



Anti-Corruption Overview

**A Training Guide for Companies Doing
Business with Abbott**

Purpose

Abbott is committed to conducting business in an ethical and legally compliant manner and adheres to the U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act, and other applicable anti-corruption and anti-bribery laws. Abbott requires that all companies with whom it does business or which may act on Abbott's behalf ("third parties") act in accordance with these laws.

This guide will describe Abbott's expectations of all third parties. It will also provide basic information on anti-corruption laws around the world and identify situations that may violate anti-corruption laws.

The content includes:

- Examples of third parties
- Abbott's expectations of third parties
- Main components of anti-corruption laws
 - Prohibiting improper payments
 - Keeping accurate books, records, and accounts
- Third party responsibilities
- Resources

Examples of Third Parties

In many countries, Abbott retains third parties to do work on its behalf. Abbott can be held liable for the improper conduct of third parties.

Examples of third parties include, but are not limited to:

- Co-promotional or joint venture partners
- Sellers of Abbott drugs, medical devices or other Abbott products
- Contract workers, such as contract sales agents
- Healthcare professional event and meeting planners
- Consultants advising Abbott on doing business in other countries
- Companies or individuals providing assistance in government interactions, e.g., product registration, customs clearance, etc.
- Vendors or suppliers

Abbott's Expectations of You as a Third Party

- **Comply with all relevant anti-bribery and anti-corruption laws, including but not limited to the U.S. FCPA and U.K. Bribery Act (each of which is a law that applies to your work for Abbott outside the U.S. and U.K.) in all countries where the third party does business on Abbott's behalf.**
- **Annually train all employees involved in working on Abbott's behalf on the requirements of the FCPA, the U.K. Bribery Act, and other applicable anti-corruption and anti-bribery laws.**
- **Be aware of any violations of any relevant laws, regulations or of your own policies which would impact your relationship with Abbott.**
- **Notify Abbott of any potential violations of which you become aware.**
- **Notify Abbott immediately if subsequent developments cause information reported to Abbott to be inaccurate or incomplete.**

The Background

Abbott operates in a global marketplace where business ethics and integrity play an increasingly critical role.

Practices that may be common in a particular country or region still may be against the law.

