



Citizenship Report 2011  
Abbott China  
Redefining Responsibility



### About the Cover

Improving access to nutrition and nutrition education presents unique challenges in a country as large and diverse as China. Our perinatal nutrition program, initiated jointly by Abbott and the Chinese Ministry of Health, works with health care professionals to educate mothers about the importance of good nutrition for happy, healthy babies and children. In 2011, we reached more than 136,550 mothers at 244 hospitals in China, with plans to expand the program significantly in the years ahead.

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# Redefining Responsibility

At Abbott, we believe innovative, responsible and sustainable business practices are integral to a healthy, thriving society. We strive to foster economic, environmental and social well-being as we pursue the work of discovering, developing, manufacturing and distributing products that enhance people's health.

In China, we have strengthened our citizenship impacts to keep up with the rapid growth of our business. This printed report highlights Abbott China's 2011 citizenship initiatives and the progress we are making toward our long-term goals. Beyond philanthropy, we apply our science, expertise and technology to address critical health care needs through innovative collaborations and partnerships. We are working to build sustainable solutions to the world's most pressing health care challenges, while reducing our impact on the environment and creating lasting value for both current and future stakeholders.

# A Letter from the Abbott China Leadership Team

## Dear Stakeholders,

At Abbott China, we are proud to release our second citizenship report. This report details progress on issues and activities critical to stakeholder groups and to our growth in the Chinese market. Since our last report in 2010, we have focused on capacity building and on enhancing our current citizenship management processes. The evolution of citizenship at Abbott China has helped us grow our business and advance our long-term commitment to China. In view of the growing complexities of our business, our local Citizenship Working Group developed a five-year plan for expanding citizenship programs and activities and ensuring collaboration among our key stakeholders in China. This plan provides a clear road map, guiding us as we pursue our responsibilities and apply our knowledge, resources and experience to address local needs in China.

Since 1994, Abbott China has played an important role in helping to advance health in China. We are well positioned to ensure that we thrive locally and meet the growing expectations and needs of stakeholders. Since 2009, we have increased our staff by 25 percent, and we now employ more than 3,900 talented men and women. Our products address health care needs across the human life cycle – from pediatric nutrition to pharmaceutical products, medical devices and diagnostic equipment for diseases and conditions common to increasingly sedentary, aging populations. A continuing focus on supply chain improvements and key facilities will ensure that our products and services address the full range of health care needs in China – from disease prevention and diagnosis to treatment and cure.

Our citizenship strategy, developed in 2008, addresses four key strategic priorities: Supporting Patients and Consumers, Innovating for the Future, Enhancing Access and Safeguarding the Environment. We pursue these priorities in each critical area of business activity, including Ethics and Compliance; Our People; Health and Safety; Supply Chain; and Local Community. Abbott China will continue to make citizenship a top priority and to integrate effective strategies for corporate citizenship into all aspects of our business.

Our governance of corporate citizenship has also evolved. We are guided by the Business Advisory Council (BAC). The BAC, composed of Abbott China's senior management team, is responsible for overseeing our strategy. The BAC is supported by a cross-functional and cross-divisional Citizenship Working Group, which convenes on a monthly basis and reports directly to the BAC. The Citizenship Working Group is managed by a full-time Senior Manager of Global Citizenship and Policy at Abbott China. This working group is composed of a diverse group of employees and content experts in relevant areas of work. They are responsible for integrating our citizenship strategy with Abbott China's core business strategy. The working group communicates regularly with all employees and employee groups.

In 2011, we made it a priority to initiate active dialogue and exchanges with our key stakeholders. For example, Abbott executives introduced our strategic citizenship priorities to stakeholders at influential events like the third China–U.S. CSR Forum, the seventh China Corporate Citizenship Conference and the fifth China International Food Safety and



3,900  
employees

Since 2009, we have increased our staff by 25 percent. We now employ more than 3,900 talented men and women.

Quality Conference. Working alongside our stakeholders, we will continue to leverage our core competencies and generate additional value for Abbott and the people of China.

We engage with our stakeholders on topics of importance to them and via many channels. Our key stakeholder groups include:

**Our employees**, who work hard to drive our business forward in a fast-growing, competitive marketplace.

**The key government ministries** that enable us to operate and grow successfully in China.

**Health care professionals**, including hospitals, physicians, lab technicians, nurses and research centers – the people and institutions that help us understand China’s health care needs and trust the safety of our products.

**Patients and consumers**, for whom we strive to deliver safe, appropriate health care solutions and nutrition products at the point of need.

**Our suppliers, distributors and retailers**, on whom we rely to support our business – from the supply of raw materials to the delivery of our products and devices in the farthest reaches of China.

**The communities** where we operate and have impact, as well as the charities and non-governmental organizations we partner with as we work to be a model neighbor and corporate citizen.

**The academics and universities** with whom we partner in order to innovate together and to build technical and leadership skills and industry knowledge among students. These institutions are a great talent pool for Abbott and for our employee pipeline locally.

Thank you for taking the time to read our report and to learn more about our citizenship commitment. We will continue to report on the progress we are making against our priorities and on our continuing commitment to meeting China’s health care needs.

### Senior Management Team:

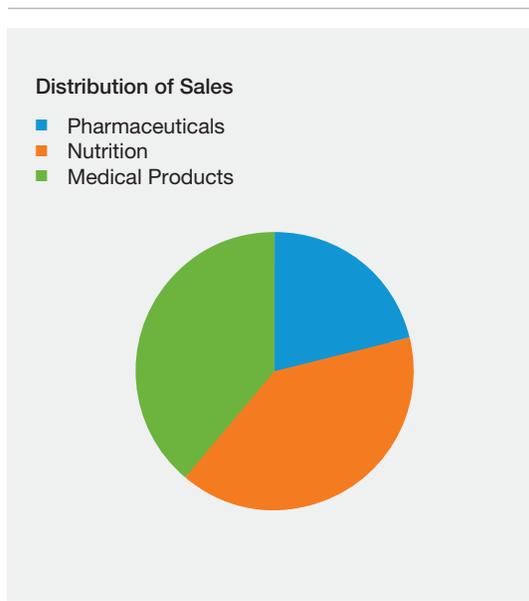
<b>Roger Bird</b> Division Vice President, Greater China Abbott Nutrition International	<b>Jeff Siu</b> Country Manager, Abbott Medical Optics
<b>Renaud Gabay</b> General Manager, Established Pharmaceuticals Division	<b>Liming Fang</b> Country Manager, Abbott Molecular Division
<b>Kenny Lam</b> General Manager, Abbott Diagnostics Division	<b>Frank Zhou</b> Regional Director, Asia, Abbott Proprietary Pharmaceutical Product Division
<b>Xiaodong Jin</b> Regional Director, Greater China Abbott Diabetes Care	<b>Krishnan Nagasubramani</b> General Manager, Abbott Vascular China
<b>Libby Xu</b> Country Manager, Abbott Point of Care	<b>Bin Li, Ph.D.</b> Director, Global Pharmaceutical Research and Development
<b>Helen Shen</b> Plant Manager, Established Pharmaceutical Division Shanghai Plant	<b>Denly Deng</b> Plant Manager, Abbott Nutrition Guangzhou Plant
<b>Graydon Hansen</b> Site Director, Abbott Medical Optics Hangzhou Plant	<b>Fanny Chen</b> Senior Director – China Supply Chain and Operations Development, Abbott Nutrition Supply Chain

# Our Business in China

Abbott is a diverse, global health care company headquartered in north suburban Chicago, Illinois, in the United States, serving customers worldwide with a staff of 91,000 employees in more than 130 countries and regions with products marketed worldwide. Our products and services address the full range of human health care needs, from disease prevention and diagnosis to treatment and cure. Abbott achieved record revenues of \$38.9 billion in 2011, a 10.5 percent increase over 2010. In 2011, 59 percent of our sales came from markets outside the United States, with especially strong performance in the emerging markets of Asia and Latin America. In China, Abbott China achieved record revenues of USD \$1 billion in 2011.

We currently have three Chinese manufacturing plants – a nutrition plant in Guangzhou, a global pharmaceutical plant in Shanghai and a medical optics plant in Hangzhou. In 2011, we announced plans for a fourth plant – a USD \$230 million, state-of-the-art nutrition manufacturing facility in Jiaying. The facility represents Abbott's largest investment in China to date.

In October 2011, Abbott announced that it plans to separate into two publicly traded companies, one focused on diversified medical products and the other on research-based pharmaceuticals. The diversified medical products company will consist of Abbott's existing diversified medical products portfolio – including our branded generic pharmaceutical, devices, diagnostic and nutritional businesses – and will retain the Abbott name. The research-based pharmaceutical company will include Abbott's current portfolio of proprietary pharmaceuticals and biologics, and will be named AbbVie. Both companies will be global



leaders in their respective industries and will continue to contribute to China's ongoing growth and profitability.

We have a dedicated Innovation, Research and Development Team in Shanghai, focused on nutrition, as well as registered sales offices in ten cities. In all, Abbott China employs more than 3,900 people, the majority of whom are Chinese citizens. Additionally, Abbott China and the Abbott Fund contributed more than 20.3 million RMB in philanthropic grants and product donations in 2011.

