2013 Sustainability at Baxter
Access to Healthcare

Improving access to healthcare is a global challenge. This issue is especially pressing in developing countries, where poor infrastructure, political instability, poverty, lack of education, restrictive regulatory environments, and inadequate availability and affordability of medical products can all limit access. Developing solutions requires cooperation among governments, non-governmental organizations, corporations, medical professionals and others.

Baxter produces life-saving and life-sustaining products and therapies in the form of biologics, devices and specialized pharmaceuticals (such as intravenous solutions and anesthetic agents) that are typically administered in a hospital or clinical setting. The company collaborates with government partners to expand access to quality care, while improving health outcomes and controlling costs. For example, Baxter partners with Hemobrás (Empresa Brasileira de Hemoderivados e Biotecnologia) in Brazil to provide people with hemophilia greater access to recombinant FVIII treatment. Learn more in the Advancing Public Health section.

In every aspect of its business, Baxter respects and is committed to fostering human rights, dignity and the diverse contributions of all. Baxter’s Global Human Rights Policy, which follows the Universal Declaration of Human Rights, details the company’s commitment in this area.

Baxter works to expand access to its products and technologies while also protecting its intellectual property to support its ongoing commercial success. Please see Baxter’s Annual Report Form 10-K for more information.

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Advancing Public Health

Baxter is committed to efforts that support the availability of its treatments for the patients who need them, and engages in creative collaborations that are helping to advance public health.

Through individual business units and corporate research and development (R&D), Baxter strives to provide new products as well as training and education to meet the needs of current and future patients around the world, including through educational efforts aimed at increasing the capabilities of physicians and other healthcare professionals. The company enters into private-public partnerships to share best practices in treatment and to collaborate with governments, companies and organizations to ensure patients have access to therapy and products. Additionally, the company’s business model innovation initiatives strive to better serve the needs of patients at the lowest end of the economic spectrum. Examples of Baxter’s latest efforts include:

Improving Care for Hemophilia Patients

As a leading manufacturer of hemophilia products, Baxter is committed to improving patient treatment and care. The company also works to provide medical professionals with educational opportunities to help pursue a bleed-free world. For example, Baxter improves access to care for hemophilia patients in the United States through its Bilingual Healthcare Educators program. This initiative offers peer-to-peer groups for Spanish-speaking hemophilia patients and their families, as well as educational events and resources on topics such as hemophilia basics, accessing care in the emergency room and keeping joints healthy. See Case Study: Families Touched by Hemophilia Receive Much-Needed Support in Spanish.

It is estimated that more than 10,000 people in Brazil are living with hemophilia A, and today the vast majority are treated with plasma-derived factor VIII therapy. To provide these patients with greater access to recombinant factor VIII (rFVIII) therapy, Baxter entered into an exclusive 20-year partnership in 2012 with Hemobrás (Empresa Brasileira de Hemoderivados e Biotecnologia), a public company dedicated to creating greater self-sufficiency in the production of life-saving therapies for people in Brazil with hemophilia, primary immunodeficiency disease, cirrhosis, severe burns, cancer and AIDS. Through this partnership, Baxter will be the sole supplier of Brazil's recombinant FVIII treatment over the next 10 years while the companies collaborate on technology transfer to support development of local manufacturing capacity. In 2013, Baxter advanced phase one and two of the process—product importation and packaging. Last year, a new FVIII product produced within the partnership, Hemo-8r, received regulatory approval. The rFVIII product began to be distributed to patients in all 27 states in the country, and more than 270 MIU of rFVIII was delivered to Hemobrás.

Expanding Access to Plasma-Derived Therapies

In 2012, Baxter entered into a manufacturing services agreement with Stichting Sanquin Bloedvoorziening (Sanquin Blood Supply Foundation), a not-for-profit organization responsible for the blood supply in the Netherlands, to provide additional plasma fractionation capacity in support of global demand for Baxter’s plasma-derived therapies. Baxter’s collaboration with Sanquin is an important step in addressing both the near and long-term needs of the patient community. Baxter will provide Sanquin with plasma, and pay Sanquin a fixed fee to process the plasma into bulk material for Baxter’s plasma derived therapies. The ten-year partnership is expected to result in up to 1.6 million liters of incremental additional plasma fractionation capacity annually to support global growth of plasma-derived treatments.

Collaborating to Share Best Practices in Treating End Stage Renal Disease

The program "Flying Angel," a partnership between Baxter China and the Chinese National Institute of Hospital Administration under the National Health and Family Planning Commission (former Ministry of Health), piloted in six provinces in China beginning in 2012. See Case Study: Improving Access to Renal Therapy in China. Throughout 2013, various kick off programs and meetings took place, and the pilot program is now being implemented in six provinces.

