



**SINGAPORE  
QUALITY  
AWARD**

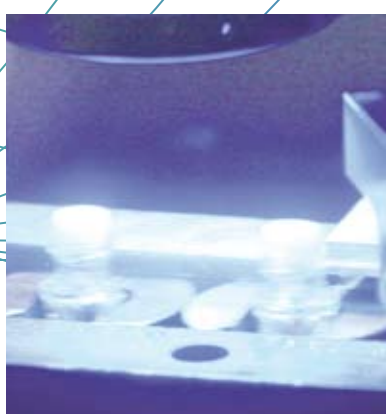
*for business excellence*

**2008 WINNER**

# **Baxter**

**Baxter Healthcare SA, Singapore Branch**

2008 Singapore Quality Award  
Executive Summary



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LIST OF ABBREVIATION

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# FOREWORD



It is a privilege for Baxter Healthcare SA (Singapore Branch) to receive the Singapore Quality Award (SQA) for the second time. This award is a special gift to our 2000 strong workforce as we celebrate our 30 years of success in Singapore. It is another major milestone in our quest for business excellence and a natural outcome of undivided focus and dedication.

Baxter Woodlands started in 1978. We have grown into a complex and high value added operation. We have grown many folds in value and are now serving more than 60 countries. We have a superb team of people who embrace the passion for innovation and who are dedicated to saving and sustaining lives.

We would also like to acknowledge the support and contributions of our business partners. They have served us well in the last 30 years and certainly have made a difference in our journey.

Looking ahead, we believe we are well positioned for another 30 successful years. We will continue our journey of pursuing business excellence, sharing our knowledge and experience with others and contributing to Singapore's success as a world-class business hub.

We are delighted to share our experience with you and hope it will inspire you. May I wish you success in your business excellence journey.

**EC Ong**  
General Manager  
Baxter Healthcare SA, Singapore Branch





Year	Recognition
1997	Baxter Quality Award Singapore Quality Award SHARE Platinum Award (Community Chest Program) Corporate Technical N Teamwork Award (3 Awards)
1998	ISO 9002 certification for Renal operations Safety Improvement Award (Gold) SHARE Platinum Award Corporate Technical N Teamwork Award (5 Awards)
1999	BEHSt Certification H.E.A.L.T.H. Award (Bronze) SHARE Platinum Award Noise Reduction Merit Award Corporate Technical N Teamwork Award - Honorable Mention (3 Awards) Corporate Special Accomplishment Award - Development & Launch of Baxter AS50 Syringe Pump
2000	Baxter Quality Award People Developer Award National Training Award (Special Mention) SHARE Platinum Award H.E.A.L.T.H. Award (Silver) Corporate Technical N Teamwork Award - Honorable Mention (2 Awards) CHAMP Awards (Change Happened & You Made It Possible) (2 Awards)
2001	SHARE Platinum Award 10-Year Outstanding SHARE Program Award H.E.A.L.T.H. Award (Silver) Asia Renal Marketing Support Award Baxter's Lewis Erwin Packaging Award Team Excellence Recognition Corporate Technical N Teamwork Award - Outstanding Technical Achievement Awards (2 Awards) IV Systems Rewards & Recognition Program - Impact Award (1 Award)
2002	Safety Record - 5 million hours without Lost-Time Accident SHARE Platinum Award H.E.A.L.T.H. Award (Silver) Global HR Best Team Award – Best Investment Category Corporate Technical N Teamwork Award - Outstanding Contribution Awards (3 Awards) - Outstanding Technical Achievement Award (1 Award)

Year	Recognition
2003	Baxter Award for Operational Excellence (BAOE) ISO9001:2000 Certification SHARE Platinum Award H.E.A.L.T.H. Award (Silver) Annual Safety Performance Award – Silver Corporate Technical N Teamwork Award - Outstanding Contribution Award (1 Award) Finance Leadership Award 10 years or more Partnership with NTU (1984 – 2003)
2004	Annual Safety Performance Award – Certificate of Merit Safety Record - 10 million hours without Lost-Time Accident ISO13485:2003 Certification SHARE Platinum Award Global HR Best Team Award – Best Team Category Corporate Technical N Teamwork Award - Outstanding Contribution Awards (3 Awards) - Outstanding Technical Achievement Award (1 Award)
2005	H.E.A.L.T.H. Award (Gold) SHARE Platinum Award Corporate Technical N Teamwork Award - Outstanding Contribution Awards (2 Awards) - Outstanding Technical Achievement Award (1 Award)
2006	H.E.A.L.T.H. Award (Gold) ISO 14001 : 2004 Certification Best EHS Program Award - 1st Prize for Large Manufacturing Facility EHS Best Partner Award - Honorable Mention SHARE Platinum Award 15 years Outstanding SHARE Program Award Corporate Technical N Teamwork Award - Outstanding Contribution Award (1 Award)
2007	SHARE Platinum Award Safety Record - 5 million hours without Lost-Time Accident Corporate Technical N Teamwork Award - Outstanding Contribution Award (1 Award)





# Organizational Profile

## ORGANIZATIONAL DESCRIPTION

### 1. ORGANIZATIONAL ENVIRONMENT

Baxter International Inc, a Fortune 500 organization, established its first Asia operations in Singapore during the 1970's. Baxter Woodlands was then incorporated in 1977 and started its first operations in 1978 at Marsiling, manufacturing simple intravenous (IV) sets with a humble workforce of about 100 employees. In 1983, it relocated to the current site at Woodlands.

#### Main Products and Services

Baxter Woodlands facility houses three manufacturing plants. Medication Delivery Sets Plant produces IV sets, Hardware Plant manufactures electronic infusion pumps and Renal Plant makes solution bags and sets for kidney dialysis.

The product range of which are as follows:

MD Sets Plant	Hardware Plant	Renal Plant
Basic sets Blood sets Continu-flo sets Interlink® Secondary med sets	Large volume pumps Pain management pumps	APD disposable sets PD solutions PD twin bag sub-assemblies

#### MISSION

To manufacture life saving products of best value for our customers.

#### VISION

We will be the preferred manufacturer of life saving products for our customers.

#### SHARED VALUES

Relentless focus on rapid and disciplined action  
Passion to innovate and drive for solutions  
Personal accountability for results and integrity  
Eagerness to learn and continuously improve  
Uncompromising dedication to quality  
Respect for individuals and the diverse contributions of all

### Employee Profile

Baxter employs some 1,700 full time employees with more than 80% of staff in the manufacturing grades. The staff is evenly distributed among the 3 major ethnic groups with the majority of the workforce having at least secondary education.

### Major equipment, facilities and technologies

MD Sets Plant	Hardware Plant	Renal Plant
Tubing extruders Plastic injection molding machines High speed automated assembly machines Gamma irradiator Sets assembly like operations	Data logger system Assembly and testing Functional testing	Solutions bag making operations Solutions mixing and filling operations Steam sterilization

### Regulatory Environment

Baxter Woodlands operations are subjected to the following regulatory bodies:

FDA QSR Part 820 / 21 CFR  
ISO 9001:2000 - Quality Management System  
ISO 13485 - Medical Devices - Quality Management System  
ISO 14001 - Environmental Management System  
PIC/S - HSA, Singapore  
Radiation Protection Act - NEA  
Workplace Safety & Health Act - MOM  
Fire Safety Act - SCDF

## 2. ORGANIZATIONAL RELATIONSHIPS

### Relationship with Parent Organization

Baxter Woodlands is a branch of Baxter Healthcare SA, a company incorporated in Switzerland and the ultimate holding corporation is Baxter International Inc, incorporated in USA. However, Baxter Woodlands works very closely with USA for its manufacturing activities starting with planning and customer orders to finished goods shipments. Our workforce represents about 4% of the total workforce worldwide.

Most of the IV sets produced are shipped back to USA to our customers for distribution. Some IV sets are marketed in Asia Pacific countries. This is similarly true for infusion pumps. Renal products are primarily for Asia Pacific markets.

### Relationship with Customers

Direct Customers - directly generate requirements for our facilities operation, products and services based on market analysis and feedback.

Indirect Customers – directly utilize and/or receive treatment through our products and/or services.

### Market Segmentation

The market is segmented into four regions namely North America, Asia Pacific, Europe and Latin America.

### Relationship with Suppliers and/or Partners

In general, we classify our suppliers as partners whom we work closely with to ensure the success of the organization. A strong network of suppliers has been established through the years. These suppliers provide goods and services ranging from plastic resins to sophisticated electronic components and from janitorial services to shipping and freight services.

We have established strong business relationship with our key suppliers through our supplier management program that consists of various initiatives such as Supplier Award Program (SAP), Supplier Seminar, Local Industry Upgrading Program, joint problem solving teams, offering training courses to suppliers and many more initiatives with the aim to strengthen our relationship and partnership with our suppliers. The table below shows the summary and intent of each program.

Initiatives	Key Focus
Local Industry Upgrading Program (LIUP)	A collaboration with government. Improve local suppliers' operational efficiency.  Create awareness and assist local suppliers of the technology improvements and application.  Participate in LIUP Medical Device Cluster with other Medical Devices companies to pro-actively identify opportunities to strengthen our local suppliers and their competitiveness.
Training Expertise & Assistance Management Program (TEAM)	A collaboration with government. Create opportunities for large companies to share their expertise with small local business partners.
Supplier Award Program (SAP)	Focus on suppliers' performance, Continuous Improvement & Recognition of Outstanding Suppliers.

With the implementation of these programs, it has resulted in significant improvement on key performance measures like supplier based consolidation, incoming quality trend of supply parts, number of suppliers

participating in the certification program, supply part certification, material cost reduction effort etc. These have benefited the operations significantly in lowering our total delivered cost through lower material costs, improved product quality, improved services level, lower inventory, enhance supply chain process through parts certification program and improving our ability to move products out into the markets faster and more efficiently.

## ORGANIZATIONAL CHALLENGES

### 1. COMPETITIVE ENVIRONMENT

As an entity that focuses primarily on manufacturing, Baxter Woodlands operates as a cost centre which has limited influence on the sales or marketing (product improvements) matters. Therefore, our competitors are mainly our sister plants which manufacture same or similar products. We compete with them on manufacturing cost, product quality and delivery within Baxter as well as operational excellence to attain the best value for our customers as is driven by our mission and vision statements.

Our key competitors for each category of products may be summarized in the table below.

Products	Competitors
	Countries
MD Sets	Puerto Rico Costa Rica
Hardware	USA
Renal	Ireland Japan USA Tunisia

The MD Devices sets and Hardware infusion pumps manufactured are marketed mainly in North America. We have a majority market share of 40% in each product group. For Renal PD solutions, we have about 90% market share in many countries in the Asia Pacific region.

To be the preferred manufacturer, Baxter Woodlands relentlessly focuses on and improves the product quality and reduces overall cost in order to delight our most demanding customers. Woodlands continuously upgrades and improves its manufacturing processes using the best suited technologies to assemble and produce the products. For instance, in the late 90s, most operations were mainly labor intensive and dependent on manual labor. Since the turn of the new millennium, we have moved towards automation and new technologies. Automating many processes has maintained our competitive edge to stay ahead of competition.

2. ORGANIZATIONAL DIRECTIONS

Baxter Woodlands strives towards excellence through continuous change and benchmarking ourselves against the best. We work hard to maintain our leading position through manufacturing new and specialty products, new automation and lean practices, etc.

New automated equipment and processes have to be continuously added to the current set-up as well as upgrading and replacing old ones. This will allow the organization to compete and stay ahead of the competition. Equipment that can perform complicated assemblies such as high speed Interlink machines and visual inspection system have been deployed in recent years.

New product is another avenue to further widen our extensive codes and offerings in order to maximize and leverage on existing and new equipment capacities.

To remain lean & competitive, we have adopted the use of productivity tool such as black belt methodology, lean enterprise and kanban system, etc to continue to stay ahead in our journey towards excellence.

3. STRATEGIC CHALLENGES

Baxter has a six-pronged approach in its strategy for the site which focuses on Customer, Financial, Operational Excellence, Innovation, People / Team, and Quality / Regulatory / Compliance.

This strategy is adopted during the strategic planning process and all long and short-term goals are aligned to this. Similarly all departments use the same framework in setting goals. More details will be fully explained in Category 2.



# Leadership

Moving Ahead, Making History

1.1 SENIOR EXECUTIVE LEADERSHIP

At Baxter, the Senior Executives mold the potentials present within the organization through an in-depth understanding of leadership styles and the use of various tools to measure the effectiveness in their effort to motivate people. This is done with the application of transparency across the board, as well as personal involvement in the process of knowing each subordinate better.

1.1.a How senior executives develop the purpose, vision and values for the organization that focus on customers and other stakeholders, learning and innovation.

The senior leadership consists of the General Manager and his direct reports. The organizational structure can be viewed in Figure 1.1a.

MISSION
To manufacture life saving products of best value for our customers.
VISION
We will be the preferred manufacturer of life saving products for our customers.
SHARED VALUES
Relentless focus on rapid and disciplined action Passion to innovate and drive for solutions Personal accountability for results and integrity Eagerness to learn and continuously improve Uncompromising dedication to quality Respect for individuals and the diverse contributions of all

The senior leadership gathers inputs from different stakeholders throughout the year by close networking with all key stakeholders to understand their requirements and expectations. This information is used to formulate the mission and vision statements as well as shared values. These are affirmed annually during

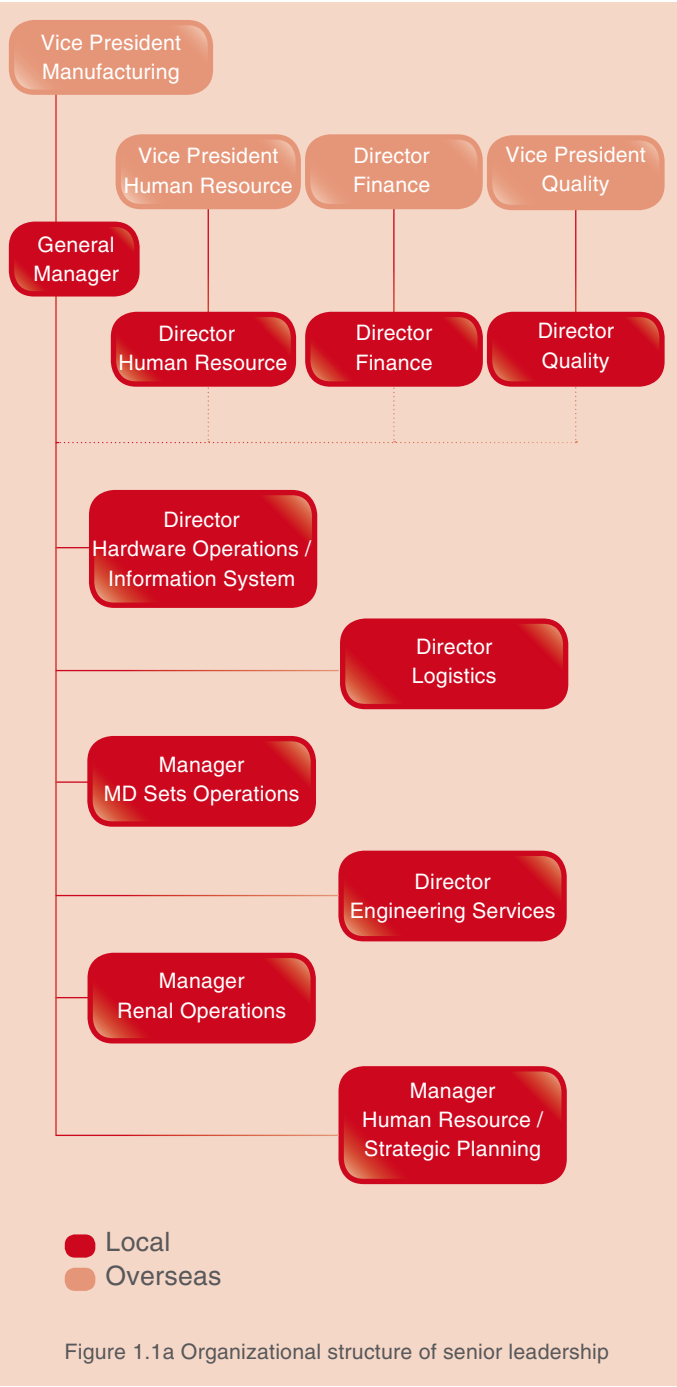


Figure 1.1a Organizational structure of senior leadership



strategic planning process. These values promote the desired behaviors, as stated in Figure 1.2a, among all employees throughout the organization.

Our mission, vision and shared values encourage every employee to strive for continuous learning at all levels and to be innovative so as to achieve the best value in terms of quality, service and cost for all our customers.

### 1.1b How senior executives communicate, demonstrate and reinforce the organizational purpose, vision and values to all stakeholders.

The leadership communicates and reinforces clear values, performance expectations, and focuses on creating value for customers and other key stakeholders. All members of the management team are involved either individually as a department or collectively with all departments as tabulated in Figure 1.1b. The leadership clearly and consistently articulates values throughout the organization. The table shows the different effective and innovative approaches to reach out to all employees to spread the values and align its work to support organizational goals.

### 1.1c How senior executives evaluate and improve the effectiveness of their leadership and personal involvement.

Senior executives measure the effectiveness of their leadership and individual involvement to improve the alignment of quality values throughout the organization. The evaluation of effective leadership and personal involvement is carried out throughout the years using different mechanism to gather meaningful feedback. This feedback addresses both individuals and the organization. Sources of these feedback are identified in Figure 1.1c.

