

Global Business Practice Standards

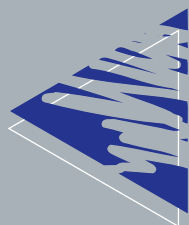
Integrity defines the structure of everything we do.

It guides our decisions and protects us with its strength.

For integrity to work, we need to know what it is, how it works,
and where it fits in our lives.

Integrity Works Here

Baxter



Integrity defines the structure of everything we do.

The triangle symbolizes strength and structure. The graphics we use throughout this publication use the triangle to illustrate the ethical dimensions and structural integrity of decisions we make.

- A triangle can be rotated to show differing views and understanding.
- It can be rendered as a solid image, line art, or in more than one dimension to demonstrate how information is processed differently, and still generate creative thinking.
- Through color, the triangle depicts in degrees of black, white or gray how we respond to the choices before us.
- Interlocking triangles represent the connections and relationships that support our structural integrity —the ability to drive ethical decisions and actions enhances the strength and viability of our company.

Assembled into a Baxter Globe consisting of multiple triangles, we create a world at Baxter that is built on integrity.

Integrity Works Here

What is integrity?

Is integrity saying what we mean? Meaning what we say?

Fulfilling our promises?

Is it an idea? A concept? The answer is all of that.

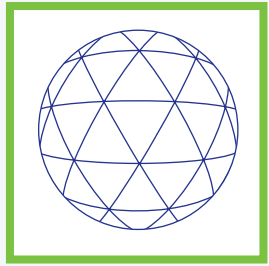
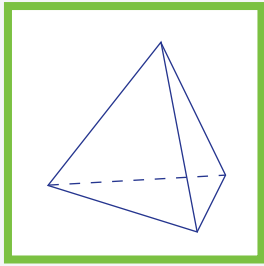
It can also become a structure for thought and action.

A way of thinking and being.

We all have our own sense of what ethics and integrity are. But because we are individuals, we each have our own ways of thinking of them.

To build a meaningful dialogue about integrity, and a meaningful way of putting it into practice in the workplace, we need to develop a common language. It is language that defines the role of integrity in the decision-making process with which we can all agree.

This book contains guidelines to help make integrity the core of everything we do. We can transform integrity from an ideal into a real, living, dynamic and proactive process. Then we can integrate it into everything we say and think and do.



A Message from Harry Kraemer

Our reputation and integrity are central to Baxter’s ability to do business worldwide. They allow us to gain respect and support from regional communities; they are cornerstones for competitive advantage; and they help us attract and retain people with high standards.

Of all our shared values, none is more important than integrity. It is the foundation for our long-term success. It also is the key ingredient in building and maintaining trusting business relationships, both internally and externally.

At Baxter, we are dedicated to enhancing a culture where people are committed to integrity, honesty, openness and fairness. The Corporate Responsibility Office and Regional Business Practice Committees were formed to do just that. They are responsible for communicating our business practice standards throughout the corporation and providing one-on-one coaching and guidance for employees and managers. They can help you analyze and address issues and communicate your concerns. They provide training in good business practices and monitor our compliance with the standards.

Baxter’s reputation is upheld and enhanced—or diminished—by personal decisions and actions and each individual’s sense of business ethics. This document—Baxter’s **Global Business Practice Standards**—is a practical guide to help us with the business practice issues we face as a dynamic, growing corporation. It helps explain the universal principles governing our business. It provides clarity about expectations, and it identifies resources that support these standards.

Read this document carefully. Be sure you understand its content and the consequences of non-compliance.

Of course, there is no way this manual can cover every conceivable circumstance. We depend on you to exercise intelligence, common sense and good judgment as you apply the principles in your work.

A reputation is fragile. It must be earned continuously. It must be guarded carefully. With your help Baxter will maintain its reputation worldwide. Your performance and commitment to conducting Baxter business in a manner consistent with our business practice standards and our shared values are essential to our success as the best team, best partner, best investment, and best citizen.



Harry M. Jansen Kraemer, Jr.
Chairman and Chief Executive Officer

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Who is responsible for Baxter's Business Practice Standards?

Ethical business practices are a joint responsibility of managers and employees.

Baxter's corporate reputation is achieved by our individual business conduct. Every day our co-workers, customers, suppliers, investors, and the communities in which we live and work evaluate us. Every interaction is an opportunity for us to demonstrate that integrity is central to our business success—that "INTEGRITY WORKS HERE."

Ethical business conduct is part of everyone's job. We do not change our standards because competitors behave differently. We do not change our practices to meet financial goals.

Personal Responsibilities

Each of us is responsible for the integrity of our own work. This document outlines Baxter's customary workplace standards and business practices. Baxter's policies and procedures provide additional, more specific guidance.

Each employee must acknowledge receipt of this manual and confirm that they will follow the standards. In addition, some employees are asked to confirm that they understand and comply with these standards through the annual "Certificate of Integrity and Compliance" process.

This document is not an employment contract between Baxter and its employees. Because the standards and the supporting policies and procedures may change from time to time, we are each responsible for knowing and complying with the current laws, rules, regulations, standards, policies, and procedures that govern our work. The most current version of this document can be found on the "Business Practices" homepage on Baxter's Intranet. This document also is posted on Baxter's external website.

If we fail to comply with applicable laws, rules, regulations, standards, policies, and procedures, we risk being disciplined or terminated. If we break the law, we also may be personally liable.

We also are individually responsible for reporting wrongdoing. If a law or company policy has been broken, report it promptly. Inform your supervisor or another suitable company representative of any departure from our policies. If necessary, assist in investigating the alleged violations. Use the processes described in the section of this manual titled "What to Do if You Have a Concern About Business Practices."





Manager's Responsibilities

Baxter managers are responsible for maintaining an ethical climate.

Every Baxter manager must:

- ▲ Explain to their employees why compliance with these standards is important.
- ▲ Encourage discussion of business practice standards and situations.
- ▲ Respond promptly and properly to concerns employees raise.
- ▲ Protect employees against reprisals when they report, in good faith, actions they feel violate the law or these standards.
- ▲ Ensure that significant business practice issues are shared with the Corporate Responsibility Office.

Managers are accountable if their employees break the law or these standards.

Baxter's Board of Directors, Public Policy Committee, and Corporate Responsibility Office Responsibilities

The Public Policy Committee of Baxter International's Board of Directors is responsible for reviewing and evaluating the company's policies and practices to ensure that they are consistent with Baxter's social responsibility to act with integrity as a global corporate citizen to employees, customers, and society. As part of that responsibility, the Public Policy Committee oversees Baxter's global business practice standards.

To assist the Public Policy Committee in carrying out these responsibilities, the Board of Directors created a Corporate Responsibility Office (CRO) in 1993. The company's Vice President for Business Practices and the CRO are accountable directly to the Public Policy Committee and regularly report to the committee about business practice matters.

Regional Business Practice Committees (RBPCs)

To carry out its activities on a global basis, the CRO established Regional Business Practice Committees. Through the CRO, the RBPCs also are accountable to the Public Policy Committee of the Board of Directors.

No Retaliation Policy

No one will be punished for asking about possible breaches of law, regulation, or company policy. Any allegation of a reprisal will be investigated. Baxter managers, as well as the Corporate Responsibility Office and Regional Business Practice Committees, enforce this policy.

To learn more about the topics in this section, visit the "Business Practices" homepage on Baxter's Intranet and read Baxter's "Management Policy on Business Practices."

What to Do if You Have a Concern About Business Practices

We are not experts in all areas. From time to time, we may need advice or assistance in order to resolve an issue.

Managers or supervisors typically should be the first people we ask for help. If you are not comfortable discussing an issue with your manager, other resources are available.

The chart on the next page illustrates the processes for resolving business practice inquiries. Start by reviewing the issue with a manager or supervisor.

Function managers in local organizations, business units or corporate staff often provide guidance on business practice matters. These resources include:

- ▲ Controller
- ▲ Human resources
- ▲ Legal counsel
- ▲ Auditor
- ▲ Quality manager
- ▲ Environmental health and safety managers

If you, your manager, and your function managers cannot resolve an issue, the next step is a review with the Regional Business Practice Committee. The Committee members also can help if you, your manager, or a function manager cannot agree on a course of action or would like to discuss any issue further. Committee members can be contacted by phone, by e-mail, or by mail. Questions can be raised confidentially or anonymously.

The individual members of the Corporate Responsibility Office and the Corporate Business Practices staff are resources for additional guidance. Permanent members of the Corporate Responsibility Office include the Vice President of Business Practices, who reports to the Public Policy Committee of Baxter’s Board of Directors, and the Vice President of Corporate Audit, who reports to the Audit Committee of Baxter’s Board of Directors. Questions can be raised and reports can be made confidentially or anonymously.

