieve our mission of supporting health through a truly collaborative approach.

During 2016, Abbott's Established Pharmaceuticals business in Mexico City received the highest certification possible from CETIFARMA, Mexico's association for the promotion of ethics and transparency in the pharmaceutical and medical device industries. CETIFARMA specifically recognized our business for good drug promotion practices, for serving as expert consultants to the healthcare community and for educating doctors according to the most current scientific findings.

#### INFANT NUTRITION

Abbott believes that proper nutrition is the foundation for living the best life possible. We aim to make every stage of life a healthy one, and we share this goal with many others around the world. That's why our nutrition business is dedicated to developing science-based nutrition products for people of all ages. We are committed to ethically marketing our products and ensuring that our practices comply with laws and regulations of the countries where we do business. We acknowledge the importance of the World Health Organization's 1981 International Code of Marketing of Breast-Milk Substitutes (the WHO Code) and subsequent World Health Assembly (WHA) resolutions. We respect the aim and principles of the WHO Code

to contribute to the provision of safe and adequate nutrition for infants by

- the protection and promotion of breast-feeding; and
- ensuring the proper use of breast milk substitutes, when these are necessary, on the basis of adequate information and through appropriate marketing and distribution.

We believe that, independently of any other measures taken by governments to implement the WHO Code, we are responsible for monitoring our marketing practices according to the principles and aims of the Code, and for taking steps to ensure that our conduct, at every level in this regard, conforms to Abbott Nutrition’s Global Infant Formula Marketing Policy and local law in the countries where we operate.

## COMBATING CORRUPTION AND BRIBERY

Abbott is committed to preventing corruption in connection with our global business activities and to working with third parties that share this commitment. The Office of Ethics and Compliance has developed a Third-Party Compliance Program to identify potential risks when doing business with third parties and to address such risks where they do exist.

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

- **Screening** – We take a risk-management approach to screening third parties that conduct activities on our behalf, such as sales, marketing and interacting with government officials. We do this through questionnaires and independent background checks.

- **Contracting** – We enter into written agreements with third parties that contain anti-corruption provisions.
- **Training** – We provide anti-corruption training to third parties as appropriate.
- **Monitoring** – We monitor third parties as and when appropriate.
- **Auditing** – Our Corporate Audit group carries out audits of third parties.

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

## PUBLIC POLICY ENGAGEMENT

Our mission to help people live their best, healthiest lives involves engaging with governments, think tanks, trade associations, patient groups and other organizations to find policy solutions to the complex issues that challenge healthcare systems around the world. It is our responsibility to help governments and regulatory bodies worldwide understand our views on major healthcare issues, while also learning from them about the needs of their communities. We meet with and brief policymakers, convene forums and discussions and contribute information and expertise to fulfill this responsibility.

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.
- Our public policy activities aim to shape policies to benefit patients and consumers, with a focus

on improving patient access to new medical and nutritional advances.

- We are committed to participating in public policy discussions that have the potential to impact our patients, consumers and employees, or our ability to continue to produce new medical and nutritional advances.

We strive to align with organizations whose overall advocacy platform demonstrates values that mirror our own. For example, we support trade associations and other membership organizations that understand how government actions can affect patients’ access to medical advances, and we promote an environment that fosters continued medical progress. Working with others increases our ability to advance policies that are consistent with our values and benefit society. We work to have a strong voice at the table, even if ultimately we may not be able to control the outcome.

Abbott also participates in the political process by contributing to state and local candidates and political organizations in the United States. Our Government Affairs team reviews and approves all corporate political contributions to ensure they are consistent with the company’s guidelines and are in compliance with applicable laws. More information can be found in our most recent [disclosure report](#).

# TRANSPARENCY AND REPORTING

## IN THIS SECTION

### 72 SCOPE OF REPORTING ▶

Our sustainability reporting focuses on our most material impacts and speaks to a range of stakeholders.

### 72 FEEDBACK ON OUR REPORTING ▶

We draw upon many external resources in refining our citizenship strategy.

### 72 TRANSPARENCY ON POLICIES ▶

We strive for transparency by providing information on policies and standards applicable to each of our priority areas.

### 73 EXTERNAL ASSURANCE ▶

Abbott engaged an independent assurance provider to conduct assurance of key 2016 environmental and safety data.

### 73 AWARDS AND RECOGNITION ▶

Abbott has been recognized around the world for our comprehensive approach to sustainability.

### 74 METRICS ▶

We report key financial, social and environmental metrics in this report.

Our sustainability reporting is guided by our materiality assessment, which identifies the most significant factors for our business. Our reporting addresses the interests of a range of stakeholders, including consumers, customers, patients, employees, government and regulatory bodies, investors, special interest groups, nongovernmental organizations and opinion leaders.



## 18 YEARS OF REPORTING

Abbott has reported on our citizenship activities for 18 years.



## #1 IN HEALTHCARE

Abbott was ranked as the Global Industry Group Leader on the prestigious Dow Jones Sustainability World Index and North America Index in 2016 for the fourth consecutive year.

We have reported on our sustainability activities for 18 years, beginning with a focus on our environmental impacts. In 2000, we moved toward more comprehensive annual reporting by issuing our first citizenship report. Our reporting focuses on the most significant impacts of our business and aims to address a number of key issues important to a range of stakeholders. These stakeholders include consumers, customers, patients, employees, government and regulatory bodies, investors, special interest groups, nongovernmental organizations and opinion leaders in the areas of responsible, sustainable and inclusive business. In addition to a global report, we also produce citizenship reports in many of our key markets – most recently in India, Russia and Ireland. Our [country reports](#) are available on our website.

## SCOPE OF REPORTING

- All financial information is stated in U.S. dollars.
- All data in this report reflects Abbott’s activities, with a focus on 2016 results. The report does not include St. Jude Medical’s sustainability activities, as the acquisition was completed on January 4, 2017. We will incorporate St. Jude in future sustainability reports.
- Neither this report nor our website contain performance information about our joint ventures unless otherwise noted.
- Select information and data calculations from prior years have been adjusted to reflect the company’s separation from AbbVie in January 2013.
- The Abbott Fund is an Illinois not-for-profit philanthropic corporation established by Abbott in 1951.
- Our Global Sustainability Report for 2017 will be published in the second quarter of 2018.

## FEEDBACK ON OUR REPORTING

We draw upon many external sources of expertise to develop and execute our sustainability strategy. These external experts also guide our engagements with key stakeholders, the development of our website and the production of this report. They include Corporate Citizenship, Business for Social Responsibility, the Corporate Social Responsibility Initiative at the Harvard Kennedy School and The Conference Board. We gratefully acknowledge their input. Our engagement with these groups better informs our approach to reporting, while also keeping us abreast of stakeholder expectations and helping us to identify areas of opportunity for strengthened citizenship engagement.

We also refer to external standards on reporting, such as the Global Reporting Initiative’s (GRI) G4 Sustainability Reporting Guidelines.

## TRANSPARENCY ON POLICIES

We provide information on the policies and standards that guide our business decisions, ethical conduct and commitment to the environment. Our policies always seek to meet or exceed the national and international standards in the countries where we operate.

