



Application Form

Baxter Healthcare Corporation
Name of corporation

One Baxter Parkway
Street address (U.S. corporate headquarters)

Deerfield, IL 60015
City/State/Zip code

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

Name Mr. Joseph L. Wolfsberger
Title VP Environment, Health and Safety
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Company Website www.baxter.com [EXIT disclaimer >](#)

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Section A

Tell us about your company.

Why do we need this information?

EPA needs background information on your corporation to evaluate your application.

What do you need to do?

Provide background information on your corporation.

1 What do you do or make at your company?

[Medical Devices](#)

[EXIT disclaimer ▶](#)

Baxter assists healthcare professionals and their patients with treatment of complex medical conditions including cancer, hemophilia, immune disorders, kidney disease and trauma. The company applies its expertise in medical devices, pharmaceuticals and biotechnology to make a meaningful difference in patients' lives. For more information go to www.baxter.com [EXIT disclaimer ▶](#), or click on the link above.

- 2 List the North American Industrial Classification System
- 339112 Surgical and Medical manufacturing
 - 325412 Pharmaceutical Preparation manufacturing
 - 334510 Electromedical and Electrotherapeutic Apparatus
 - 325414 Biological Product (except Diagnostic) manufacturing
- (The first three categories represent 53% and the last 25%)

3 Is there anything else you would like to tell us about your company?

At the corporate level Baxter subscribes to a number of voluntary organizations and standards in its effort to realize continuous improvement in environmental, health and safety performance. In a number of the organizations Baxter is a charter member or the only representative from its industry. The voluntary programs include:

[EPA's Green Suppliers Network](#) EXIT disclaimer >

[Chicago Climate Exchange](#) EXIT disclaimer >

[Pew Center on Global Climate Change](#) EXIT disclaimer >

[Coalition for Environmentally Responsible Economies](#)

EXIT disclaimer >

[Global Reporting Initiative](#) EXIT disclaimer >

[US EPA Climate Leaders](#) EXIT disclaimer >

[Hospitals for a Healthy Environment](#) EXIT disclaimer >

Almost all of Baxter's manufacturing sites are ISO 14001 certified through an external registrar; eight also are certified to the OHSAS 18001 Standard. In addition, the 2004 Dow Jones Sustainability Index rated Baxter the Medical Products Industry Leader for the year.

Section B

Why do we need this information?

Companies must be actively and substantially involved in Performance Track to be designated a Performance Track Corporate Leader. We're also interested in your membership in similar state performance-based programs.

Tell us about your level of facility membership in Performance Track or similar state programs.

What do you need to do?

Tell us what percentage of your company's operations are members of Performance Track or similar state voluntary performance-based programs.

1	Approximately how many significant facilities or sites does your company operate in the U.S.?	17						
		<table border="0"> <tr> <td style="padding-right: 20px;">Performance Track</td> <td style="padding-right: 20px;">8</td> <td>Similar State Programs</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">0</td> </tr> </table>	Performance Track	8	Similar State Programs			0
Performance Track	8	Similar State Programs						
		0						
2	How many of these facilities are members of Performance Track or similar state voluntary performance-based programs? The threshold criterion is that you have at least five facilities that are members of Performance Track.							
3	What number of your operations in the U.S. are members of Performance Track and similar state programs?							

		Number of Facilities	Members of Performance Track	Members of Similar State Programs
a. Facilities in U.S.:				
i	Manufacturing*	17	8	0
ii	"Major," or	_____	_____	_____
iii	All;	_____	_____	_____

*Includes R&D facilities

Section C


Tell us about your management of environmental issues.

Why do we need this information?

Companies need to show they have systems in place to manage and improve environmental performance throughout their operations.

What do you need to do?

Rate the systems you use to manage and improve your environmental performance. Refer to the Application Guide for further explanation to determine the appropriate response. Please briefly explain your ratings.

