

# Working Together ... Making a Difference



*2002 Global Citizenship Report*

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This report updates information provided in our 2000-2001 global citizenship report, *Making a Difference Around the World*, with 2002 data on our financial; environmental, health and safety; and social performance. This report incorporates data from our acquisition of BASF's pharmaceutical business and the global operations of Knoll. It does not contain performance data for Vysis Inc. or TAP Pharmaceuticals Products Inc., our 50/50 joint venture with Takeda Chemical Industries, Ltd. of Osaka, Japan.

Abbott trademarks and products in-licensed by Abbott are shown in italics in the text of this report. Together Rx™ Program is not a trademark of Abbott.

Abbott consulted many resources, including the Global Reporting Initiative's 2002 Sustainability Reporting Guidelines, during the development of this report.



## *Message From the Chairman and CEO*

In 2002, I had the opportunity to travel to Tanzania to see firsthand the results of Abbott's initiatives to respond to the AIDS crisis in Africa, some of which are detailed in this report. This experience gave me new insights into the dignity and power of people who live and work against great odds, with the hope of making a difference in their lives and those of others.

As a global corporation, Abbott Laboratories has the opportunity and responsibility to extend our core expertise, products and people for the most positive impact in the world. We continue to seek the right balance in meeting our financial, environmental and social responsibilities. And, we continue to contribute in meaningful ways toward solving some of today's, as well as tomorrow's, urgent problems.

A poor global economy in 2002 clearly worsened existing social problems, while it challenged the ability of both governments and corporations to respond. Abbott faced its own unique business challenges, including the continuation of a consent decree with the U.S. Food and Drug Administration, the restructuring of one of our divisions to meet changing market conditions, and the need to adjust our earnings guidance for the year. Yet, we remain a financially strong and stable company making significant progress toward all of our goals. Overall, 2002 was a year in which Abbott again delivered record performance.

In the pages of our second global citizenship report that follow, we highlight how we are working with many stakeholders to address needs of communities around the world. Primary areas of progress in 2002 include:

- Creation of a Global Citizenship and Policy function;
- Expansion of our ethics and compliance programs;

- Launch of a product bar coding initiative to improve patient safety;
- Collaboration with industry and academia to advance environmental, health and safety knowledge and practices;
- Expansion of our Global Care Initiatives to strengthen the public health system in Tanzania and to address mother-to-child transmission of HIV; and
- Implementation of our Women's Leadership Initiatives around the world and the establishment of new employee network groups for African-Americans, Hispanics/Latinos, Chinese, and others.

Success in addressing issues cannot be measured adequately by the bottom line or within the confines of an annual report. Global citizenship will evolve as the role of business in society evolves. It will always be a work in progress, requiring a company's goals and practices to be flexible. Strategic partnerships will be invaluable in shaping Abbott's understanding of and response to important issues in the future.

I encourage you to read this report and to visit our Web site [www.abbott.com/citizenship](http://www.abbott.com/citizenship) to learn more about our performance in global citizenship.

Miles D. White  
*Chairman and CEO*



## ***About Abbott***

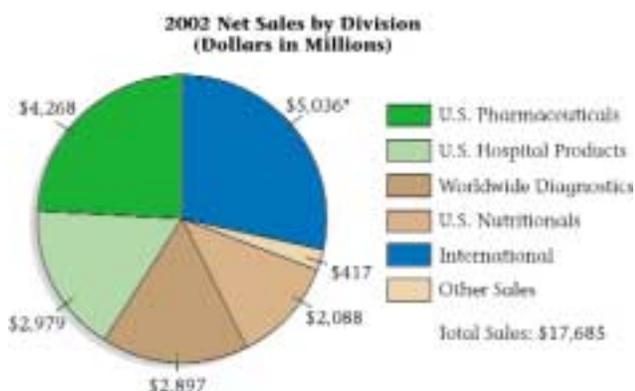
**Founded in 1888, Abbott Laboratories [NYSE: ABT] is a research-based health care company that discovers, develops, manufactures and markets products that span the continuum of care – from prevention and diagnosis to treatment and cure. The central purpose of Abbott is to develop breakthrough health care products that advance patient care for diseases with the greatest unmet medical need.**

**Abbott Around the World: Major Manufacturing, Research and Development Facilities**

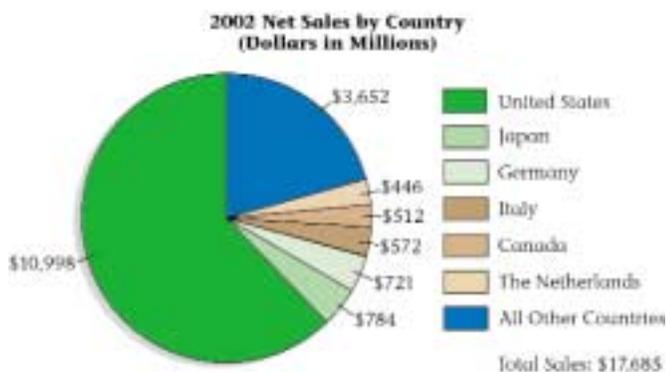


Abbott's principal businesses include pharmaceuticals and medical products (including hospital-based medicines and devices), diagnostic tests and instruments, and nutritionals for children and adults. Headquartered in north suburban Chicago, Illinois, United States, Abbott serves customers in more than 130 countries, with a staff of approximately 70,000 at more than 135 manufacturing, distribution, research and development, and other locations.

In 2002, Abbott achieved record sales of \$17.7 billion and net earnings of \$2.8 billion. In December, Abbott also declared the 316th consecutive quarterly dividend paid to shareholders since 1924.



\* Includes hospital, pharmaceutical and nutritional products sold outside of the United States.



#### Employees – Top Five Countries

Country	Approximate Number of Employees
United States	42,000
Germany	3,000
United Kingdom	3,000
Puerto Rico	3,000
Japan	2,000

### Financial Strength and Stability

Abbott's financial performance reflects healthy and sustained growth and returns to our investors in 2002. Our balance sheet is strong; our operating cash flow exceeded \$4 billion in 2002. In addition, we increased our dividend payout rate by 11.9 percent.

Complete financial information on Abbott Laboratories is available at [www.abbottinvestor.com](http://www.abbottinvestor.com).

### Products

Abbott is a market leader in the areas of pharmaceuticals, nutritionals, hospital products, and diagnostics. Our products address some of the world's most prevalent medical conditions, including AIDS, cancer, cardiovascular disease, diabetes, pain management, and respiratory infections. Our leading products include the following:

#### Pharmaceuticals

- *Biaxin/Biaxin XL/Klacid/Klaricid/Klaricid OD* (anti-infectives)
- *Flomax* (benign prostatic hyperplasia)
- *TriCor* (cholesterol/triglyceride management)
- *Depakote/Depakote ER* (neurological treatments)
- *Kaletra* (protease inhibitor for HIV/AIDS)
- *Norvir* (protease inhibitor for HIV/AIDS)
- *Synthroid* (thyroid hormone replacement)

#### Hospital Products

- *Ultane/Sevorane* (inhalation anesthetics)
- *Perclose* products (vessel closure devices)
- *Zemplar* (renal disease pharmaceutical)

#### Diagnostics

- *AbbottPrism* (blood screening)
- *MediSense* (glucose monitoring)
- *Cell-Dyn* (hematology)
- *LCx* (DNA detection)
- *AxSym* systems and reagents (immunodiagnostics)

#### Nutritionals

- *Ensure/Glucerna* (adult nutritionals)
- *Similac* (infant formulas)
- *Isomil* (soy-based infant formulas)

More information about Abbott Laboratories is available at [www.abbott.com](http://www.abbott.com).



## ***Engaging With Stakeholders: Balancing Interests***

**For Abbott, global citizenship reflects how we make a productive contribution to society in the way we advance our business objectives, engage our stakeholders, implement our policies, apply our social investment and philanthropy, and exercise our influence. Our citizenship initiatives encompass a wide range of areas, including ethics and governance; patient safety; human resources; environment, health and safety; and philanthropy. These activities reflect engagement and partnership with stakeholders as we pursue sustainable solutions to the challenges facing the global community.**

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### *Managing Global Citizenship and Policy at Abbott*

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Global citizenship has long been part of our business philosophy and values. In 2002, Abbott created a Global Citizenship and Policy function to promote dialogue with internal and external stakeholders, engage senior management in identifying key issues and priorities, and work across the company to enhance policies and programs.

Domestic and international policy committees also met routinely, each led by executives reporting to senior management. Members include senior management from our Pharmaceutical Products Division; and Government Affairs, Public Affairs, and Global Citizenship and Policy functions. These committees meet to discuss and reach consensus on relevant health and public policy issues, and to integrate policy decisions into our core business strategies and practices.

Abbott works with stakeholders in a variety of ways. We listen to patients, health care professionals and decision makers to learn how best to meet their needs. One-on-one and focus group discussions, professional workshops, and advocacy efforts are examples of how we engage with our stakeholders. These processes allow us to understand current and emerging issues, and frame Abbott's response.

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### *Engagement With Policy-Makers*

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Where possible, Abbott also lends our voice to provide perspective on global health care issues with policy-makers in the United States and internationally.

For example, Abbott has a long history of advocacy to ensure that patients have access to the health care they need. Within our industry, we are actively involved in public policy dialogue through memberships in a number of professional and trade associations. Working independently, as well as partnering in broad-based coalitions, we have supported a universal Medicare drug benefit in the United States since the inception of the National Bipartisan Commission on Medicare in 1997. In 2002, we participated in briefings and negotiations with congressional staff to advance drug coverage for older Americans.





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### ***Engagement With Thought Leaders in Academia***

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Continued engagement with thought leaders enables Abbott to both inform and apply the latest in best practices. In 2002, Abbott hosted a group of faculty members from Carnegie Mellon University to discuss the university's "Toxicity Equivalent" approach, which assesses hazardous waste streams from a risk perspective, as opposed to strictly volume or mass. Carnegie Mellon staff evaluated the public reporting on Toxics Release Inventories of our plants, under community right-to-know regulations. We will use the results of this work to prioritize performance improvement and risk management initiatives in the future. Carnegie Mellon is also researching environmental management systems and their support of organizational decisions. Abbott is one of nine companies selected by the university to participate in this study.

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### ***Engagement With Citizenship Organizations***

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Abbott engages with citizenship organizations at various global platforms. In 2002, Abbott became a signatory to the World Economic Forum's (WEF) statement on Global Corporate Citizenship: The Leadership Challenge for CEOs and Boards. Abbott also is participating in the WEF's Global Health Initiative and Global Corporate Citizenship Initiative. (A description of the WEF Leadership Forum Challenge and initiatives can be found at [www.weforum.org](http://www.weforum.org).)

We continued to expand our engagement efforts by joining the Commonwealth Business Council's initiative on social responsibility; SustainAbility's and the U.N. Environment Programme's Engaging Stakeholders programme; the International Business Leaders Forum; and the Global Environmental Management Initiative.

## **Dialogue on Intellectual Property Protection**

A group of religious shareholders, led by Catholic Healthcare West, filed a resolution in late 2002 asking Abbott to develop ethical criteria to guide the company's decisions regarding patent extensions. These shareholders were concerned about reports of practices by some pharmaceutical companies to extend patents on their products. At the heart of their concern – one shared by Abbott – was the issue of access for financially disadvantaged and uninsured patients who are most in need. Both parties had a candid and productive dialogue that focused on the interests of patients and examined our respective roles as stakeholders in advancing health care. The discussions also covered Abbott's product access programs. As a result, all parties gained a better understanding of the patent system and Abbott's commitment to protect its patents in a manner that furthers the long-term interests of patients, physicians and shareholders. After discussions with Abbott, the shareholders withdrew their resolution. More importantly, these discussions reinforced the importance of making our company's mission – to help improve lives – explicit in our business decisions.

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### ***Stakeholders and Stakeholder Issues***

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We have much to gain and learn through an open, productive engagement with others who share our concern for improving health care worldwide. Our stakeholders include patient organizations, health care providers, policy-makers, thought leaders, community leaders, shareholders, our employees, and the communities where we live and work. Across the company, Abbott builds and manages relationships with stakeholders as a means to identify and address global issues, including:

- Access to health care;
- Research and development;
- Intellectual property protection;
- Governance and ethics;
- Human resources and the workplace;
- Environment, health and safety; and
- Social investments.