Our head office is in Shanghai, with key branch offices in Beijing, Guangzhou, Shenzhen, Chengdu, Nanjing, Hangzhou, Xiamen and Wuhan.

## Our Operations in China

Abbott China produces, markets and distributes a broad range of health products. Some of these products are manufactured in China, while others

**\$1**  
billion in  
revenues

Abbott China achieved record revenues of USD \$1 billion in 2011, a 24.2 percent increase over 2010.



Abbott is investing USD \$230 million to build a state-of-the-art nutrition manufacturing facility in Jiaxing, China. The facility represents Abbott's largest investment in China to date.

are imported from Abbott's global manufacturing sites in the United States, Europe and Singapore.

### Nutrition

We develop and market science-based nutritional products to support the growth, health and wellness of people of all ages. As a leading nutrition and health care provider, we produce nutrition products for children and adults, and we have a separate line of products for therapeutic purposes. Our vision is to be a trusted leader in providing innovative and superior nutrition solutions that advance health, growth and recovery for people of all ages.

Our key pediatric nutrition brands for infants in China include *Similac Next Generation*, *PediaSure*, *Preterm NeoSure*, *Total Comfort (Partially Hydrolyzed and Easy to Digest)* and *Similac Sensitive (Lactose Intolerance)*. In 2011, Abbott launched *Total Comfort*, which is now marketed in 60 cities across China.

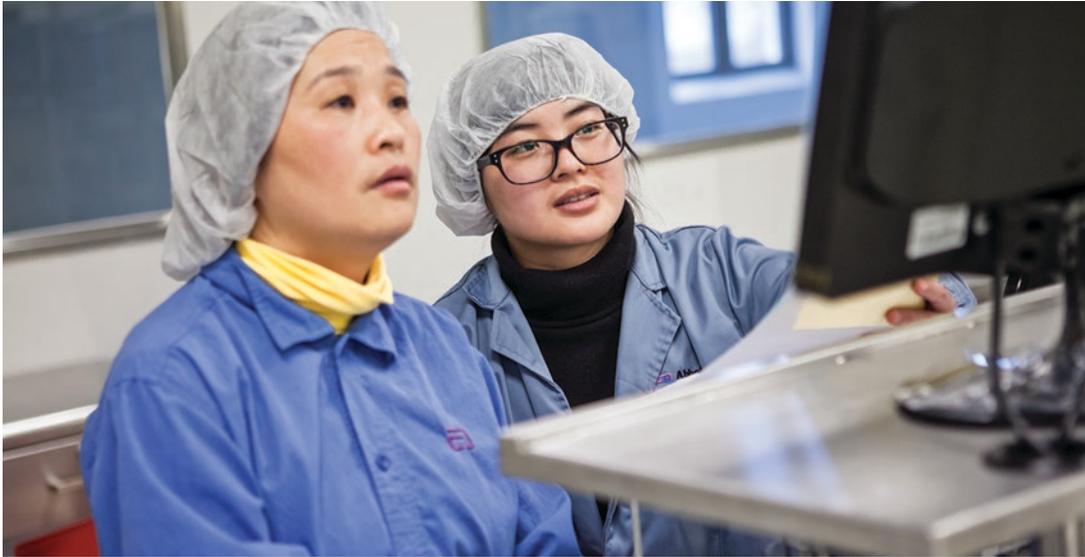
*Total Comfort* is a specially designed formula to improve gastrointestinal tolerance for better digestion and absorption. In 2012, Abbott launched a preterm formula, *NeoSure*. *NeoSure* provides the nutrition most critically needed for babies born prematurely.

Key adult and medical nutrition brands are *Glucerna SR*, *Glucerna TF*, *Jevity FOS* and *Ensure*. *Ensure* provides a complete balance of nutrients customized for the elderly, patients in recovery from illness and surgery, cancer patients and people suffering from malnourishment. *Jevity FOS* improves gastrointestinal tolerance for patients in need of tube feeding. *Glucerna SR* is designed for people with diabetes, and *Glucerna TF* is a specialized product for patients with hyperglycemia. Key customers are consumers, health care professionals, hospitals and pharmacies.

More than  
**20.3** million  
RMB in grants  
and donations

Abbott China and the Abbott Fund contributed more than 20.3 million RMB in philanthropic grants and product donations.

## Our Business in China (continued)



Abbott China manufactures pharmaceuticals in Shanghai, nutritional products in Guangzhou and medical optics in Hangzhou. Our fourth manufacturing facility, for nutritionals, is currently under construction in Jianxing for a planned 2013 opening.

### Proprietary Pharmaceuticals

By the end of 2012, our proprietary pharmaceutical business will become a separate research-based company, to be named AbbVie. AbbVie will continue to support Chinese patients with leading products in anesthesia (*Sevofrane*), anti-HIV medicines (*Aluvia*, *Norvir*) and immunology (*Humira*, *Plaquenil*). Our key customers are hospitals and pharmacies. Our research and development center in Shanghai will become part of the new company, supporting preclinical discovery projects across therapeutic areas, with 20 staff members supporting global pharmaceutical research and development preclinical discovery projects while also working in partnership with local service companies and hospitals.

### Diagnostics

The Abbott Diagnostics division provides *in vitro* diagnostic products and technologies in immunology, clinical chemistry, hematology,

blood screening, laboratory information and automation. Chinese health care professionals use Abbott's innovative diagnostic instrumentation system and tests to monitor medication levels, assist in the diagnosis and treatment of disease and protect the blood supply. Our key customers are hospitals, reference laboratories, the Centers for Disease Control (CDCs) and other medical laboratories.

### Established Pharmaceuticals

Our Established Pharmaceuticals Division is a new division of Abbott, focused on the established pharmaceuticals that we produce, improve and bring to thousands of patients around the world. Our established pharmaceuticals are brand-name medicines that have been used to treat patients successfully for many years. Using its medical expertise, Abbott continues to improve these medications to better meet patient needs. We make them available to patients who can trust their quality and reliable supply.

Our Established Pharmaceuticals Division provides China with affordable, high-quality branded medicines for treatment areas ranging from gastroenterology, liver disease, women's health, vaccines and neurology to cardiovascular disease.

### Diabetes Care

Our Diabetes Care unit has been in China for ten years and now has six regional offices here. Our diabetes team produces blood glucose monitoring systems for use at home and in hospitals. Key brands include *Freestyle Freedom* and *Optium Xceed*. Customers include hospitals, pharmacies and patients.

### Vascular

Abbott Vascular manufactures market-leading medical devices. It offers Chinese hospitals and interventional physicians world-class, innovative products. Our comprehensive portfolio of interventional devices includes stents, balloons, guide wires and vessel closure devices, designed to treat patients with heart disease, peripheral artery disease, structural heart disease and other serious medical conditions. Our key customers are interventional cardiologists, vascular surgeons and radiologists.

### Medical Optics

Our medical optics business focuses on three complementary product lines: treatments for cataracts; laser vision correction (*Eye-Lasik*); and consumer eye products, including contact lens solutions and eye drops manufactured in our Hangzhou plant. Key customers are hospitals and pharmacies.



Our Hangzhou plant manufactures and packages a variety of consumer eye products, including contact lens solutions and eye drops.

### Point of Care

Abbott Point of Care supplies clinicians with test items in more than 20 diagnostic areas, including electrolytic, biochemistry, coagulation, cardiac and renal function markers. Our advanced, handheld i-STAT system provides real-time, lab-quality results within minutes to accelerate the patient care decision-making process. Our key customers are hospital clinicians and laboratories.

### Molecular Diagnostics

As the molecular diagnostics leader, we provide physicians and science researchers with DNA, RNA and related molecular diagnostics products. Hundreds of scientists at our global headquarters are engaged in the development of new products for clinical, early-stage disease diagnosis, facilitating the use of appropriate treatment solutions and the ability to monitor the effects of treatment strategies. We offer more than 350 products in infectious diseases (hepatitis and HIV/AIDS), tumors, genomics, transplantation and automation. Our broad product lines include a variety of technologies that provide faster, more accurate testing results for hospitals and health care organizations.

350  
molecular health  
care products

We offer more than 350 products in our molecular business, for infectious diseases (hepatitis and HIV/AIDS), tumors, genomics, transplantation and automation.

# Our Stakeholders in China

Engaging our stakeholders is a vital part of Abbott China's approach to citizenship. Stakeholder insights enable us to understand how and where Abbott China can have impact, gain a clear understanding of mutual priorities and concerns and gather knowledge and resources that will help us achieve better health outcomes. The examples below show how we engage with stakeholders and meet their needs and concerns.



## Our Stakeholders and How We Engage Them

**Government:** China's government is a critical stakeholder here, since it is both our regulator and our partner. The government helps us uphold high standards for innovative products and services, and we work closely with government institutions to help improve Chinese health care systems. We provide our knowledge and experience with health care, including product registration and testing; reimbursement and pricing; and programs including training, standard setting and capacity building. Without the government's partnership, we would be

unable to make a positive contribution to patient and consumer care.

**Patients and Consumers:** Our main interaction with Chinese patients and consumers is through their use of our products and disease and nutrition education. From them, we gain important knowledge about how we can improve our products and develop new ones.

