



# Making a Meaningful Difference

***Baxter***

BAXTER 2015  
CORPORATE RESPONSIBILITY  
PERFORMANCE SUMMARY

# Corporate Responsibility at Baxter



José (Joe) Almeida, Chairman and Chief Executive Officer

## FROM THE CHAIRMAN AND CEO

Baxter is in the midst of an unprecedented transformation. In 2015 we executed the successful spinoff of our BioScience business, emerging with a sharpened focus on our historic core in hospital products and renal care. A year later this transformation continues, as we implement a well-defined strategy to accelerate performance for our broad stakeholder base in line with our aspirations as a healthcare leader.

Amidst the changes, certain fundamentals remain absolute. Among them are our mission to save and sustain lives and our passion for healthcare innovation.

Also fundamental is our commitment to creating lasting social, environmental and economic value for the communities we serve worldwide.

This report illustrates the spectrum of ways this commitment was advanced over the course of 2015. As just one example, Baxter remained vigilant in response to global healthcare crises and natural disasters, reacting quickly to the earthquake in Nepal and the floods in Chennai, India, working with our humanitarian aid partners AmeriCares and Direct Relief to ensure our products were first on scene through airlifts of donated medical supplies. We also pursued new avenues to drive the efficiency of our operations while limiting environmental impact, advanced our award-winning inclusion and diversity initiatives, helped expand global access to care, and progressed on many other fronts consistent with our corporate responsibility priorities.

Looking ahead, we must ensure the continued alignment of these priorities with our evolving scope and strategic direction. We believe that execution of our corporate responsibility priorities goes hand-in-hand with reinforcing our trajectory as a successful and sustainable business enterprise.

We continue to believe that our ultimate statement of corporate responsibility is embedded in our mission to save and sustain lives. The global impact of our products, presence and activities will always be appraised through this lens, as we stay focused on making a difference for patients, clinicians, communities, employees and numerous other constituencies worldwide.

José (Joe) Almeida  
Chairman and Chief Executive Officer  
September 2016

## TABLE OF CONTENTS

- 2 Corporate Responsibility at Baxter**
- 8 Product Stewardship**
- 11 Employees**
- 15 Access to Healthcare**
- 17 Community Engagement**
- 19 Ethics and Compliance**
- 20 Sustainable Manufacturing and Operations**
- 24 Supply Chain**
- 25 Public Policy**
- 26 Appendix**

## COMPANY PROFILE

Baxter International Inc. provides a broad portfolio of essential renal and hospital products, including home, acute and in-center dialysis; sterile intravenous (IV) solutions; infusion systems and devices; parenteral nutrition; biosurgery products and anesthetics; and pharmacy automation, software and services. The company's global footprint and the critical nature of its products and services play a key role in expanding access to healthcare in emerging and developed countries. Baxter's employees worldwide are building upon the company's rich heritage of medical breakthroughs to advance the next generation of healthcare innovations that enable patient care.

Baxter operates two business segments:

### HOSPITAL PRODUCTS

Baxter's Hospital Products business manufactures products used in the delivery of fluids and drugs to patients across the continuum of care. These include IV and other sterile solutions and administration sets, premix drugs and drug-reconstitution systems, IV nutrition products, infusion pumps, biosurgery products and inhalation anesthetics. The business also provides products and services related to pharmacy compounding, drug formulation and packaging technologies.

### RENAL PRODUCTS

Baxter's Renal portfolio addresses the needs of patients with kidney failure or kidney disease with a comprehensive range of therapeutic options across home, in-center and hospital settings, providing individualized care. The portfolio includes innovative technologies and therapies for peritoneal dialysis, hemodialysis, continuous renal replacement therapy, multi-organ extracorporeal support therapy and additional dialysis services.

Baxter's products, facilities and operations are subject to regulation by the U.S. Food and Drug Administration and other regulatory authorities worldwide. These agencies administer requirements covering the testing, safety, efficacy, manufacturing, labeling, promotion and advertising, distribution and post-market surveillance of Baxter's products. See the [Quality](#) and [Patient Safety](#) sections for more information about complying with government regulations.

## CORPORATE RESPONSIBILITY APPROACH

Corporate responsibility is a core element of Baxter's vision to achieve top quartile in quality and patient safety, industry-leading performance and to be a best place to work. The company's corporate responsibility initiatives support its mission to apply innovative science to develop hospital and renal products that save and sustain patients' lives.

Baxter's Corporate Responsibility Council, composed of executives and subject matter experts from across the company, oversees Baxter's strategy and leads its efforts to integrate corporate responsibility into the business. The council's role is to:

- Set and adjust the company's corporate responsibility strategy as needed based on assessment of global challenges, opportunities and emerging issues;
- Establish and implement the company's corporate responsibility [priorities and goals](#), track progress, drive organizational accountability and recognize individual and team accomplishments;
- Provide annual updates on Baxter's corporate responsibility programs to the Public Policy Committee of the company's Board of Directors; and
- Solicit [stakeholder feedback](#) and review stakeholder inquiries as appropriate.

In 2015, Baxter conducted a materiality assessment to assess its priority corporate responsibility issues (see [Baxter 2020 Corporate Responsibility Priorities and Goals](#)). The process included the following inputs:

- Mapped Baxter's new value chain following the spin-off of Baxalta Inc., identifying environmental, social and governance impacts, and stakeholders;
- Interviews with internal subject matter experts and executives;
- Interviews with external stakeholders, including customers, suppliers and partners, governmental agencies, investors, sustainability experts and industry and patient organizations;
- Review of third-party research and source information such as company policies, culture survey responses, Baxter's annual report and proxy statement, the company's 2015 corporate responsibility priorities and goals, and CDP and Dow Jones Sustainability Index submissions; and
- Discussion of results with Ceres coalition members.

This process prioritized Baxter's corporate responsibility initiatives, which the company has focused on for many years, and informed the development of Baxter's 2020 corporate responsibility priorities and goals. As described in this report, Baxter has well-developed policies and programs to address many of these areas, and will continue to expand these efforts moving forward.

## Priorities and Goals

In 2008, Baxter set [2015 corporate responsibility priorities and goals](#) which stated the company's expected long-term progress. In the pages that follow, Baxter reports final progress against those goals. Additionally, in 2016 Baxter established its [2020 corporate responsibility priorities and goals](#) which outline the company's path forward.

# Baxter 2015 Corporate Responsibility Priorities and Goals



ACHIEVED



NOT ACHIEVED

## Our People

### GOAL

### 2015 PROGRESS

### STATUS

## Baxter Will Promote an Inclusive and Diverse Workplace

*Create and sustain an inclusive culture where diverse ideas, backgrounds, experiences and perspectives are respected and valued.*

The company named its Corporate Vice President-International the Chair of Baxter's Global Inclusion Council composed of nearly 15 business leaders who work to advance inclusion and diversity across the organization. The company launched the Inclusion Impact series for managers in 2015 to build inclusive capabilities. Baxter's eight Business Resource Groups began 2015 by hosting Baxter Inclusion Month to showcase diversity-and inclusion-related programs and opportunities available to employees.



## Baxter Will Promote a Safe and Healthy Workplace

*Implement best-in-class programs designed to protect the safety and improve the health of employees that result in performance in the top three of industry peers.*

In a comparison of 14 healthcare companies,<sup>1</sup> Baxter's cases with days lost rate ranked fourth in 2014, the most recent year industry benchmarking data were available.

Baxter's recordable case rate improved by 17% in 2015 compared with 2014. During that same time, its cases with days lost rate worsened by 25% and its days lost rate worsened by 19%.



## Baxter Will Promote Ethical Conduct and Legal Compliance

*Continue to champion internal and industrywide ethical sales and marketing practices by:*

- Implementing Baxter's enhanced U.S. Healthcare Compliance Program and International Anticorruption Program within the company; and
- Working with U.S. and international trade associations, nongovernmental organizations and governments to harmonize and enforce standards on financial interactions with healthcare providers that allow for appropriate education, research and dialogue on products and services and discourage improper incentives.

Baxter initiated the worldwide launch of its Global Interactions Policy with the medical community and government officials. In the United States, the company also introduced the iInteract tool, the first fully integrated technology platform to provide greater transparency and increased reporting for financial interactions with the medical community. This tool is used to receive external requests for grants, general support, contributions and activities related to clinical research and medical education.

Baxter supported Mexican Association of Innovative Medical Devices Industries as co-host of the AdvaMed Latin America Compliance Conference in Mexico City to foster ethics and compliance standards in the Mexican health sector.



## Our World

### GOAL

### 2015 PROGRESS

### STATUS

## Baxter Will Strengthen Access to Healthcare through Product Development and Strategic Product Donations

*Create a new business model to improve access to healthcare for the "base of the pyramid" (developing economies).*

*Work with donor partners to develop and implement a strategic product donation plan beginning in 2010 that includes: being the first on the scene following disasters and tragedies, contributing most needed products to stabilize supply, and contributing most needed products in least developed and developing economies.*

Baxter continued innovating to expand access to healthcare in China to address the needs of patients and healthcare providers in that market. The company also developed 10-year strategies for accelerating growth in and increasing access to its renal, fluid systems and integrated pharmacy solutions franchises.

Baxter continued its work with AmeriCares and Direct Relief to pre-position products for emergencies and to meet ongoing needs in underserved communities with contributions of more than \$8 million in products to 61 countries. During the year, the company also established a manufacture-to-donate process that integrates the critical needs lists of partner organizations into Baxter's manufacturing and shipping processes twice annually.



## Baxter Will Strengthen the Company's Commitment to Education, Especially Math and Science

*Facilitate learning of math and science through biotechnology education for Chicago Public Schools' teachers and students, and partner with other educational organizations to provide similar opportunities in other locations.*

In the 2014-2015 school year, Baxter's Science@Work: Expanding Minds with Real-World Science program, a multiyear commitment to Chicago Public Schools, reached nearly 20,000 students and more than 175 teachers through in-depth biotechnology teacher training and module lesson plans. This increased the program's total reach to 152,000 students and more than 1,700 teachers since 2008.



## Our Operations & Products



### GOAL

### 2015 PROGRESS

### STATUS

## Baxter Will Drive a Sustainable Supply Chain

*Incorporate sustainable principles into Baxter's purchasing program.*

Baxter supports advanced educational programs for diverse supplier development through the National Minority Supplier Development Council. The company also remains involved in the Pharmaceutical Supply Chain Initiative (PSCI) a non-profit business membership organization, whose mission is to establish formal industry guidelines about ethics, labor, health & safety, the environment and management systems and support suppliers to build capacity to operate in a manner consistent with those expectations. Baxter serves on the PSCI Supplier Capability Building Committee.



*Reduce Baxter's U.S. car fleet greenhouse gas emissions per kilometer by 20% from 2007 baseline.*

Baxter's U.S. sales car fleet achieved an 11% reduction in greenhouse gas (GHG) emissions per kilometer driven compared with 2007. The company considers several requirements when purchasing U.S. sales car fleet vehicles, including equipment and materials that sales representatives must carry; weather conditions where sales representatives travel and vehicle availability at the time of purchase. Due to these requirements and the underperformance of some vehicles used, the company did not achieve its 2015 goal.



## Baxter Will Drive Reductions in its Carbon Footprint

*Reduce greenhouse gas emissions 45% indexed to revenue from 2005 baseline.*

Baxter's net GHG emissions from operations equaled 554,000 metric tons carbon dioxide equivalent, a 40% reduction compared with 2005 indexed to revenue, and an absolute decrease of 19%.<sup>2</sup> This includes emissions from Baxter-operated facilities and vehicles, as well as the subtraction of purchased renewable energy certificates and carbon offsets. In reporting progress to 2015 goals, Baxter did not include Gambro sites.



*Increase total facility energy usage of renewable power to 20% (of total).*

Twenty-four percent of Baxter's energy use for operations was from renewable sources, exceeding the company's 2015 goal. Biomass fuel for boilers at four company locations represented 10% of total energy use and the renewable energy component of purchased electricity and renewable energy certificates together represented 14%. On-site geothermal, solar photovoltaic and solar hot water systems contributed a small amount to the total.



## Baxter Will Drive Reductions in its Natural Resource Use

*Reduce energy usage 30% indexed to revenue from 2005 baseline.*

Baxter used 7,967 trillion joules of energy, a reduction of 21% indexed to revenue compared with 2005, and an absolute increase of 6%.<sup>2</sup> The company's absolute energy usage decreased 1% from 2014 to 2015.



*Reduce water usage 35% indexed to revenue from 2005 baseline. To help achieve this, by 2010 evaluate potentially vulnerable watersheds associated with Baxter facilities and establish aggressive water conservation goals for high-risk areas.*

The company used 12.0 million cubic meters of water, a reduction of 33% compared with 2005, indexed to revenue, and an absolute decrease of 10%.<sup>2</sup> Baxter's absolute water consumption decreased by nearly 5% from 2014 to 2015.



*Implement two projects to help protect vulnerable watersheds or provide communities with enhanced access to clean water.*

Baxter completed its fourth year of working with the Philippine Center for Water and Sanitation to improve water, sanitation and hygiene conditions for the nearly 1,500 inhabitants of Sitio Silangan, a community within walking distance of the company's manufacturing facility in Canlubang, Philippines. Baxter also completed its second year of working with Sarar Transformación SC to implement a community water project near Baxter's facility in Cuernavaca, Mexico.



*Reduce total waste generation 30% indexed to revenue from 2005 baseline.*

Baxter generated 55,280 metric tons of waste (including 52,000 metric tons nonhazardous and 3,280 metric tons regulated), a decrease of 20% compared with 2005, indexed to revenue, and an absolute increase of 8%.<sup>2</sup> Baxter is piloting a zero waste-to-landfill initiative and plans to expand the program globally.



*Eliminate 5,000 metric tons of packaging material from products sent to customers from 2007 baseline.*

Since 2007, Baxter has implemented projects that have reduced the amount of packaging sent to customers by nearly 6,050 metric tons, exceeding its goal. Moving forward, the company will continue its work on packaging reduction projects.



## Baxter Will Drive Enhanced Product Stewardship

*Further sustainable product design by identifying and minimizing life cycle impacts and proactively eliminating or minimizing known substances of concern in new products and packaging as feasible.*

Baxter updated and expanded its Product Sustainability Review assessment, which the company conducts during product development to assess environmental, health and safety; sustainability; and regulatory considerations and requirements across the value chain. Using life cycle assessment (LCA), the company determined that a new pulp packaging insert sourced from 100% post-industrial waste in Baxter's Spectrum Infusion System packaging will reduce associated GHG emissions by 58%. Baxter also expanded its collaboration with graduate students from the University of Wisconsin-Madison, who conducted an LCA of energy use across Baxter's Renal Therapy Services in Colombia.



*Identify new opportunities to replace, reduce and refine (3Rs) the use of animal testing.*

Baxter is committed to enhancing animal welfare through the 3Rs: replacement, reduction and refinement. In 2015, the company enhanced its focus on refinement by optimizing study design data, data collection and analysis methods to reduce overall animal use in cases where Baxter is required to conduct animal testing.



# Baxter 2020 Corporate Responsibility Priorities and Goals

Baseline is 2015 unless otherwise stated

- Complete two projects, one by 2018, that support access to clean water or enhance sanitation in water-stressed areas where Baxter has an operational presence

- Achieve Top Quartile in Total Recordable Incident Rate (TRIR) among Global companies across all industries as measured by ORCHSE
- Reduce employee health risk by increasing participation from 35% to 45% in BeWell@Baxter health promotion program initiatives and by expanding family participation

## EMPLOYEE HEALTH AND SAFETY

*Achieve a zero-harm workplace and improve employee well-being*

## SERVING OUR COMMUNITIES

*Support communities worldwide in enduring ways*

## PRODUCT INNOVATION

*Improve sustainability and performance of products and services*

- Enhance product quality and patient safety by achieving a 15% reduction in product complaints (CIPM) (aggregate)
- Eliminate or minimize the presence of chemicals of concern (as defined by regulations) in new products
- Achieve at least 15% material reduction on three therapies/products compared with those currently on the market, without affecting efficacy
- Partner with organizations to implement recycling of product waste at hospitals and increase participation from 60 hospitals to 200
- Eliminate 3,000 metric tons of packaging material from Baxter products shipped to customers

- Aspire to diversity in leadership at or above benchmarks
- Achieve an employee engagement rate comparable to top quartile companies as measured by Baxter's Best Place to Work survey

## WORKPLACE CULTURE

*Promote inclusion, diversity and employee engagement*



## INNOVATION THAT EXPANDS ACCESS TO CARE

*Improve access to healthcare for the underserved*

- Proactively pre-position Baxter's donated products with donor partners, which will enable them to optimally distribute and be first on scene to address critical medical needs
- Establish The Baxter International Foundation Partnership Grant program in 2016 to drive increased access to healthcare for an incremental 10,000 patients annually
- Launch two new emerging-market business models in Baxter's Renal business

- Increase Baxter's spending with diverse suppliers by 50%, from 4% of relevant spending in 2015 to 6% in 2020<sup>1</sup>
- Expand green transport partnerships with government agencies, nongovernmental organizations and/or private companies from one business region to all business regions globally

## RESPONSIBLE PROCUREMENT AND LOGISTICS

*Implement world-class sustainability practices with key partners*

## ETHICS AND COMPLIANCE

*Drive a culture of integrity and the highest ethical behavior*

## OPERATIONS

*Reduce environmental footprint through increased efficiency and resource conservation*

- Reduce total energy and water use and total waste generation by 15% indexed to revenue
- Reduce absolute GHG emissions by 10%
- Pursue zero waste-to-landfill by achieving a landfill diversion rate of 95% or higher at all manufacturing locations

- Drive highest integrity and compliance to achieve zero government enforcement actions over compliance issues
- Achieve overall compliance culture scores in the top quartile of general industry benchmarks



## Corporate Responsibility Reporting

Baxter is committed to sharing information about its corporate responsibility programs, priorities, goals and performance. This report illustrates Baxter's commitment to sound governance and balanced, transparent disclosure.

Through the annual reporting process, Baxter measures and evaluates its performance, and communicates its progress and challenges. This engages and educates employees and senior leaders on corporate responsibility issues while driving performance improvements.

## External Reporting Standards

External corporate responsibility reporting standards promote relevant, transparent, balanced and comparable disclosure of company performance. Baxter was one of the first companies to pilot the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines in 1999. It has served as a GRI Organizational Stakeholder since the program's inception in 2004 and belongs to the GRI GOLD Community.

This report aligns with the GRI G4 Sustainability Reporting Guidelines (undeclared). See the [GRI Index](#) for detail.

## Feedback

Baxter encourages readers of this report to provide comments and suggestions via email: [corporate\\_responsibility\\_report@baxter.com](mailto:corporate_responsibility_report@baxter.com).

## About This Report

- This report is intended for global use. Please consult the appropriate country-specific Baxter website for more information regarding activities in that country. Some statements in this report about products or procedures may differ from the licensed indications in specific countries.

Therefore, always consult the country-specific summary of product characteristics (SPC), package leaflets or instructions for use. For more information, please contact a local Baxter representative.

