



BAXTER 2017 CORPORATE RESPONSIBILITY REPORT

MAKING A Meaningful Difference



Baxter

From the Chairman and CEO



Within days of Hurricane Maria making landfall in Puerto Rico, Joe Almeida visited Baxter facilities across the island (including Guayama, above) to meet with employees and assess the disaster's impact.

Baxter's corporate responsibility priorities span the range of our operations and ambitions, from reducing our environmental footprint to addressing the healthcare needs of underserved communities. These goals do not run in parallel to our mission for patients and our business strategies; they are inextricably linked, demonstrating our belief that true success comes only by addressing the expectations and interests of our diverse stakeholder base in a unified, integrated way.

Among the 2017 highlights you'll find summarized in the following pages:

- 30% of our energy use from operations in 2017 was from renewable resources, and we reduced absolute greenhouse gas emissions by 17% versus 2015.
- Driving Your Health, a mobile health program supported by Baxter International Foundation and the global humanitarian organization Direct Relief, completed its first full year, increasing access to care for more than 23,000 people in disadvantaged communities in and around Mexico City.
- We achieved outstanding employee safety performance, reducing our recordable case rate by 27% year over year.

To ensure our momentum, we continue listening to and learning from our stakeholders. In early 2018, our Corporate Responsibility Council engaged an outside partner to interview key internal and external stakeholders to ensure we remain focused on issues that matter most, are material* to us from a corporate responsibility perspective and allow us to make the greatest impact. We will continue refining our programs and approach moving forward.

One of our cornerstone commitments is responding to communities in urgent need; and in 2017 we were tested by a string of natural disasters where we live and work. From earthquakes in Mexico to a mudslide in Colombia to hurricanes across the Caribbean and continental United States and beyond, our team stepped up repeatedly through product and financial donations, extraordinary on-the-ground support, volunteerism, and more. Our continued focus on conservation and reducing our environmental footprint is another way we're helping to directly address the potential threat and impact of natural disasters globally.

Yet one catastrophe struck especially close to home: On September 20, Hurricane Maria made landfall in Puerto Rico, devastating the lives of millions, including more than 2,000 Baxter employees, while severely damaging the local infrastructure and power grid that supports three Baxter manufacturing facilities.

Our global team mobilized rapidly to help our colleagues, their families and the community. We procured necessities like food, water, gas and toiletries, as well as generators and propane cooktops. We coordinated multiple daily flights to transport supplies, installed laundry stations at our facilities and more.

Meanwhile, our employees in Puerto Rico moved selflessly to continue addressing the needs of patients and healthcare providers, who rely on our life-sustaining products. Limited local production resumed within days of the storm. Employees from other sites across our global network rose to the occasion, helping address supply gaps as Puerto Rico operations returned to full capacity.

So many have earned our gratitude for their roles in our response, including our employees worldwide, who are tenaciously focused on serving patients; our customers, who endured temporary supply challenges; and our partners at U.S. Food and Drug Administration, who moved quickly to approve temporary special importation of products from alternative sites.

I want to thank our 47,000 Baxter colleagues globally for their commitment and passion, which fuels our progress as a corporate citizen and furthers our mission to save and sustain lives. And thanks to our many stakeholders, whose priorities and collaboration help shape our aspirations. Together, we will continue making a meaningful difference that will be felt today, tomorrow and for generations to come.

JOSÉ (JOE) E. ALMEIDA | Chairman, President and Chief Executive Officer

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* In this report, Baxter is not using the terms "material" and "materiality" as defined for purposes of financial and SEC reporting in the United States. See page 5 for additional information about the use of those terms in this report.

Company Profile*

Products available in



100+

countries

Manufacturing facilities in



20+

countries



~47,000

employees worldwide



\$10.6

billion net sales



~\$21

million charitable giving
including cash and products**

* Data as of December 31, 2017.

**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 and humanitarian aid partners as appropriate. This number may be greater or less than the value of Baxter products distributed during the year by the company's relief partners. See [Innovation That Expands Access to Care](#).



Members of Baxter's senior leadership team help construct a new home for a local family as part of the company's ongoing relationship with the Lake County, Illinois, chapter of Habitat for Humanity. Baxter has supported Habitat for Humanity for more than a decade through home sponsorship and volunteerism.

Every day, millions of patients and caregivers rely on Baxter's leading portfolio of critical care, nutrition, renal, hospital and surgical products. For more than 85 years, Baxter has been operating at the critical intersection where innovations that save and sustain lives meet the healthcare providers that make it happen.

The company has a longstanding commitment to research and development (R&D), and its history is rich with medical firsts, from the first commercially manufactured IV solutions to the first portable kidney dialysis machine, and many more. Baxter pursues breakthrough technologies through its own research as well as collaborations and partnerships around the world.

Baxter has a broad global presence, with products, technologies and therapies available in more than 100 countries across the Americas, Europe, the Middle East, Africa and Asia Pacific. The company's corporate headquarters is in Deerfield, Illinois. R&D activities take place in R&D centers in Belgium, China, Germany, Italy, Japan, Sweden and the United States. Baxter products are manufactured in approximately 50 facilities across more than 20 countries.

Baxter employees worldwide build upon the company's rich heritage of medical breakthroughs to advance the next generation of transformative healthcare innovations that enable patient care. They are dedicated to ensuring that Baxter is there when and where patients need care, from hospitals and clinics to homes in rural areas and major cities.

Corporate Responsibility at Baxter

Corporate responsibility is fundamental to Baxter's broader aspirations. In 2017, the company was focused on achieving top quartile results relative to industry peers and other comparator companies across three key dimensions:

- Quality and patient safety
- Industry-leading performance
- Best place to work

Baxter's corporate responsibility initiatives support its mission to save and sustain patients' lives.

MANAGING CORPORATE RESPONSIBILITY

Baxter's Corporate Responsibility Council (see graphic), 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:

- Define and evolve the company's corporate responsibility strategy based on Baxter's impacts as well as global challenges and opportunities
- Establish and implement the company's corporate responsibility priorities and goals, track progress, drive organizational accountability and recognize individual and team accomplishments

GOVERNANCE AND MANAGEMENT OF CORPORATE RESPONSIBILITY AT BAXTER

Chairman and CEO			
Co-Executive Sponsors			
SVP, Operations; SVP & President, Americas			
Chair: VP, Environment, Health, Safety & Sustainability			
Corporate Responsibility Council (Members/Goal Owners)			
General Manager, Renal Care	VP, Finance – Operations & Quality	VP, Purchasing	VP, Quality – Hospital Products
VP, Global Patient Safety	SVP, Communications	VP, Talent Management	VP, Sales – U.S. Based Hospital Products
VP, Engineering	VP, Supply Chain	Associate General Counsel, Ethics & Compliance	
Corporate Responsibility Working Group			

- Provide annual updates on Baxter's corporate responsibility programs and progress to the Quality, Compliance and Technology Committee of the company's Board of Directors
- Solicit and review stakeholder input as appropriate

Council members sponsor Baxter's corporate responsibility priorities and goals, and develop action plans in their respective areas. The Council meets quarterly to review progress, discuss how to address performance gaps and consider new initiatives. Additional groups provide input to the Council as needed.

STAKEHOLDER ENGAGEMENT

Baxter engages with stakeholders to inform the company's corporate responsibility strategy. Engagement with a broad range of stakeholders provides valuable insights about how the company is perceived, how its products are used and can be improved, and potential sources for innovation and inspiration. Baxter identifies and engages

with stakeholders based on their expertise, level of influence, willingness to collaborate, impact on Baxter and the company's impact on them.

Baxter's five primary stakeholder groups are:

- Communities
- Employees
- Governments/payers
- Patients/healthcare providers
- Shareholders

Baxter also engages a range of organizations focused on issues that are important to the company's stakeholders, such as American Society for Parenteral and Enteral Nutrition, Americares, Ceres, Direct Relief, Diversity Best Practices, Healthcare Businesswomen's Association, National Kidney Foundation, Partnership for Quality Medical Donations, Society of Corporate Compliance and Ethics, The Oley Foundation and the US-ASEAN Business Council.

MATERIALITY

As part of Baxter's philosophy of continuous improvement and in an effort to remain mindful of the current landscape within which we operate, the company periodically conducts assessments to identify the corporate responsibility issues that are most relevant to Baxter and its stakeholders. In early 2018, Baxter worked with an external partner to update its prior corporate responsibility "materiality" assessment, conducted in 2015. As used in this report, "materiality" or "material" refers to environmental, social and economic issues that are deemed to be of significant importance to Baxter's stakeholders and to the company. These "material" issues inform Baxter's corporate responsibility strategy, priorities and goals, and reporting, and are not the same as "material" issues for the purposes of the company's financial and SEC reporting in the United States.

The process for this assessment included:

- Review of the material corporate responsibility issues defined in 2015
- Assessment of the material issues of industry peers, based on recent corporate responsibility reports
- Analysis of issues defined as material by the Sustainability Accounting Standards Board for the Medical Equipment and Supplies and Pharmaceuticals industries
- Review of issues prioritized for the Health Care Equipment and Supplies industry by the Dow Jones Sustainability Index
- Development of a working list of material issues based on the analysis described above
- Interviews conducted with 15 Baxter executives and 14 external stakeholders, including customers, investors, NGOs, suppliers and other companies, to determine how important it is for Baxter to effectively manage each issue on the working list, considering factors such as the impact of the issue on Baxter as well as the company's impacts and influence related to each issue

BAXTER'S MATERIAL ISSUES*

Issue	Description	IMPACT WITHIN VALUE CHAIN		
		Upstream	Baxter Operations	Downstream
Climate change	Reducing energy consumption and expanding use of renewable energy in Baxter's operations and reducing greenhouse gas (GHG) emissions across the company's value chain; incorporating climate change strategy, including adaptation and resilience planning, into relevant business decisions	●	●	●
Community support and volunteerism	Supporting communities in need where Baxter has a presence with partnerships aimed at addressing economic, environmental and social needs, including through financial contributions and employee volunteerism		●	
Diversity and inclusion	Maintaining an inclusive, non-discriminatory hiring process and culture; providing employees equal pay for equal work regardless of gender, race, sexual orientation or disability; welcoming, leveraging and appreciating the uniqueness of every Baxter employee; and supporting supplier diversity	●	●	●
Employee attraction, development and retention	Attracting, engaging and retaining top talent by providing employees career and personal training and development opportunities, and designing succession plans to ensure qualified Baxter candidates for critical positions; upholding labor rights and ensuring that labor concerns can be reported		●	
Ethics and compliance	Providing effective corporate governance structure, business processes, marketing standards, and reporting mechanisms, and fostering an open culture that demonstrates the highest ethics and anticorruption standards companywide	●	●	●
Health, safety and well-being	Providing employees with a zero-harm workplace, an environment that encourages healthy choices, and resources to maintain and improve their health and safety and that of their families		●	
Healthcare access and affordability	Improving access to, and affordability of, Baxter products and services for populations in need, through product innovation, public health initiatives, public policy efforts, business model innovation, and strategic giving, which includes product donations and grants from the Baxter International Foundation			●
Human rights	Ensuring workers throughout Baxter's value chain are treated in accordance with international standards of human rights	●	●	●
Innovation	Investing in innovation that solves for unmet needs and improves patient outcomes and standards of care		●	●
Privacy and data protection	Protecting personal information from unauthorized or inappropriate collection, processing and disclosure, and protecting information resources from threats, whether internal or external, deliberate or accidental	●	●	●
Product sustainability	Incorporating and managing sustainability across the product life cycle (R&D and design, materials use including chemicals of concern, manufacturing, product transport, packaging, product use and end-of-life), and communicating sustainable product attributes to customers	●	●	●
Quality and patient safety	Helping to ensure quality and patient safety across the product life cycle, through leading practices in design, materials use, manufacturing, communications, surveillance and reporting	●	●	●
Supply chain sustainability	Working with suppliers to improve their own as well as Baxter's sustainability programs and performance	●		
Waste	Minimizing disposal of manufacturing waste from Baxter's operations, first through source reduction and reuse and then through recycling and energy recovery		●	
Water use	Reducing water use in Baxter's operations, increasing recycling, managing water discharge quality and protecting local water sources, especially in water-scarce areas		●	

*In this report, Baxter is not using the terms "material" and "materiality" as defined for the purposes of financial and SEC reporting in the United States. Instead, the terms refer to environmental, social and economic issues that are of significant importance to Baxter's stakeholders and to the company. These "material" issues inform Baxter's corporate responsibility strategy, priorities and goals, and reporting. The issues in this table are listed in alphabetical order. The listing does not reflect the presumed importance or "materiality" of any particular issue to Baxter or its stakeholders.

Based on these inputs, the company verified and refined its list of material issues (see table on prior page). Key findings included the following:

- [Baxter's 2020 corporate responsibility priorities and goals](#), defined in 2015, continue to align with the issues that are most relevant to Baxter's stakeholders and to the company
- Internal and external stakeholders provided similar ratings for many of the issues, indicating strong alignment
- Product-related issues were among the most highly rated issues overall, such as quality and patient safety, healthcare access and affordability, and privacy and data protection
- Among internal stakeholders, employee-related issues ranked especially high, including employee attraction, development and retention; diversity and inclusion; and health, safety and well-being

These findings will inform Baxter's corporate responsibility priorities and strategy moving forward.

CORPORATE RESPONSIBILITY REPORTING

Baxter is committed to sharing information about its corporate responsibility programs, priorities, goals and performance. This report illustrates the company'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

During development of this report, Baxter considered the disclosure frameworks and guidance of leading

sustainability standards and reporting organizations, including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board, the U.N. Sustainable Development Goals, the Dow Jones Sustainability Index and third-party ESG research providers.



Baxter was one of the first companies to pilot the GRI Sustainability Reporting Guidelines,

in 1999, and belongs to the GRI GOLD Community. Baxter referenced the [GRI 2016 Sustainability Reporting Standards](#) in the development of this report. 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.

Scope of This Report

The performance and other data in this report are from calendar year 2017 unless stated otherwise. Some examples and program descriptions include information from 2018.

- 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 to prior years are noted in the sections where they appear.
- 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.

Assurance and Verification



Bureau Veritas North America, Inc. verified Baxter's Scope 1, 2 and 3 greenhouse gas emissions. See [verification statement](#).

Bureau Veritas assured the following sections of the report:

- [Product Innovation](#) (except Quality and Patient Safety)
- [Employee Health and Safety](#)
- [Operations](#)
- [Responsible Procurement and Logistics](#)
- [Baxter World Environment Week](#) content in the Serving Our Communities section
- Related material in Appendix: [Baxter Data Summary](#); [Baxter Value Chain Energy Usage and GHG Emissions](#); and [Baxter Facilities with ISO 14001, OHSAS 18001, ISO 50001 and Green Building Certifications](#)

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

Most of the financial data included in the [Baxter Data Summary](#) are taken from the audited consolidated financial statements contained in [The Baxter International Inc. 2017 Annual Report](#). These financial statements are audited by Baxter's independent registered public accounting firm, PricewaterhouseCoopers LLP.

Baxter 2020 Corporate Responsibility Priorities and Goals

Baseline is 2015 unless otherwise stated.

PRIORITIES

GOALS

PROGRESS IN 2017

PRODUCT INNOVATION

*Improve sustainability
and performance of
products and services*

Enhance product quality and patient safety by achieving a 15% reduction in product complaints, compared to 2015 (aggregate)

The company achieved a 24% decrease, compared to 2015.

Achieve at least 15% material reduction on three therapies/products compared to those currently on the market, without affecting efficacy

Optimization of the Baxter Polyflux dialyzer recipe has reduced use of one raw material (Polyvinylpyrrolidone) in the polymer solution by 20% while maintaining quality and performance. In addition, Baxter's Automated Peritoneal Dialysis Cycler **Amia**, which is up to 30% lighter than other cyclers on the market, continued to be adopted in the U.S. market.

Eliminate 3,000 metric tons of packaging material from Baxter products shipped to customers

The company has eliminated 870 metric tons of packaging material from its products shipped to customers.¹ For example, in Europe, improved packing factors for 50 ml **Viaflo** containers have reduced associated packaging use by 33%.

Eliminate or minimize the presence of chemicals of concern (as defined by regulations) in new products

Baxter continued to eliminate and reduce chemicals of concern by changing existing products and processes, which includes expanding the company's offering of DEHP-free intravenous access sets and reducing usage of cyclohexanone in manufacturing processes at multiple locations. The company continues to screen all new products under development to minimize or preferably eliminate the use or presence of chemicals of concern.

Partner with organizations to implement recycling of product waste at hospitals and increase participation from 60 hospitals to 200

Participation in a program in Australia and New Zealand to recover PVC in hospitals increased to 127 hospitals. Baxter also continues to participate in the Healthcare Plastics Recycling Council, and leads the technical working group.

WORKPLACE CULTURE

*Promote inclusion,
diversity and
employee engagement*

Aspire to diversity in leadership at or above benchmarks

Baxter remains at or above benchmark levels for women (globally) and ethnic minority representation (in the United States) at the director and VP levels.²

Achieve an employee engagement score comparable to top quartile companies as measured by Baxter's Best Place to Work survey

The company's score in the engagement category in Baxter's Best Place to Work survey was 5 percentage points below the top quartile benchmark and 5 percentage points above the global average.³

ETHICS AND COMPLIANCE

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

Drive highest integrity and compliance to achieve zero government enforcement actions over compliance issues

Baxter had zero corruption-related enforcement actions in 2017.

Achieve overall compliance culture scores in the top quartile of general industry benchmarks

Baxter achieved favorable ratings on the two employee survey questions related to ethics culture. Although above average, the scores were 3 and 4 percentage points below top quartile companies.

EMPLOYEE HEALTH AND SAFETY

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

Achieve the top quartile in total recordable incident rate among global companies across all industries as measured by ORC HSE

In a comparison of 50 global companies across industries,⁴ Baxter's total recordable incident rate ranked 15th, or top 30%.

Reduce employee health risk by increasing participation from 35% to 45% in BeWell@Baxter health promotion program initiatives and by expanding family participation

Baxter achieved an average participation rate of 40% of employees in the Personal Wellness Profile, the Exercise Challenge and Healthy Eating Month, up from 38% in 2016.

Baxter 2020 Corporate Responsibility Priorities and Goals

Baseline is 2015 unless otherwise stated.

PRIORITIES

GOALS

PROGRESS IN 2017

OPERATIONS

Reduce environmental footprint through increased efficiency and resource conservation

Pursue zero waste-to-landfill by achieving a landfill diversion rate of 95% or higher at all manufacturing locations

Eighteen manufacturing sites, representing more than 30% of the total, achieved landfill diversion rates of 95% or higher.