Names and telephone numbers for the current members of the Regional Business Practice Committees and Corporate Responsibility Office, as well as Corporate Business Practices, are available on the Baxter Intranet under “Business Practices.” A toll-free helpline number is available in many Baxter locations (1-877-229-8373). Written correspondence can be sent to the Corporate Responsibility Office at its post office box (P.O. Box 154, Deerfield, IL 60015) or through the Business Practices website on Baxter’s intranet. Telephone calls also can be made to Corporate Business Practices (1-847-948-4964).

Note that “business practice issues” are the topics covered in this document. In addition, “significant business practice issues” as defined in Baxter’s *Management Policy on Business Practices* always should be discussed with the Regional Business Practice Committee and the Corporate Responsibility Office.

To learn more about the topics in this section, visit the “Business Practices” homepage on Baxter’s Intranet and read Baxter’s “Management Policy on Business Practices.”



Employee Seeking Guidance or Reporting Potential Violation

Discuss with supervisor or manager

or

Contact local business resource

(i.e., law, human resources, audit, finance, or any other functional resource listed in the business practice standards or designated by the business)

or

**Contact your
Regional Business Practice Committee**

(Visit the “Business Practices” homepage on Baxter’s Intranet for a list of current members and contact information)

or

**Contact the
Corporate Responsibility Office**

through the Business Practice Standards Helpline
U.S., Canada, Puerto Rico 1.877.229.8373
Outside North America 1.847.948.4964
or write to:

Corporate Responsibility Office
Baxter International Inc.
P.O. Box 154
Deerfield, IL 60015

Fax 1.847.948.2867
Business Practices website:

<http://corporate.inbaxter.com/businesspractices/>

**Public Policy Committee of Baxter’s
Board of Directors**

Asia

*Asia
Regional
Business Practice Committee*

Europe

*European
Responsibility Office (ERO)*

Japan

*Japan
Regional
Business Practice Committee*

Intercontinental

*Intercontinental
Responsibility
Office (IRO)*

**U.S., Canada, Caribbean and
Costa Rica**

*U.S., Canada, Caribbean and
Costa Rica
Regional Business Practice
Committee*



Integrity in *action*

How do we retain our integrity?

Guidelines, rules, and policies do not make us honest. They only mark the pathway we should follow. Each one of us must make our own decisions, based on our own values and courage. Only when we make ethical behavior a reflex action as natural as breathing will we truly possess **integrity**.

Integrity must be the starting point for everything we do. When we make decisions we base them on our sense of what is right and wrong. The standards we set for ourselves are the measure of what we do. As long as we are true to our ideals, then we know that what we do will be the right thing. In the long run, integrity **works**.

Integrity is not easy. It doesn't allow us to take shortcuts. It may mean accepting a short-term sacrifice to create a long-term benefit. Integrity can sometimes even make us temporarily unpopular. When we encourage and support each other in making the right decisions, integrity is no longer difficult. It becomes the norm that we all follow and the bond that holds us together. It is up to each of us to create a place where we can proudly say, "INTEGRITY WORKS **HERE**."

Assets, Information, Records, and Methods of Communication

Accuracy

Accurate business records are crucial. They are used for decision-making and strategic planning. They also are the basis for earnings statements, product registrations, reports to governments, and public disclosure documents.

Baxter is committed to full, fair, accurate, timely and understandable disclosure and communications. Use good judgment and common sense when preparing any company record. We must record and report facts accurately, honestly and objectively. This includes but is not limited to:

- ▲ Time worked
- ▲ Business expenses
- ▲ Research test results
- ▲ Production data
- ▲ All other business-related activities
- ▲ Accounting entries and adjustments
- ▲ Financial statements
- ▲ Documents filed with governments

Financial records must be accurate in all material respects. Do not make any false or unsupported entries. Do not hide or fail to record any funds, assets, or transactions. All financial books and records must conform to generally accepted accounting principles. Those standards and any implementation procedures are outlined in Baxter’s *Financial Policies and Procedures* manual. All employees have the responsibility to maintain Baxter’s system of internal controls

These obligations apply to all employees with responsibility for preparing business records, including Baxter’s senior financial team, the Executive Management Team, and its CEO. Raise any concerns about the accuracy of business records immediately, using the processes described in the section of this manual “What to Do if You Have a Concern About Business Practices.”

To learn more about this topic, visit the “Corporate Controller’s” homepage on Baxter’s Intranet.

Communications with the Media and Investors

The news media and the financial community are important links to Baxter’s internal and external audiences, including:

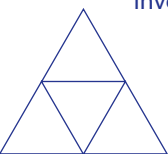
- ▲ Employees
- ▲ Existing and potential customers
- ▲ Patients
- ▲ Clinicians
- ▲ Investors
- ▲ Government officials

What is said or written about the company can impact Baxter’s reputation, positively or negatively. We place great importance on maintaining effective relationships with the news media and the investment community. We try to maintain the company’s credibility by providing information to the media in a timely, accurate and consistent manner.

Inquiries related to a business unit or product are handled by the global communicator within that business unit. Inquiries that are financially related, cover multiple geographies or business units, or have the potential to positively or negatively impact the total corporation are handled by corporate communications, along with business unit and regional communicators. All inquiries from national or international media should be coordinated with corporate communications.

For the financial and investment communities, all inquiries should be handled by the corporate investor relations department.

To learn more about this topic, visit the “Corporate Communications” homepage on Baxter’s Intranet.



Company Assets

Baxter provides us with a place to work and with the tools to do our jobs. In return, we are expected to respect and protect company assets, including:

- 
- ▲ Facilities
 - ▲ Computers
 - ▲ Inventory
 - ▲ Proprietary information and trade secrets
 - ▲ Patents, trademarks and copyrights
 - ▲ Office supplies
 - ▲ Equipment
 - ▲ Products
 - ▲ Confidential information

This property may be used only for company business, unless approved by management.

Copying software, tapes and books or downloading, distributing, or reproducing copyrighted information from the Internet may violate copyright laws and is a potential financial and legal liability for Baxter. Baxter's Information Management Center (IMC) can provide additional information on copyright restrictions.

To learn more about this topic, visit the "Medication Delivery Legal Page" (which can be accessed through the "Law Function" homepage on Baxter's Intranet), the "Copyright@Baxter homepage" and read about "copyrights," and the "Global Privacy Practices website" to learn about Baxter's Data Privacy & Security Policy and Resources.

Competitive Information

In our very competitive business, information is valuable. We always need to learn more about our competitors, suppliers and customers. But we must be ethical about how we acquire that information. For example, competitors' prices should be obtained from sources other than competitors, such as published lists.

Our actions must be honest, fair and within the law. Do not request or use information that breaks laws regulating:

- ▲ Fair competition
- ▲ Proprietary information and data
- ▲ Antitrust
- ▲ Confidential relationships between employees and employers

Confidential Information, including Proprietary Information and Trade Secrets

"Confidential information" is a valuable asset. It includes facts, data and knowledge that have not been disclosed to the public.

Confidential information that has commercial value to competitors or to others who have an interest in doing business with Baxter is sometimes referred to as "proprietary information" or a "trade secret."

Many different types of information have value because they are maintained in confidence. Such information includes unpatented technology as well as non-technical data such as financial, marketing, and strategic information.





Examples of confidential information, proprietary information, and trade secrets (“confidential information”) include:

Technical

- ▲ Design specifications
- ▲ Formulations
- ▲ Compilations of data
- ▲ Unsuccessful research
- ▲ Research and development data
- ▲ Blueprints
- ▲ Prototype devices
- ▲ Computer programs
- ▲ Engineering designs
- ▲ Inventions

Financial

- ▲ Pricing
- ▲ Budget forecasts
- ▲ Profit margins
- ▲ Costs

Manufacturing

- ▲ Manufacturing methods, techniques, and processes
- ▲ Plant layouts
- ▲ Manufacturing forecasts
- ▲ Unfinished materials
- ▲ Standard Operating Procedures (SOPs)
- ▲ Manufacturing failures

Human Resources

- ▲ Employment data
- ▲ Personnel files
- ▲ Wage and salary data
- ▲ Employee medical records

Sales/Marketing

- ▲ Customer lists and related information
- ▲ Marketing strategies
- ▲ Personally identifiable information provided via Baxter’s website
- ▲ Identity of vendors
- ▲ Patient information
- ▲ Customer pricing

Strategic

- ▲ Regulatory plans
- ▲ Planned business or product acquisitions or divestitures
- ▲ Strategic plans

Supplier

- ▲ Quality data
- ▲ Supplier lists and related information
- ▲ Pricing





Confidential information needed for your job should be used only for that purpose. This information should be shared only with other employees who need it to do their jobs.