Stakeholders	Approaches
Customers	Operation review Plant Visit Customer satisfaction survey Intranet / Internet
Suppliers & Partners	Supplier performance review Supplier Day Supplier audit
Employees	Intranet Notice board Company folder Initial orientation Department meetings 3-point & 10-point meetings GM walkabout / GM dialogue Operation review Cross department orientation Plant meeting Performance Management Process (PMP)
Community / Public	Environmental action team Community service committee Management involvement in SQA Governing Council, Management Committee and Assessors Management involvement in educational institutions Talks in school

Figure 1.1b Different Approaches for Different Stakeholders

Feedback Mechanism	Organized by	Participants
"Ask Management" via Intranet	GM	Employees
"Open Door" policy	Management	Employees
GM Walkabout & Dialogue	GM	Management & Executives
1-1 meeting	Management	Employees
Pulse Survey (10-point meeting)	Management	Employees
Networking with Marketing	Management	Customers
Performance management process	Management	Employees
Operation reviews	Management	Customers
Corporate / Division Meetings	Management	Customers
Certificate of integrity and compliance	Corporate	Employees
Customer Satisfaction Survey	Management	Customers
Independent audits	Corporate / International regulatory bodies	Management
Employee engagement survey	HR / Corporate	Employees

Figure 1.1c Feedback Channels

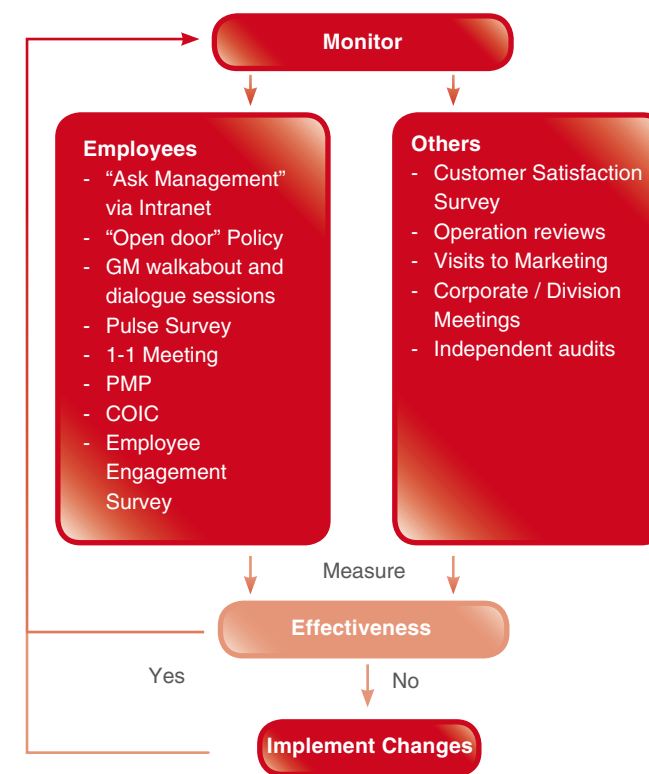


Figure 1.1d Leadership evaluation

This feedback follows the process in Figure 1.1d where they are evaluated and improvements made.

## 1.2 ORGANIZATIONAL CULTURE

### 1.2 a How the organization translates its values into policies, practices and behavior.

Our shared values form the foundation of the plant and they create the culture which translates in the way we interact with one another and externally.

These values are evident in suitable policies and practices throughout the plant which create and encourage the right behaviors for the whole organization. See Figure 1.2a.

### 1.2.b How the organization permeates a culture consistent with its values, and which encourages and supports learning, innovation and achievement of organization's objectives.

The Quality Leadership Process (QLP) was established at the onset to steer the organization towards world class manufacturing by focusing on operational excellence and promote continuous improvement. Its structure is shown in Figure 1.2b(i).

Values	Policies & Practices	Behaviors
Relentless focus on rapid and disciplined action	<ul style="list-style-type: none"> <li>Spec / SOP</li> <li>Monthly project progress reviews</li> <li>Response within the same day.</li> </ul>	<ul style="list-style-type: none"> <li>Demonstrating appropriate sense of urgency and decisiveness</li> <li>Participative, demanding and fair</li> <li>Making good decisions based on analysis, wisdom, experience and judgement</li> </ul>
Passion to innovate and drive for solutions	<ul style="list-style-type: none"> <li>Quality policy</li> <li>6-sigma committee</li> <li>Breakthrough idea</li> <li>Suggestion scheme</li> <li>PMT</li> </ul>	<ul style="list-style-type: none"> <li>Generating new ideas and constantly seeking better solutions</li> <li>Appropriately challenging status quo</li> <li>Demonstrating courage to champion alternatives and take unpopular positions</li> </ul>
Personal accountability for results and integrity	<ul style="list-style-type: none"> <li>PMO</li> <li>Dept goals</li> <li>Plant goals</li> <li>Business Practices Standards</li> <li>Operations review</li> <li>Department reviews</li> </ul>	<ul style="list-style-type: none"> <li>Taking responsibility for meeting commitments</li> <li>Ensuring all actions adhere to global business practice standards</li> <li>Achieving results through role model behavior</li> </ul>
Eagerness to learn and continuously improve	<ul style="list-style-type: none"> <li>LNA</li> <li>PMP</li> <li>Quarterly reviews</li> <li>Education assistance policies</li> <li>Cross training</li> </ul>	<ul style="list-style-type: none"> <li>Open to change</li> <li>Pursuing and sharing knowledge and new skills</li> <li>Seeking feedback and learning from mistakes</li> <li>Comfortably handles risk, uncertainty and ambiguity</li> </ul>
Uncompromising dedication to quality	<ul style="list-style-type: none"> <li>Operation reviews</li> <li>SOP/Spec reviews</li> <li>Quality policy</li> <li>D.I.R.F.T.</li> <li>Weekly / Monthly / Quarterly Reviews</li> </ul>	<ul style="list-style-type: none"> <li>Committed to anticipating customer needs and exceeding expectations</li> <li>Consistently acting with customers in mind</li> </ul>
Respect for individuals and the diverse contributions of all	<ul style="list-style-type: none"> <li>Annual Variable Component (AVC)</li> <li>Suggestion scheme</li> <li>Small Group Activities</li> <li>PMO</li> <li>Promotion</li> <li>PMT</li> </ul>	<ul style="list-style-type: none"> <li>Valuing and leveraging the perspectives and skills of the entire team</li> <li>Creating a rewarding and stimulating environment where constructive conflict is valued</li> </ul>

Figure 1.2a Culture and shared values



Figure 1.2b(i) QLP Structure

A comprehensive approach is adopted to ensure the achievement of the organization's objectives and that every employee can participate and be part of the team. See Figure 1.2b(ii).

Learning	Policy - Education assistance program Policy – Incentive scheme for basic literacy and technical skills Information sharing with suppliers/ partners Intra-dept Cross training / Inter department cross training KM portal in Intranet Overseas attachment Training needs analysis Exam leaves External courses Seminars
Innovation	Overseas attachment VIP Breakthrough Ideas CIA & Recognition External courses Seminars Process management teams
Organization objectives	Annual Variable Component Process Management Teams Promotion

Figure 1.2b(ii) Promoting learning and innovative culture

### 1.2c How the organization overcomes any differences between the current culture and the desired culture

The senior leadership takes a positive approach and reviews the culture regularly to ensure compliance throughout the organization. One such action is the review and adoption of the corporate shared values. Subsequently the senior leaders clearly and consistently articulate these values throughout the organization at both personal and organisational level. Various feedback channels are established to overcome any differences between desired culture and current culture. The channels are illustrated in Figure 1.2c(i).

Activity	Participants
Staff meeting	Staff group
Plant Operations Review – Quiz	All Executives / Admin
PMO	All employees
Policy review	All departments
Employee engagement survey	All employees

Figure 1.2c(i) Feedback Channels

The review performed by the management may be depicted in the flow chart below in Figure 1.2c(ii).

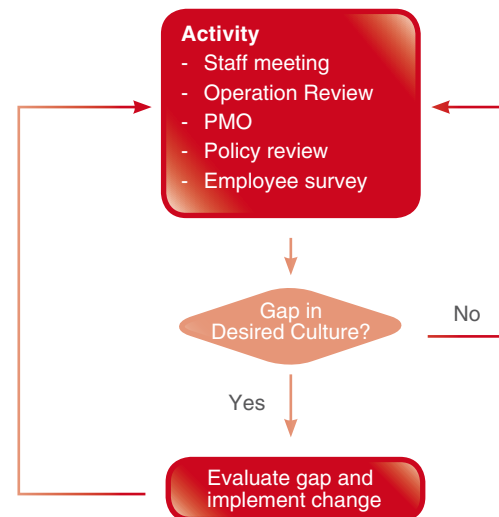


Figure 1.2c(ii) Flow chart on desired vs. actual culture evaluation

Through employee feedback gathered during employee engagement survey, it was discovered that there were opportunities to motivate and engage employees to think 'out of box'. Hence in 2005, the leadership decided to set a goal related to innovation. This was implemented in 2006 thereafter. Besides this, a committee on Innovation was established and spearheaded by a senior executive, to provide impetus to the innovation movement.

### 1.3 RESPONSIBILITY TO COMMUNITY AND THE ENVIRONMENT

Giving back to the community and having the sense of responsibility over the environment has been an attribute that the organization has been instilling in all staff. The commitment to this responsibility is channelled through various ways.

#### 1.3a Describe the organization's policy and goals in relation to its contribution to the community and the environment in which it operates.

The company's contribution to the community and environment may be summarized and shown in Fig 1.3a. New and different programs have been added to the list over the years to enrich and benefit the community at large.

#### 1.3b How the organization communicates its policy and goals to employees and external parties and involves them in achieving the goals.

Our community activities, policies and goals are communicated to all employees and external parties regularly. Their involvement and contributions will help the organization achieve the goals. Below is a table showing the different channels of communication with our employees and external parties. See Figure 1.3b

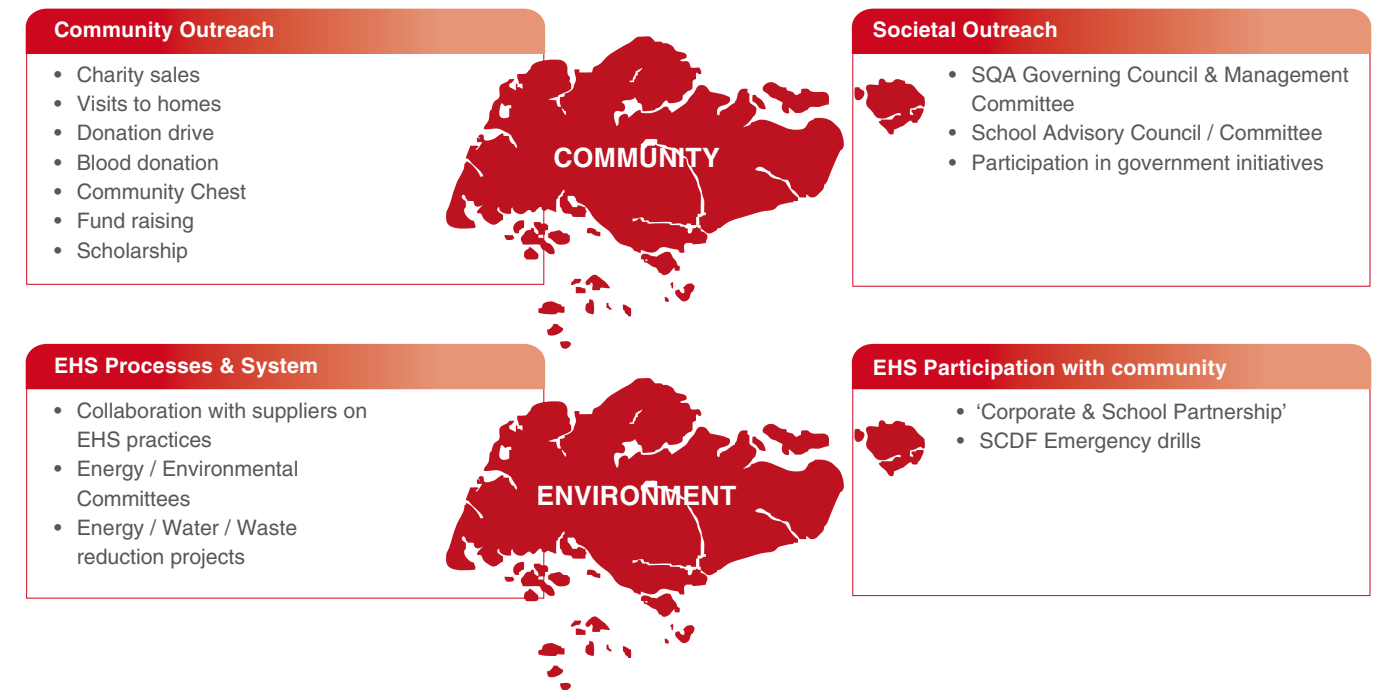


Figure 1.3a Contributions to Community & Environment

	Employees	External stakeholders
Notice boards	✓	
Email	✓	
Teamnotes	✓	
Committees	✓	
Visits / Meetings		✓
Operation Review	✓	
Plant meeting	✓	
Supplier Award Program		✓
Circulars / Letters		✓

Figure 1.3b Communication Channels on Community Involvements

#### 1.3c How the organization evaluates and improves its involvement and contribution to the community, society and the environment in which it operates.

To understand its contribution to the community, society and environment, the organization deploys and engages different platforms to gather feedback for improvements. Some of these are employee engagement survey, annual BSRC feedback survey, 10-point review board, feedback from customer visits, community via emails or letters, from participants, as well as from audits and regulatory bodies. Committees are set up to promote community and environmental awareness. The flow chart (Figure 1.3c) shows how evaluations are carried out and improvements made.

Supplier partnership is one of the important pillars of Baxter's success. When it comes to community involvement, we also engage our suppliers to contribute alongside us. In the early 2000s, to do our part for the environmental cause, we partnered with suppliers to supply and deliver raw materials in recyclable plastic containers instead of paper carton boxes.



Figure 1.3c How improvements are made related to community involvement

We also worked closely with NEA to ensure all waste generated are adequately treated before being discharged to the sewer to prevent toxic wastes from polluting our recycled water system. Other initiatives included efforts to reduce energy waste by tapping and recycling water and heat discharges for other applications thus reducing consumption and discharge of wastes.

Community services to the less privileged are continuously reviewed and modified to support a large need base. Over the years, different charities were identified, with donations made and services rendered.





# Planning

## Mapping The Future

### 2.1 STRATEGY PLANNING AND DEPLOYMENT OVERVIEW

Systematic Strategy and Deployment has been in place at Baxter Woodlands since the early 1990s. All key steps of the strategic planning process are captured in our strategic planning process guide.

#### 2.1a Describe the process for developing and deploying the organization's short and long-term strategic plans. Include key steps and key participants in the process.

The Strategy Planning Development Phase reflects the organization's approach including various situational analyses at every level, taking into consideration the inputs from stakeholders, measuring strengths, weaknesses, opportunities and threats as well as the assessment of key factors identified through meetings before strategies are determined and executed.

Various functions/committees within the plant are required to solicit inputs from their respective stakeholders for their key expectations for the coming year and beyond. These stakeholders' inputs are summarized into the outlook and/or highlighted as challenges. A strategic planning tool, SWOT analysis is then performed at the individual department/function/committee level. The SWOT analysis from the various groups are collated for the site level SWOT analysis.

Key factors from the stakeholders' assessments are identified and these are used to help establish the site's key challenges. The key challenges are then cross-referenced to the organization's goal framework. This process helps to ensure alignment of our key goals and actions to the division/corporate direction. Our organization's goal framework:

1. Customers
2. Finance
3. Operational excellence
4. Innovation

5. People/Team
6. Quality/regulatory/compliance

Our vision and mission are reviewed (and changed, if necessary) after the SWOT analysis is completed and long term key challenges have been established.

Subsequently, goals, targets and action plans are established. This information will then be disseminated to the various departments to be used for the preparation of their respective departmental goals for the coming year. Departmental goals and actions are presented during the YEMM.



Fig 2.1a Strategic Planning Process Model

YEMM participants consist of all managerial level personnel and selected executives from a cross section of the entire plant's executive staff.

The goals/actions for the various departments and site are then finalized, ready to be deployed to the rest of the plant. From the whole list of goals, key goals will then be selected as Annual Variable Component (AVC) goals.

Goals are then cascaded throughout the plant through departmental meetings and plant meetings. Administrative and executive level staffs are then required to prepare their Performance Management Objectives (PMOs). Dateline for submission of the new year's PMO is in end January. All PMOs are required to have at least one goal/action for each of the category as defined in Baxter Woodlands' goal framework.

The process we have in place assures that all goals/actions are perfectly aligned from Corporate down to the shop-floor staff.

Mid year reviews of plans and actions are carried out during the MYMM (Mid Year Management Meeting). The MYMM is an off-site meeting involving managerial level staff. The primary purpose of this meeting is to review the department and site YTD performance and the status of the committed key actions from the YEMM. Depending on business needs and the

performance level attained, appropriate changes may be made to the action plans.

#### 2.1b Summarize the organization's key strategic objectives and goals for the short and long-term that arise from the strategy development process. The long-term and short-term goals are shown in Fig 2.1b(i).

To facilitate strategy planning for a longer term, a business planning process guide was developed years ago. This document is reviewed and updated annually to ensure the planning process is valid and relevant with the changing business landscape.

#### 2.1c How the organization reviews its performance relative to plans, and how it reviews the relevance of plans to reflect business changes.

At the site level, plant wide meetings involving all employees are carried out bi-annually, one at the beginning and the other at the middle of the year. The first meeting of the year provides a review of the past year's performance, the outlook, key challenges, actions and goals for the year ahead, while the mid-year meeting gives a status update on the YTD performance, revised actions or additional actions that need to be taken. Where appropriate, changes to key business directions are also communicated at this meeting to all employees.

Long Term and Short Term Site Goals					
CUSTOMER	FINANCE	OPERATIONAL EXCELLENCE	INNOVATION	PEOPLE	QUALITY / REGULATORY
<ul style="list-style-type: none"> <li>• New product codes</li> <li>• Customer satisfaction</li> <li>• Service level</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing variance</li> <li>• Standard cost</li> <li>• Inventory turns</li> </ul>	<ul style="list-style-type: none"> <li>• Conversion loss</li> <li>• Energy usage</li> <li>• Water usage</li> <li>• Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Breakthrough ideas</li> <li>• Suggestions</li> </ul>	<ul style="list-style-type: none"> <li>• Effective PMP process</li> <li>• Talent retention</li> <li>• Employee engagement</li> <li>• Team participation</li> </ul>	<ul style="list-style-type: none"> <li>• Zero major non conformance</li> <li>• Customer feedback</li> </ul>

Figure 2.1b(i) Long-term & Short-term goals



Goals are cascaded throughout the plant through departmental meetings and plant meetings. The process we have in place assures that all goals/actions are perfectly aligned from Corporate down to the shop-floor staff.

Operations review meetings are held bi-annually, one at the end of the first quarter and the other at the end of the third quarter. The purposes of these meetings are to give the administrative and executive staff an update of the key performance indices as well as to disseminate key messages.

During the course of the year, employees are also kept up-to-date on key performance indicators through postings at notice boards located at strategic locations around the plant. These performance indicators are also available for viewing at all employee Intranet kiosks as well as computers connected to the plant's LAN network.

**2.1d How the organization evaluates and improves its strategic planning process.**

The planning process improvement cycle starts at the beginning of each new financial year. The managers in charge of QLP and strategic planning will review the process in the previous year. The following inputs are taken into consideration:

- Changes to the timing of the planning cycle or planning process at corporate and/or division.
- Changes to the budgeting and capital spending approval cycle.
- Review the output of each key step of the planning process to ensure that objectives of the steps have been met.
- In addition to the above, each year, during the MYMM and YEMM, participants are invited to provide feedback on the planning process.



# Information

## Passing On The Passion

**3.1 MANAGEMENT OF INFORMATION**

Baxter manages information through the use of an orderly process which involves key steps such as selection, collection, analysis, evaluation, review and dissemination. There are also two levels of managing information that are catered to both long-term objectives and day to day operations.