We engage with patients and consumers through patient groups and associations, customer-care lines and market research, as well as through hospitals, community health centers, clinics and schools. This also increases awareness and education among patients about product safety and quality.

**Health Care Professionals:** Doctors, nurses, pharmacists, medical associations, lab technicians and other health care providers provide feedback on our products, helping us develop next generation of innovative products. They operate on the front line of China's health care. We engage with them through educational programs, research partnerships and daily clinical practice, and share advanced knowledge. We follow the highest standards of ethics and integrity in all our interactions with them.

**Our Employees** are the foundation of our success. We are open to their views and responsive to their concerns, while striving to offer a safe, healthy and fulfilling work life. We empower employees by encouraging them to be pioneering leaders in a range of activities, we incorporate their views into policies and practices, and we train 100 percent of new hires to ensure they responsibly fulfill our mission to improve lives.

100%  
of the new hires  
are trained

We empower employees by encouraging them to be pioneering leaders in a range of activities, we incorporate their views into policies and practices, and we train 100 percent of new hires to ensure they responsibly fulfill our mission to improve lives.



Abbott stakeholders continually challenge us to be our best – to examine what we do and how we do it. Stakeholder insights help us develop new products to address unmet health care needs; educate patients, health care professionals and others about emerging diseases and treatment options; and understand how and where our company can make a difference.

**Charities and Non-governmental Organizations** play an increasingly important role in keeping us attuned to our wider responsibilities in China. They also provide us with local expertise and support through community partnerships, and we intend to build upon these partnerships in the future. As a result of our engagement with them we inspire innovation and foster the development and enhancement of corporate social responsibility strategies and best practices in China.

**Local Communities** have an important stake in Abbott China, whether they are close to our manufacturing sites or simply have a stake in the potential benefits of our products and expertise. By partnering with local organizations, we are able to better understand the needs of people across China to ensure that they have access to health education and medicines.

**Our Suppliers, Distributors and Retailers** provide the quality ingredients, goods and services we need to operate our businesses and ensure that products are delivered to the right places, at the right times, at the right quality. We engage with suppliers and distributors through our social responsibility program and our Code of Ethics, to ensure a rigorous approach to compliance and quality. This past year we conducted 15 supplier social responsibility audits in China in 2011. We also worked with suppliers to incorporate feedback that improves supplier processes and our own.

**Academics and Universities** with whom we partner allow us to innovate together and build technical and leadership skills and industry knowledge among students. These institutions are a great talent pool for Abbott and for our employee pipeline locally.

Supporting  
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# Strategic Priorities

Abbott is committed to its role as a global corporate citizen and to addressing the rapidly changing disease burden in China and in other regions. Our strategies in China are informed by the nation's own unique challenges. As a result, our citizenship initiatives are aligned with our global citizenship priorities, reflecting key areas where we can best apply our knowledge, experience and resources.

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Our citizenship efforts are focused in four strategic areas:

Supporting Patients and Consumers  
Innovating for the Future  
Enhancing Access  
Safeguarding the Environment

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1,000

health care  
professionals  
participating in training

Nearly 1,000 health care professionals and instructors are expected to participate in training sessions in 2012, at our Crossroads Institute in Shanghai.

Quality control in manufacturing follows the same strict guidelines at our headquarters in north suburban Chicago, in the U.S., at our manufacturing facilities in China, and in all production sites around the world.

# Supporting Patients and Consumers

Abbott develops and manufactures life-enhancing products for patients and consumers globally. In China as elsewhere, we strive to ensure quality, safety and product integrity at every stage of product stewardship, from sourcing raw materials; to product manufacturing, packaging and distribution; to after-sales service; and we work with patients and health care professionals to make sure they understand how to use our products safely and effectively.

Abbott China is committed to the health and well-being of our patients and consumers, a commitment we pursue by:

- Ensuring product quality and safety through maintenance of safety standards in our production and distribution facilities.
- Working responsibly with health professionals to increase their knowledge of conditions and available new products, so they in turn can advise their patients.
- Educating patients on health conditions and available treatments to help them understand and effectively manage their conditions.
- Working in partnership with government regulators and others to share expertise and best practices.

Product safety is among Abbott China's highest priorities, a commitment that extends from the delivery and use of our products to their responsible marketing. Abbott China works with suppliers, distributors and retailers through a variety of partnerships to further enhance the support we give to patients, consumers and health care providers in understanding and adapting to changing health care needs.

## Supporting Patients and Consumers (continued)

### Ensuring Product Quality and Safety

Abbott has effective systems and processes in place globally to ensure that we meet the highest standards for safety and quality in the design, development, manufacture, delivery and labeling of all our products. In China, Abbott manufacturing facilities are accredited by International Organization for Standardization for quality and environmental management systems. We also have attained the Hazard Analysis and Critical Control Points (HACCP) accreditation for food management systems.

### Technical Exchange Program

Over the past five years, Abbott has collaborated with nutritional experts and scientists in China as part of an unique public-private partnership dedicated to improving the quality and safety of food and nutritional products. These exchanges leverage Abbott's core competencies in nutritional science and quality to advance the analysis of nutrition safety.

These exchanges began in 2007, when Abbott conducted a modest technical exchange program with China's Institute of Nutrition and Food Safety (INFS) and Ohio State University. Program participants collaborated to improve the nutrient analysis techniques used in labs. The success of the program laid the groundwork for larger exchanges with several other Chinese government organizations, including Chinese Inspection and Quarantine (CIQ), the Academy of Inspection and Quarantine (CAIQ) and the Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) of the People's Republic of China.



**Our Chinese manufacturing facilities are accredited by the International Organization for Standardization for quality and environmental management systems.**

Since then, multiple technical exchanges have taken place in the U.S., Beijing, and Guangzhou. Abbott plans to conduct two more in 2012. This program illustrates how we are using Abbott's strong science and expertise in nutrition analysis and quality assurance to advance the standards of nutrition safety worldwide.

We will continue exploring ways to increase and enhance cooperation between government, business enterprises and academic institutions in setting common standards for food safety management.



At the Crossroads Institute in Shanghai, health care professionals train with advanced technology, including 3-D models and state-of-the-art imaging equipment. The goal: more sophisticated care for patients with vascular diseases.

### Working with Health Care Professionals

Health care professionals are the primary point of care for most patients. We work with doctors, lab technicians and nurses to provide appropriate patient treatments by sharing product information and demonstrating how products should be used. Our sales representatives are trained to provide physicians and other health care professionals with expert advice on a range of medical conditions.

In October 2011, Abbott announced the opening of our China Crossroads Institute, a state-of-the-art training and education center in Shanghai. The Crossroads Institute, the first of its kind in China, provides multidisciplinary training and education in coronary, endovascular and structural heart interventions for health care practitioners in a number of specialties, to benefit patients with vascular diseases. The programs feature intensive learning and experience sharing with peers and experts. Opportunities include hands-on experiences with such technologies as 3-D models and state-of-the-art imaging

equipment. The curriculum is developed by an independent advisory board of leading physicians and renowned faculty members. The programs are held in small group sessions and taught by Chinese physicians and invited international faculty. Nearly 1,000 health care professionals and instructors are expected to participate in training sessions in 2012.

Most recently, Abbott Medical Optics launched a Center of Excellence program, hosted at the Crossroads Institute. The program was designed to expand China's cataract operation capacity by enhancing the surgical skills of selected health care professionals. In 2011, 30 health care professionals received training and learned to conduct cataract operations independently.

We expect the institute to advance understanding of the latest tools and techniques in cardiac care and to play a significant role in enhancing the quality of medical training and education for many health care professionals in China.

# Supporting Patients and Consumers

(continued)

## Patient Education

Our efforts to support patients and their families include working with doctors, government and health care professionals to gain deeper insights into patients' day-to-day needs and challenges across many disease states.

China now has 1.92 billion outpatient visits per year due to the country's diabetes epidemic. Many of these patients also have other related diseases. Abbott's diabetes, medical optics and nutrition businesses worked closely with health care professionals to develop a comprehensive patient education program piloted in Shanghai. It is composed of screening and assessment, medical advice, nutrition counseling and health care professional lectures. More than 1,650 patients have benefited from the program.

## Nutrition Education

Our perinatal nutrition program, initiated jointly by Abbott and the Chinese Ministry of Health (MOH), works with mothers and health care professionals to share expertise specifically related to the importance of nutrition health and education right before and after pregnancy. In 2010, 45,000 mothers were reached through nutritional clinics at 46 hospitals across China. In 2011, we successfully expanded education coverage to reach more than 136,550 mothers among 244 hospitals in China.

Given the program's success, Abbott and the MOH announced a new three-year Perinatal Nutrition Program. The new plan expands the MOH Perinatal Nutrition targets from the health care professionals at the original 46 program bases in 31 provinces, to all maternal and child health professionals and nutritionists in the region. The program expansion will further



Our perinatal nutrition program, conducted jointly with the Chinese Ministry of Health, has successfully educated women throughout China. Over the next three years, we will be expanding the program across 31 provinces.

advance the health of newborns and reduce the birth defect rate.