Baxter collaborated with the Department of Nephrology, Kuala Lumpur Hospital, to organize a roundtable meeting in October 2013 for a broad audience of government officials and officers of payment agencies and key nephrologists to discuss end stage renal disease (ESRD) therapy payment and reimbursement. The participants discussed the quality incentives and other measures that have benefited patient outcomes and cost-effectiveness and discussed the potential for Malaysia to work towards a policy that prefers peritoneal dialysis (PD).

Gambro, a privately-held global medical technology company and leader in dialysis products based in Lund, Sweden, which Baxter acquired in late 2013, introduced a hemodialysis education program called Gambro Renal Academy in the central region of Malaysia in late 2012. Baxter continued to roll out the program to other regions in the country in 2013 following the Gambro acquisition. To date, five educational sessions promoting awareness of best practices and patient care in the area of hemodialysis treatment have been conducted, reaching more than 140 nurses from 90 hemodialysis centers across the country.
Baxter is also constructing a new PD manufacturing facility in Thailand to support increased demand and access to care under Thailand’s “PD First” policy. This policy, in place since 2008, encourages PD as the first-line dialysis treatment option, when appropriate, for new ESRD patients.

In February 2013, Baxter announced it would provide St. Joseph’s Healthcare Hamilton, a hospital in South Central Ontario, Canada, with $250,000 over five years to provide chronic kidney disease patients with digital educational materials about treatment options. The program will include three phases:

• Patient First, which focuses on pre-dialysis information and education on PD and self management for home dialysis patients;
• Pathways to Empowerment, during which dialysis nurses provide patients with health coaching and teach health management techniques; and
• Plan-Do-Act, during which Baxter and St. Joseph’s monitor and evaluate whether the tools are meeting patient needs.

Educating Anesthesiologists
Improving education for anesthesiologists from developing countries is one of the greatest unmet needs in the field, according to the World Federation of Societies of Anaesthesiologists (WFSA). Since 2008, through a unique partnership with the WFSA through the WFSA-Baxter Scholarship, Baxter has sponsored high potential anesthesiologist trainees from developing countries to attend the World Congress of Anaesthesiologists as well as major regional anaesthesiology congresses.

Baxter also supported the development of a two-disc set of obstetric anesthesia teaching materials. The compact discs, available to anesthesia providers in developing countries, contain articles, lectures and refresher courses about safe and appropriate anesthetic management of obstetric patients. Since 2010, more than 3,000 compact discs have been distributed.

Addressing Product Shortages
The shortages that have occurred across the industry in recent years have involved myriad factors, including raw material shortages, shifts in clinical practices, individual company decisions to discontinue specific medicines, supply disruptions from one or multiple manufacturers which cause volatility in overall industry demand and supply, wholesaler and pharmacy inventory practices, changes in hospital and pharmacy contractual relationships with suppliers and wholesalers, adherence to protocols mandated by the FDA, natural disasters and manufacturing challenges. Clearly, drug shortages are complex problems that require broad-based solutions from all stakeholders. Baxter is committed to finding solutions to the drug shortage issue that are balanced and involve stakeholders across the supply chain and distribution spectrum.

Baxter has a longstanding commitment to increasing access to its treatments. Its extensive portfolio offers a number of options for clinicians and patients to address their supply needs through products or drugs that are similar but are available in a slightly different format (e.g. a premix intravenous formulation of a drug versus an injectable format that is in short supply). In fact, Baxter has remained the one continual supplier for a number of critical products that have experienced supply disruption.

In a number of instances over the last few years, Baxter has quickly responded to help minimize customer impact of competitive disruptions in supply of particular products and has sought to ensure patients continue to receive the life-sustaining therapies they needed. In some situations, Baxter has increased production or temporarily shifted production capability to increase supply of products, has made adjustments in inventory and supply chain and prioritized clinical access to vital products on an equitable basis in order to meet critical patient needs, has worked closely with regulatory authorities to seek approval for alternative products, and has collaborated with raw material suppliers to help address gaps that have occurred in supply.

One example of this is the increased demand for IV saline solutions that Baxter has experienced since August 2013, due in part to the decreased availability of such products from other suppliers. Baxter has been the one continuous supplier of IV solutions, and has been making every effort to help alleviate these supply constraints and meet the needs of acute and critical care settings and other customers.