**3.1a How information needed to drive planning, day-to-day management and improvements to the organization's performance is selected and collected. List the key types of information and describe how they are related to the organization's performance objectives and goals.**

Information Management enables Baxter Woodlands to systematically harness its information resources and capabilities critical for organizational performance improvement as well as enhancing our competitiveness and growth. Information is managed at two levels – strategic level and operational level. Strategic level information helps towards long-term goals such as new product codes transfer, customer satisfaction, employee satisfaction, product quality and inventory control, whereas operational level information are meant for day-to-day operations such as first pass yield, conversion loss, complaints, manufacturing variations, efficiency and schedule adherence, etc.

At the strategic level, as part of the Planning process (refer Figure 2.1a Strategic Planning Process Model), each department and committee is tasked to gather information from internal and external stakeholders, including customers. Sources of information come from our key customers and suppliers, communication with local authorities and regulatory bodies. All departments also perform their SWOT analyses to position themselves to meet the key challenges identified during strategic planning process. With these information resources, key challenges are developed and aligned to our plant's key strategies that are built to fit our corporate goal framework ie customers, financial, operational excellence, innovation, people,



Figure 3.1a(i) Information management process flow

and quality. Long-term strategic objectives and goals or targets for the organization are then established. Figure 2.1b(i) provides an illustration of Baxter Woodland's key information – the strategic objectives. Based on these strategic objectives, departmental goals are established. These goals are used to monitor our performance at an operational level.

At an operational level, information management process can be summarized as follows:

- Identifying, benchmarking, deploying, collecting and analyzing information for reviewing of performance measurements.
- Managing information system to ensure data availability, accessibility for knowledge sharing. Every person is given access to data they need to make decisions about their work.



- Information management system must be kept relevant with prevailing business needs and directions.
- Evaluate and review the hardware and software of information storage controls and quality to meet data user requirements while being secure and reliable.

**3.1b How the organization ensures that information is reliable, accessible and disseminated quickly to employees, suppliers/partners and customers. Include how the organization shares information to encourage learning and innovation.**

To ensure data and information integrity, reliability, accuracy, timeliness, security and confidentiality, we have established policies and standard operating procedures.

For data and information integrity & reliability, the following are performed:

- Evaluation of Risk A systems
- Periodic review by data owner on the data access/ classification.
- Virus Protection for Servers and Personal Computers. Real-time virus protection software is installed and running on all servers on the LAN. All Personal Computers connected to the LAN are installed with an anti virus diagnostic software that scans and cleanses the hard disk and floppy disk where applicable. Virus protection software is updated with the latest version or auto-updated through the virus protection software website whenever there is a new virus detected. This prevents any corruption of data resulting from virus attack.
- Access Control
  - Access to the computer systems and their applications are restricted to authorized personnel.
- Regular system maintenance
- Backup plan

Accuracy of data and information is achieved through the automation process built to integrate across different computerized systems. With integration, there is lesser manual intervention which may result in human errors and inaccurate information.

These systems are available 24/7 with the exception of scheduled downtime required for maintenance.

In addition, accuracy of data is also assured by the users of the computer applications through:

- Standard Operating Procedures (SOP) and various forms are used to ensure that the data is initiated from the right source and all procedures are followed before finally being entered into the computer applications.
- On-the-job training (OJT) is conducted for new employees, and whenever there are changes to the operating procedures, re-training is also carried out.

Information	Users of Information	Reliability
Financial	Management Corporate	Accounting controls Access Controls Hardware/software controls
Operational	Operations Finance Corporate	Access controls Training
Quality	Quality Operations Corporate	Risk analysis Screening of data for reliability Qualification of System

Figure 3.1b(i) Types of information and examples of assurance of reliability

Communication of results of organizational-level analysis to customer, supplier, and functional-level is through the following:

- E-Communication channels
  - LAN - All data are stored in a Centralized Storage Server and can be accessed via any computers.
  - Woodlands Intranet – Information on Balance Scorecard for Baxter Singapore and Organization Performance Summary are updated and posted.
- Regular Meetings – A list of meetings that are regularly scheduled throughout the year for the purpose of communication of organizational results.

Key Information	Dissemination Method				
	Customers	Suppliers	Employees	Management	Corporate
Financial				Meetings	Teleconference Emails
Site goals			Plant meetings Notice boards		
Inventory				Meetings	Teleconference Emails
Complaints	Emails Teleconference	Meetings	Notice boards Meetings	Trend reviews	
Production scheduling	Emails Teleconference	Emails Teleconference	Meetings	Meetings	Emails Teleconference
Safety			Notice boards Meetings	Notice boards Teleconference	Emails

Figure 3.1b(ii) Dissemination method for various key information

- Others such as weekly Teamnotes where information are disseminated on a weekly basis to highlight the various activities happening in the site and information displayed on the various notice boards throughout the site.
- Emails to suppliers.
- Regular meetings with customers for requirement updates.

Also refer to Figure 1.1b for different approaches of communication to different stakeholders.

Figure 5.2a(ii) shows the different functional / management meetings that are conducted at different frequencies to ensure operational and customer requirements are met.

Information is also shared with various parties to encourage learning and innovation.

Baxter Woodlands	Baxter Worldwide	Supplier
Quarterly PMT presentation	Sharing of BDP with other plants	Suppliers workshop
KM portal	Benchmarking trips overseas	Supplier performance review
Bulletin board	Global conferences	Adhoc supplier sharing
CIA	Quickplace	
Quarterly Recognition Award		
SGA		

Figure 3.1b(iii) Examples of Information sharing for Learning & Innovation

**3.1c How information is analyzed and used to support organizational planning and review.**

Information is used for both organizational planning as well as performance review. Information to support the organizational planning process is used by the Management Team in their bi-annual meetings specifically to review operations and site performances, as well as re-evaluation, identifying and setting new goals and performance indices to ensure the company stays current with business needs and directions.

Other data and information are used for performance improvement during discussions by focus groups as well as regularly scheduled meetings. Monthly operational performance results are reviewed and compared to previous months' results to determine trends and establish action plans to drive improvement and innovation so as to rectify those problematic areas to achieve continuous and breakthrough improvements in the production processes based on the results of the discussions and analysis of data and information collected.

Overall operational performance for the current year is reviewed during the Strategic Meetings to analyze and plan for the next half-year and next year's performance target respectively.

As mentioned previously, in order to ensure performance excellence, senior leaders review organizational performance regularly in a disciplined and fact-based manner which involves review of actual key performance results versus plan goals, identification of areas of improvement and development of action plans. Various tools are employed for analysis. For manufacturing process performance data, analysis is typically through the use of statistical tools, such as SPC, control charts, trend analysis, Pareto analysis, etc.

Statistical analysis provides focus and priority in areas that need attention so that resource allocation & action plans can be deployed for better results.

PMT teams are also formed to use the various tools to work on key projects. PMT teams use DMAIC problem solving techniques and presentations of the progress is done quarterly to the management team as well as other employees.

The organization systematically analyzes data to determine overall organizational performance. Setting of priority, determining of area of focus and developing of action plans are all based on facts rather than intuition. All the analysis is done and updated regularly so that they can be made available to employees in a timely manner in the various meetings, LAN folders and notice boards so as to help them make the right decision for improvement at all levels.

**3.1 d. How the organization evaluates and improves its management of information.**

The management continuously and regularly evaluates and improves its management of information. All aspects of information management that include the methods and mechanism used in the collection, analyses, dissemination, accessibility and effectiveness in the application of information is reviewed in conjunction with the strategic business planning process.

The organization through QLP committee also evaluates and reviews the information management system annually to ensure that the system meet the current business needs. The review process includes evaluating the performance indices identification, management, alignment with corporate objectives and linkage with the Strategic Planning process, the Benchmarking process, etc.

Improvements made in recent years include the use of technology to manage information. Widespread use of Intranet and other e-tools help to disseminate information quickly and efficiently to those who need it.

Listed below are some examples made over the years to improve the management of information:

- Introduction of Intranet Kiosk to disseminate information to all employees in a timely manner.

- Installed large LCD displays at production areas to disseminate and share operation performance, milestone and achievements.
- Creation of Knowledge Portal for expert knowledge sharing across all departments.
- Implemented SCADA as a process management tool to provide real time process information.

### 3.2 COMPARISON AND BENCHMARKING

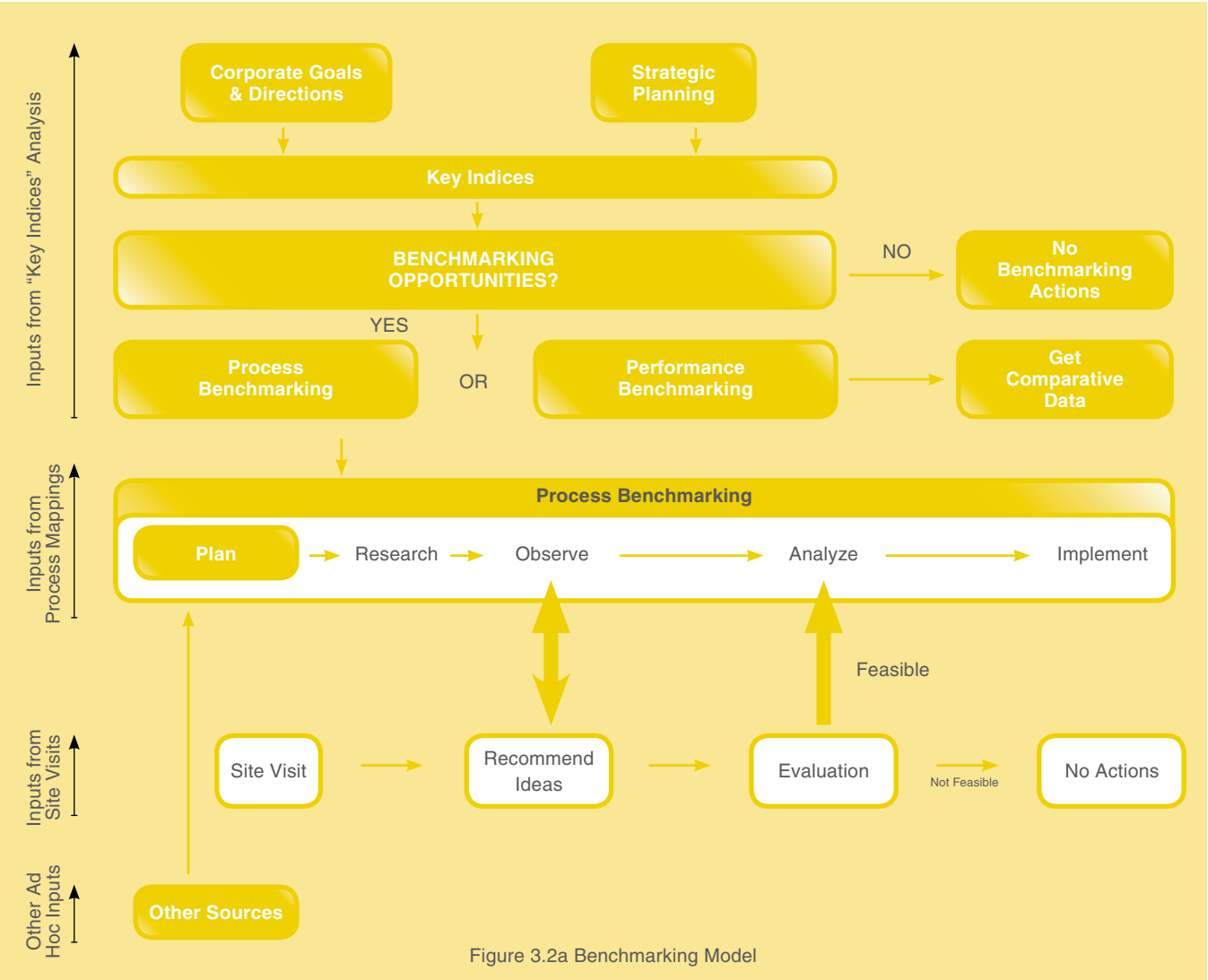
Prior to decision-making, a selection of information will be made through the adoption of various processes to select the best choice that will determine effectiveness and achieve performance improvements.

**3.2a How comparative and benchmarking information is selected to improve the organisation’s performance.**  
 To select and ensure the effective use of key comparative data and information, we use the Benchmarking Model - Figure 3.2a. It shows different sources from where benchmarking opportunities are identified. Once identified, action will be taken to get the comparative data. If it is Process Benchmarking, partners shall be identified, benchmarking performed leading to project implementation.

**3.2b How comparative and benchmarking information is used to improve processes and to set stretch goals and/or encourage breakthrough improvements. Include a summary of comparative and benchmarking activities and studies done.**  
 Competitive comparison data and benchmarking analysis are used widely in a continuous effort to evaluate and improve performance. Selection of comparative data for benchmarking opportunities are established from corporate goals, strategic planning, key performance indicators and processes. Goal settings are done with available benchmark information during strategic meetings. Long term goals are also published together with their benchmarks. As for benchmarking partners, selection is mainly based on known award winners and published performance data of outstanding companies.

Data on competitors/non-competitors and other Baxter plants’ performance are analyzed to determine our performance as compared to them. As a result, we may adopt their performance as our benchmark for continuous or breakthrough improvement. Site visits are also made to benchmark their best practices, which are eventually implemented locally.

**3.2c How the organization evaluates and improves its overall process of selecting and using comparative and benchmarking information.**  
 The Benchmarking Process Guide, which spells out the plant’s approach to benchmarking, is reviewed annually and when the need arises, to ensure that it is still current and relevant. Constant effort is a practice as it is crucial to improve the ways benchmarking opportunities are identified. Data collected from competitive comparisons are used by management as a benchmark for annual planning cycle, organizational goal setting process and deriving site goals. Gap analysis is often used to evaluate current operations against the benchmark or business plans. Alignment to appropriate goals and action plans for change and improvements are established. Regular audit is done through operation reviews, executive’s monthly report, schedule meeting and customer’s feedback etc.



Accuracy of data and information is achieved through the automation process built to integrate across different computerized systems. With integration, there is lesser manual intervention which may result in human errors and inaccurate information.





# People

## Investing In Our Greatest Assets

BHSA's HR strategies are targeted at understanding the needs of the workforce and developing them through various ways that are streamlined according to our business requirements. BHSA taps the full potential of the workforce to create a high performance organization through Talent Acquisition, Talent Management, Compensation/Benefits & Employee Engagement.

### 4.1 HUMAN RESOURCE PLANNING

#### 4.1a Describe the organization's human resource requirements and plans, based on the organization's strategic objectives & goals.

We have identified 4 HR strategies (Talent Acquisition, Talent Management, Employee Engagement & Compensation/Benefits) to address the needs and development of our workforce. The HR Strategy and Framework is reflected in Figure 4.1a(i). These HR strategies were developed as a result of the strategic

planning process. This strategic planning process is explained in Figure 2.1a. HR strategies are aligned to the business strategies and goals. As reflected in the HR Strategy and Framework, HR Key Principles and Roles help us to meet our strategic objectives.

#### 4.1b How the organization implements and reviews its human resource plans.

The HR plans are implemented via the following HR functions:

- Staffing
- Learning & Development
- Employee Relations
- Compensation & Benefits

HR plans and scorecard are established during the year-end management meeting. These plans are aligned to our strategic objectives. Responsibilities are

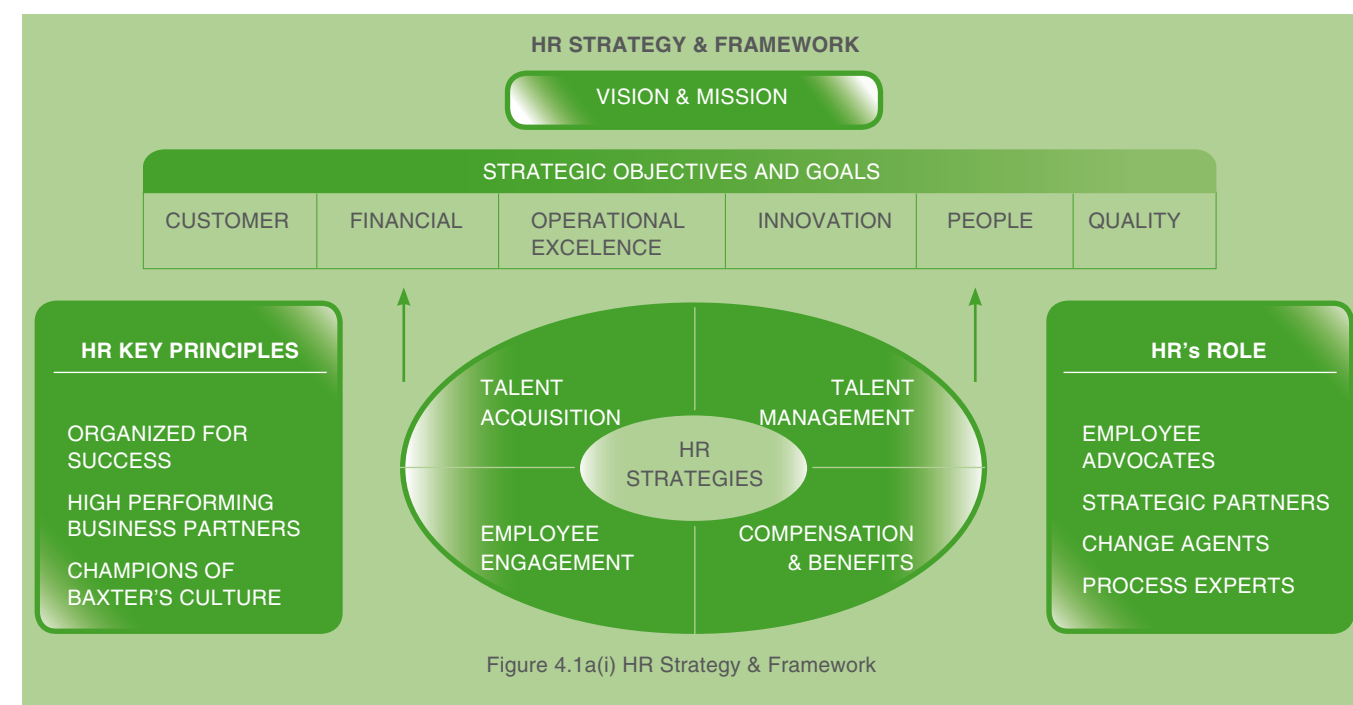


Figure 4.1a(i) HR Strategy & Framework

### IMPLEMENTATION AND REVIEW OF HR PLANS

HR STRATEGIES			
TALENT ACQUISITION	TALENT MANAGEMENT	EMPLOYEE ENGAGEMENT	COMPENSATION & BENEFITS
KEY HR PLANS			
<ul style="list-style-type: none"> <li>Partnership with EDB (Training Attachment Program).</li> <li>Partner agencies to source and recruit talent from overseas sources.</li> <li>Campus recruitment.</li> </ul>	<ul style="list-style-type: none"> <li>Training Programs</li> <li>Organization Inventory (OI) for succession planning &amp; career development</li> <li>Overseas attachment at other Baxter facilities</li> <li>Cross training attachment between Departments / Functions</li> </ul>	<ul style="list-style-type: none"> <li>Employee Communication</li> <li>Employee Involvement</li> <li>Employee Health &amp; Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Monetary Awards</li> <li>Non-Monetary Awards</li> <li>Employee Benefits</li> <li>Performance Management</li> </ul>

REVIEW OF HR PLANS			
FREQUENCY : MONTHLY	FREQUENCY : QUARTERLY	FREQUENCY : ANNUALLY	FREQUENCY : EVERY 2 YEARS
<ul style="list-style-type: none"> <li>10-Point Meeting</li> <li>EHS Scorecard</li> </ul>	<ul style="list-style-type: none"> <li>HR Scorecard</li> </ul>	<ul style="list-style-type: none"> <li>Compensation &amp; Benefits Surveys</li> <li>MYMM &amp; YEMM</li> </ul>	<ul style="list-style-type: none"> <li>Employee Opinion Survey</li> </ul>

Figure 4.1b(i) Implementation & review of HR plans

assigned to various HR team members to execute the HR plans.