In 2010, Abbott worked with the Hong Kong Association of Gerontology to improve health care and quality of life for the elderly in Hong Kong. Nearly 100 elder-care centers participated in the program, which included preventive heart health checks and a chess competition for mental training. The program ran from April through September, with more than 5,000 seniors participating.

## Working in Partnership

Working in partnership with government agencies, health care professional societies and other key stakeholders helps us provide better solutions for patients. Our goal is to teach health care providers and patients about the best use of our products, and we strive to design and implement partnerships that help us build capacity and share our technical expertise.

For example, the Abbott Diagnostics division is working to close the gap between clinicians and laboratory professionals, further enhancing their capacity for making clinical

136,550  
mothers  
educated

In 2011, we successfully expanded education coverage to reach more than 136,550 mothers among 244 hospitals in China.



We work with key stakeholders, including NGOs, government agencies and professional groups, to design and implement partnerships and programs that help us build capacity and share our expertise. Here Abbott employees are assessing a new program.

decisions. By organizing forums, seminars and in-hospital training sessions, we successfully trained 2,735 physicians and laboratory professionals in 2011.

Abbott China worked closely with the China Consumers' Association (CCA) and Beijing Consumers' Association to explore such topics as enhancing food safety and consumer education in online purchasing. In October 2011, Abbott and CCA co-hosted an Expert Forum on the Food Safety in Remote Shopping, focused on online and television purchasing. Representatives from key government ministries held in-depth discussions on a series of existing problems and possible solutions. The Beijing Consumer Association will report to appropriate state function departments on the relevant suggestions with regard to policy making and legislation, industry supervision and self-discipline, as well as consumer education Web site supervision.

In addition, our proprietary pharmaceutical business worked closely with the Chinese Association of STD and AIDS Prevention and Control to initiate a three-year collaboration

aimed at enhancing the care and treatment of people living with HIV; promoting education for AIDS patients; supporting World AIDS Day and care and relief for AIDS orphans; producing anti-stigma documentaries; and encouraging relevant academic exchanges on training and communications.

#### Healthcare Professional Training in Pastoral Area

Tibet with 3 million population takes 1/8 area of the whole country land in China. Due to the low population density and inconvenient transit facilities in vast remote land, the development of medical technology, skills and service level are still very low, especially in pastoral Tibet area. It is critical to improve people's lives in pastoral areas that there is proper local healthcare capacity. Abbott EPD, together with ADC invited 10 medical experts from cardiovascular, gastroenterology, maternal and child care, liver and endocrinology to give thematic training to more than 80 local healthcare professionals from seven counties. As the assistance to the training, first aid kits and relevant facilities are donated to the local community healthcare centers.

2,735  
physicians and  
lab professionals  
trained

By organizing forums, seminars and in-hospital training sessions, we successfully trained 2,735 physicians and laboratory professionals in 2011.



\$4.1  
billion  
in R&D

Abbott's \$4.1 billion in R&D in 2011 reflected our ongoing commitment to fostering new solutions for emerging health care challenges.

Innovation and discovery are central to all of Abbott's businesses. Throughout the company, we focus our R&D resources where they will have the greatest impact on patients and consumers.

# Innovating for the Future

Abbott's strong commitment to research and development is integral to our goal of enhancing health and well-being throughout the world. Each Abbott business works to advance patient care globally, developing innovative products in response to emerging health care needs. These emerging needs are reflected in the ongoing launch of important new products in each of our businesses – pharmaceuticals, nutritionals and medical and diagnostic devices.

Researching and developing new products is a global effort at Abbott, and we are equally committed to meeting the specific needs and requirements of individual countries. China's economic growth has transformed the lives of its people. At the same time, this growth has triggered an increase in chronic diseases and exacerbated the challenges of an aging population. In response to the growing demand for health care services in China, we are investing in research and development that is specifically targeted to local community needs. At the same time, Abbott is leveraging its global research and development investment to bring best-in-class products to the Chinese market.

Our approach to innovation in China includes:

- Constantly refining our understanding of China's changing disease profile.
- Investing in new research and development to ensure that we can provide the right solutions for China's evolving health care challenges.
- Building on and enhancing our work with local clinical trials.

# Innovating for the Future

(continued)

## Investment in Research and Development

Abbott's USD \$4.1 billion investment globally in research and development in 2011 reflected our ongoing commitment to fostering new solutions for emerging health care challenges. We currently have more than 350 clinical trials under way, with more than 7,000 scientists working in our 10 global research and development centers. Over the past few years, we've tripled the number of new molecular entities in our pharmaceutical pipeline. We now have 30 compounds in development, along with dozens of nutritional products and medical devices.

Our renovated research center in Shanghai is located within China's largest hub of pharmaceutical and biotech activity. Our Zhangjiang team conducts biotechnology research on early-stage pharmaceutical compounds, partnering with top Chinese contract organizations and local academic centers to advance new drug discovery programs.

## Understanding China's Changing Needs

China's rapidly growing economy and significant population longevity results in enormous health care system challenges. China has seen an increased prevalence in disease states like hepatitis C, obesity, diabetes and central nervous system disorders. Access and quality of care vary widely across the nation, and health care professionals look to companies like Abbott to support the education of health care professionals, especially those in rural areas, about new treatments and medications to meet China's changing health care needs.

We are focused on developing new compounds in response to China's evolving needs, especially in the areas of oncology, cardiovascular disease, virology and central

nervous system disorders. Abbott has released new compounds in nearly all of these areas. Our partnerships with the Chinese Medical Society will help advance compound innovations and developmental programs in the coming years.

Poor nutrition is yet another area of concern for China's population. With nutrition research and development centers of excellence on three continents, Abbott leverages the expertise of more than 1,000 food scientists and nutrition experts to discover and develop science-based, clinically proven nutrition products that support people's growth, health and wellness at all life stages. With our range of nutrition products, Abbott works closely with health care professionals to address the distinct dietary needs of people with serious health conditions and those with special nutrient requirements.

## Product Innovation

Product innovation and discovery are central to all of Abbott's businesses. Throughout our company, Abbott seeks to focus its R&D resources where they will have the greatest impact on patients and consumers. In response to China's growing demand for health care services and the length of time required to research and develop new products, we are bringing innovative, cutting-edge technologies to China and working with Chinese medical professionals in discovering new solutions to pressing health care needs.

At the China Ophthalmological Academic Annual Conference 2011, Abbott Medical Optics launched its new *TECNIS*<sup>®</sup> one-piece IOL, a lens that gives patients high-quality sight over short, medium and long distances following eye surgery. The lens is designed for optimal image quality at all distances under any

7,000  
scientists  
working in R&D

We currently have more than 350 clinical trials under way, with more than 7,000 scientists working in our 10 global research and development centers globally.



Around the globe, Abbott is a leader in researching and developing new products to respond to patient and consumer needs. At our Shanghai R&D center, scientists work on promising pharmaceuticals.

lighting conditions. Its unique optic design gives patients superior near vision and reading speed compared to other presbyopia-correcting IOLs.

Our *XIENCE V* drug-eluting stent (DES), launched in 2010, has had record sales in China. *XIENCE V* is the world's leading DES for the treatment of coronary artery disease – a pressing health issue in China. Drug-eluting stents such as *XIENCE* work by propping open the narrowed vessel to restore blood flow to the heart; they are considered the standard of care for treatment of coronary artery disease.

### Clinical Trials

In China, all drugs and medical devices must undergo rigorous clinical trials before they can be released to market, and such trials are essential to the development of safe and effective treatments. We know it is vital to expand clinical trials in markets like China, to achieve faster registration of products for which there is great demand. We are currently conducting Phase

3 studies for a promising cancer compound in China. We are also working on trial solutions with leading Chinese doctors in rheumatology, oncology, nephrology, gastroenterology and anesthesiology. Recruitment and trials are strictly aligned with international clinical practice quality standards.

In 2011, we published the first set of guidelines on the proper use of anesthesia. The trials began in 2010 in collaboration with 40 hospitals across China. We worked with the Chinese Medical Association to conduct the study, and we estimate that the anesthesia guidelines will help 10 million patients per year.

We are currently conducting clinical trials of *Humira* on more than 400 Chinese patients suffering from moderate to severe chronic plaque psoriasis, a common chronic autoimmune disease that appears on the skin, sometimes affecting patients' basic functions like sleep, walking and self-care.



27%  
reduction in  
malnutrition

Since its launch, the Abbott Fund Institute of Nutrition Science has trained more than 3,000 health care providers.

As a leading health care company, we work to bring innovative medicines, medical devices and nutrition products to market – and to ensure that patients will have access to quality health care.

# Enhancing Access

Expanding access to health care for patients around the world is a key component of Abbott's citizenship commitment, and it is integral to our core business strategy. We work to help expand access by:

- Addressing national health challenges
- Sharing health outcomes information
- Contributing our expertise in nutrition science
- Reaching out to patients, families and health care professionals
- Improving health care infrastructure and technology

In a country as large and diverse as China, improving access to health care presents unique challenges. We are committed to partnering with the government and NGOs to deliver safe, high-quality health care products and to making all our products accessible to both urban and rural populations.