Reduce total energy and water use and total waste generation by 15% indexed to revenue

Baxter reduced energy use by 5%, water use by 5% and total waste generation by 4%, all indexed to revenue.

Reduce absolute greenhouse gas (GHG) emissions by 10%

Baxter reduced absolute GHG emissions by 17%.

RESPONSIBLE PROCUREMENT AND LOGISTICS

Implement world-class sustainability practices with key partners

Increase Baxter's spending with diverse suppliers by 50%, from 4% of relevant spending in 2015 to 6% in 2020⁵

Baxter increased purchases with diverse suppliers to 5.8% of relevant spending during the year.

Expand green transport partnerships with government agencies, nongovernmental organizations and/or private companies from one business region to all business regions globally

The company continued its participation with the U.S. Environmental Protection Agency's **SmartWay** program as both a Carrier and Shipper Partner.

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

Baxter donated nearly \$9 million in products to donor partners Americares, Direct Relief and Partners In Health. These organizations distributed Baxter products in 63 countries in response to disasters, and to support ongoing humanitarian aid and medical missions.

Establish the Baxter International Foundation Partnership Grant program in 2016 to drive increased access to healthcare for an incremental 10,000 patients annually

The Baxter International Foundation and Direct Relief completed the first full year of the program, increasing access to healthcare for more than 23,000 people in disadvantaged communities in and around Mexico City.

Launch two new emerging market business models in Baxter's renal business

During 2017, Baxter laid the groundwork to provide underserved populations in Indonesia improved access to renal care. The company facilitated a meeting between the Indonesian and Colombian ministries of health to share information about Colombia's healthcare system, its focus on renal disease, and Baxter's role in providing care in that country through Renal Therapy Services. Baxter plans to launch several pilot projects in Indonesia in 2018 using a similar approach.

SERVING OUR COMMUNITIES

Support communities worldwide in enduring ways

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

Baxter entered into a partnership with Fundación Solar in 2017 to reduce usage of natural resources, improve community health, provide access to clean drinking water and empower women in Aguacatán, Huehuetenango, Guatemala.

Product Innovation

Improve sustainability and performance of products and services

2020 GOALS

Enhance product quality and patient safety by achieving a 15% reduction in product complaints, compared to 2015 (aggregate)

Achieve at least 15% material reduction on three therapies/products compared to those currently on the market, without affecting efficacy*

Eliminate 3,000 metric tons of packaging material from Baxter products shipped to customers*

Eliminate or minimize the presence of chemicals of concern (as defined by regulations) in new products

Partner with organizations to implement recycling of product waste at hospitals and increase participation from 60 hospitals to 200*

*Baseline is 2015.



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

Baxter products save and sustain lives worldwide. This delivers on the company's mission and represents its most important contribution to society. Quality and patient safety underpin the company's ongoing success. Baxter has extensive policies and processes to ensure

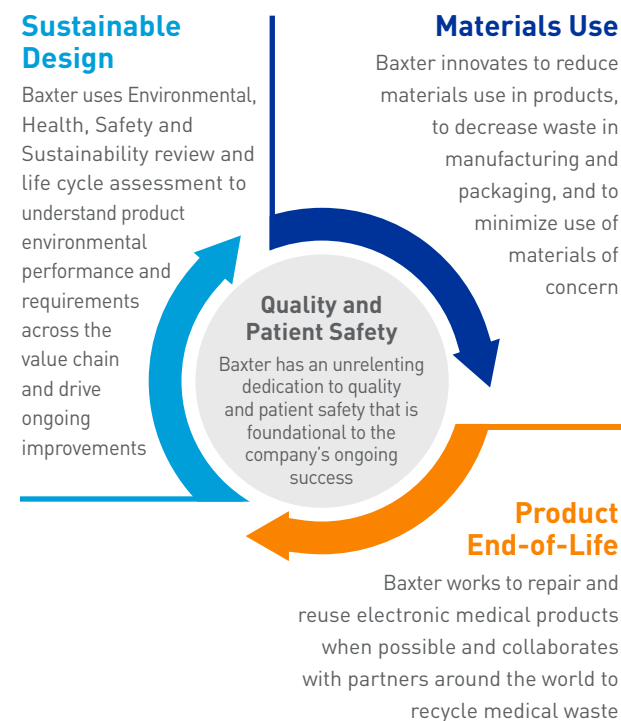
excellence in these areas, and continues to innovate new products and services that enhance patient safety.

The demand for Baxter's products will continue to grow as the global population pushes toward 9.7 billion people by 2050¹ and standards of living improve globally. To minimize the company's environmental impacts, Baxter works to capture the most value possible from the natural resources needed to manufacture,

transport, use and recover the company's products. Baxter is continuing to shift from a linear model of "take, make, dispose" to the circular model illustrated in the graphic below. This approach can save money, improve Baxter's reputation and reduce the company's environmental impact and that of its customers.

SUSTAINABILITY ACROSS THE PRODUCT LIFE CYCLE

Baxter is beginning to transition from a linear to a circular business model that maximizes the value gained from materials while improving environmental performance and the customer experience.



Sharesource Remote Patient Automated Peritoneal Dialysis Management System

Baxter's **Sharesource** remote patient management system increases patient access to home therapy and is offered with Baxter's **Amia** and **HomeChoice Claria** automated peritoneal dialysis (APD) systems, where cleared for use worldwide. In addition to the comforts and convenience of home-based peritoneal dialysis (PD) therapy, the cloud-based technology platform also enables designated healthcare providers to securely view and act on dialysis-related treatment data by remotely adjusting patients' device settings without requiring them to travel to the clinic.

In 2017, Baxter presented new findings from exploratory studies that show how **Sharesource** system data may offer healthcare providers an early indicator of impending peritonitis or evidence of PD catheter dysfunction. Diagnosing and proactively managing these factors earlier may help prevent costly complications or PD technique failure.

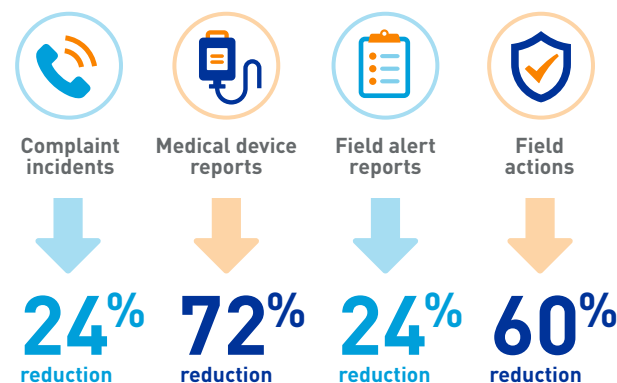
This treatment offers environmental advantages as well, such as reduced greenhouse gas emissions related to travel and decreased use of electricity and water for treatment compared to in-clinic hemodialysis. **Amia** cyclers also reduce materials use, since it is up to 40% smaller and 30% lighter than other systems on the market.

QUALITY AND PATIENT SAFETY

Baxter's reputation and ongoing success depend on the quality and safety of its products and services. A focus on quality is embedded across the product life cycle, from product development and enhancements to post-market surveillance.

Baxter's Top 20 Complaint Reduction program is intended to enhance product performance and safety. In 2017, this program helped the company decrease product complaint incidents by 24% compared to 2015, exceeding its goal of a 15% reduction. Baxter's continued improvement in this area is due to work across the company, including investigations of the company's quality systems by engineering and scientific staff, close work with global regulatory bodies and collaboration with Baxter's global business unit leads. These efforts have improved the company's manufacturing and service operations and improved alignment globally across call intake and complaint processing centers.

PROGRESS FROM 2015 TO 2017*



*"Complaint incidents" are the number of alleged product defects. "Medical device reports" are reports submitted to U.S. Food and Drug Administration (FDA) of certain medical device malfunctions, deaths or serious injuries associated with the use of a medical device. "Field alert reports" are reports submitted to FDA for a specific drug application and defect category. "Field actions" can be recalls or other actions taken related to distributed products.

Complaints related to the following two products decreased during 2017 due to Baxter's efforts to improve product quality and safety.

- The company improved troubleshooting at its call centers to more effectively resolve customer issues for the **HomeChoice** PD system. Baxter also improved the product's reliability through component enhancements and updates to the **HomeChoice** cassette packaging to reduce defects that can occur during distribution and while opening the product. As a result, complaints associated with these products decreased by 20%. Baxter intends to implement these packaging improvements to its **HomeChoice Claria** PD platform.
- To improve its Access disposable IV products, Baxter implemented several changes at the facility that manufactures them, including modifications to molds, updates to the manufacturing process to resolve connection issues and an increase in preventive maintenance for assembly equipment. As a result, complaints related to this product fell 40% during the year.

The company collaborates with regulatory bodies to advance quality and safety.² For instance, Baxter is working with U.S. Food and Drug Administration (FDA) to develop standards and metrics that the agency can use to more effectively compare companies, identify leaders in quality and safety, and determine the frequency of inspections. In 2017, two of Baxter's manufacturing facilities were among the first to participate in FDA's pilot of this program and will be exempt from routine inspections for the duration of the company's engagement in the program. Baxter continues to

lead the industry in partnering with FDA to expand the pilot. By the end of 2018, Baxter expects to have several device facilities enrolled. The company is also nearing completion of a multiyear program regarding guidelines on elemental impurities to help ensure that heavy metals, such as silver, mercury and arsenic, are not present in its products above International Conference on Harmonisation-defined levels. By taking an innovative approach, Baxter is able to test for 27 different metals, confirm no unwanted materials are in its products and keep a steady supply of products on the market.

Baxter is also working with the Ministries of Health and Notified Bodies in the European Union (EU) to prepare for the new Medical Device Regulation, effective at the end of 2020, which will include requirements related to clinical trials, post-market reporting, management oversight, IT systems and more.

Since 2015, Baxter has experienced a substantial decrease in the number of observations it receives from regulatory agencies around the world. During late 2016 and 2017, Baxter met the necessary requirements to have three warning letters lifted by FDA for its Irvine, California; Round Lake, Illinois; and (former) McGaw Park, Illinois, facilities.³

SUSTAINABLE DESIGN

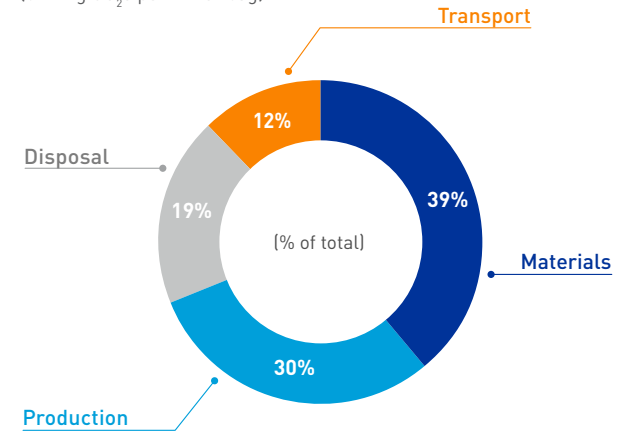
Baxter's product sustainability program—in partnership with the research and development, marketing and supply chain groups—embeds product stewardship across the company.

The company's Environmental, Health, Safety and Sustainability (EHS&S) review supports the company's sustainable design efforts. This required assessment, or a similar analysis, occurs during the product development process for all new products, to assess environmental, health and 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 in avoiding materials of concern, minimizing customer waste and reducing product carbon footprint. EHS&S review helps Baxter continually improve its operations, meet customer expectations and manage regulatory risk.

To supplement EHS&S review, Baxter uses LCA in selected cases to evaluate and improve product sustainability performance. During 2017, Baxter conducted an LCA of its **Viaflo 1** Liter Intravenous Solution product, expanding on a carbon footprint analysis conducted for calendar year 2014.⁴ Baxter estimates that the carbon footprint of a 1 liter equivalent **Viaflo** bag in the UK decreased from 0.67 kg CO₂e in 2014 to 0.45 kg CO₂e in 2016—a 33% reduction, due to more efficient transportation and to renewable electricity procurement. In addition to operating robust energy-efficiency programs, all of the facilities where Baxter manufactures **Viaflo** containers use 100% renewable electricity—in Spain and the UK since 2015, and in Ireland since 2016. The carbon footprint of a 1 liter **Viaflo** bag for the full EU market is slightly higher, at 0.49 kg CO₂e (see chart).

VIAFLO GHG EMISSIONS FOOTPRINT*

(0.49 kg CO₂e per 1 liter bag)



* Global Warming Potential, Excluding Biogenic Carbon, of **Viaflo 1L** (0.9% Sodium Chloride) – EU Market.

During 2017, Baxter remained involved with the [Sustainable Healthcare Coalition](#), of which it is a founding member. Baxter will continue collaborating with the organization to understand customer needs and trends related to sustainable healthcare and to help drive the industry forward.

MATERIALS USE

Materials use is a key driver of Baxter's environmental footprint, so getting the most value possible from materials is central to the company's transition toward a more circular economy. Reducing plastic waste and increasing recycling is important, since plastic scrap from manufacturing is the company's largest waste stream. During 2017, Baxter reduced plastic scrap per unit of production by 4% compared to 2016, at 20 sites representing 88% of the company's overall plastic volume.

Baxter also innovates to decrease the environmental impact of product packaging, when possible to do so without adversely impacting product efficacy, by reducing the amount used and substituting with environmentally preferable materials. In Europe, during 2017, the company increased the number of **Viaflo** 50 milliliter IV solution bags it packed per carton from 50 to 75. This saves nearly \$200,000 per year in manufacturing and transportation costs, while reducing cardboard and wood waste by more than 140 metric tons and decreasing CO₂e emissions associated with product transportation and cardboard manufacturing by more than 70 metric tons annually. Beginning in 2016, the company's facility in São Paulo, Brazil, reduced the thickness of IV and renal fluid bags from 0.0145 inches to 0.0125 inches. As a result, Baxter saved 207 metric tons of PVC and more than \$425,000 during 2017. Since 2015, Baxter has reduced packaging globally from products shipped to customers by 870 metric tons.

Keeping materials of concern out of the waste stream can increase the value of discarded material and the potential for such material to be reused for other high-value purposes. Baxter has global strategies and programs to help ensure that it meets product materials restrictions, such as the EU RoHS2 Directive and EU REACH Regulation, among others. The company also works to avoid or minimize the use of conflict minerals in its products. See Baxter's [position statement on conflict minerals](#) and its most recent [Conflict Minerals Report](#). 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.

PRODUCT END-OF-LIFE

Baxter works to recapture valuable materials for reuse at the end of product life. Some of the electronic medical devices Baxter sells, such as renal APD cyclers, support progress toward the circular economy through

serviceability, repair and reuse. The company leases certain types of its electronic medical products to customers and patients, which helps ensure they have the technology that best meets their needs and increases flexibility compared to ownership. This model also ensures those products will be returned to Baxter after a set period of time for repair and reuse. In Europe, Baxter conducted nearly 13,600 service events of **HomeChoice** PD devices during 2017.

Regulations in many countries worldwide require responsible recycling of electronic products when reuse is no longer an option. For example, the EU Waste Electrical and Electronic Equipment (WEEE) Directive requires manufacturers to arrange for the take-back of electronic products at end-of-life. In 2017, almost 80 metric tons of electronic products and batteries were recovered in the region on Baxter's behalf. The company's [WEEE website](#) provides customers detailed information on how to dispose of Baxter products in accordance with the directive.

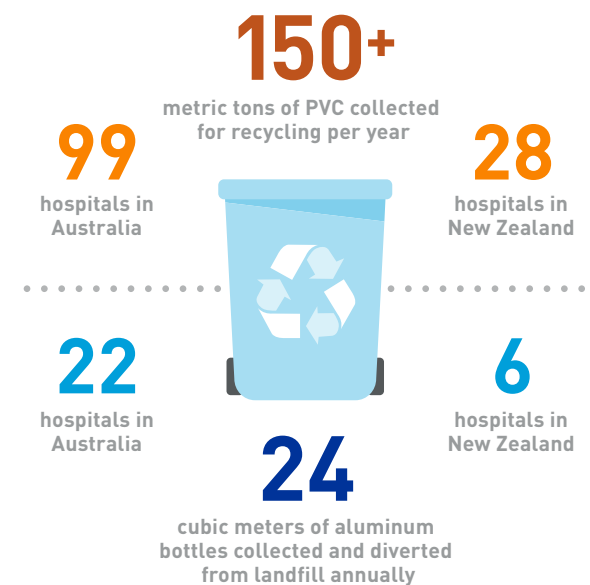
Baxter also works with customers, industry peers and recycling and disposal vendors to facilitate the recycling and responsible treatment of disposable medical products. Baxter is a charter member and leads the technical working group for the [Healthcare Plastics Recycling Council \(HPRC\)](#), through which the organization applies its collective technical knowledge, experience and resources to address barriers to healthcare plastics recycling and drive change in the industry.

Baxter is a co-founder of the European chapter of the HPRC. During 2017, HPRC Europe held a workshop at Aarhus Hospital in Denmark, bringing together recyclers, hospitals and raw material suppliers to foster connections and further the participants' common goal of increasing plastics recycling at hospitals.

In 2013, Baxter collaborated with the Vinyl Council of Australia (VCA) to launch the VCA's PVC Recovery in

Hospitals initiative in Australia. During 2017, the initiative expanded to reach 99 hospitals in Australia (up from 62 in 2016) and remained involved with 28 hospitals in New Zealand. Together, these locations collect more than 150 metric tons of PVC for recycling per year. Baxter added aluminum anesthesia container collection to the program in 2016, and expanded to a total of 22 hospitals in Australia and six in New Zealand in 2017. Through the initiative, the company is collecting and diverting 24 cubic meters of aluminum bottles annually from landfill.

HOSPITAL WASTE RECYCLING IN AUSTRALIA AND NEW ZEALAND



In Australia and New Zealand, the company also helps patients who receive regular home deliveries of dialysis solutions to recycle related waste. As of the end of 2017, more than 780 Baxter PD home patients participated in the Home PD Recycling Program. The program collects and recycles nearly 110 metric tons of plastic and more than 80 metric tons of cardboard each year.

Workplace Culture

Promote inclusion, diversity and employee engagement

2020 GOALS

Aspire to diversity in leadership at or above benchmarks

Achieve an employee engagement score comparable to top quartile companies as measured by Baxter's Best Place to Work survey

Baxter is committed to providing its approximately 47,000 employees worldwide with a Best Place to Work. The company remains steadfast in driving a high-performing, inclusive and diverse organization where employees pursue rewarding careers and take pride in bringing the company's mission to life. To help employees realize their full potential and reward them for their contributions, Baxter offers a wide range of learning and development opportunities and competitive compensation and benefits. (View [workforce data](#).)