Baxter’s primary goal is to ensure that patients’ needs for IV solutions are met. The company has taken a number of actions to enable continued access to products needed for critical patient therapies:

• Baxter has been manufacturing solutions at maximum capacity in amounts exceeding those of prior years and is making investments to further increase supply in 2014. In 2013, Baxter increased production capacity of IV solutions by 3% year over year and is investing in capacity to deliver 9% growth in 2014.
• The company is carefully managing inventory through a temporary allocation and fulfillment process in order to expedite product for urgent need. Product is being deployed and sourced through the company’s primary distribution centers in order to enable and support expedited shipping.
• Additionally, as a company with global resources, Baxter is working with regulators to explore alternative options within its supply chain to alleviate immediate, urgent needs.

Baxter is committed to offering products that help to improve patient outcomes. Helping patients who need the company’s treatments to access them is part of this commitment.

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We look forward to continuing to work with the FDA, government agencies and professional organizations and our customers to help in alleviating and coping with these disruptions.

Expanding Research and Development Presence and Developing Partnerships

Baxter’s presence in China and India also includes recent expansions of the company’s global research and development (R&D) footprint in those countries to accelerate growth and innovation and better serve patient needs in these fast-growing emerging markets. The increase in China and India healthcare spending between now and 2020 is projected to be 12% and 16% respectively, versus roughly 6% in the United States.

In 2013, the company constructed a new R&D facility in Suzhou, China, which now employs approximately 130 scientists and engineers, with plans to increase to 175 scientists by the end of 2014. Baxter also entered into new partnerships in India during the year, including an expanded collaboration with Syngene, an internationally reputed custom research and manufacturing organization, to establish that firm’s Baxter-dedicated research center in Bangalore, India. The global research center there now has approximately 110 Syngene employees working solely on Baxter projects, with plans to increase to 150 scientists by the end of 2014. In addition, an ongoing collaboration with HCL, a global leader in IT and engineering services based in India, for R&D engineering services has grown from approximately 120 engineers in 2013 to 200 engineers. Through these R&D projects and additional partnerships, Baxter aims to develop products for local and global patient needs which can be scaled worldwide.


Business Model Innovation

Through the process of business model innovation, Baxter strives to develop products and therapies that address the unique, unmet needs of patients around the world. In developing regions, these projects typically focus on factors such as poor infrastructure, poverty and lack of resources, which often limit access to healthcare. In addition, these new business models are designed with the intention of being reapplied to other emerging markets, thereby leveraging Baxter’s investment and expanding its impact more broadly to further reach patients worldwide.

In 2013, Baxter continued to advance its business model innovation projects in China and India through innovation hubs that address health needs in those emerging markets, such as hemophilia, renal disease and safe intravenous (IV) infusions. Read more about Baxter’s innovation hub leaders in these countries and their philosophy toward creating solutions for emerging markets in this interview.

Baxter is a member of the International Institute for Sustainable Enterprise and the International Partnership for Innovative Healthcare Delivery (IPIHD), a coalition affiliated with the World Economic Forum. Through these memberships, the company learns from leaders in the field about addressing emerging markets and innovating to find healthcare solutions. In 2013, Baxter was a sponsor of an IPIHD tour of India to study local emerging healthcare entrepreneurs and share best practices. Attending health system leaders observed operations and visited with innovators at four IPIHD health organizations in Bangalore and Hyderabad, learning about their approaches to pricing and operating models, technology, cost management, quality standards, organizational structure, attracting and retaining talent and community outreach.

Baxter’s Approach to Business Model Innovation

1. **Market Discovery**
   Employ market research methodology to determine customer needs

2. **Blueprinting**
   Develop a solution to address these needs, taking into account the full customer experience

3. **Prototyping and Piloting**
   Identify and test critical assumptions

4. **Scaling**
   If successful, expand the idea to reach a wider market
Product Donations

Baxter donates products to help improve access to healthcare worldwide. In 2013, the company contributed more than $34 million in products, including through patient assistance programs, to assist people in need in 81 countries (see map).

To maximize impact, Baxter donates items that recipient organizations have requested, such as intravenous (IV) solutions, hemostatic sealants, pharmaceuticals and hemophilia products. The company’s Global Community Relations team manages the process, guided by Baxter’s Global Product Donation Policy, which covers areas such as licensing, expiration and dating, accounting and tax laws, and export requirements. The team works with supply chain managers and others at Baxter to identify donation opportunities, matching available inventory to patient need.

Baxter’s proactive, strategic approach to product donations improves the efficiency and effectiveness of the process and facilitates timely, targeted support to communities in need. This approach also improves aid organizations’ ability to plan and respond to emergencies, since the donor organizations know in advance what to expect from Baxter.