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### ***Multifaceted Approach to HIV/AIDS***

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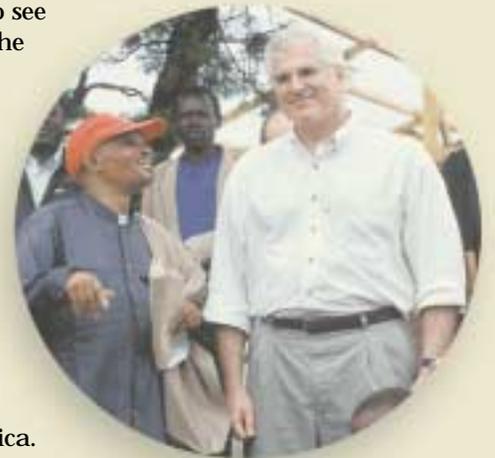
As a research-based company, Abbott's primary contribution to the fight against AIDS is to develop products that enhance the diagnosis, care and treatment of HIV. The challenge of HIV/AIDS has been a pivotal learning experience that has raised our corporate standards of effective engagement with stakeholders – helping us to listen, share information, inform our policies and practices, and work effectively as partners to address issues.

Abbott began its humanitarian response to HIV in the developing world in 2000. Through our experiences, we've learned that providing drugs is only one aspect of the solution. Fighting AIDS in a sustainable manner requires that partnerships and community engagement be central in all our initiatives.

Abbott works closely with policy-makers, community leaders, health professionals, and patient groups around the world, using the lessons learned to strengthen HIV programs. Our humanitarian programs and strategies to address this pandemic demonstrate the added value of collaboration with a broad spectrum of global, national and community stakeholders.

#### **Senior Management Commitment**

Our commitment to combat HIV/AIDS starts at the top of our organization with our chairman and CEO, Miles White. In April 2002, he visited Tanzania and Uganda to see firsthand the impact of the disease. He met with community leaders, doctors, patients, and nongovernmental organizations (NGOs) – those on the front lines fighting the disease in affected countries. Based on these discussions, Mr. White committed to expand Abbott's AIDS-response activities throughout Africa.



For a personal account of his trip, visit [www.jesuit.org/jcosim/in\\_all\\_things/iatfall02.pdf](http://www.jesuit.org/jcosim/in_all_things/iatfall02.pdf).

#### **Raising Awareness**

Abbott also helps raise awareness with decision makers on global AIDS issues. For example, in September 2002 we briefed members of the U.S. Congress and other officials on our unique private-public sector programs, focusing on the prevention of mother-to-child transmission of HIV in developing countries.



## Q&A With an Advocate for HIV Education

*Lisa Valtierra, Advocacy Relations Manager, Abbott Laboratories*

**Q** What is your role at Abbott?

**A** As a liaison between Abbott and the HIV/AIDS community, my primary role is to ensure that Abbott is well educated on trends and the needs of the community. Working closely with Abbott's sales, marketing and public affairs groups, I also keep key stakeholders in the community abreast of our products and resources.

In addition, my job is to assist AIDS service organizations across the country with community education efforts. These include sponsoring community forums; providing expert speakers on medical, psychological, nutritional information, and other related topics; and helping ongoing support and educational groups. The relationships that we develop with patients, medical professionals and the supporting community allow us to better understand this complex market and create real solutions to a growing pandemic.

**Q** What are some of the organizations that you work with or support?

**A** We work with several organizations across the United States, including AIDS Project Los Angeles; STOP AIDS, San Francisco; Seattle Treatment Education Project; Center for AIDS, Houston; CARE Center, UCLA; NO AIDS Task Force, New Orleans; Howard Brown Healthcare, Chicago; HispanoCare, Chicago; and Integrated Minority AIDS Network, Dallas.

**Q** What are some results of your efforts?

**A** We want Abbott to be a resource to the HIV/AIDS community. For example, we work with a number of leading educational institutions and service organizations that create programs to support emerging groups of people infected with HIV, such as working women, who are assumed to be self-sufficient but often have unnoticed needs.



Abbott's patient advocates liaise with the company and the HIV community to share information, trends and opinions on how best to respond to their needs. In the United States, we collaborate on public education programs and outreach with groups, such as the National HIV Treatment Advocacy Project and the National Association of People With AIDS. In the developing world, our partners facilitate community discussions to understand how to adapt humanitarian programs to better address the needs of those coping with HIV. Our learnings are shared with others through conferences and publications.

### **Access to Medicines**

In our response to HIV/AIDS in the United States, we work closely with the Fair Pricing Group, a coalition of AIDS drug assistance program directors and HIV community members, to address pricing concerns and funding for HIV/AIDS drugs. Through discussions regarding the impact of state budget constraints on health care for AIDS patients, Abbott voluntarily froze prices for *Kaletra* and *Norvir* sold to these programs for two years. We continue to work with AIDS advocacy organizations and other companies on the issue of health care access, which has resulted in increased federal funding for AIDS programs.

### **Engaging With Shareholders**

Shareholder dialogue is critical in creating partnerships for the AIDS response. During 2002, Abbott continued a dialogue with institutional investors from faith-based organizations regarding the company's response to the AIDS crisis in Africa. Our discussions covered a range of topics, including Abbott's humanitarian programs, our HIV workplace policy in South Africa, patents and access to drugs. As a result, Abbott did not receive a shareholder proposal on this issue in 2002.

### **Sharing Expertise and Experiences**

When possible, we use what we learn through our engagement processes to discuss issues of access to health care with policy-makers and key decision makers. Our chairman and CEO speaks on the importance of the global AIDS response in public forums and publications, and urges other business leaders to get involved. In 2002, we also continued discussions on global health care access with the World Health Organization, UNAIDS, donor organizations, international NGOs, and other companies in the pharmaceutical industry. We shared our programs, experiences and best practices, including our HIV/AIDS in the workplace program that was piloted in South Africa, with organizations, such as the Global Business Coalition on HIV/AIDS, the Global Health Council and the Corporate Council on Africa; and at the International AIDS Conference in Barcelona, Spain. For more information, visit [www.abbott.com/citizenship](http://www.abbott.com/citizenship).

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### ***Membership in Business and Industry Organizations***

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Abbott belongs to or collaborates with hundreds of organizations globally. These organizations range from those that focus on specific diseases, for example the American Cancer Society; to business groups, such as the Business Roundtable; to pharmaceutical industry organizations, such as the Pharmaceutical Environment Group; to organizations that promote diversity, such as the National Minority Supplier Development Council.

Visit [www.abbott.com/citizenship](http://www.abbott.com/citizenship) for an additional list of the organizations in which Abbott participates.





***Supporting a Culture of Responsible Governance,  
Ethical Behavior and Consistent Compliance***

**Abbott's corporate governance and compliance responsibilities call us to follow the spirit and the letter of the law in all of our decision making. Key to this is understanding, meeting and, where appropriate, exceeding legal, ethical and public expectations for our actions. In 2002, we continued and expanded our formal programs and mechanisms to assure that employees, contractors and suppliers receive appropriate guidance and support for understanding our business practices and complying with all laws and regulations.**

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## *Corporate Governance Guidelines*

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Our Corporate Governance Guidelines prescribe the primary characteristics required of new board candidates, including ability and willingness to represent shareholders' short- and long-term economic interests; ability to contribute to the evaluation of existing management; and awareness of the civic and social responsibilities of the company and our responsibilities to employees, customers and regulatory authorities. Board member qualifications include strong management experience, as well as experience in medical or hospital administration; scientific research and development; financial, international, senior-level government or academic administration. Qualifications also state that the makeup of the board shall include diversity of age, ethnicity, gender, and geography.

Abbott's Corporate Governance Guidelines also cover the independence requirements, responsibilities, compensation, orientation, and continuing education of directors. Finally, they address the composition and procedures for board and committee meetings, management evaluation and succession, annual performance evaluation of the board, and stock ownership guidelines.

The complete text of our Corporate Governance Guidelines and charters for our Audit Committee, Nominations and Governance Committee, and Compensation Committee are posted at [www.abbott.com/investor/gov\\_guidelines.html](http://www.abbott.com/investor/gov_guidelines.html).

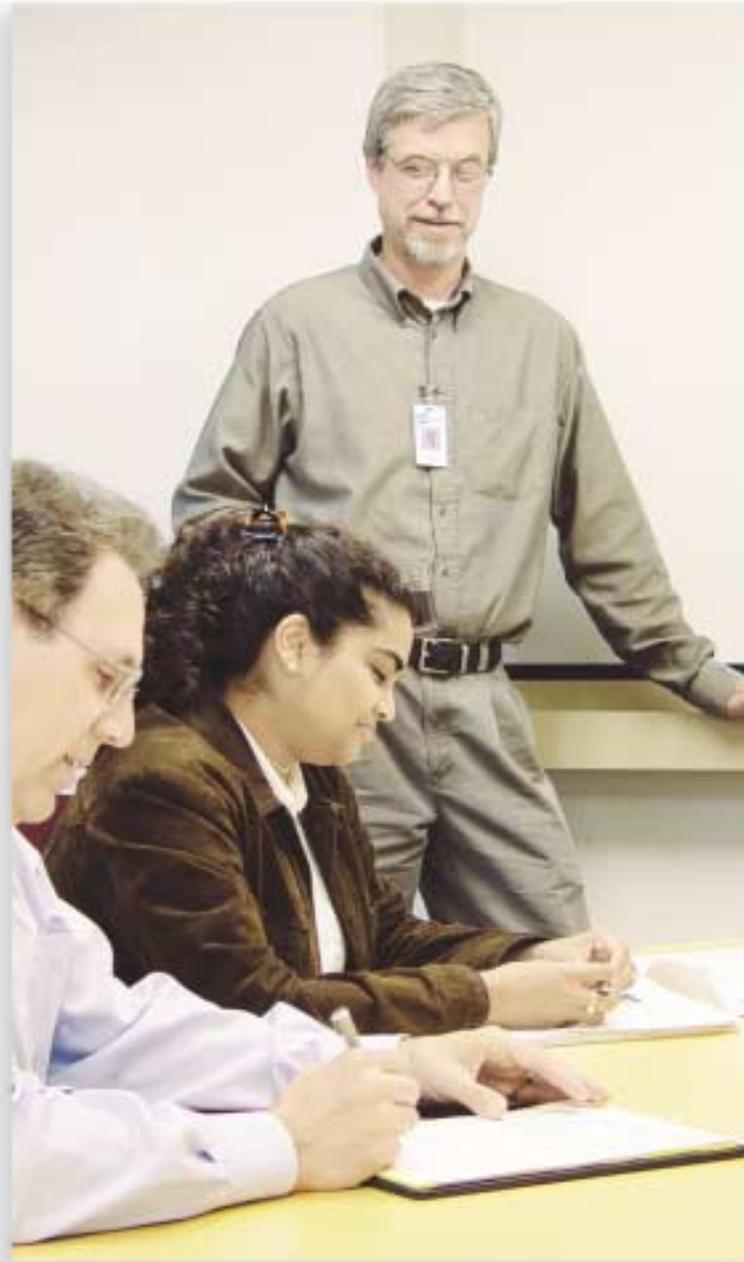
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## *Ethics and Compliance*

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Abbott is committed to operating in accordance with the highest ethical standards in all functions and at all levels throughout our organization. Effective management of our compliance function is based on:

- Leadership: designation of a compliance officer and compliance committee;
- Standards: implementation of written policies and procedures;
- Communications: development of effective lines of communication;
- Training: development of effective training and education;
- Accountability: enforcement of standards through well-publicized disciplinary guidelines;
- Assessment: conduct of internal monitoring and auditing; and
- Remediation: prompt responses to detected problems, and corrective action.



## Q&A On Ethics in the Workplace

*Charles Brock, Chief Ethics and Compliance Officer, Abbott Laboratories*

**Q** How does Abbott convey the importance of ethics in its day-to-day operations?

**A** Operating ethically requires reinforcement both in words and in actions. We frequently refer to the seven elements of an effective compliance program: leadership, standards, communications, training, accountability, assessment and remediation. This framework also applies to the broader ethical dimension – a continuous process of oversight, communication and reinforcement at many levels.

Helping employees understand their role in the company's ethical operation requires that we bring the concept of ethics to life. One way we do this is through our Safeguarding Trust program, which is a mandatory online training tool that tests employees on their ethical decision-making abilities.