Confidential information must not be given to persons outside Baxter. If you have a need to share confidential information with others outside Baxter, a confidentiality agreement and/or prior approval from legal counsel is required. Confidentiality agreements with others protect Baxter's interest in its confidential information. The types of people with whom we should not share confidential information without approval include:

- ▲ Competitors
- ▲ Customers
- ▲ Contractors
- ▲ Suppliers
- ▲ Consultants
- ▲ Audiences at meetings where Baxter representatives are presenting and non-Baxter representatives are present

Employees with access to confidential information must protect it. Be cautious about discussing confidential company business wherever you may be overheard. Be careful when discussing confidential information on cellular or cordless phones and when sending confidential information over the Internet because information can be intercepted easily. Make sure to remove confidential information from meeting rooms, photocopy machines, and your desk at night. Be cautious about displaying confidential information in public places, including on airplanes and at pay phones. Keep your computer in a secure place, and use a password to limit access to the information stored on it. Limit Baxter-specific information when presenting to audiences that include people outside Baxter.

Confidential information remains confidential. It should not be shared even after you no longer work for the company.

The actual or possible disclosure of confidential information should be reported to a member of the law function. The law function representative will then consult with business unit management to determine an appropriate course of action.

We also have a responsibility to limit our receipt of confidential business and/or technical information from people outside Baxter. Do not sign a confidentiality agreement with another organization before legal counsel reviews it.

To learn more about this topic, visit the "Law Function" homepage on Baxter's Intranet and read "Confidentiality Agreements—Policies and Procedures," the "Intellectual Property" homepage on Baxter's Intranet for general intellectual property information, and "Baxter's Global Privacy Practices" homepage on Baxter's Intranet and read "Baxter's Employee Privacy Principles" and "Employee Privacy Procedures."

“Inside” Information and Securities Trading

We are encouraged to invest in Baxter common stock as an excellent way to share in the company’s success. When buying or selling company stock, all employees and others living in their households must be mindful of legal limitations on trading as well as Baxter policy.

What Are the Limitations on Trading?

We may have knowledge about the company’s business that other investors do not have. This may create an unfair advantage if we buy or sell stock or other securities. Therefore, any “material, non-public information” that any employee acquires on the job about Baxter or any other company should not be used to buy or sell securities or otherwise used for personal gain. This “material, non-public information” should be treated as confidential and should not be shared with anyone else. These restrictions also may apply to the stock or securities of companies negotiating, competing, doing business or seeking to do business with Baxter. In addition to possible Baxter disciplinary action, violation of these rules could also result in criminal prosecution and/or civil penalties.

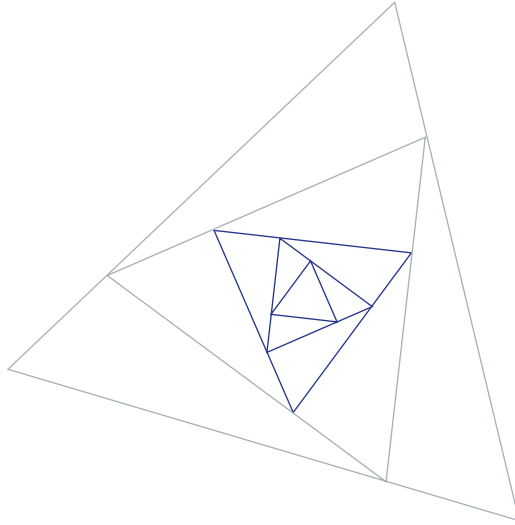
What is “Material, Non-Public Information”?

“Material” information is any news or fact that a reasonable investor would consider important in deciding to buy, sell or hold securities. The “materiality” of the information must be viewed in light of the impact the information could have on Baxter *as a whole* as opposed to the affect on a particular business unit or region. Examples include information about:

- ▲ Acquisitions or divestitures of businesses, product lines or technology
- ▲ New products, processes or research initiatives
- ▲ Earnings figures and trends or other corporate financial information
- ▲ Important litigation, contract, or joint venture information
- ▲ Imminent regulatory actions

Information becomes “public” after a company announcement is widely distributed and investors have had an opportunity to evaluate the information. If you have any questions about whether information is “material” or “public,” consult the General Counsel or Corporate Secretary.





Additional Requirements for “Insiders”

The most likely people to be in possession of “material, non-public information” or to be charged with insider trading are Baxter’s board of directors, executive officers and certain other designated individuals. These “insiders” must receive clearance from the General Counsel or Corporate Secretary prior to buying or selling Baxter stock. An “executive officer” is an officer of Baxter or one of its subsidiaries who is required to report his or her Baxter stock holdings and transactions to the Securities and Exchange Commission. Other designated individuals are made aware of their “insider” status by the Corporate Secretary.

Short-term trading activities and option transactions increase the potential for improper use of insider information. Therefore, “insiders” and any employee with a title of “vice president” or above may not write “put” or “call” options or otherwise buy or sell options on Baxter stock.

Executive officers and members of the board of directors may hold shares in a broker’s name only if they provide written notice and report any changes in these holdings to the Corporate Secretary.

To learn more about this topic, visit the “Law Function” homepage on Baxter’s Intranet and read “Baxter’s Securities Trading Policy.”

The Internet, Baxter's Intranet, and Other Electronic Media

The Internet and Baxter's Intranet are powerful communication and information tools. Use them, and other electronic media including the electronic mail system, to serve the business interests of Baxter. (Refer also to the "Confidential Information" policy in this document.)

Safeguard the privacy of Baxter's website users by obtaining their consent when gathering personal information. The personal information should be used only for purposes agreed to by the user.

Baxter has the ability and reserves the right to monitor all electronic communication.

To learn more about this topic, read Baxter's "Electronic Media Use Policy," visit the "Information Technology Security website" on the Intranet and read Baxter's "Internet Use Security Standard," and the "Global Privacy Practices website" to learn about Baxter's Data Privacy & Security policy and resources.

Record Retention and Storage

Save business unit records, including electronic data, only for the time specified in your business unit or function record retention and storage guidelines. Ask your business unit or function representatives for a copy.

To learn more about this topic, visit the "Corporate Controller's," "Human Resources," or "Law Function" homepages on Baxter's Intranet and read about "record retention" and "electronic data handling."



A place for *creative thinking*

How do we turn integrity into a living process?

By applying the principles of creative thinking.

- ▲ By learning to strike a balance between introspection and outward communication, between thinking and action, between knowledge and wisdom.
- ▲ By pulling ideas and issues apart and putting them together again.
- ▲ By looking at the small picture and the big one.
- ▲ By learning to really see.

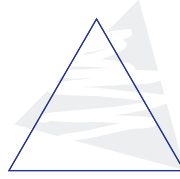
By acknowledging that how we think and act depends on our own perspective.

- ▲ By learning to shift reference points, and think about those who are on the receiving end of our decisions.
- ▲ By becoming more conscious of the way we define or frame issues.

By learning to recognize the elements of a particular situation that recall similar situations or events.

- ▲ By synthesizing the knowledge and wisdom that we've gathered throughout our lives with new ideas we've been exposed to.

By internalizing these creative thinking tools, integrity and ethical action become second nature—always present and as unconscious as breathing. It makes us more successful at communicating, resolving conflicts, and making choices.



Bioethics

Baxter believes that biotechnology can provide significant benefits to humankind and that these technologies carry with them responsibilities to the public. Any Baxter decision to commercialize a biotechnology-derived agent or therapy will receive careful consideration of the risks and the benefits of the technology to society in light of the information available. The ability to perform an activity will not automatically justify the activity. As a company, these principles and processes govern our efforts to research, develop, and provide critical therapies for patients worldwide.

Bioethics Guiding Principles

Baxter places the highest priority on the safety and efficacy of our products, and we support government agencies in safeguarding the health and well being of people throughout the world.

Baxter listens to and considers feedback from the public and responds to concerns about the social, ethical, and technical application of biotechnology in the research, development, manufacture, and sale of our therapies. Baxter's response to these concerns will be based on ethical considerations and scientifically sound hypotheses, theories, and data.

Baxter actively participates in public discussions and professional forums promoting science-based policies and regulations that serve the public interest as an ethical priority.

Baxter will determine whether the potential benefit of applied biotechnology to individuals and society outweighs the risks. Baxter will seek to identify relevant risks and find ways to minimize those risks.

Baxter will ensure that any research undertaken by Baxter or at its direction is designed to produce valued health enhancements or advancement of scientific knowledge.