Details of the following [critical policies](#) can be found on our website:

- Code of Business Conduct
- Supplier Guidelines
- Position Statement on Conflict Minerals
- Environmental Policy
- Energy Policy
- Water Policy
- Green Procurement Policy
- Global Environment Health & Safety Policy
- Environmental and Safety Assurance Statement
- Anti-Corruption Training Guide for Companies Doing Business with Abbott
- Clinical Trials Registration and Results Disclosures
- Financial Reports for Healthcare-Related Organizations
- Stakeholder Engagement Policy
- Position Statement on Tax
- Commitment to Cybersecurity
- Position Statement on Human Rights
- Commitment to Responsible Marketing of Infant Formula and Breast Milk Substitutes

## EXTERNAL ASSURANCE

Abbott engaged an independent assurance provider, Bureau Veritas, to conduct assurance of selected 2016 environmental and safety data. The policy section of our website includes a PDF of the [Bureau Veritas Assurance Statement](#).

## AWARDS AND RECOGNITION

Abbott has been recognized around the world for our comprehensive approach to global citizenship.

- Abbott was ranked as the Global Industry Group Leader on the prestigious Dow Jones Sustainability World Index and North America Index for the fourth consecutive year. This is the 12th consecutive year that Abbott has been included in both the North America Index and the World Index – recognition of our continued global leadership in economic, environmental and social performance.
- Abbott was ranked the No. 1 company overall and No. 1 for social responsibility in our industry sector (Medical Products and Equipment) on the *Fortune* Most Admired Companies 2016 list.
- In 2016, we achieved an A- on our CDP (formerly the Carbon Disclosure Project) Climate Change score, placing Abbott in the leadership category.
- Abbott has been recognized as a Great Place to Work by the Great Place to Work Institute in many different countries, including Brazil, Ireland, Japan, Australia, France and the United Kingdom.
- In 2016, Abbott was recognized as No. 15 on the global 100 Best Corporate Citizens list. Abbott has appeared on the list, compiled by *Corporate Responsibility Magazine*, for eight consecutive years, from 2009 to 2016.



## BEST CORPORATE CITIZEN

Abbott has been included in the global 100 Best Corporate Citizens list, compiled by *Corporate Responsibility Magazine*, for eight consecutive years, from 2009 to 2016. This year, Abbott was recognized as No. 15 on the list.

---

# METRICS

## IN THIS SECTION

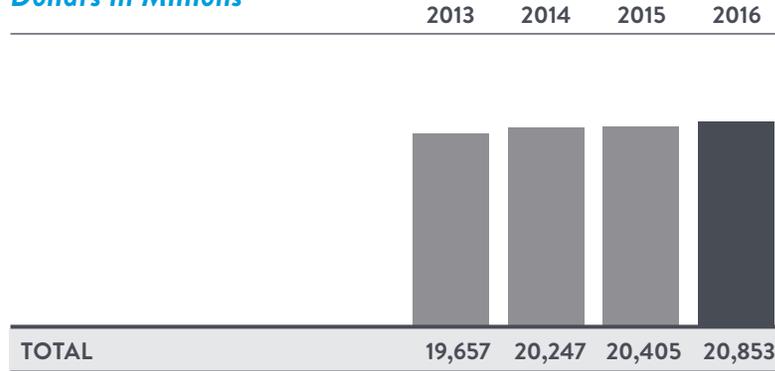
- 75 **FINANCIAL** ▶
- 76 **SOCIAL** ▶
- 78 **ENVIRONMENTAL** ▶

- 80 **DETAILED ENVIRONMENTAL PERFORMANCE** ▶

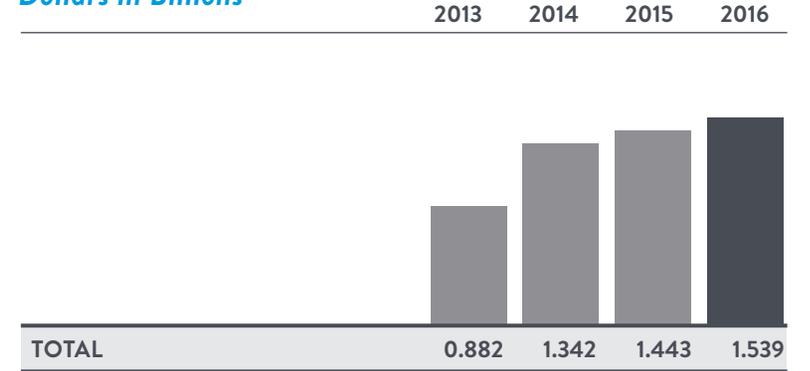
The charts and tables on the following pages spotlight our key metrics in financial, social and environmental areas for 2016.

## KEY METRICS – FINANCIAL

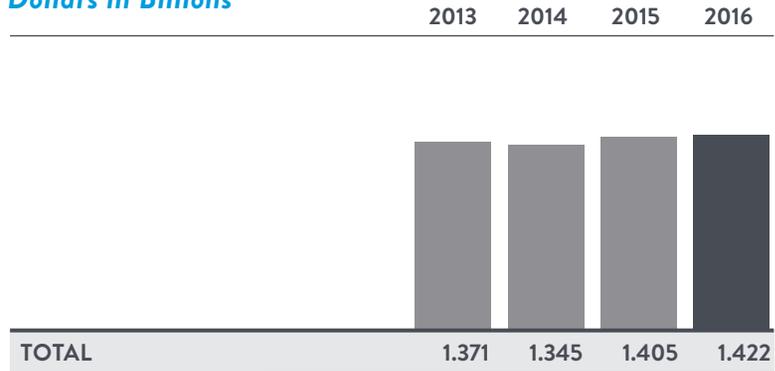
### SALES WORLDWIDE *Dollars in Millions*



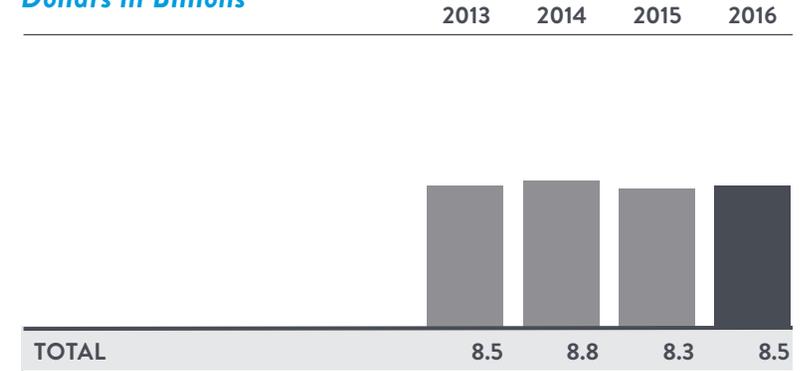
### DIVIDENDS PAID *Dollars in Billions*



