1 Baxter

International Headquarters: Illinois, U.S.
Industry: Medical equipment

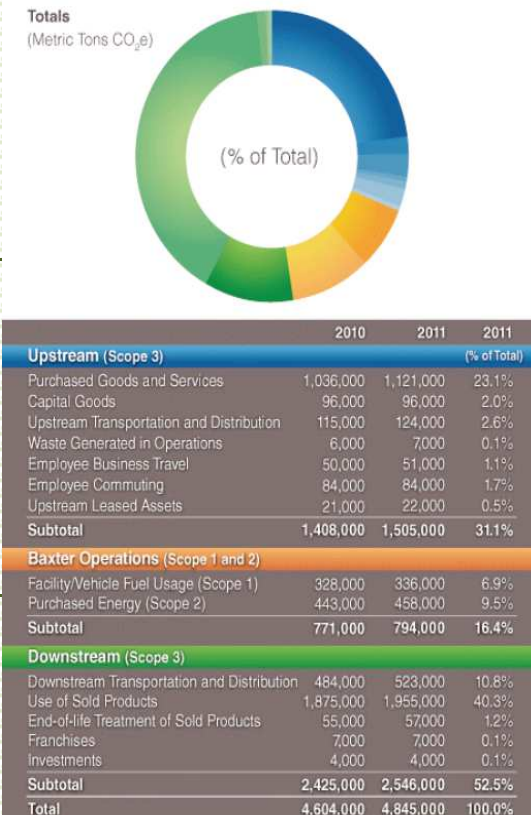| Questions	Answers
☐ Background and purpose of reporting Scope 3 GHG emissions	Baxter's first step in accounting for Scope 3 greenhouse gas (GHG) emissions was estimating and reporting Scope 3 emissions associated with employee commuting, employee business travel and certain product distribution activities in the late 1990s. Baxter has responded to every Carbon Disclosure Project request for information since 2003 and has made each company response available to the public Disclosure of Scope 3 GHG emissions helps Baxter better understand and focus on many emissions reduction opportunities.
☐ Accounting methodology	Prior to 2010, Baxter used various accounting methodologies to estimate Scope 3 GHG emissions for a number of Scope 3 emission categories. In 2010, Baxter consulted a draft of the new GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Baxter continues to use this methodology since it was finalized in 2011. Each year the company works to better quantify its Scope 3 emissions, which the company estimated to be 4.1 million metrics tons carbon dioxide equivalent (CO2e) in 2011 (including Upstream and Downstream Scope 3 Emissions).
☐ Internal system for accounting	Baxter uses a web-based environmental management system to collect a wide range of data from its global facilities, including energy information, used to calculate GHG emissions. Baxter estimates and reports Scope 3 GHG emissions using established methodology, suitable GHG emissions factors for certain categories and specific GHG emissions data provided by some vendors.
☐ Use of accounting results	In addition to disclosing company Scope 3 GHG emissions on Baxter's website in the company's Sustainability Report, Baxter also uses the results in other ways such as with presentations with industry groups, collaboration and partnership with suppliers and with university education activities.

Baxter's Global GHG Emissions Footprint, 2011*

Totals
(Metric Tons CO₂e)

(% of Total)

	2010	2011	2011 (% of Total)
Upstream (Scope 3)			
Purchased Goods and Services	1,036,000	1,121,000	23.1%
Capital Goods	96,000	96,000	2.0%
Upstream Transportation and Distribution	115,000	124,000	2.6%
Waste Generated in Operations	6,000	7,000	0.1%
Employee Business Travel	50,000	51,000	1.1%
Employee Commuting	84,000	84,000	1.7%
Upstream Leased Assets	21,000	22,000	0.5%
Subtotal	1,408,000	1,505,000	31.1%
Baxter Operations (Scope 1 and 2)			
Facility/Vehicle Fuel Usage (Scope 1)	328,000	336,000	6.9%
Purchased Energy (Scope 2)	443,000	458,000	9.5%
Subtotal	771,000	794,000	16.4%
Downstream (Scope 3)			
Downstream Transportation and Distribution	484,000	523,000	10.8%
Use of Sold Products	1,875,000	1,955,000	40.3%
End-of-life Treatment of Sold Products	55,000	57,000	1.2%
Franchises	7,000	7,000	0.1%
Investments	4,000	4,000	0.1%
Subtotal	2,425,000	2,546,000	52.5%
Total	4,604,000	4,845,000	100.0%

Baxter

Questions	Answers
☐ Benefits of managing Scope 3 GHG emissions	Information can be used for in-house employee education and shared with our company stakeholders including customers. Providing transparency of value chain GHG emissions has gained Baxter external recognition.
☐ Efforts to reduce Scope 3 GHG emissions in supply chain (1) http://sustainability.baxter.com/quick-links/case-studies/2011-report/e-impact-global-growth.html	Since 2009, Baxter has integrated 20 sustainability criteria (including management of GHG emissions) into its purchasing procedures to provide its procurement organization a framework to evaluate suppliers' sustainability initiatives. These criteria fall into five categories that align with Baxter's own sustainability efforts, including a category added in 2010 to evaluate suppliers' protection of human rights. Baxter conducts an annual survey of 100 select suppliers to evaluate their performance against these criteria. Baxter's e-Impact (1) program recognizes environmental initiatives launched in collaboration with the company's suppliers. Baxter employees are invited to submit examples of current and planned projects that will reduce environmental impact, and can view each other's submissions for ideas they may consider locally. If a project is successfully completed, Baxter leaders in Purchasing and Supplier Management and Environment, Health and Safety recognize both the supplier and the Baxter employee(s) with a certificate.
☐ Issues in supply chain emissions accounting	The Scope 3 emissions accounting methodology and data management options are evolving and improving for many Scope 3 GHG emission categories. Baxter works to first estimate GHG emissions for a specific Scope 3 emission category and then each year refine GHG estimates and obtain more information form Baxter suppliers and vendors.

Combined Results of Successful e-Impact Projects

	2010	2011
e-Impact Project Ideas Submitted	5	107
e-Impact Projects Successfully Completed	5	41
Cost Savings	$231,000	$3,100,000
CO_2e Emissions Reduction	162 metric tons	15,000 metric tons

Questions	Answers
☐ Advice for those beginning to account for Scope 3 GHG emissions Baxter Website http://www.sustainability.baxter.com/supply-chain/managing-supplier-performance.html	Begin with Scope 3 GHG emission categories that allow easier accounting, such as business travel, and then gradually expand the estimating and reporting of Scope 3 GHG emissions in other Scope 3 categories. Work to develop internal systems and databases which will be useful to obtain and manage Scope 3 GHG emission information from year to year. Although certain resources may be required to develop and manage a companies' Scope 3 GHG emissions tracking system, various benefits could be realized in this area such as better meeting stakeholder requirements in reporting and reducing total value chain (Scope 1, Scope 2 and Scope 3) GHG emissions. Stakeholders include customers, investors, government agencies, environmental groups and industry associations. The sooner companies began measuring Scope 3 GHG emissions the more prepared they will be when stakeholders request or require company Scope 3 GHG information.