EMPLOYEE ENGAGEMENT

Performance and Career Development

In 2016, Baxter simplified performance management by eliminating ratings and increasing the emphasis on continuous feedback. During 2017, the company moved to monthly check-ins between employees and their managers that focus on performance feedback and enhanced career

development and planning. To support this shift, Baxter provided training to more than 10,000 employees and managers. The company included questions about the feedback process in its annual survey and in more frequent pulse surveys. Results show that employees who adhere to the continuous feedback model are more engaged and rate their managers and the company higher than employees who have not yet fully embraced the model.

Every other year, the company's top leaders participate in a 360-degree assessment, aligned with Baxter's leadership competencies, to help create development and succession plans. Baxter intends to cascade this process to all people managers globally in 2019.

Talent Development

In addition to ongoing feedback, Baxter's talent development philosophy emphasizes continuous learning, building relationships (including mentoring) and enhancing work experiences.

Continuous Learning The company provides virtual, online and classroom offerings worldwide on topics such as business/financial acumen, leadership, management, product knowledge and a wide range of job-specific skills.

Rotational Development Programs Employees develop a wide range of skills and enhance knowledge of Baxter through six rotational development programs, focused on commercial, finance, information technology, operations/quality, sales and technical skills. [Learn more](#) about rotational development programs at Baxter.

Summer Internships To invest in its future workforce, Baxter hosts a 12-week internship/co-op program to provide college students with hands-on experience and networking opportunities. Participants are often invited back through Baxter's development programs. [Learn more](#).

[Read more](#) about talent development at Baxter.

Manager and Leadership Development

During 2017, Baxter implemented a range of programs to more fully engage its managers and drive effective leadership across the company, including leadership programs related to change management, quarterly calls about culture change with Baxter's CEO and new curriculum for senior leaders to improve coaching and strengthen presentation skills. Baxter also offers various leadership development programs, including Leadership Challenge, Agile Leader, Situational Leadership, Managing the Matrix, Leading for Results and Growing Emerging Leaders.

Transforming Company Culture

Baxter’s managers are crucial to the company’s ability to drive cultural change and embed Baxter’s vision and values deeper into the organization. In 2017, Baxter undertook a companywide “transformation tour.” Eighty global Change Champions engaged 55% of Baxter’s people managers through workshops focused on overcoming bureaucracy and reinforcing the decision-making power managers have to address challenges

and remove obstacles. During the tour, Baxter also listened to the challenges managers raised and is using that input during 2018 to develop innovative solutions.

Every year, Baxter conducts a Best Place to Work survey. In 2017, 83% of the company’s employees worldwide participated. Scores improved between one and three percentage points in each of the main areas assessed, and Baxter exceeded the cross-industry global average in six of seven categories. Survey

results are shared broadly across Baxter, and teams create action plans to motivate continual improvement. Based on the results, the company is conducting a series of working sessions with managers to advance company performance and drive cultural change. Employees also take targeted pulse surveys throughout the year.

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. Learn more about [employee compensation and benefits](#) and [executive compensation](#) at Baxter.

BAXTER 2017 BEST PLACE TO WORK SURVEY (CATEGORY SCORES)*

		Baxter 2016	Baxter 2017	Global Average**
Rewards	Providing competitive pay and benefits; attracting and retaining the best talent with its programs	56%	59%	47%
Organization	Driving productivity through goal alignment, agility and teamwork; ensuring clarity on direction and vision	71%	72%	67%
Development	Providing employees with the opportunity to grow and the resources to achieve their career aspirations	65%	67%	61%
Engagement	An employee’s personal investment in the organization and motivation to contribute to its success	66%	67%	62%
Workplace	Providing a safe work environment; enabling employees to do their best work	69%	71%	66%
Leadership	Growing leaders who inspire commitment and engagement, develop their teams and align goals	62%	63%	61%
Inclusion	Ensuring everyone is able to contribute their best and that the company has a diverse employee population to drive innovation	61%	63%	63%

* Scores indicate the percentage of survey participants who responded favorably to statements related to each of the categories listed.
**Data are from Aon Hewitt and represent approximately 500 companies and approximately 11 million employees.

GLOBAL INCLUSION AND DIVERSITY

Baxter is committed to attracting, motivating and retaining an inclusive and diverse workforce. This drives innovation, creates trusted partnerships with customers, suppliers and community partners, and contributes to the success and sustainability of the business. Baxter focuses its inclusion and diversity efforts in four key areas:

- Workforce** Recruit and build diverse and high-performing teams that are engaged and innovative
- Workplace** Advance the company’s 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 customers and their patients in all aspects of Baxter’s business

During 2017, Baxter focused on driving inclusive leadership capabilities across the company and advancing women and underrepresented minorities (U.S.) in leadership roles. Highlights of some of these activities include:

Gender IQ Program Baxter has initiated a new leadership development program for its senior men and women leaders to understand and address gender blind spots and unconscious biases to foster more productive working relationships and increase the advancement of women at the company.

Sponsorship Since 2017, Baxter has formalized a sponsorship program to advance the careers of women and underrepresented minorities (U.S.) at the company. Baxter encourages senior leaders to advocate for high-performing, diverse talent to advance their careers.

Return-to-Work Program for Baxter Parents

In 2017, Baxter piloted a program in the United States to help support new parents with their transition back to work after the birth or adoption of a child. In 2018, the company is developing a plan to expand the pilot program to benefit more employees during these life transitions.

Mentoring for New Women Leaders In 2018, Baxter is developing a mentoring program to help support successful transitions for women who join Baxter in senior roles.

Global Inclusion Council

Baxter's Global Inclusion Council (GIC), chaired by the company's Senior Vice President, Americas, is composed of approximately 15 senior leaders from the company's businesses, regions and functions. These leaders serve as inclusion and diversity champions, advocates and thought leaders across the company. The GIC is responsible for advocating and driving the company's global inclusion and diversity priorities, as well as developing and implementing local inclusion plans. In 2017, the GIC continued to focus globally on advancing women and underrepresented minorities (U.S.) in leadership and driving inclusive leadership capabilities and culture.

Building Cultural Competence

Baxter provides employees with training, tools and resources to build cultural awareness and competence, engage more authentically with each other and deliver better business results. Many employees also work on global teams, enabling them to experience other cultures and build cultural competence through daily interactions.

Baxter offers all people managers an instructor-led, mandatory workshop called Power of Managing Inclusively (available in 11 languages). The company also has an online toolkit on valuing differences, which addresses the skills and tools needed to create an inclusive and diverse culture.

Baxter works to embed awareness of unconscious bias throughout the organization. The company prompts employees to think through their biases in key processes, such as talent assessment, succession planning, feedback and hiring. This helps employees slow down

their thinking and consider how to eliminate or mitigate unconscious bias. Baxter also encourages employees to practice simple acts of inclusiveness, such as learning how to pronounce co-workers' names properly and expanding daily activities to include new people.

Business Resource Groups

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

BAXTER'S BUSINESS RESOURCE GROUPS



AFRICAN AMERICAN
LEADERSHIP COUNCIL

A Baxter Business Resource Group



Asian Leadership Network
A Baxter Business Resource Group



BaxterEnables
A Baxter Business Resource Group



BaxVets
A Baxter Business Resource Group



BAXTER WOMEN LEADERS
A BAXTER BUSINESS RESOURCE GROUP
inspire. connect. advance.



**EARLY CAREER
PROFESSIONALS**
A Baxter Business Resource Group



**Latinos
@ Baxter**
A Baxter Business Resource Group

Investing in Early Career Professionals

Early career professionals are the future of Baxter, and the company makes a significant investment to develop and train these employees. Each chapter of Baxter's Early Career Professionals (ECP) BRG works to meet the unique needs of employees just starting out in their careers.

The chapter operating out of the company's headquarters in the United States focuses on providing opportunities to network with peers and senior leaders, take part in career development activities and engage with the local community. The group, which includes more than 950 members, held 22 events during 2017 focused on these areas. The U.S. chapter of the ECP BRG also championed the rollout of mobile wireless hotspots, providing employees with greater flexibility to work outside the office—a benefit highly valued by younger employees. In China, the ECP BRG helps employees advance their English language skills as a key component of career development. By providing these opportunities, the ECP BRG works to support Baxter's goal to be a Best Place to Work for all employees.



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 5 of Baxter's [2018 Proxy Statement](#).

WORKPLACE FLEXIBILITY

Baxter recognizes 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 for effective, flexible work arrangements and alignment on expectations. Baxter's workplace flexibility discussion guide outlines flexibility options and provides resources for employees and managers.

During 2017, the company shared stories about workplace flexibility and videos of managers promoting the benefits of flexibility. Baxter also encourages the use of technology to support remote work.

[Learn more](#) about workplace flexibility at Baxter.

Ethics and Compliance

Drive a culture of integrity and the highest ethical behavior

2020 GOALS

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

As a global healthcare company operating in more than 100 countries, Baxter incorporates ethics and compliance into everything it does. The company's success is based on personal accountability for results and integrity. Patients, doctors, customers, regulators, investors and employees count on it. Baxter and its employees prioritize being honest and fair, keeping promises, encouraging questions, valuing discussion and following legal requirements.

COMPANYWIDE ACCOUNTABILITY

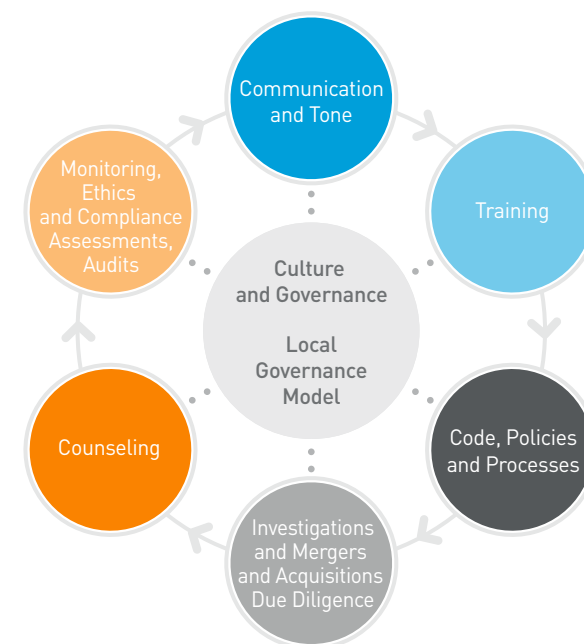
Baxter has compliance committees for each country or cluster of countries where it operates to further integrate ethics and compliance across Baxter in strategic plans and day-to-day activities. The general manager of each country/cluster attends mandatory quarterly meetings to discuss the country's/cluster's top three ethics and compliance challenges for the year. This approach, in conjunction with Baxter's established codes, policies, trainings and monitoring and assessment practices,

enables the company to more effectively target specific needs and drive ownership of and responsibility for ethics and compliance worldwide.

LEGAL, REGULATORY AND ETHICS AND COMPLIANCE TRAINING

In 2017, 98% of Baxter employees completed annual Code of Conduct training and affirmed that they have read the Code and will report any violations to the company's Ethics and Compliance Helpline. Baxter employees also complete online courses relevant to their jobs, covering topics such as adverse event reporting, the company's ethics and compliance standards, data privacy, Baxter's Global Interactions Policy, trade compliance and workplace violence prevention. In addition to the anticorruption content covered by the Code of Conduct training, the Baxter sales force participates in training workshops related to interactions with the medical community and government officials.

DRIVING A CULTURE OF ETHICS AND COMPLIANCE



THIRD PARTY PROGRAM

Baxter is committed to conducting business with integrity and in compliance with the law wherever it operates. The company's Third Party Program, policy, and training outline the standards and processes used to review, retain and monitor new and existing third parties for compliance with the company's anticorruption expectations. The program and policy apply to all Baxter employees, officers and directors involved in review, retention and monitoring of third parties. Through December 2017, more than 5,000 Baxter employees were trained on the company's Third Party Program, in addition to the anticorruption content covered by Code of Conduct training. Baxter also provides training to all new and existing third parties.

COMPLIANCE ASSESSMENTS

Baxter completes risk audits and assessments at least annually, and more often as needed. These cover corruption, among other topics. The Corporate Audit and Ethics and Compliance functions select the locations of operations to audit and assess based on factors such as size, Transparency International’s Corruption Perception Index, the nature of interactions with the medical community and third parties, industry trends, and the results of local and regional compliance monitoring and investigations. These assessments may focus on relationships with third parties, considering possible risk factors such as the nature of the working arrangement with Baxter, adherence to contractual terms and the company’s Ethics and Compliance Standards for Baxter Suppliers, the level of interaction with governments and healthcare professionals, and training history and needs.

In 2017, the company conducted three compliance assessments using Corporate Audit and Ethics and Compliance resources: one each in the Americas; Asia Pacific; and Europe, Middle East and Africa regions. The assessments showed continued progress in awareness, understanding and implementation of Baxter’s anticorruption programs.

COMPLIANCE MONITORING

During 2017, Baxter completed the development and testing of an automated compliance monitoring system. This enables Baxter to shift from manual, sample-based monitoring to automated monitoring across all relevant transactions, which will help the company more thoroughly assess events that may raise concerns. This system screens expenses related to travel and entertainment and interactions with healthcare professionals, as well as some data related to third-

party operations. The company is formally launching the automated program in seven countries during 2018 and will continue to transition more countries in coming years.

RELATIONSHIPS WITH HEALTHCARE PROFESSIONALS AND GOVERNMENT OFFICIALS

Baxter is committed to transparent reporting about relationships with the medical community and government officials. This includes the continued implementation of anticorruption programs to ensure that those relationships and related payments are for necessary and genuine services. The company’s Global Interactions Policy outlines when and how it is acceptable to provide members of the medical community or government officials with any payment of monetary value or other benefit.

Baxter has local Contributions Management Committees, which act as independent entities to review and process contribution requests—such as for community and patient education events and activities to increase disease awareness—from nonprofit and for-profit healthcare organizations.

ETHICS AND COMPLIANCE HELPLINE

In 2017, Baxter logged 343 reports from 30 countries into its Ethics and Compliance Helpline system, and closed 287. Not all of the reports involved allegations of misconduct. All reports were promptly triaged and have either been addressed or are in the process of being addressed.

PRIVACY AND DATA PROTECTION

Baxter respects the privacy of its patients, employees and customers. The company’s [Global Privacy Policy](#) defines Baxter’s privacy standards and guides the company’s

2017 ETHICS AND COMPLIANCE HELPLINE REPORTS

Reports Closed by Category	% of total*
Work Environment/Employee Relations	58%
Interactions with Government Officials including HCPs/HCOs (outside the U.S.)	10%
Manufacturing/EHS&S/R&D/Regulatory/Quality	9%
Asset or Information Misuse or Misappropriation/Confidential Data	7%
Financial Management and Reporting	5%
Marketing and Sales	5%
Conflict of Interest	4%
Competitive Practices	2%
Payments/Gifts/Entertainment with HCPs/HCOs (U.S.)	0%

* The category Payments/Gifts/Entertainment with HCPs/HCOs (U.S.) had one report closed, which rounded to 0%. “HCPs” are healthcare professionals. “HCOs” are healthcare organizations.

global operations to follow similar controls for protecting personal information. All Baxter employees are required to complete an online training course on the policy.

Baxter’s Information Protection Policy outlines the company’s approach to information security and the standards it requires employees and suppliers to follow. In response to increasing cybersecurity threats, Baxter consistently assesses and strengthens its defenses and responses to cyberattacks. The security operations team protects the company against such attacks using a range of defenses that secure Baxter’s assets, reduce detection time and improve recoverability. During 2017, greater than 99% of employees completed cybersecurity awareness training. The Enterprise Cybersecurity and Information Council oversees efforts in this area.

Employee Health and Safety

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

2020 GOALS

Achieve the top quartile in total recordable incident rate among global companies across all industries as measured by ORC HSE

Reduce employee health risk by increasing participation from 35% to 45% in BeWell@Baxter health promotion program initiatives and by expanding family participation*

*Baseline is 2015.



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 needed to maintain and improve health and wellness.

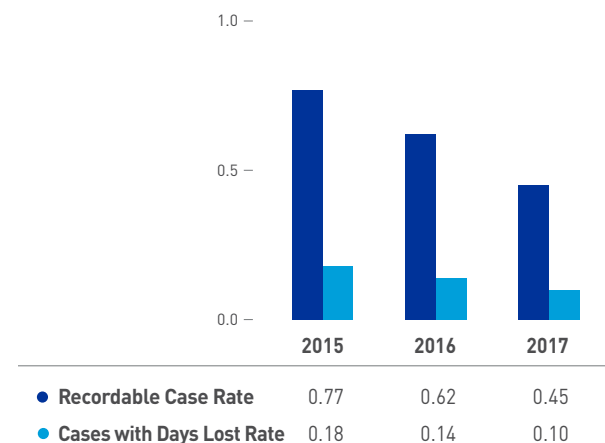
The company tracks and evaluates each major incident that occurs to fully understand root causes and prevent recurrence. The Environmental, Health, Safety and Sustainability (EHS&S) organization reports employee safety performance to Baxter's senior leadership and manufacturing and supply chain management weekly, and also communicates this performance to the company's board of directors.

PERFORMANCE

In 2017, Baxter achieved its lowest ever recordable case rate, a decrease of 27% from the prior year. The company also improved its cases with days lost rate by 25% compared to 2016. However, its days lost rate rose by 1%.

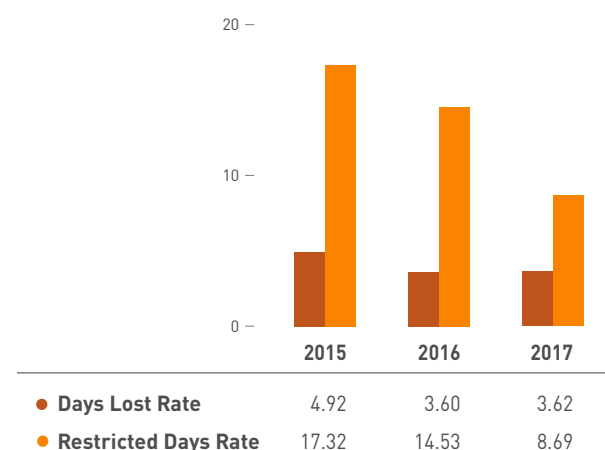
Key contributors to overall improvement included enhanced visibility to all recordable injuries through weekly management reporting and Recordable Roundtable calls; increased management engagement in safety performance; accountability systems for root cause analysis and corrective action plans; and early monitoring of lost workday cases for appropriate management.

RECORDABLE CASE RATE AND CASES WITH DAYS LOST RATE*



* See the [Baxter Data Summary](#) for descriptions of metrics and additional detail.