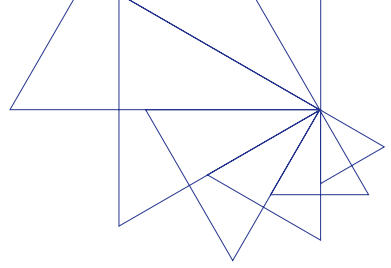
Baxter adheres to accepted ethical and professional standards in the research, development, manufacture, and sale of our products to the medical marketplace as well as ethical standards of medical practice. These are represented by, but not limited to, documents such as the following:

- ▲ Guidelines for Good Clinical Practices, Good Laboratory Practices, and Good Manufacturing Practices
- ▲ Nuremberg Code
- ▲ Declaration of Helsinki
- ▲ International Conference on Harmonization
- ▲ International Ethical Guidelines for Biomedical Research Involving Human Subjects
- ▲ National Institute of Health Guide for the Care and Use of Laboratory Animals

Baxter is sensitive and responsive to concerns related to the conduct of research on human subjects. Specifically:

- ▲ Baxter seeks to ensure the dignity, privacy and safety of those participating in clinical trials.
- ▲ Baxter will maintain appropriate confidentiality of personally identifiable medical and genetic information.
- ▲ Baxter supports the process of informed consent and is cognizant of and responsive to circumstances that might impact this process.
- ▲ Baxter requires independent review and approval by individuals unaffiliated with our clinical research (e.g., Institutional Review Board, granting agencies, data and safety monitoring boards, medical advisory boards) before and during human subject research.
- ▲ Baxter will ensure the scientific rigor of all clinical research.

Baxter recognizes that protecting the environment and maintaining the biological diversity of our planet is of vital importance to human life. Baxter believes in the importance of maintaining global biodiversity and sustainable use of global resources.



Framework for Application of Bioethics Guiding Principles

Baxter’s planning processes, policies, and procedures consider these “Bioethics Guiding Principles” as we carry out research and develop, manufacture, and sell our products.

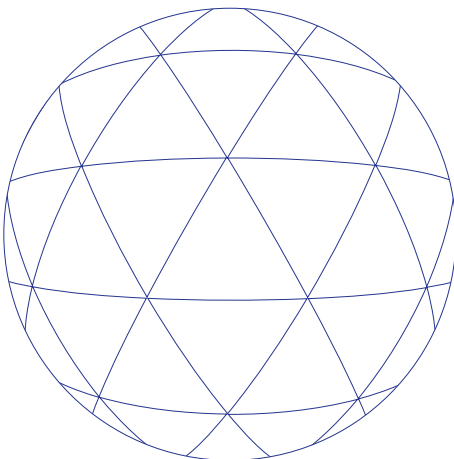
Baxter will assess the potential risks and benefits of proposed research and development. Research and development is justifiable where:

1. The potential risks to individual subjects are minimized.
2. The potential benefits to individual subjects are enhanced.
3. The potential benefits to individual subjects and society are proportionate to or outweigh such risks.

Baxter’s Executive Management Team, through the application of the “Bioethics Guiding Principles” and with the advice of appropriate scientific and ethical advisors, will make the final decision on whether to proceed in areas that require a consideration of bioethical issues.

Review

This bioethics policy, and the decisions that have been made under its guidelines, will be reviewed and revised as appropriate based on technological advancements, legal and regulatory changes, and current social and ethical considerations.



Conflicts of Interest

Our work at Baxter is our first responsibility. A conflict of interest arises when our personal interests or activities influence, or appear to influence, our ability to act in the best interests of Baxter. Entering into an arrangement that conflicts with your responsibility to Baxter must be avoided. Some situations that could cause a conflict of interest include:

- ▲ Doing business with family members.
- ▲ Having a financial interest in another company in our industry.
- ▲ Taking a second job.
- ▲ Managing your own business.
- ▲ Serving as a director of another business.
- ▲ Being a leader in some organizations.

We must disclose actual or potential conflicts of interest and discuss them with management. Any activity that is approved, despite the actual or apparent conflict, must be documented.

Family Members

A conflict of interest may arise if family members work for a supplier, a customer or Baxter competitor. It also may be a conflict if a family member has a “significant financial interest” in a supplier, customer or competitor of Baxter. A “significant financial interest” is defined in the “Ownership in Other Businesses” policy of this document. Before doing business with an organization in which a family member works or has a “significant financial interest,” disclose the situation to your business unit manager and discuss it with them. Document the approval if it is granted.

“Family members” include your:

- ▲ Spouse
- ▲ Brothers or sisters
- ▲ Parents
- ▲ In-laws
- ▲ Children
- ▲ Life partner



Outside Employment

Any outside activity must be totally separate from company work. This includes a second job or self-employment. We should not use company time or other employees' services for outside activities unless management specifically authorizes it. For example, we may be permitted to do certain volunteer work on company time.

Ownership in Other Businesses

Our investments can cause a conflict of interest. We should not own, directly or indirectly, a "significant financial interest" in any company that does business with Baxter. An investment in a competitor, or in companies that seek to do business with Baxter, also can be a conflict.

Two tests determine if a "significant financial interest" exists:

- ▲ The employee or "family member" owns more than 1% of the outstanding capital of a business.
- ▲ The investment represents more than 5% of the total assets of the employee or "family member."

Investments that cause a conflict of interest are prohibited. Exceptions require written approval from your business unit's legal counsel.

Service on Boards

Serving as a director of another corporation may create a conflict of interest. Being a director or on a standing committee of some organizations, including government agencies, also may create a conflict. A conflict of interest may exist if the board service is an assigned part of your job or if the board service is unrelated to your job.

Before accepting an appointment to the board or a committee of any organization whose interests may conflict with Baxter's, discuss it with your supervisor. Obtain approval from the General Counsel or Corporate Secretary before accepting an appointment for which you will be paid. Consult with the General Counsel or Corporate Secretary for additional information.



Thinking *colors* our decisions

How does the way we think affect the way we act?

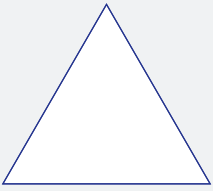
How we think about things colors the way we respond to information and the choices we make when we take action. When we think and talk about integrity and ethics we use metaphors, but we don't use the same metaphors all the time. The metaphors we use shift and change, depending on the situation.

Sometimes we frame things using terms borrowed from economics or bookkeeping. We talk about what we owe each other, the idea of *accountability*, being *indebted* to our employers or our teammates or our customers, of making sure our actions *add up*, of needing *checks and balances*.

Sometimes we use space as a metaphor: We talk about *high mindedness*, being *above* reproach, offering *uplifting* insights.

Sometimes we use color. We imagine *black* and *white* issues, or finding ourselves in a *gray* area.

There are no right or wrong metaphors. By being aware of how we use them, we can choose metaphors that fit the situation better. When we share our "framing metaphors" with the people we work with, we all end up with a bigger, fuller, more robust set of tools for thinking our way through to the right action.



Contracting with Third Parties

Baxter occasionally uses outside people or organizations to help conduct its business. They may be called:

- ▲ Agents
- ▲ Representatives
- ▲ Consultants
- ▲ Independent Contractors
- ▲ Contractors and sub-contractors
- ▲ Distributors
- ▲ Suppliers

We must take special care to ensure these representatives of Baxter are reputable, qualified and do not create conflicts of interest. The business practice standards and behaviors of these third parties should be taken into account during selection. Consider past violations of the law in the review.

Agents and Representatives

Because agents and representatives can make binding commitments for Baxter, any agreements with them must be in writing.

Agents and representatives must observe the same standards of conduct as employees. Include this in their written agreement. Give them a copy of Baxter's *Global Business Practice Standards*.

We cannot use an agent or representative to do anything Baxter policy prohibits. For example, we may not conceal improper or illegal payments by passing money through an agent or representative or by granting larger than normal profits to an agent or representative.

“Independent Contractors”—

Consultants, Contractors, Distributors, and Other Intermediaries

Generally “independent contractors” have their own business standards. Although Baxter cannot control their behavior, we will not tolerate their illegal actions. Baxter will not impose its standards on independent contractors beyond those in their written contract or agreement.

Independent contractors should be given Baxter’s *Business Practice Standards for Suppliers*. They also should be told that Baxter employees are accountable for doing business according to these standards. Baxter’s *Business Practice Standards for Suppliers* should be included as part of any written agreement.

Suppliers

Baxter’s partnership with suppliers requires us to clearly define requirements, exchange information, and share mutual benefits. Suppliers must be evaluated and approved before any materials, components, products, or services are purchased from them. Evaluation and approval standards are in Baxter’s “Supplier Management Reference Document.”

Suppliers should comply with Baxter’s *Business Practice Standards for Suppliers*. Suppliers also should be told that Baxter employees are accountable for doing business according to these standards. Baxter’s *Business Practice Standards for Suppliers* should be included as part of any written agreement.

To learn more about this topic, visit the “Purchasing and Supplier Management” homepage on Baxter’s Intranet or “Doing Business with Baxter/Suppliers” at Baxter.com.

Employment Practices

Baxter’s employment practices are guided by our commitment to treating all employees with dignity and respect. We believe in the value of workplace diversity, and in living our “Shared Values.”

