



*2006 Annual Environmental Performance Report Form*

## **Baxter Healthcare Corporation**

**One Baxter Parkway**

**Deerfield, Illinois 60015**

Please give us information about your contact person for the Performance Track Corporate Leader designation.

Name: Patricia S. Bartholomew  
Title: Director, EHS  
Phone: 847.948.4878  
Fax : 847.948.4114  
E-mail: barthop@baxter.com

Company Website [www.Baxter.com](http://www.Baxter.com)

**Annual Report #: 2<sup>nd</sup>**

**Membership Term: 1**

**Reporting Year: 2006**

**Due Date: July 31, 2007**

**Date Issued: August 30, 2007**

# Section A

## *Your environmental performance goals.*

Please summarize your company's progress toward its environmental performance goals, relative to the baseline year.

### *Part 1*

#### **First goal**

1	Category:	Waste landfilled	
	Indicator:	Nonhazardous waste landfilled	
	Baseline quantity (2004):	67,100 tons	7.01 tons per Million Dollars sales
	2005 quantity:	61,600 tons	6.24 tons per Million Dollars sales
	2006 quantity:	<b>63,800</b> tons	<b>6.12</b> tons per Million Dollars sales
	Goal (2009) quantity:	30% reduction in generation per unit of product value from the 2004 levels	

- 2 Summarize how you achieved improvements for this indicator through 2006 or, if relevant, any circumstances that delayed progress.

**We met our goal on a revenue basis mainly by increased manufacturing efficiencies enterprise wide through lean initiatives. However, on an absolute basis, we had increases product discards by 2,300 tons (43 percent), partly due to warehouse consolidations in Europe, and the destruction of expired and off-specification products.**

**Please refer to**

**[http://sustainability.baxter.com/EHS/2006\\_environmental\\_performance/emissions.html](http://sustainability.baxter.com/EHS/2006_environmental_performance/emissions.html)  
for a complete description of Baxter's waste efforts.**

#### **Second goal**

1	Category:	Air emissions	
	Indicator:	Total greenhouse gas (GHG) emissions	
	Baseline quantity (2004):	880,000 tons	91 tons per Million Dollars sales
	2005 quantity:	865,200 tons	88 tons per Million Dollars sales
	2006 quantity:	<b>870,000</b> tons	<b>84</b> tons per Million Dollars sales
		<b>(2005 and 2006 quantities do not include carbon emission credits purchased as offsets through the Chicago Climate Exchange.)</b>	

Goal (2009) quantity: 20% reduction per unit of product value from the 2004 levels

- 2 Summarize how you achieved improvements for this indicator through 2006 or, if relevant, any circumstances that delayed progress.

**The majority of Baxter's GHG emissions are associated with energy use. In 2006, Baxter developed an energy management strategy that includes the following elements: increasing the number of facility energy reviews (audit of energy usage), expanding the use of utility invoice payment services and promoting best practices in energy management across the company.**

**Baxter has a wide range of projects to improve facility energy efficiency, and reduce associated GHG emissions and energy costs, including the following:**

- 1/ Optimizing facility utility systems, such as heating, ventilation and air conditioning, and compressed air;**
- 2/ Installing energy-efficient lighting systems, including replacing metal halide lamps and high-pressure sodium lamps;**
- 3/ Implementing improved control technologies, conducting lighting surveys and installing improved lighting reflectors;**
- 4/ Improving motor efficiency by using intelligent controls for motors with varying loads; and**
- 5/ Using an online-chiller monitoring system to optimize utilization and reduce operating costs.**

**Execution of identified energy-conservation projects has been a challenge for Baxter's energy-management program. In 2006, Baxter's Facilities Engineering Services instituted a tracking system to closely monitor these identified facility level energy conservation projects with the objective of completing them in a reasonable amount of time.**

**In the fall of 2006, Baxter held its biannual global Energy Engineering conference in Raleigh, North Carolina. Professors from a local university taught sessions on current energy technology, presented best-demonstrated energy conservation practices and state-of-the-art energy management techniques. Energy awards were given to recognize company sites with the greatest success in reducing energy usage, cost and implementing innovative solutions to reduce energy. Also at the conference, a new ranking system was introduced which we believe will contribute energy reductions in the years to follow. All sites will be required to have specific energy-saving projects in place. Three levels (bronze, silver and gold) of participation have been established based on meeting certain criteria to elevate the status of the site while energy reduction projects implemented and savings are achieved in the coming years. Thus, this established a process to ensure continuing improvement in energy reduction.**

Please refer to

[http://sustainability.baxter.com/EHS/2006\\_environmental\\_performance/emissions.html](http://sustainability.baxter.com/EHS/2006_environmental_performance/emissions.html)  
for a complete description of Baxter's energy conservation and GHG reduction activities.

