



# GLOBAL SUPPLIER SUSTAINABILITY PROGRAM

AbbVie is **continually improving its competitive advantage and position** in the market by implementing a comprehensive Global Supplier Sustainability Program that aligns with AbbVie's strategic imperatives.

Specific Global Supplier Sustainability Program initiatives within this strategy include:



Sustainable Supply Chain Program



Water Security Program



Restricted Substances Management Program



C-TPAT Program





## OVERALL GOALS

AbbVie combines advanced science, expertise, and passion to solve serious health issues and have a remarkable impact on people's lives. It's what we do and how we do it that matter. We understand that addressing the world's health challenges requires a comprehensive and responsible approach. That's why we partner with our suppliers to reduce our carbon footprint and our use of natural resources, ensure ongoing material supply, encourage ethical and environmentally sound business practices, and continuously address unmet healthcare challenges. Our Purchasing and Supplier Management (PSM) team integrates sustainable practices and decision-making criteria into all cross-functional department policies and procedures. Together, we help people live better, more productive lives.

### PURCHASING AND SUPPLIER MANAGEMENT (PSM) COMMUNICATION PLAN

AbbVie promotes internal awareness and external supplier awareness through communication channels that include:

- Transparency of our Global Council and Supplier Sustainability SharePoint site.
- Online tracking and reporting of suppliers' sustainability initiatives to monitor progress toward goals.
- Documented Supplier Program Expectations to facilitate supplier collaboration.
- Communication of audit and survey results to PSM managers.
- Inclusion of required documentation in supplier contracts.



## FIVE PSM STRATEGIC IMPERATIVES FOR ORGANIZATIONAL EXCELLENCE

IMPLEMENT SYSTEMS AND PROCESSES

ESTABLISH ABBVIE CULTURE

DRIVE FISCAL RESPONSIBILITY

IMPROVE SUPPLIER AND INTERNAL  
CUSTOMER SERVICE AND SATISFACTION

ENSURE SUPPLIER  
MANAGEMENT

- Assurance of supply
- Supplier diversity
- Performance management
- Material compliance
- Quality

SUSTAINABILITY

# GLOBAL SUPPLIER SUSTAINABILITY PROGRAM

AbbVie's Global Supplier Sustainability Program results in **cost savings/spending management, assurance of qualified material supply, and environmental/sustainability initiatives.**

## THE FOCUS IS CURRENTLY DIVIDED INTO THE FOLLOWING AREAS:



**Sustainable Supply Chain (SSC)** is the procurement of products and services that make a positive contribution to society and the environment by embracing ethical, environmental, and social principles.



**Water Security Program (WSP)** provides a framework of awareness and greater understanding of the possible impact water scarcity may have on AbbVie's supply chain.



**Restricted Substances Management (RSM)** monitors and implements worldwide chemical regulations that affect AbbVie, our suppliers, and our customers. These regulations limit or control chemicals, and they can restrict our ability to manufacture or sell our products in certain regions.



**Customs-Trade Partnership Against Terrorism Program (C-TPAT)** is a voluntary government-business initiative to build cooperative relationships that strengthen and improve the security of international supply chains and U.S. borders.

## STAKEHOLDERS

SSC      WSP      RSM      C-TPAT



### Purchasing and Supplier Management (PSM)

Coordinates supply chain roles with representatives of the various sustainability programs. Administers supplier documents.



### Supply Chain / Third-Party Manufacturers (TPMs)

Partners with PSM to ensure appropriate chemical registrations are in place to enable compliant manufacture, export, and/or import of AbbVie chemicals.



### Global Supplier Quality

Responsible for documentation. Adds necessary elements to supplier checklist audits and conducts pilot assessments. Manages supplier files.



### Manufacturing Operations

Reviews program documents that affect AbbVie manufacturing sites.



### Ethics and Compliance

Ensures supplier verification includes ethics and compliance criteria in line with AbbVie's Code of Conduct.



### Environment, Health, and Safety (EHS)

Provides technical assistance for EHS supplier issues.



### Corporate Services/Security

Ensures fulfillment of internal training requirements.



### Global Trade Compliance

#### Commercial

Identifies regions targeted for product introduction so that RSM obligations may be assessed early / implemented within the program.



### Research and Development (R&D)

Collaborates to identify chemicals/parts/suppliers during feasibility/early-stage development so that import/export activities and restricted substance status can be assessed.