The detailed HR plans that are aligned to the HR strategies are reflected in Figure 4.1b(i).

There are several mechanisms for review of HR plans. Details of the review mechanisms are reflected in Figure 4.1b(i). Over the years, we have made several improvements to the HR plans. These include enhancing employee communication through the introduction of Intranet Kiosks for all employees, introduction of business excellence training programs, revamping the Performance Management System and introducing new Healthy Lifestyle programs.

trust, ownership and commitment to meet the plant's goals and objectives.

Our drive to engage every employee starts with the management's 'open communication' style. This is further reinforced with a comprehensive recognition and reward system, driven by goals and objectives at individual and team level. Figure 4.2a illustrates how our Employee Engagement Strategies drive total employee involvement to achieve plant goals, in alignment with our vision and mission. The open communication culture is our key enabler for employees to express their views, share new ideas and continuously look for improvements.

### 4.2 EMPLOYEE INVOLVEMENT AND COMMITMENT

Employees are driven towards Baxter Woodlands' vision and mission. We encourage our employees to commit and involve themselves with the objectives and aims of the organization through various means. Strategies such as the implementation of an open communication approach and the execution of programs that involve more interaction are used to reach out to employees.

#### 4.2a The strategies adopted and the mechanism available to encourage employee involvement and commitment in teamwork, innovation and the achievement of organization's objectives and goals.

Baxter Woodlands uses various platforms and mechanisms to involve employees of various levels. The design of the mechanisms aims to address the entire company, including management team to rank and file. Our strategy is designed to foster



Figure 4.2a Employee Engagement Strategies

Mechanism		Objectives
Open Communication	3-point Meeting	Communication between supervisors and employees.
	10-point Meeting & Review board	Communication between leadership team and shop floor employees.
	Pulse Survey	To gather feedback & seek views from employees
	Dialogue with GM	Communication between manager and GM.
	Employee Survey	To gather feedback and seek views from employees.
Recognition & Reward	Teamnotes	Weekly communication to employees.
	CIA Suggestion Scheme	Platform to collect suggestions for continuous improvement.
	Recognition Awards	Reward system for recognized improvement suggestions.
	Scorecard AVC	Scorecard to engage all employees to attain set goals.
	Teambuilding activities	Company funded activities to foster teamwork.
	Technology and Teamwork Award	Honors employees who have invented, researched, developed, or improved products, processes, or services, which have contributed to the company's growth.
Goal / Objective Driven	Committees involvement	Committee dependent
	Participation rate	To monitor employee participation rate.
	Process Management Team	Cross departmental team to work on process improvement
	Safety Committee	Leadership team & employees to review safety policies & practices.
	Performance Management Objectives	Appraisal system
	Breakthrough Idea	A goal tied in with performance bonus.
	Performance appraisal	Performance management
	SGA & task force	Task orientated

Figure 4.2b Mechanisms for employee engagement, process and review platforms.

**4.2b The process of implementations of the mechanism for employee involvement and commitment, and the review of their effectiveness.**

Figure 4.2b shows the key mechanisms and objectives initiated by Baxter Woodlands to review the effectiveness, commitment and involvement of its employees.

A structured approach is adopted to review the effectiveness of our employee engagement mechanisms. With the ‘open communication’ platform, the management is able to effectively gauge the overall climate of the site and use it for strategic planning. Through the ‘Recognition & Reward’ and ‘Goal Objective Driven’, the team and individual accountability is created.

**4.2c How the organization evaluates and improves its overall employee involvement process.**

We adopt various platforms to review and improve our employees’ involvement level. The effectiveness of the employee involvement process is monitored through a list of indicators:

- 3-point and 10-point attendance rate
- Employee participation rate
- CIA submission rate
- Number of breakthrough ideas
- Knowledge Management entries

We constantly assess the effectiveness of the process and take steps to improve it. This is done through the various platforms:

- Review Board Meeting to close any loop for issues raised
- TEI quarterly meeting to review participation rate
- QLP committee review on team and committee effectiveness
- Mid year and year end management review
- Employee survey

- Pulse survey during 10-point meeting
- Various communication channels as listed in Figure 4.2b

Through the above platforms, the management would assess the current state, compare and align them with our intended outcomes from our strategies. With the results, refinement is then carried out on a regular basis.

**4.3 EMPLOYEE EDUCATION, TRAINING & DEVELOPMENT**

Describe how the organization determines employee education, training & development needs. Describe how education and training is delivered and reviewed.

**4.3a How the organization identifies the education, training and development needs for all employees to support its objectives and goals.**

We have adopted the Learning & Development framework (refer to Figure 4.3a(i)) to identify education, training and development needs for all employees to support BHSA’s objectives and goals.

Three sources of input are used as a means to establish the total learning plan. They are as follows:

- Strategic Planning Process
- Department / Functional Needs
- Individual Needs / Organization Inventory

Based on these inputs, the total learning plan is developed. Different types of programs are offered to meet the needs of the learning & development of all employees. These ranges from Basic English Literacy to Information Technology. Refer to Figure 4.3a(i) for details. The total learning plan is then broken down into quarterly learning plans and delivered according to schedule.

BHSA has laid strong foundations for the Learning & Development functions. These include dedicated staff, budget, training rooms, training equipment and training information system.

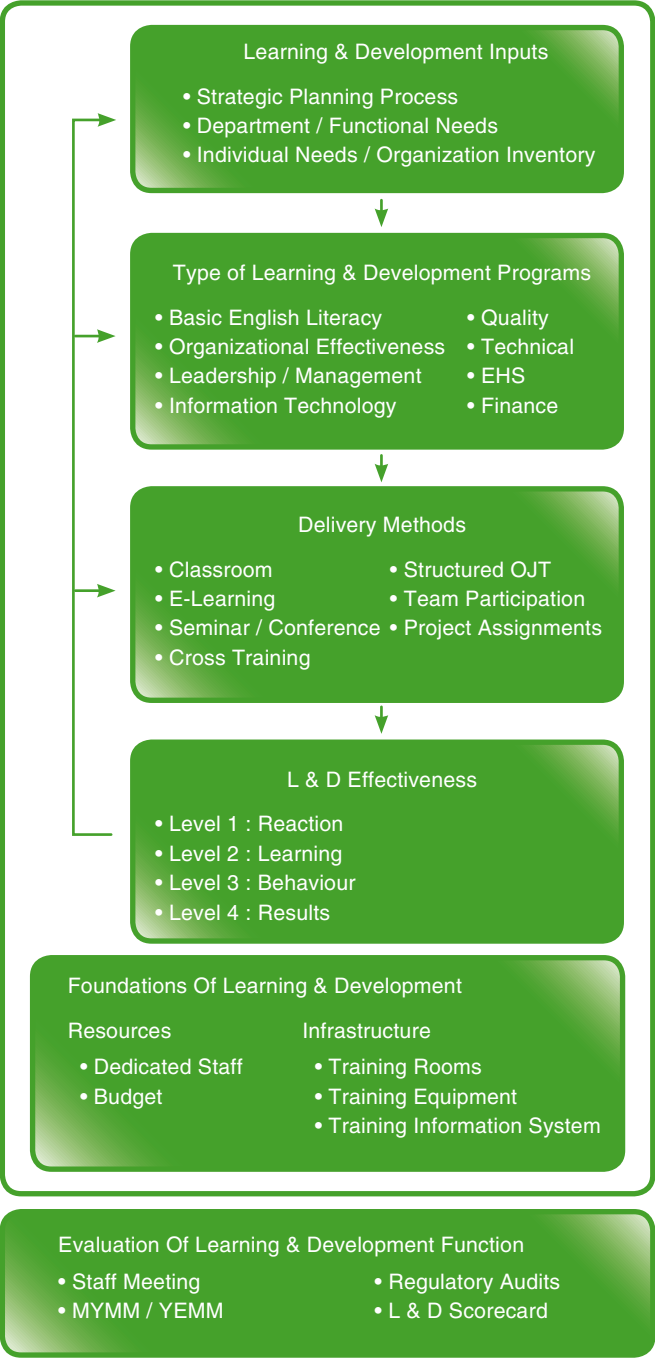


Figure 4.3a(i) Learning and development framework

**4.3b How education and training is delivered and how education and training effectiveness is reviewed.**

BHSA uses different strategies to deliver learning and development programs. The delivery strategy depends on what the specific needs are. For example, an individual may have the required knowledge on leadership, but he may lack the experience of applying the skills learnt. As such, the delivery for this individual is that, he could lead a team to work on a specific project assignment. Detailed delivery strategies are reflected in Figure 4.3a(i).

The effectiveness of our training is measured using the Kirkpatrick’s 4 levels of Evaluation Framework. In this

evaluation model, the evaluation of training is carried out using evaluation forms, assessment test and pre-and-post course review as illustrated in Figure 4.3b(i).

LEVELS	OBJECTIVES	TOOLS
Level 1: Reaction	• Measures participant reaction to training programs	• Course evaluation forms
Level 2: Learning	• Measures the learning principles, techniques and skills learnt at the training program	• Assessment tests
Level 3: Behavior	• Assess the change in behaviour of participant after learning	• Pre-post course review • Project assignments
Level 4: Results	• Assess training in terms of business results	• BHSA scorecard

Figure 4.3b(i) Evaluation framework

The outcome of these 4 levels of evaluations could lead to change in the design, development and delivery stage of the programs as illustrated in Figure 4.3a(i). For example, over the years we have made changes as a result of the 4 levels of evaluations. Examples include:

- Introduced new training programs to meet the stringent customer requirements.
- Have introduced several assessment tests to ensure knowledge is acquired for programs such as manufacturing skills training, Green belt training and lead investigator training. We have also introduced quarterly project presentations for assessing problem solving skills.

**4.3c How the organization evaluates and improves its overall employee education, training and development process.**

There are several mechanisms for review of employee education, training and development process. Details of the review mechanisms are reflected in Figure 4.3a(i). Over the years, we have made several improvements to the education, training & development process. Examples include:

- Introduced learning needs analysis tool for easy completion and consolidation
- Revamped the pre and post course review forms
- Introduced new training information system for effective tracking training history of employees
- Built e-learning room to cater to e-learning programs
- Purchased new training equipment

**4.4 EMPLOYEE HEALTH AND SATISFACTION**

The welfare of our employees is one of the main areas that we focus heavily on at Baxter Woodlands. Creating an ideal workplace that contributes to the health and well-being of our employees not only provides satisfaction but also enhances the conducive environment needed for productivity at work.



4.4a How the organization develops a work environment that enhances employee health and satisfaction, and promotes a harmonious relationship between management and unions / employees.

The approaches, assessment methods, measurements, evaluation, improvements and accolades present in our organization are best summarized as in Figure 4.4a(i).



Figure 4.4a(i) Employee Health and Satisfaction Framework at Baxter Woodlands

Our senior leadership is committed to promoting a healthy and a balanced work-life environment. These include holistic approach to balance employees' welfare in terms of social, economic, physical and mental well-being.

Employee Appreciation Week (EAW), the biggest event of the year, has been held for over 20 years. This event stretches up to a week and its greatest aim is to reinforce the importance of work-life balance. Social activities such as games and wellness classes are organized during mid-day and evening time where employees can participate. The responses are very often overwhelming and well-received. The EAW celebrations include an Annual Dinner and Dance, targeted at bringing together the employees of Baxter Woodlands for a night of good food and fun.

Financial assistance programs such as sponsorship and scholarship for advanced studies are available to employees and their children. Lifelong learning is an important path to developing a successful career, which the senior leaderships strongly believe in. Continuous learning leads to operational excellence. Assisting the employees by providing financial support and insurance coverage to their next of kin is vital in creating job satisfaction as it reflects a positive image on the caring nature of the senior leaders and their core values for being family oriented.

Sports and recreation is an important lifestyle to inculcate. Baxter Sports and Recreational Committee (BSRC) members are advocates of 'Sports for Life'. They organize regular leisure and competitive sports games throughout the year, ranging from taiji and pilates to football and badminton.

Environmental, Health and Safety Management System (EHSMS) was formalized back in 1998. Based upon ISO14001 and OHSAS18001 requirements, the EHSMS is an integral part of the work environment to enhance the health and satisfaction of our employees.

The senior leaderships' focus on natural resources conservation, waste minimization and prevention of injuries and illnesses are extraordinary and prevailing.

Our focus on sustainability and natural resource conservation is extraordinary. Working for a company that cares for the environment brings personal satisfaction. Environmental Action Team has been an active force since the early 1990s. Energy Conservation Team is another active force. Since late 1990's, they play a vital role in reducing carbon footprint by incorporating engineering technology.

Health and safety meetings are led by the senior management team to review every single LTI occurred at this plant. Safety Committee comprises of a cross-functional team, Safety Officer and Environmental Engineer who conduct EHS inspections. EHSMS audit against ISO14001 and OHSAS 18001 requirements by corporate auditors and consultants is performed at this plant in once every three years lasting several days.

Promoting a healthy work posture starts from workstation design. Ergonomics considerations are factored into work station designs, put together by the Industrial Engineers. Ergonomics Committee plays a secondary role in ensuring ergonomics hazards are evaluated and work processes and task do not post high and medium risk to our employees' health.

**4.4b How the organization measures and assesses employee satisfaction.** Baxter uses various mechanisms to measure and assess employee satisfaction such as Employee Opinion Survey, 10-point meeting, Employee Engagement Survey, GM walkabout and Presenteeism etc.

In an Employee Opinion Survey, aimed at gathering feedback from Baxter employees worldwide, employees from Baxter Woodlands voted positively in recognition of the organization's efforts in providing useful programs, helping them improve on health and

The welfare of our employees is one of the main areas that we focus heavily on at Baxter Woodlands. Creating an ideal workplace that contributes to the health and well-being of our employees not only provides satisfaction but also enhances the conducive environment needed for productivity at work.



well-being, providing safe working environment and good job security. The survey report indicated that the employees' satisfaction ratings scored well from both manufacturing and executive groupings and the ratings were higher than Baxter worldwide and Global Manufacturing.

4.4c How the organization evaluates and improves its approach to enhancing employee health and satisfaction.

10-point meeting is the other mechanism where an employee's voice is heard. Chaired by the senior management, employees are scheduled to attend one 10-point meeting every year. The meeting promotes two-way communication where the employee could raise and discuss any issues related to work positively or negatively as well as raise questions on the business aspect. Issues that could not be addressed sufficiently in the 10-point meeting will be documented, and reviewed at the monthly Review Board Meeting, mainly comprising of the senior management team. 10-point meetings are effective as issues are fed directly to the senior management on a regular basis, which allow for immediate rectification.

Employee Engagement Survey (EES) is carried out on a quarterly basis where the employee is requested to complete a survey at the end of the meeting. In each quarter, the survey has different topics of interest eg workplace of choice, talent management, leadership, teamwork and personal development. Started in 2005, EES is a good mechanism as it allows for employee to give feedback on specific areas of interests for the senior management team to focus on.

The effectiveness of these programs and mechanisms are measured regularly through various platforms including review board meetings, senior management meetings, MYMM / YEMM, BSRC survey review, health and safety performance review and feedback from staff at company events and activities.

4.5 EMPLOYEE PERFORMANCE AND RECOGNITION

In line with the organization's goals and objectives, employee performance appraisal, reward systems and recognition etc, have been successfully implemented in a way that would drive high achievers within the organization to perform even better and driven towards our aims. These include both monetary and non-monetary approaches.

4.5a How the organization's employee performance and recognition systems support high performance, innovative and creative behavior and achievement of objectives and goals.

There are various monetary and non-monetary awards systems in the organization to support high performance of employee to achieve the company's objectives and goals in innovative and creative aspects. The management and/or committee will periodically review and evaluate all recommendations for suitability of awards.



Figure 4.5a(i) Employee Recognition System

Baxter Woodlands has an integrated performance management system that is an enabler to higher individual and business performance. Goal setting and alignment are processes that occur at every level of the organization. Once goals are coordinated among Baxter's corporate leadership team, they are cascaded down through each level of the organization. Business groups, teams and individuals all need to set their individual goals, or Performance Management Objectives (PMOs) and ensure that they are aligned with business strategy, their departments and associated teams, and other critical stakeholders. Individual, department and organizational goals are strategically aligned and the process allows for continuous feedback and review, with a focus on differentiation of development opportunities and rewards based on performance.

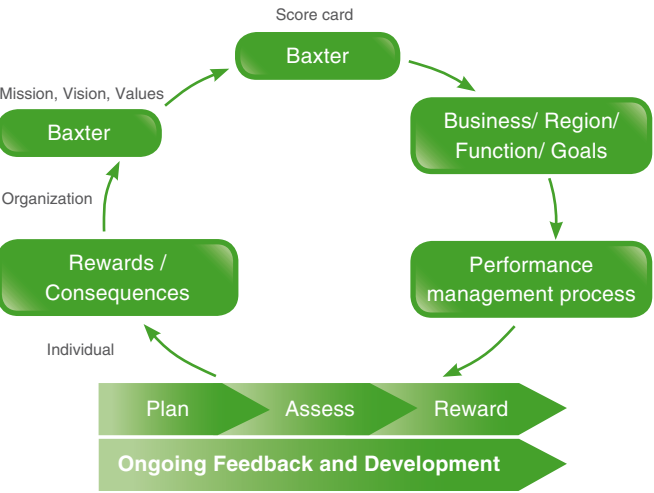


Figure 4.5a(ii) Performance Management Process (PMP)

Outcome of the Performance Management Process (PMP) includes annual merit increment, discretionary bonus and promotion.

In addition to PMP is the Organization Inventory (OI) process whereby leadership potentials are assessed and identified. Actions plans are then put in place to ensure the development of the individuals.