DAYS LOST RATE AND RESTRICTED DAYS RATE*



* See the [Baxter Data Summary](#) for descriptions of metrics and additional detail.

INJURIES AND MAJOR INCIDENTS

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

When a major incident occurs at Baxter, facility management conducts an evaluation and follows formal processes and reporting mechanisms to share knowledge companywide and prevent recurrence. Major incidents are defined as those that result in an employee or contractor being hospitalized overnight (for more than observation), sustaining an amputation or dying.

Major incidents decreased at Baxter in 2017 (seven, none involving contractors) compared to 2016 (eight, none involving contractors), and no fatalities occurred.

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



ENHANCING SAFETY CULTURE AND PERFORMANCE

In 2017, based on a review of historical performance trends, Baxter further enhanced its safety culture and performance through detailed safety action plans for targeted facilities, increased oversight of case reporting (with recordkeeping audits), and completion of corrective and preventive actions following major injuries.

Focused Injury- and Illness-Reduction Strategies

Injury and illness metrics and internal EHS&S audits provide focus for the company's safety, occupational health and industrial hygiene efforts. Baxter continues

to target ergonomics and slips, trips and falls, two of the primary sources of injury at the company.

Emphasis On High-Hazard Sources

During 2017, Baxter continued to categorize all EHS&S incidents by potential severity, and worked to determine the root causes of incidents, correct them and prevent recurrence. Baxter continued its Safety Alert system to enhance learning from major incidents. The system requires applicable sites to verify awareness of occurrences, associated risks and any needed remediation.

HEALTH AND WELLNESS PROGRAM MANAGEMENT AND INITIATIVES

Baxter's occupational health function, in partnership with Human Resources and Global Communications, develops the company's health and wellness strategies. A global team of diverse health professionals and volunteers, known as Local Champions, helps refine and implement these approaches and define priorities.



BeWell@Baxter

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 drives individual accountability and engagement.

The cornerstone of BeWell@Baxter is the Personal Wellness Profile, an online health risk assessment that helps employees understand how lifestyle choices, family history and other factors influence health and



related risks. The company uses this data to focus its health promotion program on areas of highest health risk for employees. As of the end of 2017, 30% of Baxter's employees worldwide had completed a Personal Wellness Profile.¹

In 2017, more than 14,000 employees (29% of the total) logged more than 200,000 hours of exercise as part of the BeWell@Baxter Exercise Challenge, a 20% increase in hours compared to 2016. Sixty-two percent of 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 vaccinations In 2017, Baxter offered free seasonal flu vaccinations to 99% of its employees; 31% of all employees were vaccinated.

Smoke-free workplaces In 2017, in countries where smoke-free status is allowed by law, 93% of campuses with 25 or more employees were smoke-free, up from 89% in 2016. The company asked facilities that are not smoke-free to set a date for that conversion, if allowed by local regulation.

Operations

Reduce environmental footprint through increased efficiency and resource conservation

2020 GOALS

Pursue zero waste-to-landfill by achieving a landfill diversion rate of 95% or higher at all manufacturing locations

Reduce total energy and water use and total waste generation by 15% indexed to revenue*

Reduce absolute GHG emissions by 10%*

*Baseline is 2015.



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

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

The company's Environmental, Health, Safety and Sustainability (EHS&S) vision is to achieve a sustainable enterprise that creates stakeholder value by advancing superior environmental stewardship, optimum employee health and well-being, and a

zero-harm workplace. Baxter's [EHS&S Policy](#) outlines the company's commitments within its operations and across the value chain. The company's EHS&S governance structure helps the organization achieve its goals and create long-term business value.

Baxter follows a management-systems approach guided by its global EHS&S requirements. The company applies the ISO 14001 standard to manage its environmental aspects and the OHSAS 18001 standard to manage its health and safety hazards and risks. As of year-end 2017, 61 Baxter locations met the requirements of [ISO 14001](#) and 46 sites were certified to [OHSAS 18001](#).

The company's EHS&S audit program helps to ensure that Baxter facilities have programs that

satisfy applicable regulatory requirements and are consistent with the company's EHS&S requirements, objectives and goals. In 2017, Baxter conducted EHS&S audits at 20 facilities.

With regard to environmental compliance, Baxter received five environmental Notices of Violation (NOVs) in 2017 and paid \$4,727 in environmental fines. The company settled two health and safety NOVs during the year, and paid \$8,500 in health and safety fines.

PROGRESS ON 2020 ENVIRONMENTAL GOALS

[% Change, Indexed to Revenue, Except GHG Emissions]

5% –
0% –
-5% –
-10% –
-15% –
-20% –

	2015	2016	2017	2020 Goals
● Energy Use	0%	3%	-5%	-15%
● Water Use	0%	-1%	-5%	-15%
● Waste Generation	0%	2%	-4%	-15%
● GHG Emissions	0%	-5%	-17%	-10%

ENERGY

Using energy effectively enhances business efficiency, conserves natural resources and improves environmental performance. Reducing fossil fuel combustion decreases GHG emissions, improves air quality and decreases fine particulates that contribute to adverse health effects.

Baxter has a goal to reduce total energy use by 15% indexed to revenue by 2020, from a 2015 baseline. In 2017, the company used 9,011 trillion joules of energy—5% less than in 2015, indexed to revenue. This includes electricity, fuel and purchased steam used by Baxter-managed and Baxter-operated facilities and excludes energy related to company-operated vehicles. In 2017, Baxter decreased absolute energy use by 1% compared to 2016 despite facility expansions and production increases, due primarily to the consolidation of certain facilities.

Energy conservation supports Baxter's business because energy is one of the company's most significant manufacturing costs. The company's energy costs dropped 3% between 2016 and 2017, saving \$4.1 million, due to reduced energy use and lower energy prices.

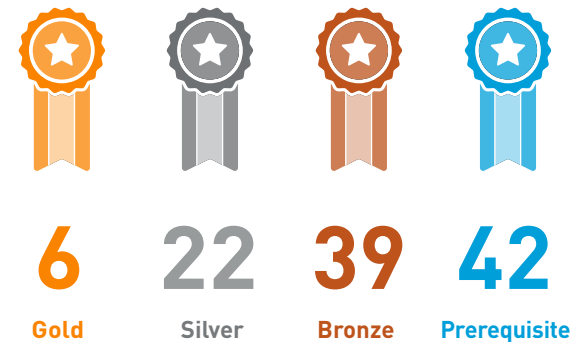
Site-specific energy assessments identify opportunities to conserve energy and to apply and share new technologies and best practices across the company. In 2017, Baxter performed energy assessments at nine facilities worldwide. From those, the company identified 134 potential energy and water conservation projects, with possible annual savings of \$3.4 million. Facility personnel also uncover possible energy conservation projects.

During 2017, Baxter implemented 210 energy conservation projects that saved more than \$4.6 million and 202 trillion joules of energy on an annual basis, avoiding more than 9,300 metric tons carbon dioxide equivalent (CO₂e) of GHG emissions.

Responsible energy procurement is integral to Baxter's GHG emissions reduction strategy. At manufacturing sites in Europe, the company increased renewable power use to 97% of total electricity in 2017 from 65% in 2016, while saving \$3.0 million through its global energy sourcing strategy.

Baxter has operated a Lean Energy Program for the company's main manufacturing facilities since 2007. It includes four sets of Lean Energy standards—Prerequisite, Bronze, Silver and Gold. Each defines 14 to 35 requirements a facility must meet at that level, with a focus on process and system energy efficiency. By year-end 2017, 42 sites achieved Prerequisite status, 39 achieved Bronze, 22 achieved Silver and 6 achieved Gold status.

2017 BAXTER LEAN ENERGY PROGRAM ACHIEVEMENTS



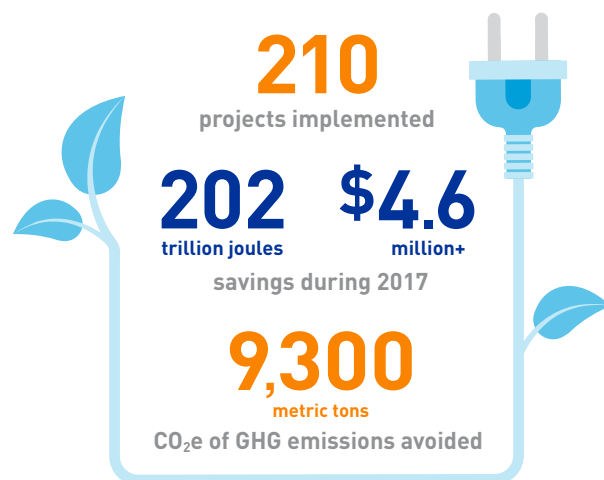
The Baxter global energy program began to apply the ISO 50001 standard in 2014 to its facility-level energy management systems. By the end of 2017, nine company locations met ISO 50001 requirements, as verified by an accredited third party. Additionally, during the year Baxter's corporate energy management program received an ISO 50001 Group Certificate.

[VIEW THE DATA SUMMARY AND VALUE CHAIN ENERGY USAGE AND GHG EMISSIONS TABLE FOR MORE DETAIL.](#)

WATER AND WASTEWATER

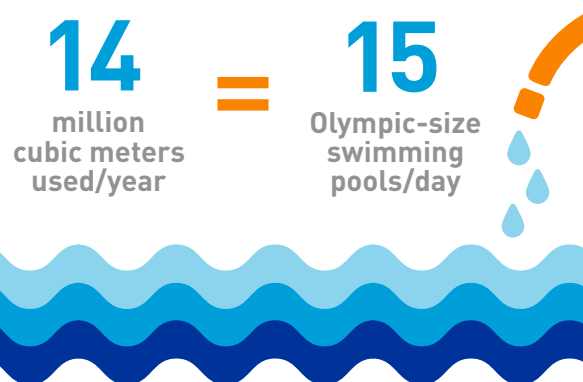
Water issues continue to grow in importance worldwide. Although these concerns are global, they must be addressed at the local and regional levels. Baxter works to better understand the impacts of its water use across the value chain and implements conservation and efficiency projects at its manufacturing facilities.

2017 ENERGY CONSERVATION PROJECTS



Baxter has a goal to reduce total water use by 15% indexed to revenue by 2020, from its 2015 baseline. The company reduced water consumption by 5% indexed to revenue from 2015 to 2017.

During 2017, Baxter used approximately 14 million cubic meters of water,² roughly equivalent to filling 15 Olympic-size swimming pools every day. This represents a reduction in water usage of 1% in absolute terms and 4% indexed to revenue, compared to 2016.



Baxter considers several factors to identify water use 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 use 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 mapping³ with water management to help facilities identify areas for additional conservation. The company has already implemented many projects

to decrease water use, leaving future reduction more difficult. Moreover, Baxter anticipates that business growth and manufacturing process changes will continue to present challenges in this area.

During 2017, the Baxter facility in São Paulo, Brazil, reduced total water use by 15,200 cubic meters compared to 2016. The site has implemented numerous projects during the last several years that have significantly reduced water use, such as decreasing reverse osmosis reject water, reducing discharge water from stills, optimizing sterilization cycles and a range of water recovery projects.

Water issues vary significantly by location. In 2016, Baxter applied the World Business Council for Sustainable Development's Global Water Tool to evaluate the availability of renewable water supply at the company's 60 largest water-use locations for which the tool provided data. These locations represented 96% of Baxter's total water use. In 2017, facility water use in extreme water-scarcity, water-scarce and water-stressed areas combined increased by 6% in absolute terms and 2% indexed to revenue compared to 2016. This is primarily due to construction of a new plant in China.

Wastewater

Managing wastewater discharged from Baxter's production operations is one of the company's most significant environmental priorities. In 2017, seven of Baxter's nine self-reported environmental incidents were exceedances of permitted wastewater discharge limits.

To address existing wastewater compliance issues globally and to prepare for potential future ones,

Baxter pursues an aggressive approach to wastewater compliance, evaluation and risk mitigation. Based on recent experience, the company has implemented a systematic wastewater risk management program that proactively identifies emerging issues. This involves a holistic review of major manufacturing locations that includes the following:

- Evaluate effectiveness of facility change management processes used to assess possible impacts to wastewater generation and compliance
- Review wastewater compliance history and recent data to identify possible trends and areas of concern
- Verify the effectiveness of procedures used to monitor compliance with wastewater permit conditions and methods used to investigate and remedy causes of noncompliant wastewater discharges
- Use five-year production forecasts to compare wastewater treatment capacity and capabilities with anticipated production changes
- Gauge employee awareness of wastewater operations and roles in ensuring compliance

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



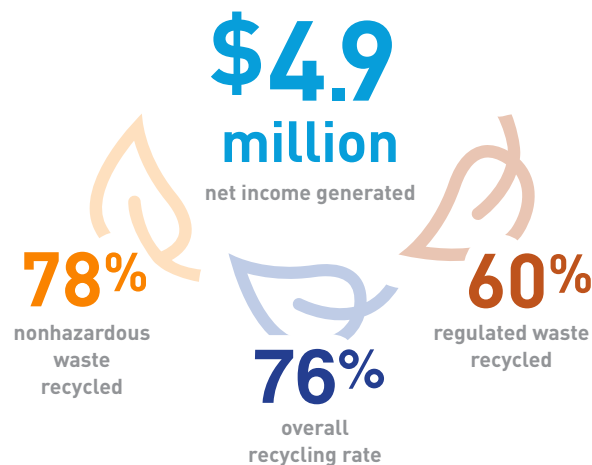
WASTE

Baxter identifies leading waste reduction opportunities based on its highest-volume waste streams, facilities that produce the most waste, sites with strong potential to improve, and other factors. The company tracks and analyzes waste data from each major facility to assess progress toward waste reduction goals and identify ways to improve processes that generate waste.

Facilities measure waste at the point of generation to rapidly identify significant sources. These and other activities reduce expenses related to raw materials use, waste handling and disposal.

During 2017, Baxter's operations generated 71,000 metric tons of total waste, up 2% from 2015 in absolute terms and 4% less indexed to revenue.⁴

2017 RECYCLING AT BAXTER



The company's operations generated 62,900 metric tons of nonhazardous waste during 2017, a 2% reduction in absolute terms and a 6% decrease indexed to revenue, compared to 2016. Baxter attributes this change to initiatives implemented at some of the company's largest manufacturing facilities. In 2017, Baxter's Hechingen, Germany, site reduced nonhazardous waste by 18% (604 metric tons) compared to the prior year through various process changes.

Reducing plastic waste and increasing recycling is important, since plastic scrap from manufacturing is Baxter's largest waste stream, representing roughly one-third of the company's nonhazardous waste. Baxter also innovates to mitigate the environmental impact of product packaging. Read more in [Product Innovation](#).

Regulated waste⁵ represents 11% of Baxter's total waste. During 2017, the company's operations generated 8,100 metric tons of regulated waste, 6% less in absolute terms than in 2016, and 10% less indexed to revenue. This decrease was due to improvements in regulated waste material handling. For example, a project implemented at Baxter facilities in Opelika, Alabama, and Hechingen, Germany, reduced regulated waste by 860 metric tons, of which 66% had previously gone to landfill. Adding a drum dryer enabled the sites to remove and reuse the hazardous liquid portion from the waste and then recycle the remaining content.

In 2017, Baxter recycled 78% of nonhazardous waste and 60% of regulated waste for an overall recycling rate of 76%. Recycling at Baxter generated nearly \$4.9 million in net income in 2017.⁶

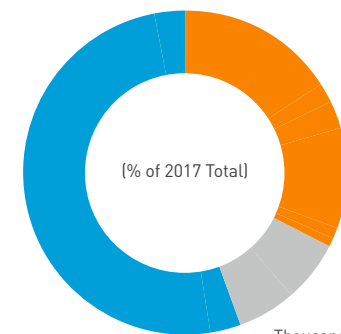
Baxter has a goal to pursue zero waste-to-landfill by achieving a landfill diversion rate of 95% or higher at all manufacturing locations by 2020. In 2017, 18 manufacturing sites (more than 30% of the total) and one R&D facility achieved or exceeded this rate.

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

GHG EMISSIONS ACROSS THE VALUE CHAIN

Climate change is among the most pressing sustainability challenges facing the world today, posing risks for humans and natural ecosystems.

BAXTER'S GLOBAL GHG EMISSIONS FOOTPRINT*



	Thousand Metric Tons CO ₂ e		% of Total
	2016	2017	2017
Upstream (Scope 3)			
Purchased Goods and Services	717	745	16%
Capital Goods	90	79	2%
Fuel- and Energy-Related Activities	137	129	3%
Upstream Transportation and Distribution	336	453	10%
Waste Generated in Operations	14	13	0%
Business Travel	102	52	1%
Employee Commuting	30	30	1%
Upstream Leased Assets	0	0	0%
Baxter Operations (Scope 1 and 2)			
Facility/Vehicle Fuel Usage and Refrigerant Losses (Scope 1)	303	295	6%
Purchased Energy (Scope 2)	350	278	6%
Downstream (Scope 3)			
Downstream Transportation and Distribution	143	122	3%
Processing of Sold Products	15	15	0%
Use of Sold Products	2,680	2,369	50%
End-of-Life Treatment of Sold Products	180	157	3%
Downstream Leased Assets	0	0	0%
Franchises	0	0	0%
Investments	0	0	0%
Total	5,097	4,737	100%

*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. Segments do not add up to 100% due to rounding.

Multinational companies can help address climate change by understanding their impacts across the value chain and decreasing GHG emissions. These are core elements of Baxter's sustainability efforts.

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

Baxter estimates its 2017 GHG emissions footprint (Scope 1, 2 and 3) at 4.7 million metric tons CO₂e,⁷ down 7% from the prior year. The main factor contributing to this reduction was GHG emissions associated with the use of certain products for which production and sales decreased in 2017.

Since 2015, Baxter has offset GHG emissions related to global business travel with United Airlines through the CarbonChoice program. During 2017, this included 4,413 metric tons CO₂e offset on Baxter's behalf through the Asorpar Colombian Reforestation project, a Verified Carbon Standard/Climate, Community & Biodiversity Standard project.