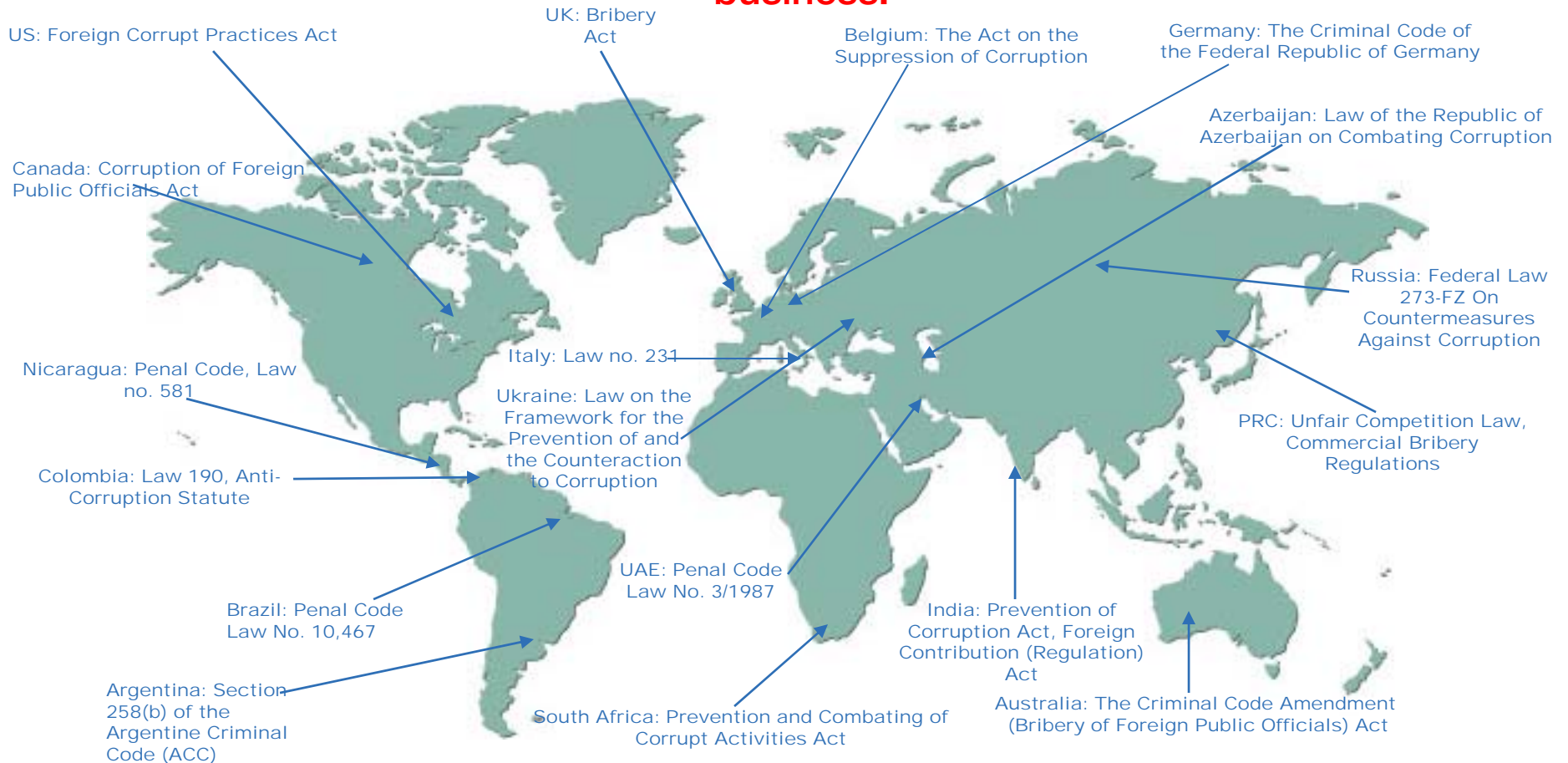
Non-compliance, including non-compliance of third parties working on its behalf, can have serious consequences to Abbott's financial condition, its reputation, and its continued growth and success.

“Ultimately, it's about doing what's right for the business, for now and for the future — and that may not be a matter of dollars at all. Often, the most important decision we can make is as a steward of our reputation, of our culture and values. It means carefully making the decision that is truly in Abbott's best total interest, not just financial. That implies a degree of judgment and balancing, of course — but we're good at that at Abbott. And we're already good at stewardship, which is why our company is more than 120 years old.”

**Miles White,
Abbott Chairman
& CEO**

Examples of Anti-Corruption Laws Around the World

The FCPA & U.K. Bribery Act apply to all countries where a company does business.



In no country in the world is it legal to bribe government officials.

Consequences of Failing to Follow the Laws

- In recent years, governments around the world have increased the number of investigations into and prosecutions of corrupt practices.
- In addition, many countries have criminal penalties for companies **and individuals** that violate anti-corruption laws.

Siemens
\$1.6 billion Penalty
(Bribery of officials throughout the world via intermediaries on high profile contracts)

KBR/Haliburton
\$580 million Penalty
(Bribery of Nigerian government officials over 10 yr period)

Daimler
\$185 million Penalty
(Bribery of government officials directly and indirectly through third parties in 22 countries)

Alcatel-Lucent
\$137 million Penalty
(Failure to conduct adequate due diligence on third parties resulted in ban on using third parties)

Key Components of Anti-Corruption Laws

Although differences among anti-corruption laws exist, most laws generally:

- Prohibit making an improper payment to obtain or retain business
 - The FCPA prohibits improper payments to government officials, including employees of state-owned enterprises (ex: public hospitals).
 - The U.K. Bribery Act and other laws prohibit improper payments to anyone.
 - Abbott prohibits improper payments to **anyone**.
- Require that books, records and accounts adequately reflect the details of all transactions.