- | | | |
|---|--|----------------------|
| 1 | There exists a Board of Directors committee or senior management group in our company to establish and oversee our environmental commitment. | 1 2 3 4 5 N/A |
| | Baxter's Public Policy Committee of the Board of Directors has oversight responsibility for the EHS Policy  and program direction that lays out the company's environmental commitments. The committee reviews the progress of EHS on an annual basis. | |
| 2 | Our corporate environmental policy (or its equivalent) assigns corporate priority to environmental issues, commits us to meeting all applicable regulations and voluntary commitments, preventing pollution, continually improving our environmental performance, and sharing information about our environmental performance with the public. <i>(Please attach a copy of your policy.)</i> | 1 2 3 4 5 N/A |
| | Baxter's EHS policy is modeled on the requirements of ISO 14001 and includes commitments to meet applicable regulations and Baxter's internal EHS standards in order to prevent pollution, to continuously improve, to work toward sustainability and to communicate to stakeholders. Baxter currently is revising its policy to reflect changes in the organization. | |

- 3 We have established corporate environmental goals; these goals apply to all our operations. *(Please attach a copy of your goals.)* 1 2 3 4 [5](#) N/A
 Through Baxter’s EHS strategic planning process, EHS managers provide input regarding EHS goals for Baxter’s company-wide Balanced Scorecard. In addition, EHS develops an EHS Balanced Scorecard annually to support the company-wide Scorecard. The EHS organization develops Functional and Regional Plans that are used by facilities worldwide in establishing goals for continuous EHS improvement. Baxter’s environmental goals are summarized in our Sustainability Report: [Environmental Goals](#) [EXIT disclaimer](#)
- 4 Our top environmental official reports directly to a senior management official. 1 2 3 4 [5](#) N/A
 Baxter’s Vice President of EHS (currently open) reports to the Corporate Vice President of Global Manufacturing Operations. The Corporate Vice President of Global Manufacturing Operations is a corporate officer who reports to the CEO. In the interim the corporate Director of EHS Engineering and the Vice President of EHS Manufacturing report to the Vice President of Global Manufacturing.
- 5 Our corporate-level environmental procedures provide a framework for facility-level procedures, which in turn are adapted to the individual circumstances of each facility. 1 2 3 4 [5](#) N/A
 A Requirements Book at the company-wide level defines the policies to which all facilities must adhere. A Reference and Training Guide provide guidance on implementation of the policies. The regional support teams develop procedures or specifications to cover facility implementation of the requirements and EHS management systems, including ISO 14001. Facilities implement more detailed procedures that are specific to their operations (Standard Operating Procedures).
- 6 Environmental performance is considered in evaluating and rewarding performance of managers and staff. 1 2 3 4 [5](#) N/A

Members of senior management are held to personal performance objectives related to EHS results. Merit increases, bonuses, stock options and promotions are based, among other criteria, on Baxter meeting its EHS objectives, particularly those that are included in the company's balanced scorecard (e.g. waste and energy reductions).

- | | | | |
|---|--|------------------|-----|
| 7 | <p>We integrate environmental considerations into non-environmental corporate functions such as R&D, product and process design, marketing, strategy, finance, and accounting.</p> <p>Baxter employs a "Product Sustainability Review" process wherein EHS interfaces with the R&D and product development groups to look at products that are under development or materials under consideration from a life cycle and sustainability perspective. EHS interfaces with marketing to discuss customer benefits from its packaging program and other ways the company can minimize end-of-life/disposal challenges our customers deal with. As discussed elsewhere in the application, EHS interfaces extensively with its supplier management /purchasing groups to evaluate suppliers and find partnering opportunities to "green" the supply chain. EHS also partners with the Office of Business Excellence (Baxter's Quality Technologies group) to apply principles of Lean Manufacturing to EHS initiatives, such as pollution prevention. Finally, a number of regional and worldwide resources EHS staff members, through the Quality Department, have become Six Sigma certified.</p> | 1 2 3 4 5 | N/A |
| 8 | <p>We have corporate-wide measures to evaluate the environmental performance of the corporation as a whole and of its individual facilities.</p> <p>Baxter has EHS goals at all levels of the organization: corporate, division and facility. These goals are reflected in the Balanced Scorecards, EHS plans, and in goals and targets set by facilities. EHS performance is measured and reported at least quarterly at corporate, division and facility levels.</p> | 1 2 3 4 5 | N/A |

- 9 We apply corporate worldwide standards that meet or exceed the regulatory requirements of the countries where we operate. 1 2 3 4 **5** N/A

Baxter's EHS Requirements Book establishes the minimum acceptable standards worldwide. Compliance with local requirements is a given. Sites are required to meet the more stringent regulation: Baxter's or the local government's.