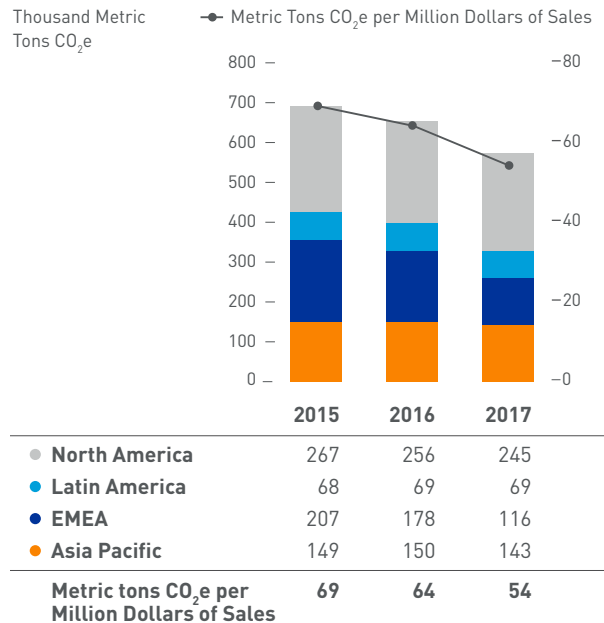
VIEW THE DATA SUMMARY AND VALUE CHAIN ENERGY USAGE AND GHG EMISSIONS TABLE FOR MORE DETAIL.



GHG EMISSIONS FROM OPERATIONS

Energy use accounts for 98% of Baxter's GHG emissions from operations, so the company focuses its reduction efforts in this area. In 2017, Baxter facilities completed 210 energy-conservation projects that

GHG EMISSIONS FROM BAXTER OPERATIONS*



*The regional breakdown of the data included in this graph reflects the structure of the Environmental, Health, Safety and Sustainability (EHS&S) organization and the categorization of data in the EHS&S global information management system through 2017.

reduced annual GHG emissions by more than 9,300 metric tons CO₂e. Other tactics include fuel switching, cogeneration, onsite renewable energy systems, renewable power procurement and green buildings.

Baxter has a goal to reduce absolute GHG emissions from operations by 10% by 2020, compared to 2015. Through 2017, the company reduced GHG emissions from operations by 17%, exceeding its goal. Total net emissions from operations equaled 573,000 metric tons CO₂e in 2017, including a subtraction of 185,200 metric tons CO₂e of carbon credits.

By the end of 2017, 30% of the company's energy use for operations was from renewable sources. Biomass

fuel for boilers at three company locations⁸ represented 11% of total energy use, and the renewable energy component of purchased electricity and renewable energy certificates together represented 19%. On-site geothermal, solar photovoltaic and solar hot water systems contributed a small amount.

Baxter's energy procurement team works to provide sustainable and economical energy to all manufacturing sites. During 2017, the company sourced more than 230,000 MWh of 100% renewable electricity for Baxter's European manufacturing sites. This represented 97% of total electricity for manufacturing in the region, up from 65% in 2016. In most cases, savings from the company's comprehensive global energy sourcing strategy finance the premium for green electricity contracts.

Globally in 2017, Baxter purchased more than 345,000 MWh of electricity generated from 100% certified renewable power, a 21% increase from 2016, including all electricity purchased by the company in Illinois.



Baxter was recognized as the 28th largest corporate purchaser of renewable energy in the United States during the year.⁹

Since 2007, Baxter has maintained carbon neutrality at its headquarters in Deerfield, Illinois, through electricity generated from certified renewable energy sources. The company offsets facility-related emissions from purchased electricity and from fuel combusted on-site.

VIEW THE DATA SUMMARY AND VALUE CHAIN ENERGY USAGE AND GHG EMISSIONS TABLE FOR MORE DETAIL.



Responsible Procurement and Logistics

Implement world-class sustainability practices with key partners

2020 GOALS

Increase Baxter's spending with diverse suppliers by 50%, from 4% of relevant spending in 2015 to 6% in 2020¹

Expand green transport partnerships with government agencies, nongovernmental organizations and/or private companies from one business region to all business regions globally*

*Baseline is 2015.



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

Baxter's global supply chain extends from the producers of the raw materials it uses in manufacturing to the patients and healthcare providers that use its products. The company is committed to building and driving a responsible supply chain. Collaboration is central to its approach, and Baxter engages its suppliers on key corporate responsibility issues, including human rights, business ethics, labor practices, health and safety, and environmental performance. The company also works to mitigate environmental impacts from product transport.

RESPONSIBLE PROCUREMENT

Baxter works to support sustainable practices within its supply chain. The company integrates social and environmental criteria into its requests for proposal and supplier contract templates, in addition to traditional considerations such as price and quality.

Protecting Human Rights

As outlined in [Baxter's Global Human Rights Policy](#), the company respects human rights, dignity and the diverse contributions of all individuals. Fostering human rights takes many forms at Baxter and is

reflected in the company's policies and initiatives in areas including employment practices, privacy, safety, supply chain, ethical conduct and access to healthcare. The company works to ensure that Baxter suppliers share the company's high standards.

Baxter's [Modern Slavery Statement](#) declares the company's commitments and approach to ensuring that its UK operations and supply chain are free from modern slavery practices, including child labor, forced and bonded labor and human trafficking. The company also has a position statement related to the [California Transparency in Supply Chains Act of 2010](#).

In addition, for some products sold in the UK, Baxter has implemented a Labor Standards Assurance System (LSAS), which includes a UK LSAS Policy, a relevant labor standards supply chain risk assessment, management commitment, employee awareness training and key performance indicators. This management system provides Baxter with a clear framework to approach human rights and labor standards and improves the company's ability to manage supply chain risks in these areas. In 2017, Baxter's LSAS achieved Level 2 compliance with the UK National Health Service Supply Chain.

The company has established a cross-functional team to expand its LSAS program and implement it globally. In addition, Baxter participated in a multi-stakeholder group to establish LSAS best practices for the medical device industry.

Managing Procurement Risks

Baxter takes a risk-based approach to managing corporate responsibility issues in its supply chain. The company’s [Supplier Quality Standards](#) and [Ethics and Compliance Standards for Baxter Suppliers](#) outline expectations and requirements for all of its suppliers.

SUPPLY CHAIN CORPORATE RESPONSIBILITY MANAGEMENT SYSTEM

Establish policies	
Communicate clear policies and standards	<ul style="list-style-type: none">• Supplier Quality Standards• Ethics and Compliance Standards for Baxter Suppliers• Global Human Rights Policy• UK Labor Standards Assurance System
Assess risk	
Identify and prioritize suppliers based on risk	<ul style="list-style-type: none">• Identify top suppliers by annual spend• Assess comparative risk based on geographic location, commodity type, and other factors• Conduct Supplier Corporate Responsibility Survey
Monitor and manage performance	
Use established processes and metrics to monitor progress	<ul style="list-style-type: none">• Conduct supplier audits• Develop and confirm progress on corrective action plans
Report performance	
Regularly disclose performance and highlight progress	<ul style="list-style-type: none">• Supplier Corporate Responsibility Survey report card• Annual Corporate Responsibility Report• Investor surveys• Ratings and rankings

Supplier Corporate Responsibility Survey

Baxter conducts an annual Supplier Corporate Responsibility Survey to better understand the performance of its suppliers and drive continuous improvement. To assess 2017 performance, the company released an updated, more robust version of the survey, which covers program governance as well as environmental, social and health and safety aspects. Baxter invited 220 suppliers to provide information about their programs and performance by taking the survey, and 66% participated. Of those, 38% were from the Americas; 40% from Europe, Middle East and Africa; and 23% from Asia Pacific.² Baxter will send participating suppliers a report card based on the data they provided to encourage ongoing improvement.

SUMMARY OF SUPPLIER CORPORATE RESPONSIBILITY SURVEY SCORES

	% of Companies			
	Leadership	Meets Expectations	Partially Meets Expectations	Below Expectations
Governance*	31%	1%	40%	28%
Environmental**	1%	30%	66%	3%
Health and Safety	33%	67%	0%	0%
Social***	21%	79%	0%	0%
Management systems	91%	0%	0%	9%

* Relatively low scores in this category reflect a lack of supplier policies or processes to drive and monitor progress within some areas. These gaps represent opportunities for ongoing improvement.

** Includes greenhouse gas emissions, waste, water and product stewardship.

*** Includes labor and human rights, anticorruption, inclusion and diversity, business practices and community engagement.

Supplier Audits

Baxter’s Supplier Sustainability team works with its Environment, Health, Safety and Sustainability team to conduct supplier audits. The audit format aligns with the [Pharmaceutical Supply Chain Initiative \(PSCI\)](#) protocol, covering ethics; labor; environment, health and safety; and related management systems.

From the launch of the pilot program in 2016 through the end of 2017, Baxter conducted eight supplier sustainability audits: one in the Asia Pacific region, two in EMEA and five in the Americas. To drive continuous improvement and help suppliers advance their sustainability programs, Baxter works with suppliers to develop corrective action plans for identified nonconformances.

NONCONFORMANCES IDENTIFIED IN SUPPLIER AUDITS, 2016-2017*

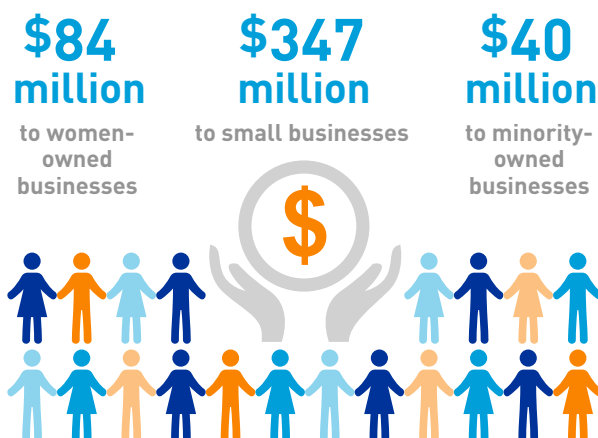
	Critical Findings	Other Findings
Ethics	0	0
Labor	1	2
Environment	1	5
Health and Safety**	5	52
Management Systems	2	6
Total	9	65

* "Critical findings" are high risk and require immediate corrective action by the supplier to protect human life, employee health or the environment. "Other findings" are low risk and require corrective action by the supplier within an appropriate period of time.

**These findings are primarily related to areas for continuous improvement such as personal protection equipment, production area machine guarding, fire safety and others.

Supplier Diversity

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



The company spent \$347 million in 2017 with small suppliers in the United States and Puerto Rico, down 6% compared to 2016, due to overall reductions in supply chain spending during the year. In those locations, the company spent \$84 million during the year with women-owned businesses and \$40 million with minority-owned firms. Veteran-owned, service-disabled veteran-owned, small disadvantaged and HUBZone-certified businesses represented \$5.1 million, \$0.6 million, \$13.1 million and \$0.7 million of Baxter's spending, respectively.³

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



Baxter also works to develop the capability of diverse suppliers through targeted match-maker conferences and networking events. In 2017, the company hosted its second annual Supplier Diversity Fair at its corporate

headquarters. The half-day networking event educated small, minority-owned, women-owned and other diverse business enterprises on best practices for conducting business with Baxter.

The company also continues to support diverse supplier development through the executive management program at Northwestern University. Since 2014, Baxter has sponsored rising minority business enterprises through its support of the Advanced Management Education Program (AMEP) in partnership with the Kellogg School of Management at Northwestern University and the National Minority Supplier Development Council.

The company recognizes employees and suppliers that help advance supplier diversity at the company. During 2017, Baxter recognized one senior executive with a Supplier Diversity Leadership Award, one purchasing manager with a Supplier Diversity Champion Award and one supplier as Supplier of the Year.

Baxter maintains corporate membership in the National Minority Supplier Development Council, National Gay & Lesbian Chamber of Commerce and U.S. Business Leadership Network. The company also supports diversity through local business partners including the Chicago Minority Supplier Development Council, Women's Business Development Center, Chicago United and Chicagoland Business Leadership Network.

[Learn more](#) about supplier diversity at Baxter.

Industry Collaboration

Baxter collaborates with other companies and organizations within the healthcare industry to enhance its influence, improve efficiency and advance responsible procurement.



An instructor teaches attendees of Northwestern University's Advanced Management Education Program, which Baxter sponsors as part of its capability-building efforts with diverse suppliers.

“

The AMEP learning experience was truly magnificent. Not only did it present knowledge critical for business management and expansion and provide a network of peers with which to consult, it also reframed the entrepreneurial experience—shifting attendees' perspectives to help us see the opportunity business ownership offers to affect and improve the lives of employees and the surrounding community.”

CARLOS M. ACEVEDO
President, Unique Chemical Technologies, Inc.

The company is a member of PSCI, a healthcare industry group focused on responsible procurement, risk mitigation and supplier capability building. Baxter encourages its suppliers to participate in the PSCI supply chain audit program and leverage other PSCI capability-building opportunities. In addition, the company takes part in the PSCI Supplier Capability Building Committee and several sub-committees to establish industrywide best practices, including those related to management systems, human rights, and ethics and compliance in the pharmaceutical and healthcare industries.

As a corporate member of the [Sustainable Purchasing Leadership Council](#), Baxter works to advance the organization’s mission of supporting and recognizing purchasing leadership that accelerates the transition to a prosperous and sustainable future. In 2017, Baxter continued to collaborate with other member organizations to establish best practices for supplier development and to help suppliers advance sustainability within their companies.

Baxter’s efforts to establish a secure supply chain include participating in programs such as the Customs-Trade Partnership Against Terrorism Program (C-TPAT), which supports a secure and reliable supply of lifesaving medical products. This includes shipments of raw materials and finished products both to and from various Baxter locations, foreign suppliers, distributors and customers. As an importer and exporter, Baxter has been recognized as a Tier III Partner (the highest level possible) in the program since 2011.

GREEN LOGISTICS

Baxter transports more than 5 million metric tons of raw materials and finished goods each year throughout its global supply chain. The company mainly partners with third-party vendors and carriers. In some instances, Baxter operates its own product distribution system, such as a private fleet for renal product home delivery in certain countries.

The company’s worldwide greenhouse gas (GHG) emissions from product transport totaled 453,300 metric tons CO₂e in 2017, equivalent to 91 kilograms CO₂e per metric ton of products transported, a 22% increase from 2016. The primary reasons were an increase in shipped volumes and Baxter’s response to the disruption of typical product distribution activities caused by Hurricane Maria in the Caribbean.

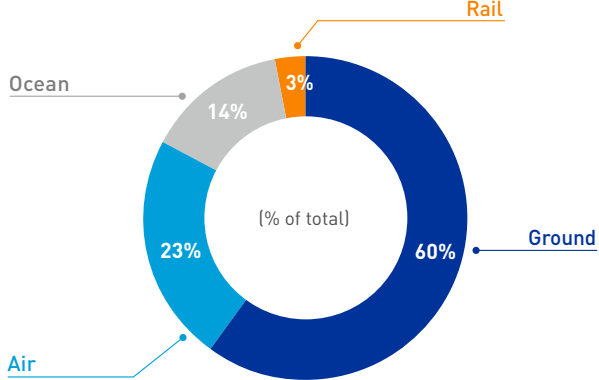
Baxter manufactures **Mini-Bag** and **Mini-Bag Plus** (small volume parenterals) Container Systems in Puerto Rico. To help support product supply for the U.S. market, Baxter activated targeted recovery strategies across its global manufacturing network, including working with U.S. Food and Drug Administration to secure regulatory discretion for the temporary special importation of certain products from Baxter facilities in Australia, Brazil, Canada, England, Ireland, Italy, and Mexico. While this increased Baxter’s air transport emissions, it was critical to the company’s ability to continue providing products to patients and healthcare providers. In 2018, Baxter will continue working to reduce product transport emissions.

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

Baxter’s approach to improving efficiency and decreasing GHG emissions from product transport includes:

Intermodal transport Combining multiple transportation modes for a single shipment—for example, converting road to rail for parts of a route—can decrease costs and overall GHG emissions. Although Hurricane Maria disrupted Baxter’s ability to take full advantage of intermodal transport options in the Caribbean during 2017, the company continued to make strides elsewhere. In an effort to replace air freight with ocean and rail wherever possible, Baxter has implemented an air approval process in Asia Pacific; Latin America; and Europe, the Middle East and Africa (EMEA), which requires all

WORLDWIDE GHG EMISSIONS FROM PRODUCT TRANSPORT BY MODE, 2017



large, unplanned shipments to receive senior manager approval. The number of air shipments decreased by 9%, excluding air shipments associated with the disruption caused by Hurricane Maria. In EMEA, the company continued converting its road freight to rail. During 2017, rail represented 13% of total land shipments in that region. The company has also begun to pilot use of rail from Europe to China, instead of air. Overall, Baxter used rail for approximately 8% of its land freight globally in 2017.

Optimizing the distribution network The use of innovative technologies, such as transport management systems and route optimization tools, saves time and money while improving environmental performance. In 2017, Baxter implemented a first-in-industry ocean export consolidation center for the majority of its EMEA export shipments. The center combines shipments from different warehouse locations in Europe and optimizes the loads, which reduces the total number of containers while increasing supply frequency.

Environmentally responsible partnerships Baxter is one of a select number of companies that participate in the U.S. Environmental Protection Agency’s **SmartWay** program as both a Carrier and Shipper Partner.

Innovation That Expands Access to Care

Improve access to healthcare for the underserved

2020 GOALS

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*

*Baseline is 2015.

Baxter products save and sustain lives. According to the World Health Organization, at least 400 million people globally lack access to one or more essential health services. For this reason, the company is dedicated to increasing access to healthcare in communities through public and private partnerships and capacity-building grants. Along with its partners, Baxter is committed to being first on scene in times of crisis with product and resource donations.

ADVANCING PUBLIC HEALTH

Baxter collaborates with other organizations to expand the availability of its treatments and to advance public health. This includes educating current and potential patients worldwide, as well as training physicians and

other healthcare professionals. 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 policy and standards that promote patient access to therapy and products.

Sharing Best Practices for End-Stage Renal Disease Treatment

In 2012, Baxter and the Chinese National Health and Family Planning Commission launched the "Flying Angel" program that focused on a sustainable care and delivery model for peritoneal dialysis (PD) patients with end-stage renal disease in rural parts of China.

The strategic partnership covered provincial, municipal and county level medical institutions in six pilot provinces. As a part of the initiative, outcomes of hemodialysis and PD therapy were compared, demonstrating equal effectiveness, while PD involves lower cost. In addition, the establishment of outpatient services for PD care increased the number of PD physicians and nurses and enhanced treatment capabilities in local medical institutions. As a result of this partnership, which came to an end in 2018, thousands of patients benefited from a higher standard of care, expanded infrastructure, and improved accessibility and affordability of PD therapy in China.

During 2017, Baxter laid the groundwork to provide underserved populations in Indonesia improved access to renal care. The company facilitated a meeting between the Indonesian and Colombian ministries of health to share information about Colombia's healthcare system, its focus on renal disease, and Baxter's role in providing care in that country through Renal Therapy Services. Baxter plans to launch several pilot projects in Indonesia during 2018 using a similar approach.