Illegal Drugs or Alcohol

Employees are expected to report to work free from the influence of illegal drugs or alcohol and in condition to perform their duties. No employee can have an illegal drug in his or her system while on the job. Employees cannot use, possess, or sell illegal drugs on company property. To keep a drug-free workplace, Baxter may require employees to take drug tests if allowed by national and local laws.

Minimum Hiring Age/Child Labor

Baxter does not produce or manufacture goods using forced or indentured child labor. Regular full-time employees at Baxter are at least 18 years of age. In some countries, part-time work, summer jobs, or apprenticeship programs may exist for younger individuals as part of a regulated or supervised program that balances the person’s educational and social development.

Support for Work and Life Balance

Baxter respects employees as individuals. It encourages a healthy balance of work and personal life, mindful of business needs. Managers and employees should work together to meet this goal.

Workplace Diversity and Fair Employment Opportunity

Baxter is committed to fair opportunity for all employees. It seeks to unite a culturally diverse workforce. Each employee is recognized as an important member of a worldwide team. We will not tolerate workplace discrimination.

Any discrimination should be reported to the employee’s supervisor, human resources representative, or any management employee. Employees are not required to report discrimination to a supervisor who is alleged to have engaged in discrimination.

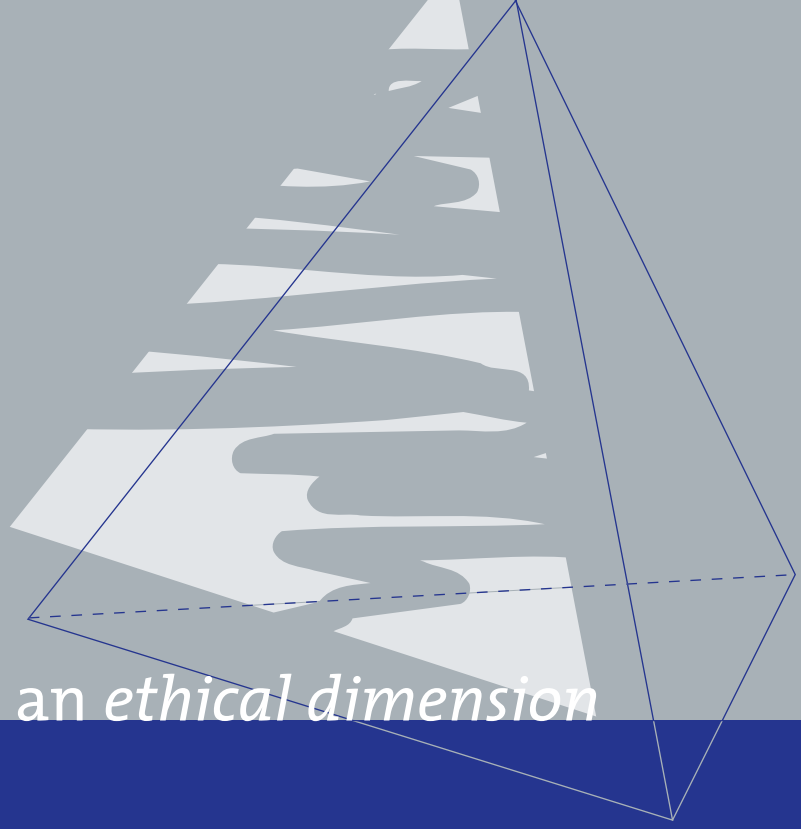
Workplace Harassment

Baxter does not permit intimidation or hostility. We will not tolerate any behavior that might harass, disrupt or interfere with another person’s ability to work. Unacceptable behavior includes verbal, non-verbal, and physical attacks.

Anyone who feels they have been harassed should ask the person offending them to stop. Let them know the action is unwelcome. Any harassment also should be reported to the employee’s supervisor, human resources representative, or any management employee. Employees are not required to report harassment to a supervisor who is alleged to have engaged in the harassment. A Regional Business Practice Committee member also can help.

To learn more about all of these topics, visit the “Human Resources Policies and Procedures” homepage on Baxter’s Intranet.





Decisions have an *ethical dimension*

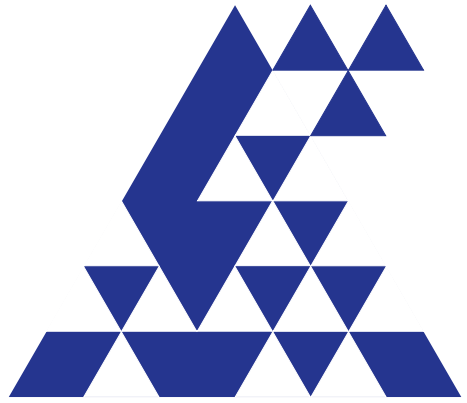
How do our decisions affect others? How do their decisions affect us?

Decisions aren't made in a vacuum. To make choices we collect information from many sources. We study the information. We analyze outcomes. Sometimes we have a luxurious amount of time to weigh matters and make a decision. But usually we have to make decisions quickly and efficiently.

Every time we make a decision, we set off a chain reaction. The choices we make affect other individuals, groups, departments...sometimes whole communities. The choices others make also affect us, which means that the decisions we make, large and small, always have an ethical dimension. Someone or some group will always be on the receiving end.

Ethics and ethical issues reside everywhere:

- ▲ How we see and present ourselves in our family social life
- ▲ The many individual decisions we make in the course of doing our jobs
- ▲ How we fulfill obligations to a co-worker, or a group of co-workers
- ▲ The choices made in team situations - about almost anything
- ▲ Policies and practices our divisions or department puts in place
- ▲ The strategies and plans made by management and leadership
- ▲ The way we present our company and products to customers and shareholders
- ▲ The way we deliver service or respond in crisis
- ▲ The way we respond to world events impacting health and/or our industry
- ▲ The way we think about the broader environment and community as individuals or as a community
- ▲ The way the broader community and the world think about us



Environment, Health and Safety

All of Baxter's environmental, health and safety (EHS) policies, along with other information on our EHS program, are described in the *Environmental, Health and Safety Requirements Book*. Unless otherwise stated, these policies apply to Baxter's operations and employees worldwide.

Our EHS policies have been developed to:

- ▲ Protect employees, neighbors, and the environment.
- ▲ Manage EHS issues, including regulatory compliance, by using best-demonstrated management standards and systems.
- ▲ Assure flexibility for implementation of these policies in countries with varying legal standards and in new facilities.
- ▲ Reduce cost and improve productivity by using best practices for reduction and prevention of work-related injuries and illnesses as well as waste.
- ▲ Reduce EHS risks for Baxter.

We must understand and follow the EHS requirements of our jobs. We must work in a way that assures our own safety and the safety of co-workers. Any emergencies must be reported promptly and appropriate responses made.

To learn more about this topic, visit the "Environment, Health and Safety" homepage on Baxter's Intranet or on Baxter's external Internet site.



Gifts and Entertainment

Guidelines for Giving or Receiving Gifts or Entertainment

In many cultures, gifts and entertainment are an integral part of doing business. When conducting Baxter's business, it is important to know when a gift is an expression of friendship or goodwill and when the giver has another motive.

A conflict of interest may arise from any gift or entertainment offered by:

- ▲ A competitor.
- ▲ Someone whose primary purpose is to obtain business from Baxter.
- ▲ Someone trying to influence your decision-making objectivity.

Giving or receiving gifts or entertainment must relate to Baxter's legitimate business. Generally exchanging modest gifts, entertainment, or other business courtesies is permissible if:

- ▲ The reason for the gift or entertainment is appropriate.
- ▲ The gift or entertainment helps improve business, political, or community relationships.

Before deciding whether to accept a gift or entertainment, ask yourself:

- ▲ Is the gift or entertainment appropriate to the circumstance?
- ▲ Is the gift or entertainment appropriate to my business relationship with the giver?
- ▲ How would my acceptance of this gift or entertainment look to other Baxter employees?
- ▲ Is it possible to share the gift with my co-workers?
- ▲ How frequently have I received a gift from or been entertained by the same person or organization?

Before deciding to give a gift or to provide entertainment, ask yourself:

- ▲ Is the gift or entertainment appropriate to the circumstance?
- ▲ Is the gift or entertainment appropriate to my business relationship with the receiver?
- ▲ How would the receiver's acceptance of this gift or entertainment look to his/her co-workers?
- ▲ How frequently has the receiver been given a gift from or been entertained by Baxter?

Many business units and country organizations have written policies on gifts and entertainment. Always consult policies in both the giver's and the receiver's home country to understand the local laws and requirements. If you have questions, ask your supervisor; your business unit lawyer, auditor, or controller; or members of your Regional Business Practice Committee.



