

Baxter: Measuring ROI of Social Responsibility

Baxter



Company name: **Baxter International Inc.**
Location: Deerfield, Illinois
<http://sustainability.baxter.com>
Founded: 1931
Scope: Global (62 countries)
Employees: 48,500

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Longstanding Commitment to Sustainability

When it comes to sustainability, Baxter has an impressive winning streak. In 2009, for the fifth consecutive year, Baxter was recognized as one of the Global 100 Most Sustainable Corporations in the World—the only U.S. health-care company to earn that distinction since the list made its debut in 2005.

Several Baxter locations have garnered individual accolades as well, primarily in the areas of diversity and environmental initiatives. Because of its strategic approach to balancing business opportunities with social, economic, and environmental responsibilities, Baxter is also featured in the book *Green Biz: 50 Green, Profitable Companies Reveal Their Strategies and Successes*.

“A commitment to sustainability isn’t something new for Baxter. We established a formal environmental policy and program in 1977 and developed a formal ethics manual in 1989,” says Elaine Salewske, senior manager, corporate communications. She offers three strong examples of how Baxter works to integrate sustainability throughout its businesses and operations.

Environmental Financial Statement

How can a company effectively demonstrate to senior managers and external stakeholders the value of its environmental efforts? To answer that question, Baxter devised an Environmental Financial Statement (EFS). Issued annually since 1993, the EFS shows how Baxter’s initiatives—such as waste disposal, carbon offsets, remediation, recycling, and water conservation—positively affect its bottom line.

“By showing a return on investment, we show people the value of our global, proactive environmental program,” observes Salewske. “Having those numbers as back-up proves that doing something environmentally sound is not only right and good but also can lead to cost savings and cost avoidance.”

On average, Baxter has received a return of about \$3 for every \$1 it has invested in environmental programs. The calculation doesn’t include ROI that cannot be easily quantified, such as the reduced liability exposure resulting from the removal of potentially hazardous materials or the increased goodwill and brand value arising from Baxter’s reputation as a leader in sustainability.

Product Sustainability Review

In addition to developing biotechnology and pharmaceuticals, Baxter produces medical devices ranging from simple intravenous bags to complex dialysis machines. Since 2005, it has subjected every new medical device to a Product Sustainability Review (PSR)—a two-stage process that heavily influences a device’s research, development, and design phases.

“Early in product development, PSR serves as an initial screening to determine a product’s environmental aspects and any sustainability impact it might have,” Salewske explains. For example, do the materials, components, and energy usage of the potential device comply with existing and emerging governmental regulations? Does it meet customers’ expectations for health and safety and environmental performance?

During PSR’s second stage, Baxter uses computer modeling to analyze environmental impact

throughout a potential product's lifecycle. It looks at the materials used; how the product would be manufactured, packaged, and transported; and what could be recycled or reused at the end of the product's life. PSR results have prompted Baxter to make some changes, such as eliminating heavy metals from the design of a new machine and choosing lighter packaging for another device.

Sustainability Steering Committee

For years, sustainability initiatives were occurring throughout the company without centralized leadership to set and oversee strategy as a whole. In 2006, looking to better integrate all of its sustainability initiatives—including those related to environment, ethics and compliance, community support, product stewardship, diversity, and the supply chain—Baxter created a Sustainability Steering Committee.

Co-chaired by the vice president of environment, health, and safety and by the vice president of corporate communications, the steering committee began its work by developing nine sustainability priorities related to Baxter's employees, its operations and products, and the wider world. Next, the committee developed measurable goals to support the broad priorities. One priority, for example, is to strengthen access to healthcare. It includes the goals of establishing targets for

product donations to developing countries and of assigning a percentage of Baxter's total giving to support healthcare programs.

Each of the nine members has responsibility for one of the priorities and reports on progress at the committee's quarterly meetings. The entire group then discusses challenges and shares ideas.

"When people had ideas before, sometimes they didn't know where to take them next," says Salewske. "Now, the committee brings together people who might not normally talk to each other on a regular basis because their jobs are so varied. Yet all of their areas intertwine to support sustainability."

The company has designated the first week in June 2009 as the first Baxter World Environment Week. Scheduled to coordinate with World Environment Day (which Baxter discovered had far greater worldwide recognition than Earth Day), the week will promote Baxter's corporate priorities and goals, as well as encourage individual employees to contribute to sustainability both on and off the job.

The Baxter logo is displayed in a light blue, italicized sans-serif font. It is positioned on the right side of the page, partially overlapping a large, light green circular graphic element. The background of the page features several overlapping circles of varying sizes, some solid light green and some just outlines, creating a modern, organic feel.