- 10 We have in place corporate-level procedures to identify legal and other requirements that apply to our operations and/or products to ensure they are met at the facility level. 1 2 3 4 **5** N/A

Baxter subscribes to a number of services that provide updates on regulations that apply to the locations where the company operates. (This includes the ENHESA global update from a company in Belgium and the STP regulatory CD updates from a company well known in the USA as an auditing specialist.) In addition, EHS checklists are prepared for facilities and updated periodically to provide compliance guidance.

- 11 We have a corporate compliance management and audit system that is used to ensure that facility-level environmental management functions are performed effectively and to ensure that corrective and preventive actions are taken promptly when compliance issues are identified. 1 2 3 4 **5** N/A

Baxter has a comprehensive EHS [audit program](#) [EX11 disclaimer](#) that includes internal and external assessments at the facility level worldwide. The frequency of facility audits is dependent on the size and complexity of the processes present. A large, complex manufacturing site may be audited every three years, whereas a warehouse facility may be audited every 5 to ten years, dependent on the risks present. In addition, an external ISO registrar audits most divisions. Facilities develop Corrective and Preventive Action (CAPA) Plans for all non-conformances; these are tracked by a central database. A process is in place to track all open non-conformances. Significant open issues are reported to upper management.

- 12 Top-level management reviews the environmental performance of the corporation and its facilities at least annually. This review encompasses both regulatory compliance and performance against the company's goals. 1 2 3 4 5 N/A

Formal top management reviews are held on at least an annual basis at corporate, division and facility levels. Annually, the Public Policy Committee reviews EHS performance. EHS also delivers more frequent updates to Baxter's CEO and other senior executives. EHS performance is reported monthly to the EHS network and to members of management.

- 13 If applicable, we have a corporate post-acquisition program designed to bring newly-acquired facilities into compliance with our worldwide standards as soon as possible after acquisition. 1 2 3 4 5 N/A

Baxter has established a policy that deals with acquisitions. The policy defines actions to be taken to ensure that acquisitions develop action plans to address non-conformances to EHS regulations and company policies. We have an allotted time frame in which to bring a facility into compliance if there are issues. We also have a timeline in which certain large manufacturing sites must become ISO 14001 certified.

Please let us know of anything that you believe distinguishes your corporate environmental commitment and how this commitment is implemented throughout your operations.

Baxter has been a leader in environmental efforts for many years. This can be seen in many areas where the company has established a leadership position. Examples include Baxter's voluntary commitment to the CERES principles, the Global Reporting Initiative, Chicago Climate Exchange and EPA's Green Suppliers Network. Baxter's commitment to EHS excellence also can be seen in the level to which our facilities worldwide have achieved ISO 14001 registration. Out of 60 manufacturing sites, 50 of them have achieved certification. Community/ public outreach is required at all manufacturing facilities and is verified

during corporate audits. For more details on Baxter's environmental performance and commitments see company's most recent [sustainability report](#) [EXIT disclaimer](#). Baxter has pioneered a corporate level environmental financial statement to demonstrate to top management and outside stakeholders the value of a sound environmental program. The 2003 report is Baxter's twelfth annual reporting of its EHS progress to its external and internal stakeholders.

At the facility level we do internal and external benchmarking. Internally, we hold energy, packaging, and EHS global conferences to facilitate knowledge-sharing (Best Demonstrated Practices) and give recognition to good performance among our employees. Externally, we have held workshops in countries outside of the US, which have helped to educate other industry personnel and government officials. These workshops have also helped to formulate EHS policies and regulations in other countries.

Section D

Why do we need this information?

Companies need to show they are committed to improving their environmental performance.

What do you need to do?

Companies need to describe past environmental achievements and make future environmental commitments.

Tell us about your past environmental achievements, future environmental commitments, and plans to increase your facility membership in Performance Track or similar state programs.

Part 1

First achievement

- 1 What area have you selected? (Please refer to the Corporate Environmental Performance Table for examples.)
Air Emissions (Toxics total): Our program to reduce emissions of air toxics (as listed in the Clean Air Act) and process-based Class I CFCs. Also to phase out refrigerants with high ozone-depleting potential (ODP).
- 2 What was your improvement (state in actual and normalized quantities, such as to production) over the past five years? How did you achieve it? (Please refer to the Corporate Environmental Performance Table for measurement units.)
In 1989, Baxter set a goal to reduce air toxic and CFC emissions by 80 percent on a per unit of production value basis by 1996. A new goal was set in 1997 to further reduce the remaining emissions by 80 percent per unit of production value by 2005 (with a 1996 base year). In 1993, Baxter created a policy to minimize leaks of CFC refrigerants and to phase out CFC-based, high ODP refrigerants and replace them with non-ODPs or refrigerants with lower ODPs. Also, in 1990 Baxter committed to US EPA's 33/50 Project.

