

Baxter

COMMITMENT TO OUR ENVIRONMENT & SAFETY

***Working with
Suppliers to
Enhance EHS***



***Evet L. Vera
Environmental Manager
Baxter-Aibonito, P.R.***

BEST CITIZEN

BUSINESS GROWTH THROUGH OPERATIONAL EXCELLENCE

Baxter

The Island of Puerto Rico



BUSINESS GROWTH THROUGH OPERATIONAL EXCELLENCE

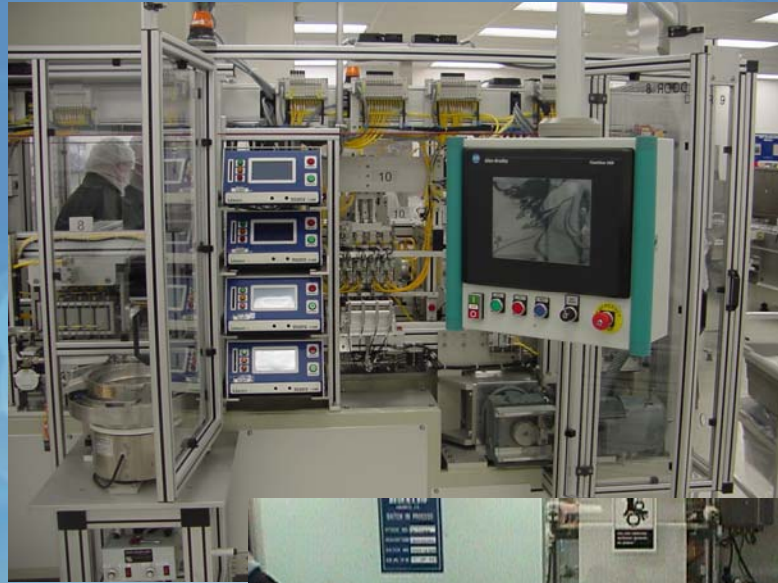
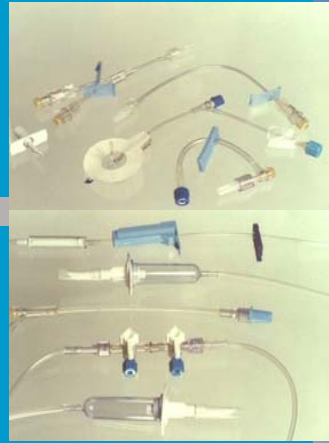
The Town of Aibonito



- **Funded in 1824**
- **30,000 people**
- **32 square miles**
- **45 Miles to San Juan**
- **Baxter – Largest Employer in Aibonito**

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Our Facilities/Products



BUSINESS GROWTH THROUGH OPERATIONAL EXCELLENCE

2003 Growth Strategies

Best Team

- *Talent Management*

Best Partner

- *Customer Focus*

Best Investment

- *High Tech Environment*

Best Citizen

- *Community Outreach*
- ***Sustainable Development***

- *Benchmarking*

- *QOS*

- *Operational Excellence*

- ***Supply Chain***

- *E- Manufacturing*

- *Business Growth*

- *VIP / Strategic Sourcing*



Sustainable Development

Definition

- **Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.**

*United Nations Brundtland
Commission, 1987*

Questions Posed by Sustainable Development

Economy

Do our business activities promote sustainable economic health for the company and the “global community”?



Social Responsibility

Do we conduct our business in a manner that contributes to the well-being of our employees and the “global community”?

Environment

Do we manage our operations in a way that is protective of the environment to help ensure the earth can sustain future generations?