Inappropriate Gifts, Entertainment and Preferred Treatment

Not every gift is wrapped with paper and ribbon. View unusual gifts cautiously, including:

- ▲ Gratuitous services
- ▲ Loans
- ▲ Discounts
- ▲ Expense reimbursements
- ▲ Articles of significant value
- ▲ Personal use of equipment or facilities

The following situations are always inappropriate and are expressly prohibited:

- ▲ Soliciting a gift, entertainment, or preferred treatment for personal benefit.
- ▲ Offering or accepting a gift, entertainment, or preferred treatment intended to influence a purchasing decision.
- ▲ Accepting a gift, entertainment, or preferred treatment if you are involved in a current purchasing or contracting decision.
- ▲ Any gift of currency, unless it is allowed by local policy and approved by the appropriate business unit supervisor.
- ▲ Accepting an opportunity to purchase products, services, or a financial interest under terms not available to your co-workers.

Employees who are given or offered a gift, entertainment, or preferred treatment they believe is inappropriate must refuse if possible and report the event promptly to their supervisor or business unit controller. If there is no opportunity to refuse the gift, it should be returned if possible with an explanation of Baxter's policy on gifts. If returning it is not feasible, or would offend the giver, donate it to a charity or distribute it equitably within your organization.

Executive/Corporate Gifts

In some countries, it is customary and lawful for executives of companies doing business with each other to give or exchange gifts, some of which can be of great value. Baxter follows these customs when appropriate, but only according to local laws and business unit procedures. These gifts become Baxter property and must be properly documented and displayed.

To learn more about this topic, visit the "Japan Internal Homepage" on Baxter's Intranet or the "Clinical Consultants; Grants, Honoraria, and Sponsored Trips" policy in this manual.

Political Activities and Public Affairs

It is in Baxter's best interest to maintain good relationships with public officials. Our government relations and public affairs employees are responsible for this activity. Consult with them before contacting elected or appointed officials on a matter related to Baxter's business. Be certain any information given to a government official or agency is accurate, timely, and consistent with other Baxter communications.

Personal Political Activity

Good citizens are actively involved in public affairs. Personal political activity might include:

- ▲ Supporting and contributing to candidates and political parties.
- ▲ Seeking public office.
- ▲ Volunteering personal time to another's political campaign.
- ▲ Contacting an elected official on an issue of personal importance.

In personal civic affairs, we must always make it clear that our views and actions are our own and not Baxter's. Employees who plan to seek elective office, or accept appointed office, must notify their manager and explain how their official duties might affect their work.

Political Contributions

Every country has different laws about taking part in the political process, and we must respect local political customs. Whenever we advocate Baxter's position to government authorities, or offer support for any political purpose, we must obey the law.

Any company contribution that might be considered a political donation must be reviewed with the business unit's financial controller. The controller will decide if it complies with local regulations. The business unit's general manager and legal counsel must approve all political donations.



Prohibition of Bribes, Kickbacks, Unlawful Payments, and Other Corrupt Practices

While Baxter observes local business customs and market practices, we do not participate in any corrupt business practices. We keep accurate business records worldwide to ensure our records reflect actual transactions and payments. All employees and any agents or other individuals representing Baxter must follow the laws of the country in which they operate, applicable United States laws, and these standards.

We will not offer, make, or authorize payment of money or anything of value, directly or indirectly, to:

- ▲ Illegally influence the judgment or conduct or ensure a desired outcome or action of any individual, customer, company or company representative.
- ▲ Win or retain business or to influence any act or decision of any governmental official, political party, candidate for political office or official of a public international organization.
- ▲ Gain an improper advantage.

In some places where Baxter has operations, certain “facilitating payments”—payments intended to expedite routine governmental action of a clerical or ministerial nature—may be permissible. It is often difficult to determine the legality of these payments under local law, applicable United States law, and Baxter standards. Consult applicable gift, grant, sponsored trip, and other financial policies and discuss the situation with the business unit controller and legal counsel before any payments are made.

Baxter maintains a system of internal accounting controls. The books, records, and accounts accurately and fairly reflect business transactions and use of company assets. This system provides corporate supervision over global accounting and reporting activities at all levels. Review any proposed payments with the business unit controller or Corporate Audit to be sure all transactions will be properly recorded.

Following these guidelines should ensure compliance with:

- ▲ The Foreign Corrupt Practices Act of 1977 (and subsequent amendments), a United States law which applies to Baxter employees and operations in all locations.
- ▲ The United States laws governing Medicare and Medicaid fraud and abuse, which apply within the United States.
- ▲ Local laws in every country governing bribes, kickbacks, unlawful payments and other corrupt practices.
- ▲ Related laws and regulations in the countries where Baxter does business.

To learn more about this topic, visit the “Regulatory Law” homepage on Baxter’s Intranet and read the “Fraud and Abuse Compliance Program Manual for U.S. Operations,” visit the “Corporate Controller’s” homepage and read the “Financial Policies and Procedures” manual, or visit the “Japan Internal Homepage” on Baxter’s Intranet.



Ethics has *form and substance*

How does integrity make us stronger?

Integrity is not a soft or fuzzy concept. Everywhere around us we find plants and organisms whose parts fit together in a way that promotes strength and health and longevity. We call this “structural integrity.” Humans have borrowed nature’s integrity and applied it to architecture and engineering and manufacturing and information science.

Ensuring that integrity fits into our decision-making also has a “structural” component.

In many ways, integrity is the structure that keeps all of our life and work processes together. When we make wise and ethical decisions, we strengthen our working relationships with our peers and our managers. We are building strong departments. We are creating responsive product and service strategies. We are instituting business practices that are strategically and fiscally sound. We are also establishing connections to the local and global communities that are deep and lasting.



Providing Information to Governmental Organizations

We must comply with all reasonable requests from government agencies. To ensure a suitable response, requests must be reviewed with the appropriate corporate function:

- ▲ Law
- ▲ Environment
- ▲ Health and Safety
- ▲ Regulatory Affairs
- ▲ Quality
- ▲ Import/Export Compliance

Consult with the responsible internal organization before:

- ▲ Responding to a government agency's request for information.
- ▲ Submitting to an interview.
- ▲ Giving government officials access to company facilities.

If you are uncertain about how to respond to a request, call your business unit legal counsel. Wait for their instructions before proceeding.

Quality and Regulatory Compliance

Baxter's reputation is built on the quality of our products and services. Quality within Baxter is important from many perspectives. As a company, we are a global leader in delivering critical therapies for life-threatening conditions. This truly makes what we do at Baxter unique from many other companies and industries.

Quality is not just a manufacturing plant responsibility. The quality of our products and services starts with understanding the requirements of our customers, defining those requirements, and designing products and services to meet or exceed those requirements.

Our "Quality Policy" states:

"We are committed to providing quality products and services by

- reaching agreement on requirements with our customers,**
- meeting those requirements and the needs of patients, and**
- implementing continuous improvement."**

Defect-free work does not mean perfection, but it does mean meeting requirements every time, all the time.

Baxter has a quality manual that details the quality standards and the system for administering the quality process. To ensure consistency in product research and development, production, and performance across the company, each business unit must establish and maintain a quality system that conforms to the *Baxter Corporate Quality Manual* and all applicable laws and regulations. All Baxter employees and others performing work on behalf of Baxter, including those involved in basic research as well as clinical and non-clinical studies, must carry out their work precisely, accurately, and in conformance with the *Baxter Corporate Quality Manual*.

Once our products are cleared or approved by the applicable regulatory agency, quality becomes even more important and involves each and every employee in the process. The quality system covers all aspects of the process including:

- ▲ Design and control procedures for manufacturing processes.
- ▲ A supplier quality program so purchased products and services comply with specifications and regulatory requirements.
- ▲ Procedures to control nonconforming products, to investigate reasons for nonconformance, and to take corrective and preventive action.

When our products are delivered to our customers, our quality and service standards ensure that our customers receive the right products at the right time. When we bill our customers, the invoices should accurately reflect what the customer ordered and what was shipped. If our customers have questions or problems, we must be responsive and solve those problems as rapidly as possible.

Every day, we must remember that the work we do has an impact on products which someday may be used on us or our loved ones.

To learn more about this topic or to read the "Baxter Corporate Quality Manual," visit the "Corporate Quality and Regulatory" homepage on Baxter's Intranet.

Sales and Marketing Practices

We must preserve Baxter's reputation as a responsible supplier whose products and services are desired for their features, innovation, quality and value and whose people are respected for performance and integrity. Our long-term success depends on building trusting relationships with our customers. We must conduct our business responsibly, fairly, honestly, and in accordance with applicable laws and regulations.

Advertising, Sales, and Labeling

We must honestly describe Baxter's products and service features. All advertising, labeling, literature, and public statements must be true. We must not misstate facts or create misleading impressions. We must not unfairly criticize a competitor's products or services. Some countries prohibit all comments about a competitor as well as their products and services. Consult your business unit lawyer to learn about any applicable laws.

