



OUR POSITION ON TAX

AbbVie is a global biopharmaceutical company formed in 2013 following separation from Abbott Laboratories. We employ approximately 50,000 people worldwide and deliver medicines to patients in more than 175 countries. Our mission is to develop and market advanced therapies that address some of the world's most complex and serious diseases. AbbVie's financial performance, including management of tax expense and risk, serves that mission. We are committed to achieving our goals while operating responsibly and delivering meaningful contributions to the communities where we live and work. Our business activities around the world incur a variety of business taxes. We comply with the tax laws wherever we operate and pay all the taxes we owe, including corporate income taxes, withholding taxes, customs duties, excise taxes, stamp duties, property taxes, sales and use taxes, value added taxes (VAT), goods and services taxes, employment and other taxes. The taxes we pay support the communities in which we operate.

Our tax disclosures

We regularly provide communication regarding our approach to tax and tax liabilities in our U.S. Securities and Exchange filings. AbbVie's GAAP statutory and effective tax rate are reported publicly in AbbVie's annual report on Form 10-K and updated quarterly on Form 10-Q with adjusted tax rates included in the earnings release. AbbVie also discloses in our annual report on Form 10-K the domestic and foreign pre-tax income and income tax expense, a reconciliation from the domestic statutory tax rate to the global effective tax rate, the impact of tax law changes, and information regarding tax positions. Further, in accordance with OECD BEPS Action 13, we file our country-by-country report (CbCR) annually with our U.S. federal income tax return. The CbCR is shared with other tax authorities through information exchange, providing them with visibility to our footprint and tax profile.

Our risk management and oversight

We have strong governance to manage tax risk in line with AbbVie's principles. Our tax payments and overall approach to tax are overseen by management and the Audit Committee of our Board of Directors. Tax risks can arise for a number of reasons, including gaps or ambiguities in local tax laws, or disagreements among tax authorities as to their respective rights to tax the profits associated with a particular transaction. We mitigate those risks through our internal tax processes, policies, and governance which ensure compliance with tax laws in the jurisdictions in which we operate. When we identify a gap or ambiguity in local tax laws, we analyze with internal subject matter experts and seek advice from external advisors to ensure that our tax positions taken are well supported.

Our tax integrity and compliance, including policy intent

We comply with tax law in the countries in which we operate and are committed to operate in line with applicable tax rules and regulations and their underlying policy intent. Our tax function is led by the Vice President of Tax who reports directly to the Chief Financial Officer. The tax function and CFO periodically report to the audit committee of the Board of Directors. AbbVie's approach to the management of tax risk is grounded in proactively monitoring and complying with the relevant tax laws and regulations in the jurisdictions in which AbbVie operates in order to ensure that the appropriate amount of tax is determined and timely paid. Our tax processes are subject to internal controls, AbbVie's Global Code of Business Conduct, external financial audit review and tax authority review. To address patient needs around the world, AbbVie's operating business requires a robust global supply chain. That supply chain necessitates structures, contracts, and transactions among AbbVie's affiliated companies. Those intercompany relationships must satisfy local and international tax requirements, which are not always clear or consistent. We manage that complexity by conducting rigorous analyses, often supported by external opinions, to ensure compliance with relevant tax laws. AbbVie adheres to the arm's-length principle in its intercompany dealings, in conformity with U.S. and OECD transfer pricing guidelines, and local tax laws. Our tax compliance and strategies are conducted with integrity; we do not engage in artificial tax arrangements.

Our constructive engagement with authorities

We seek to develop relationships with tax authorities based on mutual respect, transparency, and trust. We are committed to creating and maintaining positive relationships with governments and tax authorities worldwide. We seek to identify and resolve any disagreements in a proactive manner, including via participation in continuous audit programs and advance pricing agreements, where available and appropriate. These programs provide certainty for both AbbVie and tax authorities over the tax treatment of AbbVie's business. Where appropriate, we also provide constructive business input on tax policy matters, advocating for reforms that support economic growth, job creation and the needs of our patients.

Our support for the business and mission for patients

Supporting the business with a responsible tax approach and ensuring profits are recognized in line with economic activity helps AbbVie deliver on its purpose of discovering and developing needed medicines. Our tax function supports the business needs of the company. Thus, business transactions and activities inform our approach to taxes. We ensure that the tax positions taken are consistent with the relevant tax laws in all affected jurisdictions and aligned with the economic substance of the business transactions to which they relate.