### R&D INVESTMENT *Dollars in Billions*

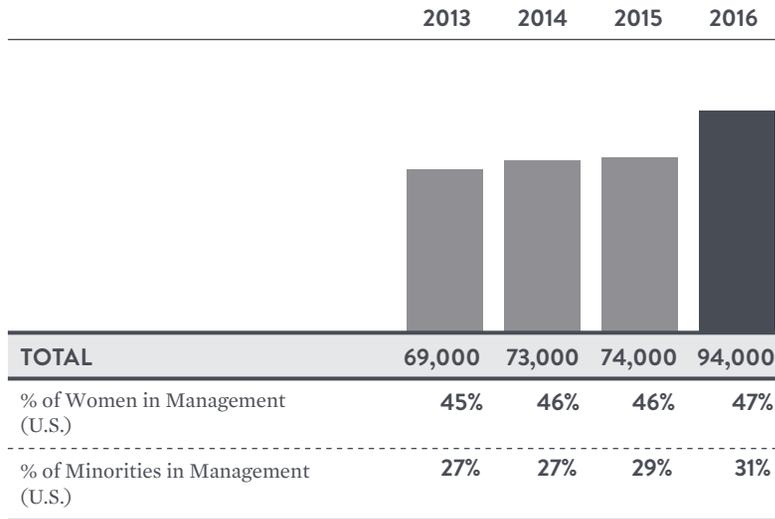


### SPEND ON DIRECT SUPPLIERS *Dollars in Billions*



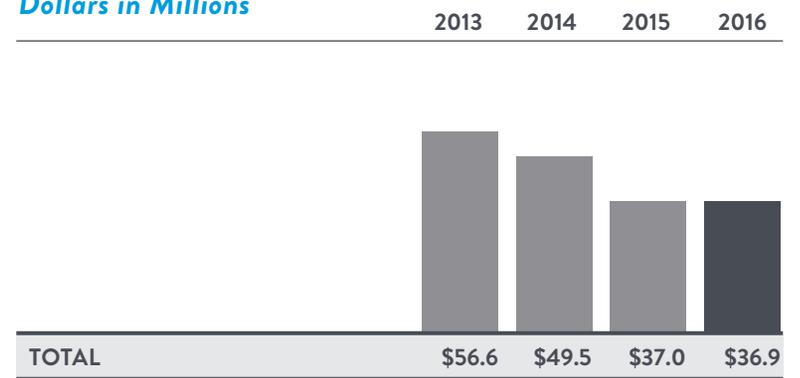
## KEY METRICS – SOCIAL

### EMPLOYEES



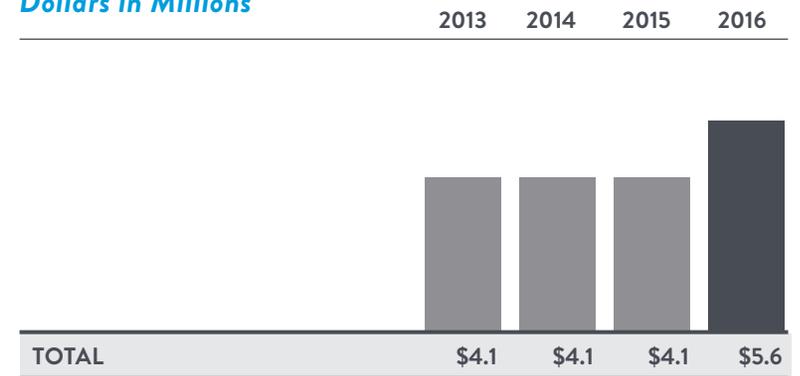
### SOCIAL INVESTING

*Dollars in Millions*

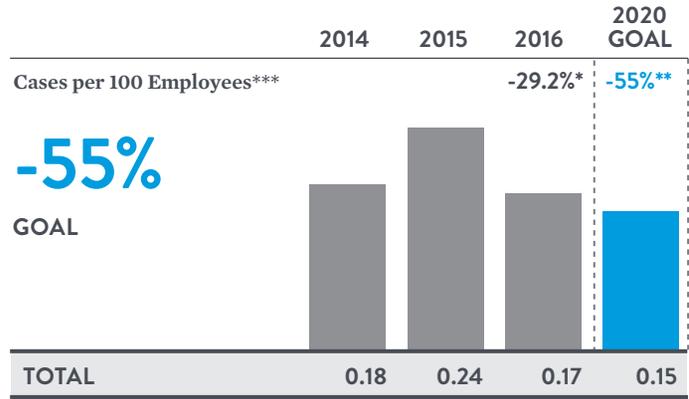


### U.S. EMPLOYEE GIVING CAMPAIGN RESULTS

*Dollars in Millions*



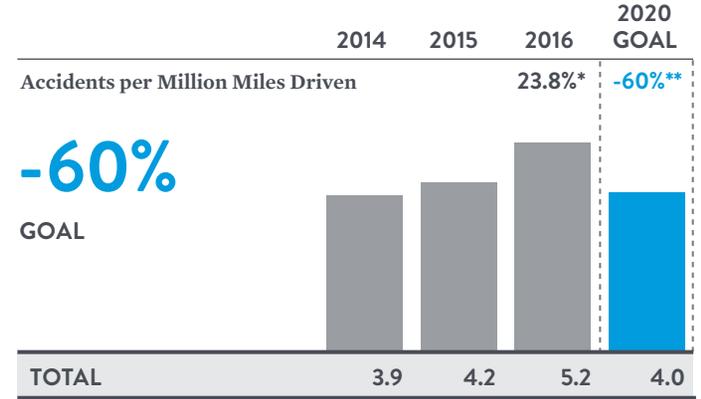
### LOST-TIME CASE RATE



\*% change from 2015 to 2016

\*\*% change from 2010 (goal)

### GLOBAL VEHICLE ACCIDENT RATE

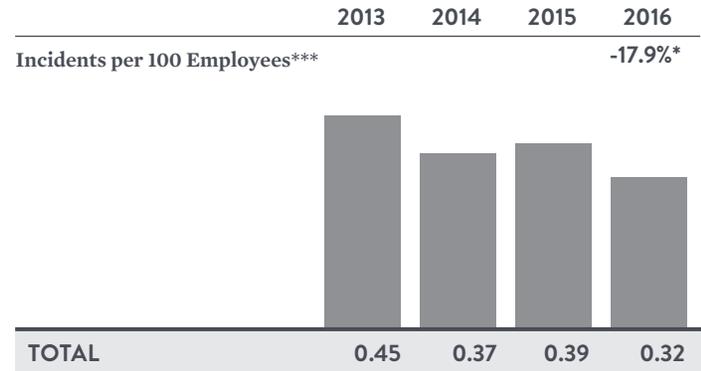


\*% change from 2015 to 2016

\*\*% change from 2010 (goal)

Note: The rate increase is attributed to a metric definition change and integration of recent acquisitions.

### RECORDABLE INJURY OR ILLNESS INCIDENT RATE



\*% change from 2015 to 2016

\*\*\*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

### CO<sub>2</sub>e EMISSIONS (Region-Based Emission Factors) 1,000 Metric Tons

	2010 <sup>†</sup>	2014	2015	2016
				0.20%*
<b>TOTAL (Scope 1 and Scope 2) CO<sub>2</sub>e Emissions</b>	<b>1,164</b>	<b>1,033</b>	<b>1,000</b>	<b>1,002</b>
Purchased Fuels (Scope 1) CO <sub>2</sub> e Emissions <sup>(1)</sup>	531	471	465	471
Refrigerant (Scope 1) CO <sub>2</sub> e Emissions <sup>(2)</sup>	8	9	11	14
Total Direct (Scope 1) CO <sub>2</sub> e Emissions	539	480	476	485
Total Purchased Energy (Scope 2) CO <sub>2</sub> e Emissions <sup>(2)</sup>	626	554	524	517
Purchased Energy (Scope 2) CO <sub>2</sub> e Emissions Utilizing Scope 2 Market-Based Method	NA	NA	554	547
Total (Scope 1 and Scope 2) CO <sub>2</sub> e Emissions Utilizing Scope 2 Market-Based Method	NA	NA	1,030	1,032