For the goal to reduce air toxic and CFC emissions by 80 percent per unit of production value by 1996, Baxter achieved a 96-percent reduction. The new goal set in 1997 to further reduce the remaining emissions by 80 percent per unit of production value by 2005 (with a 1996 base year) was achieved four years early. Overall, Baxter has reduced toxic air and CFC emissions from almost 4 million pounds in 1988 to about 32,000 pounds by the end of 2003, a 99 percent reduction. For Baxter's commitment to US EPA's 33/50 Project, the company achieved a 93 percent reduction of the target chemicals by 1993.


<u>Air Toxics Reduction Per Unit of Production Value</u> <small>EXIT disclaimer ></small>	
1996 - 2005 Goal	80%
1996 - 2003 Interim Objective	63%
1996 - 2003 Results	90%
Historical Performance	
1988 - 1996 as reported in 1997	96%

Baxter achieved these goals mainly through source reduction, and in some cases, by adding controls. CFC emissions were reduced by using alternative process such as clean injection molding that eliminated the need to wash parts in CFC-113. Also, alternative technologies were used in other CFC processes such as device testing. Emissions of CFC-12 were eliminated by switching from an ethylene oxide (EtO)/CFC-12 mixture to pure EtO in sterilization. In turn, ethylene oxide emissions were reduced by optimizing sterilization cycles. Also, alternative sterilization methods were used to replace EtO and include gamma and E-Beam sterilization methods. EtO controls were added to sterilization facilities worldwide where the EtO usage could not be further reduced. More recently, substitutes for methylene chloride and MEK have been found for some bonding and other processes. Highly efficient solvent applicators employed at many plants have greatly minimized solvent

emissions. High ODP refrigerants have been replaced with lower or non-ODP substitutes.

Part 2

First commitment

- 1 What area have you selected? (Please refer to the Corporate Environmental Performance Table for examples.)
Waste Generation: Nonhazardous waste generated. In 1996, Baxter committed to reducing non-hazardous waste generation by 35 percent on a per-unit-of-production-value basis by the end of 2005. Progress against this goal is monitored and publicly reported annually in Baxter's [sustainability report](#) . As of the end of 2003, Baxter has successfully reduced non-hazardous waste generated per unit of production value by 27 percent. Baxter is committed to continuing its waste reduction efforts to achieve the non-hazardous waste reduction goal by the end of 2005. (Additionally, data is available on the amount of waste disposed versus recycled.) Baxter will report on waste landfilled.

As the current long-term environmental goals begin to sunset, Baxter is also committed to establishing new long-term environmental performance goals during 2005.

- 2 What is your improvement goal (state in actual quantities) over the next five years? (Please refer to the Corporate Environmental Performance Table for measurement units.)
Our current goals go through 2005; we are in the process of setting our next generation goals to take us through 2010. We will announce our new long-term goals at our internal global environmental, health and safety conference in June 2005. Baxter's goal is to reduce non-hazardous waste generated per unit of production value by an additional 4 percent by the end of 2005.

Second commitment

- 1 What area have you selected? (Please refer to the Corporate Environmental Performance Table for examples.)
Air Emissions: GHGs. Our selection is to reduce greenhouse gas emissions through energy conservation.
- 2 What is your improvement goal (state in actual quantities) over the next five years? (Please refer to the Corporate Environmental Performance Table for measurement units.)

The current energy-reduction goal covers the time period from 1997 to 2005, using 1996 as a baseline year. We are in the process of developing our next generation goals for the 2005 – 2010 timeframe. These long-term goals will be announced at our conference in June 2005.

Baxter has a goal to reduce energy use and associated greenhouse gas (GHG) emissions by 30 percent per unit of production value compared to 1996 levels. Through the end of 2003, Baxter has [achieved a 21 percent reduction](#) [EXIT disclaimer](#). Baxter commits to continue to strive to reach its 2005 goal. Also, prior to the expiration of this goal, the company committed to put in place a new, aggressive, long-term goal to reduce energy and corresponding GHG emissions.