We must not promote a product before it is approved or for a use other than that specified in official product literature. When describing products or services, consider the message's total impression. Omitting important facts or wrongly emphasizing material may be misleading.

Clinical Consultants, Grants, Honoraria, and Sponsored Trips

Marketing increases knowledge of products, services or facilities, and enhances the level of medical practice. Some tactics include:

- ▲ Engaging clinical consultants
- ▲ Awarding grants
- ▲ Paying honoraria or speaker fees
- ▲ Sponsoring medical seminars
- ▲ Sponsoring trips to medical meetings or Baxter facilities for professionals or customers

Clinical Consultants

Clinical consultants are used to help customers and business partners effectively use our products. Clinical consultants also assist Baxter in understanding the marketplace and the current state of medical and scientific research. Sometimes the consultants help Baxter understand how our customers and patients use our products.

Many countries have laws restricting payments to medical practitioners, including payments through consulting arrangements. Before establishing any relationship with a clinical consultant, review all applicable laws, regulations, and ethical codes in the countries involved as well as in the United States. Business unit lawyers and controllers can help make sure the relationship complies with applicable rules and is properly documented.

Giving Grants or Honoraria or Sponsoring Trips

Giving grants or honoraria or sponsoring trips are marketing activities that can be used to build awareness of Baxter and its products and services if all of the following conditions are met:

- ▲ The activity's primary purpose is educational. It must relate to products, services or medical procedures, or other information concerning Baxter's business.
- ▲ Any payment must be carefully evaluated in advance. Determine if it is legal and ethical in both the giver's and the receiver's home countries. Consider the laws, regulations and ethical codes that apply to both Baxter and the recipients.
- ▲ Any payment must be reasonable in amount and nature. Payments must be made according to Baxter policies and procedures.
- ▲ Activities and payments must be accurately documented and pre-approved. They must be made according to applicable laws, regulations, and Baxter policies and procedures.
- ▲ No payments are made for a travel companion's expenses.
- ▲ Appropriate documentation must be completed and proper approvals obtained.

Business unit controllers are responsible for ensuring compliance with local laws and Baxter policies. Baxter's *Financial Policies and Procedures* manual (Accounting for Grants and Sponsored Trips), as well as country organizations and business units, have written guidelines. If you have questions, ask your business unit controller or lawyer or the Vice President of Corporate Audit.

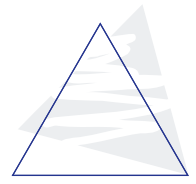
Accepting Speaking Invitations, Consulting Engagements, Honoraria, or Sponsored Trips

Participation in sponsored events helps our company build positive working relationships. It also enhances Baxter's reputation. Employees may accept invitations to speak at meetings or seminars, consulting engagements, honoraria, or sponsored trips if all of the following conditions are met:

- ▲ The activity's primary purpose is educational. It must relate to products, services, medical procedures, or other information concerning Baxter's business.
- ▲ Activities and payments are evaluated in advance with your supervisor to determine whether they are legal and ethical. Laws, regulations and ethical codes that apply to Baxter, to the speaker, and to the sponsor must be considered.
- ▲ Any reasonable payment should be evaluated using the guidelines in the "Gifts and Entertainment" standard in this document.
- ▲ Costs related to these events are business expenses that either Baxter or the sponsoring agency will pay. If Baxter pays for the expenses, all appropriate Baxter policies must be followed.

To learn more about this topic, see the "Gifts and Entertainment" policy in this manual, visit the "Corporate Controller's" homepage and read the "Sales Promotions and Distributor/Wholesaler Inventory Levels" policy, visit the "Regulatory Law" homepage and read the "Fraud and Abuse Compliance Program Manual for U.S. Operations," or the "Japan Internal Homepage" on Baxter's Intranet.





Fair Competition and Antitrust

Baxter is firmly committed to the ideals of free and competitive enterprise. These principles apply to our operations worldwide.

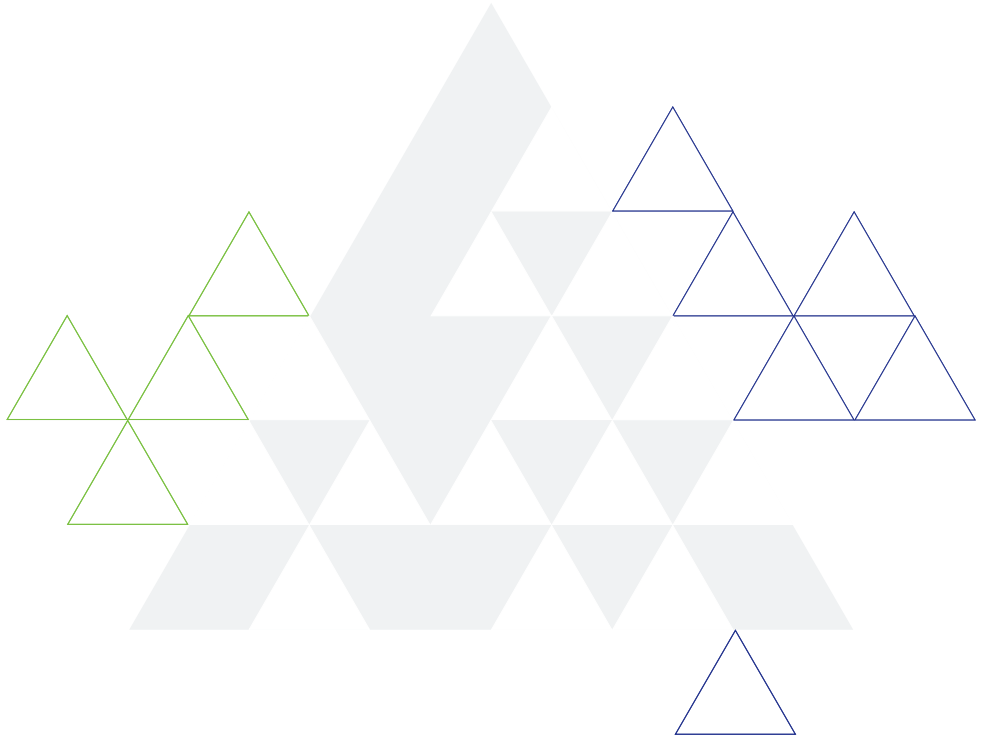
- ▲ Buyers in the marketplace should be able to select from a variety of products at competitive prices.
- ▲ There should be no artificial restraints such as price fixing, illegal monopolies, cartels, boycotts, or tie-ins.

Antitrust and fair competition laws are technical and vary by country. We must avoid situations that violate the principles of fair competition, as well as situations that violate the law. Here are some general guidelines.

- ▲ Do not discuss the following subjects with competitors, whether relating to Baxter's or the competitors' products:
 - Pricing or pricing policies (past, present, or future)
 - Lease rates
 - Bids
 - Discounts
 - Promotions
 - Costs
 - Profits
 - Terms or conditions of sale
 - Royalties
 - Warranties
 - Choice of customers
 - Territorial markets
 - Inventories
 - Production capacities or plans
 - Distribution or selling strategies
- ▲ Baxter is free to select its own business partners. However, cancellations and refusals to sell could raise antitrust or fair competition issues. Consult legal counsel in your business unit and appropriate business management before starting or ending a relationship with, or refusing to sell to any:
 - Dealer
 - Customer
 - Distributor
 - Prospective customer
- ▲ Purchases from a supplier should not be dependent on the supplier's agreement to buy from Baxter.
- ▲ Do not negotiate agreements on resale prices with distributors or dealers. Any limits on a distributor's territory or customers must be reviewed by the legal counsel in your business unit.

Consult with business unit legal counsel to evaluate situations not covered by these guidelines.

To learn more about this topic, visit the "Law Function" homepage on Baxter's Intranet and read the "Antitrust Compliance Guide."



Government Sales

Employees involved in sales to government organizations must be aware of the special rules, laws, and regulations that apply to these markets. Follow these guidelines when doing business with any government organization:

- ▲ Do not offer or accept kickbacks, bribes, gifts, or other favors.
- ▲ Do not solicit or obtain proprietary or source-selection information prior to the contract or bid award.
- ▲ Comply with all laws and government regulations.

If you have questions about selling to government organizations, institutions funded by a government agency, and individuals that work for a government organization consult the legal counsel in your business unit.

Baxter has guidelines for employees involved in sales to the U.S. government. To read those guidelines, *U.S. Government Sales Ethics*, visit the “Government Sales and Operations” homepage on Baxter’s Intranet. Also visit the “Corporate Controller’s” homepage and read the *Sales Promotions and Distributor/Wholesaler Inventory Levels* policy, and visit the “Regulatory Law” homepage and read the *Fraud and Abuse Compliance Program Manual for U.S. Operations*.