- The performance data in this report are from calendar year 2015 unless stated otherwise. Some examples and program descriptions include information from 2016.
- This report covers Baxter's global operations, including subsidiaries, unless stated otherwise. Environmental, health and safety data include joint ventures where Baxter has a controlling interest.
- The performance data in this report do not include parts of Baxter that became Baxalta on July 1, 2015, unless stated otherwise.
- All currency in this report is in U.S. dollars unless stated otherwise.
- Significant restatements of data compared with prior years are noted in the section where they appear.

## Assurance and Verification

Bureau Veritas North America, Inc. verified Baxter's Scope 1, 2 and 3 greenhouse gas emissions and assured the following sections of the report:

- [Product Stewardship](#)
- [Employee Health and Safety](#) content in the [Employees](#) section
- [Baxter World Environment Week](#) content in the [Community Engagement](#) section
- [Sustainable Manufacturing and Operations](#) section except the [Environmental Financial Statement](#)
- [Supply Chain](#)

See assurance statements in [English](#) and [Spanish](#) and verification statement in [English](#).

Many of the financial data included in the [Performance Summary](#) are taken from the audited consolidated financial statements contained in the [Baxter International Inc. 2015 Annual Report](#). These financial statements are audited by Baxter's independent registered public accounting firm, PricewaterhouseCoopers LLP.

## Product Stewardship



Bureau Veritas has provided assurance on the content in this section (except the Quality and Product Safety subsections).

A significant part of Baxter's environmental footprint is due to the products it designs, manufactures and sells worldwide. Reducing these impacts is a key focus for the company. Baxter's Product Sustainability Program—in partnership with the research and development (R&D), marketing and supply chain groups—embeds product stewardship across the company.

Sustainable design innovation offers interrelated environmental benefits. For example, Baxter's Castlebar, Ireland site reduced the size of the small volume parenterals Viaflo product overpouch by 11-13%, helping to decrease associated greenhouse gas (GHG) emissions by 104 metric tons of carbon dioxide equivalent (CO<sub>2</sub>e) per year. This design change enabled corresponding reductions to the product's carton and shipping container, saving another 110 metric tons of CO<sub>2</sub>e emissions annually. More cases can fit on each pallet, reducing the number of pallets shipped by more than 5,300 yearly and saving 123 metric tons of wood. These changes also decreased the use of shrink wrap, pallet labels and slip sheets by 20%, as well as shipping containers and associated CO<sub>2</sub>e emissions. Additionally, optimizing manufacturing process steps reduced water and energy consumption, saving another 540 metric tons of CO<sub>2</sub>e per year.

For more information about product stewardship at Baxter [click here](#).

## PRODUCT SUSTAINABILITY REVIEW AND LIFE CYCLE ASSESSMENT

Product Sustainability Review (PSR)—also referred to as an environmental, health and safety (EHS) plan—underpins the company's efforts in sustainable design. This required assessment, or a similar analysis, occurs during the product development process for all medical devices, to assess EHS,

### Sustainability Across the Product Life Cycle

Issue	Approach
<b>R&amp;D and Design</b>	
<b>Bioethics</b>	Bioethics Policy and position statement
<b>Animal Welfare</b>	Baxter Global Animal Welfare Committee > External regulations and voluntary guidelines > Replace, reduce and refine (3Rs) the use of animal testing
<b>Clinical Trials</b>	Clinical Trials Policy > External standards > Independent Ethics Committee/Institutional Review Board
<b>Sustainable Design</b>	Product Sustainability Review > Life cycle assessment
<b>Materials Use</b>	
<b>Materials Selection/Reduction/Innovation Restricted Materials</b>	Product Sustainability Review > Supplier screening > Evaluation of chemicals of concern > Compliance with RoHS 2 and REACH Directives and other legislation > Conflict minerals
<b>Manufacturing</b>	
<b>Resource Efficiency Environmental Impacts Employee Health and Safety</b>	EHS program and goals > ISO 14001 and OHSAS 18001 management systems and standards > Audits > Rigorous compliance > Proactive reduction of natural resource use > Hazard identification and risk assessment > "Future State of Safety" task force
<b>Product Transport</b>	
<b>Environmental Impacts of Transport</b>	Distribution network optimization > Intermodal transport > Increased capacity utilization > Technology innovation > Pallet programs > Environmentally responsible transportation partnerships
<b>Packaging</b>	
<b>Minimizing Packaging Materials Selection</b>	Materials reduction > Materials substitution > Innovative design
<b>Product Use</b>	
<b>Advertising and Promotion</b>	Compliance with promotional regulations worldwide > U.S. and international policies for interactions with healthcare practitioners, medical institutions and patient organizations
<b>Safe Handling and Use</b>	Safety data sheets > Clinical education
<b>Access to Healthcare</b>	Advancing public health > Business model innovation > Product donations > The Baxter International Foundation awards and grants > Public policy efforts
<b>Product End-of-Life</b>	
<b>Reuse (when appropriate) Responsible Recycling Disposal (as a last resort)</b>	Product take-back, repair and recycling programs > Minimization of customer waste > Industry collaborations

Quality and Patient Safety

sustainability, and regulatory considerations and requirements across the value chain. This includes high-level review as well as more detailed life cycle assessment (LCA)-based computer modeling of proposed products and may involve comparison with existing products. Key metrics illustrate progress avoiding materials of concern, minimizing customer waste and reducing product carbon footprint. The objectives of PSR are to continually improve Baxter's own operations, help meet customer expectations to make products more sustainable and manage regulatory risk.

Since 2005, Baxter has used PSR to evaluate more than 20 medical devices, and currently has multiple devices under assessment. Several PSR reviews have influenced materials selection to avoid chemicals of concern. This is in addition to more than 80 Gambro<sup>1</sup> products that have undergone environmental impact analysis since 2010. Eighty-four percent of those Gambro products demonstrated either improved or comparable performance with the products they replaced.

To supplement and expand on PSR, Baxter uses LCA in select cases to evaluate and improve the environmental performance of its products. During 2015, the company used LCA to calculate the environmental benefits of updating Baxter's Spectrum Infusion System packaging, replacing a polyethylene voided foam insert with a new clamshell sourced from 100% post-industrial waste. This insert secures the pumps inside the corrugated box for safe shipping. Transitioning to the new insert will reduce associated GHG emissions by 58%, primary energy demand by 85% and smog formation potential by 63%.

## MATERIALS USE

Materials use is a key driver of Baxter's environmental footprint, so decisions about material types and quantities are an important focus for the company. Baxter carefully considers the potential impacts of



the materials it uses in its products and packaging and takes a disciplined approach to identifying materials for possible restriction.

Baxter has global strategies and programs to help ensure it meets product materials restrictions such as the EU RoHS2 Directive and the EU REACH Regulation among others. The company also works to minimize or avoid the use of conflict minerals in its products and reports progress in this area. In addition to materials restricted by regulations, Baxter also gathers information about substances such as bisphenol-A (BPA) and latex, which are of interest to some customers.

Using materials efficiently is also a priority. Plastic is a major product input and related scrap from manufacturing is the company's largest waste stream. Therefore, reducing plastic waste and increasing recycling is essential. During 2015, Baxter reduced plastic scrap per unit of production by 9%, compared with 2011, at 20 sites representing about 75% of the company's overall plastic volume. For its electronic products, Baxter works to maximize product service life, reuse and recycling.

Baxter also works to decrease the environmental impact of packaging by reducing the amount used and substituting for environmentally preferable materials. The company implemented projects in 2015 that reduced total packaging on an annualized basis by more than 170 metric tons.<sup>2</sup> For example, our facility in Cali, Colombia, completed several projects that reduced total packaging by 163 metric tons per year. One initiative modified the corner angles and side carton flaps on Renal boxes, saving 20 grams per unit and 92 metric tons of packaging material on an annualized basis. Total annualized savings across the company since 2007 equals nearly 6,050 metric tons, exceeding Baxter's goal to eliminate 5,000 metric tons of packaging material from products sent to customers through 2015.<sup>3</sup>

## PRODUCT END-OF-LIFE

Baxter also works with customers, industry peers and recycling and disposal vendors to facilitate the recycling and responsible treatment of disposable medical products. The company belongs to the Healthcare Plastics Recycling Council (HPRC), an alliance of global healthcare companies focused on the recycling of plastic products used in hospitals. Baxter was one of 11 companies involved with HPRC to develop the [Design Guidelines for Optimal Hospital Plastics Recycling](#), which is primarily intended for product designers and users of disposable medical devices.

During 2015, a team led by Baxter continued a project, launched in 2014, to develop, review and approve [guidance for optimizing and managing receiving dock space](#) (typically in high demand at hospitals) to support recycling programs. This tool covers aspects such as defining a program's scope, clarifying logistics with recycling vendors, assessing which space best suits program needs and determining how to effectively manage materials for recycling. This resource complements HPRC's [Hospicycle guide](#), developed to help hospitals successfully implement recycling practices.

In 2013, Baxter established a partnership with the Vinyl Council of Australia (VCA) to launch the VCA's PVC Recovery in Hospitals initiative in Australia. During 2015, the initiative expanded to reach 48 hospitals in Australia (up from 32 in 2014) as well as 12 in New Zealand (up from three the prior year). Together, these locations collect about 10 metric tons of PVC for recycling per month. See [Case Study: Baxter Australia Partners in Hospital Waste Recycling Program](#) for historical information.

Baxter is also helping patients who receive regular home deliveries of dialysis solutions in Australia to

recycle related waste. As of the end of 2015, more than 460 Baxter peritoneal dialysis (PD) home patients participated in the Home PD Recycling Program, which collects and recycles 6 metric tons of plastic and 4 metric tons of cardboard each month from patients.

## QUALITY

The company's reputation and ongoing success depend on the quality and safety of its products and services, so uncompromising dedication in these areas is a guiding principle of Baxter's culture. For more information about quality at Baxter [click here](#).

In 2015, Baxter revised its Quality Policy, to ensure its quality system identifies and corrects issues that arise and maintains ongoing control over related processes. In addition, the company's Quality, Operations and R&D groups now share common goals, which quickens and strengthens the company's response to product complaints. These functions collaborate to monitor a variety of quality metrics, including corrective and preventative action (CAPAs), medical device reports (MDRs), recalls and customer complaints. This approach focuses on continual risk reduction, clear accountability for product safety and quality across the life cycle, ongoing assessment of the quality system and continuous improvement.

Baxter's operations and products are subject to extensive regulation by governmental agencies worldwide. View [Baxter's 2015 Annual Report](#) to learn more. Further detail about Baxter product recalls can be found on [Baxter.com](#).

## PATIENT SAFETY

Baxter focuses on safety across the product life cycle, from product development and enhancements, to post-market research, pharmacovigilance, device vigilance and other post-market surveillance



A Baxter employee testing the Sigma Spectrum Infusion System.

activities. For example, Baxter's pharmacovigilance function identifies, confirms, and communicates pre- and post-market drug safety signals to the appropriate stakeholders and authorities. Through product labeling and risk management activities, the department works to ensure a positive benefit-risk balance of Baxter's therapeutic drug products and medical devices. The company also collaborates with hospitals to assess their patient safety processes, and partners with customers and third parties to develop patient and clinician educational materials and to raise safety standards.

The company has continued to expand its portfolio of products and services related to safe drug delivery and improved pharmacy workflow. For example, Baxter's DoseEdge Pharmacy Workflow Manager is an integrated system that automates the process of routing, preparing, inspecting, tracking and reporting

on compounded IV and oral liquid doses in U.S. hospital pharmacies. The system replaces decades-old paper-based processes and provides transparency, visibility and documentation for the dose preparation and dispensing process. The system's features include automatic calculations and barcode verification of ingredients, helping to reduce preparation errors and facilitate uniform processes. As of June 2015, users processed more than 86 million orders and 49 million error-free patient doses using the DoseEdge system. In addition, since the first installation in 2008, the system has identified 2.5 million potential medication errors, 39% of which were incorrect drug selection; all of the errors were caught and corrected prior to dispensing and administration.

Baxter's broad, growing portfolio of premixed drugs and its unique container platform also provide hospital pharmacies added safety and efficiency.

Hospital pharmacists typically prepare patient drug doses manually. Premixes save the hospital time and reduce the opportunity for both contamination and dosing errors since the drug comes in a ready-to-use format. In 2015, the company launched a high-demand cephalosporin antibacterial injection as a premixed drug and has other premixes in the pipeline.

Baxter's IV pump, the Sigma Spectrum Infusion System, has automatic safeguards, which reduce infusion errors and enhance clinical efficiencies, instilling confidence to deliver better patient care. Sigma Spectrum is the only smart pump with a built-in Dose/Rate Change Error Prevention Feature to help clinicians protect high-risk infusions, as well as a customizable Master Drug Library. The library is contained within each pump, providing standard dosing ranges and safety alerts when medical orders fall outside of those ranges. As a result of its ease of use and ability to integrate infusion documentation with a health system's electronic medical record system, Sigma Spectrum pumps are currently in use in four of the top five hospital systems in the United States, as ranked by U.S. News & World Report.

## Employees



### EMPLOYEE ENGAGEMENT

Baxter is committed to being a best place to work. The company remains steadfast in driving a high-performing, inclusive organization where employees pursue rewarding careers, receive competitive compensation and take pride in bringing the company's mission to life. To help employees realize their full potential, Baxter offers a wide range of learning and development opportunities.

The company's inclusive and diverse work environment drives innovation; creates trusted partnerships with customers, suppliers and community members; and contributes to the success and sustainability of the business. The company works to attract, motivate and retain a diverse workforce to better address the needs of its employees, customers, suppliers, patients and caregivers.

### Performance and Career Development

The Performance Review and Career Planning Process, a year-round dialogue, aligns individual and team performance to drive a culture of continuous

feedback and deliver business results. Baxter conducts annual performance reviews for 100% of eligible employees.

### Talent Development

Baxter's talent development philosophy emphasizes a combination of work experiences, feedback and relationships, and training.

The company provides more than 31,000 computer-based and classroom offerings on topics such as business/financial acumen, leadership, management, product knowledge, Food and Drug Administration regulations, Good Manufacturing Practice guidelines and job-specific skills. All employees can access online learning, with courses in up to 20 languages. In 2015, employees completed more than one million hours of training globally. Baxter's ongoing talent development efforts contribute to workforce engagement and retention.

Voluntary employee turnover in 2015 was 9.8% compared with 9.1% in 2014. For information about talent development at Baxter, [click here](#).

[Click here](#) to read a Baxter Perspectives piece on workplace mentoring.

### Manager Development

The Management Essentials training series helps participants develop and refine skills in areas such as change management, coaching and feedback, communication, critical thinking and problem solving, and managing conflict and performance. During 2015, more than 1,000 managers completed at least one Management Essentials course.

During the last few years, the company launched the following five Change Capability Building webinars to help prepare employees for the Gambro acquisition in 2013 and the Baxalta spinoff in 2015:

- **Change Awareness** Build a common understanding of change management
- **Employee Engagement** Engage employees during times of change
- **Change Leadership** Lead employees through transitions
- **Accelerating Leader Transitions** Support functional managers transitioning to new or modified roles and engaging new team members
- **Transferring Knowledge** Equip managers with processes and tools to accelerate knowledge transfer between the two companies

These webinars, each attended by more than 1,500 managers, will benefit managers in their current positions and throughout their careers.

### COMPENSATION AND BENEFITS

Baxter's global total compensation philosophy is to provide market-competitive pay and benefits while rewarding employees for strong individual and business performance. [Click here](#) for more information about compensation and benefits at Baxter. [Learn more](#) about executive compensation.

### GLOBAL INCLUSION AND DIVERSITY

Baxter is committed to treating all stakeholders with dignity and respect and to attracting, motivating and retaining an inclusive and diverse workforce. An inclusive culture and a diverse workforce contribute to the company's success and sustainability by fostering a welcoming, engaging environment where employees can be their authentic selves.

Baxter's global inclusion and diversity strategy focuses on four key areas:

#### Global Inclusion and Diversity

##### WORKFORCE



Recruit and build diverse and high-performing teams that are engaged and innovative.

##### WORKPLACE



Advance our inclusive culture where every employee feels valued, respected and safe to be their authentic self.

##### COMMUNITIES



Cultivate strategic and diverse supplier and community partnerships.

##### MARKETPLACE



Consider the needs of our customers and their patients in all aspects of our business.

## Global Inclusion Council

Baxter's Global Inclusion Council (GIC) is chaired by the company's Corporate Vice President-International, and is composed of approximately fifteen senior leaders from the company's businesses, regions and functions. These leaders serve as the inclusion and diversity champions, advocates and thought leaders across the company. The GIC is responsible for setting and implementing the company's global inclusion and diversity strategy and priorities as well as developing and implementing local inclusion plans. In 2015, the GIC identified three global priorities:

- Advancing women in leadership;
- Building inclusive leadership capabilities; and
- Enhancing the company's supplier diversity program.

## Building Cultural Competence

Baxter provides employees with training, tools and resources to build cultural awareness and competence. The company believes this will help employees engage more authentically and effectively with each other and deliver better business results. In addition, many employees work on global teams and are able to personally experience other cultures and build their cultural competence through daily interactions.

For all managers, supervisors and above, Baxter offers an instructor-led, mandatory workshop called Power of Managing Inclusively (available in 11 languages) and an online learning forum called Inclusion IMPACT!, which provides education about the skills and tools needed to create a diverse and inclusive culture.

## Business Resource Groups

Baxter's Business Resource Groups (BRGs) support the company's inclusion and diversity goals, including the recruitment, retention and engagement of diverse employee groups. The groups work to enhance personal growth and multicultural understanding, while strengthening relationships among employees and with business partners, community partners and customers. [Learn more](#) about Baxter's BRGs.

[Click here](#) to read a Baxter Perspectives piece on the benefits and implications of a four-generation workplace.

## Equal Opportunity

As an equal opportunity employer, Baxter prohibits employment discrimination or harassment of applicants, employees and third parties due to race, color, religion or religious creed, gender, national origin, ancestry, age, physical or mental disability, medical condition, genetic information, marital status, sex, sexual orientation, gender identity or expression, military or veteran status or any other basis protected by law.

See information regarding board diversity on page 17 of the [Baxter 2016 Proxy Statement](#).

[VIEW THE PERFORMANCE SUMMARY FOR MORE DETAIL.](#)

## WORKPLACE FLEXIBILITY<sup>1</sup>

Baxter appreciates the increasing demands on employees to manage their personal and work lives, and respects the need for different approaches regarding where and when work gets done. Managers and employees share the responsibility to achieve a healthy blend of work, personal and family life. In 2015, the company worked towards renewing and reinforcing its long-standing commitment in this area.

Baxter's overriding philosophy remains the same everywhere. The company offers programs and resources to support employees in the United States, and many are offered globally. More than 40% of eligible employees (regular employees working at least 20 hours a week) used one or more of the flexibility programs and benefits in 2015. Baxter estimates conservatively that it realizes nearly \$5 of benefit for every dollar invested in flexible programs through reduced absenteeism and enhanced productivity. [Learn more](#) about workplace flexibility at Baxter.

## EMPLOYEE HEALTH AND SAFETY



Bureau Veritas has provided assurance on the content in this section.

As a part of Baxter's aspiration to be a best place to work, the company provides a safe workplace and the resources to maintain and improve health and wellness.