Part 3

Please briefly describe your plan such that at least 50% of your operations or 50 of your facilities will be members of Performance Track (or similar state voluntary performance-based programs) within five years of being designated a Performance Track Corporate Leader.

Baxter plans to commit two facilities every year. This commitment will be highlighted and tracked in our annual sustainability report.

Section E

Why do we need this information?

Companies need to show how they are improving the environmental performance of their value chain (includes suppliers, customers, and product and service designers).

Tell us how you help to improve the environmental performance of your value chain.

What do you need to do?

Companies need to describe past achievements and make future commitments.

Please rate your systems to manage the environmental categories of your value chain. Please briefly explain your ratings.

Part 1

Description

1 Overall system to manage the environmental categories of your value chain.

a We have a system in place to manage the environmental impacts in our value chain. 1 2 3 **4** 5 N/A

In Baxter's sustainability policy, which forms the basis of our ISO 14001 management system, we have committed to engage our suppliers in reducing our environmental impact.

b We have a system in place to encourage and/or mentor our suppliers and/or customers to actively participate in EPA, state, or other voluntary performance-based environmental programs. 1 2 3 **4** 5 N/A

Baxter holds four-hour sustainable development workshops with its key raw material suppliers, during which Baxter educates suppliers about world resource trends, Baxter's environmental goals, and new ideas for reducing environmental impacts. Baxter also has been a leader in the EPA's Green Suppliers Network program by launching

the health care sector. As part of this program, Baxter actively encourages suppliers to participate in NIST-MEP/US EPA Clean Manufacturing reviews by phoning suppliers directly and sending letters.

For customers, Baxter has been a 'Champion' in EPA's Hospitals for a Healthy Environment (H2E). Baxter's largest customers sit on Baxter's [Customer Advisory Council](#) EXH disclaimer. During quarterly meetings, the company shares Baxter tools and initiatives that may be of help to our customers (such as Lean/Clean Manufacturing) and discusses customer environmental concerns.

2 *System to improve product and service performance*

a We have a system in place to account for and improve the environmental performance of our new products and/or services throughout the product or service development process, including concept, design, and research and development. 1 2 **3** 4 5 N/A

Baxter's "Product Sustainability Review" process entails EHS interfacing with the R&D and Product Development groups to look at products under development or materials being considered from a life cycle and sustainability perspective. This system currently is being phased in, with a current emphasis on hardware products. "Gates" in the product development process mandate environmental review of the product design.

b We use tools such as design-for-the-environment, life-cycle assessment, and/or industrial ecology, to minimize the environmental impacts of our products and/or services. 1 2 3 **4** 5 N/A

The "Product Sustainability Review" process uses a Life Cycle Assessment (LCA) based approach to review a product's design. A multi-functional team reviews the product from the standpoint of overall design, materials selection, type and quantity, principal suppliers,


manufacturing processes, packaging design, transportation, product use and ultimate disposal. A Failure Mode and Effects Analysis (FMEA) on the product often is used to support the review. Also, LCA modeling using SimaPro 5 software is used to support the Product Sustainability Review. Using the software, different designs or materials choices can be compared for predicted life cycle impacts in areas such as resource depletion, acidification, climate change, respiratory effects and more.

c We have a system in place to conduct reviews of our existing products periodically to ensure they are not potentially damaging to human health or the environment. 1 2 **3** 4 5 N/A

Baxter places emphasis on new product design. The current plan includes a review of existing hardware (Baxter’s main intravenous (IV) pump, and renal therapy machines, and potentially other infusion devices). Also, in the past, limited LCA reviews have been conducted on Baxter’s main intravenous solution bags.

3 *System to work with suppliers*¹

a We have supplier environmental requirements that go beyond regulatory compliance (e.g., including areas such as management systems or management of non-regulated significant environmental aspects). 1 2 3 **4** 5 N/A

Baxter’s Supplier Quality Standards require suppliers to demonstrate continual improvement in management of the environment, including waste and hazardous material reduction. Click here to view [Baxter’s Supplier Quality Standards](#)  and refer to Section 11.