### Legal/Transactional



### Human Resources



### Transportation/Logistics



### Information Technology



### Customers



## SUSTAINABLE SUPPLY CHAIN

**AbbVie is committed to reducing environmental impact**  
while managing costs and maintaining continuity of supply.

These supply chain initiatives ensure that AbbVie achieves its sustainability goals while increasing operational efficiencies by managing and reducing costs and maintaining supply continuity. AbbVie educates and empowers its employees to both influence purchasing decisions and implement supplier-related initiatives that ensure environmentally responsible decisions are made. Suppliers are encouraged to identify and assess environmentally preferable products and services. Internal programs recognize stakeholders for their progress and successes.



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ensure environmentally responsible  
decisions are made.

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## PURPOSE

Support and strengthen AbbVie's commitment to reduce environmental impact while managing costs and maintaining continuity of supply.

## VALUE/GOALS

### The Sustainable Supply Chain Program enables AbbVie to:

- Procure products and services that have a substantially lower impact on the environment while maintaining quality, functionality, and cost competitiveness.
- Set an example, influence the market, and gain a competitive advantage by continually improving AbbVie's public image.
- Demonstrate cost savings/spending management while ensuring quality of materials and meaningful sustainability efforts.
- Influence decisions of suppliers, customers, and employees, and encourage each to conserve resources and reduce waste.
- Select suppliers that have corporate policies and standards to support sustainability, green initiatives, and corporate social responsibility.
- Improve AbbVie's environmental footprint as it relates to influencing purchasing decisions and supplier-related initiatives.

## PLAN

1. Select 50 AbbVie global suppliers/TPMs according to the supplier relationship management (SRM) stratification process.
  - a. Identify and explore opportunities to partner with suppliers/TPMs to maximize efficiencies, cost savings, and environmental and social benefits.
2. Incorporate sustainability principles into PSM's purchasing policies and procedures.
  - a. Requests for proposal (RFPs) will incorporate sustainability concepts.
  - b. Standard services/products supplier contracts will communicate sustainability expectations.
  - c. Supplier scorecards will be continually monitored for progress.
3. Reduce the overall carbon footprint of AbbVie's worldwide operations.
  - a. Participate in new vehicle sourcing projects to ensure that fuel-efficient vehicles are added to AbbVie's fleet selection.
  - b. Track and measure fuel savings and the reduction of greenhouse gas (GHG) emissions associated with vehicle change options.
  - c. Carbon loading through CO<sub>2</sub> emissions will be communicated for company air travel.

## SUSTAINABLE SUPPLY CHAIN

4. AbbVie Supplier Excellence Awards recognize suppliers that take action to favorably affect our environment. Working together with suppliers, we will reduce our carbon footprint.
5. Target 20% reduction by 2020 in:
  - a. Carbon dioxide equivalent (CO<sub>2</sub>e)
  - b. Water
  - c. Total waste
6. Conduct supplier environment, health, and safety (EHS) audits.
  - a. Based on risk, evaluate selected suppliers' EHS performance with regularly scheduled audits.
  - b. Preserve AbbVie's reputation and ensure TPMs' supply of critical materials by assessing EHS risks and mitigating risks associated with fire, material releases, and non-compliance issues.
  - c. Continue to evaluate potential risks from TPM suppliers through implementation of EHS standards and guidelines.
7. Implement the supplier sustainability program globally and regionally through the work of the Global Council and cross-functional teams.
  - a. Champions and subject matter experts from each global region will engage PSM and EHS.
  - b. Include supplier sustainability support and adherence to the program in each PSM member's annual performance objectives and evaluation.
  - c. Track PSM performance globally and regionally.
8. Implement TPM EHS Program to develop and implement minimum EHS management requirements for TPMs.
  - a. Existing TPMs will be segmented and categorized based on Business Impact Criticality and EHS Hazard Rankings associated with their manufacturing processes and products.
  - b. Potential EHS risks associated with a process will be ranked based on multiple factors (e.g., material inputs, occupational hygiene, potential environmental impact, and transportation considerations).