## Enhancing Access (continued)



Working with China's Ministry of Health, Abbott sponsors a range of educational health care programs, including this class on perinatal well-being.

### Accessible Products and Treatments

Along with expanding access through community health care centers, the Chinese government also has a stated goal of expanding medical insurance coverage to the full population by 2012. We fully support this goal. As a leading health care company, Abbott not only brings to market innovative medicines, medical devices and nutrition products, we also provide expertise and assistance to the government in achieving its reform objectives.

Abbott works to expand access by registering a growing number of products across multiple therapeutic areas partnering with key government agencies to obtain reimbursement for critical medicines and setting appropriate prices for products that are ineligible for reimbursement.

### Working Closely with Government

In China, we are working with the government and local health care professionals to address the quality of care in rural health care centers. We also are helping to address China's changing disease patterns. For example, compared with diabetics in developed countries, nearly twice as many Chinese diabetics die of a complication called diabetic ketoacidosis. A key reason is the limited availability of testing equipment in China. To help the Chinese government close this gap, we are pioneering new testing methods for use in Chinese hospitals and homes. We also have introduced *Optium Xceed*, which is currently the only imported monitoring system available in China that can test both glucose and ketones.

In November 2011, Abbott Vascular launched a government cooperation project with China Medical Doctor Association under the Ministry

of Health. The China STEMI Standardization Treatment Project aims to introduce standardized vascular treatment procedures, including quick diagnosis, transportation to local emergency centers, urgent operations and development of the STEMI patient database. Nearly 160 people attended the launch meeting, including representatives from the Medical Administration Department, News Center of the Ministry of Health, the China Medical Doctor Association, as well as local health bureau officials and hospital presidents.

The pilot projects currently cover 15 cities and 1,500 patients. The project's procedural treatment guidelines are expected to save millions of Chinese lives.

### Educating Health Care Professionals

Diabetes is a growing issue in China, where more than 92 million people are afflicted with the disease. Since diabetes is a chronic, lifelong condition, effective treatment and disease management require ongoing collaboration between the patient and health care professional. Systematic education is essential, for example, so that health care professionals can properly instruct patients and teach them effective disease management techniques.

Most Chinese medical facilities do not have full-time diabetes educators, and the diabetes education materials that currently exist are neither standardized nor comprehensive. To remedy the situation, Abbott Diabetes Care is working closely with the Chinese Diabetes Society (CDS) on a series of scientific studies and academic exchanges. Abbott and the CDS have jointly launched a nationwide educational initiative, the China Guideline for Diabetes Care and Education (The Guideline), starting with 60 head nurses in 38 cities throughout China.



Health education fairs hosted by the Abbott Fund Institute of Nutrition Science teach families about better nutrition.

### Abbott Fund Institute of Nutritional Science

To address the problem of children's nutritional health in China, Abbott and its philanthropic foundation, the Abbott Fund, forged a partnership in 2007 with Project HOPE, a global nonprofit humanitarian organization, and Shanghai Children's Medical Center (SCMC). They established the Abbott Fund Institute of Nutrition Science (AFINS). Since its launch, AFINS has reduced malnutrition among children admitted to SCMC by 27 percent. It has provided nutrition training to more than 3,000 health care professionals and educated more than 20,000 parents and children through local education outreach and materials.

In 2010, to ensure AFINS' long-term sustainability, the Abbott Fund announced an additional three-year, \$2.5 million grant. Over the next three years, the program will focus on identifying seven regional pediatric hospitals in which to promote standardized nutrition guidelines. It will also focus on enhancing nutrition research at SCMC and network hospitals and on enhancing education for clinical dietitians, as well as sharing knowledge with pediatric hospitals and clinics.

3,000  
professionals  
trained

Since its launch, the Abbott Fund Institute of Nutrition Science has provided nutrition training to more than 3,000 health care professionals and educated more than 20,000 parents and children.



3,500  
tons of  
water saved  
each year

At our manufacturing facility in Shanghai, an upgrade to stainless steel piping eliminated condensation discharge and resulted in water savings of 3,500 tons per year.

Every Abbott factory in China has a dedicated on-site team of environment, health and safety experts. With responsibility for managing all environmental issues, this team sets targets for improvement and monitors progress against those targets.

# Safeguarding the Environment

China's rapid industrialization raises concerns about protecting its environment, and Abbott is committed to helping. We work diligently to reduce our global environmental impacts – from the sourcing of raw materials, to the manufacture and distribution of our products, to the use and disposal of our products by patients, consumers and health care providers.

Our main environmental impacts in China stem from our factories – their use of water and energy and their waste production – and from the packaging, distribution and end disposal of our products. Each Abbott China factory has an Environment, Health and Safety team in place that is responsible for managing all environmental issues. This team sets targets for improvement and manages progress against those targets.

To address environmental stewardship, in 2010, Abbott established a new series of targets to further minimize our environmental impacts by 2015. In 2011 Abbott China continued to make progress toward those goals, reducing CO<sub>2</sub>e emissions, total water and total waste in our operations.

Our three global environmental priorities – climate change, water usage and product stewardship – are particularly critical in China, and we continue working to ensure that these environmental considerations are fully integrated into our day-to-day planning and business processes.

# Safeguarding the Environment (continued)



Employees at our manufacturing plants perform rigorous tests to ensure the quality of water used in production. We have also implemented multiple programs to reduce water use.

## Climate Change

Abbott has been working for a number of years to reduce carbon dioxide equivalent (CO<sub>2</sub>e) emissions from our main operations. One way we do this is by changing the energy sources in our plants. In 2010, we updated and revised our global Climate Responsible Energy Policy, which provides guidance and goals to help our employees around the world appropriately manage energy use and related emissions. Our new 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.

## Water Use

Water scarcity and pollution are increasing concerns in China, and in some cases, new usage limits are compelling manufacturing plants to improve efficiency. Abbott is targeting a 50 percent reduction (adjusted for growth) in our company's total water intake globally by 2015.

### Optimization Program in China

In 2011, our Established Pharmaceuticals Division and the environmental health and safety team reviewed the division's water systems and found that they included separate air-cooled and water-cooled systems, resulting in higher energy consumption and lower efficiency.

50%  
reduction in  
total water  
intake by 2015

Abbott is targeting a 50 percent reduction (adjusted for growth) in our company's total water intake globally by 2015.

To optimize its chilled-water system, our Shanghai plant launched a new initiative to replace its existing air-cooled chiller and integrate the warehouse cooler into a centralized chilled water system. As a result, the plant now saves an estimated 144,200 kWh per year in electricity.

### Recycling of Steam Condensate

In 2011, our established pharmaceuticals plant in Shanghai began upgrading its steam piping. We replaced the carbon steel pipe with stainless steel, and we were able to recycle the steam condensation for use in the boiler, conserving energy and reducing water use and waste as a result. The upgrade to stainless steel piping will eliminate condensation discharge and resulted in water savings of 3,500 tons per year. The project was completed in January 2012.

### Product Stewardship

With all of our health care products, Abbott's primary concern is to ensure their quality, safety, integrity and ease of use. Product packaging plays an essential role in fulfilling those responsibilities. Once our products have been manufactured, their key environmental impacts come from the packaging we use and disposal after use. Sustainable packaging is a necessary design feature of packaging materials and systems. For example, the Abbott China nutrition supply chain department led a green package innovation program that now saves approximately 165 tons of paper packaging per year, by resizing the packaging for some of our nutritional products, including *Similac Next Generation* and *PediaSure*. In addition, we have changed the package labeling to minimize the use of plastic coding, thus eliminating 31.2 tons of plastic waste per year.

### Green Consumption

#### Awareness-Raising Campaign

From August to September 2011, Abbott China and Wal-Mart launched an environment awareness campaign, encouraging consumers to upload their creative reuse of empty *Similac* cans. The purpose of this promotion was to raise the awareness of green consumption by encouraging consumers to recycle their cans in creative ways. More than 2,000 young parents participated in the program, sharing their creative recycling artworks.

#### Data Charts

To view Abbott China's environmental and health and safety performance, go to page 39.

165  
tons of raw  
materials saved  
each year

The Abbott China nutrition supply chain department led a green package innovation program that now saves some 165 tons of raw materials per year.