\*% change from 2015 to 2016

<sup>†</sup>Baseline year

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

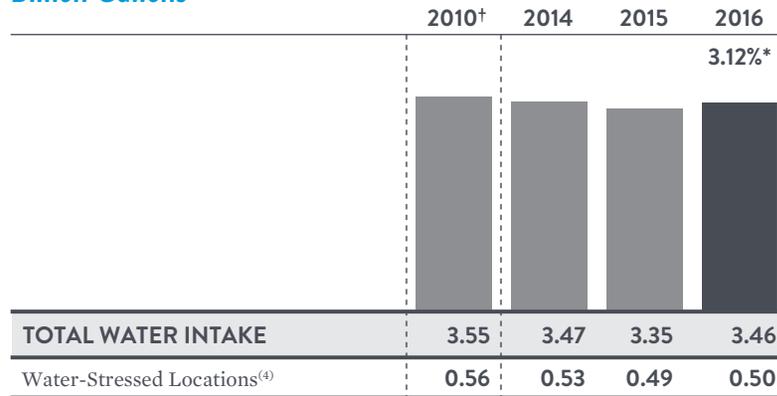
	2010 <sup>†</sup>	2014	2015	2016	2020 GOAL
Metric Tons per \$ Million Sales Normalized by Sales				-1.95%*	-40%**
<b>GOAL</b>					
<b>TOTAL (Scope 1 and Scope 2) CO<sub>2</sub>e Emissions</b>	<b>67</b>	<b>49</b>	<b>49</b>	<b>48</b>	<b>39</b>
Direct (Scope 1) CO <sub>2</sub> e Emissions	31	23	23	23	
Purchased Energy (Scope 2) CO <sub>2</sub> e Emissions	36	26	26	25	

\*% change from 2015 to 2016    \*\*% change from 2010 (goal)

<sup>†</sup>Baseline year

## WATER INTAKE

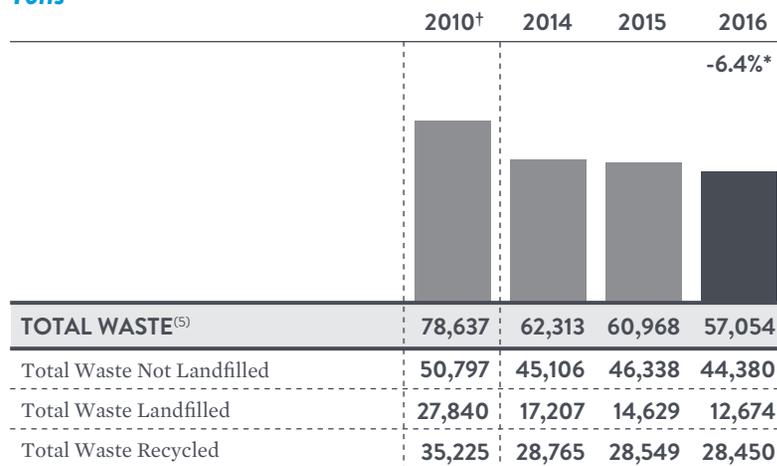
Billion Gallons



\*% change from 2015 to 2016  
<sup>†</sup>Baseline year

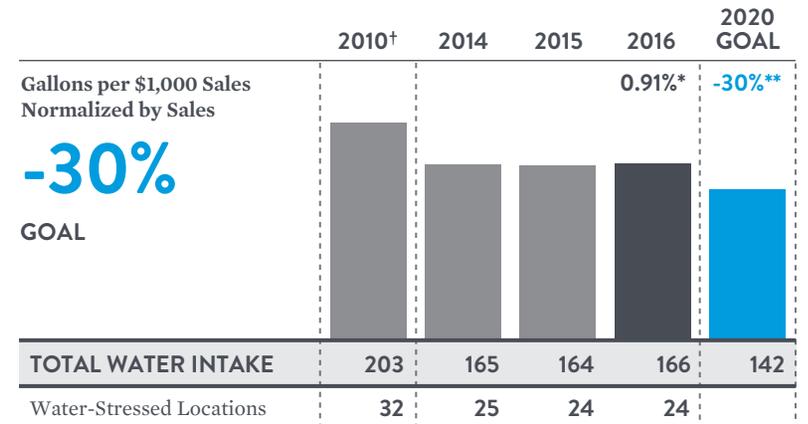
## TOTAL WASTE

Tons



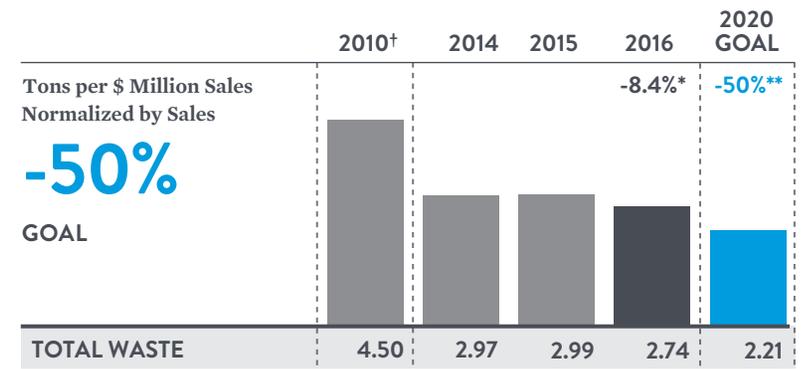
\*% change from 2015 to 2016  
<sup>†</sup>Baseline year

## WATER INTAKE



\*% change from 2015 to 2016  
<sup>†</sup>Baseline year  
 \*\*% change from 2010 (goal)

## TOTAL WASTE



\*% change from 2015 to 2016  
<sup>†</sup>Baseline year  
 \*\*% change from 2010 (goal)

## DETAILED ENVIRONMENTAL PERFORMANCE

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

### TOTAL SCOPE 1 AND 2 CO<sub>2</sub>e EMISSIONS BY REGION – 1,000 Metric Tons

	2010 <sup>†</sup>	2014	2015	2016
<b>NORTH AMERICA</b>				
Canada	28	20	19	19
USA	597	494	460	469
Region Total	624	514	479	488
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	12	15	15	16
Brazil	3	3	4	5
Chile	4	5	5	4
Colombia	1	1	2	2
Costa Rica	0	1	1	1
Mexico	16	14	14	14
Peru	1	1	1	1
Puerto Rico	55	27	21	14
Commercial Region Total	25	25	24	22
Region Total	117	92	88	79

<sup>†</sup>Baseline year

**TOTAL SCOPE 1 AND 2 CO<sub>2</sub>e EMISSIONS BY REGION – 1,000 Metric Tons (CONTINUED)**

	2010 <sup>†</sup>	2014	2015	2016
<b>EUROPE</b>				
Germany	31	23	25	25
Ireland	66	53	53	55
Netherlands	72	65	68	68
Russia	17	16	20	23
Spain	13	11	10	9
Sweden	2	1	1	1
Switzerland	0	0	0	0
United Kingdom	17	16	14	10
Commercial Region Total	42	36	33	31
Region Total	259	222	225	222
<b>ASIA PACIFIC</b>				
China	14	39	37	30
India	18	32	37	39
Japan	1	1	1	1
Malaysia	0	0	3	6
Pakistan	19	21	19	21
Singapore	45	43	39	43
Commercial Region Total	64	67	70	69
Region Total	164	206	209	213
<b>Total</b>	<b>1,164</b>	<b>1,033</b>	<b>1,000</b>	<b>1,002</b>