During 2013, Baxter continued to work with its humanitarian aid partners — AmeriCares and Direct Relief — to pre-position products for emergencies as well as ongoing needs in underserved communities. AmeriCares, an international disaster-relief and humanitarian-aid organization, airlifts critical medicines, medical supplies and other aid to areas suffering humanitarian crises resulting from natural disasters or political strife. Direct Relief, a non-profit, non-sectarian humanitarian-aid organization, provides medical assistance to victims of poverty, disaster and civil unrest. Baxter collaborates with these organizations to develop a yearly product donation plan. This helps ensure that Baxter contributes most needed products to stabilize supply in least developed and developing economies, and that the company’s products are first on the scene following disasters and tragedies.

Baxter also began working with International Health Partners (IHP), an organization dedicated to improving access to healthcare and medicines in the developing world by partnering with companies in Europe to provide donated medical aid to organizations serving needy communities. Baxter began its collaboration with IHP to help facilitate product donations from its facilities in Europe. Baxter contributed products with long shelf lives to aid organizations including IHP in 2013 to provide organizations with a steady supply of medicines for ongoing support as well as critical therapies to offer in times of crisis. For example:

- **Jordan** — Injured refugees fleeing from Iraq and Syria received reconstructive surgery with the help of donated bone graft product from Baxter, facilitated by International Health Partners.
- **Malawi** — Direct Relief shipped Baxter products to the Bwaila Fistula Center, which enabled doctors to perform surgeries to repair obstetric fistula in an estimated 275 women. See [Case Study: Changing Women’s Lives through Fistula Repair Surgery](http://www.sustainability.baxter.com/access-to-healthcare/baxter-international-foundation.html).
- **Nicaragua** — AmeriCares provided Light of the World Charities with Baxter product for a medical mission plastic surgery trip to the country. In one case, surgeons provided a 70-year-old woman with corrective surgery for a cleft lip.

Pre-positioned to Assist in Aftermath of Natural Disasters

In 2013, pre-positioned Baxter products were on hand in countries that were impacted by, or still recovering from, natural disasters.

In November 2013, Typhoon Haiyan struck areas of the Philippines, killing thousands, displacing over four million people and causing widespread destruction. In response to the crisis, AmeriCares and Direct Relief provided Baxter’s on-hand pre-positioned products for use in relief efforts. Baxter supplemented these efforts by shipping additional needed products directly, including intravenous (IV) antibiotics and other IV solutions, lactated Ringer’s solution and sterile water. In addition, Baxter employees donated nearly $72,000 to Philippine relief efforts, which The Baxter International Foundation matched. Aiming to help not only with short-term urgent needs, but also with ongoing rebuilding efforts, The Foundation also committed grant funds toward maternal, child and elder projects to long-term recovery projects in the Cebu Province.

Torrential rains brought devastating flooding and landslides to Uttarkhand, India in June 2013, killing thousands of people—and leaving many more in need of medical assistance. AmeriCares India was one of the first organizations to respond, and used Baxter pre-positioned products in its relief efforts in the area—which included providing medical care to injured, developing medical camps, distributing care kits for mothers and children and implementing disaster preparedness training for social health workers.

Baxter’s prepositioned products also played a key role following other disasters and tragedies, such as the Oklahoma tornadoes during spring 2013, and in Jordan throughout the year in response to Syrian refugees fleeing the conflict in that region.
Today, areas of Haiti are still impacted by the earthquake that struck in January 2010 and the subsequent cholera outbreak. Baxter continues to partner with AmeriCares and Direct Relief to provide product donations to meet the ongoing health needs of local residents who continue to rebuild their lives in the aftermath of the disaster. Direct Relief has delivered nearly $5 million of Baxter products to Haiti since the incident.

World Federation of Hemophilia Global Alliance for Progress

Baxter also facilitates access to healthcare through support of non-profit organizations such as the World Federation of Hemophilia, dedicated to improving the lives of people with hemophilia and related bleeding disorders. Baxter is the founding sponsor of the organization's Global Alliance for Progress (GAP) program, which works to improve access to hemophilia diagnosis, care and treatment. 2013 marked the launch of the second phase of the program as it enters its second decade. Since its launch in 2003, 27,000 patients have been newly diagnosed with hemophilia in 21 GAP countries. The program has also enabled 11,800 patients, family members and national member association board members to be trained. The program has also led to the implementation of national hemophilia care programs in 18 countries, and the signing by ministries of health in 14 countries of memoranda of understanding that commit governments to a framework of hemophilia care and treatment delivery. There was also a cumulative increase in product supply of more than 2.9 billion international units.