Baxter also has used an environmental questionnaire including a guideline, for suppliers for the past several

¹ Note: The term “supplier” as used here is defined broadly to include anyone from whom your company purchases a product or a service. It includes contract manufacturers, raw material suppliers, and service providers.

years. The questionnaire is used to determine suppliers' weaknesses in management of the environment, and includes topics such as hazardous materials and environmental management systems. To encourage suppliers to go beyond compliance, Baxter invites key raw material suppliers into its corporate headquarters for four-hour sustainable development workshops. By the end of 2003, Baxter had addressed its top North American raw material suppliers, and currently is using the questionnaire with its European suppliers.

b We have a system in place to audit suppliers to ensure that they meet our environmental requirements. 1 2 3 4 5 N/A
Baxter Quality routinely audits key raw material suppliers. Environmental, Health and Safety systems are examined as part of these audits. In one case, EHS personnel were sent to help a critical supplier upgrade its environment, health and safety systems at no cost to the supplier. In other cases, cross-functional teams including EHS and purchasing personnel visit suppliers' manufacturing sites to identify opportunities for improvement.

c We have a system (including providing incentives) in place to give preference to suppliers that provide products that meet our environmental criteria. 1 2 3 4 5 N/A
The Global Supplier Questionnaire is used as part of the bid package for selecting new suppliers in North America. In addition, EHS personnel often sit on Baxter buying teams and create commodity-specific EHS questions (e.g. product recyclability, recycled content, hazardous material content, etc.), the answers to which are weighted into the selection of a supplier. While it is sometimes very difficult for Baxter to change suppliers due to regulatory requirements and stringent quality control, the company's VP of purchasing and supplier management told key suppliers that environmental considerations are a strong factor in the selection of suppliers during recent supplier workshops.

4 *System to work with customers/users*

- a* We have a system in place to ensure that our customers use our products in an environmentally-appropriate manner. 1 2 **3** 4 5 N/A
As discussed earlier, all new products go through a Failure Mode and Effects Analysis (FMEA) during the development phase to help ensure no product-safety or other issues exist. Because we are a medical supply manufacturer all complaints with our products are logged into a system for corrective and preventive action as required by FDA.
- b* We have a system in place to ensure that we fully meet our business customers' environmental requirements. 1 2 3 4 **5** N/A
Baxter has established a [Customer Advisory Council](#) EXIT disclaimer with representatives from five of our largest North American customers as members. The council serves to get customer input on our environmental performance and priorities. For example, we have taken feedback on our Sustainability report and modified future reports as a result. We have also had comments from customers incorporated into the design of a new product.
- c* We have a system in place to take back products that lend themselves to reuse, recycling, or proper disposal. 1 2 3 **4** 5 N/A
Recycling of medical plastics from hospitals is difficult, and Baxter tried (but failed) in the early 1990s to recycle this material through a pilot program called "EnVision." Baxter is trying again and, for the past two years, has been exploring proprietary technologies with a large raw materials and textiles manufacturer. The vision is to recycle this plastic into useful interior products such as flooring and furniture that is being designed specifically for the health care market. The new technologies also will overcome some of the reasons EnVision failed, such as the

difficulty in separating various types of plastic that are found in a typical hospital waste stream.

We also take back some medication delivery pumps. This is to refurbish them and re-use them, however, this is a small portion of our total portfolio of products. Donating products to underdeveloped nations and countries in crisis is part of Baxter's Best Citizen Initiative. We work through the international disaster relief and humanitarian-aid organization of AmeriCares to donate product that may have superficial outer carton damage while the integrity of the product is still maintained. Slow-moving or phased-out product may be donated also.

Part 2

First achievement

- 1 What area have you selected? (Please refer to the Corporate Environmental Performance Table for examples.)
Packaging Design (Relevant Indicators): Packaging reductions that have a big impact on our customers' waste streams.
- 2 What was the improvement over the past five years? How did you help achieve it? (Please refer to the Corporate Environmental Performance Table for examples of measurement units.)
Packaging sent to customers has been reduced by more than 40 million pounds from 1990 to 2003. Efforts to reduce packaging continue toward reaching the company's 2005 packaging-reduction goal.

