

Abbott Medical UK Limited

Section 172(1) Statement

This section of the Strategic Report describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the Directors' statement required under section 414CZA, of The Companies Act 2006.

Stakeholder Engagement

Abbott is an active participant in the global dialogue on health and the broader role of business. We know that listening to our stakeholders is vital to our success. It enables us to respond with relevant, local solutions that meet people's changing needs and tackle the world's most important health challenges.

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

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

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

Our local country businesses play an important role in forming relationships with stakeholders. We have defined a stakeholder engagement methodology to be used by each Abbott business and affiliate, which guides Abbott leaders in setting their local engagement strategies. We also require our local teams to review their stakeholder engagement strategies on a regular basis. We report the outcomes of local stakeholder engagement in country-level citizenship reports or at local stakeholder forums. Through our engagement, we aim to stay well informed on the major issues of concern to all stakeholders, wherever we operate.

At a local level, during 2019, the Directors undertook a variety of activities to engage with stakeholders and bring their voice into the boardroom.

Customers

Customers are at the heart of everything we do. During the year, the Directors received regular updates on key customer issues through a variety of channels, including direct attendance at customer meetings, key account reporting through individual divisional lines of management and relevant metrics in relation to the customer service and support teams. This interaction provides important intelligence regarding customer issues and challenges and informs all aspects of business strategy development.

Employees

Abbott is committed to helping employees to build a fulfilling life and a rewarding career. The Directors gather feedback from employees through regular town hall meetings, employee surveys and via the Joint Consultative Forum, an elected representative body. The Company regularly participates in the Great Places to Work survey and the Directors use this feedback to shape Human Resources strategies over the short, medium and long-term.

Abbott seeks to communicate with its employees through elected representative bodies, team briefs, internet, intranet and site-wide emails. Communication is viewed as critical to the success of the organisation to ensure employees understand the Company's business and Abbott Values. Abbott uses a range of channels internally and externally to communicate with employees and external stakeholders, including prospective employees. Internally, employees can find information on Abbott via its intranet site, Abbott World and aLIVE; and externally, Abbott utilises Twitter, LinkedIn and Facebook to share news and interesting stories.

Each division at Abbott has a clear and compelling business strategy. How an employee can contribute to business outcomes is captured in the performance management process during the annual goal setting process referred to as setting expectations, which is the driving force behind the process. This leads to an intentional discussion regarding development plans around the competencies needed to achieve these goals. Various aspects of remuneration, including the pay increase an employee receives, are closely linked to their performance.

Employees are also involved in the performance of the global Abbott corporation through participation in a UK employee share scheme. The scheme is available to all employees with a current participation rate of over 40%.

We ensure colleagues have a common awareness of the financial and economic factors affecting the Company's performance through quarterly presentations made by the UK and Ireland Finance Director to the Joint Consultative Forum. The minutes of these meetings, including the slides presented, are published to all employees. Additionally, similar presentations, which also include a summary of the performance of the global Abbott corporation, are made quarterly as part of town hall meetings at various Abbott locations around the UK.

Employee development is crucial to the success of the business. Each business unit holds Talent Management Reviews twice a year where development opportunities for all critical roles are discussed. Development plans are implemented to ensure vacancies are filled internally wherever possible.

Government

The Directors recognise the importance of active engagement with government. A dedicated Government Affairs team co-ordinates interactions with government officials ensuring Abbott maintains the highest possible ethical and professional standards. The Government Affairs team works closely with the Directors, including the attendance of local board meetings, to identify areas in which Abbott's interests and those of the government and of patients naturally align.

Suppliers

The Directors recognise the significant contribution that suppliers make to Abbott's business, notably in the area of service delivery to customers. Abbott's dedicated Procurement function is delegated responsibility for key supplier relationships at a country level and where the supplier supports the business on a regional or global basis. The Procurement team regularly meets with

senior representatives of key suppliers to monitor performance and to identify further opportunities to develop long-lasting and mutually beneficial partnerships.

The Directors also engage directly with the most critical suppliers whose role is vital in ensuring the Company can meet its customer commitments.

Community and Environment

As a healthcare leader, we strive to make a positive social impact on helping people live longer and better. We apply our unique strengths to identify and invest in life-changing innovations, design new business models to meet emerging healthcare needs, and find measurable ways to address social challenges through our scientific and technical expertise.

The Directors align to Abbott's environmental governance and management systems, which are driven by Abbott globally and exist as part of an integrated Environmental, Health and Safety (EHS) approach. Our EHS strategy focuses on identifying and mitigating EHS-related risk, ensuring business continuity and addressing our stakeholders' expectations that Abbott is a responsible corporate citizen. At the global level, our strategy includes systems and targets for reducing our greenhouse gas (GHG) emissions, our water use, and the volume and impact of our waste. Our EHS management and governance systems ensure that we incorporate environmental considerations into our day-to-day planning and business processes, with clear lines of accountability and senior-level leadership and support.

At a local level, the Directors acknowledge the importance of EHS as an integral part of Abbott's business operation. EHS is a standing agenda item at local board meetings and every Director takes an active role in promoting the importance of EHS matters within their organisations.

How Stakeholder Interests Have Influenced Decision Making

The Directors recognise the importance of engaging with stakeholders to help inform their strategy and decision-making. Through our engagement, we aim to stay well-informed of the major issues of concern to stakeholders wherever we operate. Relevant stakeholder interests, including those of customers, employees, suppliers and others are considered by the Directors when they take decisions. We define principal decisions as those that are material, or of strategic importance to the Company, and also those that are significant to any of our key stakeholder groups. In making their decisions, the Directors consider the outcomes of relevant stakeholder engagement and are mindful of their duties under the Companies Act including the specific requirements of section 172(1). The Directors also consider the need to maintain a reputation for high standards of business conduct, the need to act fairly between the members of the Company and the long-term consequences of their decisions.