**Q** What is Abbott's greatest challenge in working to operate in an ethical manner?

**A** Abbott has a number of stakeholders – from our employees and customers to government regulators and the communities we serve – with many interests that often conflict. Making the right decision in a given situation can be particularly challenging when there is a conflict between legitimate stakeholder interests. In such a case, Abbott's position is to recognize and balance those multiple, conflicting interests. To do this, we have to ask ourselves some very basic questions: Who will benefit from a proposed decision? And who is potentially harmed?

**Q** How does Abbott make its commitment to ethics a personal charge for individual employees?

**A** Organizational integrity starts with the personal integrity of individual employees who are committed to doing the right thing.

To make our corporate commitment a reality for our employees, we have to translate our goals into processes that apply to employees in every function and at all levels. A good example of a process in this area is our Performance Excellence Program, an integrated developmental system that addresses core job responsibilities, goals and competencies, growth and succession planning, coaching, performance assessment, recognition and rewards.

**Q** How would you say the industry is responding to the popular call to address ethics in the workplace?

**A** Last year, Pharmaceutical Research and Manufacturers of America adopted a voluntary Code on Interaction With Healthcare Professionals. The medical device industry's trade association – the Advanced Medical Technology Association – recently adopted a similar voluntary code effective September 2003. In addition, last November, the pharmaceutical industry held a Pharmaceutical Regulatory and Compliance Congress and Best Practices forum.

Moving forward, we encourage industry leaders to continue this momentum and to provide additional guidance on an ongoing basis.



During 2002, we strengthened our management processes in all these areas by launching a number of new programs envisioned when our Office of Ethics and Compliance was created in 2000. This office administers the Abbott Code of Business Conduct, the fundamental policy guiding the company's business behavior. The code outlines Abbott's expectations for conducting business in a legal and ethical manner, consistent with our company's high standards. The Office of Ethics and Compliance is charged with strengthening compliance policies and programs across the company, and the chief ethics and compliance officer prepares periodic status reports for Abbott's board of directors. Six divisions of Abbott have their own ethics and compliance officers as well.

**Expanding the Infrastructure to Better Integrate Ethics Into Our Business**

We expanded our infrastructure to better integrate ethics and compliance standards into our businesses through the following activities:

- Established a compliance risk auditing function within Corporate Internal Audit;
- Established the Ethics and Compliance Web page on the Abbott global intranet system to improve access to news updates, and corporate and divisional ethics and compliance policies and procedures; and

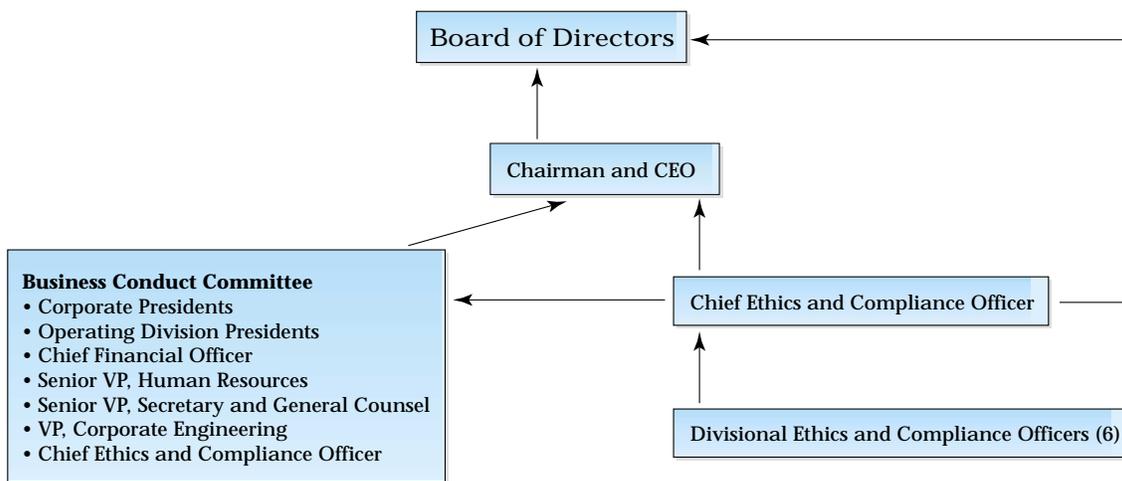
- Implemented an electronic program and focused resources to cross-check our U.S. employee population against the exclusion/debarment databases of the U.S. Office of Inspector General of the Department of Health and Human Services, the U.S. General Services Administration, and the U.S. Food and Drug Administration.



**Training Programs**

Training, education and communication provide employees with direction and resources to help them recognize and effectively respond to legal and ethical issues. Abbott's Web-based training program on ethics and compliance issues is mandatory for officers, managers and field sales personnel in the United States and Puerto Rico. More than 20 interactive modules cover basic legal and ethical concepts, with practical workplace applications. The information is accessible to employees via the Internet or Abbott's intranet 24 hours a day, seven days a week. At the end of 2002,

**Office of Ethics and Compliance**



approximately 11,000 employees had successfully completed the program.

To expand the reach of training, in 2002 we developed Safeguarding Trust, a customized CD-ROM interactive training program on Abbott's Code of Business Conduct and operating guidelines for program funding. We developed three-hour programs for our pharmaceutical, medical device and nutritional businesses. Completion of the program is mandatory for all sales and marketing personnel and managers in the United States and Puerto Rico.

### **Industry Codes of Conduct**

Abbott actively participated in the development of the Code on Interaction With Healthcare Professionals of the Pharmaceutical Research and Manufacturers of America (PhRMA). The code governs relationships with physicians and other health care professionals. Abbott subsequently adopted this voluntary code and incorporated it into divisional operating guidelines.

In 2002, Abbott also adopted PhRMA's Principles on Conduct of Clinical Trials and Communication of Clinical Trial Results. These principles address informed consent and protection of research participants; conduct of clinical trials, including proper payment to and relationships with clinical investigators; and disclosure of clinical trial results. Abbott's Global Pharmaceutical Research and Development organization distributed the principles to more than 1,000 employees involved in clinical research, and to management in our pharmaceutical, hospital products and international divisions.

### **Ethics and Compliance Helpline**

Abbott's global Ethics and Compliance Helpline is a confidential resource available to employees worldwide who have questions or concerns regarding compliance with Abbott's Code of Business Conduct. We have established clear disciplinary measures for violations of the code, for failure to supervise or control against violations, and for retaliation against those who report violations through the helpline or other means.



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### ***Compliance and Quality***

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As a health care company, Abbott faces an increasingly stringent regulatory environment. Compliance with regulations is a factor in safeguarding our license to do business and in assuring productivity. It also affects employee, customer and shareholder perceptions of Abbott; our values; and our value as a company.

Abbott's Corporate Regulatory and Quality Science organization is instilling a best-in-class quality culture dedicated to providing high-quality, safe and effective products and ensuring compliance with regulatory requirements. The function develops long-term strategy and policy, monitors emerging regulations and trends, shares best practices across Abbott, and provides advice



## Q&A On Quality at Abbott

*John Landgraf, Vice President, Operations, Diagnostics, Abbott Laboratories*

**Q** What are Abbott's long-term plans for moving forward in the area of quality?

**A** We are working on implementing global quality systems, which are common solutions for each of our plants across all of our divisions. For years, we have viewed our compliance programs on a plant-by-plant basis. We are one company, with 77 plants around the world. We are working to create consistent programs throughout the entire company. This is how our regulators see us.

**Q** What are the lessons learned from the consent decree?

**A** There are three major lessons learned as a result of the consent decree. Lesson number one: Get to the root cause of problems. Correct the problem and prevent it from happening again. Lesson number two: Make sure that our systems are simple, systematic and sustainable so that they can assist us in maintaining compliance, rather than becoming an obstacle. Lesson number three: Conduct more frequent and improved communication with the U.S. Food and Drug Administration (FDA). Abbott's relationship with the FDA is critical, not only for resolution of the consent decree, but also for our long-term success. We must have a relationship of mutual respect. Each time we meet with the FDA, we have an opportunity to improve the relationship and demonstrate Abbott's commitment to compliance.

**Q** How has Abbott maintained its relationships with key stakeholders, such as customers and the FDA?

**A** With both our customers and the FDA, Abbott is working to communicate often, with concise messages and updates. For far too long, we kept both of these important stakeholder groups uninformed about our progress. Abbott is focused on communicating what we are going to do, then getting it done.





and leadership to our operating divisions. We currently have major initiatives under way to upgrade our manufacturing operations' quality systems on a global basis, including our systems for:

- Upgrading and consolidating our plants and equipment;
- Standardizing the handling of adverse product events and complaints;
- Developing and implementing corrective and preventive actions;
- Validation;
- Implementing best practices for electronic records, signatures and filing of regulatory submissions;
- Documentation; and
- Metrology and calibration.

In November 1999, Abbott entered into a consent decree with the U.S. government relating to our diagnostics manufacturing operations in Lake County, Illinois, United States. Under the terms of the consent decree (amended in December 2000), Abbott was to ensure these operations were in conformity with the U.S. Food and Drug Administration's (FDA) Quality System Regulation by January 15, 2001. The FDA performed an inspection of the relevant diagnostics manufacturing operations during the fourth quarter of 2001 and the first quarter of 2002. In May 2002, these operations were found not to be in conformity, and Abbott was required to continue our efforts to ensure conformity and make certain payments to the government related to sales of medically necessary products in the United States. After receiving third-party experts' conformity certification, the FDA will reinspect Abbott's facilities to determine conformity with the Quality System Regulation.

Abbott continually strives to have processes and systems in place that render regulatory agency observations unnecessary. However, in the event that issues are identified, we take the agency's concerns very seriously and act upon these events diligently. In addressing these issues, we consider both the specific event, as well as the global impact or potential impact of quality events that deviate from established norms.

Given the complexity and diversity of our products and processes, as well as our size, appropriate time is required to make these changes. We continue to re-evaluate our timelines and our programs to ensure that changes are integrated as soon as possible without sacrificing our products' quality, safety or efficacy.

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### *Working With Our Suppliers*

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Abbott purchases an estimated \$8 billion in goods and services annually from suppliers worldwide, with approximately \$5 billion of these purchases made from suppliers supporting U.S. operations. Purchasing employees and purchasing councils, representing Abbott operations worldwide, work together to coordinate projects that impact multiple sites. Criteria that we use to determine whether purchases are made centrally or locally include market forces; expenditure amount; and the capability of a supplier to handle a regional, national or global contract.

Our purchasing policies provide direction for supplier selection based on multiple dimensions of value: design, quality, service, delivery, reliability and price. To nurture fair and ethical relationships, we require all parties in our supply chain to comply with our Code of Business Conduct. We also provide

comprehensive training and reference materials on our purchasing policies and procedures. To ensure that our suppliers comply with established quality standards, Abbott conducts a thorough assessment of a supplier's personnel, capabilities, operations, systems, documentation, processes, and finished products. If necessary, we provide technical and development support to suppliers to assist them in meeting quality requirements.

A key initiative in 2002 was the implementation and deployment of our Purchasing Information Network, which enables us to better track supplier activity, increase supplier synergies and improve Abbott's supply chain performance.

**Diversity Strategies**

As detailed in our 2000-2001 global citizenship report, our Supplier Diversity Program in the United States and Puerto Rico promotes the purchase of goods, equipment, services, supplies, and facilities from small, minority-owned and women-owned businesses. The table below details our performance in 2001 and 2002 with supplier diversity.

**Supplier Diversity Performance**

<b>Supplier Category</b>	<b>2002 Spending (\$ Thousands)</b>	<b>2001 Spending (\$ Thousands)</b>
Minority-Owned	135,000	120,553
Women-Owned	113,000	107,395
Small Business	780,700	791,682

**Improved Patient Safety Through Product Bar Coding**

Product bar coding is an example of Abbott's global citizenship in action, as we acted in advance of regulatory requirements to address a serious public health issue. Bar coding pharmaceutical products is an effective way to reduce medication errors

reported as causing thousands of deaths in hospitals and other health care settings in the United States. In July 2002, Abbott committed to placing bar codes on all of our hospital injectable pharmaceuticals and I.V. solutions products in the United States. By the end of 2002, bar coding was completed for approximately 90 percent of more than 1,000 injectable pharmaceuticals and I.V. solutions products.

These efforts were completed before the FDA proposed a new regulation requiring bar codes in March 2003. Abbott's leadership in this area – before regulations existed – supports our commitment to safety, social responsibility and innovation.