## EHS Critical Suppliers/TPMs

Critical suppliers/TPMs are identified by combining the EHS Hazard Ranking and the Business Impact Criticality:

Product/Process EHS Hazard Ranking	BUSINESS IMPACT CRITICALITY			
	TRANSACTIONAL	PREDICTIVE MONITORING	COLLABORATIVE	STRATEGIC ALLIANCE
<b>HIGH</b>	Medium-Low	Medium	Medium-High	High
<b>MEDIUM</b>	Low	Medium-Low	Medium	Medium-High
<b>LOW</b>	Minimal	Low	Medium-Low	Medium
<b>MINIMAL</b>	NA	Minimal	Low	Medium-Low

Based upon the criteria, TPMs will be categorized into tiered management risk groups with associated requirements:

- High EHS risk
  - ▶ Required written questionnaires, on-site audits, and contracts with EHS language.
- Medium-High EHS risk
  - ▶ Required written questionnaires and follow-up/on-site audits based on other information or TPM responses. Contracts with EHS language also required.
- Medium EHS risk
  - ▶ Required contracts with EHS language.

## EHS Technology Transfer

Before a supplier manufactures product on our behalf, AbbVie will provide an EHS technology transfer package to the supplier that includes the following information/test results to facilitate a thorough EHS review:

- Safety Data Sheets and/or toxicity information
- Process flow diagrams
- Process standard operating procedures
- Process dust hazards testing data
- Process waste/wastewater volumes and characterizations
- Exposure guidelines (occupational exposure limits) for drug actives
- Potential adverse health effects in employees
- Containment/engineering controls for management of potential exposure

These EHS control programs will build sustainability into our supply chain to help ensure conservation of resources and protection of environments and human health.

# SUSTAINABLE SUPPLY CHAIN

## SUPPLIER DIVERSITY PROGRAM

AbbVie's Supplier Diversity Program has goals to conduct business with small and diversely owned businesses, including, but not limited to, those owned by minorities, women, veterans, LGBT individuals, persons with disabilities, and others. In addition to diversifying our supply chain, such suppliers can provide innovative ideas that will help us meet our environmental and citizenship objectives. AbbVie's supplier diversity metrics include direct spending with small / diversely owned suppliers. Compliance is also extended to our large, prime suppliers via second-tier reporting requirements. AbbVie has a robust Outreach and Advocacy calendar that includes our own Supplier Diversity & Development Conference as well as memberships with leading organizations such as the National Minority Supplier Development Council, Women's Business Enterprise National Council, and Diversity Alliance For Science, amongst others.

In 2015, AbbVie enhanced our Supplier Diversity Program by launching a new program to foster and continually build environment, health, and safety (EHS) capability into its supply chain. AbbVie EHS / Supplier Immersion Program for diverse suppliers encompasses a *pro bono* EHS service offering as identified by both AbbVie and its participating suppliers.

For more information, contact AbbVie's Supplier Diversity Office at **847.935.1918**, or send an email to [supplierdiversity@abbvie.com](mailto:supplierdiversity@abbvie.com).



## **MONITORING AND MEASUREMENT**

Measurement tools will provide visible progress toward meeting sustainability goals and defining responsibility for meeting these goals. AbbVie will track both the progress made by Purchasing and Supplier Management personnel in implementing Sustainable Supply Chain programs and progress made by suppliers in their implementation of Sustainable Program criteria. AbbVie will also monitor the progress made by suppliers in implementation and adherence to their own sustainable programs. Supplier scorecards will provide an early warning should performance not meet standards and will also demonstrate improvements to stakeholders. Measurements will function as motivational tools and a basis for rewards. The results collected from tracking supplier performance and progress will be incorporated into supplier business reviews and reinforce the importance of improving the business relationship.

## **AREAS OF CONCERN**

- Information validation/verification
- Availability of resources, established policies, industry standards, and best practices
- Carbon footprint calculations
- Cultural differences within global regions/countries and suppliers

## **FUTURE**

1. As demand becomes stronger from stakeholders (e.g., customers, investors, and employers), AbbVie will already have documented results from our Sustainable Supply Chain Program.
2. AbbVie will have preselected and contracted with sustainable suppliers, which will result in competitive pricing for sustainable products/raw materials/services.
3. Supplier Summits will provide a venue to present updated information, recognize successes, deliver training, connect AbbVie employees with supplier personnel, and recognize supplier environmental programs through success stories/case studies.