Baxter

Packaging



Manufacturing Process



Marketing & Distribution

SALES GOALS



Product Use



Ultimate Fate



Raw Materials



R&D and Design



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Baxter's Environmental, Health And Safety Policy

Our Commitment To People And The Environment

Adopted May 29, 1997

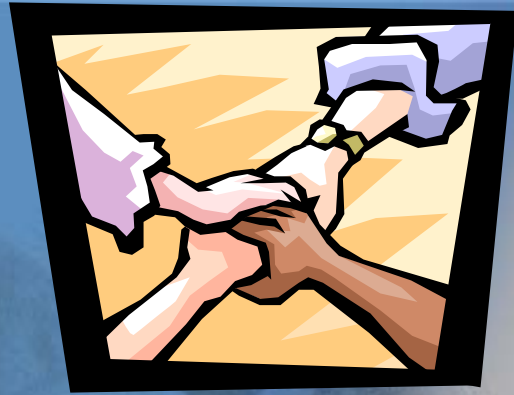
Baxter will be a global leader in environmental, health and safety (EHS) management. This is consistent with Baxter's business interests, ethics and shared values.

Specifically, we commit to the following:

- **Sustainable Development** - We will strive to conserve resources and minimize or eliminate adverse EHS effects and risks that may be associated with our products, services and operations.
- **Employees** - We will make a safe and healthy workplace, striving to prevent injuries and illnesses, promoting healthy lifestyles and encouraging respect for the environment. We will ensure that our employees have the awareness, skills, and knowledge to carry out this policy.
- **Compliance** - We will meet all applicable EHS laws and Baxter EHS Requirements, including our own EHS management standards.
- **Business Integration** - We will integrate EHS considerations into our business activities.
- **Customers** - We will work with our customers to help them address their EHS needs.
- ● **Suppliers and Contractors** - We will work with our suppliers and contractors to enhance EHS performance.
- **Community and Government** - We will participate in community and government EHS initiatives.

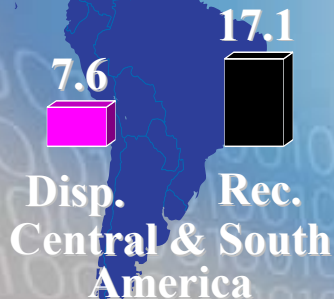
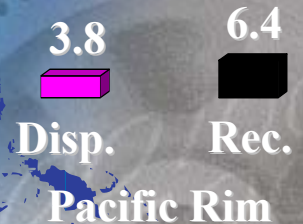
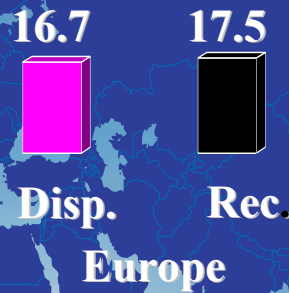
Baxter commits to continuous improvement in environmental, health and safety performance. We will set goals, measure progress and communicate results.

Why work with suppliers?



- Offers opportunities for cost reduction and strategic and competitive advantage
- Improved risk management, enhanced quality and increased innovation & new product development
- Stakeholders may hold companies accountable for suppliers' environmental and labor practices
- To streamline supply base and enhance brand image

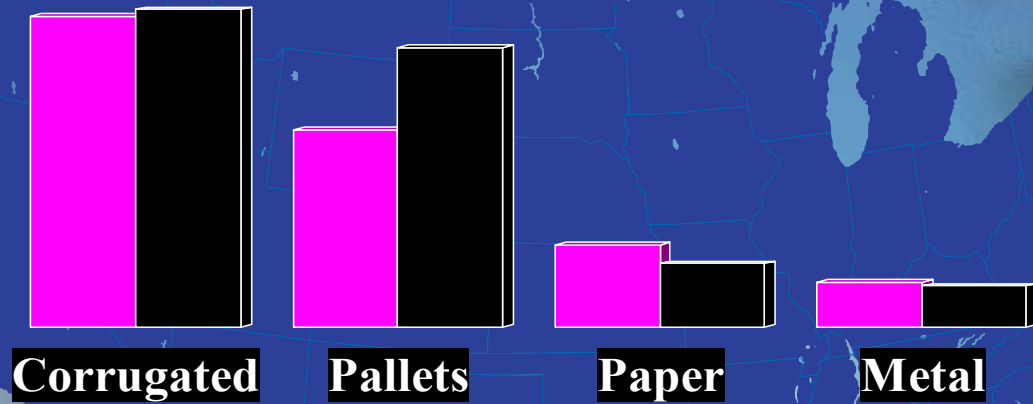
2001 Non-Hazardous Waste Disposal/Recycling Data (MM Lb)