<sup>†</sup>Baseline year

**CO<sub>2</sub>e EMISSIONS – DIRECT EMISSIONS (SCOPE 1) BY REGION – 1,000 Metric Tons**

	2010 <sup>†</sup>	2014	2015	2016
<b>NORTH AMERICA</b>				
Canada	14	11	11	11
USA	270	224	214	218
<b>Region Total</b>	<b>285</b>	<b>235</b>	<b>225</b>	<b>229</b>
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	6	7	7	7
Brazil	2	2	2	2
Chile	1	1	1	0
Colombia	0	0	0	0
Costa Rica	0	0	0	0
Mexico	15	14	14	14
Peru	0	0	0	0
Puerto Rico	2	1	0	0
<b>Commercial Region Total</b>	<b>23</b>	<b>23</b>	<b>22</b>	<b>21</b>
<b>Region Total</b>	<b>49</b>	<b>48</b>	<b>47</b>	<b>45</b>

<sup>†</sup>Baseline year

**CO<sub>2</sub>e EMISSIONS – DIRECT EMISSIONS (SCOPE 1) BY REGION – 1,000 Metric Tons (CONTINUED)**

	2010 <sup>†</sup>	2014	2015	2016
<b>EUROPE</b>				
Germany	11	9	10	13
Ireland	38	27	30	31
Netherlands	41	33	34	32
Russia	13	10	12	14
Spain	5	4	5	6
Sweden	0	0	0	0
Switzerland	0	0	0	0
United Kingdom	5	5	4	3
Commercial Region Total	26	26	25	24
Region Total	139	114	119	123
<b>ASIA PACIFIC</b>				
China	1	13	13	9
India	1	4	9	11
Indonesia	0	1	1	1
Japan	0	0	0	0
Malaysia	0	0	0	0
Pakistan	16	18	17	18
Singapore	18	18	17	21
Commercial Region Total	29	29	29	28
Region Total	66	84	85	88
<b>Total</b>	<b>539</b>	<b>480</b>	<b>476</b>	<b>485</b>

<sup>†</sup>Baseline year

**CO<sub>2</sub>e EMISSIONS – PURCHASED ENERGY (SCOPE 2) BY REGION – 1,000 Metric Tons**

	2010 <sup>†</sup>	2014	2015	2016
<b>NORTH AMERICA</b>				
Canada	13	9	8	8
USA	327	271	245	251
<b>Region Total</b>	<b>340</b>	<b>280</b>	<b>254</b>	<b>259</b>
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	6	8	8	9
Brazil	1	1	2	2
Chile	3	4	4	3
Colombia	1	1	2	2
Costa Rica	0	1	1	1
Mexico	0	0	0	0
Peru	1	1	1	1
Puerto Rico	53	26	20	14
<b>Commercial Region Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>
<b>Region Total</b>	<b>68</b>	<b>44</b>	<b>41</b>	<b>34</b>

<sup>†</sup>Baseline year

**CO<sub>2</sub>e EMISSIONS – PURCHASED ENERGY (SCOPE 2) BY REGION – 1,000 Metric Tons (CONTINUED)**

	2010 <sup>†</sup>	2014	2015	2016
<b>EUROPE</b>				
Germany	20	15	16	12
Ireland	28	26	23	24
Netherlands	31	32	33	35
Russia	4	6	8	8
Spain	8	7	5	4
Sweden	2	1	1	1
Switzerland	0	0	0	0
United Kingdom	12	11	10	7
Commercial Region Total	15	11	9	7
Region Total	120	108	106	98
<b>ASIA PACIFIC</b>				
China	14	26	24	20
India	17	28	28	28
Indonesia	2	2	2	2
Japan	1	1	1	1
Malaysia	0	0	3	6
Pakistan	2	3	3	3
Singapore	26	24	22	22
Commercial Region Total	35	38	41	42
Region Total	97	122	124	125
<b>Total</b>	<b>626</b>	<b>554</b>	<b>524</b>	<b>517</b>

<sup>†</sup>Baseline year

## WATER INTAKE

### WATER INTAKE BY REGION – Billion Gallons

	2010 <sup>†</sup>	2014	2015	2016
<b>NORTH AMERICA</b>				
Canada	0.22	0.16	0.17	0.16
USA	1.81	1.75	1.66	1.81
Region Total	2.04	1.91	1.83	1.98
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	0.08	0.09	0.09	0.09
Brazil	0.01	0.01	0.01	0.01
Chile	0.02	0.02	0.02	0.02
Colombia	0.01	0.01	0.01	0.02
Costa Rica	0.00	0.01	0.01	0.01
Mexico	0.04	0.03	0.03	0.02
Peru	0.01	0.01	0.01	0.01
Puerto Rico	0.15	0.08	0.05	0.04
Region Total	0.32	0.27	0.23	0.22

<sup>†</sup>Baseline year

**WATER INTAKE BY REGION – Billion Gallons (CONTINUED)**

	2010 <sup>†</sup>	2014	2015	2016
<b>EUROPE</b>				
Germany	0.04	0.04	0.04	0.04
Ireland	0.17	0.17	0.18	0.17
Netherlands	0.40	0.34	0.35	0.34
Russia	0.08	0.07	0.07	0.07
Spain	0.08	0.09	0.09	0.07
Sweden	0.02	0.02	0.02	0.03
Switzerland	0.00	0.00	0.00	0.00
United Kingdom	0.01	0.01	0.01	0.00
Region Total	0.81	0.74	0.75	0.73
<b>ASIA PACIFIC</b>				
China	0.04	0.16	0.14	0.10
India	0.06	0.10	0.12	0.12
Indonesia	0.01	0.01	0.01	0.01
Japan	0.00	0.00	0.00	0.00
Malaysia	0.00	0.00	0.01	0.02
Pakistan	0.09	0.09	0.09	0.09
Singapore	0.19	0.18	0.17	0.19
Region Total	0.38	0.54	0.54	0.53
<b>Total</b>	<b>3.55</b>	<b>3.47</b>	<b>3.35</b>	<b>3.46</b>

<sup>†</sup>Baseline year

## WATER CONSUMED (IN PROCESS)

### TOTAL – Billion Gallons

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Total Water Consumed	0.67	0.68	0.74	0.72	-3.07

### NORMALIZED BY SALES – Gallons per \$1,000 Sales

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Total Water Consumed	39	33	36	34	-5.15

## WATER DISCHARGED (IMPAIRED)

### TOTAL – Billion Gallons

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Total Water Discharged (Impaired)	2.20	2.09	2.05	2.20	7.21

### NORMALIZED BY SALES – Gallons per \$1,000 Sales

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Total Water Discharged (Impaired)	126	99	101	105	4.90

<sup>†</sup>Baseline year

## WATER DISCHARGED (NON-IMPAIRED)

### TOTAL – Billion Gallons

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Total Water Discharged (Non-Impaired)	0.67	0.70	0.56	0.54	-3.67

### NORMALIZED BY SALES – Gallons per \$1,000 Sales

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Total Water Discharged (Non-Impaired)	39	33	27	26	-5.74

## BOD CONCENTRATION IN WASTEWATER

### Milligrams per Liter

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Concentration in Wastewater Discharged to Environment <sup>(6)</sup>	6	6	9	8	-13.72

<sup>†</sup>Baseline year

## TOTAL WASTE

### TOTAL WASTE BY REGION – Tons

	2010 <sup>†</sup>	2014	2015	2016
<b>NORTH AMERICA</b>				
Canada	1,320	711	703	746
USA	37,034	23,911	24,376	23,676
Region Total	38,355	24,622	25,079	24,422
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	1,359	1,231	1,259	1,206
Brazil	680	566	637	506
Chile	580	580	580	776
Colombia	816	816	927	1,274
Costa Rica	0	146	315	406
Mexico	222	432	362	455
Peru	313	330	451	392
Puerto Rico	4,299	3,483	1,833	1,705
Commercial Region Total <sup>(7)</sup>	1,234	715	1,262	1,743
Region Total	9,502	8,298	7,624	8,463