In 2018, Baxter and the International Society of Nephrology (ISN) announced a partnership to advance chronic kidney disease awareness and help improve access to therapy, particularly in low- and middle-income countries (LMIC)—commonly referred to as emerging markets—where the disease prevalence is growing the fastest. The collaboration will support greater disease and therapy research and education, as well as work to help establish better care models that support high standards of care at a lower cost in LMIC.

PRODUCT DONATIONS

Baxter donates products to improve access to healthcare worldwide.

In 2017, Baxter contributed



*The value of products that Baxter contributes during a year may be greater or less than the value of Baxter products distributed by the company's relief partners.

During 2017, Baxter supported humanitarian aid partners—[Americares](#), [Direct Relief](#) and [Partners In Health](#)—to pre-position products to address critical needs, improve health outcomes and enhance access to healthcare in underserved communities around the world. To enhance both our partnership response capacity and access to healthcare initiatives, we implemented a *manufacture-to-donate* strategy, an industry best practice, to help support access to care and meet partners' unmet needs. The company donates items that recipient organizations have requested through a critical needs list.

Medical Missions

When healthcare professionals travel overseas to provide charitable medical care to underserved populations, they often work in hospitals and clinics that lack modern surgical supplies.

Baxter's hemostatic and tissue sealant products, anesthesia products, and IV solutions are among the most requested items in these situations. During 2017, Baxter products were used in 42 countries as part of 255 medical outreach trips supported by [Americares](#).

[Learn more](#) about [Americares'](#) medical missions and how to request products.



Volunteers with World Surgical Foundation perform life-changing surgeries for children in El Salvador using Baxter products provided by [Americares](#). Photo credit: [Americares](#).

THE BAXTER INTERNATIONAL FOUNDATION

In 2017, the [Baxter International Foundation](#) approved more than 30 grants to increase access to healthcare for more than 3 million individuals through programs that target underserved communities. Areas impacted include primary, preventive and post-acute care for the homeless, elderly nursing services and health screenings.

Baxter International Foundation **AT A GLANCE**

The Baxter International Foundation provided

\$4 million

in cash contributions
(excluding future commitments)



to
12 countries

Driving Your Health [Manejando Tu Salud]

Driving Your Health, a free community mobile medical program, is a multi-year initiative enhancing access to healthcare in underserved communities throughout greater Mexico City. To date, the program has directly benefited more than 23,000 people, indirectly benefited nearly 140,000 people and trained 900 healthcare professionals. The program is expected to reach more than 350,000 beneficiaries through 2018. In partnership with [Direct Relief](#), [Asociación Mexicana de Diabetes de la Ciudad de México A.C.](#), [Casa de la Amistad para Niños con Cáncer, I.A.P.](#), and [Asociación Gilberto and Orden de Malta de México A.C.](#), the program focuses on improving community health outcomes through basic preventive care, managing



chronic conditions and transportation assistance to and from hospitals. [Learn more.](#)

Baxter International Foundation Prize Programs

The Baxter International Foundation sponsors three prize programs that recognize organizations and individuals demonstrating excellence in community service and healthcare research.

Foster G. McGaw Prize Each year, in partnership with the American Hospital Association and Health Research & Educational Trust, the Baxter International Foundation presents the Foster G. McGaw Prize to a U.S. healthcare organization that delivers innovative programs to improve community health and well-being, and also recognizes three finalists.

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 individuals who have made 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 significantly to nursing knowledge development, application or discovery.

PUBLIC POLICY

Many legislative issues affect Baxter's business globally, including reimbursement, tax, trade and a variety of regulatory concerns. The company's Government Policy and Reimbursement team works with lawmakers, governments and policymakers worldwide to support patient access to the company's lifesaving therapies, improve the regulatory environment and reimbursement structure for Baxter's therapies, increase understanding of the benefits of those therapies and address barriers to care. 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.

See [Baxter's 2017 Political Contributions Report](#) for details about the company's political contributions as well as its membership in certain trade and industry groups.

During 2017, Baxter's key public policy focus areas included the following:

Food and Drug Administration Reauthorization Act of 2017 Baxter, along with AdvaMed (the medical technology association) and the Association for Accessible Medicines (the generic pharmaceutical and biosimilars association) supported U.S. Congressional passage of the [Food and Drug Administration Reauthorization Act of 2017](#). This legislation is intended

to improve the process for regulatory advancement and approval of new treatments, and will help enhance the innovation ecosystem for medical technology, biosimilars, generic pharmaceuticals, innovator pharmaceuticals and biologics.

Tax Cuts and Jobs Act of 2017 Baxter supported U.S. Congressional passage of the [Tax Cuts and Jobs Act of 2017](#). This legislation is intended to provide tax relief for businesses and individuals.

Home Dialysis Baxter belongs to the Alliance for Home Dialysis, an organization focused on advocacy, policy and thought leadership. The company participated in the 2017 Alliance for Home Dialysis Capitol Hill Briefing 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 and U.S. Congressional staff to discuss emerging policy opportunities to ensure patient choice in treatment.

Home Delivery of Renal Products In the United States, state-level laws and regulations govern pharmaceuticals dispensing. Baxter works to help shape state policies to better align with the company's Renal Home Patient service.

Supporting Diverse Populations During 2017, Baxter representatives attended the National Minority Quality Forum Summit, the Congressional Black Caucus Foundation Annual Legislative Conference, the National Black Caucus of State Legislators Annual Meeting and the Congressional Hispanic Caucus Institute Public Policy Conference to learn more about health disparities affecting diverse populations and engage key leaders about Baxter's efforts to serve our patients with end-stage renal disease, which disproportionately impacts minority populations.

Serving Our Communities

Support communities worldwide in enduring ways

2020 GOAL

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

*Baseline is 2015.

Baxter is committed to saving and sustaining lives. Every day, the company strives to make a meaningful difference to people who depend on its products, and in the communities where Baxter's employees live and work. In collaboration with partners around the world, Baxter focuses on improving access to healthcare, fostering tomorrow's innovation and community engagement.

During 2017, Baxter and the Baxter International Foundation donated nearly \$21 million in products and cash. Of that amount, the company's business units, functions and manufacturing facilities contributed more than \$7 million to local organizations worldwide (63% outside the United States).

Baxter makes charitable contributions to organizations in the communities where its employees live and work. In 2017, the company focused on patient education and helping the less fortunate. For example:

NAACP ACE Baxter gave nearly \$220,000 to increase awareness and improve communication with African Americans about kidney disease prevention and treatment. During the second year of this partnership, contributions enabled attendees of town halls in the first year to educate people in their communities.

College of Lake County The company contributed a total of \$175,000 over two years to build the Baxter Innovation Lab at this community college in Grayslake, Illinois, where students, teachers and industry professionals will be able to design life-changing products, create and test prototypes and exchange their ideas with others around the globe.

FOSTERING TOMORROW'S INNOVATION

Innovation is Baxter's lifeblood. The company takes a hands-on approach to developing the next generation of scientists, engineers and healthcare professionals by supporting teachers and science, technology, engineering

BAXTER AND THE BAXTER INTERNATIONAL FOUNDATION CHARITABLE GIVING (DOLLARS IN MILLIONS)

	2015	2016	2017
Baxter Product Donations to Aid Organizations*			
Products/Patient Assistance Programs	\$8.76	\$13.65	\$8.83
Business and Facility Cash Donations			
Within U.S.	\$3.34	\$3.39	\$3.35
Outside U.S.	\$8.20	\$5.73	\$4.49
Total	\$11.54	\$9.12	\$7.84
The Baxter International Foundation Contributions			
Within U.S. (including Puerto Rico)			
Grants	\$1.39	\$2.05	\$1.72
Matching Gifts and Dollars for Doers	\$1.05	\$0.88	\$1.03
Scholarships	\$0.27	\$0.27	\$0.26
Prize Programs	\$0.58	\$0.31	\$0.32
Subtotal	\$3.28**	\$3.51	\$3.33
Outside U.S.			
Grants	\$1.11	\$0.86	\$0.64
Scholarships	\$0.10	\$0.12	\$0.12
Subtotal	\$1.21	\$0.98	\$0.76
Total Foundation Contributions	\$4.49	\$4.49	\$4.09
Total Charitable Giving	\$24.79	\$27.26	\$20.76

* 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 and humanitarian aid partners as appropriate. This number may be greater or less than the value of Baxter products distributed during the year by the company's relief partners. See [Innovation That Expands Access to Care](#).

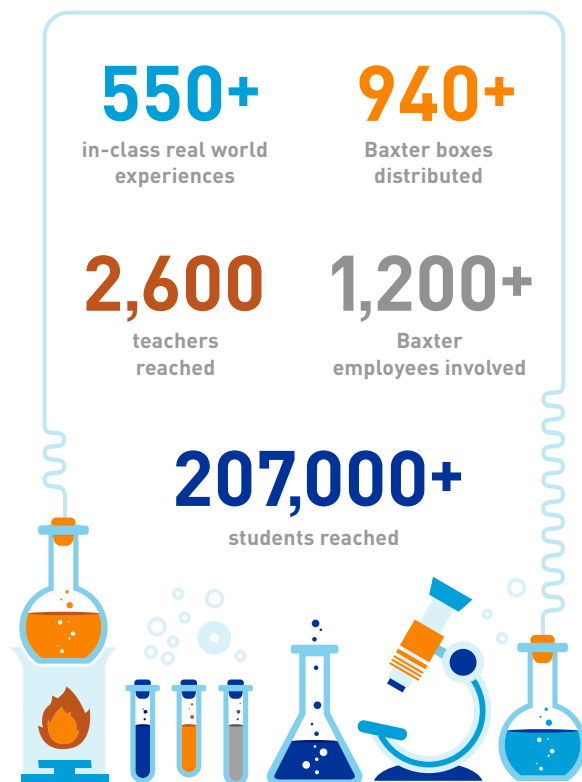
**Subtotal is different than sum of segments, due to rounding.

and math (STEM) education; supporting employees to serve as mentors in communities worldwide; and creating diverse learning opportunities in the sciences. Through these efforts, Baxter is helping to advance tomorrow's healthcare breakthroughs and delivery.

In 2008, Baxter launched **Science@Work: Expanding Minds with Real-World Science** program, a multiyear commitment to Chicago Public Schools (CPS) to support

teacher training and student development in the health sciences. In 2017, the company provided funding for two Baxter Innovation Labs, expanding the program beyond CPS for the first time. One opened at Lindblom Math and Science Academy, a selective enrollment high school in Chicago, Illinois, in December of that year. The second will open in late 2018 at College of Lake County in Grayslake, Illinois (see above). Baxter is pursuing other opportunities to expand the program in locations where the company has a presence.

SCIENCE@WORK BY THE NUMBERS, 2008-2017



COMMUNITY ENGAGEMENT

Baxter capitalizes on its global reach to serve communities in enduring ways through partnerships, donations, matching gifts and employee volunteering.

In 2017, the company engaged in a collaboration with the NGO Fundación Solar in Guatemala to reduce natural resource use, improve community health, provide access to clean drinking water and empower women in Aguacatán, Huehuetenango. Other participants include the Guatemalan Ministry of the Environment, Universidad del Valle and the United Nations. The project will deliver community members water filtration tanks to purify harvested rainwater, wood-burning stoves that are safer and more energy-efficient than the traditional method of open-fire cooking, and education about natural resource stewardship. This initiative builds on water and sanitation projects that Baxter has conducted in recent years with the Philippine Center for Water and Sanitation in Sitio Silangan, near the company's manufacturing facility in Canlubang, Philippines, and with Sarar Transformación SC, near Baxter's facility in Cuernavaca, Mexico.

Disaster Relief

In 2017, natural disasters, including Hurricane Maria in Puerto Rico, significantly impacted the company's communities, operations and employees. Immediately after the storm passed, Baxter began helping its more than 2,000 employees in Puerto Rico procure necessities such as gasoline, food, water and toiletries. The company coordinated multiple daily flights to transport approximately 25,000 pounds of needed supplies for employees. Baxter also distributed gas-powered generators and propane cooktops, and installed laundry stations at its manufacturing facilities to support employees' personal needs. In addition, employees worldwide collected needed items for colleagues, and teams sent toys, games and other holiday gifts for

employees' children. The company continues to provide the communities around its manufacturing facilities with access to potable water as well as supplies and other aid.

Baxter and the Baxter International Foundation provided short-term recovery grants to its partners American Red Cross, Americares and Direct Relief. The Baxter International Foundation also matched employee gifts made through the company's disaster relief portal two-to-one. These funds were donated to help in the areas with the greatest need.

Additionally, the company launched the Baxter Employee Disaster Relief Fund, a global program, that enables employees to donate funds to help fellow employees impacted by disasters. The Baxter International Foundation committed to provide startup funds as well, enabling all qualified employee applicants to receive a grant.

Matching Gifts

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.¹



Scholarship Program

The Baxter International Foundation has a longstanding commitment to the education of employees' children through annual merit-based scholarships. A third-party agency evaluates student applications based on academic, extracurricular and employment accomplishments. Recipients receive a \$1,500 cash award, and scholarships may be renewed for up to three additional years.



68

new
scholarships



193

renewed
scholarships



23

countries
worldwide

Employee Volunteerism

In 2017, Baxter employees participated in 1,200 community events and volunteered more than 57,000 hours in 38 countries. Employees at each Baxter site select volunteer activities and organizations to support.

Dollars for Doers

In the United States, the Baxter International Foundation Dollars for Doers program provides grants to eligible organizations in recognition of Baxter employees who have volunteered at least 10 hours during the year. In 2017, more than 250 employees applied, providing more than 165 organizations nearly \$83,000.

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 about environmental sustainability. In 2017, 111 sites in 25 countries worldwide conducted environmental preservation and restoration activities, including local cleanups, educational campaigns, tree planting events, recycling activities, and ecosystem rehabilitation projects.

Baxter Renal Therapy Services (RTS) Colombia won the 2017 Baxter Global Biodiversity Challenge, which inspires employees to enhance and protect biodiversity in their region. RTS employees participated with their families in 39 events to promote ecosystem health, including educational visits to natural parks and botanic



Renal Therapy Services Colombia employees won the 2017 Baxter Global Biodiversity Challenge, part of Baxter World Environment Week.

gardens, the planting of 182 native species, and cleanups of local water sources. About half of RTS employees in the country participated. In 2017, the team expanded the initiative to RTS patients and their children, by engaging them in recycling and urban agriculture activities.

GIVING BACK THROUGH EMPLOYEE VOLUNTEERISM IN 2017



1,200
community events



38
countries



57,000+
volunteer hours

Photos left to right: Employees from Baxter Taiwan planted and harvested vegetables for underprivileged families. / A Baxter team in Portugal collected and delivered hygiene products to children at Casa Seis. / A team of Baxter volunteers in South Korea cooked kimchi for underprivileged households in the community.

APPENDIX: Baxter Data Summary

 Bureau Veritas has provided assurance on the Employee Health and Safety, Operations, and Responsible Procurement and Logistics content in this section.

SECTION AND INDICATOR	2015	2016	2017
Financial Performance			
Net Sales (\$ millions)	\$9,968	\$10,163	\$10,561
U.S. Net Sales (\$ millions)	\$4,001	\$4,259	\$4,510
International Net Sales (\$ millions)	\$5,967	\$5,904	\$6,051
Net Income (\$ millions)	\$968	\$4,965	\$717
Stock Price (\$ at year end)	\$38.15	\$44.34	\$64.64
Dividend (\$ per share)	\$1.27	\$0.51	\$0.61
Research and Development (\$ millions)	\$603	\$647	\$617
Workplace Culture			
Global Workforce by Job Level¹ (as a % of total)			
Executive	0.3%	0.3%	0.3%
Management	11.8%	11.3%	11.6%
Professional	31.1%	30.5%	25.3%
Technical/Clerical	56.7%	57.8%	62.8%
Global Workforce by Gender (as a % of total)			
Women	49.4%	49.3%	49.4%
Men	50.6%	50.7%	50.6%
Global Workforce by Region (as a % of total)			
Americas ²	47.7%	48.2%	49.6%
Europe, Middle East and Africa (EMEA)	29.3%	29.1%	28.6%
Asia Pacific	22.9%	22.6%	21.8%
Representation of Women by Region (as a % of total)			
Americas ²	49.7%	49.9%	49.8%
EMEA	48.4%	48.4%	47.4%
Asia Pacific	50.1%	49.3%	51.2%
Representation of Women by Job Level¹ (as a % of total)			
Executive	22.8%	26.0%	28.9%
Management	39.0%	39.1%	40.1%
Professional	49.0%	49.1%	49.2%
Technical/Clerical	52.0%	51.5%	51.4%
Ethnic Minority Representation by Job Level^{1,3} (as a % of total, U.S. only)			
Executive	19.5%	22.2%	19.0%
Management	25.1%	25.4%	26.3%
Professional	29.6%	30.2%	30.4%
Technical/Clerical	43.7%	44.5%	43.6%
Employee Health and Safety⁴			
Recordable Case Rate⁵			
North America	0.77	0.62	0.45
Latin America	1.60	1.37	0.91
EMEA	0.42	0.26	0.18
Asia Pacific	0.56	0.56	0.38
Asia Pacific	0.08	0.09	0.04
Cases with Days Lost Rate⁶			
North America	0.18	0.14	0.10
Latin America	0.35	0.26	0.21
EMEA	0.04	0.05	0.03
Asia Pacific	0.18	0.19	0.10
Asia Pacific	0.00	0.01	0.00

SECTION AND INDICATOR	2015	2016	2017
Employee Health and Safety⁴ (continued)			
Days Lost Rate⁷			
North America	4.92	3.60	3.62
Latin America	11.14	8.98	7.62
EMEA	0.14	0.22	1.48
Asia Pacific	2.37	3.76	2.70
Asia Pacific	0.00	0.04	0.00
Restricted Days Rate⁸			
North America	17.32	14.53	8.69
Latin America	45.87	0.17	20.85
EMEA	4.32	1.62	0.42
Asia Pacific	6.11	45.52	4.75
Asia Pacific	0.51	13.37	1.23
Days Away (Lost), Restricted or Transferred Rate (DART)	22.25	18.12	12.31
Employee/Contractor Major Incidents (total number)	4/0	8/0	7/0
Employee/Contractor Fatalities (total number)	0/0	0/0	0/0
Health and Safety Notices of Violation Settled	1	1	2
Health and Safety Fines Paid (in dollars)	\$225	\$1,529	\$8,500
Sources of Recordable Injury and Serious Incidents⁹ (as a % of total)			
Ergonomic	22%	25%	22%
Involving the Body (nonergonomic)	8%	2%	7%
Punctures	7%	5%	6%
Struck by Object	14%	19%	20%
Slips, Trips and Falls	19%	22%	19%
Caught in, on or Between	11%	11%	12%
Forklifts and Other Vehicles	3%	3%	3%
Other	17%	13%	11%
Operations¹⁰			
Baxter Process-Related Toxic Air Emissions¹¹ (metric tons)			
Cumene	27	23	24
EtO	3	3	3
Methylene Chloride	1	1	1
Methanol	2	2	2
DEHP	0	0	0
Other	15	17	18
Other	6	0	0
Kg Process-Related Toxic Air Emissions per Million Dollars of Sales	3	2	2
NOx and SOx Emissions¹² (metric tons)			
NOx	520	514	483
SOx	398	386	368
SOx	122	128	115
Kg NOx and SOx Emissions per Million Dollars of Sales	52	51	46
Energy Usage from Baxter Operations¹³ (trillions of joules)			
North America	8,984	9,076	9,011
Latin America	3,553	3,721	3,831
EMEA	923	938	955
Asia Pacific	2,996	2,873	2,799
Asia Pacific	1,512	1,544	1,426
Billions of Joules per Million Dollars of Sales	901	893	853
Renewable Energy Purchased (trillions of joules)	2,225	2,491	2,681
Facility Usage of Renewable Energy (as a % of total energy use)	25%	27%	30%