## Ethics and Compliance

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## Our People

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## Health and Safety

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## Supply Chain Management

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## Local Communities

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## Awards and Recognition

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# Creating a Culture of Citizenship

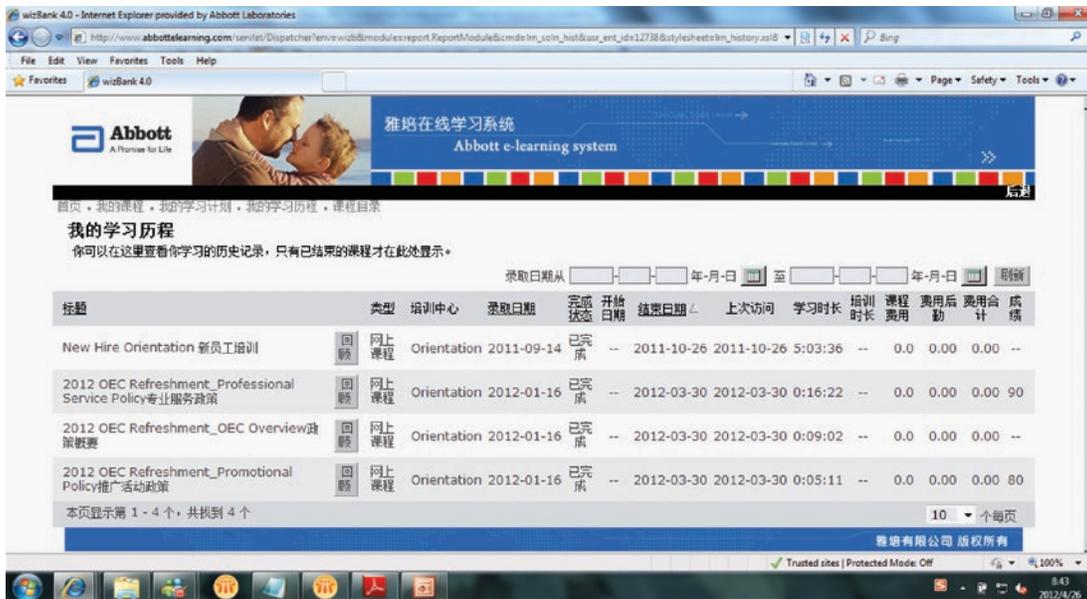
Being a responsible corporate citizen involves more than health care innovation and outreach. Good citizenship also extends to the way we run our business and conduct ourselves as individuals. While our strategic priorities focus on the material impacts where our company can make the most unique and targeted contributions to society, we are equally focused on creating a culture of citizenship grounded in the foundational elements of sound business practice.

Because the sustainability of business and the sustainability of society are increasingly interdependent, good citizenship requires ingenuity and care in the way we treat colleagues and employees and deal with partners and suppliers. Our citizenship goals are integral to the quality of our involvement with communities throughout the world, and they are perhaps most evident in the high standards of ethics and compliance that we insist upon for ourselves and our partners.

Our citizenship strategy is built upon a strong foundation of stakeholder engagement, a commitment to transparency and a workplace environment that enables our employees around the world to achieve their greatest potential. We focus on five foundational elements that are vital to our culture of good citizenship and sound business practice. They are:

- Ethics and Compliance
- Our People
- Health and Safety
- Supply Chain
- Local Community

# Ethics and Compliance



Abbott China's self-learning online Ethics and Compliance platform provides a thorough introduction to company policies and the Abbott Code of Business Conduct, and employees are required to take refresher courses each year.

Abbott seeks to maintain the highest standards of ethical conduct in everything we do – in China and throughout the world. Recognizing that our industry is highly regulated, we make it a priority to ensure that all Abbott employees understand our company values, policies and procedures, as well as our wider legal obligations.

China's own rapidly evolving regulatory landscape obligates us to monitor new laws and requirements as they emerge. China's health care system has its national, provincial and local regulatory authorities, and they expect us to meet their standards, and we are determined to do so.

**Affiliate Compliance Committee**

Our Affiliate Compliance Committee (ACC) consists of representatives from each business division in Human Resources, Finance, Legal and Abbott's Office of Ethics and Compliance. The ACC aims to establish an effective and

responsible policy framework for employees in China. Key programs launched by ACC include:

- Compliance policy development and amendment
- Compliance initiative deployment
- Investigation and processing of compliance violations

As required by our ACC, all new Abbott China employees undergo ethics and compliance training using our self-learning online platform. The training gives Abbott China employees a thorough introduction to anti-corruption and anti-fraud laws (FCPA), company policies and the Abbott Code of Business Conduct. All employees must take regular refresher courses as well.

In addition, we communicate with employees through a monthly e-bulletin, updating them on ethics and compliance topics, relevant case studies and other important information.

## Our Standards

The Abbott Code of Business Conduct sets forth our global commitment to ethics and compliance. It covers a wide range of issues that touch on all aspects of business activity and behavior. Our code is complemented by a comprehensive range of policies defined by industry and corporate codes (for instance, the R&D-based Pharmaceutical Association Committee (RDPAC) Code and the WHO Code Policy), and by locally relevant requirements from the Chinese government.

## Key Policies

We have adopted policies to deal with our full range of interactions with stakeholders in China, covering such issues as sponsorships, donations, professional services, free-of-charge products, clinical trials, interactions with health care professionals, the China Milk Code, market privacy and interactions with competitors and others.

## Training

Our internal policies are supported by strong training programs. New Abbott employees must undergo training in our Code of Business Conduct as part of their company orientation, while other employees must take regular refresher courses. E-learning modules are also available on the intranet. From 2010 to 2011, we augmented our compliance training with monthly Office of Ethics and Compliance (OEC) newsletters and a bimonthly employee magazine that covers key compliance policy updates. We also added division-based OEC training workshops. On a quarterly basis, all employees are required to finish the OEC online modules and understand the latest updates.



Abbott employees understand our company values, policies and procedures. The Abbott Code of Business Conduct guides us on all aspects of business and behavior.

## Monitoring

Abbott encourages employees to report any concerns or suspected violations. Employees are asked to report concerns to the line manager, HR, Legal, the Affiliate Compliance Committee or directly to the Office of Ethics and Compliance. There is also a 24-hour ethics and compliance hotline. Abbott policies ensure that there will be no retaliation against individuals making a report. Cases reported are thoroughly investigated, either locally or through Abbott Global, depending on the nature and seriousness of the incident.

We also require all our third-party contractors to sign our Code of Business Conduct and to undergo training in ethics and compliance. In 2011, we rolled out the compliance program to help ensure that third parties, including the selected suppliers and distributors with whom Abbott does business, are in compliance with applicable anti-bribery and anti-corruption laws. For example, we conducted an ethics and compliance workshop for 50 large distributors of Abbott Diabetes Care products at its annual distributor meeting in 2011.

# Our People



Abbott is committed to helping employees fulfill their potential and build rewarding careers. We choose our people carefully and guide them towards meaningful career paths.

Abbott China now employs 3,900 men and women, a 25 percent increase in our total number of employees since 2009. They are the key to our success. One of our highest priorities is helping each employee fulfill his or her potential and build a rewarding career. We offer our employees opportunities for personal growth and development, and we want to ensure that each of them can come to work and return home healthy and safe each day, as detailed in the Health and Safety section of this report.

### Our Approach

We embrace Abbott's key global human resource objectives and adapt them to China's culture and lifestyle. In China, we have been recognized as a top employer by the Corporate Research Foundation, and we continue working to advance the elements of Abbott's award-winning workplace environment. Important elements of this work include:

- A commitment to promoting diversity and inclusion
- Extensive professional development, mentoring and training programs
- Efforts to encourage work-life harmony
- Opportunities for employees to provide feedback
- Competitive compensation and benefits, tailored appropriately for each market
- Protection and promotion of human rights
- Encouragement of wellness campaigns
- Commitment to employee health and safety

Number of Employees in 2011

Female	Male	Grand Total
2,202	1,700	3,902



We offer extensive learning opportunities to employees at every level. This strong philosophy of development and support helps Abbott China attract the best in local talent.

We know that the overall employment experience is critical to attracting local talent, and we are proud that Abbott employees play a key role in advancing the working environment in our operations.

#### Training and Development

In 2011, as a key part of the Abbott China Employee Value Proposition, we conducted a variety of initiatives to support the ongoing development opportunities for our employees. Some activities included:

- General Functional Competency Model
- Career Ladder
- Leadership Curriculum Roadmap (Abbott China Academy)
- Career Development Web Page

These activities helped employees understand Abbott's talent development philosophy, as well as the requirements for competencies in different positions. Employees can help develop themselves by utilizing the learning resources offered by Human Resources.

Abbott China is continuously refining its approach to training. In 2011, we undertook a series of programs and collaborations with universities and professional training firms. We partnered with Michigan University as well as the Achieve Global Interaction Association to provide more leadership-related training programs for China leaders and employees.

## Our People (continued)



Abbott helps further the careers of its employees through a robust combination of training, on-the-job experience and mentoring.

### Benefits and Recognition

Abbott provides a comprehensive package of benefits that are the first of its kind for the health care industry in China: the employee stock purchasing plan, which offers employees opportunities to become a company shareholder; the Abbott Loyalty Plan, designed to encourage employees to stay and grow with Abbott and the Abbott Points Program, which allows employees to allocate benefits according to their individual needs. The Abbott Caring Association (ACA), as part of a long-term plan to be more focused on cultivating a caring, harmonious and interactive working environment, recognizes the special events in employees' lives. We provide employee liaison and monetary support during disasters, and we send greetings to employees to celebrate a variety of events, including holidays and weddings, as well as messages to those who are hospitalized.

### Diversity and Inclusion

Our human resources strategies reflect the dynamic opportunities inherent in the breadth and diversity of our businesses. Investing in our people is critical to the growth of Abbott China, and we remain committed to affording remarkable opportunities for growth and development.

In China's fast-paced business environment, creating a diverse and inclusive workplace is an essential part of maintaining the right mix of talents in each business. Meanwhile, gender equality and women's leadership have undergone dramatic change in China as more and more companies put women in senior management positions and in their programs for human capital development. Women leaders occupy 40 percent of Abbott China's top 50 management positions.