Trade Compliance

Every country has laws about importing and exporting goods and technology. International organizations such as the United Nations and the European Union also regulate trade by member states. Foreign affiliates and joint ventures are responsible for complying with any export and/or import restrictions imposed by the laws of the countries in which they are located as well as applicable United States laws.

Baxter and its agents and representatives must comply with all applicable import and export controls. All business units must appoint both Import Compliance Officers (ICO) and Export Compliance Officers (ECO). The ICO and ECO work with Baxter's International Trade and Customs (ITC) Group in Deerfield to oversee the company's trade compliance program and provide guidance on trade compliance issues. These include:

Export Compliance Issues

Denied Parties

Baxter is prohibited from doing business with certain individuals, groups, or organizations in both domestic and export markets. The ECO and ITC maintain lists of these "denied parties." Consult with them to be sure Baxter does not do business with a "denied party."

Prohibited Activities

Baxter personnel must screen transactions with potential "end-user" customers who may be involved in chemical or biological weapons development, missile technology or sensitive nuclear activities. The ECO and ITC can help with the screening.

“Red Flags” and Warning Signs

Baxter employees must note any unusual circumstances in a transaction that may indicate the product, technology, or technical data may be destined for an inappropriate end use, end-user, or destination. Contact your ECO or ITC when any “red flags” appear in a transaction.

Restricted Products and Technologies

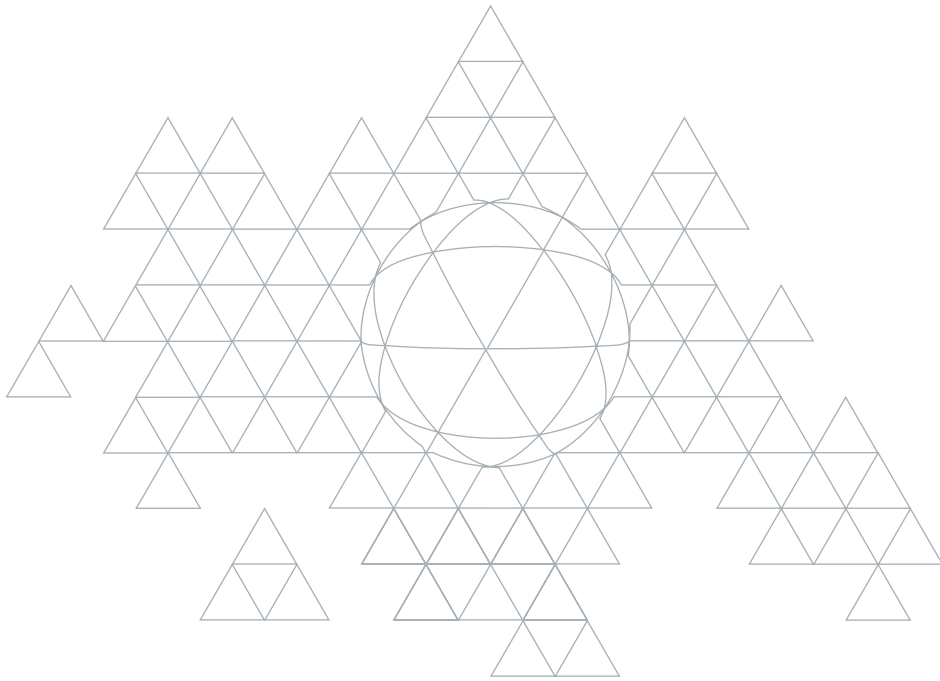
Certain products, software and technologies require an export license even when they are shipped to a legitimate company in a friendly country for peaceful use. Contact ITC for information about license requirements for export or re-export of these materials.

Trade Restricted Countries

The United Nations and the United States government restrict trade with certain countries. Baxter’s Executive Management Team has adopted a policy regarding transactions or relationships with these trade restricted countries. Contact your ECO or ITC for a copy of this policy.

U.S. Antiboycott Regulations

A boycott is an organized effort to coerce its “target” to take a specific action. Boycotts are “enforced” by refusing to buy, sell or use the target’s products and/or services. Because of a boycott against Israel by certain Arab and Islamic countries, Baxter and its affiliates must be especially sensitive to compliance with the U.S. antiboycott regulations. All Baxter operations and employees worldwide must strictly adhere to U.S. antiboycott laws. Contact ITC or Legal Counsel in Deerfield with questions regarding boycotts.



Import Compliance Issues

Classification of Goods

Countries assess and collect import duties on goods that cross their borders. In order to determine the appropriate duty owed, imported goods must be classified accurately and assigned the correct tariff number. The description, use and contents of the imported material determine the tariff classification. Direct questions about the classification of goods to ITC.

Country of Origin

Country of origin or country of manufacture is determined by where the goods were “substantially transformed.” Simple assembly of components does not establish country of origin. Contact ITC with questions about country of origin.

Valuation

Intercompany shipments to Baxter affiliates must show a “value for customs purposes” as the established intercompany transaction price. Shipments from third parties must show a cost that reflects the “fair market value” of the goods being imported. Undervaluing goods on commercial documents in an attempt to pay less duty is prohibited. Any post-entry charges (e.g. volume discounts, rebates, currency risk sharing, assists, royalties) must be communicated to the appropriate import function to ensure compliance with import regulations.

To learn more about this topic, visit the “International Trade and Customs (ITC)” homepage on Baxter’s Intranet and read the “Baxter Export Management System” and “Baxter Import Management System” manuals.

Making *good* decisions

Global Business Practice Standards is a guide for making business practice decisions consistent with our shared values. When faced with a problem or confusing situation, answering these questions will help you decide what to do.

- ▲ Does my proposed action embrace our shared values?
Is it honest and truthful? (The “Values” Test)
- ▲ Is what I plan to do consistent with Baxter’s Global Business Practice Standards and company policy? (The “Policy” Test)
- ▲ Is my proposed action legal?
Will it break any law or regulations? (The “Law” Test)





- ▲ What are the consequences of my planned action?
How will it affect others? What are the costs?
How will I feel about myself if I take this action? (The “Mirror” Test)
- ▲ What will my manager, supervisor, co-workers or family think about what I plan to do? (The “Others” Test)
- ▲ If what I do is reported in a newspaper, or on television, will I be proud of my actions? (The “Press” Test)

Our Shared Values

Respect

Integrity

We build long-term, trusting relationships with our customers, our shareholders, our suppliers, and each other, by being honest, open and fair, and by keeping our promises. We live up to the highest professional standards. Our conduct is always ethical and legal.

Respect for Individuals

We treat every individual with dignity and respect, openly sharing information, providing feedback, and listening to each other. Our environment is one of continuous learning in which all employees, regardless of cultural background, gender, level, or position, can develop their full potential. We value the unique contributions of all individuals, recognizing the diversity of our work force as a competitive advantage.

Responsiveness

Quality

We constantly strive to understand and exceed the requirements of our customers. Our commitment to quality builds customer trust and loyalty, which leads to outstanding results for our shareholders. We provide world class products and services and enhance customer satisfaction every day.

Teamwork

We work openly and supportively in teams, aiming toward common goals. We form teams with our customers and suppliers to respond quickly to changing customer needs. We have fun working with each other, and we take pride in our joint accomplishments.

Empowerment

At Baxter, individuals and teams have the responsibility, authority, resources, and support to make decisions and take actions. Decisions are made as close to the customer as possible so that we can act quickly to assure total customer satisfaction. We are accountable for our decisions and actions. Each of us accepts responsibility for meeting the needs of our customers, our shareholders, and our fellow employees.

Innovation

Innovation is the key to creating new sources of value for our customers and shareholders. We must quickly transform new technologies and new ideas into products and services that exceed customer expectations and improve our effectiveness. We do this by valuing and rewarding creativity, diverse thinking styles, and intelligent risk-taking. We act to maximize potential success, rather than to minimize potential failure.

Results

Creating Value

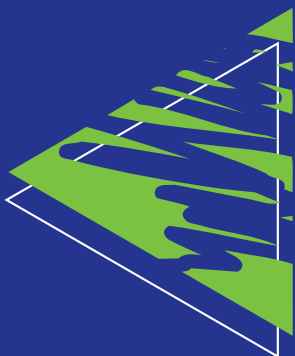
We keep all our commitments by establishing efficient and effective processes that consistently produce excellent returns for our shareholders and which assure total customer satisfaction. We continuously hold one another accountable for living the shared values.

Integrity works here.

Baxter

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Integrity Works Here



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The standards and supporting policies contained in this document may change from time to time. Baxter employees are responsible for knowing and complying with the current laws, regulations, standards, policies and procedures that govern our work.

The most current version of this document can be found on the "Business Practices" homepage on Baxter's Intranet.

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