In 2001:

156 MM lbs non-hazardous waste was generated globally

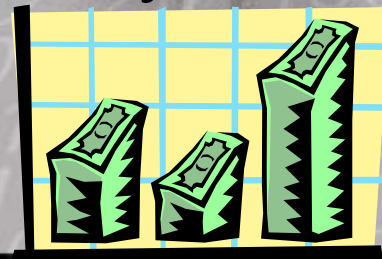
Baxter North American Waste Streams



	2000 (MM lbs)	2001 (MM lbs)
Corrugated	4.9	5.0
Wood Pallets	3.1	4.4
Paper	1.3	1.0
Metal	0.7	0.6

So how do we begin...

- Educating buyers and purchasing managers
- Screening suppliers for environmental performance
- Working collaboratively with suppliers on green design initiatives
- Providing training and information to build suppliers' environmental management capacity



Are we sustainable?



How long can this go on??

Find Opportunities: questions?

OPPORTUNITIES

- **Do you carry and/or manufacture products that:**
 - **Use less electricity?**
 - **Use less hazardous components?**
 - **Last longer?**
 - **Use less packaging that we would have to dispose?**
 - **Use recycled or refurbished materials?**
 - **Use less water?**
 - **Create fewer emissions?**
 - **Use less fuel?**
- **Can you think of any ways you might be able to help Baxter reduce waste associated with your product? Will you agree to take back products at end-of-life?**
- **Can you provide free safety training for our workers?**

Leverage Opportunities

- Negotiate waste reduction in contracts
 - Take-back programs (sheeting cores, lamps, expired chemicals, equipment)
 - Reusable containers for shipping/packaging
 - Pallet size (Baxter standard)
 - Shrink wrap instead of cardboard
 - Acceptance back of expired or defective products
- Consider “servicing”. The growing trend toward renting or leasing, rather than buying.

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Activities Over the Past 2 Years

- Prioritize commodities according to EHS risks/benefits
- Supplier questionnaire development and deployment
- Supplier workshops
- Supplier visits

***In 2003, we became the first Healthcare company
to support the Green Supplier Network***

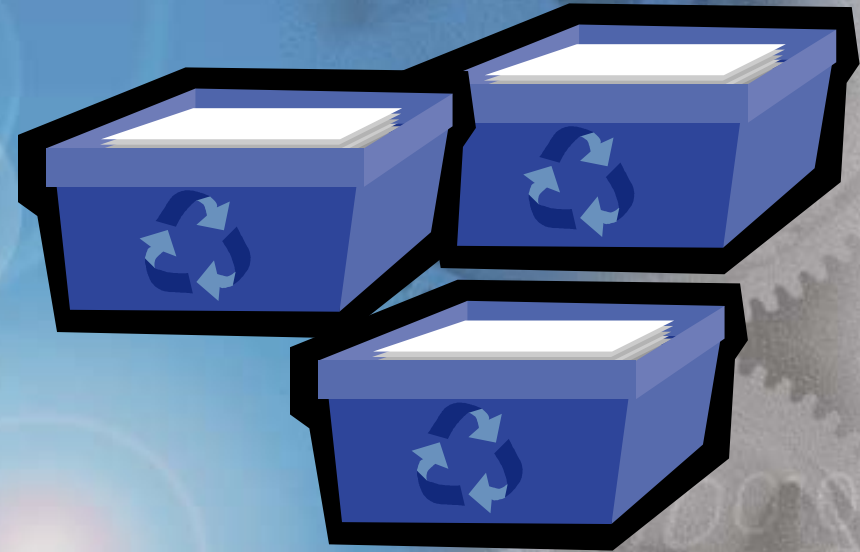
- **Joint partnership between industry, USEPA, and NIST-MEP (Dept. of Commerce)**
- **Objective is to improve performance of suppliers in areas of resource efficiency, cost-savings and waste reduction via “Clean Manufacturing” workshops and technical help.**
- **Program piloted in automotive and aerospace sectors. Baxter is first healthcare company to participate, and has already recruited several of our key raw materials suppliers.**
- **We are also actively helping USEPA to engage other large healthcare manufacturers.**