<sup>†</sup>Baseline year

**TOTAL WASTE BY REGION – Tons (CONTINUED)**

	2010 <sup>†</sup>	2014	2015	2016
<b>EUROPE</b>				
Germany	2,158	2,360	2,310	2,693
Ireland	5,216	4,529	3,990	4,511
Netherlands	8,724	7,734	4,933	4,593
Russia	1,206	979	901	1,003
Spain	1,038	891	1,520	1,305
Sweden	407	406	464	112
Switzerland	79	92	36	40
United Kingdom	1,260	1,050	1,044	1,195
Commercial Region Total <sup>(7)</sup>	1,464	1,434	1,876	1,225
<b>Region Total</b>	<b>21,552</b>	<b>19,476</b>	<b>17,074</b>	<b>16,677</b>
<b>ASIA PACIFIC</b>				
China	446	2,146	2,163	1,040
India	2,063	3,145	4,147	2,244
Indonesia	205	29	23	16
Japan	498	383	486	400
Malaysia	0	0	0	85
Pakistan	1,257	842	658	647
Singapore	3,993	2,068	3,090	2,654
Commercial Region Total <sup>(7)</sup>	766	1,305	625	405
<b>Region Total</b>	<b>9,227</b>	<b>9,917</b>	<b>11,191</b>	<b>7,491</b>
<b>Total</b>	<b>78,637</b>	<b>62,313</b>	<b>60,968</b>	<b>57,054</b>

<sup>†</sup>Baseline year

## HAZARDOUS WASTE

### TOTAL – Tons

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Hazardous Waste Not Landfilled	9,605	8,400	5,646	5,576	-1.2
Hazardous Waste Landfilled	723	951	839	643	-23.4
<b>Total Hazardous Waste</b>	<b>10,328</b>	<b>9,350</b>	<b>6,485</b>	<b>6,220</b>	<b>-4.1</b>

### NORMALIZED BY SALES – Tons per \$ Million Sales

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
<b>Total Hazardous Waste</b>	<b>0.59</b>	<b>0.45</b>	<b>0.32</b>	<b>0.30</b>	<b>-6.2</b>

<sup>†</sup>Baseline year

### HAZARDOUS WASTE BY REGION – Tons

	2010†	2014	2015	2016
<b>NORTH AMERICA</b>				
Canada	150	151	141	145
USA	1,111	821	723	656
<b>Region Total</b>	<b>1,262</b>	<b>972</b>	<b>863</b>	<b>800</b>
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	603	615	661	564
Brazil	117	113	167	121
Chile	237	237	237	330
Colombia	198	198	231	181
Costa Rica	0	25	53	42
Mexico	33	67	66	116
Peru	79	96	150	113
Puerto Rico	1,605	1,436	93	82
Commercial Region Total <sup>(7)</sup>	163	56	216	187
<b>Region Total</b>	<b>3,034</b>	<b>2,844</b>	<b>1,874</b>	<b>1,736</b>

†Baseline year

**HAZARDOUS WASTE BY REGION – Tons (CONTINUED)**

	2010 <sup>†</sup>	2014	2015	2016
<b>EUROPE</b>				
Germany	486	491	517	967
Ireland	536	405	379	447
Netherlands	3,284	3,092	1,432	1,418
Russia	294	294	225	177
Spain	15	11	14	7
Sweden	308	316	348	13
Switzerland	2	3	0	0
United Kingdom	481	208	189	84
Commercial Region Total <sup>(7)</sup>	198	315	227	94
<b>Region Total</b>	<b>5,604</b>	<b>5,135</b>	<b>3,330</b>	<b>3,207</b>
<b>ASIA PACIFIC</b>				
China	9	26	15	27
India	264	183	236	286
Indonesia	7	7	11	8
Japan	18	8	10	14
Malaysia	0	0	0	8
Pakistan	65	27	79	105
Singapore	24	47	51	12
Commercial Region Total <sup>(7)</sup>	41	101	16	16
<b>Region Total</b>	<b>428</b>	<b>399</b>	<b>418</b>	<b>476</b>
<b>Total</b>	<b>10,328</b>	<b>9,350</b>	<b>6,485</b>	<b>6,220</b>

<sup>†</sup>Baseline year

## NON-HAZARDOUS WASTE

### TOTAL – Tons

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Non-Hazardous Waste Not Landfilled	41,192	36,706	40,692	38,803	-4.6
Non-Hazardous Waste Landfilled	27,117	16,256	13,790	12,031	-12.8
<b>Total Non-Hazardous Waste</b>	<b>68,309</b>	<b>52,962</b>	<b>54,482</b>	<b>50,834</b>	<b>-6.7</b>

### NORMALIZED BY SALES – Tons per \$ Million Sales

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
<b>Total Non-Hazardous Waste</b>	<b>3.91</b>	<b>2.52</b>	<b>2.67</b>	<b>2.44</b>	<b>-8.7</b>

<sup>†</sup>Baseline year

### NON-HAZARDOUS WASTE BY REGION – Tons

	2010 <sup>†</sup>	2014	2015	2016
<b>NORTH AMERICA</b>				
Canada	1,170	560	562	601
USA	35,923	23,090	23,653	23,021
Region Total	37,093	23,650	24,215	23,622
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	756	615	597	642
Brazil	563	452	470	385
Chile	343	343	343	446
Colombia	618	618	695	1,092
Costa Rica	0	121	262	364
Mexico	190	365	296	339
Peru	234	234	301	279
Puerto Rico	2,694	2,047	1,740	1,623
Commercial Region Total <sup>(7)</sup>	1,071	658	1,046	1,557
Region Total	6,468	5,454	5,749	6,727

<sup>†</sup>Baseline year

**NON-HAZARDOUS WASTE BY REGION – Tons (CONTINUED)**

	2010 <sup>†</sup>	2014	2015	2016
<b>EUROPE</b>				
Germany	1,672	1,869	1,793	1,726
Ireland	4,679	4,124	3,612	4,064
Netherlands	5,439	4,642	3,501	3,175
Russia	912	685	676	826
Spain	1,023	880	1,506	1,298
Sweden	99	90	116	99
Switzerland	77	89	36	40
United Kingdom	779	842	855	1,111
Commercial Region Total <sup>(7)</sup>	1,266	1,119	1,649	1,131
Region Total	15,948	14,341	13,744	13,470
<b>ASIA PACIFIC</b>				
China	437	2,120	2,148	1,013
India	1,799	2,962	3,911	1,958
Indonesia	198	21	13	8
Japan	480	375	476	387
Malaysia	0	0	0	77
Pakistan	1,192	815	579	541
Singapore	3,968	2,020	3,039	2,642
Commercial Region Total <sup>(7)</sup>	725	1,204	608	389
Region Total	8,799	9,518	10,773	7,015
<b>Total</b>	<b>68,309</b>	<b>52,962</b>	<b>54,482</b>	<b>50,834</b>

<sup>†</sup>Baseline year

## ENERGY CONSUMPTION

1,000 Gigajoules

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Purchased Fuels (Scope 1) <sup>(1)</sup>	8,717	8,436	8,305	8,404	1.19
Purchased Energy (Scope 2) <sup>(2)</sup>	4,800	4,200	4,079	3,916	-4.01
Total (Scope 1 and Scope 2) Energy Consumption	13,517	12,636	12,384	12,319	-0.53