Approaches	Individual / Group	Monetary / Non Monetary	Recognition / Outcome
Performance Management Process	Individual	<ul style="list-style-type: none"><li>• Monetary</li><li>• Monetary</li><li>• Non-Monetary</li><li>• Non-Monetary</li></ul>	<ul style="list-style-type: none"><li>• Merit Increment</li><li>• Discretionary Bonus</li><li>• Promotion</li><li>• Career Advancement Opportunities</li></ul>
Organization Inventory (OI) Process	Individual	Non-Monetary	Career Advancement Succession Planning
Quarterly Recognition Award	Individual / Group	Monetary	<ul style="list-style-type: none"><li>• Continuous Improvement Action (CIA) Award</li><li>• Knowledge Management (KM) Award</li><li>• Technology N Teamwork (TNT) Award</li><li>• Safety Award</li><li>• Process Management Team (PMT) Award</li></ul>
Training & Education Assistance Scheme	Individual	Monetary / Non-Monetary	<ul style="list-style-type: none"><li>• New Skills &amp; Knowledge</li></ul>

Figure 4.5a(iii) Monetary and Non-Monetary Awards System

A variety of monetary and non-monetary awards system in the organization is also in place to encourage high performance, an innovative culture and creative behavior. See Figure 4.5a(iii).

In addition, Total Compensation Philosophy is designed to reward employees according to individual and business performance results as well as ensuring market competitiveness.

4.5b How the organization evaluates and improves its performance and recognition systems.

The performance and recognition systems are reviewed regularly during the various committee meetings, mid-year and year-end management meetings, management staff meetings, through employees opinion surveys and communication sessions (e.g. 3-point and 10-point meetings).

Approaches	Individual / Group	Recognition / Outcome	Evaluation
Performance Management Process	Individual	<ul style="list-style-type: none"><li>• Merit Increment</li><li>• Discretionary Bonus</li><li>• Promotion</li><li>• Career Advancement Opportunities</li></ul>	<ul style="list-style-type: none"><li>• Mid Year &amp; Year End Management Meetings</li><li>• Staff Meetings</li><li>• Compensation &amp; Benefits Survey Analysis</li></ul>
Organization Inventory (OI) Process	Individual	<ul style="list-style-type: none"><li>• Career Advancement</li><li>• Succession Planning</li></ul>	<ul style="list-style-type: none"><li>• Staff Meeting</li></ul>
Annual Variable Component (AVC) Goals	Group	<ul style="list-style-type: none"><li>• AVC Payout</li></ul>	<ul style="list-style-type: none"><li>• Mid Year &amp; Year End Management Meetings</li></ul>
Quarterly Recognition Award	Individual / Group	<ul style="list-style-type: none"><li>• Continuous Improvement Action (CIA) Award</li><li>• Knowledge Management (KM) Award</li><li>• Technology N Teamwork (TNT) Award</li></ul>	<ul style="list-style-type: none"><li>• CIA Committee Meeting</li><li>• TEI Committee Meeting</li><li>• QLP Meeting</li><li>• Safety Committee Meeting</li><li>• PMT Meeting</li></ul>
Training & Education Assistance Scheme	Individual	<ul style="list-style-type: none"><li>• New Skills &amp; Knowledge</li></ul>	<ul style="list-style-type: none"><li>• Policies Review</li></ul>
International Assignments	Individual	<ul style="list-style-type: none"><li>• New Skills &amp; Knowledge</li></ul>	<ul style="list-style-type: none"><li>• Operation Review</li></ul>
Cross Training	Individual	<ul style="list-style-type: none"><li>• Career Development</li><li>• Multi Skills</li></ul>	<ul style="list-style-type: none"><li>• Career Development Review</li><li>• Operation Review</li><li>• Career Development Review</li></ul>

Figure 4.5b(i) Performance and Recognition Systems



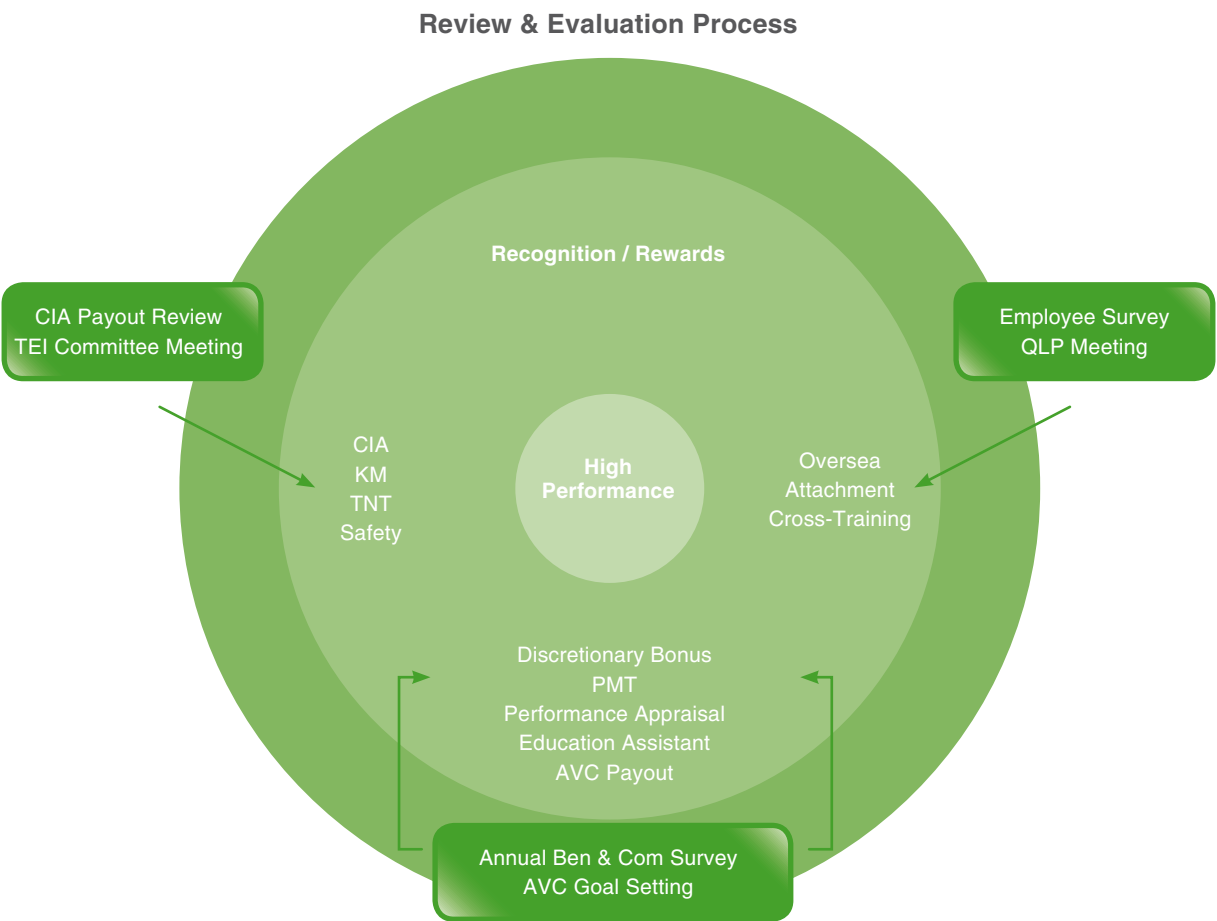


Figure 4.5b(ii) Review & Evaluation Process

Compensation and benefits are also reviewed regularly to ensure market competitiveness through participation in compensation and benefits surveys (both overall industry and industry specific). Comparative analysis is done to ensure that the organization's compensation and benefits are competitive to both attract and retain talents.



# Processes

## Working The Gear

### PROCESSES

#### 5.1 INNOVATION PROCESSES

##### 5.1a How the organization acquires, evaluates and implements creative ideas from all sources.

With changing requirements and higher expectation from markets and stakeholders, Baxter Woodlands has tapped into various sources for ideas and innovation. Figure 5.1a(i) gives a brief summary of our key processes of how ideas are acquired, evaluated and implemented.

Sources	Evaluate & implement	Outcome
CIA / VIP	1. Break through ideas assessment	1. Cost improvement
Benchmarking Trip	2. Verification and Validation process	2. Productivity improvement
Supplier Collaboration	3. Change Control procedure	3. Quality improvement
Customer Feedback	4. Management review	4. Employee satisfaction
Employee Feedback	5. 10 point review board	5. Customer satisfaction
Market Intelligence	6. Lean Committee	
Knowledge Sharing - KM portal - Baxter Intranet		

Figure 5.1a(i) Acquiring, evaluating and implementation of creative ideas

The Continuous Improvement Action (CIA) is a process that encourages all employees in the organization to contribute suggestions that seek to improve all aspects of work. All suggestions will be evaluated, either by the employee's immediate supervisor or the process owner for suitability of implementation. The Value Improvement Program (VIP) quantifies the improvements made to the suggestions that are successfully implemented. Suggestions are not confined to manufacturing but to all support departments. Employees are strongly encouraged to raise innovative and "breakthrough" ideas.

Through benchmarking trips to other plants, suppliers, as well as attending conferences, seminars, workshops,

exhibitions and trainings, employees gain many opportunities to acquire, evaluate and implement new ideas that will lead to leaner and improved workflow and processes.

The organization also leverages from its large base of suppliers and work in close collaboration to jointly acquire, evaluate and implement new ideas. One recent example is working with our packaging supplier to come up with an innovative packaging design to address a customer challenge.

The Business Development Team works closely with the CMF Committee to review customer feedback and propose the necessary changes and action plan that shall be adopted and implemented to enhance customer satisfaction and business relationship.

Employee feedback is solicited through 3-point and 10-point meetings. A review panel from the management will evaluate the feedback and develop the proper course of action for implementation. The course of actions will then be placed on the notice board for all employees to read.

Process Management Teams (PMT) are formed to come up with innovative solutions to the issues faced in their processes. These teams will present their achievement regularly to the other teams and executives. Other sources of ideas are through our own internal KM portals as well as the Corporate Intranet. The KM portals and the Intranet are made available to all employees through the Intranet kiosks.

An Innovation committee was formed to help promote and encourage the generation of creative and innovative ideas.

**5.1b How products and services and their related production and delivery systems are designed and introduced. Include how employees, customers and suppliers / partners are involved in the design processes.**

The process flow for the design and introduction of product are illustrated below - Figure 5.1b.

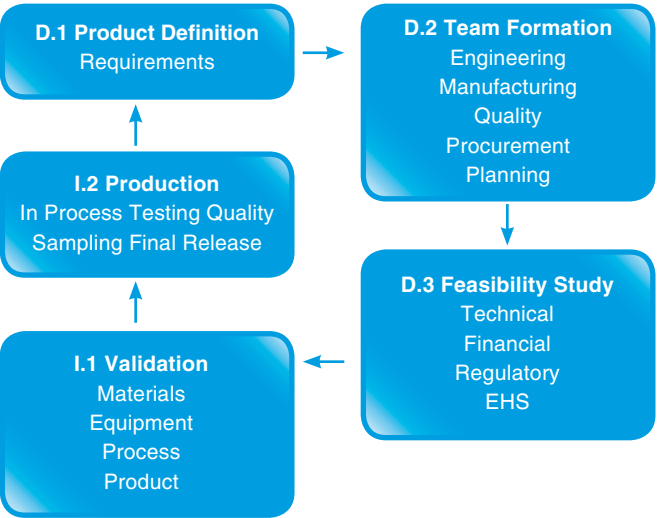


Figure 5.1b Design and Introduction of Product

**Design**

Once the product definition is established, the organization places great emphasis in the design of its products. A team consisting of cross-functional roles will be formed and will work in close collaboration with customers and suppliers.

**Introduction**

It is of equal importance that all key stakeholders spend a significant amount of resources and time to comprehensively validate all equipments, materials and processes prior to manufacturing the new product. Various tools in the likes of Lean Six Sigma, Design of Experiments and Reliability are frequently used to systematically develop robust and optimal parameters that will consistently produce products of highest quality throughout all of its manufacturing cycles both at suppliers' locations as well as the organization's premises.

Parts produced by suppliers are validated. Only approved suppliers listed are allowed to supply parts to the organization. Within the organization's manufacturing flow, the equipment and processes are validated through a series of Installation Qualification, Operational Qualification and Process Qualifications.

**5.1c How the organization evaluates and improves the innovation and design processes.**

The mechanism for the evaluation of innovation and design processes are reflected in Figure 5.1c. A strategic review meeting is held annually to evaluate and improve its strategic planning process. The outcome of this meeting is to identify and establish new strategic initiatives and business planning guide.

The individual committee meets regularly to evaluate and improve their respective approaches and processes. The evaluation process and improvements

are updated on a quarterly basis during the QLP meeting. The individual committee performs periodic review of its process guide to reflect its current process and identify opportunities for improvement.

The mechanism for the evaluation of design processes is reflected in Figure 5.1c. Key stakeholder's inputs are the main considerations for new products and product enhancements. Annual review of SOPs are carried out to ensure that the documents are relevant and identify opportunities for improvement.

Examples of improvements made over the years are reflected in Figure 5.1c. An example is the formation of the Business development team, following the strategic review. This allowed us to leverage on our core competencies, using existing assets more effectively and to create a larger and more diverse customer base.

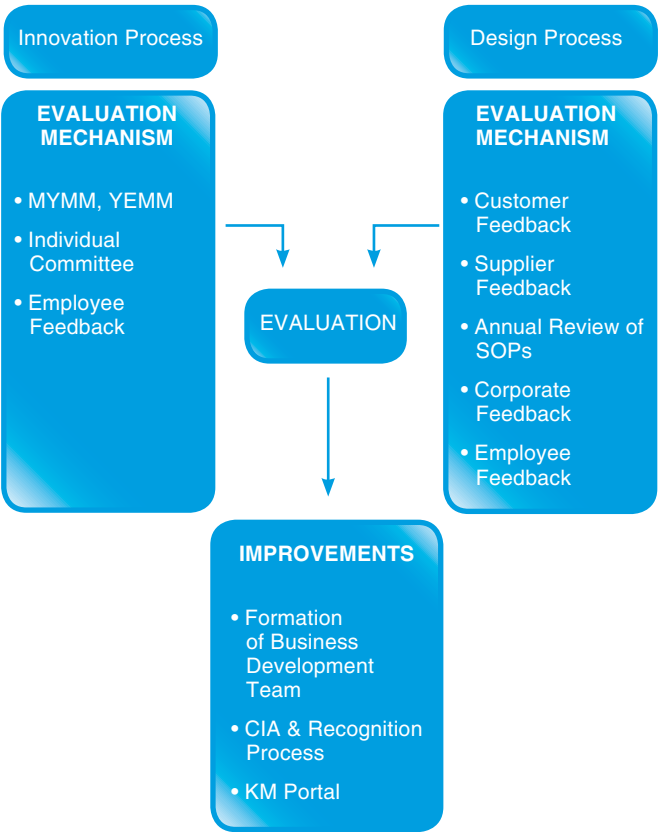


Figure 5.1c Evaluation of innovation & design processes

**5.2 PROCESS MANAGEMENT AND IMPROVEMENT**

**5.2a How the organization's key processes for production and delivery of its products and services (including key support processes) are managed to maintain process performance and to ensure products and services meet customers and operations requirements.**

Baxter Woodlands' key processes for production and delivery of our products and services and key support processes are outlined in Figure 5.2a(i).

The key processes for production and delivery are the manufacturing of our three main product lines namely Sets, Pumps and Solutions Products, including Operation Planning and Quality Management.

The key support processes and services include Human Resource (HR), Engineering Services (ES), Finance and Logistics play a vital role in working judiciously with the key processes to achieve our common goal of meeting our operational requirements / shareholders expectations and customers' requirements.

Our key processes are managed accordingly:

**• Department Level**

All departments review their department performance versus goal set for the year during their monthly meetings. This enables the department to establish root causes and opportunities for process performance improvement. For example, development of action plans will be required for any results that do not meet the goals.

**• Functional / Management Meetings**

Figure 5.2a(ii) shows the different functional/management meetings that are conducted at different frequency to ensure that the operational and customers requirement are met. For example, functional meetings such as PMT and Six Sigma review projects status that are of significant impact to the organization.

For QLP quarterly update meeting, all committed action plans are discussed and tracked to closure. For areas where goals are not met, new action plans need to be initiated.

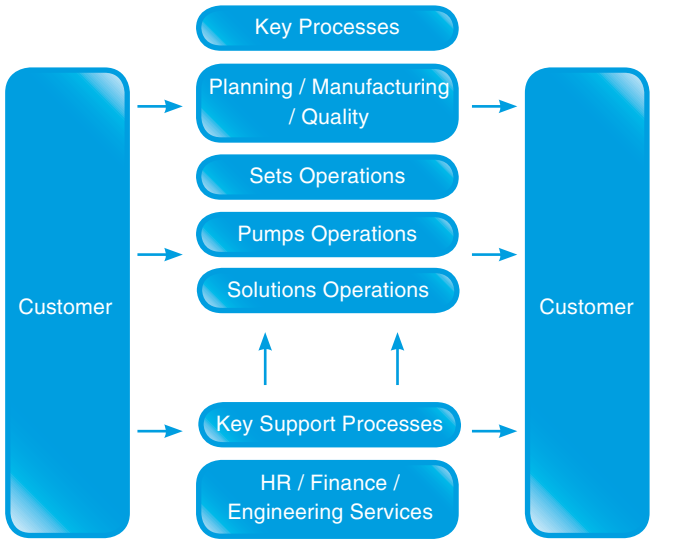


Figure 5.2a(i) Key Processes

Frequency	Meetings	Participants	Key requirements	Purpose
Weekly	Schedule Meetings	<ul style="list-style-type: none"> <li>Planners</li> <li>Manufacturing</li> <li>Quality Management</li> <li>Logistics</li> </ul>	<ul style="list-style-type: none"> <li>Ensure all production schedule are met</li> <li>Identify potential materials issues and their action plans when there are impact to the production schedule including delivery and quality issues</li> </ul>	To ensure schedule adherence is met, i.e. ship products to customers per schedule
	Operations Meeting	<ul style="list-style-type: none"> <li>Finance</li> <li>HR</li> <li>Logistics</li> <li>Quality Management</li> <li>Operations</li> </ul>	<ul style="list-style-type: none"> <li>All activities handled by all departments that may impact manufacturing of products</li> <li>Financial Performance, including labor efficiency, scrap, capital expenditure and overhead spending, etc</li> </ul>	To ensure meeting of operational and customers requirement
Monthly	Process Management Team	<ul style="list-style-type: none"> <li>Executives from Cross Functional departments</li> </ul>	<ul style="list-style-type: none"> <li>Department Goal</li> <li>Project Update</li> </ul>	To meet the PMT goal set for the year derived from the department goals
	Six Sigma	<ul style="list-style-type: none"> <li>Senior Management</li> <li>Green Belt Leader</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Review Progress of Green Belt Projects</li> </ul>	To improve operational performance through the use of Six Sigma Tools
	Lean Physics	<ul style="list-style-type: none"> <li>All Department Representatives</li> </ul>	<ul style="list-style-type: none"> <li>Update projects status</li> <li>Discuss new projects</li> </ul>	To achieve operational excellence through the use of Lean Manufacturing and Factory Physics
Quarterly	Quarterly Trend Review	<ul style="list-style-type: none"> <li>Operations</li> <li>Quality Management</li> <li>Support Department</li> </ul>	<ul style="list-style-type: none"> <li>Quality Performance Trending                             <ul style="list-style-type: none"> <li>First Pass Yield</li> <li>Complaints/Feedback</li> <li>In Process Quality</li> </ul> </li> </ul>	To review quality trend, effectiveness of CAPA.
	QLP Updates	<ul style="list-style-type: none"> <li>All Managers, Directors and General Manager</li> </ul>	<ul style="list-style-type: none"> <li>Action Plans Status Update</li> <li>New Action plans update based on year-to-date results</li> </ul>	To monitor all committed actions plans are completed per plan

Figure 5.2a(ii) Examples of Meetings that are conducted to ensure requirements are met



• **Quality**

As a manufacturer of healthcare products, we are committed to providing quality products and services to our customers. This is achieved through:

- Following procedures specified in our Standard Operating Procedures and Specifications.
- Total Integrated Quality system.
- Internal Audit for compliance by our Quality Management.
- External Audit for compliance by regulatory bodies.
- Complaint Meeting and Quarterly Quality Trend Review.