## SUSTAINABLE SUPPLY CHAIN

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**The Supplier Sustainability Criteria provide direction and establish expectations for AbbVie's Purchasing and Supplier Management team and suppliers.**

The criteria define AbbVie's sustainable focus for its supply chain, the requirements suppliers must meet to achieve sustainable status with AbbVie, and the information AbbVie uses to evaluate/measure/report progress in enhancing its sustainable global supply chain.

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## SUPPLIER SUSTAINABILITY CRITERIA

### Environmental/ Sustainability Program

1. Has an environmental and/or sustainability policy
2. Uses ISO 14001, EMAS (EU), or other environmental standard system
3. Is a U.S. EPA SmartWay Transport Partner (or equivalent)
4. Measures and reports environmental information

### Human Rights and Safety

5. Has a written policy against human trafficking and slavery
6. Has a documented process for promoting the standards of ethical purchasing
7. Has written policies/programs to establish and maintain a diverse workplace environment
8. Has an emergency preparedness response plan for catastrophic events affecting workplace safety

### Reductions in Carbon Footprint

9. Has a goal and programs to reduce greenhouse gas (GHG) emissions
10. Has initiatives to use renewable energy (e.g., biomass, solar, wind, or the purchase of renewable energy certificates [RECs])
11. Responds to the Carbon Disclosure Project (CDP)

### Reductions in Natural Resource Use

12. Has a goal and programs to reduce energy use
13. Has a goal and programs to reduce packaging waste
14. Has a goal and programs to reduce waste generation
15. Has a goal and programs to reduce water use

### Environmental Information

16. Monitors emissions to land, water, and air from the manufacturing process
17. Maintains dialogue with raw material suppliers regarding emissions controls
18. Has formal systems in place to identify and evaluate hazardous chemicals

### Enhanced Product Stewardship

19. Uses a product stewardship/lifecycle approach to reduce the environmental impact of its product(s)
20. Ensures electronic products are RoHS (restriction of hazardous substances) compliant
21. Ensures its products are REACH compliant
22. Uses packaging /products that contain post-consumer recycled content
23. Uses Forest Stewardship Council (FSC) products
24. Provides a product reuse/recycling program
25. Provides an end-of-life product take-back program for its products/packaging

# SUSTAINABLE SUPPLY CHAIN

## ANNUAL SUPPLIER SUSTAINABILITY SURVEY SUMMARY RESULTS/GOALS

### Annual Supplier Sustainability Survey Metrics

SIX CATEGORIES WITH 25 SUSTAINABLE CRITERIA ELEMENTS FOR SUPPLIERS				
2015 SUPPLIER RESPONSE RATE: 71% (71 of 100 suppliers responded to the survey)  29 of the 71 (41%) respondents considered sustainable	RESPONSE		SUSTAINABLE	
	Goal	Actual	Goal	Actual
2013	New for 2013	70%	New for 2013	26%
2014	80%	80%	50%	30%
2015	90%	71%	65%	40%
2016	95%		80%	
2017	100%		100%	

**PLEASE NOTE:** In 2015, the number of suppliers surveyed increased from 50 to 100.



CATEGORY	RESULTS				
	2013	2014	2015	2016	2017
<b>ENVIRONMENTAL/ SUSTAINABILITY PROGRAM</b> <b>SAMPLE CRITERION:</b> Measures and reports environmental information	46%	33%	44%		
<b>HUMAN RIGHTS AND SAFETY</b> <b>SAMPLE CRITERION:</b> Has a written policy against human trafficking and slavery	66%	73%	69%		
<b>REDUCTION IN CARBON FOOTPRINT</b> <b>SAMPLE CRITERION:</b> Has a goal and programs to reduce GHG emissions	31%	40%	52%		
<b>REDUCTION IN NATURAL RESOURCES USE</b> <b>SAMPLE CRITERION:</b> Has a goal and programs to reduce waste generation	46%	53%	65%		
<b>ENVIRONMENTAL INFORMATION</b> <b>SAMPLE CRITERION:</b> Monitors emissions to land, water, and air	34%	48%	58%		
<b>ENHANCED PRODUCT</b> <b>SAMPLE CRITERION:</b> Uses a product stewardship/lifecycle approach	37%	30%	48%		

## WATER SECURITY PROGRAM

**One of the most immediate impacts of the rising global population and climate change is the increasing scarcity of fresh potable water for agricultural and human use.** Water scarcity is a growing global problem that affects governments, business, food production, and individuals in many parts of the world.