The company tracks and evaluates each major incident that takes place, to fully understand root causes and prevent recurrence. The environmental, health, safety (EHS) and sustainability organization reports employee safety performance to Baxter's senior leadership and manufacturing and supply chain management monthly. The EHS organization also communicates this performance to the company's Board of Directors.

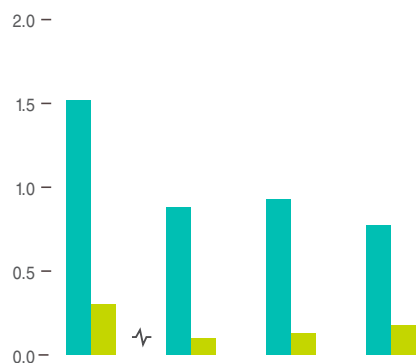
For more information about employee health and safety at Baxter [click here](#).

### Performance

In 2015, Baxter's recordable case rate improved by 17%, its cases with days lost rate worsened by 25% (excluding Gambro) and its days lost rate worsened by 19% (excluding Gambro), compared with the prior year. In a comparison of 14 healthcare companies,<sup>2</sup> Baxter's cases with days lost rate ranked fourth in 2014, the most recent year industry benchmarking data were available.

Key drivers for the drop in recordable case rate include proactive case management, hazard identification and elimination programs and employee engagement initiatives in each facility in the Asia Pacific region. That region's recordable case rate improved by 44% compared with 2014. In North America, the cases with days lost rate worsened by 61% due to increased production demands and the days lost rate worsened by 68% due to four major injuries.

#### Recordable Case Rate and Cases with Days Lost Rate\*



	2005	2013	2014	2015
Recordable Case Rate	1.52	0.88	0.93	0.77
Cases with Days Lost Rate	0.300	0.096	0.131	0.175

\* See the [Performance Summary](#) for descriptions of metrics and additional detail. Data includes Gambro.

Baxter's overall safety performance since 2005 has improved significantly:

- 49% reduction in recordable case rate
- 45% decrease (excluding Gambro) in cases with days lost rate
- 40% reduction in days lost rate (excluding Gambro)

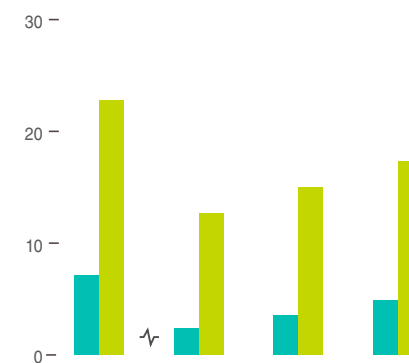
[VIEW THE PERFORMANCE SUMMARY FOR MORE DETAIL.](#)

### Injuries and Major Incidents

Baxter's safety function regularly evaluates the main sources of work-related injuries at the company to identify trends and opportunities for improvement.

Major workplace incidents result in an employee or contractor being hospitalized overnight (for more than observation), sustaining an amputation

#### Days Lost Rate and Restricted Days Rate\*



	2005	2013	2014	2015
Days Lost Rate	7.08	2.37	3.56	4.92
Restricted Days Rate	22.80	12.66	14.94	17.32

\* See the [Performance Summary](#) for descriptions of metrics and additional detail. Data includes Gambro.

or dying. When a major incident occurs, facility management conducts an evaluation and follows formal processes and reporting mechanisms to share knowledge throughout the company to prevent recurrence.

Major incidents decreased at Baxter in 2015 (four incidents, none involving contractors) compared with 2014 (13 incidents, three involving contractors). No fatalities occurred.

### Enhancing Safety Culture and Performance

In 2015, based on a review of historical performance trends, Baxter strengthened its approach to enhancing its safety culture and performance. This includes focused injury and illness reduction strategies and an emphasis on high-hazard sources.

[Click here](#) to read about how employee engagement changed the culture of safety in Ireland.



The St. Paul, Minnesota, team was named the BeWell@Baxter annual Exercise Challenge "Biggest Mover" in 2015. The team created a walking club that hosted multiple walks a day, Zumba classes and the facility's 2nd annual 5K to earn the title.

### FOCUSED INJURY AND ILLNESS REDUCTION STRATEGIES

Injury and illness metrics and internal EHS audits provide focus for the company's safety, occupational-health and industrial-hygiene efforts. Baxter continues to target ergonomics and slips, trips and falls as the primary sources of injury within the company.

### EMPHASIS ON HIGH-HAZARD SOURCES

During 2015, the company continued to deploy a system to ensure that all EHS incidents are categorized according to potential severity, and that the company devotes appropriate resources to discover the root causes of incidents, correct them and prevent reoccurrence. Baxter provided training to enhance incident classification at regional meetings.

### Health and Wellness Program Management and Initiatives

Baxter's occupational health function, working in partnership with human resources, develops the company's health and wellness strategies. A global team of diverse health professionals helps refine and implement these approaches and define specific priorities.

#### BEWELL@BAXTER

Baxter recognizes that healthy employees are more engaged and productive and less vulnerable to safety incidents and injuries. Through BeWell@Baxter, the company's global employee health and wellness effort, Baxter strives to create a culture that promotes work-related and personal health, raises awareness about these issues and supports individual accountability and engagement.

The cornerstone of BeWell@Baxter is the Personal Wellness Profile, an online health risk assessment that helps employees understand how their lifestyle choices, family history and other factors impact their health and future health risks. As of the end of 2015, nearly 33% of the company's employees worldwide had completed a Personal Wellness Profile.<sup>3</sup>

In 2015, more than 10,000 employees logged over 125,000 hours of exercise as part of the BeWell@Baxter Exercise Challenge. Fifty-eight percent of employees from 136 facilities worldwide took part in "Healthy Eating Month."

#### OTHER PROGRAMS AND INITIATIVES

Baxter's occupational health team also works to continually improve the company's performance with the following programs and initiatives:

- **Flu vaccine** In 2015, Baxter offered free seasonal flu vaccinations to 95% of its employees. More than 32% of employees were vaccinated. Additionally, 2,000 vaccinations were provided to family members.
- **Smoke-free workplaces** The company strengthened its commitment to a smoke-free work environment by reaching a total of 97% of Baxter campuses designated as smoke-free in 2015 (88% including Gambro facilities).

## Access to Healthcare



A shipment of Baxter-donated products is loaded onto an airplane for Nepal as part of AmeriCares' disaster response efforts. (Photo credit: AmeriCares)

Access to Baxter's high-quality, safe products often makes the difference between life and death. That is why Baxter, along with its partners, is committed to being first on scene in times of crisis with product and resource donations. The company is dedicated to sustaining access to healthcare in communities through public and private partnerships and capacity-building grants.

### ADVANCING PUBLIC HEALTH

Baxter supports initiatives that expand availability of its treatments, and the company collaborates with other organizations to advance public health. This includes educating current and future patients worldwide, as well as increasing the capabilities of physicians and other healthcare professionals through training. The company also enters into public-private partnerships to share best practices in manufacturing and treatment. Additionally, Baxter collaborates with governments, companies and other organizations to influence policies and standards that promote patient access to therapies and products. See [Public Policy](#) for more information.

For example, the Vietnamese Ministry of Health estimates that 80,000 people in Vietnam have end-stage renal disease (ESRD), yet only 10%-12% receive renal replacement therapy. Further complicating this situation, the incidence of ESRD is on the rise due to increasing rates of diabetes and hypotension, leading causes of kidney disease. In 2013, Vietnam's Ministry of Health issued a peritoneal dialysis (PD) Therapy Guideline to enhance the standard of care. In 2015, the Medical Service Administration of the Vietnam Ministry of Health and Baxter's Vietnam Office signed a memorandum of understanding (MOU) that will expand access to and advance standards of care for PD patients in that country.

Vietnam's national health strategy aims to reduce the burden of overcrowded hospitals. The MOU with Baxter supports that objective by establishing standards of care, building awareness and providing patients quality home care through PD therapy.

Baxter has worked with the three main hospitals in Vietnam to operate as a center of excellence for PD care and disseminate knowledge and training to a network of satellite locations in the provinces. These locations operate to standards of care based on proven practices elsewhere in the Asia Pacific region, including Hong Kong and Thailand.

### PRODUCT DONATIONS

Baxter donates products to help improve access to healthcare worldwide. In 2015, the company contributed more than \$8 million in products, including through patient assistance programs, to help people in 61 countries ([see map](#)).

During the year, Baxter continued to work with its humanitarian aid partners—AmeriCares and Direct Relief—to pre-position products for emergencies and to address ongoing needs in underserved

communities. To maximize impact, Baxter donates items that recipient organizations have requested through a critical needs list, such as IV solutions and hemostatic sealants. Baxter's product dating requirements are more rigorous than the minimum Partnership for Quality Medical Donations guidelines.

In 2015, the company further enhanced its product donation strategy by establishing a manufacture-to-donate process. This approach integrates the critical needs lists of partner organizations into the company's manufacturing and shipping processes twice annually, enabling partner organizations to prepare for the products they will receive. This optimizes partners' capacity to warehouse Baxter products and make them available for emergency airlifts.

*"Having donors that manufacture-to-donate is incredibly valuable to us as it really helps us to plan, to be first on scene for emergencies and to know what we can count on with regards to inventory. Baxter continues to be one of our strongest and most reliable donors."*

*Emanuela Chiaranda, Associate Director, Corporate Relations, AmeriCares*

### Medical Missions

When healthcare professionals travel overseas to provide charitable medical care to underserved populations, they often work in hospitals and clinics lacking modern surgical materials. Baxter's BioSurgery hemostatic and tissue sealant products as well as anesthesia products and IV solutions are some of the most requested medical products in these situations. During 2015, Baxter products were used in 35 countries as a part of 134 medical outreach trips supported by AmeriCares. [Click here](#) to learn more about Baxter products used in recent medical missions.

VIEW THE PERFORMANCE SUMMARY FOR MORE DETAIL. 

## THE BAXTER INTERNATIONAL FOUNDATION

The Baxter International Foundation focuses on increasing access to healthcare worldwide. In 2015, the Foundation donated nearly \$4.2 million in cash (excluding future commitments) in 15 countries. This included nearly \$740,000 to more than 900 organizations through the Foundation's Dollars for Doers and Matching Gifts programs that support employees' philanthropic contributions.

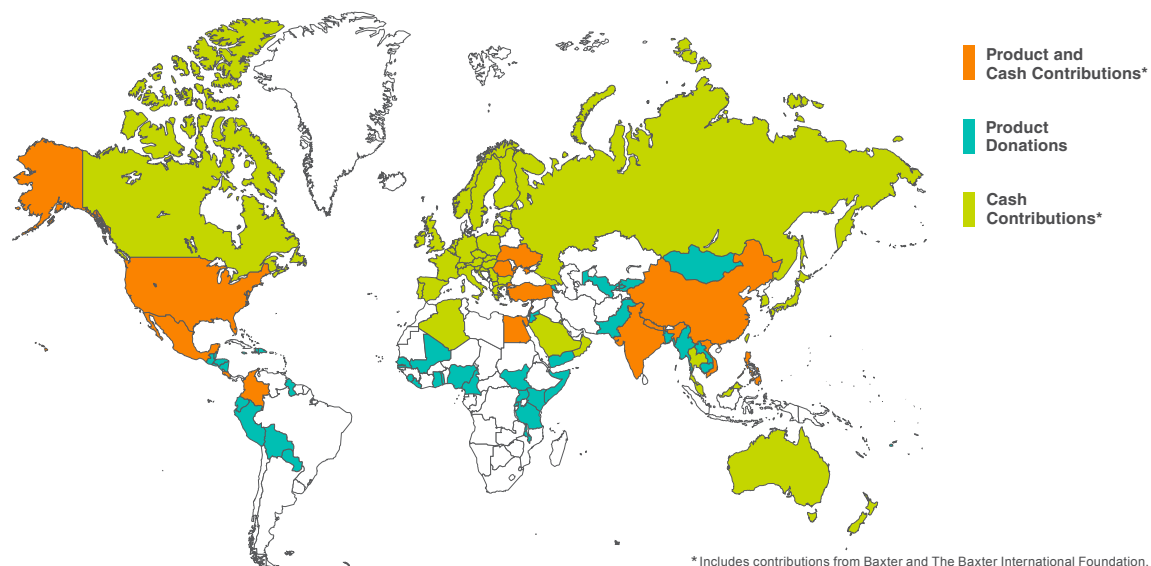
Grants awarded in 2015 helped meet local needs to increase access to dental care, mental health care and other healthcare services for children, the uninsured and the elderly. Read stories about recent Foundation grant recipients [A Safe Haven](#), [The Night Ministry](#) and [Sightsavers](#). Other recipients in 2015 included the following:

- **China** Humana People to People, in Yuxei County, used the funds to improve children's health through better nutrition and timely treatment referrals for children with health complications.
- **Ireland** Nurture in Dublin used the funds to provide support services for women, partners and families experiencing conception-, pregnancy- and/or childbirth-related maternal health illness.

The Baxter International Foundation also sponsors three prize programs, among the most prestigious in healthcare, that recognize organizations and individuals demonstrating excellence in community service and healthcare research.

**Foster G. McGaw Award** Each year, in conjunction with the American Hospital Association and Health Research & Educational Trust, The Baxter International Foundation presents the \$100,000 Foster G. McGaw Award to a U.S. healthcare organization that delivers innovative programs to

### Overview of Baxter Global Community Support in 2015



improve community health and well-being, and \$10,000 awards to three finalists.

[Click here](#) to read a Feature Story about a recent Blue Ribbon Panel focusing on improving community health.

**William B. Graham Prize** Working with the Association of University Programs in Health Administration, The Baxter International Foundation awards the William B. Graham Prize for Health Services Research to recognize major contributions to public health through innovative research.

**Episteme Award** In conjunction with the Honor Society of Nursing—Sigma Theta Tau International—The Baxter International Foundation bestows the Episteme Award every other year to a nurse who has

contributed to nursing knowledge development, application or discovery in ways that produce significant public benefit.

### Scholarship Program

The Foundation also has a long-standing commitment to the education of employees' children through annual, merit-based scholarships. A third-party agency evaluates applications on the basis of students' academic, extracurricular and employment accomplishments. Recipients receive a \$1,500 cash award, and scholarships may be renewed for up to three additional years. In 2015, the Foundation awarded 80 new scholarships and renewed 198 for students in the United States and 19 other countries worldwide.



## Community Engagement

At Baxter, we are committed to saving and sustaining lives. Every day, we strive to make a meaningful difference in the lives of people who depend on our products, and in the communities where we live and work by:

- [Improving access to healthcare](#);
- Fostering tomorrow's innovation; and
- Serving our communities.

During 2015, Baxter and The Baxter International Foundation donated more than \$24 million in products, cash contributions and Foundation grants. The company has contributed more than \$76 million over the last three years. Baxter's business units, functions and manufacturing facilities contributed more than \$11 million worldwide in 2015 (71% outside the United States).

### FOSTERING TOMORROW'S INNOVATION

Baxter takes a hands-on approach to developing the next generation of scientists, engineers and healthcare professionals by supporting teachers and science, technology, engineering and math (STEM) education; serving as mentors in communities worldwide; and creating diverse learning opportunities in the sciences.

In 2008, Baxter launched Science@Work: Expanding Minds with Real-World Science, a multi-year commitment to Chicago Public Schools to support teacher training and student development in the health sciences. During the 2014-2015 school year, the program reached nearly 20,000 students and more than 175 teachers through 87 real-world

Baxter and The Baxter International Foundation Charitable Giving* (dollars in millions)			
	2013	2014	2015
<b>Product Donations**</b>			
Products/Patient Assistance Programs	\$9.58	\$5.20	\$8.76
<b>Business and Facility Cash Donations</b>			
Within the United States	\$3.42	\$2.98	\$3.34
Outside the United States	9.40	10.50	8.20
<b>Subtotal</b>	<b>\$12.82</b>	<b>\$13.40</b>	<b>\$11.54</b>
<b>The Baxter International Foundation Contributions</b>			
<b>Within the United States (including Puerto Rico)</b>			
Grants	\$0.76	\$1.09	\$1.39
Matching Gifts and Dollars for Doers	0.65	0.77	0.74
Scholarships	0.21	0.25	0.27
Prize Programs	0.23	0.39	0.58
<b>Subtotal</b>	<b>2.13</b>	<b>2.64</b>	<b>2.97</b>
<b>Outside the United States</b>			
Grants	0.65	0.22	1.11
Scholarships	0.07	0.07	0.10
Subtotal	0.72	0.29	1.21
<b>Total Foundation Contributions</b>	<b>\$2.85</b>	<b>\$2.93</b>	<b>\$4.18</b>
<b>Total Charitable Giving</b>	<b>\$27.38</b>	<b>\$24.17</b>	<b>\$24.49</b>

\*Some subtotals vary from sum of items in category, due to rounding.

\*\*Variations in Baxter's annual product donations are due to fluctuations in community needs, the need and volume of disaster relief response, the regulatory environment, manufacturing processes and changes in product mix and marketing. The company identifies opportunities to donate and responds to community requests as appropriate. See [Access to Healthcare](#).

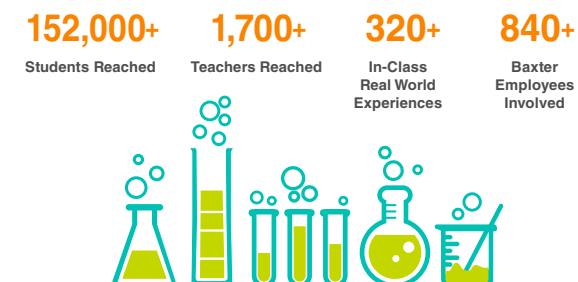
experiences, in-depth teacher training and module lesson plans. This increased the total to more than 152,000 students and 1,700 teachers who have benefited from this program since 2008.

[Learn more](#) about Baxter's Science@Work program.

Other activities included:

**FIRST®** Baxter is a founding member of FIRST (For Inspiration and Recognition of Science and Technology) and has provided the program financial and mentoring support since 1998. In 2015, Baxter supported 18 teams and provided local and board support.

### Science@Work by the Numbers, 2008-2015



**Junior Achievement** During the 2014-15 school year, more than 360 Baxter volunteers in nine countries provided financial literacy education to over 8,600 students.

### SERVING OUR COMMUNITIES

Baxter's global reach allows it to serve communities in enduring ways such as volunteering time and resources to facilitate change, acting as mentors and role models, helping implement sustainable solutions to challenges facing communities and helping those most in need. The company works continually to create long-term, meaningful change and offers employees a place to pursue rewarding careers while giving back.

### Employee Volunteerism

In 2015, nearly 5,200 Baxter employees volunteered 92,000 hours in their communities, addressing local concerns. Employees at each Baxter site select volunteer activities to undertake and organizations to support.

In the United States, The Baxter International Foundation Dollars for Doers program provides grants to qualified organizations at which Baxter employees have volunteered for at least 10 hours during the year. In 2015, the program provided 330 grants to 172 organizations for more than \$80,000 total.