## ***Investing in Innovation: Delivering Its Benefits Worldwide***

**The key driver of Abbott's economic success is creating and applying medical innovation to improve the health of people. In turn, our ability to invest in research and development to treat diseases with the greatest unmet medical need depends on our financial strength and stability. Just as important is the ability to bring the benefits of medical innovation to people around the world. To achieve these goals, we continue to pursue our vision of building the world's premier health care company. In 2002, Abbott demonstrated progress in these interconnected measures of our economic performance – innovation, financial strength and global reach.**

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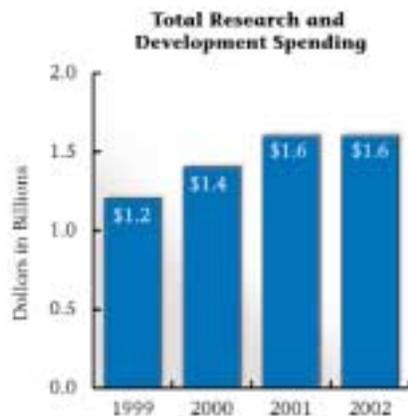
## Research and Development

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In 2002, we invested a total of \$1.6 billion in research and development, with approximately \$1 billion of that dedicated to pharmaceutical development alone. Over the past few years, we have significantly strengthened our scientific capabilities by adding new technologies and world-class scientific talent. We operate five research and development centers of excellence at Abbott Park, Illinois, United States; Katsuyama, Japan; Ludwigshafen, Germany; Parsippany, New Jersey, United States; and Worcester, Massachusetts, United States.

We have substantially increased the number of products in development as we focus our pharmaceutical discovery efforts on therapeutic areas that offer the greatest potential for human benefit, such as cancer, neuroscience and pain, diabetes and obesity, immunology, and infectious diseases. We also remain committed to our key commercial franchises in renal disease, vascular pharmaceuticals, and devices and anesthesia.

Abbott's emerging oncology pipeline is one of the strongest in the industry, with drugs covering many new agents to treat cancer. We continue to build our overall vascular pharmaceuticals and device business through acquisitions, alliances and internal development efforts focusing on key areas, including vessel closure, peripheral technology, coronary stents, and pharmaceuticals. We recently launched *Similac Advance*, an improved version of our trusted pediatric formula, which contains fatty acids shown to aid brain and visual development in infants. We also are pursuing the development of nutritional products for specific disease states, such as diabetes and cancer. *ProSure*, which was developed to promote weight gain in cancer patients, has demonstrated improvement in both strength and quality of life. Our diagnostics research and development programs have led to a succession of innovative products for the early detection and monitoring of diseases and medical conditions, such as cancer, HIV, heart disease, and diabetes. In addition, we have strengthened our research and development capabilities in the rapidly growing field of molecular diagnostics through strategic acquisitions and alliances.



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## ***HUMIRA: Hope for Patients of Rheumatoid Arthritis***

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On December 31, 2002, the FDA approved *HUMIRA*, a novel pharmaceutical to treat moderately to severely active rheumatoid arthritis in adults. It is among the most important products in our 115-year history, and an excellent example of the dramatic impact that pharmaceutical innovation can have for people living with debilitating conditions, such as rheumatoid arthritis.

More than 5 million people worldwide suffer from rheumatoid arthritis, a chronic autoimmune disease that causes pain, swelling and stiffness in the joints of the hands, feet and wrists; and often leads to the destruction of joints and the surrounding bone. The long-term prognosis for patients with the disease is poor and, as a result, many face increased disability and premature death.

In clinical trials with this drug, some patients experienced an improvement in rheumatoid arthritis signs and symptoms in as early as one week. The drug also demonstrated its ability to inhibit the progression of structural damage to joints. Because *HUMIRA* is the only fully human monoclonal antibody, it is indistinguishable from other antibodies normally found in the body and can accomplish its goal with few side effects. Consequently, it can be used without the additional administration of immunosuppressants often

required for use in combination with other biologic products. The drug is usually taken once every two weeks, enabling patients to live a life that is less dominated by rheumatoid arthritis.

Approximately 300 Abbott scientists contributed to the discovery, development and testing of *HUMIRA*. During *HUMIRA*'s development, Abbott also designed a unique pre-filled syringe that enables patients with limited dexterity to self-administer the drug. After review by an independent panel of arthritis patients and health professionals, the syringe received the Arthritis Foundation's Ease of Use Commendation Seal.

Finally, as part of *HUMIRA*'s launch, Abbott introduced an unprecedented Medicare Assistance Program, which provides this drug free to Medicare-eligible seniors in the United States who do not have prescription drug coverage.

As of the end of 2002, *HUMIRA* remained under regulatory review in Europe, where we continue to enroll patients in early access programs. (In May 2003, the European Medicines Evaluation Agency granted a positive opinion on *HUMIRA*.) Abbott scientists have begun researching additional autoimmune disease indications for *HUMIRA*, including juvenile rheumatoid arthritis, psoriasis, psoriatic arthritis (an arthritis associated with psoriasis of the skin), ankylosing spondylitis (a form of arthritis that primarily affects the spine), and Crohn's disease.

For more information, visit [www.HUMIRA.com](http://www.HUMIRA.com).

## **Firsthand Experience With *HUMIRA* Susan Caritey**

Shortly after returning from her honeymoon in 1977, Susan, then just 22 years old, began to experience extreme pain and inflammation throughout her entire body. Within days, she could not even button her shirt. Susan sought treatment from a local rheumatologist and began taking 16 to 18 aspirins per day, but her condition continued to deteriorate.

"I was an active woman when I began to have difficulty walking. I needed extra-comfortable shoes to make even short walks bearable. I had to rely on my husband to do a lot of things that I just couldn't. For example, if I was going to prepare dinner, a lot of times I'd have to wait for him to get home because I couldn't open a jar or open a can."

"Since taking *HUMIRA*, I have control of my life again. I no longer have to plan my life around my rheumatoid arthritis. I don't let my rheumatoid arthritis determine how far I'm going to walk, what shoes I'm going to wear, or what social event I'm going to attend. Over 25 years, given the many medications that I've been on, I've lost a lot of battles. But with *HUMIRA*, I'm able to win the war."



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### **Research Collaborations and Alliances**

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Abbott participated in a number of collaborations and alliances with other health care companies and universities to accelerate the research, development and commercialization of advanced technologies and products. These agreements covered a wide range of initiatives, including diagnostic tests for neurodegenerative diseases, discovery of natural product-based drugs, antibody technology, and next-generation coronary stent delivery systems.



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### **Acquisitions and Plant Expansions**

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Through our purchase of the coronary business of Biocompatibles International plc, we acquired a coronary stent portfolio, expanded commercial and marketing resources in Europe, and attained a promising pipeline of drug-coated coronary stents. We also strengthened our presence in Japan through full ownership of Hokuriku Seiyaku. This venture provides a strong base from which Abbott can develop and launch products in the areas of immunoscience, oncology and diabetes/obesity.

Construction began in 2002 on a new \$350 million biotechnology manufacturing plant in Barceloneta, Puerto Rico, to increase our manufacturing capacity for *HUMIRA*. We also began expansion of our production facilities in McPherson, Kansas, United States; Rocky Mount, North Carolina, United States; and at the biologics manufacturing facility at

the Abbott Bioresearch Center in Worcester, Massachusetts, United States, and announced expansion plans in Galway, Ireland. Abbott will invest more than \$450 million in capital over the next several years to expand current manufacturing facilities and build new operations to support future products emerging from the development pipeline, particularly technologies to support potent drug and biologics manufacturing.

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### **Innovation at Work**

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During 2002, we continued to work toward our goal of serving patients by introducing new products. We received a number of significant FDA product approvals and/or marketing clearances, including:

- *HUMIRA* for rheumatoid arthritis (see related story);
- *Depakote ER* for treating epilepsy in adults;
- *Abbokinase* for the treatment of pulmonary embolism in the lungs (approved for reintroduction in the United States);
- *PathVysion* genetic test to help determine appropriate therapy for breast cancer;
- *UroVysion* genetic test for monitoring the recurrence of bladder cancer;
- *Synthroid* for thyroid disease (reviewed and granted formal approval);
- Paclitaxel for cancer therapy;
- *Similac Advance*, *Isomil Advance* and *NeoSure Advance* infant formulas supplemented with fatty acids DHA and ARA; and
- *ARCHITECT* i2000SR, *ARCHITECT* c8000, and *ARCHITECT* ci8200 immunoassay and clinical chemistry testing instruments and assays.

Outside the United States, Abbott received more than 158 approvals to market our pharmaceuticals in 31 countries.





## ***Measuring Our Progress in Environmental, Health and Safety Performance***

**Environmental, health and safety (EHS) performance is a core element of global citizenship. We are committed to identifying, measuring and reducing the negative EHS impacts of our operations and products.**

**In 2002, Abbott continued to build on established policies, global management standards and performance measures. Our EHS organization refined our strategies and tools and further integrated these into our decision making and business practices.**

## EHS Policy and Organization

The Abbott EHS Policy dictates performance objectives for the company – including conservation, a safe work environment, and employee and other stakeholder engagement – and identifies systems for development to achieve these objectives. To implement this policy, we have developed the Abbott EHS Global Management Standards and the Abbott EHS Global Technical Standards, which are further described below.

Our EHS organization is structured at the corporate, divisional and facility levels to ensure accountability and compliance with our global policies and standards, as well as local regulations and requirements. The specific roles and responsibilities of our EHS management systems and our corporate EHS Policy are detailed at [www.abbott.com/citizenship](http://www.abbott.com/citizenship).

## EHS Global Management Standards

In 2002, Abbott facilities made progress in implementing our EHS Global Management Standards, which require each of our sites to implement systems to support compliance with our policies, programs and performance requirements. Facilities must identify and appropriately manage EHS risk, create strategic plans for improvement, monitor their progress and report their results to management. Training and communication, as well as the integration of EHS issues into business decision making are also key components of our global management standards.

## EHS Global Technical Standards

Our EHS Global Technical Standards support our management standards by requiring facilities to implement procedures and provisions to minimize

specific risks. In 2002, we established or revised EHS Global Technical Standards regarding:

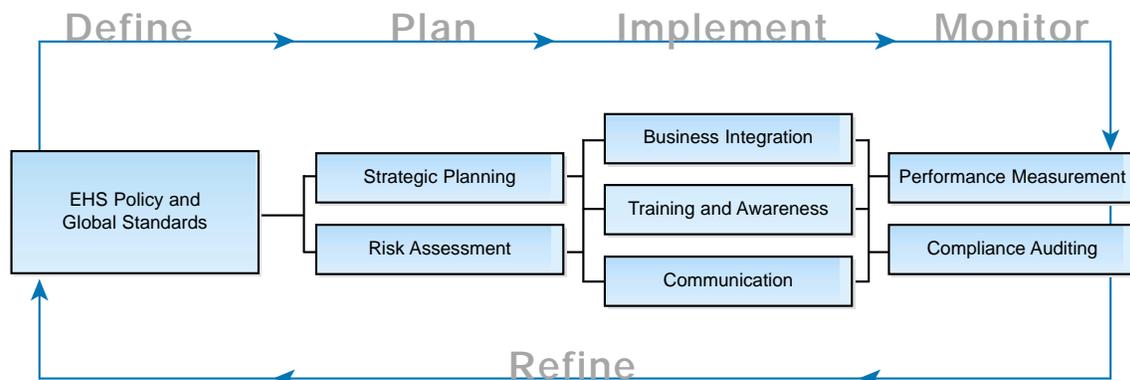
- Air emissions sources;
- Wastewater and waste management;
- Waste vendor selection;
- Confined space entry;
- Hazardous process safety;
- Hazardous materials transportation;
- Machine guarding;
- Real estate site assessments;
- Fleet safety;
- Spill prevention;
- Ergonomics;
- Emergency planning;
- Significant incident reporting;
- Reproductive health hazards;
- EHS reviews for capital projects; and
- Occupational health services.

Following are two examples of our EHS Global Technical Standards program.

The **Significant Incident Reporting Standard** requires notification of significant incidents in a timely manner across divisions and between mid- and senior-level management. Our goal is to more effectively share information and leverage the knowledge of experts within Abbott in identifying and communicating solutions to prevent recurring incidents.