The global demand for water already exceeds supply—about 1.1 billion people don't have ready access to clean water. The threat of stricter legislation and water-usage restrictions could affect business operations already struggling to manage cost pressures, availability of certain resources, and emerging issues such as carbon emissions and global warming. In addition, stakeholders are expecting companies to exhibit additional transparency, disclosure of issues, and greater corporate responsibility. As water awareness and potential limitations increase, companies will turn to their supply chain to help respond to this sustainability challenge.



## **WATER STRATEGY PURPOSE**

Provide a framework of awareness and greater understanding of the possible impact water scarcity may have on AbbVie's supply chain. Help identify potential risks and opportunities, while enabling AbbVie to maintain continuity of supply, cost management, and the degree of corporate responsibility for this issue expected by AbbVie's stakeholders.

## **VALUE/GOALS**

### **The Water Security Program enables AbbVie to:**

- Reduce the risk of supply chain disruption due to the implications of potential reduced water availability.
- Gain a competitive advantage by setting an example of leadership; influencing the market; and improving environmental, reputational, and brand elements.
- Enhance existing relationships with suppliers.
- Improve credibility and business effectiveness while minimizing future water-related impact.
- Demonstrate public commitment by proactively addressing this important sustainability subject.

## **PLAN**

### **1. Identify the geographic regions or specific locations for:**

- a. AbbVie-purchased commodities potentially impacted by water scarcity in their regions and the degree of impact due to water scarcity (scarce, stressed, sufficient)\* and/or water-use intensity (high, medium, low).
- b. AbbVie suppliers providing the purchased commodities (products/services) potentially impacted by water scarcity in their regions and the degree of impact due to water scarcity (scarce, stressed, sufficient) and/or water-use intensity (high, medium, low).

### **2. Survey suppliers to determine current level of knowledge and focus on water scarcity, how it's impacting their business, the commodities or services these suppliers provide to AbbVie, and areas for possible collaboration and innovation.**

\*Water definitions as defined by the World Business Council for Sustainable Development (WBCSD):

Scarce: water-scarce areas have less than 1,000 cubic meters of annual renewable water supply per person per year

Stressed: water-stressed areas have more than 1,000 cubic meters but less than 1,700 cubic meters of annual renewable water supply per person per year

Sufficient: water-sufficient areas have more than 1,700 cubic meters of annual renewable water supply per person per year

# WATER SECURITY PROGRAM

## MONITORING AND MEASUREMENT

- Monitor which commodities are potentially impacted due to water scarcity (i.e., scarce, stressed, sufficient) and measure the level of impact (i.e., water intensity—high, medium, low).
- Quantify the use of water and assess the opportunities it presents for both AbbVie and its suppliers.
- Identify effective reporting standards, availability of resources, established policies, industry standards, and best practices.
- Understand interrelationships among water issues, energy use, associated greenhouse emissions/climate change.
- Validate/verify supplier information.

## AREAS OF RISK

- Lack of awareness and knowledge of stakeholders (internal and external) on how water scarcity could affect business (resource availability and public perception).
- Changes in availability or quality of water increasing the cost of water for AbbVie and its suppliers.
- Measurements regarding our suppliers include:
  - ▶ Suppliers with facilities (where AbbVie's commodities are sourced) in water-scarce areas.
  - ▶ Suppliers with water management/water-reduction plans.
  - ▶ Suppliers with plans to engage their supply chain.
  - ▶ Suppliers impacted by regulations regarding water use.

## PSM COMMUNICATION PLAN

Communication and training occur through existing tools (dashboards, websites, monthly summary reports, annual sustainability report, etc.) and various meetings (monthly team meetings, PSM Town Halls, etc.). PSM website and SharePoint sites are used when applicable to communicate and share files. AbbVie's recognition program is used to highlight employee and supplier success stories.

PSM will create a tool to be used to communicate the level of impact water issues have on our commodities and suppliers due to water intensity and water scarcity.