Chicago Public Schools high school students visited Baxter as a part of the R&D STEM Learning Exchange, a problem-based learning initiative through the company's partnership with the Illinois Science and Technology Institute. Students learned about Baxter's business, saw lab demonstrations of the company's products and therapies and received mentoring from Baxter professionals with STEM backgrounds.

## Baxter World Environment Week



Bureau Veritas has provided assurance on the content in this Baxter World Environment Week section.

Through Baxter World Environment Week the company engages and educates employees on environmental sustainability, as facilities conduct biodiversity-related and environmental-preservation activities. In 2015, 102 sites in 21 countries worldwide held local cleanups, educational campaigns, tree-planting events and other biodiversity-focused activities. Examples include:

- **China** Employees at the Tianjin facility hosted a series of environmental activities, including an Environmental Workshop for Tianjin Vocational University. At the event, employees introduced students to the government-produced 2014

China Environmental Report, the Baxter EHS and Sustainability Policy, and the company's efforts to conserve energy and water and to reduce waste. Biodiversity-related topics included the effects of water pollution on the nearby Haihe River.

- **Mexico** Employees of the Atlacomulco facility and their families planted 300 trees as part of reforestation efforts in the community of San Miguel Tenochtitlán, helping to restore the local ecosystem from excessive deforestation.
- **United States** In Northern Illinois, more than 85 Baxter employees and family members gathered at the Chicago Botanic Garden to volunteer, removing invasive species from the garden and processing seeds for a seed bank. In addition, employees and family members learned about horticulture and plant conservation.

## Making a Meaningful Difference Month

Each October, Baxter employees in the Asia Pacific region volunteer time and contribute funds during Making a Meaningful Difference month to improve the lives of people in local communities and to care for the environment. Highlights from 2015 include:

- **Guangzhou, China** More than 700 employees and their families organized an interactive sporting event for children with autism or minimal brain dysfunction at the Guangzhou Xiaotianshi Rehabilitation Training Center.
- **Miyazaki, Japan** Baxter employees hosted an environmental education program for fourth-grade students from Kibana Junior School. In addition to learning about the importance of sustainability and water conservation, the students also took part in a plant tour and learned about water-purification technologies used at Baxter.

## Employee Giving

The Baxter International Foundation Matching Gift Program matches employee donations of \$25 or more, up to \$5,000 each year, to qualifying U.S. public charities.<sup>1</sup> In 2015, The Baxter International Foundation matched gifts to eligible organizations submitted by more than 1,000 U.S.-based employees from 42 states. Matches totaled more than \$650,000, which doubled the impact to over 700 charitable organizations.

## Ethics and Compliance

As a global healthcare company operating in more than 100 countries, Baxter incorporates ethics and compliance into everything that it does. Baxter is committed to promoting trust within the company's operations and beyond and fostering an open culture that demonstrates the highest ethical standards. For more information about ethics and compliance at Baxter, [click here](#).

### HUMAN RIGHTS ACROSS THE VALUE CHAIN

As outlined in [Baxter's Global Human Rights Policy](#), the company respects the human rights, dignity and diverse contributions of all individuals. Fostering human rights in the company's direct and indirect actions takes many forms at Baxter and is reflected in numerous company policies and initiatives in areas including employment practices, privacy, safety, supply chain, ethical conduct and access to healthcare.

### RELATIONSHIPS WITH HEALTHCARE PROFESSIONALS AND GOVERNMENT OFFICIALS

Baxter is committed to reporting transparently on its relationships with healthcare professionals. This includes the continued implementation of anticorruption programs to ensure those relationships and related payments are for necessary and genuine services. In 2015, the company initiated the worldwide launch of its Global Interactions Policy with the medical community and government officials.

Baxter's U.S. Contributions Management Program reviews and processes contribution requests—such as for patient education events and walks or runs to increase disease awareness—from nonprofit and for-profit healthcare organizations (HCOs). In 2015, the company processed 175 such requests and approved more than \$650,000 in contributions to HCOs.

### LEGAL AND REGULATORY COMPLIANCE TRAINING

Annually, Baxter employees complete more than 20 e-learning courses covering topics such as adverse-event reporting procedures, Baxter's ethics and compliance standards, data privacy, the company's Global Interactions Policy, trade compliance and workplace violence prevention.

Baxter's Legal department and Ethics and Compliance function also conducted hundreds of classroom sessions worldwide during the year about the company's ethics and compliance standards and supporting policies.

### INTERNATIONAL ANTICORRUPTION ACTIVITIES

Baxter completes risk assessments annually and as information becomes available, covering corruption among other risks. The Corporate Audit and Ethics and Compliance functions select the locations of operations to audit based on factors such as size, Transparency International's Corruption Perception Index, the nature of interactions with third parties, industry trends and the results of local and regional compliance investigations. Relationships with third parties can be a focus of these assessments, such as the nature of arrangements between Baxter and third parties, the adherence of third parties to contractual terms and Baxter's ethics and compliance standards for suppliers, the training history and needs of suppliers and distributors, the level of interaction with governments and healthcare professionals, and other possible risk factors.

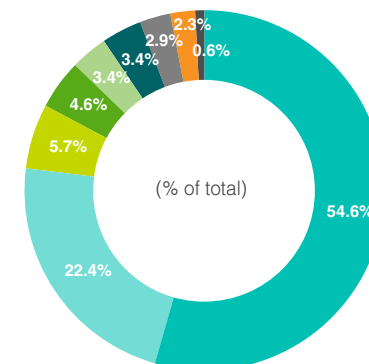
The company conducted two compliance assessments in 2015 using Corporate Audit and Ethics and Compliance resources—one each in Baxter's Europe, Middle East and Africa (EMEA) and Asia Pacific regions. The assessments show continued progress in awareness, understanding and implementation of Baxter's anticorruption programs.

In addition to compliance assessments, the company conducted compliance self-monitoring in 72 countries, including eight in Asia Pacific, 61 in EMEA and three in Latin America.

### ETHICS AND COMPLIANCE HELPLINE

In 2015, Baxter logged 350 inquiries from 28 countries into the Helpline system. Due to the spinoff of Baxalta, data on substantiated cases are available only from July 1 through the end of the year. During that period, the company addressed 174 cases promptly and thoroughly. Not all of these items were reports of alleged misconduct or related to compliance.


Ethics and Compliance Helpline Cases in 2015\*



Issue	Cases
Work Environment/Employee Relations	95
Interactions with Government Officials Including HCPs/HCOs (outside the United States)	39
Asset or Information Misuse or Misappropriation/ Data Privacy	10
Competitive Practices	8
Conflict of Interest	6
Manufacturing/EHS/R&D/Regulatory	6
Marketing and Sales	5
Financial Management and Reporting	4
Payments/Gifts/Entertainment with HCPs/HCOs (United States)	1
<b>Total</b>	<b>174</b>

\* Due to the spinoff of Baxalta, data on substantiated cases are available only from July 1, 2015, through the end of the year.

# Sustainable Manufacturing and Operations

 Bureau Veritas has provided assurance on the content in this section (except for content related to the Environmental Financial Statement).

Baxter is committed to driving sustainability throughout its global manufacturing operations.<sup>1</sup> It strives to use energy, water and raw materials efficiently, while reducing waste and greenhouse gas (GHG) emissions. This improves the company's environmental performance while saving money and enhancing Baxter's reputation.

The company's [environmental, health, safety \(EHS\) and sustainability vision](#) is to achieve a sustainable enterprise that creates stakeholder value by advancing superior environmental stewardship, the highest level of employee health and well-being, and an injury-free workplace. Baxter's [EHS and Sustainability Policy](#) outlines the company's commitments in this area, within its operations and across the value chain. The company's EHS governance structure helps the EHS organization achieve its goals and create long-term business value.

Baxter follows a management-systems approach guided by its global EHS requirements. The company applies the ISO 14001 standard to systematically manage its environmental aspects and the OHSAS 18001 standard to manage its health and safety hazards and risks. As of year-end 2015, 68 Baxter locations met the requirements of ISO 14001 and 50 sites were certified to OHSAS 18001.

The company's EHS audit program verifies that Baxter's facilities have EHS programs that achieve regulatory

compliance and meet the company's EHS requirements, objectives and goals. In 2015, Baxter conducted EHS audits at 26 out of 74 applicable facilities.<sup>2</sup>

Baxter assesses its performance in environmental compliance based on notices of violation (NOVs), environmental fines and environmental compliance incidents. The company received 10 environmental NOVs in 2015 (eight related to wastewater) and paid \$909 in environmental fines. Baxter settled one health and safety NOV during the year, and paid \$225 in health and safety fines.

Since 1994, Baxter has created an Environmental Financial Statement to demonstrate the value of the company's proactive global environmental management program. Total estimated environmental income, savings and cost avoidance realized in 2015 equaled \$23.0 million. See [Baxter 2015 Environmental Financial Statement](#) for detail.

Progress toward several of the company's natural resource use reduction goals slowed or reversed during the year. Baxter did not meet its 2015 goals for energy usage, GHG emissions, water usage and total waste, which are indexed to revenue. A contributing factor was a 7% decrease in revenue in 2015 compared with 2014, even as production volumes remained steady. This reduction in revenue was driven primarily by unfavorable foreign currency impact.

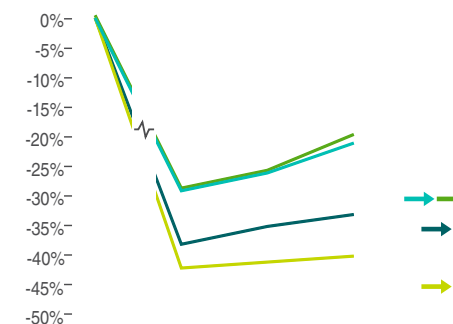
Baxter anticipates that ongoing business growth and changes to manufacturing processes during the next several years will continue to present challenges to reduction efforts related to natural resource use.

## ENERGY

Using energy effectively enhances business efficiency, conserves natural resources and improves environmental performance. Reducing fossil fuel combustion decreases GHG emissions, improves air

### Progress on 2015 Environmental Goals

(% change, indexed to revenue\*)



	2005	2013	2014	2015	2015 Goal
Energy Usage	0%	-29%	-26%	-21%	-30%
GHG Emissions	0%	-42%	-41%	-40%	-45%
Total Waste	0%	-29%	-26%	-20%	-30%
Water Usage	0%	-38%	-35%	-33%	-35%

\* Negative numbers represent reductions.

quality and decreases fine particulates that contribute to adverse health effects.

In 2015, Baxter used 7,967 trillion joules of energy (not including Gambro)—a reduction of 21% indexed to revenue compared with 2005. This includes energy used by Baxter-managed and Baxter-operated facilities (electricity, fuels and purchased steam) and excludes energy related to company-operated vehicles. Changes in manufacturing processes and energy conservation projects in 2015 contributed to a 1% absolute decrease in energy usage compared with 2014. Though Baxter focused on energy reduction projects to meet its 2015 goal to decrease energy usage from operations by 30% indexed to revenue, compared with 2005, business growth and manufacturing process changes in recent years presented challenges in this area.

Energy conservation supports Baxter's business because energy is one of the company's most significant manufacturing costs. Since 2005, while

Baxter increased sales 35% through 2015, the company's absolute energy usage from operations increased by only 6%. Baxter's corresponding manufacturing facility-related energy costs rose 46% during this same period, to \$132 million, due to sharply increasing energy prices. This underscores the importance of the company's ongoing energy-conservation efforts.

During 2015, the company implemented 129 energy-conservation projects that saved more than \$2.8 million and 97.8 trillion joules of energy, avoiding more than 13,000 metric tons carbon dioxide equivalent (CO<sub>2</sub>e) of GHG emissions. Baxter saved approximately \$35 million in 2015 from energy-conservation initiatives in manufacturing operations that the company has implemented since 2005.

In 2007, Baxter launched a Lean Energy Program for the company's main manufacturing facilities. It includes four sets of Lean energy standards—Pre-requisite, Bronze, Silver and Gold. Each defines 25 to 30 requirements a facility must meet to qualify for that level, with a focus on the energy efficiency of processes and systems. By the end of 2015, six sites had achieved Gold status, 14 Silver, 36 Bronze, and 42 Pre-requisite.

Site-specific energy assessments also identify opportunities for energy conservation and chances to apply and share new technologies and best practices across the company. In 2015, Baxter performed energy assessments at eight facilities worldwide. From those, the company has identified 106 potential energy-conservation projects worldwide, representing possible annual savings of \$3.3 million.

[VIEW THE PERFORMANCE SUMMARY FOR MORE DETAIL.](#) 

## WASTE

Decreasing waste reduces expenses related to raw materials, waste handling and disposal. It also

decreases environmental impacts associated with the extraction and refinement of raw materials. Baxter identifies leading opportunities to decrease waste based on the highest-volume waste streams, facilities that produce the most waste, sites with particularly strong potential to improve and other factors.

During 2015, Baxter's operations, excluding Gambro, generated 55,280 metric tons of total waste, up 8% from 2005 in absolute terms and a 20% decrease indexed to revenue. Total waste increased by 1% during 2015 compared with 2014. Baxter attributes this to changes in manufacturing and materials requirements processes at some of the company's larger manufacturing facilities. These alterations typically cause significant increases in waste generation.

Plastic scrap represents Baxter's largest waste stream, representing roughly one-third of the company's non-hazardous waste. Eleven of the 20 sites participating in the company's Plastic Waste Reduction Program reduced plastic waste by nearly 900 metric tons in 2015.

Baxter, including Gambro, recycled 77% of the 61,000 metric tons of nonhazardous waste generated in 2015, and 40% of the 12,720 metric tons of regulated waste,<sup>3</sup> for an overall recycling rate of 71%.<sup>4</sup> In 2015, 13 manufacturing sites and one research and development facility diverted 95% or more of their waste from landfill. Overall, recycling activities at Baxter generated nearly \$6.6 million in net income in 2015.

[VIEW THE PERFORMANCE SUMMARY FOR MORE DETAIL.](#) 

## WATER

Water issues continue to grow in importance worldwide. Although these concerns are global, addressing water issues requires action at the local or regional level.

Baxter works to better understand the impacts of its water use across the value chain and implements conservation and efficiency projects at its manufacturing facilities to improve performance.

Baxter reduced water consumption by 33% indexed to revenue from 2005 to 2015, just short of its goal of a 35% decrease. The company met its goal to implement two projects by 2015 to help protect vulnerable watersheds and provide communities with enhanced access to clean water.

[VIEW THE PERFORMANCE SUMMARY FOR MORE DETAIL.](#) 

During 2015, Baxter, excluding Gambro, used approximately 12.0 million cubic meters of water,<sup>5</sup> roughly equivalent to filling 13 Olympic-sized swimming pools every day. This equaled 10% less water than in 2005 in absolute terms and 33% less indexed to revenue. Baxter used nearly 5% less water in 2015 than in 2014, largely due to improvements in manufacturing practices at numerous facilities globally. Although Baxter focused on water and energy reduction projects to meet its 2015 goals, business growth and manufacturing process changes during the past several years presented challenges to its water use reduction efforts.

Baxter considers several factors to identify water usage reduction opportunities and possible water-conservation projects at sites, including total water used, water usage efficiency and water cost and availability. Due to the strong link between energy usage and water processing, optimizing water systems remains a key focus of the company's facility energy assessments. Additionally, Baxter integrates Lean manufacturing principles and tools such as value stream mapping<sup>6</sup> with water management to help facilities identify areas for additional conservation.

During 2015, Baxter implemented water recovery and reuse projects at several facilities. The company's facility in São Paulo, Brazil, reduced water use by about 42,000 cubic meters on an annual basis through water recovery in sterilizers and water reuse in sanitization tanks. Baxter's Guangzhou, China, facility implemented several initiatives, including recycling boiler condensate water, reusing reject water and improving injection system efficiency. These efforts contributed to overall site reductions of nearly 30,000 cubic meters of water year over year.

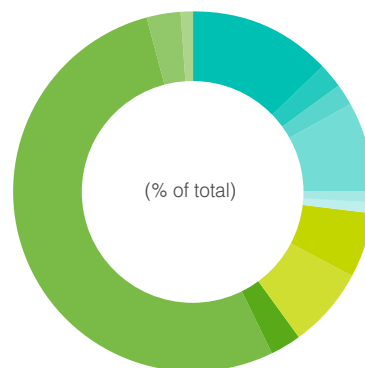
Water issues vary significantly by location. For 2015, Baxter used the World Business Council for Sustainable Development Global Water Tool to evaluate the availability of renewable water supply at the company's 59 largest water-consuming locations, which represent more than 97% of Baxter's total water use, including Gambro. Seven of those sites are located in extreme water-scarcity areas, five in water-scarce areas, 10 in water-stressed areas, 18 in water-sufficient areas and 19 in water-abundant areas.<sup>7</sup> Water usage in extreme water-scarcity, water-scarce and water-stressed areas decreased by approximately 5% in absolute terms and 2% indexed to revenue in 2015 compared with 2014.

In 2015, Baxter completed its fourth year of working with the Philippine Center for Water and Sanitation to improve water, sanitation and hygiene conditions for the nearly 1,500 inhabitants of Sitio Silangan, a community within walking distance of the company's manufacturing facility in Canlubang, Philippines. Baxter also completed its second year of working with Sarar Transformación SC to implement a community water project near Baxter's facility in Cuernavaca, Mexico.

## GHG EMISSIONS ACROSS THE VALUE CHAIN

Baxter began reporting its Scope 1, Scope 2 and certain Scope 3 GHG emissions in 1997 and contributed to the development of the initial version

### Baxter's Global GHG Emissions Footprint, 2015\*



Category	Metric Tons CO <sub>2</sub> e	% of Total
<b>Upstream (Scope 3)</b>		
Purchased Goods and Services	703,000	13%
Capital Goods	114,000	2%
Fuel and Energy-Related Activities	128,000	2%
Upstream Transportation and Distribution	413,000	8%
Waste Generated in Operations	13,000	0%
Business Travel	70,000	1%
Employee Commuting	31,000	1%
Upstream Leased Assets	1,000	0%
<b>Baxter Operations (Scope 1 and 2)</b>		
Facility/Vehicle Fuel Usage and Refrigerant Losses (Scope 1)	304,000	6%
Purchased Energy (Scope 2)	393,000	7%
<b>Downstream (Scope 3)</b>		
Downstream Transportation and Distribution	147,000	3%
Processing of Sold Products	15,000	0%
Use of Sold Products	2,830,000	53%
End-of-life Treatment of Sold Products	184,000	3%
Downstream Leased Assets	0	0%
Franchises	0	0%
Investments	41,000	1%
<b>Total</b>	<b>5,387,000</b>	<b>100%</b>

\*The emissions reported in this graph are presented in accordance with guidance provided by the GHG Protocol (Scope 1 and Scope 2) and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

of the Greenhouse Gas Protocol, a collaboration of World Resources Institute and the World Business Council for Sustainable Development.