Example Projects at Baxter

- **Partnership with major textile manufacturer to recycle hospital waste plastics into flooring in development**
- **Resin supplier shipments to Mountain Home by rail car (no packaging to handle, dispose = cost savings for both companies)**
- **Free energy audit by electrical equipment distributor identifies \$30,000 annual savings at Tampa Bay**
- **Free safety training from suppliers at many plants.**

Existing Initiatives at

- **Several facilities work with suppliers to have materials delivered in reusable totes**
- **One facility receives glass bottles on shrink-wrapped pallets instead of cardboard boxes**
- **One supplier made a major effort to eliminate cardboard in all assembly operations by supplying parts in reusable trays and totes**



Company A Disposable Packaging



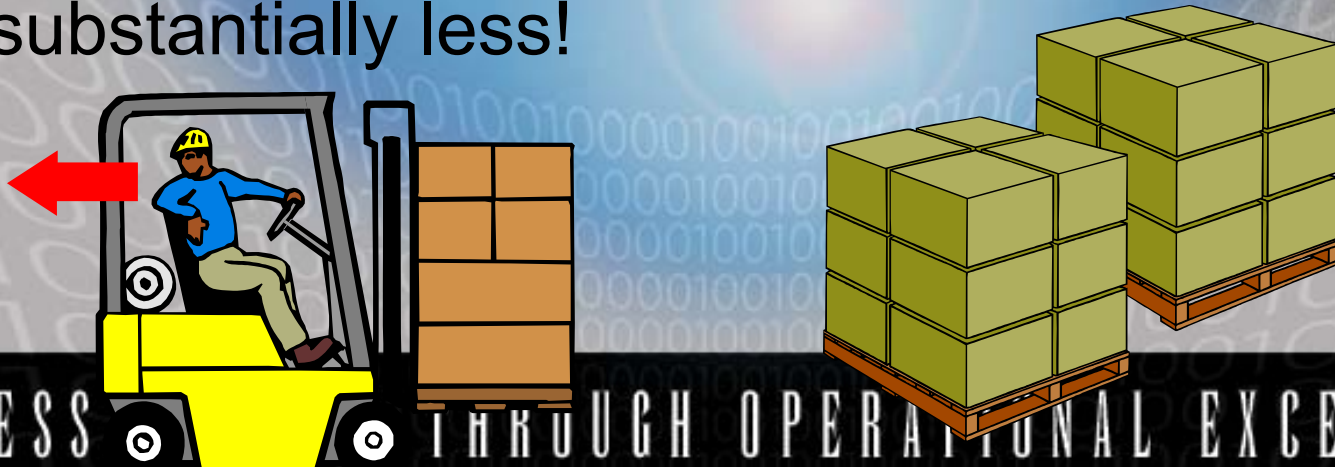
Company B Returnable Totes



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An example....

Pallets!

- One Baxter facility receives thousands of pallets each year from suppliers
- Many pallets are “off-spec”, thus cannot be reused
- If suppliers provided goods on Baxter standard pallets, the **\$250,000** budget at this facility for purchasing pallets would be substantially less!



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Baxter

Thank You

Economy



**Social
Responsibility**

Environment

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