The **Waste Vendor Selection Standard** formalizes our expectations for waste management vendors. It requires all waste disposal vendors, brokers and facilities used by those brokers to be evaluated and approved using specific criteria. These include

## EHS Management at Abbott



## Q&A On Environmental and Sustainability Challenges

*Dr. Lester Lave, Professor and Director, Green Design Initiative,  
Carnegie Mellon University*

Carnegie Mellon University began a campus-wide Green Design Initiative in 1992 to promote environmentally conscious engineering, product and process design, manufacturing, and architecture. The initiative involves forming partnerships with industrial corporations, foundations and governmental agencies to develop joint research and education programs that improve environmental quality while encouraging sustainable economic development.

**Q** Why is there concern for the environment and sustainability in the United States, Europe and even in the developing nations?

**A** As consumers, we have a lot of things that produce waste, yet we also want clean air and water – a less polluted environment. With 6 billion people and \$40 trillion of economic activity, we produce mountains of waste and use gigatons of limited natural resources.

**Q** So, should the world focus on decreasing its population and economic activity?

**A** That would help, but is not necessary. All activity produces waste, but not all waste degrades the environment. We can live well if we take some steps to protect environmental quality and sustainability.

**Q** That sounds too good to be true. What steps do industries need to take?

**A** Industries need “green design” – which means selecting the materials, manufacturing techniques, products, and fuels that use fewer natural resources and that have fewer harmful environmental discharges.

Abbott has taken the first and most important step by making a commitment to achieve these environmental and sustainability goals. But good intentions are not enough. Abbott must invest in research to find ways to improve its products while using fewer inputs, creating fewer environmental discharges and producing products that have less impact on the environment. This can be achieved with a strong commitment to product stewardship and green design, from the extraction of raw materials to their use and disposal. Abbott must take responsibility for the entire life cycle of its products.

Abbott must educate consumers about the reasons for this stewardship and encourage them to use the products responsibly. Abbott must offer consumers what they want, while acknowledging that the company has some role in shaping these wants. Successful 21st century companies will have to make products that satisfy consumers, win approval from their workers and stockholders, and contribute to environmental quality and sustainability.



compliance history, contamination and contamination potential, inventory tracking and control, record keeping, financial health, and insurance coverage. In 2002, we audited and approved 35 waste management service providers against this standard.

Improved compliance with both management and technical standards will reduce regulatory exposures and liabilities for Abbott, as well as reduce risk to our people, our environment and our communities.

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### ***Risk Management***

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Effective risk management programs assure that unacceptable risks to the environment and the safety and health of our employees and communities are identified and minimized or eliminated. We developed a comprehensive, automated risk management tool in 2002 to assist plants in complying with this component of our management standards. The online tool was piloted at a number of facilities, and a newly updated version is now available at our facilities worldwide. We continue to provide training for EHS professionals on the use of this and other tools and the skills necessary to effectively identify and assess risks.

We also employ experienced environmental, process safety and loss prevention specialists who collaborate across corporate, divisional and facility levels. They continuously review and update programs and provisions related to risk management.

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### ***Business Integration***

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A number of Abbott divisions have systems in place to help ensure that EHS considerations are addressed in the design and the discovery phase of new products and processes. In 2002, we shared those programs across divisions and evaluated them against external best-in-class programs. Based on this review, we established an approach with specific corporate, divisional and facility responsibilities. This approach encompasses training, communications and analytical tools, and processes for research and development professionals to use during product development.

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### ***Communication***

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Effective communication systems are essential for ensuring the implementation of performance improvement strategies and their corresponding action items. Action items required to address compliance or EHS risk arise from many sources, including internal and governmental agency inspections, regulatory requirements, corporate mandates, incidents and near misses. In 2002, Abbott's work continued on the development, piloting and refinement of a centralized, online system to report, manage and document the closure of action items. The system is designed to reduce duplicative tracking and reporting, ensure timely follow-up, and help identify trends that may need to be addressed through broader divisional or company programs.



In May, we held the 2002 Abbott EHS conference in Heidelberg, Germany, with 130 Abbott EHS professionals from 16 countries and all operating divisions attending. Participants had the opportunity to discuss key company EHS initiatives and share best practices with our senior EHS managers. As a result of this collaboration, we developed “model plants” representing the best waste management performance for each of Abbott's lines of business and shared this information among the divisions to promote performance improvements.

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### ***Performance Measurement***

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Our global EHS Performance Challenge is designed to improve quantitative EHS performance while our business continues to grow. Global performance metrics are consolidated using an automated, online database.



## 2002 Highlights of EHS Improvements Around the Globe

### *Process Design for Employee Protection: Sligo, Ireland*

Abbott designed a new drug processing area in our plant in Sligo that offers superior protection to employees. The design team evaluated and selected the best technology available that exceeded the existing regulatory requirements of the Irish Environmental Protection Agency. Local safety was further enhanced by management systems that include training, task-specific risk assessment (conducted prior to new operations), and revamped mechanisms to incorporate and address the comments and safety concerns of employees.

### *Water Conservation: Coyoacan, Mexico*

Our Coyoacan water recycling team implemented a conservation project that included the recirculation of cooling water for the sterilization process at our nutritionals plant. The team installed a cooling tower, heat exchangers and filters, which enable the recycling of cooling water up to 30 times. This resulted in an overall reduction in water use of 46 percent, or 30.5 million liters annually, saving approximately \$110,000 per year. The new process also markedly increased the productivity of the sterilization cycle, with one sterilization process increasing production capacity by 54 percent (from 29,250 to 45,000 bottles per shift).

### *Engineering Out Risk: Morgan Hill, California, United States*

A new design for the manufacturing of our *Plum A+3* drug pump addressed a number of potential risks associated with the manually intensive tasks of pump assembly, testing and inspections. The new production line is outfitted with numerous ergonomically designed features, including portable lifting tables, product handling turntables, conveyor systems, foot rests, ergonomic chairs, automated presses, and “grip” enhancements. Since start-up in June 2002, there have been no ergonomic injuries associated with this production line.

### *Waste Reduction: Granada, Spain*

Our Granada facility has made significant progress on its aggressive nonhazardous waste reduction goals, while cutting costs, reducing liability and decreasing our regulatory burden. Since 1999, the facility has reduced the volume of nonrecycled waste by 73 percent; reduced disposal costs by 70 percent; and is now generating income from the sale of recyclable waste to third parties.

### *Biaxin Process Redesign to Reduce Emissions: Barceloneta, Puerto Rico*

We completed a process redesign for the antibiotic *Biaxin* that eliminates the use of methylene chloride as an extractive solvent. The redesign decreases our use of approximately 689,000 pounds per year of methylene chloride, which is regulated as a hazardous air pollutant in the United States. This redesign also made the process exempt from stringent new environmental regulations for pharmaceutical manufacturing. The new system led to increases in product yield that reduced the number of runs required to make the product by 10 percent. Total savings from reduced raw material costs, waste disposal cost avoidance and other efficiency improvements exceeded \$130,000 in 2002.

We continued to support the EHS Performance Challenge in 2002 with initiatives that included:

- Opportunity and risk assessments, using tools that were then made available to all plants;
- Training to share best practices and promote the use of new computer-based tools and resource libraries; and
- Continued development, refinement and implementation of projects with specific improvement targets that are consolidated and tracked at the company level.

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### ***Audits***

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The Corporate EHS Assessment Program is the compliance verification component of our management standards. The program ensures that all Abbott EHS Global Management and Technical standards, as well as EHS regulatory requirements, are responsibly adhered to throughout the company. Based on risk and performance, all manufacturing facilities, research and development sites, and distribution centers are audited every two to five years. Corporate Abbott EHS staff, with the participation of auditors from other divisions, sites or external consultancies, lead each assessment. Plant managers, vice presidents of operations for the division and the vice president of Corporate EHS receive copies of the audit reports. The Corporate EHS Assessment Program's corrective action management system includes: a review and approval process, verification of action-item closure, and on-time closure tracking and reporting. The Abbott EHS Leadership Team, which includes senior EHS managers from each of our operating divisions, reviews assessment summaries, compliance trends and the status of corrective actions each quarter.

In 2002, 80 percent of all open action items was closed before their due dates, and completion rates steadily increased throughout the year.

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### ***Environmental Preservation***

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Abbott and the Abbott Laboratories Fund encourage and support our community and employee initiatives in nature preservation, conservation and environmental education.

### **Community Reforestation, Granada, Spain**

Following a catastrophic fire at the beloved Sierra de Huétor National Park in Spain, volunteers at our facility in Granada, Spain formed a reforestation team and partnered with the local environmental regulatory agency to help repair the damage. More than 250 employees and their families helped plant nearly 1,500 trees. This activity was complemented by an environmental workshop for employees and their families. The workshop focused on the importance of preserving our natural resources, preventing future forest fires and planting trees at home. Tree seeds were distributed to each family.

### **Earth Day**

Abbott provides guidance, resources and special graphics in a number of languages to help our plants develop their own unique Earth Day awareness and action initiatives. Abbott facilities around the world hosted Earth Day events with great enthusiasm from employees and communities.



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### ***Environmental Performance***

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Abbott has gathered global environmental performance data for a number of years. We are in the process of improving our validation methods, standardizing our methods for estimating emissions and automating certain recurring calculations to ensure the consistency of data across facilities. In particular, we continue to assist our facilities in refining methods for calculating air emissions data, as these are the most complex.

In general, we saw improvement in both total and sales-normalized environmental performance data for our key environmental indicators. This means that we successfully reduced both our total impact and our waste efficiency. Sixty-two facilities reported environmental

performance data. They include sites from our pharmaceutical (bulk manufacturing, finishing, research and development), hospital, diagnostic and nutritional products operations.

### Energy Use

Abbott is committed to reducing our consumption of energy and emission of greenhouse gases. We have a long, worldwide history of energy-efficiency gains. Efficient energy management and conservation efforts have lowered the amount of energy used in our United States and Puerto Rico operations to less than one-third of our 1973 consumption rate, a reduction of approximately 70 percent in energy use per unit produced.



We have enhanced our environmental database to compute automatically, for each of our facilities, the pollutant emissions from heat and power generating activities based upon the type of boiler or fuel-burning equipment in use, and the quantity and type of fuel. We also are calculating the emissions that result from our consumption of electricity and steam produced by third-party providers. This information is being used to establish a corporate-wide greenhouse gas inventory. The greenhouse gas inventory will be modeled after the Greenhouse Gas Protocol, an initiative coordinated by the World Resources Institute and the World Business Council for Sustainable Development. Data for a global baseline inventory are scheduled for completion in 2003.

In 2002, approximately 70 percent of our greenhouse gas equivalents was generated by our facilities in North Chicago, Illinois, United States; Barceloneta, Puerto Rico; Abbott Park, Illinois, United States; and Rocky Mount, North Carolina, United States. All other U.S. facilities each generated 5 percent or less of our greenhouse gas emissions.

#### Greenhouse Gas Emissions for Abbott Facilities in the United States and Puerto Rico

2001	396,000 metric tons of carbon equivalents
2002	364,000 metric tons of carbon equivalents

### Air Emissions

Eighty-three percent of our reported air emissions comes from our pharmaceutical processes, with over 50 percent coming from our plants in North Chicago, Illinois, United States; Barceloneta, Puerto Rico; and Queenborough, United Kingdom. All other plants each generated 5 percent or less of our total.

### Wastewater

In 2002, 56 percent of our reported wastewater was generated by our pharmaceutical products operations, 24 percent by hospital and diagnostic products operations, and 19 percent by nutritional products operations. Our plants in North Chicago, Illinois, United States; Barceloneta, Puerto Rico; Altavista, Virginia, United States; and Columbus, Ohio, United States, generated 45 percent of the wastewater. All other plants each generated 5 percent or less of our total.

### Hazardous Waste

In 2002, 96 percent of our reported hazardous waste data was generated from our pharmaceutical products operations, with over 80 percent coming from our facilities in North Chicago, Illinois, United States; Barceloneta, Puerto Rico; and Campoverde, Italy. All other facilities each generated 5 percent or less of our total.

### Nonhazardous Waste

In 2002, 58 percent of our reported nonhazardous waste was generated by our pharmaceutical products operations, 22 percent from hospital and diagnostic products operations, and 20 percent from nutritional products operations. Half of the reported nonhazardous waste was generated at our facilities in Abbott Park, Illinois, United States; North Chicago, Illinois, United States; and Barceloneta, Puerto Rico. All other facilities each generated less than 10 percent of our total.