Baxter estimates its 2015 GHG emissions footprint (Scope 1, Scope 2 and Scope 3)<sup>8</sup> at 5.4 million metric tons CO<sub>2</sub>e, up from 5.3 million metric tons CO<sub>2</sub>e the prior year. The main factor influencing this increase was GHG emissions associated with the use of certain products for which production and sales have

increased in recent years. The data in this report are presented in accordance with the GHG Protocol (Scope 1 and Scope 2) and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

[VIEW THE PERFORMANCE SUMMARY FOR MORE DETAIL.](#)

## GHG EMISSIONS FROM OPERATIONS

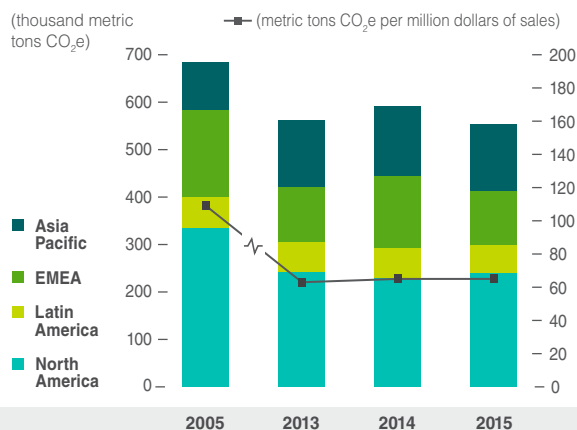
GHG emissions related to Baxter's operations are due to facility energy use, company-operated vehicles and refrigerant losses. Baxter's approach to managing and reducing GHG emissions from operations includes 18 program and reduction strategies. Program strategies include developing and refining an overall GHG emissions reduction strategy, setting GHG emissions reduction goals and measuring and reporting progress among others. These are complemented by specific tactics to reduce GHG emissions, such as energy-efficiency initiatives, fuel switching, cogeneration, onsite renewable energy systems, renewable power and green buildings.

Baxter's goal has been to reduce GHG emissions from its operations by 45% indexed to revenue by 2015 compared with 2005. For this period, Baxter decreased net GHG emissions from operations by 19% in absolute terms and by 40% indexed to revenue, falling short of meeting the 2015 goal.

Total net emissions from operations, including Gambro, equaled 670,000 metric tons CO<sub>2</sub>e in 2015. This includes a subtraction of 133,000 metric tons CO<sub>2</sub>e of carbon credits.

Energy usage accounts for 98% of Baxter's GHG emissions from operations, so the company focuses its emissions reduction efforts in this area. In 2015, Baxter facilities completed 129 energy-conservation projects that reduced annual GHG emissions by more than 13,000 metric tons CO<sub>2</sub>e.

### GHG Emissions from Baxter Operations\*



\* Excludes data from Gambro. Data for 2005, 2014 and 2015 exclude Baxalta. Data for 2013 include Baxalta.

In 2007, Baxter committed to increasing facility usage of renewable energy to 20% of total energy use by 2015. By the end of 2015, 24% of the company's energy use for operations was from renewable sources, exceeding the goal. Biomass fuel for boilers at four company locations<sup>9</sup> represented 10% of total energy use, and the renewable energy component of purchased electricity and renewable energy certificates together represented 14%. On-site geothermal, solar photovoltaic and solar hot water systems contributed a small amount to the total.

During 2015, Baxter purchased about 200,000 megawatt hours of electricity generated from 100% certified renewable power, including all electricity purchased by the company in Illinois, United States. Baxter was recognized as the 21st-largest corporate purchaser of renewable energy in the United States during the year.<sup>10</sup>

Since 2007, Baxter has maintained carbon neutrality at its headquarters in Deerfield, Illinois, United States,

and its manufacturing facility in Cartago, Costa Rica, through electricity generated from certified renewable energy, carbon credits and carbon offsets. In both cases, the company offsets facility-related emissions from purchased electricity and from fuel combusted on site.

### GHG EMISSIONS FROM PRODUCT TRANSPORT

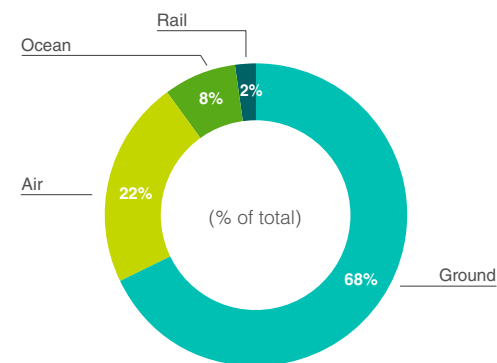
Baxter transports large amounts of raw materials and more than 3 billion units of finished goods each year throughout its global supply chain. In some instances, Baxter directly operates its product distribution system, such as a private fleet for Renal product home delivery in certain countries. The company also partners with third-party vendors and carriers.

Baxter partners with a third party that calculates the GHG emissions of Baxter's upstream product transportation and distribution, which constitute the majority of emissions for this category. Another third party estimates Baxter's downstream product transportation emissions. Baxter's approach to improving performance in this area includes:

**Optimizing the distribution network** Baxter continually works to improve the efficiency of its distribution network, including through route optimization and technology innovation, to save time and money while improving environmental performance. For example, the company partnered with a vendor to provide temperature-controlled container shipments via rail, saving 25 days compared with ocean transit for some routes.

**Using intermodal transport** Combining multiple transportation modes for a single shipment can decrease costs and overall GHG emissions. Baxter continues to use this approach in Europe and the United States when possible. The company used intermodal transport for approximately 28% of shipments to replenish its U.S distribution network in 2015.

### Worldwide GHG Emissions from Product Transport by Mode, 2015\*



\* Data for 2015 include Gambro and do not include Baxalta. Data for 2013 and 2014 include Baxalta.

**Increasing capacity utilization** Through use of double-decker trucks in some locations, agreements with other companies to share routes, trucks that move combined loads most efficiently and truckload weight optimization software applications, Baxter has decreased environmental impacts for each product shipped. In 2015, use of route-planning software resulted in 390 fewer truckload shipments, decreasing GHG emissions by 246 metric tons CO<sub>2</sub>e.

**Engaging in environmentally responsible partnerships** Baxter is one of a select number of companies that participate in the U.S. Environmental Protection Agency SmartWay<sup>®</sup> program as both a Carrier and Shipper Partner. In 2015, Baxter became a member of Green Freight Asia to enhance the company's Asia Pacific green optimization transport strategies and technologies.

Baxter's total worldwide GHG emissions from product transport equaled 412,800 metric tons CO<sub>2</sub>e in 2015, equivalent to 99 kilograms CO<sub>2</sub>e per metric ton of products transported, a 22% decrease from 2014.



## Supply Chain



Baxter's supply chain extends from producers of raw materials to end users of the company's products. The company is committed to building and driving a sustainable supply chain. Baxter engages its suppliers on key sustainability issues, including energy use, greenhouse gas (GHG) emissions, waste reduction and the environmental impacts of product materials. To learn more about Baxter's supply chain, [click here](#).

### SUPPLIER STANDARDS

Several [sustainability-related standards](#) govern Baxter's relationships with suppliers and underpin the company's Global Supplier Sustainability Program. Baxter maintains a culture of strict compliance with applicable laws, rules and regulations and demonstrates high standards of ethics and business conduct.

### SUSTAINABLE PROCUREMENT

Baxter considers several environmental and social factors as it integrates sustainable practices into procurement. The company collaborates with its suppliers to identify opportunities to improve environmental performance, such as reducing energy use, GHG emissions and waste. Baxter also promotes human rights throughout its supplier base.

### Requests for Proposal and Supplier Agreements

Baxter considers price, quality, environmental criteria and other factors when selecting and evaluating its suppliers. To support these efforts, the company incorporates sustainability in its requests for proposal

and supplier contract templates. This reiterates Baxter's commitment and provides a means to assess each supplier's ability to support progress against Baxter's corporate responsibility goals and to conduct business consistent with Baxter's supplier standards. For more information, [click here](#).

### Annual Supplier Sustainability Survey

At the end of 2015, Baxter engaged with a global supply chain sustainability service provider to enhance the supplier experience, provide improved sustainability-related feedback and to better align Baxter's supplier sustainability survey with the company's long-term corporate responsibility objectives. As of March 2016, 74% of the 100 critical direct and indirect suppliers<sup>1</sup> surveyed had responded. Baxter will provide suppliers with a report card based on the data they provided. The company plans to repeat the survey annually and expand to 200-250 critical suppliers in 2016.

### e-Impact Program

During 2015, Baxter's e-Impact program continued to identify opportunities to collaborate with suppliers to improve environmental performance and to recognize results. Baxter employees submitted 113 project ideas in 2015, exceeding the goal of 100. Eighty projects were successfully completed during the year, with combined benefits to Baxter and its

suppliers summarized in the table below. The company credits a significant portion of the overall cost avoidance to a shift in Baxter's travel policy for 2015.

### SUPPLIER DIVERSITY

Baxter works to develop mutually beneficial relationships with small and diverse suppliers, and strives to continue to increase the diversity of its supplier base.

In 2015, Baxter spent \$762 million with small businesses in the United States and Puerto Rico, representing a 2% increase compared with 2014 and approximately 16% of Baxter's total supplier spending of \$4.8 billion in those markets during the year. The company increased spending with diverse design and development partners, and several large facility expansion projects drove spend with local small and diverse suppliers and contractors. During the year, the company spent about \$133 million with women-owned businesses and \$42 million with minority-owned firms in the United States and Puerto Rico. Veteran-owned, service-disabled veteran-owned, disadvantaged and HUBZone-certified businesses represented \$15.3 million, \$5.7 million, \$1.7 million and \$0.03 million of Baxter's spending, respectively.

To learn more about supplier diversity at Baxter, [click here](#).

#### e-Impact Program Summary Results

	2013	2014	2015
Project Ideas Submitted	60	49	113
Projects Completed	23	17	80
Cost Avoidance*	\$2,275,000	\$9,270,000	\$14,914,000
GHG Emissions Reduction (metric tons CO <sub>2</sub> e)*	5,620	3,200	8,950

\*Data only include projects completed during the year indicated.

VIEW THE PERFORMANCE SUMMARY FOR MORE DETAIL.



## Public Policy

Many legislative issues affect Baxter's business globally, including reimbursement, tax, trade and a variety of regulatory concerns. The company's Government Affairs and Public Policy (GAPP) team works with lawmakers, governments and policymakers worldwide to support patient access to the company's life-saving therapies, increase understanding of the benefits of those therapies, address barriers to care and explore possible solutions. This involves engaging with governments to improve the regulatory environment and reimbursement structure for Baxter's therapies and collaborating with clinicians, nongovernmental organizations and patient groups to increase access to healthcare for millions of people worldwide.

The Public Policy Committee of Baxter's Board of Directors oversees the company's government affairs activities. The committee reviews Baxter's positions on pending legislation and political advocacy efforts. For additional information, see [Baxter's 2015 Political Contributions Report](#), which details political contributions reviewed by the BAXPAC Board of Directors. It also includes information about the company's membership in certain trade and industry groups.



Baxter was ranked among the first tier of companies in the 2015 CPA-Zicklin Index of Corporate Political Disclosure and Accountability.

Baxter's key public policy focus areas include the suspension of the medical device excise tax, engagement on home dialysis, home delivery of renal products and support of diverse populations.

### MEDICAL DEVICE TAX

Since 2011, Baxter and other companies have collaborated with the medical technology association AdvaMed to promote repeal of the medical device excise tax. With the passage of the Protecting Americans from Tax Hikes Act of 2015, the 2.3% medical device excise tax has been suspended for 2016 and 2017. The company played a role in educating constituent members about the ramifications of the tax on Baxter and its patients.

### ENGAGEMENT ON HOME DIALYSIS

Baxter belongs to the Alliance for Home Dialysis, an organization focused on advocacy, policy and thought leadership. The company participated in the 2015 Alliance for Home Dialysis Federal Policy Workshop in Washington, DC, to further the dialogue about the benefits of home dialysis for patients with end-stage renal disease. The workshop provided a forum for the home dialysis community, the Obama Administration and U.S. Congressional staff to discuss emerging policy opportunities to ensure patient choice in treatment.

Home dialysis is an alternative to in-center treatment, which generally requires patients to visit a clinic three times a week. Despite the widely accepted and well-documented benefits of home dialysis compared with in-center treatment—including improved outcomes associated with more consistent treatments, enhanced patient satisfaction, improved quality of life and lower costs—only about 10% of U.S. dialysis patients receive treatment at home.

### HOME DELIVERY OF RENAL PRODUCTS

In the United States, the dispensing of pharmaceuticals is governed by laws and regulations at the state level. Baxter works to help shape state policies to better align with the company's Renal Home Patient service.

Work on this program began in 2014 and culminated in 2015 when the National Association of State Boards of Pharmacy adopted language in the State Pharmacy Model Act that exempts manufacturers of dialysis supplies and drugs from registration as a pharmacy to deliver products to patients' homes. Georgia and North Carolina enacted similar laws at the state level.

Baxter teams are working to expand law adoption in several additional states during 2016 to drive further gains in operational excellence and financial savings.

### SUPPORTING DIVERSE POPULATIONS

In April 2015, Baxter's GAPP team held its third annual Minority Health Month Fly-In in Washington, DC. Members of Baxter's business resource groups came from across the country to underscore the importance of developing strong public policies in the healthcare and medical device sectors to help address healthcare disparities that continue to affect racial and ethnic minorities. The team met with about 35 members of the Tri-Caucus, including members of the Congressional Black Caucus, the Congressional Hispanic Caucus and the Congressional Asian Pacific American Caucus.

During 2015 Baxter representatives attended The National Minority Quality Forum Summit, the Congressional Black Caucus Foundation Annual Legislative Conference, the Congressional Black Caucus Community Breakfast and Health Fair and the Congressional Hispanic Caucus Institute Public Policy Conference.

**APPENDIX: Baxter 2015 Corporate Responsibility Report Performance Summary**

SECTION AND INDICATOR	2013	2014	2015
<b>Financial Performance</b>			
Worldwide Net Sales (\$ millions)	\$9,413	\$10,719	\$9,968
U.S. Net Sales (\$ millions)	\$3,584	\$3,999	\$4,001
International Net Sales (\$ millions)	\$5,829	\$6,720	\$5,967
Stock Price (\$ at year end)	\$37.78	\$39.82	\$38.15
Dividend (\$ per share)	\$1.92	\$2.05	\$1.27
Research and Development (\$ millions)	\$582	\$610	\$603
<b>Employees</b>			
<b>Global Workforce by Job Level (as a % of total)</b>			
Executive	0.5%	0.4%	0.3%
Management	12.7%	12.4%	11.8%
Professionals	32.1%	31.2%	31.1%
Technical/Clerical	54.7%	56.1%	56.7%
<b>Global Workforce by Gender (as a % of total)</b>			
Female	50.5%	50.1%	49.4%
Male	49.5%	49.9%	50.6%
<b>Global Workforce by Region (as a % of total)</b>			
Asia Pacific	15.9%	18.4%	22.9%
Canada	1.7%	1.7%	2.1%
Europe, Middle East and Africa (EMEA)	34.4%	32.2%	29.3%
Latin America	12.2%	12.2%	15.6%
United States (including Puerto Rico)	35.9%	35.6%	30.0%
<b>Female Representation by Region (as a % of total)</b>			
Asia Pacific	50.4%	50.2%	50.1%
Canada	58.7%	57.4%	57.6%
EMEA	48.4%	47.8%	48.4%
Latin America	56.8%	56.8%	56.7%
United States (including Puerto Rico)	50.1%	49.6%	45.6%
<b>Female Representation by Job Level (women as a % of total)</b>			
Executive	24.4%	26.1%	22.8%
Management	39.3%	39.2%	39.0%
Professionals	49.1%	49.2%	49.0%
Technical/Clerical	54.2%	53.2%	52.0%
<b>Ethnic Minority Representation (as a % of total, U.S. only)</b>			
Executive	37.0%	35.0%	35.0%
Management	21.2%	19.7%	19.5%
Professionals	25.8%	26.7%	25.1%
Technical/Clerical	32.6%	33.0%	29.6%
Technical/Clerical	38.5%	37.8%	43.7%
<b>Recordable Case Rate<sup>1</sup></b>			
Asia Pacific	0.88	0.93	0.77
EMEA	0.17	0.14	0.08
Latin America	0.52	0.57	0.56
North America	0.22	0.38	0.42
North America	1.86	1.83	1.60
<b>Cases with Days Lost Rate<sup>2</sup></b>			
Asia Pacific	0.096	0.131	0.175
EMEA	0.038	0.036	0.000
Latin America	0.076	0.138	0.180
North America	0.025	0.049	0.040
North America	0.181	0.218	0.351
<b>Days Lost Rate<sup>3</sup></b>			
Asia Pacific	2.37	3.56	4.92
EMEA	0.92	0.30	0.00
Latin America	1.20	2.34	2.37
North America	0.12	2.28	0.14
North America	5.21	6.61	11.14

SECTION AND INDICATOR	2013	2014	2015
<b>Employees (cont.)</b>			
<b>Restricted Days Rate<sup>4</sup></b>	12.66	14.94	17.32
Asia Pacific	2.30	0.25	0.51
EMEA	6.51	5.55	6.11
Latin America	0.56	0.62	4.32
North America	29.05	35.72	45.87
Days Away (Lost), Restricted or Transferred Rate <sup>5</sup> (DART)	15.03	18.50	22.25
Employee/Contractor Major Incidents <sup>6</sup> (total number)	5/3	10/3	4/0
Employee/Contractor Fatalities <sup>7</sup> (total number)	0/0	0/0	0/0
Health and Safety Notices of Violation Settled	6	1	1
Health and Safety Fines Paid (in dollars)	\$2,000	\$0	\$225
<b>Sources of Recordable Injury and Serious Incidents<sup>8</sup> (as a % of total)</b>			
Ergonomic	21%	20%	22%
Involving the Body (non-ergonomic)	16%	18%	8%
Punctures	16%	16%	7%
Struck by Object	13%	16%	14%
Slips, Trips and Falls	17%	15%	19%
Caught in, on or Between	10%	10%	11%
Forklifts and Other Vehicles	1%	1%	3%
Other	6%	5%	17%
<b>Baxter and The Baxter International Foundation Charitable Giving<sup>9</sup> (dollars in millions)</b>			
<b>Total Charitable Giving</b>	<b>\$27.38</b>	<b>\$24.17</b>	<b>\$24.49</b>
<b>Product Donations<sup>10</sup></b>			
Products/Patient Assistance Programs	\$9.58	\$5.20	\$8.76
<b>Business and Facility Cash Donations</b>	<b>\$12.82</b>	<b>\$13.40</b>	<b>\$11.54</b>
Within the United States	3.42	2.98	3.34
Outside the United States	9.40	10.50	8.20
<b>The Baxter International Foundation Contributions</b>	<b>\$2.85</b>	<b>\$2.93</b>	<b>\$4.18</b>
Within the United States (including Puerto Rico)	2.13	2.64	2.97
Grants	0.76	1.09	1.39
Matching Gifts and Dollars for Doers	0.65	0.77	0.74
Scholarships	0.21	0.25	0.27
Prize Programs	0.23	0.39	0.58
Outside the United States	0.72	0.29	1.21
Grants	0.65	0.22	1.11
Scholarships	0.07	0.07	0.10
<b>Sustainable Manufacturing and Operations<sup>11</sup></b>			
<b>Baxter Process-Related Toxic Air Emissions<sup>12</sup> (metric tons)</b>			
Cumene	n/a	2	4
EtO	2	1	1
Methylene Chloride	2	1	2
Methanol	0	0	0
DEHP	23	13	15
Other	0	1	1
Kg Process-Related Toxic Air Emissions per Million Dollars of Sales	4	2	2
<b>NOx and SOx Emissions<sup>13</sup> (metric tons)</b>	<b>1,073</b>	<b>605</b>	<b>529</b>
NOx	454	379	385
SOx	619	226	144
Kg NOx and SOx Emissions per Million Dollars of Sales	171	68	58