**5.2b Include a description of the processes and their key measurements and requirements.**

The key processes and key support processes are listed in Figure 5.2b(i).

Their key functions involve agreeing on the products and volume requirements with the customers, planning for raw materials requirements, manufacturing and sterilization of products according to procedures and specifications and in process quality control to ensure that all products meet the quality requirements.

An example of our key support processes is Human Resource. Their key functions as listed in Figure 5.2b (i) include employee development, employee satisfaction, work with other key processes on manpower requirements and administer employee training. This will be elaborated further in Category 4.

Key Processes	Key Requirements
Sets Operation	<ul style="list-style-type: none"><li>• Meeting schedule requirements</li><li>• Inventory control</li><li>• Timely completion of projects</li><li>• Compliance to Procedures and Specifications</li><li>• Statistical Process Control</li><li>• Optimize machine utilization</li><li>• New Products</li></ul>
Pumps Operation	<ul style="list-style-type: none"><li>• Meeting schedule requirements</li><li>• Inventory control</li><li>• Compliance to Procedures and Specifications</li><li>• Assembly and Testing of Products</li><li>• Quality Control</li><li>• New Products</li></ul>
Solutions Operation	<ul style="list-style-type: none"><li>• Meeting schedule requirements</li><li>• Inventory control</li><li>• Compliance to BOM, Specifications, SOPs etc</li><li>• Optimize machine utilization</li><li>• Statistical Process Control</li><li>• New Products</li></ul>
Human Resource	<ul style="list-style-type: none"><li>• Employee Development</li><li>• Employee Satisfaction</li><li>• Manpower Requirement</li><li>• Compliance to Statutory / Regulatory Requirements</li><li>• Employee Training</li></ul>

Figure 5.2b(i) Key Processes / Key Support Processes

Continued

Key Processes	Key Requirements
Engineering Services	<ul style="list-style-type: none"><li>• Safe Working Environment</li><li>• Critical System</li><li>• System and Data availability</li><li>• Compliance to Regulatory Requirements</li></ul>
Finance	<ul style="list-style-type: none"><li>• Compliance to Statutory / Regulatory Requirements</li><li>• Data integrity and accuracy</li><li>• Financial Reporting</li><li>• Payroll and Cash Management</li></ul>

Figure 5.2b(i) Key Processes / Key Support Processes

The key indices are listed in Figure 5.2b(ii). All individual departments develop their department goals to support these indices. For example, schedule adherence, labor efficiency, conversion loss, quality performance and safety performance are some of the key goals of operations department.

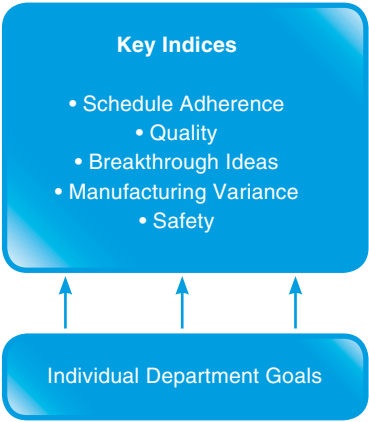


Figure 5.2b(ii) Key Indices

**5.2c How the organization evaluates and improves its key processes to achieve better process performance and improvement to product and services.**

Our process to evaluate and improve our key processes performance is shown in Figure 5.2c. It includes the following:

• **Setting of Goals**

Goals are set for the site and individual departments in the Year End Management Meeting based on current performance, benchmarking and comparative data, etc (See Section 2.0).

• **Performance Review**

Formal reviews of the actual performance versus the goals are conducted (See Section 5.2a) such as schedule meeting, operations meeting, quarterly trend review, QLP update, Mid Year Management review and Year End Management review.

• **Sustenance**

Where the actual performance meets or exceeds the goals, we will continue to track our performance.

• **Improvement**

Where the actual performance does not meet the goals, the department needs to identify gaps, implement corrective and preventive actions to improve their performance results.

• **Continuous Improvement**

In line with our Culture & Shared values and our Quality Policy, all departments will set goals for Value Improvement Program (VIP). The department will brainstorm improvement ideas, evaluate the ideas, implement these ideas to achieve their goals. Over the years, we have introduced various new technologies to improve our processes. The sets manufacturing are almost fully automated. We have introduced biometric authentication, wireless and thin client applications. Our e-kiosks for all employees to have Intranet access are benchmarks for other Baxter plants. Employees can electronically apply leave, view their payslip, do e-training and even conduct e-appraisals.

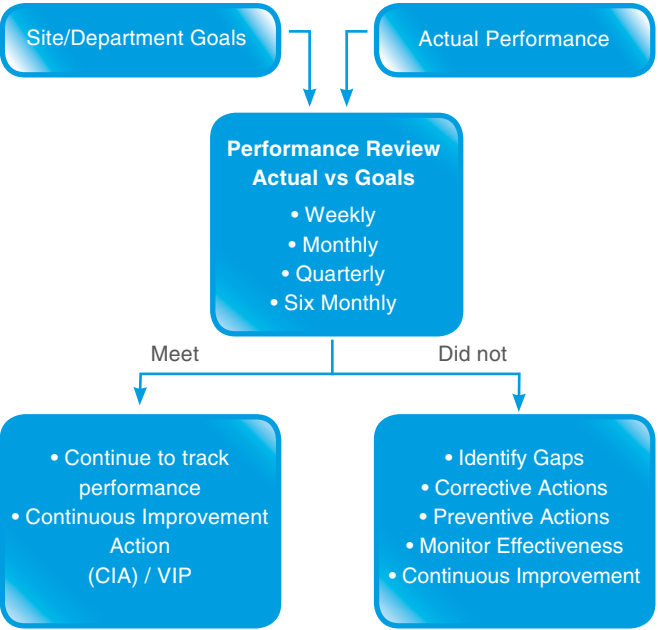


Figure 5.2c Performance Improvement Process

**5.3 SUPPLIER AND PARTNERING PROCESSES**

**5.3a How the organization identifies and selects its suppliers and partners. Include a description of the key performance requirements for suppliers and/or partners and how the relationship and partnership fit into the overall strategy of the organization.**

The supply management framework illustrates how the supplier and partnering processes are managed. It encompasses the various deployment and action plans that ensure the overall objectives are met.

We treat our suppliers as an extension of our operations. Their performance will have direct impact on our ability to meet our customers' requirement and expectations.

Suppliers that provide materials used in our products have to go through a stringent evaluation and selection criteria. All approved suppliers are maintained in the central database.

A key supplier is a supplier valued as being important to our sourcing strategy. Key suppliers classifications are based on the following criteria:

- Significant business dealings
- Materials supplied that have impact on product safety
- Strategic in nature



Figure 5.3a(i) Supply Management Framework

These suppliers are measured on their Quality, Delivery, Service and Cost improvement.

**5.3b How the organization communicates and ensures that its requirements are met by suppliers and/or partners and how timely and actionable feedback is provided to suppliers and/or partners.**

There are many channels of communications with our suppliers. Requirements are conveyed through the supplier quality standards where overall expectations of a supplier are spelt out. Specifications and SOPs are also distributed to suppliers to ensure they fully understand our requirements.

Outstanding suppliers are recognized on our annual supplier day, which also provides a platform for networking between suppliers and our management team.

Feedback is routinely provided to key suppliers through regular audits conducted by our Supplier Quality group and Molding group.

5.3c How the organization works with suppliers and/or partners to understand their needs, and the plans and processes established to help suppliers and/or partners improve their goods and services, as appropriate.

One of the processes that we have helped suppliers to continuously improve is the use of Six Sigma problem solving tools. Suppliers who do not have the knowledge of the Six Sigma process are invited to our in-house courses. Suppliers and Baxter Woodlands also formed project teams to work on process improvement projects. They are invited to present the progress of the project during these meetings.

We have a formal Supplier Notification of Change (SNC) process for us to understand the suppliers' needs and at the same time to ensure that our needs are also met. Where necessary, business review for key suppliers are conducted on a regular basis where their performance are reviewed, improvement plans are shared and discussed. Mutual visits are also conducted with the aim of sharing experience and continuous improvement.



# Customers

## Valuing Lives

### CUSTOMERS

#### 6.1 CUSTOMER REQUIREMENTS

6.1a How the organization segments its customer and/or markets. State the customer/market requirements for each segment.

Our products are sold in over 60 countries in the world. We do not supply our goods and services directly to the end users but through intermediate businesses, such as other sister companies and distributors appointed by them. These intermediate businesses form an important link in the value chain, each with their own set of requirements. With these vast complexities, in order to focus on customers and markets, the Customer and Market Focus Committee was formed. The objectives of this committee are to define and achieve the following processes:

- Understand customer and market requirements
- Build relationships with customers
- Determine customer satisfaction

We have grouped our customers and segmented our markets to ensure that complete and accurate customer requirements are obtained.



Figure 6.1a Our Market

- We classify and define our customers into 2 groups:
- Direct Customers  
Directly generate requirements for our facilities operation, products and services based on market analysis and feedback.
  - Indirect Customers  
Directly utilize and/or receive treatment through our products and/or services.

Customer grouping and market segmentation set the stage for more in-depth research into the customer requirements. The Customer and Market Focus Committee ensure that Baxter Woodlands targets customers and markets and continuously obtains data/information of direct/indirect customers from each market segment.

Knowing the needs of customers is highly important. These needs determine the results that are expected from this facility and significantly influence the type of works that we need to accomplish. To satisfy a customer is to deliver the expected results.

6.1b How the organization uses different listening and learning strategies to analyze current and anticipate further customer/market needs.

Since the business environment is fluid and dynamic in nature, the customer requirements are constantly changing as well. We have to be alert and able to recognize, adapt and respond to the changes promptly. The facility listens and determines our customers' requirements via Listen to Customer Strategy which translates into CMF committee work plan model, presented in Figure 6.1b(i).





Figure 6.1b(i) Listen To Customers Strategy – CMF Committee Work Plan

Listening & Learning Strategies	Approaches	Communication Channels
Current Environmental Analysis	Overall business strategy Quality & Regulatory compliance trend Environmental scan Customer Satisfaction	<ul style="list-style-type: none"> <li>Phone &amp; E-mail</li> <li>Regular teleconference</li> <li>Sales &amp; Operation Planning meeting</li> <li>Supply Chain Summit Meeting</li> <li>Quality Council Review</li> <li>Yearly Customer Satisfaction Survey Results</li> </ul>

Figure 6.1b(ii) Current Environmental Analysis

The Current Environment analysis focuses on scanning market situation. The information such as market share, marketing long range strategy, competitor strategy are usually obtained for key market segments through our inter-phasing and networking with customers via various communication channels as stated in Figure 6.1b(ii). We will develop action plans to support marketing in their strategies to grow the market, defending competition and recapture lost customers.

Listening & Learning Strategies	Approaches	Communication Channels
Voice Of Customers	Listening to direct customer feedback	<ul style="list-style-type: none"> <li>E-mail/Same Time</li> <li>Regular Field trip</li> <li>Regular teleconference</li> </ul>
	Listening to indirect customer feedback.	<ul style="list-style-type: none"> <li>Visit to hospital</li> <li>Hospital or end customers visit to plant</li> </ul>

Figure 6.1b(iii) Voice of Customers

It is important to have a good understanding of the needs of our customers and listen to the voice of customer. We have taken a strategic approach to plan a customer visit or accommodate the request from our customers to pay the facility a visit.

Listening & Learning Strategies	Approaches	Communication Channels
Future Forecasting	Sales & Marketing Business outlook Marketing Analysis Quality Council Review	<ul style="list-style-type: none"> <li>Operation review</li> <li>Country regulatory feedback</li> <li>Marketing update</li> <li>Seminar &amp; conference</li> </ul>

Figure 6.1b(iv) Future Forecasting

The approaches that we have developed show that we have a well structured process to communicate with our direct customers regularly, as it is through them that we will be able to acquire information on key customer requirements.

The CMF committee will keep the information current for each market segment through the Listen to Customers Strategy and periodically update the management team. The update for the key market segments, broken down by key products provide the most current information such as customer visit date, market data, trending of product, demands and quality, as well as customer feedback that require follow up. The information will be integrated into the QLP planning cycle as a stakeholder input. It can then be deployed to potential goals and action plans development for deployment to all departments and individual performance management objectives (PMOs). These processes are summarized in Figure 6.1b(i).

Approach	Purpose	Participants
Customer Satisfaction Survey	To gather information on customer satisfaction	All Direct Customers
Quality Trend Review Meeting	<ul style="list-style-type: none"> <li>Quality Trend Review</li> <li>Complaint Trend Review</li> <li>CAPA Review</li> </ul>	QM & Mfg Director & Manager & Quality Engineers Planners
Teleconference with US service center	<ul style="list-style-type: none"> <li>Schedule</li> <li>Quality</li> </ul>	BHSA Planner Customer Logistics/Customer Service
Customers Visiting BHSA	<ul style="list-style-type: none"> <li>Customer knowledge of manufacturing processes</li> <li>Customer feedback</li> <li>Product Improvement opportunities</li> </ul>	Indirect & Direct Customers
Seminar/Conference	<ul style="list-style-type: none"> <li>Provide knowledge on Manufacturing processes of our products for customers</li> <li>Gather feedback from our customers, if any</li> <li>Answers to customers' queries</li> </ul>	As per plan

Figure 6.1b(v) Examples on meeting, visit and teleconference timetable

### 6.1c How the organization incorporates customer requirements, and further market needs into strategic & improvement plans.

Key Customer Requirements	Strategic & Improvement Plan
Quality	<ul style="list-style-type: none"> <li>Set quality performance indicator</li> <li>Set long term goal to drive for improvement</li> <li>To employ best practices such as 6-sigma &amp; 6S to drive for process stability &amp; reliability.</li> </ul>
Services Cost	<ul style="list-style-type: none"> <li>Set services improvement goals</li> <li>Set cost improvement goals</li> <li>To employ lean manufacturing to eliminate waste.</li> </ul>

Figure 6.1c(i) Strategic and Improvement Plan for key customer requirements

All the key customers requirements above are important for Baxter Woodlands' success. They form part of the strategic planning process where the short and longer term goals are determined.

Complaints per million help us monitor the quality of the products that our customers are receiving. If complaints are identified, corrective and preventive actions will be generated to ensure the issues are resolved. Monitoring period is also determined to ensure that the corrective and preventive actions that we put in place are effective to eliminate the issues. By doing so, we continuously drive down our complaints per million and this results in better quality products for the customers.

### 6.1d How the organization evaluates and improves its processes for determining current and future customer requirements.

<ul style="list-style-type: none"> <li>Networking to reinforce relationship</li> <li>Review on Customer &amp; Market Focus Process Guide</li> <li>Review on customer complaint</li> <li>Management review</li> <li>Complaint review to show effective resolution</li> <li>Customer satisfaction survey results</li> </ul>	<ul style="list-style-type: none"> <li>Timely</li> <li>Annually</li> <li>Monthly</li> <li>Quarterly</li> <li>Monthly</li> <li>Annually</li> </ul>
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## 6.2 CUSTOMER RELATIONSHIP

### 6.2.a How the organization provides easy access for customers to conduct business, seek assistance and information, and make complaints. Describe key customer contact requirements and how these requirements are determined and deployed to all people in response chain.

We have established a well-defined process for building customer relationships so as to satisfy our current customers and acquire new customers. Figure 6.2a(i) shows the Customers and Market Focus Process Model.

We believe that in order to build good relationships, to acquire and satisfy customers, we have to first start with the mission of delighting our customers.

There are some activities that can bring us closer to our customers, primarily through complementing

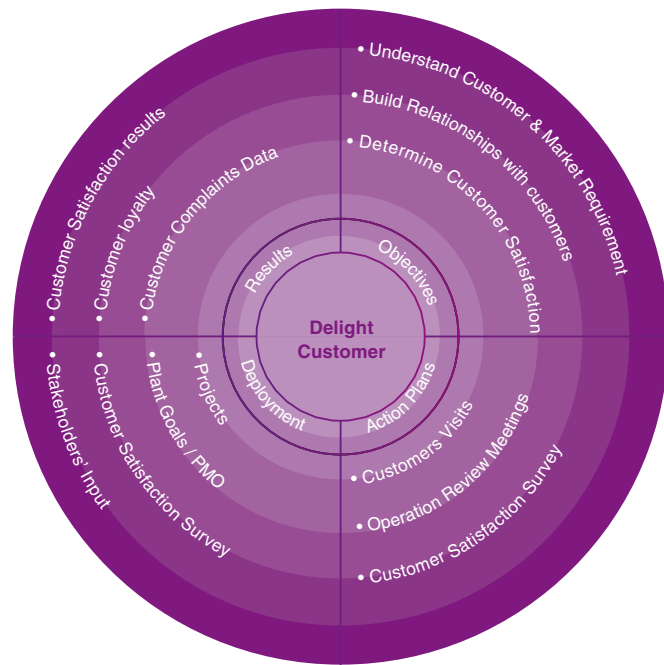


Figure 6.2a(i) Customer & Market Focus Process Model

and/or supporting our direct customer's activities plan to enhance and strengthen our relationship with both direct and indirect customers.

These activities include the following:

- Visit to Baxter Woodlands plant by customers
- Visit to customers by Baxter's personnel
- Operations Review Meeting with customers

As the process model stated, we align our objectives to the customers' expectations and requirements. Action plans are then being developed and deployed throughout the organization. With all the actions in place and completed, we need to gather the results to ensure that we are achieving our objectives. Otherwise, new action plans need to be developed. This whole process is a continuous process as it is our culture to seek for continuous improvement. By achieving our goals and objectives, we will achieve our mission in delighting customers.