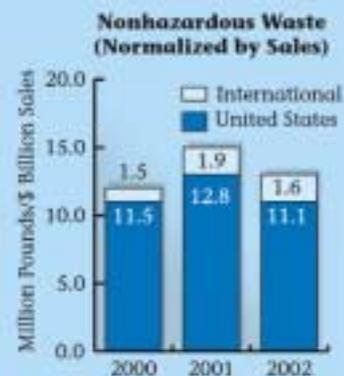
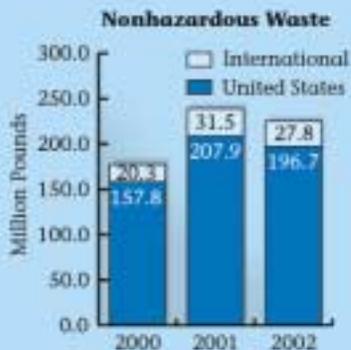
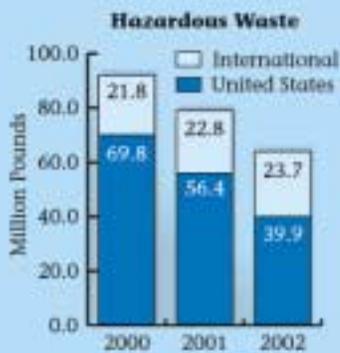
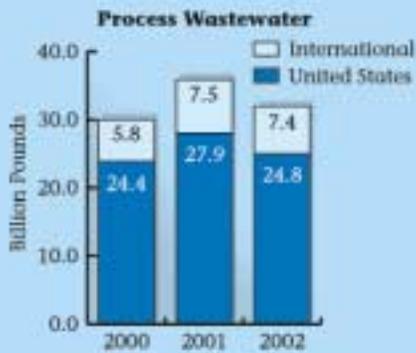
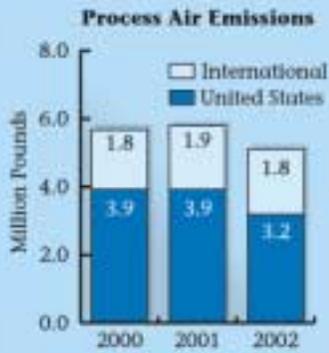
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## Employee Health and Safety

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### Occupational Health

Abbott employs more than 130 occupational health professionals who promote the health of our employees by focusing on the prevention of illness and injury and providing protection from occupational hazards at our sites around the globe. In 2002, we completed occupational health assessments at 15 Abbott plants worldwide to ensure the quality and availability of





appropriate health services and expertise. Corporate Occupational Health Services hosts bimonthly conference calls with our occupational health representatives worldwide. Some of the topics in 2002 included using automated external difibrillators, managing workplace stress and addressing psychological harassment.

### Workplace Safety

Abbott tracks and reports two health and safety metrics worldwide. The recordable case rate is the number of work-related injuries and illnesses per 100 Abbott employees per year. The lost workday case rate is the number of work-related injuries and illnesses that result in a lost workday per 100 Abbott employees per year.

We deeply regret that two Abbott employees died in work-related accidents during 2002. Both of these accidents were transportation related, one in Asia and the other in the United States.

We are disappointed that there has been an increase in incidents involving days away from work. The increase is due, in part, to business acquisitions, U.S. government record-keeping changes and improvements in our process to validate data. The cornerstone for future performance improvement continues to be our written long-range plans detailing the necessary strategies and tactics to improve safety performance.

We continue to focus increased resources on expanding and improving programs aimed at our most significant causes of workplace injuries: ergonomics and motor vehicle accidents.

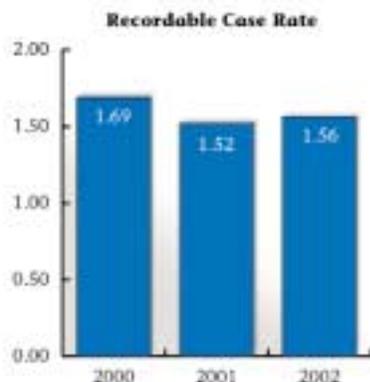
### Ergonomics

Applying state-of-the-art ergonomic principles is essential to providing work environments that are comfortable, safe and efficient for people to use. Our key ergonomics initiatives encompass workplace evaluations, equipment purchasing, and training and awareness programs. We implemented significant ergonomic improvement projects in 2002 in North Chicago, Illinois, United States; Karachi, Pakistan; Morgan Hill, California, United States; and Granada, Spain. In addition, our companywide accomplishments for the year included:

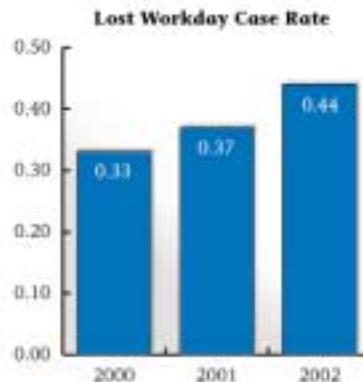
- Ergonomic evaluations and recommendations for improving almost 4,000 workstations at Abbott facilities worldwide;
- Piloting of an updated training course, Design for Ergonomics, intended to provide our engineers with the knowledge and tools necessary to “design out” ergonomic risks (The customized course uses documented and videotaped examples from Abbott’s own operations.);
- Introduction of a number of other training courses on evaluations, and employee and supervisor awareness; and
- Cross-functional collaboration by corporate safety and ergonomic professionals to assure that needed capital improvements were identified, funded and implemented.

### Fleet Safety

To address the risks faced by our fleet drivers, we established a comprehensive corporate-wide fleet safety initiative, Driving for Safety. Core components include comprehensive behind-the-wheel training requirements for new hires, managers and high-risk drivers; programs that raise awareness of written fleet program requirements; and one-on-one employee/manager drive-alongs and



The recordable case rate is the number of work-related injuries and illnesses per 100 Abbott employees per year.



The lost workday case rate is the number of work-related injuries and illnesses that result in a lost workday per 100 Abbott employees per year.

performance appraisal activities for sales and service managers. Key 2002 fleet safety accomplishments include:

- Deployment of a companywide *Driving for Safety* communication campaign outlining core fleet program elements;
- Identification of division-specific *Driving for Safety* champions to lead the program rollout; and
- Expansion of behind-the-wheel training to more than 2,000 sales representatives.

As we continue to roll out *Driving for Safety* across the company, we will tailor program elements to fit the specific needs and associated risks within each sales and service organization.

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### *EHS Compliance*

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#### **Superfund Remediation in the United States and Puerto Rico**

Abbott was identified as one of many potentially responsible parties in investigations or remediation activities at 18 locations in the United States and Puerto Rico, under the Comprehensive Environmental Response, Compensation and Liability Act (commonly known as “Superfund”). The aggregate costs of remediation at these sites by all identified parties are uncertain, but have been subject to widely ranging estimates, up to several hundred million dollars. In many cases, Abbott believes that the actual costs will be lower than these estimates, that the fraction for which Abbott may be responsible will be considerably less, and the costs will be paid over several years. Abbott may participate in the investigation or cleanup at these sites.

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#### *Other Remediation Activities*

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Abbott is investigating potential contamination at four Abbott-owned sites and is remediating three other

Abbott-owned sites in cooperation with environmental regulatory agencies. In the three active remediation projects, contaminant migration is contained and presents no immediate threat to the local communities or wildlife.

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### *Notices of Violation*

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In 2002, Abbott received a \$3,500 penalty for a Notice of Violation related to an oil spill that occurred in 2000 at our plant in Laurinburg, North Carolina, United States. A Notice of Violation is any written citation received by any of our manufacturing plants from a regulatory body identifying a perceived nonconformance with any applicable EHS requirement. The term does not include letters of warning or other prenotice requirements.

There were no safety Notices of Violation or penalties in 2002. All of the Notices of Violation received in 2002 occurred in the United States, were water-related, and were primarily associated with pharmaceutical manufacturing activities. We conducted formal root-cause analysis for all Notices of Violation and are currently implementing or have completed corrective action plans to prevent their recurrence.

Year	Notices of Violation	Penalties
2001	28	\$8,514
2002	24	\$3,500

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### *EHS Issues*

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For a discussion of EHS issues, such as pharmaceuticals in the environment and biosafety, visit [www.abbott.com/citizenship](http://www.abbott.com/citizenship).





## ***Building a High-Performance Culture With Employees***

**Our productivity today and sustainability for tomorrow depends on having employees who are educated, safe, healthy, and motivated by a sense of opportunity. Our progress is guided by a comprehensive long-range human resources plan that promotes job satisfaction, personal and professional growth, and financial security for our approximately 70,000 employees around the world. Our goal remains to build a high-performance culture that supports the unique contributions of every individual and helps develop the talents, strengths and careers of all Abbott employees.**

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### *Assuring Diversity and Inclusiveness*

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An overarching objective of our plan is to assure diversity and inclusion in our policies and practices throughout the organization. Achieving inclusion and diversity in our work force makes good business sense for Abbott, as it increases our ability to better meet the needs of our diverse customer base around the world. It creates an environment that allows us to attract and retain top talent, and encourages all employees to contribute to their full potential.

The composition of Abbott's work force in the United States – 50 percent women and 25 percent minorities – closely reflects the total U.S. working population. Our goal is to ensure that our management levels also reflect the overall demographics of our total employee population. We intend to accomplish this through inclusive leadership practices and selection processes.

Over the past four years in the United States, we have increased the number of minorities in management by nearly 58 percent, with minorities in approximately 16 percent of current management positions. Over the same period, the number of women managers climbed to approximately 35 percent. Within our international division, the number of women managers increased from 18 percent to 20 percent over the same four-year period.

Abbott utilizes a formal succession planning process to grow our leadership as the company grows. As part of this process, our senior management pays close attention to diversity of experience, making sure that leaders have the cross-functional and cross-divisional experience they need for their career, and to help move Abbott forward. As of 2002, more than 45 percent of the successors identified for the company's top posts were women and minorities.

Beyond the numbers, inclusion teams and other groups in Abbott operations throughout the world initiated several programs in 2002 to create a more inclusive work environment.

Abbott's Women's Leadership Initiative provides women managers with networking and mentoring opportunities, and career development and advancement guidance.



Women and Minorities in Management – United States Only

	Number of Women	Percent Management	Number of Minorities	Percent Management
1999	1,267	29.3	535	12.4
2000	1,468	31.4	646	13.8
2001	1,767	33.3	805	15.2
2002	1,855	34.6	844	15.7

This initiative completed its U.S. pilot phase in mid-2002, reaching 400 women managers at our corporate headquarters during three sessions. The kick-off included presentations by top management and outside experts, panel discussions with senior women managers sharing perspectives on work/life integration, and a needs survey.

The success of this initiative in delivering new perspectives and insight for the company has led to the emergence of new network groups for African-Americans, Hispanics/Latinos, Chinese, Filipinos, and part-time employees. A senior-level executive sponsors each group.

Abbott also created the Women’s Leadership Development Network to encourage, promote and influence opportunities for women within information

management and technology fields. Complementing our ongoing efforts are one-time events, such as a Women in Management seminar held in 2002 for Abbott management employees in the Middle East.

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***Balancing Work and Home***

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A respectful and responsive workplace is important to all our employees. We made special efforts in 2002 to achieve that goal, even when challenged by economic and societal pressures. A key component of this strategy, as detailed in our 2000-2001 global citizenship report, is to foster better work/life balance by creating flexible work options. In 2002, more than 20,000 Abbott employees in the United States, or more than 40 percent of the total U.S. work force, participated in flexible work schedules, such as job sharing, part-time work, compressed workweeks or telecommuting. This reflects an increase of approximately 800 employees over 2001.

Abbott has taken a leadership role in addressing child care issues for working parents, for both our employees and the communities in which we operate. Through Early Discoveries, our headquarters-based Center for Child Development and one of the five largest child care centers in the United States, we served approximately

**“Chief Concern:  
Paying More Than Lip Service to Diversity”**

**Miles D. White, Chairman and CEO, Abbott Laboratories**  
*Excerpted from Chief Executive Magazine, October 2002*

Abbott Laboratories markets products to patients, physicians and professionals in more than 130 countries, which means our management has to reflect the spectrum of diversity in those markets.

In our industry, a disproportionate number of health care, elder care and child care decisions are made by women. How could we not have a heavy representation of women in management?