To help ensure that underserved countries have sufficient factor replacement treatment, Baxter has donated more than 4.4 million units of product over the past three years through the World Federation of Hemophilia, as well as its humanitarian aid partners such as AmeriCares.¹ See Advancing Public Health.

Patient Assistance Programs

Baxter maintains U.S. patient assistance programs to help ensure continuous access to therapeutic products, for those who qualify, in the event of an insurance lapse.

Additionally, Baxter is a long-time supporter of Patient Services, Inc. (PSI), a non-profit organization that provides financial assistance to patients with rare disorders, to help them afford health insurance. Baxter contributes to PSI programs that support patients with bleeding disorders, alpha-1 antitrypsin deficiency (AAT) and primary immune disease.

Baxter continues to run the myPN Support program, a patient assistance program for U.S. citizens and legal residents in the United States that supports qualifying patients with continued access to certain parenteral nutrition (PN) drug therapies.

Medical Missions

When healthcare professionals travel overseas to provide charitable medical care to under-served populations, they often work in hospitals and clinics lacking modern surgical materials. Baxter's BioSurgery hemostatic and tissue sealant products as well as anesthesia products are some of the most requested Baxter products in these situations. During 2013, AmeriCares sent more than 300 shipments with Baxter sealant products to 45 countries in support of medical missions.


The Baxter International Foundation

The Baxter International Foundation's primary focus is increasing access to healthcare worldwide. In 2013, the Foundation donated $2.8 million (excluding future commitments) in 10 countries. This included over $770,000 to more than 800 organizations through the Foundation’s Dollars for Doers and Matching Gifts programs that support employees' philanthropic contributions. The majority of the grants resulted from recommendations from Baxter facilities and targeted programs that improve the quality and accessibility of healthcare for the disadvantaged and underserved in local communities.

Grants awarded in 2013 helped meet local needs to increase access to dental care, mental health care, and other healthcare services for children, the uninsured, and the elderly. Recipients included the following:

- **Canada** - Heart House Hospice, in Mississauga, Ontario, will use funds to support the salary of a community education and wellness coordinator who will help address the physical, mental and emotional wellness of clients and caregivers.
- **Colombia** - First Step Big Step (formerly known as To Love is to Give Ministries Inc.), in Cali, will add a nurse practitioner to its staff to help support its primary healthcare and early childhood development programs.
- **India** - Sightsavers International, in Delhi, will use funds to support multiple positions and field statisticians involved in year two of Vision Delhi, an initiative to strengthen primary eye care services in local area slums.
- **United States** - Ascencia, in Glendale, California, will use the grant to maintain a dedicated case manager to address the needs of the homeless and expedite appropriate placements and discharge plans following hospital visits.
Watch a [video](http://www.sustainability.baxter.com/access-to-healthcare/baxter-international-foundation.html) about Baxter International Foundation grants, or see a [complete list](http://www.sustainability.baxter.com/access-to-healthcare/baxter-international-foundation.html) of recent grants with additional detail.

The Baxter International Foundation also sponsors three prize programs, among the most prestigious in healthcare, that recognize organizations and individuals who demonstrate excellence in community service and healthcare research.

**Foster G. McGaw Award:** Each year, The Baxter International Foundation, in conjunction with the American Hospital Association (AHA) and Health Research & Educational Trust, presents the $100,000 Foster G. McGaw Award to a U.S. healthcare organization that delivers innovative programs to improve community health and well-being. See the [press release](http://www.sustainability.baxter.com/access-to-healthcare/baxter-international-foundation.html) about the 2013 recipient.

**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 recognize major contributions to public health through innovative research. See the [press release](http://www.sustainability.baxter.com/access-to-healthcare/baxter-international-foundation.html) about the 2013 recipient.

**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 to nursing knowledge development, application or discovery that produces sizable public benefit. See the [press release](http://www.sustainability.baxter.com/access-to-healthcare/baxter-international-foundation.html) about the 2013 recipient.

The Foundation also has a long-standing commitment to the education of employees’ children through scholarships. Each year, scholarship awards are presented on a merit basis. A neutral, third party agency evaluates applications on the basis of the students’ academic, extracurricular and employment accomplishments. Recipients receive a $1,000 cash award during the academic year for which they are selected. Scholarships may be renewed for up to three additional years. In 2013, the Foundation awarded 80 new scholarships. Of those, 58 students were from the United States and Puerto Rico, representing 14 states. The remaining 22 were from 15 different countries around the world. Additionally, in 2013, the program awarded 196 renewal scholarships. Of these, 152 students were in 22 states and Puerto Rico and 44 were from 17 different countries.