**APPENDIX: Baxter 2015 Corporate Responsibility Report Performance Summary (continued)**

SECTION AND INDICATOR	2005	2013	2014	2015
<b>Sustainable Manufacturing and Operations<sup>11</sup> (cont.)</b>				
<b>Energy Usage from Baxter Operations<sup>14</sup> (trillions of joules)</b>	7,494	7,604	8,070	7,967
Asia Pacific	924	1,451	1,515	1,484
EMEA	2,346	1,983	2,260	2,253
Latin America	800	843	867	864
North America	3,424	3,327	3,428	3,366
Billions of Joules per Million Dollars of Sales	1,197	854	885	941
Renewable Energy Purchased <sup>15</sup> (trillions of joules)	n/a	2,119	2,213	1,884
Facility Usage of Renewable Energy <sup>16</sup> (as a % of total energy use)	n/a	22%	22%	24%
<b>Lean Energy Program Performance<sup>17</sup> (% of program criteria implemented across all manufacturing facilities, at year-end)</b>				
Pre-requisite	n/a	91%	97%	97%
Bronze	n/a	88%	89%	91%
Silver	n/a	81%	82%	77%
Gold	n/a	66%	68%	64%
Baxter's Global greenhouse gas (GHG) Emissions Footprint (Scope 1, 2, and 3) (metric tons CO <sub>2</sub> e). See <a href="#">Baxter 2015 Value Chain Energy Usage and GHG Emissions</a> for detail				
	n/a	4,992,000	5,307,000	5,387,000
<b>GHG Emissions from Baxter Operations<sup>18</sup> (metric tons CO<sub>2</sub>e)</b>	684,000	563,000	591,000	554,000
Asia Pacific	100,000	141,000	146,000	143,000
EMEA	183,000	118,000	153,000	114,000
Latin America	67,000	62,000	63,000	57,000
North America	334,000	242,000	229,000	240,000
GHG Emissions from Operations per Million Dollars of Sales <sup>19</sup> (metric tons CO <sub>2</sub> e)				
	109	63	65	65
<b>Worldwide GHG Emissions from Product Transport, by Mode<sup>20</sup> (metric tons CO<sub>2</sub>e)</b>	n/a	450,300	490,400	412,800
Air	n/a	125,000	124,000	90,600
Ocean	n/a	28,100	37,300	34,000
Rail	n/a	9,900	9,300	9,400
Ground	n/a	287,300	319,800	278,800
<b>Worldwide GHG Emissions from Product Transport, by Region<sup>21</sup> (metric tons CO<sub>2</sub>e)</b>	n/a	450,300	490,400	412,800
Asia Pacific	n/a	68,300	62,300	48,900
EMEA	n/a	105,500	115,400	126,000
Latin America	n/a	73,800	82,000	45,800
North America	n/a	202,700	230,800	192,000
<b>Total Waste<sup>22</sup> (metric tons)</b>	51,210	51,840	55,010	55,280
Asia Pacific	7,070	7,130	8,120	8,130
EMEA	15,650	16,030	17,900	17,010
Latin America	4,640	9,160	7,470	6,390
North America	23,850	19,520	21,520	23,750
Metric Tons of Total Waste per Million Dollars of Sales	8.18	5.83	6.03	6.53
<b>Nonhazardous Waste<sup>23</sup> (metric tons)</b>	49,000	49,000	52,000	52,000
Asia Pacific	7,000	7,000	8,000	8,000
EMEA	15,000	15,000	17,000	16,000
Latin America	4,000	8,000	6,000	5,000
North America	23,000	19,000	21,000	23,000
Metric Tons of Nonhazardous Waste per Million Dollars of Sales	7.82	5.51	5.70	6.14
<b>Regulated Waste<sup>24</sup> (metric tons)</b>	2,210	2,840	3,010	3,280
Asia Pacific	70	130	120	130
EMEA	650	1,030	900	1,010
Latin America	640	1,160	1,470	1,390
North America	850	520	520	750
Metric Tons of Regulated Waste per Million Dollars of Sales	0.35	0.32	0.33	0.39

SECTION AND INDICATOR	2005	2013	2014	2015
<b>Sustainable Manufacturing and Operations<sup>11</sup> (cont.)</b>				
<b>Waste Management at Baxter<sup>25</sup> (% of total)</b>				
Recycled (on-site or off-site)	n/a	54.4%	65.3%	55.7%
Incinerated with Energy Recovery	n/a	9.3%	4.5%	14.3%
Incinerated	n/a	3.8%	4.7%	4.3%
Sent to Landfill	n/a	18.4%	20.0%	15.4%
Other Disposal	n/a	14.1%	5.4%	10.3%
<b>Water Usage (thousand cubic meters)</b>	13,215	11,620	12,563	11,950
Asia Pacific	2,152	2,833	3,116	2,870
EMEA	3,626	2,981	3,020	2,979
Latin America	1,859	1,460	1,500	1,473
North America	5,578	4,346	4,927	4,628
Thousand Cubic Meters Water Usage per Million Dollars of Sales	2.11	1.31	1.38	1.41
<b>Water Usage, by Availability<sup>26</sup> (thousand cubic meters)</b>	12,043	10,916	13,105	12,810
Extreme Scarcity Water Resources	167	384	443	469
Scarce Water Resources	505	583	667	584
Stressed Water Resources	3,347	3,185	3,862	3,652
Sufficient Water Resources	2,090	2,661	3,454	3,629
Abundant Water Resources	5,934	4,103	4,679	4,476
<b>Wastewater Pollutants<sup>27</sup> (total direct discharge, thousand cubic meters)</b>	4,340	4,656	4,243	3,971
BOD <sub>5</sub> (metric tons)	26	33	29	36
BOD <sub>5</sub> (mg/L)	6	7	7	9
COD (metric tons)	111	99	113	94
COD (mg/L)	26	21	27	24
TSS (metric tons)	45	38	38	40
TSS (mg/L)	11	8	9	10
<b>Environmental Compliance</b>				
Environmental Notices of Violation	n/a	22	15	10
Environmental Fines Paid (in dollars)	n/a	\$28,400	\$0	\$909
Environmental Financial Statement See <a href="#">Baxter 2015 Environmental Financial Statement</a> for detail				
<b>Supply Chain<sup>28</sup></b>				
Payments to Suppliers (United States and Puerto Rico) (approximate, dollars in billions)				
	n/a	\$2.6	\$3.5	\$4.8
<b>Supplier Diversity<sup>29</sup> (dollars in millions)</b>				
Payments to Small Businesses	n/a	\$422	\$504	\$762
Payments to Minority-Owned Businesses	n/a	37	32	42
Payments to Women-Owned Businesses	n/a	86	91	133
<b>Political Contributions</b>				
See <a href="#">Baxter 2015 Political Contributions Report</a> for detailed data				

**APPENDIX: Baxter 2015 Value Chain Energy Usage and GHG Emissions**

	Units	Energy Usage		Joules (trillions)		Energy Costs (dollars in millions)		Carbon Dioxide Equivalents <sup>1,2</sup> (thousand metric tons)	
		2014	2015	2014	2015	2014	2015	2014	2015
<b>Upstream Scope 3 Emissions</b>									
Purchased Goods and Services (Category 1) <sup>3</sup>		n/a	n/a	n/a	n/a	n/a	n/a	696	703
Capital Goods (Category 2) <sup>4</sup>		n/a	n/a	n/a	n/a	n/a	n/a	116	114
Fuel and Energy-related Activities (Category 3) <sup>5</sup>		n/a	n/a	n/a	n/a	n/a	n/a	132	128
Upstream Transportation and Distribution (Category 4) <sup>6</sup>		n/a	n/a	n/a	n/a	n/a	n/a	409	413
Waste Generated in Operations (Category 5) <sup>7</sup>		n/a	n/a	n/a	n/a	n/a	n/a	13	13
Business Travel (Category 6) <sup>8</sup>		n/a	n/a	n/a	n/a	n/a	n/a	73	70
Employee Commuting (Category 7) <sup>9</sup>		n/a	n/a	n/a	n/a	n/a	n/a	31	31
Upstream Leased Assets (Category 8) <sup>10</sup>		n/a	n/a	n/a	n/a	n/a	n/a	1	1
<b>Upstream Scope 3 Emissions Total</b>		<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>1,471</b>	<b>1,473</b>
<b>Baxter Operations</b>									
<b>Stationary Sources (facilities)</b>									
Electricity (purchased)	Million kWh	956	969	3,563	3,610	\$114.9	\$109.2	419	392
Electricity (on-site renewable)	Million kWh	2	3	7	11	n/a	n/a	n/a	n/a
Natural Gas	Million Cubic Meters	103	105	3,947	4,035	41.6	39.5	199	204
Fuel Oil	Million Liters	13	6	532	263	9.4	3.7	37	18
Propane and LPG	Million Kilograms	3.8	6	185	266	3.6	3.8	12	17
Purchased Steam	Million Kilograms	25	27	58	63	0.9	1.0	1	1
Biomass <sup>11</sup>	Million Kilograms	119	111	845	839	4.4	4.8	2	2
Carbon Dioxide Offsets <sup>12</sup>	Million Kilograms	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Subtotal		n/a	n/a	9,137	9,087	\$174.8	\$162.0	670	634
<b>Mobile Sources (Baxter operated vehicles)<sup>13</sup></b>									
Aviation Fuel	Million Liters	1.5	1.4	53	51	\$1.9	\$1.5	4	4
Gasoline	Million Liters	7.8	5.5	284	200	9.6	5.9	18	12
Diesel Fuel	Million Liters	14.0	11.5	538	443	19.7	10.8	38	32
Subtotal	Million Liters	23.3	18.4	875	694	\$31.2	\$18.2	60	48
<b>Refrigerants<sup>14</sup></b>									
Refrigerant Losses (facilities)	Metric Tons	n/a	n/a	n/a	n/a	n/a	n/a	21	15
<b>Baxter Operations Total</b>		<b>n/a</b>	<b>n/a</b>	<b>10,012</b>	<b>9,781</b>	<b>\$206.0</b>	<b>\$180.2</b>	<b>751</b>	<b>697</b>
<b>Downstream Scope 3 Emissions</b>									
Downstream Transportation and Distribution (Category 9) <sup>15</sup>		n/a	n/a	n/a	n/a	n/a	n/a	146	147
Processing of Sold Products (Category 10) <sup>16</sup>		n/a	n/a	n/a	n/a	n/a	n/a	15	15
Use of Sold Products (Category 11) <sup>17</sup>		n/a	n/a	n/a	n/a	n/a	n/a	2,739	2,830
End-of-life Treatment of Sold Products (Category 12) <sup>17</sup>		n/a	n/a	n/a	n/a	n/a	n/a	181	184
Downstream Leased Assets (Category 13)		n/a	n/a	n/a	n/a	n/a	n/a	--	--
Franchises (Category 14) <sup>18</sup>		n/a	n/a	n/a	n/a	n/a	n/a	0	0
Investments (Category 15) <sup>18</sup>		n/a	n/a	n/a	n/a	n/a	n/a	4	41
<b>Downstream Scope 3 Emissions Total</b>		<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>3,085</b>	<b>3,217</b>
<b>Total GHG Emissions (including CO<sub>2</sub>e offsets in Baxter operations)<sup>19</sup></b>		<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>5,307</b>	<b>5,387</b>

**APPENDIX: Baxter 2015 Environmental Financial Statement**Estimated Environmental Costs, Income, Savings and Cost Avoidance Worldwide<sup>1</sup>

<b>Environmental Costs</b> (dollars in millions)	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Basic Program</b>			
Corporate Environmental – General and Shared Business Unit Costs <sup>2</sup>	\$3.1	\$3.1	\$3.1
Auditor and Attorney Fees	0.5	0.5	0.4
Energy Professionals and Energy Reduction Programs	1.3	1.5	1.4
Corporate Environmental – Information Technology	0.4	0.4	0.3
Business Unit/Regional/Facility Environmental Professionals and Programs	10.1	12.2	11.9
Pollution Controls – Operation and Maintenance	3.4	6.1	5.6
Pollution Controls – Depreciation	2.4	2.7	2.5
<b>Basic Program Total</b>	<b>\$21.2</b>	<b>\$26.5</b>	<b>\$25.2</b>
<b>Remediation, Waste and Other Response</b> (proactive environmental action will minimize these costs)			
Attorney Fees for Cleanup Claims and Notices of Violation	\$0.1	\$0.2	\$0.3
Settlement of Government Claims	0.0	0.0	0.0
Waste Disposal	6.9	9.1	10.3
Carbon Taxes, Credits and Offsets <sup>3</sup>	1.0	1.0	0.9
Environmental Fees for Packaging <sup>4</sup>	0.8	0.8	0.9
Environmental Fees for Electronic Goods and Batteries	0.0	0.0	0.0
Remediation/Cleanup – On-site	0.3	0.2	0.2
Remediation/Cleanup – Off-site	2.4	1.0	1.2
<b>Remediation, Waste and Other Response Total</b>	<b>\$11.5</b>	<b>\$12.3</b>	<b>\$13.8</b>
<b>Total Environmental Costs</b>	<b>\$32.7</b>	<b>\$38.8</b>	<b>\$39.0</b>

<b>Environmental Income, Savings and Cost Avoidance</b> (dollars in millions)	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>From Initiatives in Stated Year</b>			
Regulated Waste Disposal	(\$0.2)	(\$0.5)	\$0.1
Regulated Materials <sup>5</sup>	(17.0)	(11.2)	(4.9)
Nonhazardous Waste Disposal	0.5	0.5	0.2
Nonhazardous Materials <sup>5</sup>	0.5	(0.2)	2.8
Recycling (net income)	6.6	6.1	7.2
Energy Conservation	9.0	(4.4)	3.4
Water Conservation	1.3	(1.0)	0.0
<b>From Initiatives in Stated Year Total<sup>6</sup></b>	<b>\$0.7</b>	<b>(\$10.7)</b>	<b>\$8.8</b>
As a Percentage of Basic Program Costs	3%	-40%	35%
<b>Cost Avoidance from Initiatives Started in the Six Years Prior to and Realized in Stated Year<sup>6,7</sup></b>	<b>\$23.0</b>	<b>\$13.3</b>	<b>\$34.2</b>
<b>Total Environmental Income, Savings and Cost Avoidance in Stated Year</b>	<b>\$23.7</b>	<b>\$2.6</b>	<b>\$43.0</b>

<b>Cost Avoidance Detail from Efforts Initiated in the Six Years Prior to Report Year</b> (dollars in millions)	<b>2015</b>	<b>2014</b>	<b>2013</b>
Regulated Waste Disposal	\$0.3	\$1.4	\$0.8
Regulated Waste Materials	1.3	(18.6)	(11.8)
Nonhazardous Waste Disposal	2.1	2.3	2.0
Nonhazardous Waste Materials	8.3	6.8	8.6
Energy Consumption	10.0	19.0	29.8
Water Consumption	1.0	2.4	4.8
<b>Total</b>	<b>\$23.0</b>	<b>\$13.3</b>	<b>\$34.2</b>

<b>Detail on Income, Savings and Cost Avoidance from 2015 Activities</b> (dollars in millions)	<b>Income and Savings</b>	<b>Cost Avoidance</b>	<b>Total Financial Benefit</b>
Regulated Waste Disposal Cost Reduction	(\$0.1)	(\$0.1)	(\$0.2)
Regulated Waste Materials Cost Reduction	(19.1)	2.1	(17.0)
Nonhazardous Waste Disposal Cost Reduction	(0.5)	1.0	0.5
Nonhazardous Waste Materials Cost Reduction	(3.2)	3.7	0.5
Recycling Income	6.6	n/a	6.6
Energy Consumption Cost Reduction	12.7	(3.7)	9.0
Water Consumption Cost Reduction	0.1	1.2	1.3
<b>Total</b>	<b>(\$3.5)</b>	<b>\$4.2</b>	<b>\$0.7</b>

## APPENDIX: Endnotes

### BAXTER 2015 CORPORATE RESPONSIBILITY PRIORITIES AND GOALS

- <sup>1</sup> In a comparison of 14 healthcare companies: eight reported global safety data to ORCHSE Strategies, five reported data on their public website and one reported data as requested by Baxter.
- <sup>2</sup> A contributing factor was a 7% decrease in revenue in 2015 compared with 2014, even as production volumes remained steady. This reduction in revenue was driven primarily by unfavorable foreign currency impact.

### BAXTER 2020 CORPORATE RESPONSIBILITY PRIORITIES AND GOALS

- <sup>1</sup> United States and Puerto Rico. Fiscal year basis (October 1 through September 30 of the year noted).

### PRODUCT STEWARDSHIP

- <sup>1</sup> Baxter acquired Gambro AB on September 6, 2013.
- <sup>2</sup> This represents the total savings attributable to identified projects across the company, counted only for the first year the packaging innovation was implemented.
- <sup>3</sup> Ibid.

### EMPLOYEES

- <sup>1</sup> Program was reinvigorated in 2016
- <sup>2</sup> In a comparison of 14 healthcare companies: eight reported global safety data to ORCHSE Strategies, five reported data on their public website and one reported data as requested by Baxter.
- <sup>3</sup> Beginning in 2011, profiles untouched for three years were removed from the active database. As of the beginning of 2015, the participation rate was 23%.

### COMMUNITY ENGAGEMENT

- <sup>1</sup> Houses of worship and political organizations are not eligible for the Foundation Matching Gift Program.