<u>Packaging Reduction as a Percentage of the 1995 Base Year</u> <small>EXIT disclaimer ▶</small>	
1995 - 2005 Goal	20%
1995 - 2003 Interim Objective	16%
1995 - 2003 Results	17%
Historical Performance	
1990 - 1995 as reported in 1997	21%

Packaging reductions were the result of many types of projects. These included eliminating white cardboard boxes. In some cases, inner cardboard boxes were eliminated and plastic bags (Blister paks) were used. "Light weighting" of corrugated shipper boxes also was implemented. Later on, the Blister paks, intravenous containers, and overpouches also were light-weighted. Pack factors were increased where possible, so that more units could be shipped within the same corrugated shipper. The plastic used to make trays was changed, decreasing the weight and quality issues. Reducing packaging also reduces the amount of gasoline used to transport Baxter product to its customers. Baxter employs a 'supply chain' approach to packaging. Supplier input is obtained on a regular basis by packaging design engineers to find optimal ways to minimize packaging. Also, suppliers such as Smurfit Stone Container Corp. are invited to make presentations at Baxter's periodic Packaging Conferences, the last of which was recently held in October 2004. Customers spoke at this conference to provide their feedback on packaging design issues. Customer input into Baxter's packaging program is also solicited through the [Baxter Customer Advisory Council](#) [EXIT disclaimer ►](#).

Part 3

First commitment

- 1* What area have you selected? (Please refer to the Corporate Environmental Performance Table for examples.)
Suppliers' Environmental Performance (Inputs and non-product Outputs): EPA's Green Suppliers Network
- 2* What is the improvement goal over the next five years? (Please refer to the Corporate Environmental Performance Table for examples of measurement units.)
Baxter will continue to promote participation in EPA's Green Suppliers Network by its suppliers. Lean/Clean workshops with a minimum of four suppliers to Puerto Rico will be completed this year (2004), and we will attempt to recruit an additional 8

suppliers (comprising a total of 32 manufacturing sites that supply Baxter) by the end of 2005. We will help recruit other health care OEM's (Original Equipment Manufacturers) during a kick-off meeting in Puerto Rico on November 18, 2004, and will continue to promote participation by our own suppliers, with a goal to have 60% of our USA supplier base completed over the next 5 years. Results will be demonstrated by the number of environmental projects identified by the NIST-MEP centers, such as waste and energy reduction. While Baxter does not require suppliers to share the actual data from identified projects with it, the company encourages them to share information about opportunities identified through these workshops, and follows up with them to encourage completion of identified projects. If this becomes available we will report on it. Also when we understand the number of supplier manufacturing sites that are impacted we will report this as well.

Second commitment

1 What area have you selected? (Please refer to the Corporate Environmental Performance Table for examples.)
Product Design/redesign (Inputs and non-product Outputs): Life Cycle Assessment (LCA), or Product Sustainability Reviews, of five existing products and all new, major product lines.

2 What is the improvement goal over the next five years? (Please refer to the Corporate Environmental Performance Table for examples of measurement units.)

The improvement goal is to minimize, where quality will allow, the amount of resources or materials used to manufacture Baxter product groups thereby reducing the company's environmental footprint. We also strive to reduce or eliminate all toxics associated with manufacturing the product. Baxter has been focusing on conducting Product Sustainability Reviews (PSRs), which include an LCA, extensively on new products. These reviews also include collaboration between numerous departments including Product Engineering, Quality, and

Regulatory. We will commit to conducting PSRs on all new major products offered into the marketplace. In addition, Baxter will select five existing products and perform PSRs over the next five years. The criteria for selecting these products will be volume in the marketplace and degree of regulation (see the 'WEEE' discussion below). We commit to five existing products because changing existing product designs is very difficult and expensive due to FDA and quality requirements. (These reviews could take about a year to complete with existing manpower.) Therefore, we choose to focus our resources on new product launches where we can influence design prior to FDA approval. One of the existing product reviews will be of an infusion pump and will consider implications of the European Waste Electrical and Electronics Equipment (WEEE) Directive guidelines. The WEEE Directive requires manufacturers to take-back all electrical and electronic equipment at end of life and disassemble and recycle a certain amount of the components.

Section F

Why do we need this information?

Companies need to demonstrate their commitment and identify appropriate mechanisms in place to publicly report their environmental performance.

Tell us about your public outreach and reporting of your environmental performance.

What do you need to do?

Describe what information you report to the public regarding your environmental performance. Refer to the Application Guide for further explanation to determine the appropriate response.