### NORMALIZED BY SALES – Gigajoules per \$ Million Sales

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Purchased Fuels (Scope 1)	499	402	407	403	-0.99
Purchased Energy (Scope 2)	275	200	200	188	-6.08
Total (Scope 1 and Scope 2) Energy Consumption	773	602	607	591	-2.66

## ELECTRICITY GENERATED ON SITE

Million Kilowatt Hours

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
From Cogeneration	35.3	37.6	37.9	45.3	19.67
From Renewables	0.05	0.33	0.32	0.31	-2.90

<sup>†</sup>Baseline year

**TOTAL SCOPE 1 AND 2 ENERGY CONSUMPTION BY REGION – 1,000 Gigajoules**

	2010 <sup>†</sup>	2014	2015	2016
<b>NORTH AMERICA</b>				
Canada	489	367	364	360
USA	6,425	5,940	5,704	5,746
Region Total	6,914	6,308	6,067	6,106
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	109	136	141	141
Brazil	81	64	70	72
Chile	40	41	48	36
Colombia	33	35	40	45
Costa Rica	0	49	41	40
Mexico	275	245	255	246
Peru	19	19	21	18
Puerto Rico	636	315	206	127
Commercial Region Total	378	377	367	339
Region Total	1,571	1,282	1,189	1,064

<sup>†</sup>Baseline year

**TOTAL SCOPE 1 AND 2 ENERGY CONSUMPTION BY REGION – 1,000 Gigajoules (CONTINUED)**

	2010 <sup>†</sup>	2014	2015	2016
<b>EUROPE</b>				
Germany	360	259	268	291
Ireland	728	677	703	741
Netherlands	973	851	872	839
Russia	261	226	280	331
Spain	169	161	159	155
Sweden	39	35	34	32
Switzerland	5	1	2	2
United Kingdom	175	165	153	109
Commercial Region Total	564	509	470	441
Region Total	3,274	2,884	2,941	2,941
<b>ASIA PACIFIC</b>				
China	90	377	349	277
India	140	229	286	283
Indonesia	15	21	20	20
Japan	10	7	7	8
Malaysia	0	0	14	33
Pakistan	306	319	305	313
Singapore	515	511	470	556
Commercial Region Total	679	697	737	719
Region Total	1,758	2,162	2,188	2,209
<b>Total</b>	<b>13,517</b>	<b>12,636</b>	<b>12,384</b>	<b>12,319</b>

<sup>†</sup>Baseline year

**ENERGY CONSUMPTION – PURCHASED FUELS (SCOPE 1) BY REGION – 1,000 Gigajoules**

	2010 <sup>†</sup>	2014	2015	2016
<b>NORTH AMERICA</b>				
Canada	253	189	190	188
USA	4,426	4,217	4,045	4,119
Region Total	4,679	4,406	4,235	4,307
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	47	59	60	57
Brazil	25	17	17	18
Chile	13	13	15	7
Colombia	7	7	7	7
Costa Rica	0	1	1	1
Mexico	272	243	253	244
Peru	3	3	3	3
Puerto Rico	21	18	2	3
Commercial Region Total	338	344	336	314
Region Total	726	705	693	653

<sup>†</sup>Baseline year

**ENERGY CONSUMPTION – PURCHASED FUELS (SCOPE 1) BY REGION – 1,000 Gigajoules (CONTINUED)**

	2010 <sup>†</sup>	2014	2015	2016
<b>EUROPE</b>				
Germany	179	141	146	189
Ireland	512	477	510	540
Netherlands	723	588	607	572
Russia	224	177	215	251
Spain	67	67	79	99
Sweden	0	0	0	0
Switzerland	0	0	0	0
United Kingdom	91	85	73	48
Commercial Region Total	375	373	357	353
Region Total	2,171	1,908	1,987	2,052
<b>ASIA PACIFIC</b>				
China	9	232	210	151
India	75	120	160	159
Indonesia	7	10	10	8
Japan	0	0	0	0
Malaysia	0	0	0	0
Pakistan	288	298	283	287
Singapore	329	326	294	376
Commercial Region Total	434	432	432	411
Region Total	1,142	1,418	1,389	1,393
<b>Total</b>	<b>8,717</b>	<b>8,436</b>	<b>8,305</b>	<b>8,404</b>

<sup>†</sup>Baseline year

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

	2010 <sup>†</sup>	2014	2015	2016
<b>NORTH AMERICA</b>				
Canada	236	179	174	172
USA	1,999	1,723	1,659	1,627
Region Total	2,235	1,902	1,832	1,799
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	62	77	81	84
Brazil	56	47	53	53
Chile	26	29	33	30
Colombia	26	29	33	38
Costa Rica	0	48	40	39
Mexico	3	2	2	2
Peru	16	16	18	15
Puerto Rico	614	297	204	125
Commercial Region Total	41	33	31	26
Region Total	846	578	495	411

<sup>†</sup>Baseline year

**ENERGY CONSUMPTION – PURCHASED ENERGY (SCOPE 2) BY REGION – 1,000 Gigajoules (CONTINUED)**

	2010 <sup>†</sup>	2014	2015	2016
<b>EUROPE</b>				
Germany	180	119	122	102
Ireland	217	201	194	201
Netherlands	251	262	265	267
Russia	37	49	65	80
Spain	102	94	80	56
Sweden	39	35	34	32
Switzerland	5	1	2	2
United Kingdom	84	79	80	61
Commercial Region Total	189	136	113	88
Region Total	1,103	976	954	889
<b>ASIA PACIFIC</b>				
China	81	146	139	125
India	65	109	125	123
Indonesia	9	11	10	12
Japan	10	7	7	8
Malaysia	0	0	14	33
Pakistan	18	22	22	27
Singapore	187	185	176	180
Commercial Region Total	246	265	305	308
Region Total	616	744	799	816
<b>Total</b>	<b>4,800</b>	<b>4,200</b>	<b>4,079</b>	<b>3,916</b>

<sup>†</sup>Baseline year

## ENERGY AND CO<sub>2</sub> EQUIVALENT BY ENERGY SOURCE

	ENERGY CONSUMED (UNITS BELOW)				UNITS
	2010 <sup>†</sup>	2014	2015	2016	
<b>STATIONARY SOURCES</b>					
Electricity (Purchased)	1,008	932	928	916	million kWh
Natural Gas	5,307	6,480	6,423	6,597	million cubic feet
Fuel Oils	4	0	0	0	million gallons
Coal	32	2	0	0	thousand tons
Misc. Fuels (Propane, Kerosene, LPG, LNG, Pet Coke)	N/A	N/A	N/A	N/A	N/A
Purchased Steam, Hot Water and Chilled Water	151	78	50	31	million kWh
Biofuels	N/A	N/A	N/A	N/A	N/A
Generated Electricity (Cogeneration and Renewables)	35	38	38	46	million kWh
Leased Building Electricity	115	104	102	93	million kWh
Leased Building Natural Gas	196	177	174	158	million cubic feet
<b>MOBILE SOURCES</b>					
Sales Fleet Gasoline	10.3	9.3	9.0	8.6	million gallons
Sales Fleet Diesel	2.0	1.8	1.8	1.8	million gallons
Aviation Fuel	0.8	0.6	0.8	0.7	million gallons
Plant/Shuttle Fleet (Diesel, Gasoline, E85, Propane)	0.2	0.2	0.2	0.2	million gallons

<sup>†</sup>Baseline year

Note: Abbott's nonenergy-consumption greenhouse gas emissions, such as refrigerant releases and process air emissions, are omitted from the table above. The total CO<sub>2</sub> equivalents from nonenergy sources are 8, 11, 10, 8, 9, 11, and 14 thousand metric tons in 2010–2016, respectively.