Key Components of Improper Payments

- ① A payment or benefit **given, offered or promised** (the recipient need not accept)
- ② Of anything of value (including cash, gifts, gift certificates, free Abbott products, loans, meals, travel, side trips, lodging, grants, honoraria, consulting fees)
- ③ To anyone (including private individuals, government officials, their families or friends, or institutions or organizations)
- ④ For the purpose of securing an improper advantage or obtaining or retaining business (influencing someone to do or NOT to do something that will benefit you, your employees, or Abbott)



There is no set amount at which a payment or benefit becomes a bribe. Proper purpose is key!

Keep Accurate Books, Records and Accounts

In accordance with anti-corruption laws, Abbott expects that all financial transactions, including those initiated by third parties that are related to business conducted on Abbott's behalf, be recorded in a timely and accurate manner.

- Records must accurately reflect the nature, amount, and specifics of the transaction at issue.

- Keep receipts and other document support for transactions.

- Do not establish “off-book” (unrecorded or undisclosed) accounts for any purpose.

- Always review and confirm your finance policies and procedures for guidance on accurately recording transactions; records should be made and kept consistent with overall document retention and record-keeping policies.



**Keep
Accurate
Books and
Records**

Transparency is key

Examples of Inaccurately Recorded Transactions



Consultant makes a payment to a government official to help secure a permit and then records it as a consulting fee.



Distributor agrees to record a sale on Abbott's books that the distributor knows has not been completed.



Vendor agrees to bill Abbott at the end of the year to use up the current year's budget for services to be performed the following year.

Examples of “Off-book” (Unrecorded or Undisclosed) Accounts



Distributor receives a higher than contracted discount, which is held in a separate fund by the distributor. The fund is then used by the distributor to pay for marketing activities to supplement the company's budget.



At the direction of a company employee, a vendor agrees to overbill the company for services, and then the excess charges are kept in a separate, unrecorded account and later used for other purchases or purposes.

Third Party Responsibility for Documenting Accurately

Do

Record every transaction accurately to reflect the actual purpose and the correct description

Ensure that you're being reimbursed for business expenses from the appropriate account

Follow all laws and requirements for recording and reporting financial information

Cooperate if Abbott requests an audit of your business

If you're wondering how you might record a particular transaction, stop and ask yourself if the transaction is appropriate.



There is never a justification or an excuse for falsifying records or misrepresenting facts.

Don't

Don't establish any undisclosed or unrecorded fund or asset for any reason

Don't make a false, artificial, misleading or incomplete entry

Don't modify transaction account codes or descriptions in any way

Don't sell, transfer, or dispose of Abbott assets without proper documentation and authorization

Putting it all Together

Abbott's reputation rests in part on the actions of third parties who do business on its behalf. **Abbott's reputation rests on continuing to do business with third parties who comply with all applicable laws.**

Most countries in the world have an anti-corruption law or provision. **Bribery not only violates Abbott policy, it violates the law.**

Don't make an improper payment (in any form) for business purposes.

All financial transactions, no matter the amount, must be recorded properly and accurately.

Don't keep separate or "off-book" accounts.

If you become aware of potential violations of anti-corruption or anti-bribery law in your work for Abbott, notify Abbott immediately using the Abbott Ethics and Compliance Helpline.

Resources

Online Anti-corruption Resources:

- U.S. Department of Justice, Lay Person's Guide to the Foreign Corrupt Practices Act:
<http://www.justice.gov/criminal/fraud/fcpa/docs/lay-persons-guide.pdf>
- Further FCPA information:
<http://www.justice.gov/criminal/fraud/fcpa>
- Information about the U.K. Bribery Act:
<http://webarchive.nationalarchives.gov.uk/+/http://www.justice.gov.uk/publications/bribery-act.htm>