*Part 2*

List your facilities that newly joined Performance Track or similar state performance-based programs in 2006.

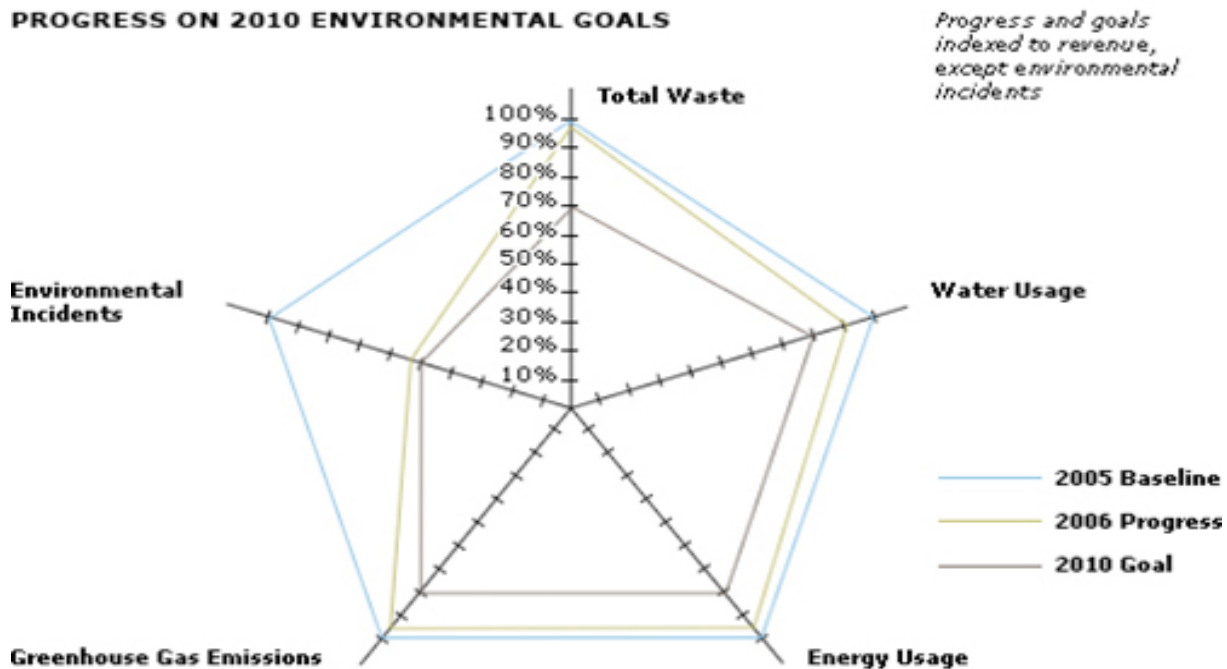
We did not meet our commitment for 2 sites per year in 2006. However our Thousand Oaks, California and Tampa – Largo, Florida site enrolled in the spring 2007 registration period. Our Bloomington, Indiana facility is also enrolled in the Indiana state program.

Baxter has created a Sustainability Steering Committee of top executives across all functions. This committee "provides oversight and assures accountability", as well as cross-functional engagement and future strategic direction for the company. Baxter will continue to focus on its waste and water impacts as part of our continuing efforts to decrease our environmental footprint. Below is a copy of our 2006 Footprint diagram also found in our 2006 Sustainability Report:

<http://sustainability.baxter.com/>

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**PROGRESS ON 2010 ENVIRONMENTAL GOALS**



# Section B

## *Your value chain environmental performance goals.*

Please summarize your company's progress toward its value chain environmental performance goals, relative to the baseline year.