We realized that if we really want to identify with the customer, then the people running our business have to look like the people we serve. We had to create an environment and a culture that embraces diversity and makes all our employees feel comfortable, regardless of gender, cultural background, beliefs or sexual orientation. To really make a diversity program work, the CEO must be personally committed, because these values have to be entrenched at the highest levels of management. I, as CEO, must be an advocate, and I need my managers to be advocates, as well as the minority leaders and women leaders we employ. If the CEO isn’t committed, the informal system picks up the cue that it’s just lip service and the efforts fail.

There are those who say you need a hard business case to justify this commitment. I disagree. You may not be able to quantify the whole payoff, but your turnover will be lower, your ability to attract top talent higher, and employee satisfaction higher still. It’s naive to think you can ignore diversity issues and still wind up with the most competitive work force. There are biases in our society, whether they’re cultural or gender-related – they’re there, and they exist in our companies as well. We can’t change the whole world, but we can start by introducing a culture of inclusion in our companies, making the world within a safer, more comfortable, more productive place.

433 children during the year, from infants to preschoolers. In the fall of 2002, we began offering a new, full-day kindergarten program at the center.

Through a unique public/private partnership, we also teamed in 2002 with local governmental, civic and employer groups to provide free training for individuals interested in starting licensed, home-based child care, as well as training for existing child care providers in the area. Extending these benefits beyond our headquarters'



communities, we offered all U.S. employees a 10 percent discount on child care through three national child care providers. Outside the United States, several Abbott international affiliates sponsor programs to assist employees with child care through third-party providers.

Our comprehensive Employee Assistance Program (EAP) provides information and referrals to community resources; behavior treatment programs; short-term and crisis intervention counseling; education on topics, such as managing personal finances; and legal referral services. This program received the 2002 EAP Digest/Employee Assistance Professional Association Quality Award for EAP Excellence.

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## Acquiring and Retaining Talent

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Abbott's talent acquisition strategy is to develop a diverse talent pool with the depth and breadth to meet Abbott's needs in areas, such as science, sales and marketing, information technology, regulatory, project management, and general management. We have established relationships with professional organizations, alumni networks, select colleges, diversity organizations, and key suppliers of contract and regular labor to identify appropriate candidates. Three of our eight retained search firms are minority-owned and are required to produce candidate slates that include at least 50 percent women and minorities.

Over the past five years, Abbott has filled 53 percent of our entry-level science positions with women by employing a number of strategic recruiting tactics, such as partnering with the American Chemical Society. In 2002, we hired 198 women scientists, a 29 percent increase from 2001.

Diversity in institutions of higher learning is vital to our inclusiveness efforts. Abbott filed an *amicus curiae* brief in two separate court cases designed to support the claim that universities should be allowed to consider race in admissions to ensure a diverse student body. We continue to follow and support this position.

Our highly regarded summer internship program is another opportunity for us to identify and recruit talented young people as potential employees. In 2002, we hosted 369 college students, with minorities comprising 41 percent and women making up 50 percent of interns. The hiring ratio of interns converted to full-time positions is 35 percent, with a goal to increase hiring to 50 percent by 2004.

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## HIV/AIDS in the Workplace

Abbott introduced an HIV/AIDS in the workplace program for our employees in South Africa. Through a partnership with Right to Care and Alexander Forbes Health Management Solutions, we introduced our Direct AIDS Intervention Program which supplements our existing health benefits to help keep employees as healthy and productive as possible. The need and design for the program was determined based on surveys and interviews with employees. Third-party partners administer the voluntary program to assure full employee confidentiality. The program is free to all employees and consists of education and training on the facts of HIV/AIDS for employees and their families; peer counseling; testing; and comprehensive health management using current therapies, including antiretrovirals, provided by the employee's doctor of choice.

## Q&A On Leadership

*Bonnie Shaul, General Manager, Abbott Ireland*

**Q** What are some of the major challenges of running an Abbott affiliate?

**A** The diversity of our products is what sets running an Abbott affiliate apart from running an affiliate of one of our peer companies. In Ireland, there are multiple industry groups and government agencies that influence our business, which leads to a number of challenges that make day-to-day operations more complex and interesting. There is always something exciting happening in at least one of our divisions.

**Q** How do you help develop leaders?

**A** When grooming leaders, I focus on developing critical thinking skills, providing authority to make decisions and granting permission to make mistakes.

**Q** How do you help develop other women managers?

**A** I encourage a healthy work/life balance. For example, our office-based employees – both male and female – work flexible hours that allow them to work efficiently while spending more time with their families.

**Q** How did Abbott's Global Leader Program help develop your career?

**A** I participated in Management Challenge: Managing Across Boundaries and in the Leadership Development Program. Both courses provided insight into other Abbott divisions and created a valuable support network of fellow managers.

**Q** What is your motto?

**A** Focus, focus, focus.

**Q** What advice would you give someone as they work to advance their career?

**A** Make each and every job your own by putting your personal mark on it. If you hear someone say, "Oh, we've been trying to do that for years," that's your signal to go for it!



Within our U.S. work force, we experienced a voluntary turnover rate of less than 4 percent – among the lowest in the country. Abbott benefits from the experience of more than 2,000 employees who have 25 or more years of service with our company.

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### *Restructuring*

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In order to achieve greater operating efficiencies and ensure our resources match the future scientific and technological requirements of our business, we restructured some of our businesses in 2002. This resulted in a net reduction of approximately 2,000 employees.

Our goal during this restructuring was to be sensitive and fair to the needs of those affected and to retain as many employees as possible. We focused our efforts on eliminating positions through natural attrition and redeploying employees. We put in place external hiring controls, reviewed contract labor usage and organized teams of Abbott recruiters to focus on the internal placement process. All business units, even those not impacted, committed to retaining affected employees wherever feasible. One approach, orchestrated by our research and development organization, was to host an internal hiring fair. As a result of these efforts, approximately 40 percent of the U.S. employees affected by the restructuring were placed in other positions within the company. Another 10 percent of employees chose early retirement or decided not to seek another position within Abbott. For those not redeployed within the company, Abbott offered severance pay, outplacement assistance and other support for their career transitions.

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### *Training and Leadership Development*

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Our Performance Excellence Program provides employees with timely, constructive feedback and

focuses on results that are reflective of our business needs. It is a practical tool to encourage an ongoing dialogue between employees and their managers regarding expectations. New components to this program include curricula to help create a common understanding of Abbott's core business strategies, and how they relate to individual competencies and day-to-day activities for career success.

Abbott spends more than \$90 million in training and development programs annually, covering technical job skills and safety, sales training, organizational development and leadership, quality assurance, and other disciplines. We have more than 250 training and development organizations around the world delivering a wide range of training programs to our global work force.

Our Global Leader Program strengthens the preparation of candidates for general manager positions around the world. Current leaders serve as faculty and are actively involved in the guidance and development of the curriculum. A segment of the curriculum, entitled Women in Management, focuses on helping women and minorities advance into roles with significant profit-and-loss responsibility as global general managers. As a direct result of this and other aggressive efforts, six female general managers lead affiliates in the company's international commercial operations.

Abbott's Leadership Development Program for scientists provides comprehensive, personalized training for scientists who have been identified as outstanding performers with leadership potential. Components of the program include an individualized program of coaching, mentoring and self-assessment; group decision-making simulation exercises; intercultural training; business briefings; and summits in which program participants interact with senior executives to discuss leadership and business issues impacting Abbott.





## ***Seeking Solutions Through Social Investments***

**Abbott and the Abbott Laboratories Fund, a not-for-profit philanthropic organization established by Abbott, create value through social investments that leverage our unique corporate assets, core competencies and relationships. In 2002, our worldwide social investments, which exceeded \$165 million in cash grants and product donations, were focused on the following four strategic areas:**

- Supporting Global Care Initiatives;**
- Expanding access to products, including product donations;**
- Nurturing future innovation through science education; and**
- Enriching the communities in which we operate by supporting local programs worldwide.**

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## *Supporting Global Care Initiatives*

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Abbott's and the Abbott Laboratories Fund's support of global health initiatives, particularly those focused on HIV/AIDS, represents the largest portion of our social investments. In addition to ongoing investments in HIV research and development, Abbott and the Abbott Laboratories Fund invested nearly \$20 million in global HIV programs in 2002 and expect to invest a total of \$100 million by 2007. Corporate and philanthropic funding, product donations and employee volunteerism – in the form of highly skilled technical assistance – are utilized to support local stakeholder objectives and leverage local resources. Our initiatives focus on model programs designed and implemented through collaboration with governments and nongovernmental organizations (NGOs) in developing countries. We continue to analyze these models for their potential to be adapted on a large-scale basis.

### **Abbott Access**

Abbott Access, launched in 2001, is the company's direct contribution to the fight against HIV through broadened access to Abbott's HIV-care therapies and its *Determine* HIV rapid test. The program is focused in 68 developing countries, including all of Africa. In these eligible countries, we decreased the price for our *Norvir* and *Kaletra* antiretrovirals distributed through the Abbott Access program to \$500 per year per patient. The number of countries participating in the program increased from 13 in 2001 to 24 by the end of 2002. Find out more about this program by visiting [www.accesstohivcare.org](http://www.accesstohivcare.org).

### ***Step Forward ... for the world's children***

*Step Forward*, a program that assists orphans and vulnerable children who are infected and affected by HIV/AIDS, completed its second full year of operation in 2002. Supported by grants from the Abbott Laboratories Fund, programs are developed and implemented through partnerships with national and local governments, universities, and local and international NGOs.

Model programs in Tanzania, Burkina Faso, Romania, and India address four interrelated areas: health care services and infrastructure; voluntary HIV counseling and testing; education; and basic community needs, such as clean water. This approach focuses on building local systems of care to generate results. For example, in Burkina Faso, engagement of NGOs with the government is leading to the implementation of national policies supporting children affected by HIV/AIDS. In Romania, strengthened local capacity and health infrastructures resulted in improved treatment for HIV-positive children. In 2002, *Step Forward's* partners strengthened local systems of care and delivered services to 90,000 orphans and vulnerable children. For more information, visit [www.stepforwardforchildren.org](http://www.stepforwardforchildren.org).





### **Determine HIV Test Donation Program**

One of the most effective anti-AIDS interventions is the prevention of transmission of HIV from pregnant mothers to their babies at birth. Enabling pregnant women to know their HIV status is the first step toward prevention. More than 2 million HIV-positive mothers worldwide give birth each year, and the vast majority are unaware they are infected. Testing enables pregnant women to know their HIV status; receive appropriate counseling, support and care; and protect their unborn children.

In mid-2002, Abbott committed to donate up to 20 million *Determine* HIV rapid tests over the next five years to programs specifically targeted for the prevention of mother-to-child transmission in 68 developing countries, including Africa. The *Determine* HIV Testing Donation Program complements existing programs by adding a testing component to the treatment of pregnant women and mothers. Abbott collaborates with Boehringer Ingelheim on this program. Abbott and Boehringer Ingelheim, working through Axios Foundation, also collaborate closely with organizations, such as the Elizabeth Glaser Pediatric

AIDS Foundation, the Catholic Medical Mission Board and Family Health International. The program has been scaling up rapidly, with more than 100,000 tests shipped in the first six months of implementation. These shipments are in addition to 4.6 million tests provided, at no profit to Abbott, under the Abbott Access program. For more information, visit [www.abbott-pmtct-testing.org](http://www.abbott-pmtct-testing.org).

### **Tanzania Care**

Access to HIV care is often limited in developing countries due to the capacity of the health care infrastructures. Abbott and the Abbott Laboratories Fund continue to partner with the government of Tanzania through the Axios Foundation to strengthen Tanzania's health care system. One key objective of this program is to create a national HIV teaching and treatment center at Muhimbili National Hospital. The program aims to train medical workers and laboratory personnel, and strengthen voluntary counseling and testing in Tanzania's 21 regional hospitals. Results in 2002 included the establishment of a National Task Force on HIV/AIDS, and the formulation and distribution of national guidelines for clinical care of HIV/AIDS.

## **Case Study on *Step Forward* in India:**

# **A Fistful of Rice Can Make a World of Difference**

The goal of the *Step Forward* program in India is to strengthen a service delivery and referral system through a mentoring program among NGOs that care for and support orphans and vulnerable children. This work is carried out in partnership with the HIV/AIDS Alliance and their partner NGOs.

In Tamil Nadu, with support from *Step Forward*, the Palmyrah Workers Development Society serves as a local center of excellence, providing 22 local NGOs across the state with financial resources, training in community mobilization and program planning, and education on HIV and issues related to orphaned and vulnerable children. Through this support model, a referral and care system was established in 2002 to provide a range of services to more than 2,000 people living with HIV and their children. Services include basic medical care; training for family members in home care and nutrition; education on planning for the future of their children; and subsidized school fees, school uniforms, and notebooks for affected children.