While market share shows our strength and representation in a particular segment, it also helps us to identify opportunities for market growth in that market segment. We review our sales volume and number of countries that our products are shipped to regularly as we believe that this ensures customers' satisfaction leading to customers' loyalty and positive referral.

From the various listening and learning approaches and best practices in industries, we determine the Key Customer Contact requirements.

With this in mind, we have identified a group of employees called the Customer Contact Personnel (CCP) who will be the first line of contact with our customers. To be efficient in their role, a training program is developed together with our training department.

Baxter Woodlands provides clear communication channels via phone, fax, and e-access connectivity as shown in Figure 6.2a(ii). Such infrastructure assure the customers have easy accessibility of communicating to and getting information on the facility.

Access Channels	Availability & Frequency
<ul style="list-style-type: none"> <li>• Phone</li> <li>• E-mail</li> <li>• Fax</li> <li>• E-access connectivity</li> </ul>	24/7
<ul style="list-style-type: none"> <li>• Teleconference</li> <li>• Same time messaging</li> <li>• Key customer contact touch point</li> </ul>	Office hours
<ul style="list-style-type: none"> <li>• Facility visit</li> <li>• Hospital visit</li> <li>• Field trip to country</li> </ul>	As per plan

Figure 6.2a(ii) Customers Access Channels

### 6.2b How the organization ensures that complaints are resolved effectively and promptly, and that all complaints received are aggregated and analyzed for use in overall improvement.

We have always strived to excel in the quality of our products. We set quality goals like Complaints per Million for our operations and we review the complaint trend versus our goals to assess our current performance in product quality. In order to achieve this, Baxter Woodlands has developed a Standard Operating Procedure for Complaint Handling.

All CAPA actions will be tracked and followed through till completion and review for their effectiveness before it can be considered closed. This will ensure continuous product quality improvement.

All complaints are monitored. These are reviewed regularly and are utilized to ensure that our product quality meet our goals. It also serves to ensure that corrective actions and preventive actions that are put in place are effective. We utilize these trends to set out the following year quality goals with the aim of continuous improvement.

### 6.2c How the organization evaluates and improves its customer relationship management.

Approaches	Frequency
<ul style="list-style-type: none"> <li>• Networking to reinforce relationship</li> <li>• Review on Customer &amp; Market Focus Process Guide</li> <li>• Management review</li> <li>• Complaint review to show effective resolution</li> <li>• Customer satisfaction survey results</li> </ul>	<ul style="list-style-type: none"> <li>• Timely</li> <li>• Annually</li> <li>• Quarterly</li> <li>• Monthly</li> <li>• Annually</li> </ul>

As part of continuous improvement, the Customer and Market Focus Committee reviews its process guide annually which includes review of the relationship building process and customer access mechanism. Our process model is a continual process. This helps to ensure that all our approaches to relationship building processes and customer access mechanisms are current with changing business needs.



6.3a(i) Process Mechanism of Determining Customer Satisfaction

S/N	Key satisfaction indicators	Strategic & Improvement Plan
1	Product Quality	<ul style="list-style-type: none"> <li>• Set quality performance indicator</li> <li>• Set long term goal to drive for improvement</li> <li>• To employ best practices such as 6-sigma &amp; 6S to drive for process stability &amp; reliability.</li> </ul>
2	Product Cost	<ul style="list-style-type: none"> <li>• Set cost improvement goals</li> <li>• To employ lean manufacturing to eliminate waste.</li> </ul>
3	Product Availability	<ul style="list-style-type: none"> <li>• Set services improvement goals</li> </ul>
4	Flexibility	<ul style="list-style-type: none"> <li>• Gain visibility on customer inventory to improve flexibility on stock movement and minimize surprises</li> </ul>
5	Customer Services	<ul style="list-style-type: none"> <li>• Set services improvement goals</li> </ul>
6	Loyalty Index	<ul style="list-style-type: none"> <li>• Focus CCP training</li> <li>• Strive for memorable services experience</li> </ul>

Figure 6.3b(i) Annual Customer Satisfaction Survey, key indicators and action plan

## 6.3 CUSTOMER SATISFACTION

### 6.3a Describe how the organization determines customer satisfaction.

Baxter Woodlands uses Multi-Pronged Approaches to determine customer satisfaction level as shown in process mechanism for Figure 6.3a(i). Annual Customer Satisfaction Survey, Customer Visit, complaint and compliment data are used to determine customer satisfaction. The feedback we receive from these surveys will help us determine the level of satisfaction from the various groups of customers and market segments and guide us through our implementation of key processes to improve customer satisfaction level towards delighting customers.

### 6.3b How the organization translates customer satisfaction feedback into strategic and improvement plans.

The customer satisfaction survey results and action plans are compiled in an annual management report. The report is circulated to management and customer contact personnel to understand customer perception

on our current performance and improvement action plans. The feedback received also form part of the stakeholder inputs for strategic planning process. The annual survey results are compiled, tabulated and analyzed with action plans developed and put in place in areas that need focus as per Figure 6.3b(i).

### 6.3c How the organization evaluates and improves its overall process of determining customer satisfaction.

To keep our listening and learning methods current with business needs, we conduct our customer satisfaction survey yearly. From their inputs, we will revise our methods accordingly to ensure that they are current. Over the years, as part of continuous improvement, we have made revision to our survey questionnaire mechanism. Other than the yearly customer satisfaction survey, our constant contact and communication with our direct customers and indirect customer also provide us with the opportunity to assess the applicability of our current methods and improve as necessary.





# Results

## Reaping The Harvest

### 7.1 CUSTOMER RESULTS

**7.1a Summarize current levels and trends in key measures and/or indicators of customer satisfaction and retention. Address different customer groups and market segments, and include comparative data as appropriate.**

Baxter Woodlands uses multi-pronged approaches to determine customer satisfaction level. We obtain direct customer satisfaction through annual survey. Through the annual survey process, feedback is obtained from direct customers from all regions & market segments. The survey focuses on key satisfaction indicators such as product quality, cost, availability, design, flexibility, customer services, loyalty index & innovation.

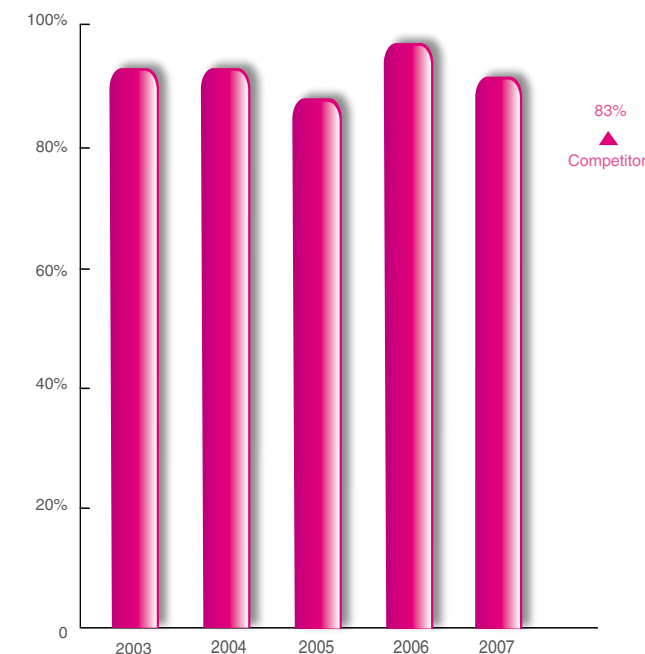


Figure 7.1a(i) Direct Customer Satisfaction Survey

The percentage of customer satisfaction level is high measuring at more than 90% for most years. And as part of continuous improvement process, we had also done many process enhancements to customer survey questionnaire & mechanism.

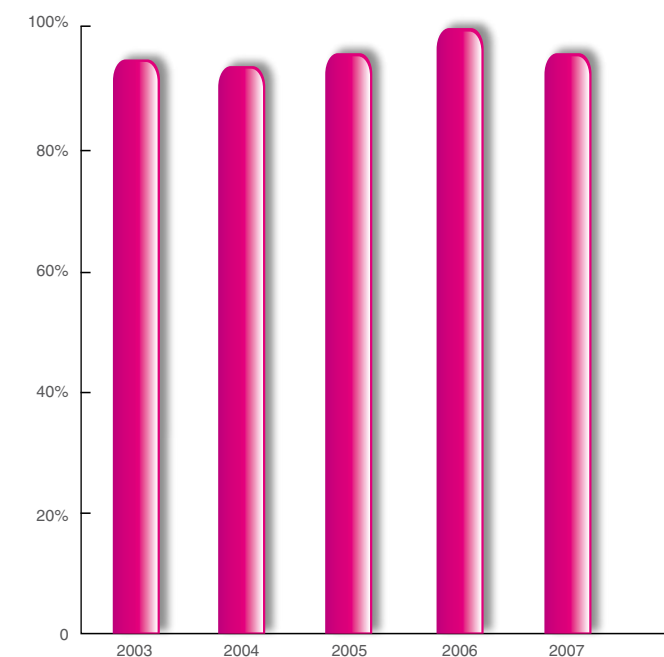


Figure 7.1a(ii) Customer Loyalty Index

Customer loyalty index measures the overall satisfaction and value perceived by our customers as well as positive commendations through annual survey. We have scored equal or greater than 94% in most years indicating we are the preferred manufacturer among the customers and markets we serve.

We also obtain the level of customer satisfaction through indirect customers such as doctors, nurses and end users etc, who are given survey forms to complete when they visit our plant. These forms are also issued by our staff when they go out to visit customers. The indirect customers are encouraged to provide their feedback on our products & service performances as well as comparison with the competition. We also establish contact with indirect customers through activities organized in collaboration with direct customers such as open house, hospital visit, product technical training & etc which would bring us closer to the customers and promote partnership beyond a typical customer-supplier relationship. Based on the results, we have scored equal or greater than 90% for indirect customer satisfaction level for the past three years with a perfect score in 2007.

#### Customer Contact Personnel

Baxter Woodlands provides an established and well-defined communication channel via phone, fax, and e-access connectivity that create a customer-focused environment. Such infrastructure assures our customers easy accessibility in communicating feedback. To sustain a long-term partnership, our first line of contact with our customers are our Customer Contact Personnel (CCP) who play a significant role in portraying a caring, courteous, helpful and friendly company.

**7.1b Summarize current levels and trends in key measures and/or indicators of product and service performance. Address different customer groups and market segments, and include comparative data as appropriate.**

#### Quality

Quality is the key to our success. Our quality result is among the best in Baxter Woodlands. In Devices and Solutions operations, we monitor quality by measuring Complaints per Million (CPM). MD Devices operation quality trend has been showing an excellent trend.

Solution operation quality for Asia trends show an improving trend since 2002. Through much efforts from the Solutions team, many issues were addressed. This resulted in an improvement of >60% in 2007.

Hardware operations complaint utilizes out of box per cent complaint. The quality trends show an excellent improving trend, exceeding the goal set for year 2007 and the benchmark data.

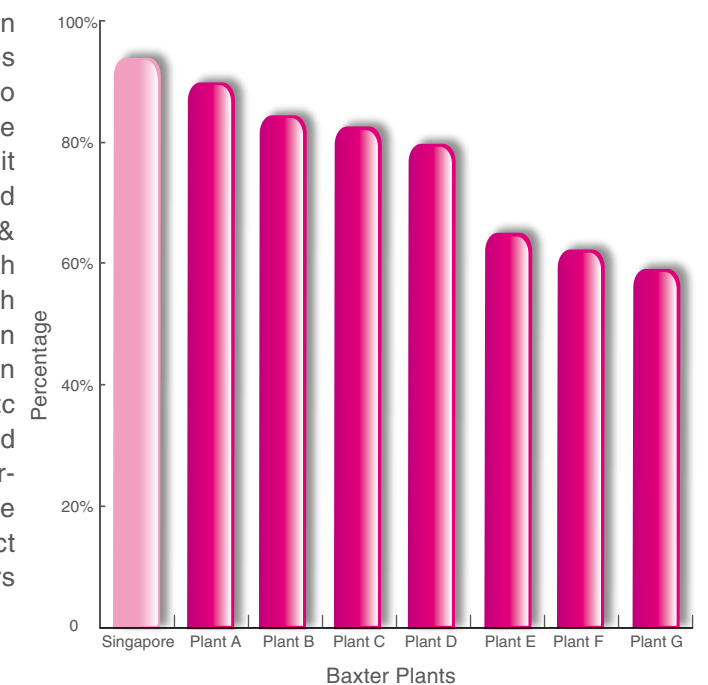


Figure 7.1b(i) Release Time Compliance

#### Release Time

Release Time Compliance & Cycle time performance is tracked by the customers for products shipped according to expectation. As reflected, Singapore plant ranks high in terms of compliance and release time as indicated in the chart.

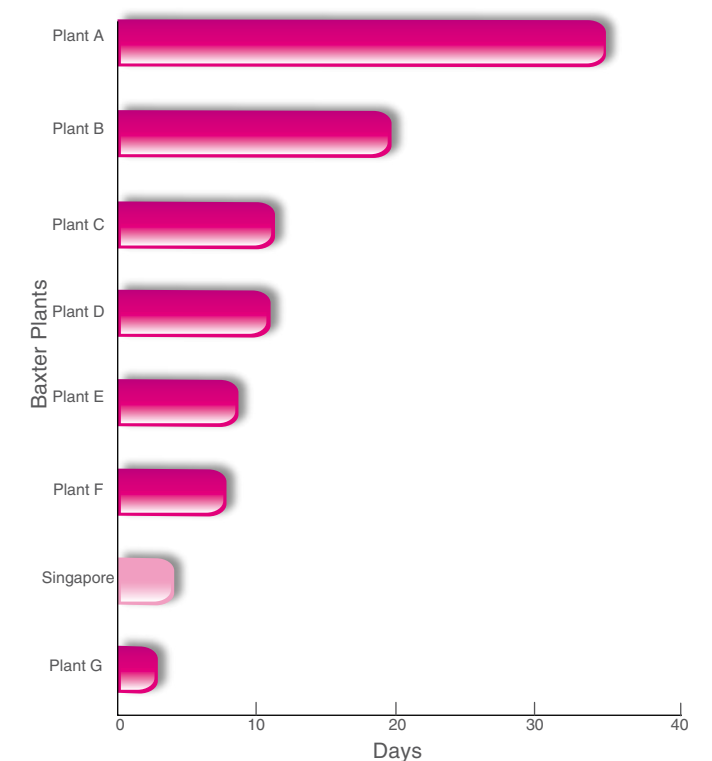


Figure 7.1b(ii) Average Release Time

Schedule Adherence

Schedule Adherence is a measurement of plant services to our customers in terms how well we meet their demand. The below chart shows a consistent healthy trend for the last 4 years above 98% schedule adherence level.

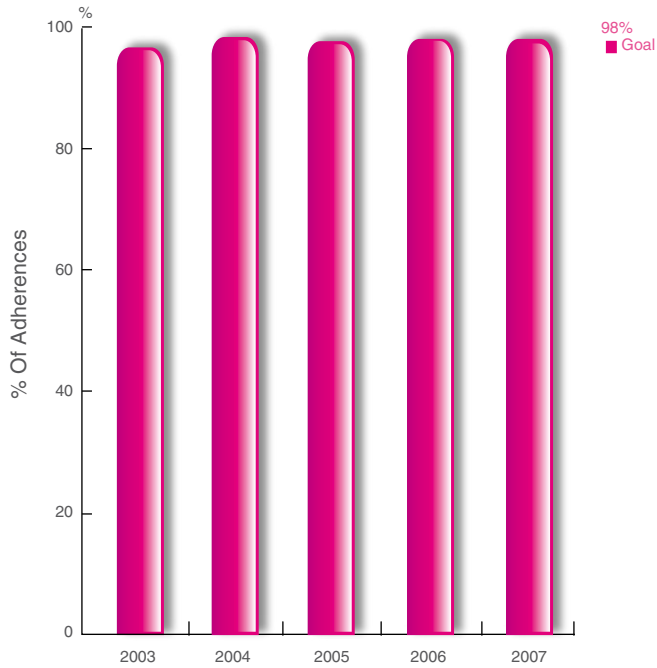


Figure 7.1b(iii) Site Schedule Adherence

7.2 FINANCIAL AND MARKET RESULTS

7.2a Summarize current levels and trends in key measures of financial performance, including aggregate measures of financial results and/or economic value, as appropriate. Compare results relative to competitors and/or benchmarks, as appropriate.

Baxter Woodlands has consistently achieved excellent financial results over the years and is being recognized by MD division as one of best plants in delivering consistent financial results. As a manufacturing plant, cost competitiveness is critical to our long-term survival and our Woodlands plant has achieved cost improvement year on year as shown in the chart. The standard-to-standard cost improvement reflects the cost improvement made each year. These are achieved by reducing material costs, process automation, labor productivity improvement and optimizing overhead spending.

Manufacturing Variance

On top of tightening our cost standards, we try to achieve positive manufacturing variance, which is the indicator used to measure our actual results versus budgeted numbers. We have consistently demonstrated that we not only meet the budget but have also exceeded them. Our manufacturing variance as a percentage of

standard Value of Production (VOP) has always been favorable, even during the difficult times from 2005 to 2007.

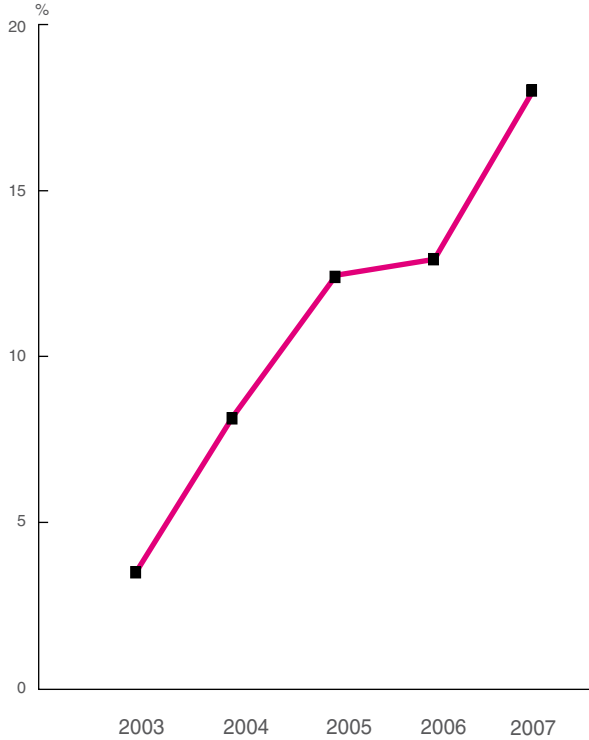


Figure 7.2a(i) Cumulative Manufacturing Variance

From 2003 to 2007, we have achieved a manufacturing variance of close to 20%. This is in addition to the product standard cost reduction. This means that our product costs have reduced by >30% over a five-year period. Among the Baxter plants, we are recognized as one of the best plants and have been the benchmark in this aspect. Over the past seven years, we have maintained the top two positions.