It is illegal to discriminate against employees based on their medical records or illnesses. We offer our employees medical checks while respecting and defending their right to keep their medical conditions private.



Abbott understands that the overall employment experience is critical to attracting talent and retaining organizational knowledge. To that end, we continue to develop programs to support employees across their employment life cycles.

### Employee Engagement

Employee feedback provides us with valuable insight as we continue to shape our culture to achieve our business objectives. In 2010, Abbott conducted our third global biannual employee survey to understand employee perceptions of our company's key cultural attributes. Ninety percent of employees worldwide participated in the survey, and their responses revealed that we have a high-performing culture, one that fosters strong and sustainable success.

Abbott understands that the overall employment experience is critical to attracting talent and retaining organizational knowledge. To that end, we continue to develop programs to support employees across their employment life cycles. Recognizing that work-life priorities and challenges vary around the world, we design specific programs for Abbott China employees. For example, every year, the ACA (Abbott Caring

Association) hosts community family days with diverse activities. This year, the ACA plans to inspire more green and community activities as part of our Family Day experience.

Beginning in 2011, the company began publishing its Abbott & I employee magazine on a bimonthly schedule, and the number of pages was doubled to support the growing internal communication demands throughout Abbott China. The magazine also features a regular section on corporate social responsibility to raise overall awareness and promote citizenship behaviors throughout the organization.

Abbott employees around the world generously contribute their time, expertise, money and enthusiasm to numerous community-based initiatives. In China, we promote employee volunteerism and community engagement through our science and discovery programs.

40%  
female  
management

Women leaders occupy 40 percent of Abbott China's top 50 management positions.

# Health and Safety

Abbott has clear, consistent global policies and standards requiring us to operate in a manner that promotes employee health, safety and productivity while also protecting the environment. Our Global Environment, Health and Safety (EHS) policy aims to:

- Foster a work environment that is ultimately free of injuries
- Improve the efficiency and sustainability of all our business activities
- Require contractors working on behalf of Abbott to conform to regulatory requirements and meet applicable internal EHS standards
- Integrate sound health and safety practices consistent with our management system into all aspects of the business

Abbott China considers employee health and safety a fundamental responsibility. From the start of our operations in China, we have set high standards for health and safety, in line with Abbott's global strategies. We extend this commitment to all our employees, whether office or factory based, though much of the focus of our activities rests at the factory level. We recognize that this responsibility extends to contract workers and sales staff, and we maintain the same health and safety standards, training and tools for contractors as we do for our own employees.

## Occupational Health Excellence

We believe that promoting and delivering superior health care starts with our own employees, and we offer medical benefits and regular health checks for all Abbott employees, including yearly health physicals and immunizations.



Employee health and safety is a high priority at all of our operations. Whether our employees are working in offices or on factory floors, we work to create an injury-free work environment that promotes good health.

The Abbott Caring Association (ACA) is integral to supporting employee health. In 2011, the ACA arranged annual health checks for all employees, provided them with access to fitness centers, distributed medicines during summer hours, instituted an office no-smoking policy and held lunch-and-learn sessions about health topics.

## Developing an Environment, Health and Safety Culture at Guangzhou

Abbott's Guangzhou plant initiated STOP (Safety Training Observation Program) to further advance a safe and healthy working environment. Our Guangzhou plant also launched a series of activities focused on engaging employees in Environment, Health and Safety knowledge contests. The program resulted in increased employee knowledge and more than 1,200 days (more than three years) of zero lost work days. As a result, the plant was certified by the provincial Administration of Work Safety for safety production standardization.

In 2012, Abbott China plans to establish an Environmental Health and Safety Working Committee to enhance sharing of ideas and best practices among our key facilities and offices in China, with a focus on energy, paper and water usage, as well as health and safety topics.

# Data Chart

Recordable Incident Rate	Unit	2009	2010	2011
Shanghai Plant	Cases per 100 Employees	0	0	0
Guangzhou Plant	Cases per 100 Employees	0	0	0
Hangzhou AMO Plant	Cases per 100 Employees	0.56	0.29	0.96
Lost Working Hours	Unit	2009	2010	2011
Shanghai Plant	Cases per 100 Employees	0	0	0
Guangzhou Plant	Cases per 100 Employees	0	0	0
Hangzhou AMO Plant	Cases per 100 Employees	0.28	0	0
Total Energy Consumption	Unit	2009	2010	2011
Shanghai Plant	Gigajoules	15,005	16,860	13,724
Guangzhou Plant	Gigajoules	13,219	11,511	10,740
Hangzhou AMO Plant	Gigajoules	64,747	63,166	61,008
Total	Gigajoules	92,971	91,537	85,471
Total Water Use	Unit	2009	2010	2011
Shanghai Plant & GPRD	Gallons (U.S.)	6,818,702	7,086,015	7,035,166
Guangzhou Plant	Gallons (U.S.)	2,150,544	1,148,354	1,311,614
Hangzhou AMO Plant	Gallons (U.S.)	29,590,664	28,860,404	31,631,962
Total	Gallons (U.S.)	38,559,911	37,094,773	39,978,742
Total Waste	Unit	2009	2010	2011
Shanghai Plant	Tons	14	13	9
Guangzhou Plant	Tons	312	164	195
Hangzhou AMO Plant	Tons	356	239	207
Total	Tons	682	416	410
Total Scope 1 and 2 CO <sub>2</sub> e Emissions	Unit	2009	2010	2011
Shanghai Plant	1,000 Metric Tons	2.158	2.306	1.964
Guangzhou Plant	1,000 Metric Tons	2.802	2.399	2.230
Hangzhou AMO Plant	1,000 Metric Tons	10.570	9.677	9.530
Total	1,000 Metric Tons	15.530	14.381	13.725
CO <sub>2</sub> e emissions - direct emissions	Unit	2009	2010	2011
Shanghai Plant	1,000 Metric Tons	0.543	0.661	0.491
Guangzhou Plant	1,000 Metric Tons	0.001	0.000	0.001
Hangzhou AMO Plant	1,000 Metric Tons	0.802	0.025	0.146
Total	1,000 Metric Tons	1.346	0.685	0.638
CO <sub>2</sub> e emissions - purchased energy	Unit	2009	2010	2011
Shanghai Plant	1,000 Metric Tons	1.614	1.645	1.473
Guangzhou Plant	1,000 Metric Tons	2.802	2.399	2.229
Hangzhou AMO Plant	1,000 Metric Tons	9.768	9.652	9.385
Total	1,000 Metric Tons	14.184	13.696	13.087

# Supply Chain Management

Supplier relationships are integral to Abbott's success – as a business and as a corporate citizen. We work closely with our suppliers to ensure high levels of performance in all aspects of quality, compliance and social responsibility.

Abbott seeks to engage suppliers in a process of continual learning and improvement, using formal management reviews and performance audits aimed at improving their systems as well as our own. All Abbott suppliers are provided access to our Supplier Guidelines, which are published in multiple languages. These guidelines set forth our expectations for suppliers in the following areas: 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 new Supplier Resources Web site includes answers to Frequently Asked Questions about Abbott's expectations for supplier sustainability.

## Supply Chain Training

In November of 2011, Business for Social Responsibility and TUV Rheinland held training for NGOs and companies on supply chain partnerships. The training provided insights and opportunities for collaboration on key supply chain issues. Abbott China attended the training and exchanged best practices with the other companies and NGOs. Our team in China is committed to working with a wide range of local suppliers and educating them on effective compliance, ethics and quality assurance.

In addition to Abbott's global supplier social responsibility auditing program, we believe it is important to take preventive and corrective actions that enhance our supply

chain operations. We focus on educating suppliers by inviting them to external supply chain social responsibility exchanges, events and training sessions that raise their awareness and understanding of responsible supply chain issues through multiple dialogues with non-profit organizations and citizenship think tanks.

## Supplier Social Responsibility

Our Global Purchasing compliance team proactively identifies suppliers in high-risk industries and geographies and in certain other categories, conducting intensive screenings in emerging markets. We survey suppliers using principles set forth by the Pharmaceutical Supply Chain Initiative, an industry consortium dedicated to advancing supply chain quality and safety. Based on survey results, Abbott may perform a higher level of scrutiny, including additional on-site audits. Audits of high-risk suppliers are conducted to confirm that these suppliers provide:

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

In 2011, we implemented multiple process improvements to fortify our supplier social responsibility program. These enhancements include a more sophisticated supplier classification model, a quarterly results tracking scorecard and a semi-automated audit report – along with a new process to increase awareness of the program across Abbott's many businesses and geographies.



The engineering and design of product packaging have a significant effect on environmental impact.



In Wuxi, representatives of Abbott check printer's proofs for Abbott nutritional products. MWV is just one of our thousands of our suppliers around the world.

Last year in China, we conducted fifteen supplier social responsibility audits. In 2012, we will augment our supplier social responsibility audit program with third-party audits designed to assess a larger number of suppliers based outside the United States, targeting the high-risk countries identified in our supplier classification model.