An important role of the local NGOs is tapping the reservoir of community support for people living with HIV/AIDS. Many villages now have self-help groups of 10 to 15 women to help children affected by AIDS. The "Pidi Arisi Thittam" (Fistful of Rice Scheme) is a project that encourages housewives – usually very poor themselves – to set aside a fistful of rice each time they cook a meal. Volunteers collect the rice each week and distribute it to people living with HIV/AIDS. Entire village communities have been mobilized for this project, including rice millers, shopkeepers and churches.

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## *Expanding Access to Products*

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### **Patient Assistance Program**

Abbott's Patient Assistance Program offers free Abbott medicine to patients in financial need. Through this physician-based referral program, Abbott provided free drugs in 2002 to more than 110,000 patients, filling approximately 240,000 prescriptions valued at more than \$55 million.

### **Together Rx™ Program**

In mid-2002, Abbott worked with six other pharmaceutical companies to launch the Together Rx™ Program. This program provides qualifying senior citizens discounts of 20 percent to 40 percent on more than 170 branded and generic prescription drugs sold through retail pharmacies, including 14 Abbott drugs. Since its launch, the program has grown rapidly to include approximately 98 percent of the pharmacies in the United States. By the end of 2002, approximately 500,000 seniors had enrolled in the program and saved approximately \$27 million on their drugs. For more information, visit [www.together-rx.com](http://www.together-rx.com).

### **HUMIRA Medicare Assistance Program**

Also during 2002, Abbott planned the launch of the HUMIRA Medicare Assistance Program. This unprecedented drug access program will provide our newly approved rheumatoid arthritis drug HUMIRA at no cost to Medicare-eligible seniors in the United States who do not have prescription drug coverage. Abbott plans to continue this program until the U.S. government enacts a Medicare prescription drug program. For other non-Medicare patients in financial need, Abbott will provide HUMIRA through its Patient Assistance Program. For information about this program, visit [www.HUMIRA.com](http://www.HUMIRA.com).

### **Product Donations**

In 2002, we donated more than \$75 million worth of products for humanitarian aid and to support 720 physician mission trips. As a member of the Partnership for Quality Medical Donations, we are careful to donate our essential medicines to relief organizations that have expertise in all aspects of product donations. A portion of our donations was given to refugees from Afghanistan and victims of hurricanes in Mexico, and to those in need because of the floods in the Czech Republic, Dengue Fever in Central America, and the ongoing famine in Ethiopia and South Africa.



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## *Nurturing Future Innovation Through Science Education*

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Science innovation is the lifeblood of Abbott. Our sustained commitment to education enriches the pipeline of scientific talent, preparing a future work force of innovators. Through a variety of programs, Abbott and the Abbott Laboratories Fund help to nurture future scientists by stimulating early interest in science, math and technology – particularly among women and other underrepresented populations. From elementary school to postgraduate research, we support this goal with funding and volunteer assistance for student and educator workshops and programs; career development support; and educational grants funding for college and university science facilities, scholarships and fellowships.

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In today's market, leading firms are adopting strategies that involve collaboration with NGOs in meeting corporate citizenship goals. One of the biggest trends in product donations is the standardization of corporate programs to provide product support. Strategic partnerships with selected humanitarian organizations aim to deliver long-term services that make a lasting impact in the community.

*– Jim Russo, Partnership for Quality Medical Donations*

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In 2002, the Abbott Laboratories Fund partnered with the Adler Planetarium on its Astronomy

Connections Program. This professional development program is designed to provide teachers with innovative and effective ways to integrate science, museum resources and Internet-related technologies into instructional programs. In the past, the program has been geared to middle school students, but is expanding to include kindergarten to grade 12 for

greater impact on science, math and technology education in the schools. The goal of the program is to increase science literacy among teachers, students and their families.

At the elementary and high school levels, Abbott and the Abbott Laboratories Fund continued to support education through such recognized programs as Camp Invention, Keystone Science School, GO FIGURE, Junior Achievement and the National Merit Scholarship Program. At the higher education level, we support programs, such as:

- Mayo Clinic biomedical undergraduate research fellowship;
- Association of University Programs in Health Administration scholarships for health administration graduate students in the United States and Canada;
- Purdue University fellowships aiding in the recruitment and retention of minority graduate students in the sciences; and
- Damon Runyon Cancer Research Foundation supporting postdoctoral physician researchers.

An example of Abbott's continuing support of postgraduate education is our funding since 1986 of 115 epilepsy education programs held at Wake Forest University in Winston-Salem, North Carolina. Week-long Epilepsy MiniFellowships®, three-day Residents Epilepsy programs

and two-day Advances in Epilepsy programs help to foster a sense of community among health professionals who work with seizure disorders, while providing intensive, comprehensive training. Since the programs began, more than 3,000 physicians have attended.

Newly announced in 2002 was the Abbott Scholar Award in Rheumatology Research. This mentored research award is intended to encourage and develop physicians in the early stages of their careers who are poised to make a difference through innovative research in rheumatology. The first three researchers selected by an independent panel will receive grant support for a two-year term, with a third year of support provided upon review of projects completed within the first two years.

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### *Supporting Local Programs Worldwide*

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Abbott strives to be a good neighbor in the hundreds of communities around the world where our employees live and work. As a corporation, through Abbott Laboratories Fund grants, and as individuals, we provide financial support, volunteer efforts, talent, and leadership to improve local communities. We have used these resources to respond to crises; help with public education on disease-specific issues, and fund-raising and health screenings; participate in activities to protect the environment; and support other charitable causes. The strength of these programs lies in their diversity and flexibility in responding to local needs with local resources.

Below is a sampling of some of the local programs we supported in 2002. For a list of additional programs, visit [www.abbott.com/citizenship](http://www.abbott.com/citizenship).

#### **Community-Based Recycling, Sligo, Ireland**

A team of employees from Abbott's plant in Sligo, Ireland, partnered with the Sisters of La Sagesse's Cregg House Day Services. Cregg House provides a wide range of programs to meet the needs of people with mental handicaps. The community-based recycling program that was implemented benefits both parties. Cregg House residents participate in sorting and recycling activities that are of value to the community and that also help develop their fine motor skills, hand-eye coordination, and equipment-use skills. Being able to contribute in a safe work environment with compensation also strengthens the residents' self-image and gives them access to a broader social network. Their recycling services have helped Abbott reduce the volume of plastic



waste destined for landfills by five tons per year. Abbott also provides annual financial support to Gregg House Day Services.

#### **Mobile Mammography Unit, Costa Rica**

Women throughout Costa Rica are being offered free breast cancer screenings at a new mobile mammography unit donated by Abbott. The equipment supports Costa Rica's National Program for Prevention and Comprehensive Attention to Cervical, Uterine and Breast Cancer. The unit stops in remote areas of the country, providing free services to women who might otherwise not have access to screenings.

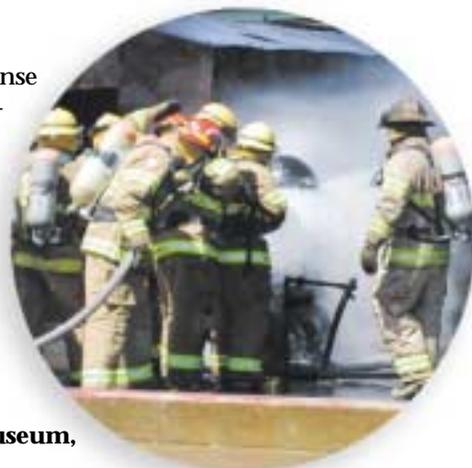
#### **Community Service, Dominican Republic**

Employees in our hospital products plant in the Dominican Republic formed a community service committee that donated 1,200 items – including computers, office supplies, a microscope, and sports equipment – to a local hospital, a university and elementary schools. The plant personnel also organized two medical campaigns to offer medical assistance, vaccinations and health seminars to more than 800 people.

#### **Emergency Response, Lake County, Illinois, United States**

Abbott's Emergency Response Team, comprising six professionals and 130 employee volunteers, is working with the fire departments from the city of North Chicago and the nearby Great Lakes Naval Training Base to improve regional disaster preparedness. In 2002, the three organizations collaborated in assessing potential hazards in the area, updating their emergency

preparedness and response plans, conducting cross-training, and signing a joint mission statement. These examples illustrate how Abbott leverages our resources and collaborates with others to support the local communities in which we operate.



#### **Chicago Children's Museum, Illinois, United States**

The Abbott Laboratories Fund continued to support the Chicago Children's Museum's "Face to Face: Dealing with Prejudice and Discrimination" exhibit. The exhibit is designed to help children identify and effectively deal with prejudice and discrimination through interactive components that incorporate role-playing, writing and decision making into individual and group challenges.

#### **Prairie Legal Services, Lake County, Illinois, United States**

Prairie Legal Services provides free legal services to underprivileged individuals on issues surrounding health law and domestic violence. Abbott's legal staff lends its core expertise *pro bono*, while the Abbott Laboratories Fund provides financial support to assist Prairie Legal Services in accomplishing its mission.





## *Highlights of Performance Recognition Around the World – 2002*

- **Fortune Most Admired Companies:** Abbott has been on this list since 1984. In 2002 in the pharmaceutical sector, we moved up to the No. 8 position from No. 9 in 2001. Abbott is one of two companies that gained the most points overall in 2002.
- **R&D 100 Award:** R&D Magazine presents this “Oscar of Invention” for the 100 most technologically significant programs of the year. Abbott was honored for our invention and refinement of the world’s first commercial robotic system for automated pharmaceutical drug handling, which will help to significantly increase pharmaceutical discovery productivity and efficiency.
- **Fortune Magazine 50 Best Companies for Minorities:** Abbott was the only health care company named on this list, moving up from No. 45 in 2001 to the No. 35 ranking in 2002. Achievements noted include increased collaboration with a number of minority-owned financial services firms, both in underwriting and asset management.
- **Best Companies for Minorities:** Abbott was ranked No. 13 overall and No. 1 in the pharmaceutical industry, based on Diversity Employers Survey by Black Collegian magazine.
- **Ten Best Companies for Women:** Health magazine recognized the company for programs that help women balance work and personal lives.
- **Ten Best Employers for Working Mothers:** Abbott was ranked by Working Mother magazine as first among companies in the pharmaceutical and technology industry. This is the second consecutive year Abbott was recognized for our continued commitment to provide employees with resources needed to maintain successful work/life integration.
- **Best Company Benefits:** Abbott was No. 3 in the Money magazine rankings of the U.S. companies with top employee benefits packages.
- **Award for Excellence in Employee Assistance Programs:** EAP Digest/Employee Assistance Professional Association recognized the company for outstanding achievement.
- **Corporate Friend of Children Award:** This award was presented by the Child Welfare League of America in recognition of Abbott’s ongoing support of children and families, particularly innovative efforts to form partnerships with government and other public entities to improve the quality of child care across the country.
- **Sunshine Award of the Pediatric AIDS Foundation:** This award was for Abbott’s continued support in the fight against AIDS among youth.
- **ECOPROFIT® Certification:** Abbott’s plant in Weisbaden, Germany, was recognized for its ongoing commitment to measurable environmental performance improvements that enhance profitability.
- **Illinois Governor’s Pollution Prevention Award:** Abbott’s plants in Lake County, Illinois, United States, collectively won this award for continuous improvement in pollution prevention performance.
- **Irish Health and Safety Authority’s Good Neighbour Designation:** Abbott’s plants in Cootehill, Galway, Sligo, and Donegal, Ireland, won this award for their community-based safety initiatives.
- **National Irish Safety Organization’s Safety Award:** This award was for the safety performance of our plant in Sligo, Ireland.
- **Overall Award for Continuous Improvement in Preventative Occupational Health Management Programs:** Abbott’s plant in Heredia, Costa Rica, won this award from the Costa Rica National Safety Institute in 2002.
- **Puerto Rico Manufacturing Association’s President’s Award:** This award was for the safety performance of our plant in Barceloneta, Puerto Rico.

For an additional list of awards and recognition, visit [www.abbott.com/citizenship](http://www.abbott.com/citizenship).

# “Global citizenship

means putting partnerships  
and community engagement at  
the center of our work. For Abbott,  
this involves listening to needs and  
developing solutions together.”

– **Miles D. White,**  
*Chairman and CEO*



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