## **AREAS OF CONCERN/CHALLENGES**

- Water issues are more complex than energy issues:
  - Water scarcity is both a global and regional problem, but water issues are typically a local issue—the impact of extracting a cubic meter of water varies enormously with geography and the local water issues associated with specific regions in combination with consumption.
  - The source and the use of water make a big difference—e.g., using rain water vs. stored water.
  - The type of water being used—Blue, Green, or Gray water\*
  - The impact of using abundant vs. scarce water from local supply
  - The impact of water quality
- No adequate all-encompassing unit of measure for the impact of water scarcity or environmental impact
  - The common unit of measure for greenhouse gas (GHG) emissions is metric tons of carbon dioxide equivalent (CO<sub>2</sub>e). The global impact (global warming and resulting climate change) is independent of where in the world the GHG emissions are actually emitted. Water scarcity, in contrast, has no equivalent measure and does vary in impact from region to region.
- Increase in commodity cost due to lack of preparedness in dealing with and addressing water scarcity
- Compliance with potential new policies and regulatory environments needed to ensure sustainable water availability, use, and protection

## **FUTURE**

- Mitigate the risk of water scarcity by identifying current and potential geographic (high water stress) and operational (high water intensity) areas of concern.
- Minimize/prevent unknown supplier impact due to water scarcity issues, thereby ensuring continuity of supply.
- Determine the social impact of water scarcity and the role AbbVie and the supply chain play in minimizing the impact.

\*Water types:

Blue water: freshwater from surface and groundwater

Green water: water from the rainwater stored in the soil as soil moisture

Gray water: polluted water associated with production (i.e., discharge from production)

Corporate water footprint: the total volume of freshwater used to support and run a business—both the company's own operations and those of its supply chain

# RESTRICTED SUBSTANCES MANAGEMENT

A Purchasing and Supplier Management Governance Program supports AbbVie's corporate initiative to ensure compliance with global chemical regulations. This program's scope includes AbbVie's suppliers, third-party manufactures (TPMs), manufacturing sites, and customers.

## PURPOSES

- Monitor and implement compliance programs for regulations that apply to purchased chemicals/raw materials, parts, components, subassemblies, and finished products in various regions.
- Collect and assess material declarations from suppliers to ensure chemical regulatory compliance.
- Prepare and submit regional chemical registrations. Evaluate supplier obligations, including registration requirements applicable to the region(s) from which our suppliers *source* chemicals.

## VALUE

**The Restricted Substances Management (RSM) Program ensures that** AbbVie's purchased chemicals, mixtures, and parts/components/subassemblies/products are compliant with global chemical regulations, which are expanding in both scope and geography.

## PLAN

- Annually evaluate site chemical inventories, determine impact, and submit required chemical registration(s).
- Annually identify AbbVie suppliers with products sold in regions that have product- or packaging-related regulations in place today to learn if any restricted substances are present, determine the impact, and assure compliance requirements are met.
- Furnish mandatory professional and customer communications as required by applicable law.
- Educate, collaborate, and advise internal development groups regarding chemical regulations in order to mitigate the risk of product or formulation redesign.

## **AREAS OF CONCERN**

- Restricted substances regulations are not consistent across regions and are expanding globally. Assessing RSM criteria requires an in-depth understanding of the regional regulatory requirements in order to mitigate their impact on AbbVie manufacturing, product composition, sourcing, and commercial plans.
- Effectively educate suppliers and TPMs regarding restricted substances requirements.
- Identify, adequately justify, and submit requests for protection of confidential business information submitted through chemical registration dossiers.

## **AREAS OF RISK**

- Failing to submit appropriate registrations may prevent AbbVie or its suppliers/TPMs from manufacturing chemicals or importing chemicals. Long-term, lack of registrations impedes assurance of supply.
- Electronic medical devices that are not certified as containing RoHS-compliant parts cannot be placed on the market in the European Union.
- Noncompliance, at a minimum, risks AbbVie's established brand reputation. In some regions, AbbVie may be fined or its staff subjected to imprisonment. Subsequent chemical registrations may be prohibited for a period of time, which could either impede our product pipeline or interfere with commercial business plans.

## **FUTURE**

- Continuously identify and understand developing global chemicals of concern and assure that AbbVie's suppliers/TPMs comply with current requirements.
- Track and anticipate emerging chemical regulations and their impact to our products and supply chain; educate our stakeholders.
- Create scalable processes and systems that can accommodate new or amended regulations.

# C-TPAT PROGRAM

AbbVie has committed to ensure the security of its supply chain and will continue to communicate its security guidelines to and verify the compliance of suppliers within its supply chain.