### Optimizing Our Business Models

Guaranteed quality and safety come from optimizing the supply chain and after-sales services. Abbott China works closely with our supply chain partners to decrease the time it takes for our products to reach our customers. Increasing numbers of Chinese consumers purchase Abbott products online. In 2011, Abbott China launched a pilot program aimed at refining the direct-to-consumer marketing model in order to provide faster, safer and easier access to Abbott nutrition products. This project is a collaboration between Abbott and credible online shopping franchise partners, as well as nationwide sales networks that wish to ensure that consumers can obtain the best products possible.

### Supplier Profile

#### MWV: a global leader in packaging solutions

Abbott works closely with MeadWestvaco (MWV), a global leader in packaging solutions, to ensure high standards of product stewardship and best practices in the health, safety and environmental impacts of products throughout their life cycle. Together, our two companies integrate sustainability at every step of the package development process, working to protect Abbott products while promoting our brands. The process starts with the concept of Green Consumption Insights. It extends to the engineering and design of product packaging and to the way each package is manufactured and transported, as well as the ways in which that package is ultimately recovered and returned to a raw material state.

For example, Abbott worked closely with MWV in 2011 at its packaging plant in Wuxi, China, introducing innovative bag-in-box packaging for our nutritional products. The new packaging was requested by Abbott Nutrition's Supply Chain department, with the goal of reducing Abbott's environmental impacts. The new bag-in-box packaging is smaller in size and features improved package coating technology.

# Local Communities



Abbott Nutrition works with nonprofit organizations to fight malnutrition in rural China. In 2011, our donations, focused in rural areas of Yunnan, Guangxi and Guizhou provinces, reached more than 18,000 children.

Wherever we live, work and do business, Abbott strives to make a positive and lasting difference in people's lives. We do so by creating and distributing life-enhancing products; by providing our expertise to advance health care quality and availability around the world; and through philanthropic donations from the Abbott Fund.

In China, we focus on these priorities through the efforts of our individual businesses and by working with community organizations on issues of mutual concern. We also use our expertise to confront such pressing challenges as nutrition, HIV, diabetes and hepatitis.

## Outreach to Our Communities

In working with trusted nonprofit organizations, Abbott Nutrition donated more than 15 million RMB in nutrition products to help relieve childhood malnutrition. The product donations were focused in rural areas of Yunnan, Guangxi and Guizhou provinces, where they reached more than 18,000 children.

In November 2011, Abbott China participated in Shanghai Philanthropy Partner Day, held by the Shanghai Civil Affairs bureau. More than 11,000 citizens attended the event, which brought together government, foundations, non-profit organizations and businesses. It was the first time Abbott China had interacted with multiple stakeholder groups and shared information about our citizenship efforts broadly.

## Harnessing the Enthusiasm of Our Employees

In 2010, Abbott China launched its first volunteer initiative in Shanghai. The Abbott Family Science Program, supported by the Abbott Fund, offered children exciting, interactive opportunities to learn about the importance of science education. In 2011, Abbott China expanded the program to nine cities, with 284 Abbott volunteers and 819 parents and children participating. Together, they shared the fun and excitement of hands-on science experiments that demonstrated the basics of scientific discovery, observation and the

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In China, we bring primary school students, parents, teachers and Abbott scientists together for fun, exciting afternoons filled with hands-on science experiments that focus on basic science skills like observation, problem-solving and teamwork.

scientific method. Our programs are designed to teach children such fundamental skills as problem solving and teamwork in science and technology.

In 2011, more than 470 Abbott China volunteers contributed their skills, knowledge and caring in a variety of community services throughout China, donating more than 3,805 hours of service.

At the elementary school level, our Family Science program brings children, parents, teachers and Abbott employees and scientists together for events of exciting, hands-on demonstrations and experiments focused on basic science skills. More than 800 students and their parents in China have attended these events. Our program seeks to excite young people about science and to inspire them to pursue science-related careers. Abbott scientists and other employees around the world volunteer their time and share their passion for research and discovery. In 2012 the Family Science program will reach families in 21 cities.

### Collaborating with Universities for Community Improvement

Malnutrition continues to afflict many children throughout China – especially in rural areas. In response to the problem, China's central government has pledged to allocate approximately 16 billion yuan (\$2.5 billion) annually to 680 cities nationwide. This pilot project will ensure that each primary and junior high school student receives a daily subsidy of three yuan for improved nutrition.

To support this long-term government initiative, Abbott China medical nutrition scientists have worked closely with Shanghai Jiaotong University to learn more about youth nutrition in China's rural regions. The resulting study, "Investigating the Malnutrition Status of Children in Midwestern Parts of China and Exploring the Methods of Intervention," highlighted data from more than 2,000 students in nine elementary schools. This research is now being used to develop guidelines for addressing childhood malnutrition in rural areas.

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More than 470 Abbott China volunteers contributed their skills and knowledge in a variety of community services throughout China, donating more than 3,805 hours of service.

# Awards and Recognition

## China Corporate Citizenship Conference

At the Seventh Annual China Corporate Citizenship Conference in Beijing, Abbott received several honors for its citizenship work, including the prestigious 2011 China Best Corporate Citizenship Award for its overall responsible approach to business in China.

At the event, Abbott also was honored for its innovative Family Science program, which was held in nine cities in China in 2011. The company received a Top 10 CSR Case Award from the Multinational Enterprises Outstanding CSR Case Exhibition 2011, as well as an honorary mention for a program at the School of Social Development and Public Policy at Beijing Normal University.

The China Corporate Citizenship Conference is organized by the Corporate Citizenship Committee of the China Association of Social Works, in collaboration with local foundation and media partners including Tencent Foundation and CCTV. The event was attended by representatives of key government ministries and academic institutions, along with representatives from Abbott and other top companies in China.



Abbott and the Abbott Fund were honored with the Asian CSR Award for Educational Improvement for advancing science education in the region. Additionally, Abbott won the prestigious 2011 China Best Corporate Citizenship Award for its overall approach to responsible business in China.

## Asia CSR Awards

The Asia CSR Awards are a premier program recognizing Asian CSR programs of excellence, sustainability and innovation in the areas of workplaces, health, environment, poverty alleviation and education.

The Abbott Family Science program was selected as the 2011 winner in Asia CSR Awards' Education Improvement category – out of 175 entries from 129 companies in fourteen countries. The award application was a joint effort by Abbott China, Abbott Korea and Abbott Singapore. Abbott China Family Science also received a Top Ten CSR Case Award for 2011. The award was granted jointly by the China Association of Social Works, Beijing Normal University and China Philanthropy Times.

# Xin Yu's Success Story

## The Abbott Fund Institute of Nutrition Science Helps Improve Lives in China

The Juans, residents of Shanghai, were overjoyed when Ms. Juan became pregnant in June 2010. Unfortunately, their daughter, Xin Yu, arrived four weeks premature, weighing only 2 pounds, 13.5 ounces (1.29 kg).

Xin Yu (whose name means "happiness") was admitted to the neonatal intensive care unit at Shanghai Children's Medical Center (SCMC), where her nutritional needs were assessed. "Premature babies will have a significant developmental disadvantage if they don't meet the nutrient needs for development," explains Dr. Hong Li, Executive Director of the Clinical Nutrition Department at SCMC.

Fortunately, Xin Yu was in good hands. The neonatal intensive care unit at SCMC is staffed by a team of doctors and nurses who have received advanced training in clinical nutrition, thanks to the Abbott Fund Institute of Nutrition Sciences (AFINS). Established in 2007 with an initial \$2.5 million grant from the Abbott Fund, AFINS represents a unique collaboration among Abbott, Shanghai Children's Medical Center and Project HOPE, a respected nonprofit organization.

So far, AFINS has trained more than 2,200 pediatric clinical health professionals in China in the essential components of clinical support and dietitian practice. The training has had a significant impact at Shanghai Children's Medical Center, where the complication rate associated with nutrition support therapy has decreased from 1.4 percent to 0.45 percent. At the end of 2010, SCMC became the first and only children's hospital in mainland China to receive accreditation from Joint Commission International. All new patients are now screened against the World Health Organization's nutritional standards.



Xin Yu, born four weeks premature, weighed only 2 pounds, 13.5 ounces (1.29 kg) at birth. She was immediately admitted to the neonatal intensive care unit at Shanghai Children's Medical Center.

At birth, newborn Xin Yu was at high risk for malnutrition. But following ten days of nutrition therapy, Xin Yu's weight had increased to 4 pounds, 4 ounces (1.92 kg). By her three-week birthday, she was able to drink enough to meet all her nutritional needs. Four weeks after she was born, her parents could cradle their baby in their arms, and Xin Yu was discharged from the hospital.

"When we visited Xin Yu later at home, we were so happy to see that she has grown into a healthy baby girl," says Jenny Xu, Senior Program Manager at Project HOPE's Shanghai office.

For Dr. Hong, Xin Yu's recovery underscores the need for good clinical nutrition. "Without proper nutrition support, a patient's wound will not heal properly, a child's immune system will be compromised and a patient's body weight will significantly decrease," says Dr. Hong. "Nutrition status is a critical driving force in a patient's recovery."



Today, Xin Yu is a happy, healthy, thriving little girl, thanks to the help she received from the Abbott Fund Institute for Nutrition Science.

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