APPENDIX: Baxter Data Summary [continued]

SECTION AND INDICATOR	2015	2016	2017
Operations¹⁰ [continued]			
Lean Energy Program Performance¹⁴ (% of program criteria implemented across all manufacturing facilities, at year-end)			
Pre-requisite	97%	97%	97%
Bronze	91%	89%	92%
Silver	77%	76%	80%
Gold	64%	60%	64%
Baxter's Global Greenhouse Gas (GHG) Emissions Footprint (Scope 1, 2, and 3) (metric tons CO ₂ e). See Baxter Value Chain Energy Usage and GHG Emissions for detail.	5,384,000	5,096,000	4,738,000
GHG Emissions from Baxter Operations (metric tons CO₂e)	691,000	653,000	573,000
North America	267,000	256,000	245,000
Latin America	68,000	69,000	69,000
EMEA	207,000	178,000	116,000
Asia Pacific	149,000	150,000	143,000
GHG Emissions from Operations per Million Dollars of Sales (metric tons CO ₂ e)	69	64	54
Total Waste¹⁵ (metric tons)	69,600	72,800	71,000
North America	24,100	25,500	26,700
Latin America	7,800	10,600	8,100
EMEA	29,300	28,700	28,400
Asia Pacific	8,400	7,900	7,800
Metric Tons of Total Waste per Million Dollars of Sales	6.98	7.16	6.72
Nonhazardous Waste¹⁶ (metric tons)	61,600	64,100	62,900
North America	23,300	23,700	25,100
Latin America	6,400	9,200	6,800
EMEA	23,600	23,500	23,400
Asia Pacific	8,300	7,800	7,600
Metric Tons of Nonhazardous Waste per Million Dollars of Sales	6.18	6.31	5.95
Regulated Waste¹⁷ (metric tons)	8,000	8,600	8,100
North America	800	1,800	1,600
Latin America	1,400	1,500	1,300
EMEA	5,700	5,200	5,000
Asia Pacific	100	200	200
Metric Tons of Regulated Waste per Million Dollars of Sales	0.80	0.85	0.77
Waste Management at Baxter (% of total)			
Recycled (on-site or off-site)	56.2%	56.0%	60.4%
Incinerated with Energy Recovery	14.2%	14.2%	15.3%
Incinerated	4.3%	5.0%	4.8%
Sent to Landfill	15.0%	16.5%	15.3%
Other Disposal	10.2%	8.3%	4.2%
Water Usage (thousand cubic meters)	13,523	13,736	13,614
North America	4,777	5,130	5,046
Latin America	1,492	1,558	1,672
EMEA	4,314	3,966	4,094
Asia Pacific	2,940	3,082	2,802
Thousand Cubic Meters Water Usage per Million Dollars of Sales	1.36	1.35	1.29
Water Usage, by Availability¹⁸ (thousand cubic meters)	12,884	13,190	13,052
Extreme Scarcity Water Resources	469	387	644
Scarce Water Resources	608	565	620
Stressed Water Resources	3,652	3,695	3,652
Sufficient Water Resources	3,592	3,772	3,360
Abundant Water Resources	4,563	4,771	4,776

SECTION AND INDICATOR	2015	2016	2017
Operations¹⁰ [continued]			
Wastewater Flow¹⁹ (total direct discharge, thousand cubic meters)	3,970	3,754	3,395
BOD ₅ (metric tons)	36	38	29
BOD ₅ (mg/L)	9	10	9
COD (metric tons)	94	92	78
COD (mg/L)	24	24	23
TSS (metric tons)	40	40	31
TSS (mg/L)	10	11	9
Environmental Compliance			
Environmental Notices of Violation	10	4	5
Environmental Fines Paid (in dollars)	\$909	\$0	\$4,727
Responsible Procurement and Logistics			
Spend with Suppliers ²⁰ (United States and Puerto Rico) (approximate, dollars in billions)	\$4.8	\$2.9	\$2.1
Supplier Diversity²¹ (dollars in millions)			
Spend with Small Businesses	\$762	\$370	\$347
Spend with Minority-Owned Businesses	\$42	\$40	\$40
Spend with Women-Owned Businesses	\$133	\$89	\$84
Spend with Veteran-Owned Businesses	\$15	\$7	\$5
Worldwide GHG Emissions from Product Transport, by Mode (metric tons CO₂e)	412,800	336,000	453,300
Air	90,600	71,600	104,500
Ocean	34,000	20,400	63,200
Rail	9,400	15,300	14,500
Ground	278,800	228,700	271,200
Worldwide GHG Emissions from Product Transport, by Region (metric tons CO₂e)	412,800	336,000	453,300
North America	192,000	167,600	176,100
Latin America	45,800	9,000	53,900
EMEA	126,000	126,600	175,700
Asia Pacific	48,900	32,800	47,600
Baxter and the Baxter International Foundation Charitable Giving²² (dollars in millions)			
Total Charitable Giving	\$24.79	\$27.26	\$20.76
Product Donations²³			
Products/Patient Assistance Programs	\$8.76	\$13.65	\$8.83
Business and Facility Cash Donations			
Within the United States	\$11.54	\$9.12	\$7.84
Outside the United States	\$3.34	\$3.39	\$3.35
	\$8.20	\$5.73	\$4.49
The Baxter International Foundation Contributions			
Within the United States (including Puerto Rico)	\$4.49	\$4.49	\$4.09
Grants	\$3.28	\$3.51	\$3.33
Matching Gifts and Dollars for Doers	\$1.39	\$2.05	\$1.72
Scholarships	\$1.05	\$0.88	\$1.03
Prize Programs	\$0.27	\$0.27	\$0.26
Outside the United States	\$0.58	\$0.31	\$0.32
Grants	\$1.21	\$0.98	\$0.76
Scholarships	\$1.11	\$0.86	\$0.64
	\$0.10	\$0.12	\$0.12
Political Contributions			

See [Baxter's 2017 Political Contributions Report](#) for detailed data.



APPENDIX: Baxter Value Chain Energy Usage and GHG Emissions



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

		Energy Usage			Joules (trillions)			Energy Costs (dollars in millions)			Carbon Dioxide Equivalents ^{1,2} (thousand metric tons)		
	Units	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Upstream Scope 3 Emissions													
Purchased Goods and Services (Category 1) ³		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	703	717	745
Capital Goods (Category 2) ⁴		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	114	90	79
Fuel and Energy-related Activities (Category 3) ⁵		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	140	137	129
Upstream Transportation and Distribution (Category 4) ⁶		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	413	336	453
Waste Generated in Operations (Category 5) ⁷		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13	14	13
Business Travel (Category 6) ⁸		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	70	102	52
Employee Commuting (Category 7) ⁹		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	31	30	30
Upstream Leased Assets (Category 8) ¹⁰		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0
Upstream Scope 3 Emissions Total		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,484	1,426	1,501
Baxter Operations													
Stationary Sources (facilities)													
Electricity (purchased)	Million kWh	972	958	934	3,499	3,448	3,364	\$110.7	\$104.1	\$103.8	487	453	434
Electricity (on-site renewable)	Million kWh	3	4	4	10	16	14	n/a	n/a	n/a	n/a	n/a	n/a
Natural Gas	Million Cubic Meters	105	105	105	4,026	4,048	4,017	\$39.4	\$35.8	\$32.1	201	201	199
Fuel Oil	Million Liters	6	7	7	263	280	281	\$3.7	\$4.3	\$4.1	19	20	20
Propane and LPG	Million Kilograms	6	6	6	272	292	301	\$3.9	\$3.8	\$4.5	17	18	19
Purchased Steam	Million Kilograms	27	11	36	63	25	83	\$1.0	\$0.3	\$0.4	22	24	28
Biomass ¹¹	Million Kilograms	118	133	136	839	963	950	\$4.8	\$4.3	\$3.0	2	2	2
Carbon Dioxide Offsets ¹²	Million Kilograms	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	124	127	185
Subtotal		n/a	n/a	n/a	8,972	9,072	9,010	\$163.5	\$152.6	\$147.9	624	591	517
Mobile Sources (Baxter-operated vehicles) ¹³													
Aviation Fuel	Million Liters	1.4	0.7	0.4	51	23	16	\$1.5	\$0.5	\$0.2	4	2	1
Gasoline	Million Liters	6.1	6.0	5.4	222	218	197	\$6.9	\$6.4	\$6.0	14	14	12
Diesel Fuel	Million Liters	13.4	12.5	12.6	517	480	482	\$13.6	\$11.5	\$10.5	36	33	34
Subtotal	Million Liters	20.9	19.2	18.4	790	721	695	\$22.0	\$18.4	\$16.7	54	49	47
Refrigerants ¹⁴													
Refrigerant Losses (facilities)	Metric Tons	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	14	14	8
Scope 1 Total		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	306	303	295
Scope 2 Total (market-based)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	385	350	278
Scope 2 Total (location-based)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	462	438	424
Baxter Operations Total		n/a	n/a	n/a	9,762	9,793	9,705	\$185.5	\$171.0	\$164.6	691	653	573
Downstream Scope 3 Emissions													
Downstream Transportation and Distribution (Category 9) ¹⁵		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	147	143	122
Processing of Sold Products (Category 10) ¹⁶		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	16	15	15
Use of Sold Products (Category 11) ¹⁷		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,837	2,680	2,369
End-of-life Treatment of Sold Products (Category 12) ¹⁷		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	186	180	157
Downstream Leased Assets (Category 13)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0
Franchises (Category 14) ¹⁸		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0
Investments (Category 15) ¹⁸		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	41	0	0
Downstream Scope 3 Emissions Total		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,227	3,018	2,663
Total GHG Emissions (including CO ₂ e offsets in Baxter operations) ¹⁹		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5,402	5,097	4,737

APPENDIX: Baxter Facilities with ISO 14001, OHSAS 18001, ISO 50001 and Green Building Certifications¹



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

Region/Country/ State/Province	City	ISO 14001	OHSAS 18001	ISO 50001	Green Building Certification
North America					
Canada, Ontario	Alliston	X	X		
Canada, Ontario	Mississauga				Canada LEED Silver (2014)
United States, Alabama	Opelika	X	X		
United States, Arkansas	Mountain Home/Midway	X	X	X	
United States, California	Hayward	X	X		
United States, California	Irvine	X			
United States, Illinois	Round Lake, Manufacturing	X		X	
United States, Illinois	Round Lake, R&D	X			LEED Silver (2013) ²
United States, Indiana	Bloomington	X	X		
United States, Minnesota	St. Paul/Minneapolis	X			
United States, Mississippi	Cleveland	X	X		
United States, New York	Medina	X			
United States, North Carolina	Marion	X	X		
Latin America					
Brazil	São Paulo	X	X	X	
Colombia	Cali	X	X	X	
Costa Rica	Cartago	X	X	X	
Mexico	Atlacomulco	X	X		
Mexico	Cuernavaca	X	X		
Puerto Rico	Aibonito	X	X		
Puerto Rico	Guayama	X			
Puerto Rico	Jayuya	X			
Europe, Middle East and Africa					
Belgium	Braine l'Alleud	X	X		
Belgium	Lessines	X	X		
Belgium	Lessines BDCE	X	X		
France	Guyancourt				
France	Jonage-Lyon	X			BREEAM Good (2011)
France	Meyzieu	X			
Germany	Bielefeld	X	X		
Germany	Halle Westfalen	X	X	X	
Germany	Hechingen	X	X	X	
Ireland	Castlebar/Swinford	X	X	X	

Region/Country/ State/Province	City	ISO 14001	OHSAS 18001	ISO 50001	Green Building Certification
Europe, Middle East and Africa (continued)					
Ireland	Dublin/Belfast	X			
Italy	Grosotto	X	X		
Italy	Medolla	X			
Italy	Monselice	X	X		
Italy	Rome	X	X		Italia LEED Gold (2015)
Italy	Sesto Fiorentino	X	X		
Italy	Sondalo	X	X		
Malta	Marsa	X	X		
Portugal	Sintra	X	X		
Spain	Las Palmas	X	X		
Spain	Sabiñánigo	X	X		
Spain	Valencia	X	X		
Sweden	Lund	X			
Sweden	Rosersberg				EU GreenBuilding (2011)
Switzerland	Zurich				Minergie Plus (2010)
Tunisia	Oued Ellil	X	X		
United Kingdom	Elstree	X			
United Kingdom	Mount Vernon	X	X		
United Kingdom	Northampton	X	X		
United Kingdom	Stockport	X	X		
United Kingdom	Thames Valley	X	X		
United Kingdom	Thetford	X	X		
Asia Pacific					
Australia	Toongabbie	X	X	X	
China	Guangzhou	X	X		
China	Shanghai	X	X		
China	Shanghai (Gambro)				
China	Suzhou	X	X		
China	Tianjin	X	X		
Japan	Miyazaki	X			
New Zealand	Auckland	X	X		
Philippines	Canlubang	X	X		
Singapore	Woodlands	X	X		

APPENDIX: Endnotes

2020 PRIORITIES AND GOALS

¹ This represents the total savings attributable to identified projects across the company, counted only for the first year the packaging innovation was implemented.

² Based on McKinsey & Company data for global gender benchmark and Diversity Best Practices data for U.S. ethnic minority benchmark.

³ Data are from Aon Hewitt. The global average represent approximately 500 companies and approximately 11 million employees. Top quartile is a subset of the global average.

⁴ In a comparison of 50 global companies across all industries, 44 reported global safety data to ORC HSE and six reported data on their public websites.

⁵ Includes spending with women-owned businesses and minority-owned businesses. Spending with suppliers that qualify for both categories is included in the total for each category. United States and Puerto Rico. Fiscal year basis (October 1 through September 30 of the year noted).

PRODUCT INNOVATION

¹ United Nations Department of Economic and Social Affairs, "World population projected to reach 9.7 billion by 2050," <http://www.un.org/en/development/desa/news/population/2015-report.html>. Last accessed February 2018.

² Baxter's products, facilities and operations are subject to regulation by U.S. Food and Drug Administration (FDA) 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.

³ Warning letters are FDA's principle means of achieving prompt compliance with regulations before it initiates any legal enforcement action.

⁴ This LCA was independently verified to the ISO 14044 and ISO 14067 standards.

EMPLOYEE HEALTH AND SAFETY

¹ Beginning in 2011, profiles untouched for three years were removed from the active database. As of the beginning of 2016 the participation rate was 27%.

OPERATIONS

¹ The environmental data included in this report are based on 134 reporting locations, of which 60 are manufacturing, 26 are warehouse, and 48 are pharmacies, administrative, clerical or other. Several of the reporting units comprise multiple locations that report as a single entity. For example, in 2017, Baxter's 52 renal therapy sites in Colombia reported as a single entity. The reporting scope excludes certain leased facilities for which environmental performance data are not available or are not material to Baxter's overall environmental performance. The health and safety data included in this report are based on 164 reporting locations. The EHS&S information reported covers 100% of Baxter's operations unless noted otherwise. EHS&S 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&S audits). See the [Baxter Data Summary](#) for additional detail.

² One cubic meter equals 1,000 liters or 264 gallons.

³ 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.

⁴ To more closely reflect production efficiency and support consistent evaluation of facility performance and trends, Baxter excludes certain non-routine, non-production-related waste streams from its total waste performance data and progress against its 2020 waste goal. These waste streams are construction and demolition debris, remediation waste and wastewater treatment sludge.

⁵ 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.

⁶ Incineration with energy recovery is considered recycling.

⁷ The company's Scope 1 and Scope 2 emissions have a high level of certainty and have been verified for the past seven years to a reasonable assurance level by Bureau Veritas North America. Scope 3 categories are based on various assumptions and estimates. For the past five years, Bureau Veritas North America has verified to a limited assurance level Baxter's methodology and emissions factors for calculating Scope 3 GHG emissions. The market-based method is used for Scope 2 unless otherwise stated. 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.

OPERATIONS [continued]

⁸ In 2017, Baxter used biomass fuels to generate energy in boilers at three Baxter locations in the United States, India and Italy. During the year, emissions from the Baxter-operated biomass boilers equaled 146,000 metric tons CO₂. In accordance with the GHG Protocol, these are not included in reported Scope 1 and Scope 2 emissions. However, also in accordance with the GHG Protocol, the company includes CO₂e emissions from the CH₄ and N₂O components of biomass combustion in its reported Scope 1 emissions.

⁹ U.S. Environmental Protection Agency Green Power Partnership Fortune 500 Partners List, January 22, 2018.

RESPONSIBLE PROCUREMENT AND LOGISTICS

¹ Includes spending with women-owned businesses and minority-owned businesses. Spending with suppliers that qualify for both categories is included in the total for each category. United States and Puerto Rico. Fiscal year basis (October 1 through September 30 of the year noted).

² Percentages do not add up to 100% due to rounding.

³ Spending with suppliers that qualify for more than one category may be included in the totals for each of the relevant categories.

SERVING OUR COMMUNITIES

¹ Houses of worship and political organizations are not eligible for the Foundation Matching Gift Program.

BAXTER DATA SUMMARY

¹ "Executive" includes vice presidents and above. "Management" includes directors and managers. "Professional" includes individual contributors. "Technical/Clerical" includes employees in operational and administrative/clerical roles.

² Americas includes the United States (with Puerto Rico), Canada and Latin America.

³ Includes American Indian/Alaska Native, Asian, Black/African American, Hispanic/Latino, Native Hawaiian/Other Pacific Islander and two or more races.

⁴ The regional breakdown of the data included in this section reflects the structure of the Environmental, Health, Safety and Sustainability (EHS&S) organization and the categorization of data in the EHS&S global information management system through 2017.