### SUSTAINABLE MANUFACTURING AND OPERATIONS

- <sup>1</sup> The environmental data included in this report are based on 117 reporting locations, of which 49 are manufacturing, 24 are warehouse, and 44 are pharmacies, administrative, clerical or other. Several of the reporting units comprise multiple locations that report as a single entity. For example, in 2015, Baxter's 55 renal therapy sites in Colombia reported as a single entity. The reporting scope excludes certain leased facilities and recent acquisitions for which environmental performance data are not available or are not material to Baxter's overall environmental performance. In some sections, as indicated, the report includes new acquisitions, adding 11 manufacturing sites, and three other sites, for a total of 131 reporting locations. The health and safety data included in this report are based on 183 reporting locations. The EHS information reported covers 100% of Baxter's operations unless noted otherwise. EHS data are revised to reflect acquisitions, divestitures and plant closings as well as to incorporate any corrections necessary due to additional data verification activities (such as EHS audits). See the *Performance Summary* for additional detail.
- <sup>2</sup> Applicable facilities are those sites for which Baxter's corporate EHS audit group has the primary responsibility for periodic auditing.
- <sup>3</sup> Baxter reports "regulated waste" rather than "hazardous waste." This term includes some materials that would otherwise be classified as nonhazardous in some countries, which helps Baxter harmonize its waste reporting across locations. In addition to wastes typically considered hazardous (such as toxics and corrosives), the company also includes oils, biohazardous or infectious materials, batteries, fluorescent lamps, asbestos and other materials that may not be defined as hazardous waste by national legislation at the point of origin.
- <sup>4</sup> Incineration with energy recovery is considered recycling.
- <sup>5</sup> One cubic meter equals 1,000 liters or 264 gallons.
- <sup>6</sup> Water value stream mapping is an interactive, Lean manufacturing tool that helps facilities better understand the quantity and quality of water used in their processes and identify opportunities for reduction or reuse.
- <sup>7</sup> Extreme-scarcity areas have less than 500 cubic meters of renewable water resources per person per year. Water-scarce areas have at least 500 cubic meters but less than 1,000 cubic meters. Water-stressed areas have at least 1,000 cubic meters but less than 1,700 cubic meters. Water-sufficient areas have at least 1,700 cubic meters but less than 4,000 cubic meters. Water-abundant areas have greater than 4,000 cubic meters. Includes Gambro sites for 2014 and 2015.
- <sup>8</sup> The company's Scope 1 and Scope 2 emissions have a high level of certainty and have been verified for the past six years to a reasonable assurance level by Bureau Veritas North America. Scope 3 categories are based on various assumptions and estimates. For the past four years, Bureau Veritas North America verified to a limited assurance level Baxter's methodology and emissions factors for calculating Scope 3 GHG emissions. Baxter continues to refine its understanding of its GHG emissions footprint and to implement emissions reduction strategies.
- <sup>9</sup> In 2015, Baxter used biomass fuels to generate energy in boilers at three Baxter locations in the United States, India and Italy. Additionally, another of the company's facilities in India purchases steam from a biomass-fueled boiler owned and operated by a third party. During the year, emissions from the Baxter-operated biomass boilers equaled 123,000 metric tons CO<sub>2</sub> and emissions from the third party-operated biomass boiler equaled 7,000 metric tons CO<sub>2</sub>. In accordance with the Greenhouse Gas Protocol, these are not included in reported Scope 1 and Scope 2 emissions. However, also in accordance with the Greenhouse Gas Protocol, the company includes CO<sub>2</sub>e emissions from the CH<sub>4</sub> and N<sub>2</sub>O components of biomass combustion in its reported Scope 1 emissions.
- <sup>10</sup> U.S. Environmental Protection Agency Green Power Partnership Fortune 500 Partners List, January 25, 2016.

### SUPPLY CHAIN

- <sup>1</sup> Direct suppliers provide goods and services that are part of, or used in the manufacturing of, Baxter's products and services. Indirect suppliers provide other goods and services that support Baxter's business.

### PUBLIC POLICY

- <sup>1</sup> U.S. Health and Human Services website: <http://www.hrsa.gov/opa/>

### BAXTER 2015 CORPORATE RESPONSIBILITY REPORT PERFORMANCE SUMMARY

- <sup>1</sup> Work-related injuries or illnesses requiring medical attention beyond first-aid, including cases with days lost. Global rates for 2015 include Gambro. Global rates prior to 2015 do not. Regional rates for all years do not include Gambro. Data for 2005-2014 include sites which became Baxalta on July 1, 2015. Data for 2015 do not include Baxalta sites. All rates based on 100 full-time employees working one year, which equals 200,000 work hours. For tracking purposes, Baxter follows U.S. Occupational Safety and Health Administration recordkeeping requirements worldwide. Thus, in cases where an injury occurs and conflicting medical opinions arise as to the number of days away and/or restricted days that should be recorded, Baxter records on the basis of the most authoritative physician's opinion. Rates exclude acquisitions until January 1 of the first year following at least 18 months with Baxter. Baxter includes occupational diseases and illnesses, such as hearing loss and ergonomic disorders within its broader categories of cases, but does not track or report those items separately. Due to privacy regulations in the company's Europe, Middle East and Africa region, Baxter does not classify or report injuries by gender. Supervised contracted employees are included in the injury statistics reported below and are not tracked separately. Independent contractors are not included in Baxter's injury data as they are supervised by other organizations.
- <sup>2</sup> Work-related injuries or illnesses that cause an employee to lose at least one full day after the date of the incident. Global rates for 2015 include Gambro. Global rates prior to 2015 do not. Regional rates for all years do not include Gambro. Data for 2005-2014 include sites which became Baxalta on July 1, 2015. Data for 2015 do not include Baxalta sites.
- <sup>3</sup> The number of days lost (including weekends and holidays) recommended by the most authoritative physician's opinion due to work-related injuries or illnesses. Baxter does not count the date of injury and date of return to full duty as lost days. Global rates for 2015 include Gambro. Global rates prior to 2015 do not. Regional rates for all years do not include Gambro. Data for 2005-2014 include sites which became Baxalta on July 1, 2015. Data for 2015 do not include Baxalta sites.
- <sup>4</sup> The number of days recommended by the most authoritative physician's opinion that an employee or supervised contractor is unable to work full duty (including weekends and holidays) due to a work-related injury or illness. Baxter does not count the date of injury and date of return to full duty as restricted days. Global rates for 2015 include Gambro. Global rates prior to 2015 do not. Regional rates for all years do not include Gambro. Data for 2005-2014 include sites which became Baxalta on July 1, 2015. Data for 2015 do not include Baxalta sites.
- <sup>5</sup> 2015 data include Gambro. Data prior to 2015 do not. Data for 2005-2014 include sites which became Baxalta on July 1, 2015. Data for 2015 do not include Baxalta sites.
- <sup>6</sup> 2015 data include Gambro. Data for 2005-2014 include sites which became Baxalta on July 1, 2015. Data for 2015 do not include Baxalta sites.
- <sup>7</sup> Ibid.
- <sup>8</sup> Data do not include Gambro. Data for 2013 and 2014 include sites which became Baxalta on July 1, 2015. Data for 2015 do not include Baxalta sites.
- <sup>9</sup> Some subtotals vary from sum of items in category, due to rounding.
- <sup>10</sup> Variations in Baxter's annual product donations are due to fluctuations in community needs, the need and volume of disaster relief response, the regulatory environment, manufacturing processes and changes in product mix and marketing. The company identifies opportunities to donate and responds to community requests as appropriate. See *Access to Healthcare*.
- <sup>11</sup> Data for all years reported exclude sites that became Baxalta on July 1, 2015, unless otherwise noted. Data from Gambro are also excluded, unless otherwise noted. Some totals vary from sum of items in category, due to rounding.
- <sup>12</sup> Totals reflect the removal of methyl ethyl ketone (MEK) as an air toxic by the United States Environmental Protection Agency. EtO = ethylene oxide; DEHP = Di(2-ethylhexyl)phthalate.
- <sup>13</sup> Includes air emissions associated with on-site energy generation. Emission factors from the U.S. Environmental Protection Agency publication *Compilation of Air Pollutant Emission Factors, AP-42, Fifth Edition, Volume 1: Stationary Point and Area Sources*.
- <sup>14</sup> Includes stationary sources (Stationary Sources (facilities) Subtotal line item from Baxter 2015 Value Chain Energy Usage and GHG Emissions table) and excludes energy consumption associated with Baxter-operated mobile sources, materials and product delivery and employee commuting and travel.
- <sup>15</sup> Data for 2015 include Gambro and do not include sites which became a part of Baxalta on July 1, 2015. Data for 2013 and 2014 include sites which are now a part of Baxalta.
- <sup>16</sup> Data for 2014 and 2015 include Gambro and exclude sites that became a part of Baxalta on July 1, 2015. Data for 2013 include sites that are now a part of Baxalta.
- <sup>17</sup> Lean Energy Program began in 2007. Data include Gambro sites for 2014 and 2015.
- <sup>18</sup> Excludes data from Gambro. Data for 2005, 2014 and 2015 exclude sites that became a part of Baxalta on July 1, 2015. Data for 2013 include sites that are now a part of Baxalta.
- <sup>19</sup> Ibid.



## APPENDIX: Endnotes (continued)

### BAXTER 2015 CORPORATE RESPONSIBILITY REPORT PERFORMANCE SUMMARY (continued)

<sup>20</sup>Data for 2015 include Gambro and do not include sites which became a part of Baxalta on July 1, 2015. Data for 2013 and 2014 include sites which are now a part of Baxalta.

<sup>21</sup>Ibid.

<sup>22</sup>Excludes waste associated with U.S. Renal Home Care operations since patients may now dispose of unused product rather than returning it to Baxter for disposal. Also excludes construction and demolition debris, remediation waste and wastewater treatment sludge. Removing these waste categories from the company total allows for more consistent evaluation of facility performance and trends over time.

<sup>23</sup>Excludes production by-products reused on-site, construction and demolition debris and wastewater treatment sludge. Includes discarded/returned products (such as intravenous solution, dextrose solution, etc.) which are nonhazardous in nature but may be classified as regulated in some countries. Excludes waste associated with U.S. Renal Home Care operations since patients may now dispose of unused product rather than returning it to Baxter for disposal.

<sup>24</sup>Excludes waste recycled on-site, remediation waste, construction and demolition debris and wastewater treatment sludge. Includes certain waste streams (such as waste oils, batteries, fluorescent lamps, light ballasts and asbestos) not classified as regulated in some locations.

<sup>25</sup>Data include Gambro in 2015 and for 2014 and 2015 excludes sites that became a part of Baxalta on July 1, 2015.

<sup>26</sup>Water usage from Baxter's 59 sites with the greatest use, representing 97% of the company's total annual water consumption. Availability of renewable water supplies evaluated using the World Business Council for Sustainable Development Global Water Tool. Extreme-scarcity areas have less than 500 cubic meters of renewable water resources per person per year. Water-scarce areas have at least 500 cubic meters but less than 1,000 cubic meters. Water-stressed areas have at least 1,000 cubic meters but less than 1,700 cubic meters. Water-sufficient areas have at least 1,700 cubic meters but less than 4,000 cubic meters. Water-abundant areas have greater than 4,000 cubic meters. Includes Gambro sites for 2014 and 2015.

<sup>27</sup>Estimated total water pollutant levels for treated wastewater discharged directly into waterways. Data do not include two facilities that operate zero-discharge systems in accordance with local regulatory requirements. BOD<sub>5</sub> refers to five-day biological oxygen demand; COD refers to chemical oxygen demand; TSS refers to total suspended solids. When actual performance data were not available, estimates are based on performance at similar facilities or on other measured performance indicators.

<sup>28</sup>Data include sites which became a part of Baxalta on July 1, 2015.

<sup>29</sup>United States and Puerto Rico. Fiscal year basis (October 1 through September 30 of the year noted). Accounts payable data are sent to a third party, which categorizes spending. Other categories include veteran-owned, disability-owned, service disabled veteran-owned, small disadvantaged and HUBZone-certified businesses. HUBZone is a U.S. Small Business Administration program for small companies that operate and employ people in Historically Underutilized Business Zones (HUBZones).

### BAXTER 2015 VALUE CHAIN ENERGY USAGE AND GHG EMISSIONS

<sup>1</sup> Baxter used the World Resources Institute and World Business Council for Sustainable Development Greenhouse Gas Protocol to calculate emissions data from fossil fuel use. The company used country electricity emission factors published by the International Energy Agency and the U.S. Environmental Protection Agency (EPA) E-Grid U.S. regional electricity emission factors to calculate GHG emissions related to electricity consumption. Data in this table include Gambro and exclude sites that became Baxalta on July 1, 2015.

<sup>2</sup> Bureau Veritas North America, Inc. verified to a reasonable level Baxter's 2014 and 2015 Scope 1 and Scope 2 GHG emissions. Bureau Veritas North America, Inc. also verified Baxter's methodology for determining 2014 and 2015 Scope 3 GHG emissions to a limited level.

<sup>3</sup> Baxter engaged an independent third party to estimate GHG emissions associated with purchased goods and services using an environmentally extended input-output model and Baxter's revenue and sector of operation.

<sup>4</sup> Estimated 2015 GHG emissions based upon 2015 capital expenditures reported in Baxter's annual reports and an estimated emission factor per million dollars of capital expenditure based in part upon benchmarking with industry. Emissions were prorated to 2014 using changes in revenue at constant currency rates.

<sup>5</sup> GHG emissions calculated based upon Baxter's actual yearly energy usage by energy type and GHG emission factors for each energy type per GaBi life cycle assessment software.

<sup>6</sup> Upstream transportation and distribution GHG emissions determined by the company's independent transportation service provider based on shipment of products to Baxter customers in 2015 and prorated to 2014 using changes in revenue at constant currency rates.

<sup>7</sup> Estimated emissions for wastewater treatment by municipalities, and off-site waste recycling and disposal based on Baxter's waste generation by type, guidance provided by the Massachusetts Department of Environmental Protection (United States) and the U.S. EPA WARM model.

<sup>8</sup> Baxter calculated emissions associated with employee use of commercial airlines, rental cars and hotel stays based in part on data provided by company travel providers. Airline companies used by Baxter provided data regarding distances flown by Baxter employees in five geographic regions. Baxter used emission factors per UK Defra DECC GHG information to calculate associated GHG emissions. Information from travel providers regarding rental car distance traveled and number of hotel room stays along with emission factors based upon assumed vehicle fuel efficiency and average hotel room stay emissions per Conservation International were used to calculate reported GHG emissions.

<sup>9</sup> GHG emissions related to employee commuting were estimated by an independent third party based on the

number of Baxter employees by country and statistics on commuting time and transport mode split into public transport, passenger cars, taxi and motorcycle and walking or bicycling. GHG emission factors for each mode were obtained from Defra.

<sup>10</sup> Emissions associated with upstream leased assets for 2015 were estimated by an independent third-party firm using an environmentally extended input-output model and Baxter's spend on leased assets. Emissions for 2014 were assumed to be similar.

<sup>11</sup> Baxter used the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition to determine GHG emissions associated with using biomass fuel, principally wood/wood waste, as a boiler fuel at three Baxter locations. These emissions were calculated as 126,000 and 123,000 metric tons CO<sub>2</sub> in 2014 and 2015, respectively. CO<sub>2</sub>e emissions from CH<sub>4</sub> and N<sub>2</sub>O components of biomass combustion included in reported Scope 1 emissions.

<sup>12</sup> Includes the purchase of electricity generated from 100% certified renewable electricity (Austria, Brazil, Spain, Switzerland, United Kingdom and United States), and the purchase of carbon credits from the EU Emissions Trading Scheme and the Chicago Climate Exchange/InterContinental Exchange (United States) that were retired in 2014 and 2015.

<sup>13</sup> Baxter used the Greenhouse Gas Protocol to estimate GHG emissions associated with reported fuel usage by company-managed sales and distribution fleet vehicles and other vehicles. The company estimated fuel usage for international sales and distribution vehicles based on regional sales information.

<sup>14</sup> Refrigerant emissions represent reported CFC, HCFC and HFC refrigerant losses by each Baxter location. Baxter calculated associated GHG emissions using actual emission factors for each reported refrigerant.

<sup>15</sup> Baxter engaged an independent third party to calculate GHG emissions associated with downstream transportation and distribution based on previous LCAs performed by Baxter as well as Baxter's revenue by product type. Category 1 emissions were extrapolated to other categories depending on the product type.

<sup>16</sup> Baxter engaged an independent third party to estimate GHG emissions associated with the processing of sold products for 2015 using an environmentally extended input-output model and revenue from Baxter's contract services business. Emissions for 2014 were assumed to be similar.

<sup>17</sup> Baxter estimated the emissions associated with the use and final disposition of products based upon available product production quantities and global warming potential information available for certain types of products. Emissions for certain other products were estimated by an independent third-party firm based on previous LCAs performed by Baxter as well as Baxter's revenue by product type, by extrapolating Baxter's category 1 emissions to other categories depending on the product type.

<sup>18</sup> Baxter engaged an independent third party to estimate GHG emissions associated with investments using an environmentally extended input-output model, Baxter's retained shares in the spin-off of Baxalta, and Baxalta's 2015 revenue and sector of operation.

<sup>19</sup> Totals do not include CO<sub>2</sub> emissions from Baxter-owned wood-fired boilers. See footnote 11 above for detail.

### BAXTER 2015 ENVIRONMENTAL FINANCIAL STATEMENT

<sup>1</sup> Data for 2015 include Gambro and do not include sites which became a part of Baxalta on July 1, 2015. Data for all years prior to 2015 include sites which are now a part of Baxalta. Financial numbers rounded to nearest US\$100,000 to reflect appropriate degree of data accuracy.

<sup>2</sup> Corporate environmental costs comprise total environmental costs related to operating corporate environmental programs that report into Baxter manufacturing and legal groups. While corporate Environment, Health and Safety (EHS) and certain business unit EHS groups were integrated in 2003, total business unit program costs remain in the Business Unit/Regional/Facility Environmental Professionals and Programs line, as those environmental costs more directly support facility programs.

<sup>3</sup> Carbon taxes, expenses associated with purchasing renewable energy from electric utilities, renewable energy certificates and carbon credits purchased on the European Union ETS and Chicago Climate Exchange (CCX), through the U.S. Intercontinental Exchange.

<sup>4</sup> Following completion of the 1996-2005 packaging-reduction goal, Baxter discontinued tracking program costs and financial savings associated with packaging-reduction initiatives at the corporate level. Baxter may reinstitute this line item in future financial statements.

<sup>5</sup> Reflects change (positive for decrease and negative for increase) for purchases of raw materials due to changes in material use efficiency and associated generation of waste.

<sup>6</sup> In calculating savings and cost avoidance for waste-, energy- and water-reduction activities, it is assumed that production and distribution activities grew proportionately with Baxter's publicly-stated cost of goods sold, adjusted for changes in inventory and the average of three inflation indexes.

<sup>7</sup> To be conservative, the accumulation of reported cost avoidance from conservation activities in prior years is terminated after seven years, the approximate duration of many facility conservation and process-improvement projects, after which additional process improvements and changes are possible.

## APPENDIX: Independent Assurance Statement



### Introduction and objectives of work

Baxter engaged Bureau Veritas North America, Inc. (BVNA) of the Bureau Veritas Group to conduct an independent assurance of selected sections in Baxter's 2015 Corporate Responsibility Performance Summary (the Report). Baxter has commissioned assurance for the EHS section of its annual corporate responsibility/sustainability report for the past 17 years.

This Assurance Statement applies to the related information included within the scope of work described below. That information and its presentation in the Report is the sole responsibility of Baxter management. BVNA was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on the accuracy and reliability of information included, and on the underlying systems and processes used to collect, analyze and review the selected pages of the Report.

### Scope of work

Baxter requested BVNA to conduct reasonable level assurance of the following:

Data and information included in the following sections of the Report:

- Product Stewardship (except the Quality and Patient Safety subsections)
- Employee Health and Safety content from the Employees section
- Sustainable Manufacturing and Operations (except for content related to the Environmental Financial Statement)

Baxter requested BVNA to conduct limited level assurance of the following:

Data and information included in the following section of the Report:

- Supply Chain

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period, the calendar year of 2015;
- Positional statements (expressions of opinion, belief, aim or future intention) by Baxter and statements of future commitment;
- Any financial data previously audited by an external third party; and
- Data and information included in sections of the Report that are not listed in the scope of work above.