Public outreach

- 1 Do you have a corporate system to identify and respond to community and stakeholder concerns? If yes, please describe: YES
- We have an active [Customer Advisory Council](#) EX17 disclaimer that meets regularly to obtain input regarding our Environmental performance. Their input is also part of our long-range goal setting process. Conference calls and meetings are also scheduled with key investment organizations and NGOs to discuss related environmental issues.
- Also as part of our multidivisional ISO 14001 certification, we have a process in place to respond to community and customer input. The process is incorporated into our Quality specification document system.
- 2 Are there ongoing citizen suits related to environmental issues at any of your facilities or against your company as a whole? If yes, please explain the circumstances. NO

Public environmental report

1 Please explain your mechanisms to make environmental data available to the public (environmental report, website postings, etc.)
 In addition to [MSDS information](#) [EXIT disclaimer](#) regarding our products, which is available on our web site, we produce an annual Sustainability Report. This year in an effort to provide more information with greater access we have focused on a web version accessible from our [company homepage](#) [EXIT disclaimer](#).

If your company releases an environmental report:

- a* How frequently is this report published? Annually
- b* When was this report last published? July 2004
- c* Is an up-to-date version of your report available on your website? [Yes](#) [EXIT disclaimer](#)
- d* To what extent does the environmental report or other mechanism to report your environmental performance to the public describe your performance in the following areas:
 - i* [Materials use intensity / raw materials use](#) [EXIT disclaimer](#) N/A 1 2 3 **4** 5
 - ii* [Energy use](#) [EXIT disclaimer](#) N/A 1 2 3 4 **5**
 - iii* [Water use](#) [EXIT disclaimer](#) N/A 1 2 3 **4** 5
 - iv* [Packaging use](#) [EXIT disclaimer](#) N/A 1 2 3 **4** 5
 - v* [Product life environmental performance](#) [EXIT disclaimer](#) N/A 1 2 **3** 4 5
 - vi* [Air releases](#) [EXIT disclaimer](#) N/A 1 2 3 4 **5**
 - vii* [Greenhouse gas emissions](#) [EXIT disclaimer](#) N/A 1 2 3 4 **5**
 - viii* [Water releases](#) [EXIT disclaimer](#) N/A 1 2 3 **4** 5
 - ix* [Toxic releases](#) [EXIT disclaimer](#) N/A 1 2 3 4 **5**
 - x* [Hazardous waste disposed](#) [EXIT disclaimer](#) N/A 1 2 3 4 **5**
 - xi* [Solid waste disposed](#) [EXIT disclaimer](#) N/A 1 2 3 4 **5**

<i>xii</i> Recycling EXIT disclaimer	N/A 1 2 3 4 <u>5</u>
<i>xiii</i> Eco-efficiency measures EXIT disclaimer	N/A 1 2 3 <u>4</u> 5
<i>xiv</i> Environmental expenditures and savings EXIT disclaimer	N/A 1 2 3 4 <u>5</u>
<i>xv</i> Revenues associated with environmental activities, products, or services EXIT disclaimer	N/A 1 2 3 4 <u>5</u>
<i>xvi</i> Conservation activities / land use EXIT disclaimer	N/A 1 2 <u>3</u> 4 5
<i>xvii</i> “Negative” performance (spills, instances of non-compliance, fines, sanctions) EXIT disclaimer	N/A 1 2 3 4 <u>5</u>
<i>xviii</i> Community outreach activities EXIT disclaimer	N/A 1 2 3 4 <u>5</u>
<i>xix</i> Supplier environmental performance EXIT disclaimer	N/A 1 2 <u>3</u> 4 5

- 2 How will you make your environmental commitments and performance as a designated Performance Track Corporate Leader available to the public?

Our main communication vehicle will be through our [Sustainability Report](#) [EXIT disclaimer](#) and our external [Baxter Website](#) [EXIT disclaimer](#).

Section G

On behalf of
Baxter Healthcare Corporation

Application and Membership Statement

I certify that:

I have read and agree to the terms and conditions for Application and Membership as a designated Performance Track Corporate Leader, as specified in the *Performance Track Corporate Leader Guide* and in the *Application Guide*.

I have personally examined and am familiar with the information contained in this Application. The information contained in this Application is, to the best of my knowledge and based on reasonable inquiry, true, accurate, and complete, and I have no reason to believe the company would not meet all program requirements.

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	Robert L. Parkinson, Jr. Chairman, President & CEO
Phone Number/E-mail	(847) 948-4320
Company Name	Baxter Healthcare Corporation
Company Street Address	One Baxter Parkway
City/State/Zip Code	Deerfield, IL 60015

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.

To submit your membership application:

1) E-mail the completed form to fiorino.dan@epa.gov,

and

2) Fax the completed and signed participation statement (not the entire form) to 202-566-2989.

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