## PURPOSE

Ensure the security of AbbVie's supply chain and verify that the security guidelines (policies and procedures) of the suppliers within the supply chain meet AbbVie's minimum acceptable security level. Focus is primarily on facilities, suppliers, and transportation providers who ship products from locations outside the United States to an AbbVie U. S. operation.

## VALUE

**The C-TPAT Program enables AbbVie to:**

- Ensure the security of AbbVie's supply chain.
- Gain priority admittance through Customs during an international security breach.
- Procure products and services from suppliers who can ensure security of shipments while maintaining quality, functionality, and cost competitiveness.
- Set an example, influence the market, and gain a competitive advantage by improving public image, demonstrating security efforts, and enhancing assurance of supply.
- Influence decisions of suppliers, customers, and employees and strengthen U.S. security.
- Select suppliers that have policies and standards to support corporate social responsibility, which includes complying with security guidelines.

## MONITORING AND MEASUREMENT

AbbVie imposes C-TPAT requirements on its foreign suppliers based on import volume and other risk factors, such as political risk, operational risk, and terrorism risk in a supplier's home country or along the supply route. AbbVie measures the adequacy of suppliers' security measures using a detailed questionnaire and requires suppliers to sign a Memorandum of Understanding that requires adherence to AbbVie's supply chain security standards. *Suppliers whose security practices fail to meet AbbVie's Minimum Acceptable Security Level must implement improvements and/or corrective actions. If the supplier fails to implement corrective actions, an alternate supplier will be used.* The results collected from tracking supplier performance and progress are incorporated into supplier business reviews and reinforce the importance of improving the business relationship.

## **AREAS OF CONCERN**

- Information validation/verification
- Availability of resources needed to maintain program
- Supplier compliance
- Cultural differences in global regions and among suppliers
- Regional/country-specific risk levels

## **RESOURCE DEVELOPMENT**

Success is ensured through the distribution of supplier documents that include:

- Supplier selection and monitoring procedures
- Letter informing suppliers of C-TPAT and AbbVie's expectations
- C-TPAT Supply Chain Security Questionnaire
- C-TPAT Memorandum of Understanding (MOU)
- Global Trade Compliance Supplier Security Scorecard
- Purchase orders and supply agreements that specify the minimum security measures required

## **FUTURE**

1. As demand becomes stronger from outside stakeholders (e.g., customers, investors, etc.), AbbVie will have already documented results from the C-TPAT Program.
2. AbbVie will preselect and contract with suppliers who are involved in C-TPAT, thus ensuring compliance with security guidelines.
3. AbbVie will demonstrate global citizenship by building cooperative government-business relationships that strengthen and improve international supply chains and U.S. border security.
4. AbbVie will leverage C-TPAT and other global supply-chain security programs to move toward globally secure supply chains for all AbbVie locations.





# TRAINING TOOLS AND RESOURCES

Each sustainability program initiative will be elevated to best-in-class by integrating training into day-to-day procurement procedures and considering internal and external cultural differences. Targeted materials, including reference material and guidelines, are developed by:

- Utilizing subject-matter experts who are accessible to support suppliers.
- Consulting with industry experts such as the Pharmaceutical Supply Chain Initiative (PSCI) who understand environmental/sustainability impact management.
- Collaborating with external organizations that focus on various aspects of sustainability, carbon disclosure, and environmental footprint management.

## **COMMERCIAL/SUPPLIER INVOLVEMENT**

Each sustainability program initiative will be incorporated into the sourcing process:

- Requests for proposal will include environmental questions, and these will be a determining factor in supplier selection when all other factors are equal.
- Contract negotiations will identify and include sustainability components, often identified as key performance indicators (KPIs) or statements of work (SOWs).
- Supplier reviews will monitor progress in sustainability efforts and initiate dialogue regarding suppliers' own environmental program goals and their progress toward achieving them.
- Supplier scorecards and online surveys will help to track and measure how well AbbVie's suppliers are meeting AbbVie's Supplier Sustainability Criteria (see page 13) and other sustainability requirements.



### **HAVE A SMART PHONE?**

Scan this code to learn more about AbbVie,  
or visit [www.abbvie.com](http://www.abbvie.com).

QUESTIONS? Send an email to  
[AbbVieSustainabilityProgram@abbvie.com](mailto:AbbVieSustainabilityProgram@abbvie.com).