### ENERGY AND CO<sub>2</sub> EQUIVALENT BY ENERGY SOURCE (CONTINUED)

	ENERGY CONSUMED (1,000 GIGAJOULES)			
	2010 <sup>†</sup>	2014	2015	2016
<b>STATIONARY SOURCES</b>				
Electricity (Purchased)	3,630	3,353	3,341	3,298
Natural Gas	5,401	6,618	6,548	6,727
Fuel Oils	555	45	33	36
Coal	935	50	0	0
Misc. Fuels (Propane, Kerosene, LPG, LNG, Pet Coke)	15	75	104	130
Purchased Steam, Hot Water and Chilled Water	543	280	180	110
Biofuels	58	52	34	8
Generated Electricity (Cogeneration and Renewables)	0	1	1	1
Leased Building Electricity	413	373	368	334
Leased Building Natural Gas	213	192	190	172
<b>Stationary Total</b>	<b>11,763</b>	<b>11,040</b>	<b>10,798</b>	<b>10,815</b>
<b>MOBILE SOURCES</b>				
Sales Fleet Gasoline	1,358	1,224	1,188	1,131
Sales Fleet Diesel	291	267	263	258
Aviation Fuel	76	83	110	93
Plant/Shuttle Fleet (Diesel, Gasoline, E85, Propane)	29	22	26	22
<b>Mobile Total</b>	<b>1,754</b>	<b>1,596</b>	<b>1,587</b>	<b>1,504</b>

<sup>†</sup>Baseline year

**ENERGY AND CO<sub>2</sub> EQUIVALENT BY ENERGY SOURCE<sup>(8)</sup>**

	GREENHOUSE GAS EMISSIONS (1,000 METRIC TON CO <sub>2</sub> EQUIVALENT)			
	2010 <sup>†</sup>	2014	2015	2016
<b>STATIONARY SOURCES</b>				
Electricity (Purchased)	532	477	454	454
Natural Gas	286	350	347	356
Fuel Oils	41	3	2	3
Coal	83	4	0	0
Misc. Fuels (Propane, Kerosene, LPG, LNG, Pet Coke)	1	5	8	11
Purchased Steam, Hot Water and Chilled Water	24	14	9	6
Biofuels	0.1	0.1	0.1	0.0
Generated Electricity (Cogeneration and Renewables)	0	0	0	0
Leased Building Electricity	58	54	52	49
Leased Building Natural Gas	10	9	9	8
<b>Stationary Total</b>	<b>1,038</b>	<b>916</b>	<b>881</b>	<b>886</b>
<b>MOBILE SOURCES</b>				
Sales Fleet Gasoline	91	82	80	76
Sales Fleet Diesel	20	19	18	18
Aviation Fuel	5	6	8	6
Plant/Shuttle Fleet (Diesel, Gasoline, E85, Propane)	2	2	2	2
<b>Mobile Total</b>	<b>118</b>	<b>108</b>	<b>107</b>	<b>102</b>

<sup>†</sup>Baseline year

## ENVIRONMENTAL FINES

*U.S. Dollars*

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Total	28,070	33,333	3,660	180	-95.1

## NOTICES OF VIOLATION (NOVs)

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Total	4	3	2	4	100

## INSPECTIONS BY GOVERNMENT AGENCIES

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Total	53	32	31	63	103.2

## VOC EMISSIONS

**TOTAL – 1,000 Metric Tons**

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Total	0.98	1.10	1.13	1.11	-1.74

**NORMALIZED BY SALES – Metric Tons per \$ Million Sales**

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Total	0.056	0.052	0.055	0.053	-3.85

<sup>†</sup>Baseline year

## SO<sub>x</sub> FROM COMBUSTION<sup>(9)</sup>

1,000 Metric Tons

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Total	0.58	0.03	0.03	0.04	52.79

### NORMALIZED BY SALES – Metric Tons per \$ Million Sales

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Total	0.033	0.002	0.001	0.002	49.51

## NO<sub>x</sub> FROM COMBUSTION<sup>(9)</sup>

1,000 Metric Tons

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Total	0.405	0.308	0.303	0.314	3.85

### NORMALIZED BY SALES – Metric Tons per \$ Million Sales

	2010 <sup>†</sup>	2014	2015	2016	% CHANGE FROM 2015 TO 2016
Total	0.023	0.015	0.015	0.015	1.62

<sup>†</sup>Baseline year

All environmental data has been adjusted to account for acquisitions and divestitures, in accordance with the methodology prescribed in the WRI/WBCSD Greenhouse Gas Protocol. We report data from acquisitions as soon as practical, generally after collecting one full year's financial data; therefore, CFR and Veropharm acquisitions are included in our 2016 environmental data sets above, and Glomed is not included.

- (1) Reported Purchased Fuel Scope 1 sources consist of fuel consumed by manufacturing facilities, sales fleet and Abbott-owned aviation.
- (2) 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 Greenhouse Gas Protocol Scope 2 Location-Based Method.
- (3) Per WRI GHG protocol, Scope 1 refrigerant CO<sub>2</sub>e emissions include only those covered in the Kyoto Protocol.
- (4) Water-stressed locations have been determined using the World Resource Institute Aqueduct Global Water Risk Mapping Tool and the World Business Council for Sustainable Development Global Water Tool.
- (5) Waste-generation data does not include materials that are reused beneficially, which were roughly 67 thousand tons in 2016.
- (6) BOD data provided is a flow-weighted average of sampled concentrations for water directly discharged to the environment only. Water discharged to the environment represents about 12% of total water discharged.
- (7) Waste Commercial Region Total data collection and calculation methodology was updated to better quantify years 2011–2016. Data from 2011 was used to provide the best estimate for 2010.
- (8) Note: Abbott's nonenergy-consumption greenhouse gas emissions, such as refrigerant releases and process air emissions, are omitted from the table above. The total CO<sub>2</sub> equivalents from nonenergy sources are 8, 11, 10, 8, 9, 11 and 14 thousand metric tons in 2010–2016, respectively.
- (9) Reflects emissions from fuel combusted at manufacturing facilities only.



## ABOUT THE COVER

Xin Yu was born several weeks early. At birth, she weighed less than three pounds, not even half the average birth weight of a Chinese baby. As a preemie, Xin Yu was at high risk of malnutrition. She was immediately admitted to the neonatal intensive care unit at Shanghai Children's Medical Center (SCMC), where she would spend the first month of her life. Fortunately, the SCMC staff had received advanced training in clinical nutrition, thanks to the Abbott Fund. After just 10 days of targeted nutritional therapy, her weight had increased by half, to 4 pounds, 4 ounces. Today, Xin Yu is a healthy and very active little girl.

With Abbott's global leadership in scientific nutrition, the Abbott Fund launched the program in China, investing \$5 million as a unique collaboration with SCMC and the international healthcare organization Project HOPE, focused on advancing clinical nutrition. More than 4,000 healthcare professionals have been trained, helping to deliver significant health improvements for patients.

[WWW.ABBOTT.COM/SUSTAINABILITY](http://WWW.ABBOTT.COM/SUSTAINABILITY)

Please contact us with your questions and comments:

Abbott Sustainability  
100 Abbott Park Road, Department 0383,  
Abbott Park, IL 60064-6048  
[globalcitizenship@abbott.com](mailto:globalcitizenship@abbott.com)

Copyright © 2017 Abbott. All rights reserved.