⁵ Work-related injuries or illnesses requiring medical attention beyond first-aid, including cases with days lost. 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, because they are supervised by other organizations.

⁶ Work-related injuries or illnesses that cause an employee to lose at least one full day after the date of the incident.

⁷ 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.

⁸ 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.

⁹ Data do not include Gambro.

¹⁰ The regional breakdown of the data included in this section reflects the structure of the Environmental, Health, Safety and Sustainability (EHS&S) organization and the categorization of data in the EHS&S global information management system through 2017. Some totals vary from sum of items in category, due to rounding.

¹¹ 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.

¹² 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.

¹³ Includes stationary sources (Stationary Sources [facilities] Subtotal line item from [Baxter Value Chain Energy Usage and GHG Emissions](#) table) and excludes energy consumption associated with Baxter-operated mobile sources.

APPENDIX: Endnotes (continued)

BAXTER DATA SUMMARY (continued)

¹⁴ Baxter's Lean Energy Program began in 2007. Early in 2016, Baxter introduced new Lean Energy Program requirements and updated some existing ones to better align the program with ISO 50001 requirements for energy management.

¹⁵ Excludes waste associated with U.S. Renal Home Care operations, since patients 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. In 2017, Baxter reclassified a waste stream as wastewater, thereby excluding it from waste calculations. Baxter has restated its waste performance for 2015 and 2016.

¹⁶ 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.) that 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 dispose of unused product rather than returning it to Baxter for disposal.

¹⁷ 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. In 2017, Baxter reclassified a waste stream as wastewater, thereby excluding it from waste calculations. Baxter has restated its waste performance for 2015 and 2016.

¹⁸ Water usage from Baxter's 60 sites with the greatest use, representing 95% 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.

¹⁹ 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. BOD5 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.

²⁰ Fiscal year basis (October 1 through September 30 of the year noted). Data for 2015 include parts of Baxter that became Baxalta on July 1, 2015.

²¹ 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 disability-owned, service-disabled veteran-owned, LGBT-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. Spending with suppliers that qualify for more than one category may be included in the totals for each of the relevant categories. Data for 2015 include spending from parts of Baxter that became Baxalta on July 1, 2015. Disaggregation of the data was not feasible.

²² Some subtotals vary from sum of items in category, due to rounding.

²³ 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 and humanitarian aid partner requests as appropriate. This number may be different than the value of Baxter products distributed during the year by the company's relief partners. See [Innovation That Expands Access to Care](#).

BAXTER VALUE CHAIN ENERGY USAGE AND GHG EMISSIONS

¹ 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.

² Bureau Veritas North America, Inc. verified to a reasonable level Baxter's 2015-2017 Scope 1 and Scope 2 GHG emissions. Bureau Veritas North America, Inc. also verified to a limited level Baxter's methodology for determining 2015-2017 Scope 3 GHG emissions.

³ Estimated based on an environmentally extended input-output model from an independent third party and Baxter's revenue and sector of operation.

BAXTER VALUE CHAIN ENERGY USAGE AND GHG EMISSIONS (continued)

⁴ Estimated based on capital expenditures and an estimated emission factor per million dollars of capital expenditure from benchmarking with industry.

⁵ Estimated based on Baxter's actual yearly energy usage by energy type and GHG emission factors for each energy type per GaBi life cycle assessment software.

⁶ Estimated by the company's independent transportation service provider based on shipment of products to Baxter customers.

⁷ 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.

⁸ Estimated based on domestic and international air mileage, rental vehicle mileage, and hotel room stays provided by Baxter's global travel providers, and using emission factors from UK Government GHG Conversion Factors for Company Reporting, Greenhouse Gas Protocol Mobile Combustion GHG Emissions Calculation Tool, and Carbonfund.org Business Travel Calculator.

⁹ Estimated 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. Emission factors for each mode were obtained from Defra.

¹⁰ Emissions associated with upstream leased assets are included in Baxter's Scope 1 and 2 emissions.

¹¹ 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 129,000, 148,000, and 146,000 metric tons CO₂ in 2015, 2016, and 2017, respectively. CO₂e emissions from CH₄ and N₂O components of biomass combustion are included in reported Scope 1 emissions.

¹² Includes the purchase of electricity generated from 100% certified renewable electricity (Belgium, Brazil, Czech Republic, France, Germany, Ireland, Italy, the Netherlands, Spain, Sweden, Switzerland, United Kingdom and United States), and the purchase of carbon credits from the EU Emissions Trading Scheme.

¹³ 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.

¹⁴ 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.

¹⁵ Estimated based on previous Baxter product LCAs as well as the company's revenue by product type. Category 1 emissions were extrapolated to other categories depending on the product type.

¹⁶ Estimated based on an environmentally extended input-output model from an independent third party and revenue from Baxter's contract services business.

¹⁷ Estimated based on production quantities and global warming potential information for certain types of products. Emissions for certain other products estimated based on previous Baxter product LCAs as well as the company's revenue by product type. Category 1 emissions were extrapolated to other categories depending on the product type.

¹⁸ Baxter engaged an independent third party to estimate 2015 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.

¹⁹ Totals do not include CO₂ emissions from Baxter-owned wood-fired boilers. See footnote 11 above for detail.

BAXTER FACILITIES WITH ISO 14001, OHSAS 18001, ISO 50001 AND GREEN BUILDING CERTIFICATIONS

¹ As of December 31, 2017, unless stated otherwise.

² The building with green certification noted is one of several buildings at the designated location.

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 2017 Corporate Responsibility Report (the Report). This Assurance Statement applies to the related information included within the scope of work described below.

Selected Information

The scope of work included reasonable level assurance of the following:

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

- Product Innovation except the Quality and Patient Safety subsection
- Employee Health and Safety
- Operations
 - » Greenhouse gas emission verification is documented under a separate verification statement
- Serving Our Communities – Baxter World Environment Week

The scope of work also included limited level assurance of the following:

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

- Responsible Procurement and Logistics

Limitations and Exclusions

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

- Activities outside the defined assurance period, the calendar year of 2017
- 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
- Data and information included in sections of the Report that are not listed in the scope of work above

This assurance engagement relies on a risk-based selected sample of data and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Responsibilities

The preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of Baxter. BVNA was not involved in the drafting of the Report. Our only responsibilities were to provide independent assurance on the accuracy and reliability of the Selected Information; to form an independent conclusion based on the assurance procedures performed and evidence obtained; and to report our conclusions.

Assessment Standard and Reporting Criteria

We performed our work in accordance with BVNA's standard procedures and guidelines for external Assurance of Sustainability Reports and the International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after December 15, 2015), issued by the International Auditing and Assurance Standards Board.

The Reporting Criteria for this assurance were Baxter's reporting requirements.

The work was planned and carried out to provide reasonable, rather than absolute, assurance of the Selected Information except for the Responsible Procurement and Logistics section of the Report, which was carried out to provide limited assurance. We believe that our work provides an appropriate basis for our conclusions.

Summary of Work Performed

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

- Assessed the appropriateness of the Reporting Criteria for the Selected Information
- Conducted interviews with relevant Baxter personnel responsible for collecting and reporting performance data and other subject matter for the Selected Information
- Attended a Corporate Responsibility Council Meeting for observation of management involvement and stakeholder inclusion in corporate responsibility at Baxter
- Reviewed documentary evidence produced by Baxter to support the Selected Information
- Assessed the disclosure and presentation of the Selected Information with emphasis on principles of accuracy, accessibility, balance, clarity, comparability, reliability and timeliness and to ensure consistency with the Reporting Criteria
- Audited performance data during visits to operating sites located in: Atlacomulco, Mexico; Canlubang, Philippines; Cleveland, Mississippi, United States; Hechingen, Germany; Lund, Sweden; and Sabiñánigo, Spain
- Audited consolidated performance data including review of a sample of data-to-source documentation
- Reviewed Baxter data and information systems used for collection, aggregation, analysis and review of Selected Information during visits to Baxter's offices in Round Lake, Illinois and Deerfield, Illinois, United States

Conclusions

On the basis of our methodology and the activities described above, it is our opinion that the Selected Information within the Product Innovation (except the Quality and Patient Safety subsection), Employee Health and Safety, Operations and Serving Our Communities – Baxter World Environment Week sections of the Report:

- Is accurate, reliable and free from material mistake or misstatement

- Is presented in a clear, understandable and accessible manner
- Is presented based on the Reporting Criteria
- Provides a fair and balanced representation of activities
- Allows readers to form a balanced opinion of Baxter's 2017 activities and performance

In addition, nothing has come to our attention to indicate that the data and information in the Responsible Procurement and Logistics section of the Report 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 the Selected Information.

Additional Commentary

During the assurance process, BVNA was pleased to observe that Baxter has continued to improve its data collection and reporting processes.

Based on the work conducted, we recommend that Baxter consider continuing to improve the efficiency of data collection at the facility level.

Statement of Independence, Impartiality and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 185 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified¹ Quality Management System which complies with the requirements of ISO 9001:2008, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspection Agencies (IFIA)², across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities.

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 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.
Lakewood, CO | June 2018

¹ Certificate of Registration No. 44 100 160145 issued by TUV Nord

² International Federation of Inspection Agencies – Compliance Code – Third Edition

GLOBAL REPORTING INITIATIVE (GRI) INDEX

This index references information related to disclosures from the Global Reporting Initiative 2016 Sustainability Reporting Standards. The reported information may meet in part or in full the requirements of each GRI disclosure listed.

Disclosure	2017 Reporting	Disclosure	2017 Reporting
GRI 102: General Disclosures		GRI 102: General Disclosures (continued)	
Organizational Profile		Organizational Profile	
102-1	Name of the organization	102-24	Nominating and selecting the highest governance body
102-2	Activities, brands, products and services	102-25	Conflicts of interest
102-3	Location of headquarters	102-31	Review of economic, environmental and social topics
102-4	Location of operations	102-33	Communicating critical concerns
102-5	Ownership and legal form	102-35	Remuneration policies
102-6	Markets served	102-36	Process for determining remuneration
102-7	Scale of the organization	Stakeholder Engagement	
102-8	Information on employees and other workers	102-40	List of stakeholder groups
102-9	Supply chain	102-42	Identifying and selecting stakeholders
102-10	Significant changes to the organization and its supply chain	102-43	Approach to stakeholder engagement
102-11	Precautionary Principle or approach	Reporting Practice	
102-12	External initiatives	102-45	Entities included in the consolidated financial statements
102-13	Membership of associations	102-46	Defining report content and topic Boundaries
Strategy		102-47	List of material topics
102-14	Statement from senior decision-maker	102-50	Reporting period
Ethics and Integrity		102-51	Date of most recent report
102-16	Values, principles, standards and norms of behavior	102-52	Reporting cycle
102-17	Mechanisms for advice and concerns about ethics	102-53	Contact point for questions regarding the report
Governance		102-55	GRI content index
102-18	Governance structure	102-56	External assurance
102-19	Delegating authority	GRI 200 Economic Standard Series	
102-20	Executive-level responsibility for economic, environmental and social topics	GRI 201: Economic Performance	
102-22	Composition of the highest governance body and its committees	Management approach	
102-23	Chair of the highest governance body	201-1	Direct economic value generated and distributed
		201-2	Financial implications and other risks and opportunities due to climate change

GLOBAL REPORTING INITIATIVE (GRI) INDEX (continued)

Disclosure			2017 Reporting		
GRI 200 Economic Standard Series (continued)			GRI 300 Environmental Standards Series (continued)		
GRI 203: Indirect Economic Impacts			GRI 303: Water		
Management approach		Innovation That Expands Access to Care; Serving Our Communities	Management approach		Operations; Water and Wastewater
203-1	Infrastructure investments and services supported	Innovation That Expands Access to Care; Serving Our Communities	303-1	Water withdrawal by source	Water and Wastewater; Baxter Data Summary
203-2	Significant indirect economic impacts	Innovation That Expands Access to Care; Serving Our Communities	303-2	Water sources significantly affected by withdrawal of water	Water and Wastewater; Baxter Data Summary
GRI 205: Anticorruption			GRI 305: Emissions		
Management approach		Ethics and Compliance	Management approach		Operations; GHG Emissions across the Value Chain; GHG Emissions from Operations
205-1	Operations assessed for risks related to corruption	Selected operations are assessed on a rotational basis for corruption-related risks through a range of ongoing activities, including annual risk audits and assessments in selected locations and an automated compliance monitoring system that Baxter is launching in seven countries in 2018. Significant risks include direct employee interactions with healthcare providers or government officials and interactions conducted on behalf of Baxter by third-party distributors.	305-1	Direct (Scope 1) GHG emissions	GHG Emissions across the Value Chain; GHG Emissions from Operations; Baxter Data Summary; Baxter Value Chain Energy Usage and GHG Emissions
205-2	Communication and training about anticorruption policies and procedures	Ethics and Compliance	305-2	Energy indirect (Scope 2) GHG emissions	GHG Emissions across the Value Chain; GHG Emissions from Operations; Baxter Data Summary; Baxter Value Chain Energy Usage and GHG Emissions
			305-3	Other indirect (Scope 3) GHG emissions	GHG Emissions across the Value Chain; Baxter Data Summary; Baxter Value Chain Energy Usage and GHG Emissions
			305-4	GHG emissions intensity	GHG Emissions from Operations; Baxter Data Summary
			305-5	Reduction of GHG emissions	GHG Emissions from Operations
		305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x) and other significant air emissions	Baxter Data Summary	
GRI 300 Environmental Standards Series			GRI 306: Effluents and Waste		
GRI 301: Materials			Management approach		Operations; Waste
Management approach		Sustainable Design; Materials Use; Product End-of-Life	306-1	Water discharge by quality and destination	Baxter Data Summary
301-3	Reclaimed products and their packaging materials	Product End-of-Life	306-2	Waste by type and disposal method	Waste; Baxter Data Summary
GRI 302: Energy			GRI 307: Environmental Compliance		
Management approach		Operations; Energy	Management approach		Operations
302-1	Energy consumption within the organization	Energy; Baxter Data Summary; Baxter Value Chain Energy Usage and GHG Emissions	307-1	Non-compliance with environmental laws and regulations	Baxter Data Summary
302-3	Energy intensity	Energy; Baxter Data Summary	GRI 308: Supplier Environmental Assessment		
302-4	Reduction of energy consumption	Energy	Management approach		Managing Procurement Risks; Supplier Corporate Responsibility Survey; Supplier Audits
			308-2	Negative environmental impacts in the supply chain and actions taken	Supplier Corporate Responsibility Survey; Supplier Audits; Green Logistics; Baxter Value Chain Energy Usage and GHG Emissions

GLOBAL REPORTING INITIATIVE (GRI) INDEX (continued)

Disclosure		2017 Reporting
GRI 400 Social Standards Series		
GRI 401: Employment		
Management approach		Workplace Culture
401-1	New employee hires and employee turnover	Voluntary employee turnover was 10.7% in 2017, compared to 9.9% in 2016.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Compensation and Benefits ; All benefits are generally provided to full-time and part-time employees.
GRI 402: Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes	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.
GRI 403: Occupational Health and Safety		
Management approach		Employee Health and Safety
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	Employee Health and Safety ; Baxter Data Summary
GRI 404: Training and Education		
Management approach		Employee Engagement
404-2	Programs for upgrading employee skills and transition assistance programs	Employee Engagement
GRI 405: Diversity and Equal Opportunity		
Management approach		Global Inclusion and Diversity
405-1	Diversity of governance bodies and employees	Baxter Data Summary ; Our Leadership
GRI 408: Child Labor		
Management approach		Responsible Procurement ; Baxter Global Human Rights Policy ; Baxter Code of Conduct ; Baxter Supplier Quality Standard ; Ethics and Compliance Standards for Baxter Suppliers ; Baxter Conflict Minerals Position Statement
408-1	Operations and suppliers at significant risk for incidents of child labor	Supplier Corporate Responsibility Survey ; Supplier Audits

Disclosure		2017 Reporting
GRI 400 Social Standards Series <small>(continued)</small>		
GRI 409: Forced or Compulsory Labor		
Management approach		Responsible Procurement ; Baxter Global Human Rights Policy ; Baxter Code of Conduct ; Baxter Supplier Quality Standard ; Ethics and Compliance Standards for Baxter Suppliers ; Baxter California Transparency in Supply Chains Act Position Statement ; Baxter Modern Slavery Statement ; Baxter Conflict Minerals Position Statement
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supplier Corporate Responsibility Survey ; Supplier Audits
GRI 414: Supplier Social Assessment		
Management approach		Managing Procurement Risks ; Supplier Corporate Responsibility Survey ; Supplier Audits
414-2	Negative social impacts in the supply chain and actions taken	Supplier Corporate Responsibility Survey ; Supplier Audits
GRI 415: Public Policy		
Management approach		Public Policy
415-1	Political contributions	Baxter 2017 Political Contributions Report
GRI 416: Customer Health and Safety		
Management approach		Product Innovation
416-1	Assessment of the health and safety impacts of product and service categories	Quality and Patient Safety ; Sustainable Design
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Baxter 2017 Annual Report
GRI 418: Customer Privacy		
Management approach		Privacy and Data Protection
GRI 419: Socioeconomic Compliance		
Management approach		Ethics and Compliance
419-1	Non-compliance with laws and regulations in the social and economic area	Baxter 2017 Annual Report



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In 2016, the Baxter International Foundation joined with the global humanitarian organization Direct Relief to launch Driving Your Health (Manejando tu Salud), a free mobile health program that deploys medical teams to communities throughout greater Mexico City with limited access to health services. In its first year of operation, the program has provided direct access to health services for more than 23,000 people, and has indirectly impacted nearly 140,000 people through medical consulting and educational resources.

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This report contains forward-looking statements concerning Baxter, including with respect to compliance, performance and initiatives. These statements are based on assumptions about many important factors, including the following, which could cause actual results to differ materially from those in the forward-looking statements: product development risks; continuity, availability and pricing of acceptable raw materials and component supply; failures with respect to compliance programs; accurate identification of and execution on R&D opportunities and realization of anticipated benefits; satisfaction of regulatory and other requirements; actions of regulatory bodies and other governmental authorities; changes in laws and regulations; product quality, manufacturing or supply issues; patient safety issues; and other risks identified in Baxter's most recent filing on Form 10-K and other SEC filings, all of which are available on Baxter's website. Baxter does not undertake to update its forward-looking statements.

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Recognition

Baxter is proud to be recognized by numerous global, national and local industry associations and publications around the world. These examples of the company's recent accomplishments highlight Baxter as an employer of choice, as a company that works to nurture an inclusive and diverse workplace, and as a socially responsible and sustainable business.