### First goal

- |                           |  |
|---------------------------|--|
| Category:                 | Suppliers' environmental performance                             |
| Indicator:                | Additional suppliers recruited for EPA's Green Suppliers Network |
| Baseline quantity (2004): | 0  |
| 2005 quantity:            | 5 suppliers and 3 suppliers in process                           |
| 2006 quantity:            | <b>3 suppliers still in process</b>                              |
| Goal (2009) quantity:     | 60% of U.S. supplier base (approx. 40 suppliers)                 |
  
- Summarize how you achieved improvements for this indicator through 2006 or, if relevant, any circumstances that delayed progress.

**Baxter has not been able to recruit additional suppliers in 2006. However, we have learned that we are not approaching them in the most effective way. Most contact has been through the sales and "relationship" manager. We believe we need to get beyond the sales people to the manufacturing and environmental contacts at the supplier. During the last half of 2007, we plan to hold at least one web cast, which we hope will reach multiple contacts at each of the suppliers we are targeting. Baxter does, however, continue to help promote the program in public conferences/ workshops and in publications such as Target Magazine, printed by the Association for Manufacturing Excellence (AME).**

### Second goal

- |                           |   |
|---------------------------|---|
| Category:                 | Product design/redesign (inputs and non-product outputs)  |
| Indicator:                | Life cycle assessments or Product sustainability reviews  |
| Baseline quantity (2004): | N/A   |
| 2005 quantity:            | 1 existing product and 7 new products in process  |
| 2006 quantity:            | <b>1 additional existing product was finalized, another two are in process and 8 new products are in process.</b> |
| Goal (2009) quantity:     | 5 existing products and all new products  |

- 2 Summarize how you achieved improvements for this indicator through 2006 or, if relevant, any circumstances that delayed progress.

**Baxter has created and is in the process of implementing a new Product Development Process (PDP). While the environmental (or sustainability) gates in the process are largely the same as with the previous PDP, we will be monitoring effectiveness of the environmental gates to ensure good results are being achieved. All new products and existing products that undergo significant changes go through the new PDP process and hence life-cycle assessment or environmental sustainability review.**

**For example, AVIVA our new product underwent PDP process and the environmental benefits derived include:**

- 1. More efficient packaging – Baxter reconfigured the packaging to fit 40 containers in a standard box, compared to 36 for alternative products. This reduces packaging waste, a significant concern for hospitals.**
- 2. Baxter purchased certified renewable energy certificates to offset one hundred percent of the greenhouse gas emissions associated with the electricity used to manufacture AVIVA. Thus preventing more than 11,500 metric tons of carbon dioxide from entering the earth's atmosphere over a 3-year period. The product carries the Green-e environmental label.**

# Section C

On behalf of  
**Baxter Healthcare Corporation**

I certify that:

I have read and agree to the terms and conditions for Membership as a Performance Track Corporate Leader, as specified in the *Performance Track Corporate Leader Guide* and in the *Application Instructions*. The company, to the best of my knowledge, continues to meet the program criteria.

I have personally examined and am familiar with the information contained in this Annual Report. The information contained in this Report is, to the best of my knowledge and based on reasonable inquiry, true, accurate, and complete.

I agree that EPA's decision whether to accept companies into or remove them from the Performance Track Corporate Leader designation is wholly discretionary, and I waive any right to challenge EPA's acceptance or removal decision. I also understand that my company's membership in the program will not be considered to be legally relevant in any enforcement proceedings for violations of environmental requirements.

I am a senior executive of the company to whom the environmental function reports and am fully authorized to execute this statement on behalf of the company applying for the Performance Track Corporate Leader designation.

Signature / Date	_____
Printed Name / Title	<i>James M. Gatling / Corporate VP Global Manufacturing</i>
Phone Number / E-mail	(847) 270 – 4500
Company Name	Baxter Healthcare Corporation
Company Street Address	Route 120 & Wilson Road
City / State / Zip Code	Round Lake, IL 60073

The National Environmental Performance Track is a U.S. Environmental Protection Agency program. Please direct inquiries to Dan Fiorino, 202-566-2869, or e-mail [fiorino.dan@epa.gov](mailto:fiorino.dan@epa.gov).

To submit your membership application:

- 1) E-mail the completed form to [fiorino.dan@epa.gov](mailto:fiorino.dan@epa.gov),
- and
- 2) Fax the completed and signed participation statement (not the entire form) to 202-566-2985.

If you cannot e-mail the membership application, mail a hard copy of the entire completed form to:

Dan Fiorino  
Director, Performance Track Program  
U.S. Environmental Protection Agency  
Office of Policy, Economics, and Innovation (1807T)  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460