

Lobbying Expenditures Disclosure 2019 – AbbVie

WHEREAS, we believe in full disclosure of AbbVie's direct and indirect lobbying activities and expenditures to assess whether AbbVie's lobbying is consistent with its expressed goals and in the best interests of stockholders.

RESOLVED, the stockholders of AbbVie request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by AbbVie used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. AbbVie's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's decision making process and the Board's oversight for making payments described in section 2 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which AbbVie is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

The report shall be presented to the Public Policy Committee and posted on AbbVie's website.

Supporting Statement: Investors urge transparency and accountability in the use of corporate funds to influence legislation and regulation, both directly and indirectly. AbbVie spent \$26.23 million from 2013 – 2017 on federal lobbying (opensecrets.org). This figure does not include lobbying expenditures to influence legislation in states, where AbbVie also lobbies but disclosure is uneven or absent. For example, AbbVie had at least 79 lobbyists in 19 states in 2017 (followthemoney.org) and spent \$1,935,362 on lobbying in California from 2013 – 2017. AbbVie's lobbying on Humira has attracted media scrutiny ("Humira Deaths Put AbbVie on FDA's Radar," *Drugwatch*, May 10, 2018). Investors are concerned that AbbVie does not publish total state and federal lobbying expenditures.

AbbVie is a member of the Chamber of Commerce, which has spent over \$1.4 billion on lobbying since 1998, and sits on the board of the Pharmaceutical Research and Manufacturers of America (PhRMA), which spends millions lobbying against drug pricing measures ("PhRMA Spends Record Amount on Lobbying Amid Drug Pricing Fights," *The Hill*, April 20, 2018). AbbVie does not disclose the portions of its payments to trade associations that are used for lobbying.

AbbVie's membership in PhRMA and the Chamber could present significant reputational risk when the groups' lobbying activities contradict AbbVie's public positions. For example, AbbVie believes patients need access to affordable medicines, yet it helps fund PhRMA's opposition to lower drug price initiatives. And AbbVie supports smoking cessation, yet the Chamber has worked to block global antismoking laws. As shareholders, we believe that companies should ensure alignment between their own positions and their lobbying, including through trade associations.