### Methodology

Our work was conducted against BVNA's standard procedures and guidelines for external Assurance of Sustainability Reports, based on the requirements of the International Standard on Assurance Engagements 3000 (ISAE 3000) as the reference assurance standard and the Global Reporting Initiative (GRI) G4 Guidelines as the reference reporting protocol.

The work was planned and carried out to provide reasonable, rather than absolute, assurance except for the Supply Chain section that was

carried out to provide limited assurance. We believe that our work provides an appropriate basis for our conclusions.

As part of BVNA's reasonable assurance, BVNA undertook the following activities:

1. Interviews with relevant Baxter personnel and select individuals responsible for collecting and reporting Environmental, Health and Safety (EHS); Product Responsibility; Supply Chain and Product Transport performance data and other information. These interviews included discussion with management personnel and staff members responsible for preparing text and contributing data for sections of the Report within the scope of this assurance;
2. Review of documentary evidence produced by Baxter to support information presented in sections of the Report within the scope of this assurance;
3. Evaluation of the information presented in the Report sections based on consideration of the GRI G4 Guidelines with emphasis on principles of accuracy, accessibility, balance, clarity, comparability, reliability and timeliness;
4. Audit of performance data including review of a sample of data to source documentation during visits to manufacturing sites located in: Cartago, Costa Rica; Englewood, Colorado, United States; Marion, North Carolina, United States; and Suzhou, China and a research and development site located in Suzhou, China.
5. Audit of performance data including review of a sample of data to source documentation through remote interviews with the manufacturing site located in Toongabbie, Australia.
6. Review of Baxter data and information systems used for collection, aggregation, analysis and review of information subject to assurance during visits to Baxter's corporate EHS office in Round Lake, Illinois.

### Our findings

On the basis of our methodology and the activities described above, it is our opinion that the data and information within the Product Stewardship (except the Quality and Patient Safety subsections), Employee Health and Safety content from the Employees section and Sustainable Manufacturing and Operations (except for the content related to the Environmental Financial Statement) sections of the Report:

- are accurate, reliable and free from material mistake or misstatement;
- are presented in a clear, understandable and accessible manner;
- provide a fair and balanced representation of activities; and
- allow readers to form a balanced opinion of Baxter's activities and performance during the calendar year of 2015.

In addition, nothing has come to our attention to indicate that the data and information in the Supply Chain section are inaccurate or that the information is not fairly stated.

It is also our opinion that Baxter has established appropriate systems for the collection, aggregation, analysis and review of relevant information and data in the sections of the Report within the scope of this assurance.

### Additional commentary

During the assurance process, BVNA was pleased to observe that Baxter has:

- Reported final status of progress related to Baxter's 2015 priorities and goals in an accurate and balanced manner;
- Successfully transitioned corporate rollup of environmental data following change of personnel due to split of the company during 2015; and
- Established new priorities and goals with a baseline of 2015 and a goal year of 2020.

Based on the work conducted, we recommend Baxter consider the following:

- Update the tools used for consolidating environmental data and calculating GHG emissions. The current tools have been used since 2005 to track progress towards 2015 goals. The tools can now be streamlined to provide tracking towards 2020 goals; and
- Provide periodic training and mentoring of site personnel responsible for corporate responsibility data reporting to help ensure accuracy of reported information.

### Statement of independence, impartiality and competence

The Bureau Veritas Group is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 180 years history in providing independent assurance services, and an annual 2015 revenue of 4.6 Billion Euros.

No member of the assurance team has a business relationship with Baxter, its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

The Bureau Veritas Group has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes and an excellent understanding of the Bureau Veritas Group's standard methodology for the Assurance of Corporate Responsibility Reports.

**Bureau Veritas North America, Inc.**  
**Denver, CO**  
**August 2016**



## GLOBAL REPORTING INITIATIVE (GRI) INDEX

This report contains Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines (undeclared).

Disclosure	Description	2015 Reporting
<b>General Standard Disclosures</b>		
<b>Strategy and Analysis</b>		
G4-1	Statement from the CEO	<a href="#">From the Chairman and CEO</a>
<b>Organizational Profile</b>		
G4-3	Name of the organization	<a href="#">Company Profile</a>
G4-4	Primary brands, products and services	<a href="#">Baxter 2015 Annual Report</a>
G4-5	Location of the organization's headquarters	Baxter's headquarters are located in Deerfield, Illinois, United States, approximately 20 miles north of Chicago.
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	<a href="#">Baxter 2015 Annual Report</a>
G4-7	Nature of ownership and legal form	Baxter International Inc. (BAX) is a publicly-traded company listed on the New York Stock Exchange.
G4-8	Markets served	<a href="#">Baxter 2015 Annual Report</a>
G4-9	Scale of the organization	<a href="#">Sustainable Manufacturing and Operations; Baxter 2015 Annual Report</a>
G4-10	Employee demographics	<a href="#">Performance Summary</a>
G4-12	Description of the organization's supply chain	<a href="#">Supply Chain</a>
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership or its supply chain	<a href="#">Baxter 2015 Annual Report</a>
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	<a href="#">Product Stewardship</a> ; Baxter's products are regulated by health authorities around the world, and the company is required to provide extensive scientific data related to the safety and efficacy of those products in order to obtain licensure by regulatory authorities.
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses	GRI G4 Sustainability Reporting Guidelines; ISO 14001 standard; OHSAS 18001 standard; Greenhouse Gas Protocol
G4-16	Memberships of associations and national or international advocacy organizations	American Society for Parenteral and Enteral Nutrition; AmeriCares; Direct Relief; Diversity Best Practices; Healthcare Business Women's Association National Kidney Foundation; Partnership for Quality Medical Donations; Society of Corporate Compliance and Ethics; The Oley Foundation; US-ASEAN Business Council
<b>Identified Material Aspects and Boundaries</b>		
G4-17	Entities included in the organization's consolidated financial statements or equivalent documents and whether any of those entities are not covered by the report	<a href="#">Baxter 2015 Annual Report</a>
G4-18	Process for defining report content and Aspect Boundaries	<a href="#">Corporate Responsibility Approach</a>

Disclosure	Description	2015 Reporting
<b>General Standard Disclosures (cont.)</b>		
<b>Identified Material Aspects and Boundaries (cont.)</b>		
G4-19	Material Aspects	<a href="#">Corporate Responsibility Approach</a>
G4-20	Material Aspects within the organization	<a href="#">Corporate Responsibility Approach</a>
G4-21	Material Aspects outside the organization	<a href="#">Corporate Responsibility Approach</a>
G4-22	Effect of restatements	Noted in sections as relevant
<b>Stakeholder Engagement</b>		
G4-24	List of stakeholder groups	Baxter's main stakeholder groups include patients/healthcare providers, employees, communities, governments/payers and shareholders.
G4-25	Basis for identification and selection of stakeholders with whom to engage	<a href="#">Stakeholder Engagement; Baxter 2016 Proxy Statement</a>
G4-26	Approach to stakeholder engagement	<a href="#">Stakeholder Engagement; Baxter 2016 Proxy Statement</a>
<b>Report Profile</b>		
G4-28	Reporting period	Calendar year 2015
G4-29	Date of most recent previous report	June 2015
G4-30	Reporting cycle	Annual
G4-31	Contact point for questions about report	<a href="mailto:corporate_responsibility_report@baxter.com">corporate_responsibility_report@baxter.com</a>
G4-32	Global Reporting Initiative index	Global Reporting Initiative Index
G4-33	Assurance	<a href="#">Assurance and Verification</a>
<b>Governance</b>		
G4-34	Governance structure of the organization	<a href="#">Corporate Governance</a>
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	<a href="#">Corporate Responsibility Approach</a>
G4-38	Composition of the highest governance body and its committees	<a href="#">Corporate Governance</a>
G4-39	Whether Chair of the highest governance body is also an executive officer	<a href="#">Corporate Governance</a>
G4-40	Nomination and selection processes for the highest governance body and its committees	<a href="#">Corporate Governance</a>
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	<a href="#">Corporate Governance</a>
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities	<a href="#">Corporate Responsibility Approach</a>
G4-49	Process for communicating critical concerns to the highest governance body	<a href="#">How to Contact Board of Directors</a>
G4-51	Remuneration policies for the highest governance body and senior executives	<a href="#">Corporate Governance; Baxter 2016 Proxy Statement</a>
G4-52	Process for determining remuneration	<a href="#">Corporate Governance; Baxter 2016 Proxy Statement</a>

Disclosure	Description	2015 Reporting
<b>General Standard Disclosures (cont.)</b>		
<b>Ethics and Integrity</b>		
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	<a href="#">Ethics and Compliance</a>
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior	<a href="#">Ethics and Compliance</a>
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior	<a href="#">Employees</a> ; <a href="#">Ethics and Compliance</a> ; <a href="#">Sustainable Manufacturing and Operations</a> ; <a href="#">Supply Chain</a>
<b>Specific Standard Disclosures</b>		
<b>Economic</b>		
<b>Economic Performance</b>		
G4-EC1	Direct economic value generated and distributed	<a href="#">Community Engagement</a> ; <a href="#">Performance Summary</a> ; <a href="#">Baxter 2015 Annual Report</a>
G4-EC2	Financial implications and other risks and opportunities for the organization due to climate change	<a href="#">Baxter's CDP submission</a>
<b>Indirect Economic Impacts</b>		
G4-EC7	Development and impact of infrastructure investments and services supported	<a href="#">Access to Healthcare</a> ; <a href="#">Community Engagement</a>
G4-EC8	Significant indirect economic impacts, including the extent of impacts	<a href="#">Access to Healthcare</a> ; <a href="#">Supply Chain</a>
<b>Environmental</b>		
<b>Energy</b>		
G4-EN3	Energy consumption within the organization	<a href="#">Sustainable Manufacturing and Operations</a> ; <a href="#">Performance Summary</a>
G4-EN4	Energy consumption outside of the organization	<a href="#">Sustainable Manufacturing and Operations</a> ; <a href="#">Performance Summary</a>
G4-EN5	Energy intensity	<a href="#">Sustainable Manufacturing and Operations</a> ; <a href="#">Performance Summary</a>
G4-EN6	Reduction of energy consumption	<a href="#">Sustainable Manufacturing and Operations</a>
<b>Water</b>		
G4-EN8	Total water withdrawal by source	<a href="#">Sustainable Manufacturing and Operations</a> ; <a href="#">Performance Summary</a>
G4-EN9	Water sources significantly affected by withdrawal of water	<a href="#">Sustainable Manufacturing and Operations</a> ; <a href="#">Performance Summary</a>
G4-EN10	Percentage and total volume of water recycled and reused	<a href="#">Sustainable Manufacturing and Operations</a>
<b>Emissions</b>		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	<a href="#">Sustainable Manufacturing and Operations</a> ; <a href="#">Performance Summary</a> ; <a href="#">Baxter 2015 Value Chain Energy Usage and GHG Emissions</a>
G4-EN16	Energy indirect GHG emissions (Scope 2)	<a href="#">Sustainable Manufacturing and Operations</a> ; <a href="#">Performance Summary</a> ; <a href="#">Baxter 2015 Value Chain Energy Usage and GHG Emissions</a>

Disclosure	Description	2015 Reporting
<b>Specific Standard Disclosures (cont.)</b>		
<b>Environmental (cont.)</b>		
<b>Emissions (cont.)</b>		
G4-EN17	Other indirect GHG emissions (Scope 3)	<a href="#">Sustainable Manufacturing and Operations</a> ; <a href="#">Performance Summary</a> ; <a href="#">Baxter 2015 Value Chain Energy Usage and GHG Emissions</a>
G4-EN18	GHG emissions intensity	<a href="#">Sustainable Manufacturing and Operations</a> ; <a href="#">Performance Summary</a>
G4-EN19	Reduction of GHG emissions	<a href="#">Sustainable Manufacturing and Operations</a>
<b>Effluents and Waste</b>		
G4-EN22	Total water discharge by quality and destination	<a href="#">Performance Summary</a>
G4-EN23	Total weight of waste by type and disposal method	<a href="#">Sustainable Manufacturing and Operations</a> ; <a href="#">Performance Summary</a>
<b>Products and Services</b>		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	<a href="#">Product Stewardship</a>
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	<a href="#">Product Stewardship</a>
<b>Compliance</b>		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	<a href="#">Performance Summary</a>
<b>Transport</b>		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations and of transporting members of the workforce	<a href="#">Sustainable Manufacturing and Operations</a> ; <a href="#">Performance Summary</a> ; <a href="#">Baxter 2015 Value Chain Energy Usage and GHG Emissions</a>
<b>Overall</b>		
G4-EN31	Total environmental protection expenditures and investments by type	<a href="#">Environmental Financial Statement</a>
<b>Supplier Environmental Assessment</b>		
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	<a href="#">Supply Chain</a> ; <a href="#">Baxter 2015 Value Chain Energy Usage and GHG Emissions</a>
<b>Labor Practices and Decent Work</b>		
<b>Employment</b>		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	<a href="#">Performance Summary</a>
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	<a href="#">Employees</a> ; All benefits are generally provided to full-time and part-time employees.

Disclosure	Description	2015 Reporting
<b>Specific Standard Disclosures (cont.)</b>		
<b>Labor Practices and Decent Work (cont.)</b>		
<b>Labor/Management Relations</b>		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Minimum notice period varies by country. The length of the notice period is dependent on the type of change being made. Baxter is committed to providing appropriate notice and follows all relevant consultation and notice requirements.
<b>Occupational Health and Safety</b>		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender	<a href="#">Employees</a> ; <a href="#">Performance Summary</a>
<b>Training and Education</b>		
G4-LA9	Average hours of training per year per employee by gender and by employee category	<a href="#">Employees</a>
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<a href="#">Employees</a>
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	<a href="#">Employees</a>
<b>Diversity and Equal Opportunity</b>		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	<a href="#">Employees</a> ; <a href="#">Corporate Governance</a>
<b>Labor Practices Grievance Mechanisms</b>		
G4-LA16	Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms	<a href="#">Ethics and Compliance</a>
<b>Human Rights</b>		
<b>Nondiscrimination</b>		
G4-HR3	Total number of incidents of discrimination and corrective actions	In addition to alleged cases of discrimination and harassment that may be handled locally, Baxter's Ethics and Compliance helpline and information management system logged 29 allegations of discrimination and harassment in 2015. Baxter encourages employees to seek guidance and report concerns through a number of formal channels. Through these channels, Baxter identifies incidents, prevents incidents from occurring and addresses issues when they do arise. Items identified through these channels help Ethics and Compliance managers identify key risks, develop appropriate training and design and apply compliance assessment methodologies.

Disclosure	Description	2015 Reporting
<b>Specific Standard Disclosures (cont.)</b>		
<b>Human Rights (cont.)</b>		
<b>Child Labor</b>		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures to contribute to the effective abolition of child labor	<a href="#">Supply Chain</a> ; <a href="#">Baxter Global Human Rights Policy</a> ; <a href="#">Baxter Code of Conduct</a> ; <a href="#">Baxter Supplier Quality Standard</a> ; <a href="#">Ethics and Compliance Standards for Baxter Suppliers</a> ; <a href="#">Conflict Minerals Position Statement</a> ; <a href="#">Pharmaceutical Supply Chain Initiative</a>
<b>Forced or Compulsory Labor</b>		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	<a href="#">Supply Chain</a> ; <a href="#">Baxter Global Human Rights Policy</a> ; <a href="#">Baxter Code of Conduct</a> ; <a href="#">Baxter Supplier Quality Standard</a> ; <a href="#">Ethics and Compliance Standards for Baxter Suppliers</a> ; <a href="#">Baxter California Transparency in Supply Chains Act</a> ; <a href="#">Conflict Minerals Position Statement</a> ; <a href="#">Pharmaceutical Supply Chain Initiative</a>
<b>Society</b>		
<b>Anticorruption</b>		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	<a href="#">Ethics and Compliance</a>
G4-SO4	Communication and training on anti-corruption policies and procedures	<a href="#">Ethics and Compliance</a>
<b>Public Policy</b>		
G4-SO6	Total value of political contributions by country and recipient/beneficiary	<a href="#">Baxter 2015 Political Contributions Report</a>
<b>Compliance</b>		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	<a href="#">Baxter 2015 Annual Report</a>
<b>Grievance Mechanisms for Impacts on Society</b>		
G4-SO11	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	<a href="#">Ethics and Compliance</a>
<b>Product Responsibility</b>		
<b>Customer Health and Safety</b>		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	<a href="#">Product Stewardship</a>
G4-PR2	Total number of incidents of noncompliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	<a href="#">Baxter 2015 Annual Report</a>
<b>Compliance</b>		
G4-PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	<a href="#">Baxter 2015 Annual Report</a>



Baxter International Inc.  
One Baxter Parkway  
Deerfield, Illinois 60015-4625  
USA  
www.baxter.com

**Cover Photo:**



Two former CNN Heroes of the Year and Direct Relief CEO, Thomas Tighe, help unload medical products designated to deliver care to those impacted by the 2015 Nepal earthquake. Due to the company's manufacture-to-donate process, Baxter products were among the first to arrive on scene.

Photo credit: Direct Relief

**© Baxter International Inc., 2016. All rights reserved.**

The matters discussed in this Baxter 2015 Corporate Responsibility Performance Summary that are not historical facts are forward-looking statements, including statements with respect to future company compliance and performance. These statements involve numerous risks and uncertainties. Many factors could affect the company's actual results, causing results to differ, possibly materially, from those expressed in the forward-looking statements. These factors include actions of regulatory bodies and other governmental authorities including the following, which could cause actual results to differ materially from those in the forward-looking statements: a material adverse change in the hospital products or renal products businesses; satisfaction of regulatory and other requirements; actions of regulatory bodies and other governmental authorities; clinical trial results; changes in laws and regulations; product quality, manufacturing or supply issues and patient safety issues. The company disclaims any obligation to update any forward-looking statements.

References in this report to Baxter are intended to refer collectively to Baxter International Inc. and its U.S. and international subsidiaries.

Baxter, DoseEdge, Science@Work:Expanding Minds with Real World Science, Sigma Spectrum and Viaflo are trademarks of Baxter International Inc., or its subsidiaries.

Any other trademarks, product brand names or images appearing herein are the property of their respective owners.

## History in Corporate Responsibility

*Baxter's commitment to corporate responsibility spans decades. Milestones have included:*

- 1977** Established the company's first formal environmental program, policy and energy conservation initiatives
- 1992** Released Baxter's first environmental report
- 1993** Established the Corporate Responsibility Office to oversee the company's ethics and compliance practices
- 2000** Published Baxter's first sustainability report
- 2001** Developed Baxter's Global Business Practice Standards for Suppliers
- 2002** Commenced Baxter's Product Sustainability Review process
- 2007** Established the company's Corporate Responsibility Council
- 2013** Recognized as one of the most civic-minded companies in the United States for the first time by Points of Light as part of The Civic 50
- 2014** Recognized as one of only 15 companies to have been included on the Dow Jones Sustainability World Index each year since the index was created in 1999
- 2015** Conducted the company's first comprehensive, non-financial, corporate responsibility materiality assessment