Ranking (Woodlands)	
2001	1st
2002	1st
2003	2nd
2004	1st
2005	2nd
2006	4th
2007	1st

Product Cost

The cost of our products continues to be driven down year after year through value improvement program such as automation, alternate sourcing and continuous process improvement despite raising operating cost such as raw materials, labor overheads, strengthening of Singapore dollars, etc. Figure 7.2a(ii) shows our product cost trends for our key product codes for different key product families.

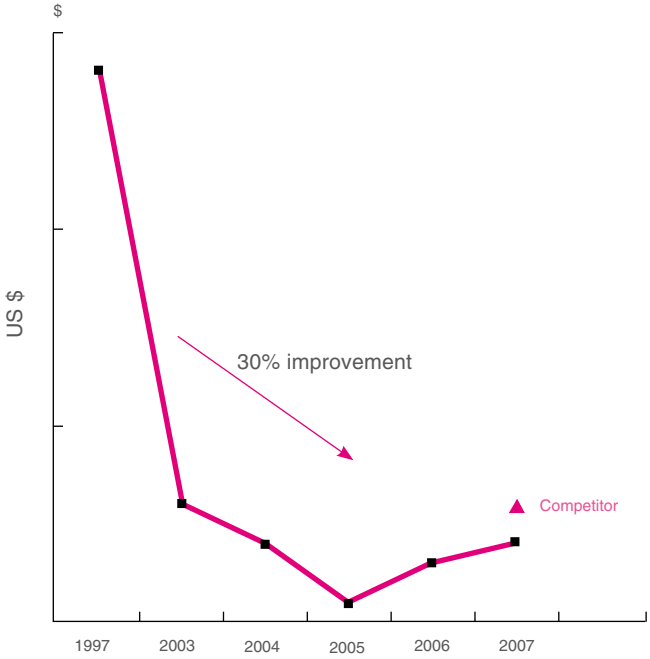


Figure 7.2a(ii) Product Cost Trend MD Sets

The unit cost for a particular MD set has reduced by 30% over the last 10 years.

We have managed well and remained as the benchmark for this high volume code.

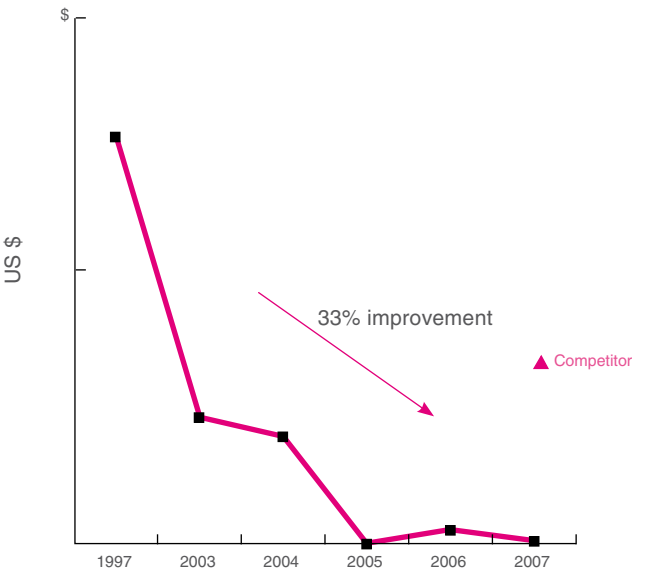


Figure 7.2a(iii) Product Cost Trend Renal Sets

We have shown significant product cost reduction of 33% over the last 10 years in the manufacturing of our Renal Set. The competitive cost from the next best plant >20% higher than ours.

A significant improvement that contributed to the standard cost reduction is the reduction in labour hours. The following chart show the trend of standard cost and the resulting percentage of reduction.

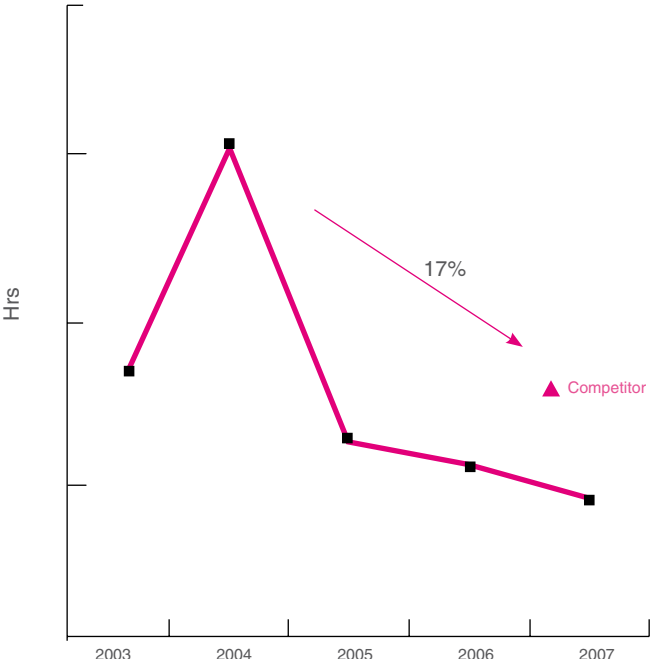


Figure 7.2a(iv) Standard Labor Hrs Reduction

Value of Production

Our value of production, which basically reflects the output of the plant, continues to grow over the years with close to 80% increase over the last 10 years. The increasing trend reflects the increasing volume as well as new business channelled through the plant. We are among the top plants within Baxter in terms of highest value of production.

Operating income on manufacturing assets

Baxter Woodlands Operating income on manufacturing assets ratio shows the plant's effectiveness to increase production with current capital investment. Its positive trend reflects evidence of good management policies and the appropriate use of the plant assets, resulting in an improvement of 45% from 2003 to 2007.

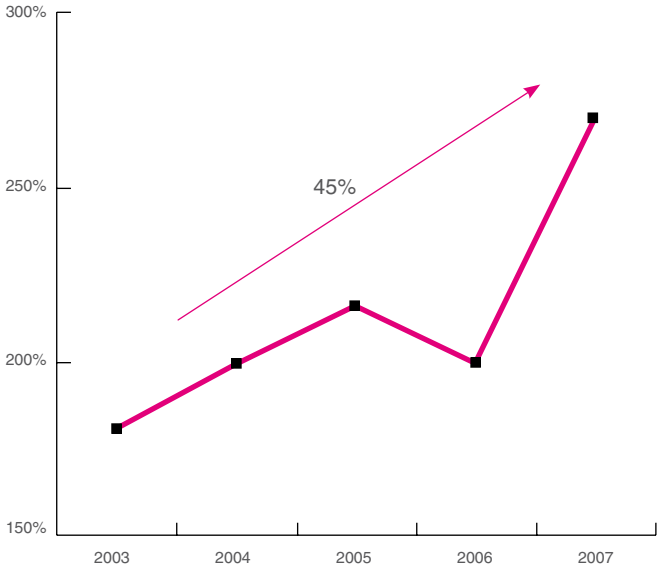


Figure 7.2a(v) Operating Income on Manufacturing Assets Ratio



7.2b Summarize current levels and trends in key measures and/or indicators of marketplace performance, including market share/position, market acceptance, business growth and new markets entered, as appropriate. Compare results relative to competitors and/or benchmarks, as appropriate.

Growth in Markets / Countries

The number of countries our products are being shipped to has increased by 27% since 2003. We are now exporting to 61 countries as compared to 48 in 2003. We emerged as the best manufacturing location to provide medical products to various countries. Customers' loyalty, positive referral, or perceived value can be gauged by the increase in number of countries/cities Baxter Woodlands products are shipped to.

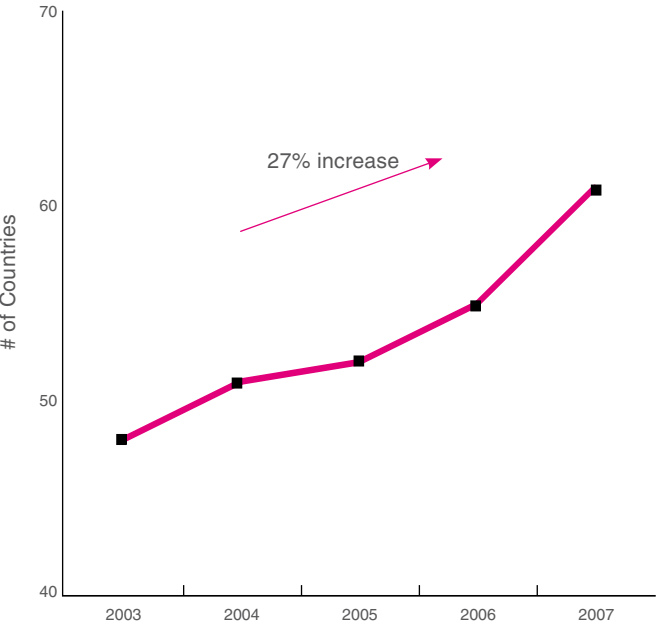


Figure 7.2b(i) Exporting Countries

New Product Introduction

Over the years, Baxter Woodlands has been aggressively working with various business units in launching new product codes here in this facility as part of our overall effort to attract new business. This is possible only because we are competitive in all key areas like quality, cost and services. More importantly, customers have confidence in us that we can make a difference as compared to other Baxter facilities. We have launched a total of 97 new products from 2003 to 2007.

Market Share

Baxter Woodlands has the largest market share in Asia Pacific countries for the manufacturing of renal solution products as shown in the Figure 7.2b(ii). This shows that Baxter Woodlands has acquired more than 90% market share penetration in the medical healthcare industry offering PD treatment and solution.

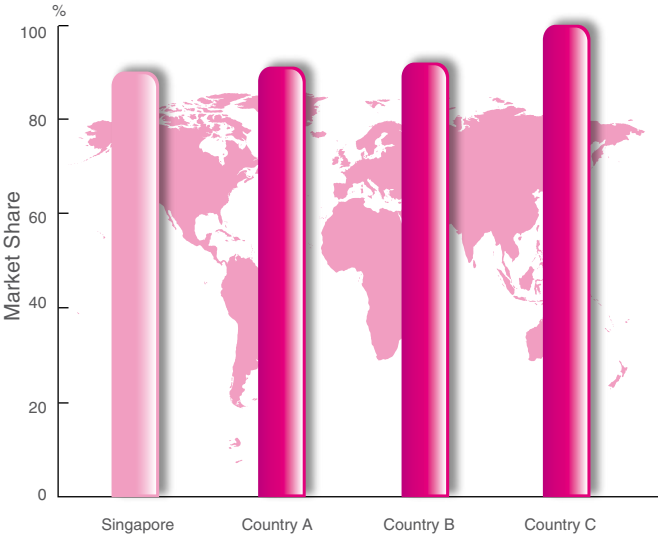


Figure 7.2b(ii) PD Products: Market Share

As for Hardware electronic infusion pump market share, Baxter Woodlands is still doing well and holding majority of market share across various types of hospitals in USA.

7.3 PEOPLE RESULTS

7.3a Summarize the current levels, trend and impact of employee involvement. Segment results by categories of employees, and include comparative data as appropriate.

SHARE Participation

SHARE is a community outreach program where employees voluntarily contribute money to the Community Chest. The donations are deducted monthly through employee payroll. Baxter Woodlands matches dollar-for-dollar monthly. Over the past five years our employees have contributed \$ 205,000 and

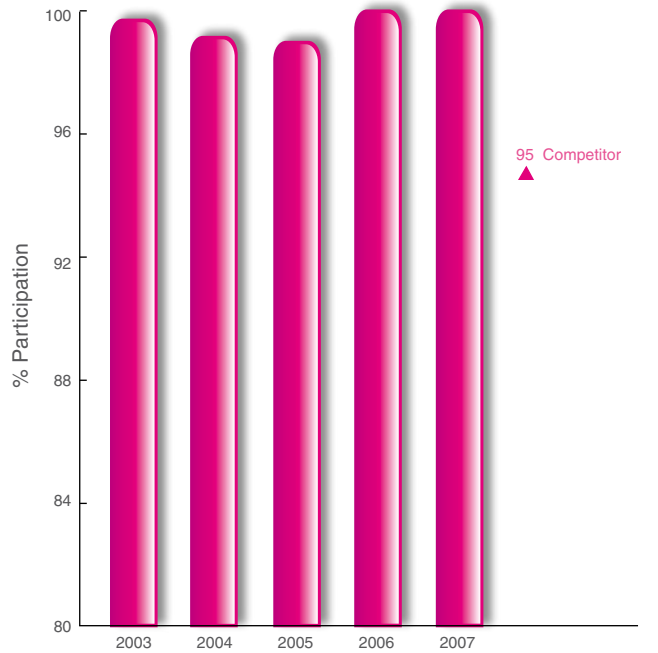


Figure 7.3a(i) Share Participation

the company matched dollar-for-dollar contribution. The total combined contribution was \$ 410,000 to the Community Chest. We have exceeded our goal consistently throughout the years. In 2007, we received 15 Year Outstanding SHARE Award. This award was given in recognition of our outstanding SHARE efforts for the past 15 years.

Employee suggestion scheme - Continuous Improvement Action (CIA)

CIA allows promotion of continuous improvement amongst employees and also encourages total employee involvement. This scheme was formalized in 1990. In the initial years, submitting suggestions were the focus of this scheme. In the last five years, we have been tracking adopted CIAs leading to suggestions that create value to our products and services.

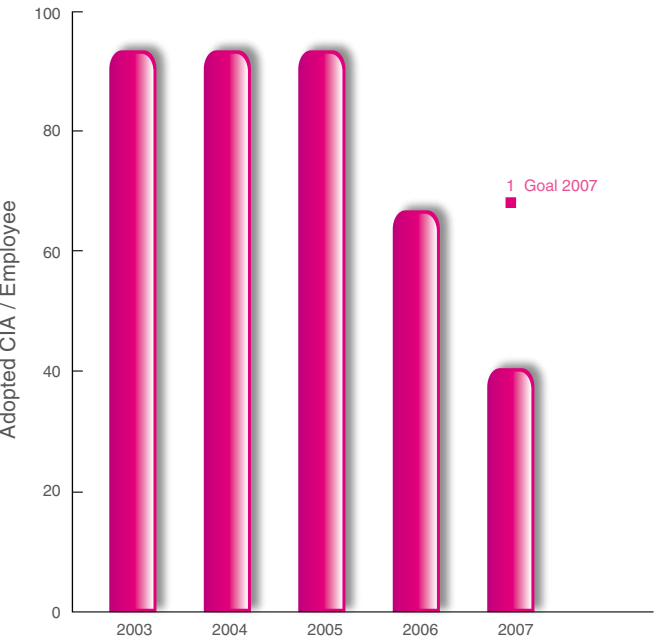


Figure 7.3a(ii) Continuous Improvement Action (CIA)

In 2006, Baxter Woodlands introduced a new goal called Breakthrough Idea.

	2006	2007
Number of Breakthrough Ideas (Goal)	5	10
Number of Breakthrough Ideas (Actual)	5	7
Breakthrough Ideas Savings	US\$2.4 million	US\$3 million

Figure 7.3a(iii) Number of Breakthrough Ideas

These goals have helped us to track our progress towards an innovative and thinking culture. This is evident in our 2007 global employee opinion survey. 80% of our employees have indicated that they are encouraged to develop better way of doing things.

QUESTION	BHSA	BAXTER CORPORATE	EXTERNAL NORMATIVE DATA
I am encouraged to develop better way of doing things	> 80%	> 70%	63%

Figure 7.3a(iv) 2007 Global Employee Opinion Survey

7.3b Summarize the current levels, trend and impact of education, training and development of all employees. Segment results by categories of employees, and include comparative data as appropriate.

During the initial years till 2004, training activities have been high due to a quantum introduction of new machines and products. Baxter Woodlands also introduced many formalized job skills certification programs during the initial years and as such, the training activities were high. The training hours per employee in 2007 increased by 35% as compared to 2006. This is due to increased activity at Hardware and Renal plant. Baxter Woodlands continues to invest in employee education, learning and development. This is evident in our 2007 global employee opinion survey.

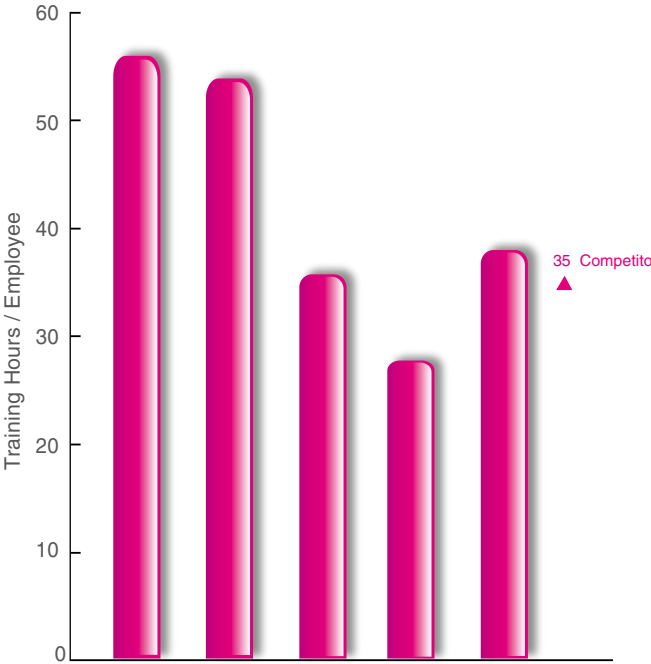


Figure 7.3b(i) Training Hours Per Employee

QUESTION	BHSA	BAXTER CORPORATE	EXTERNAL NORMATIVE DATA
I have the opportunity to learn and develop	>70%	>60%	66%
I am satisfied with the opportunities for career development at Baxter	>70%	>55%	53%

Figure 7.3b(ii) 2007 Global Employee Opinion Survey

7.3c Summarize the current levels and trends of employee satisfaction. Segment results by categories of employees, and include comparative data as appropriate.

We are one of the leaders in safety among the Baxter facilities. The benchmark data is zero and we have managed to achieve three out of six years without any incident, which is a remarkable feat for a huge manufacturing facility. In 2004, we received 10 million hours without lost time incident. Baxter Woodlands was also the first large manufacturing facility amongst the Baxter facilities to achieve this. In 2007, we were the only recipient for the Best Environment, Health & Safety (EHS) Program. This award was conferred by the Baxter EHS Corporate group and it recognizes our outstanding EHS program in our facility.

QUESTION	BHSA	BAXTER CORPORATE	EXTERNAL NORMATIVE DATA
Baxter provides useful programs for my health & well being.	>80%	>65%	N.A
Baxter provides employees with a safe working environment	>85%	>80%	72%

Figure 7.3c(i) 2007 Global Employee Opinion Survey

Employee Satisfaction Survey

Employee satisfaction survey is carried out once in 2 years. We have been consistently doing well in terms of employee satisfaction index. In 2007, we were better than the comparative data. The table below indicates key satisfaction indicators.

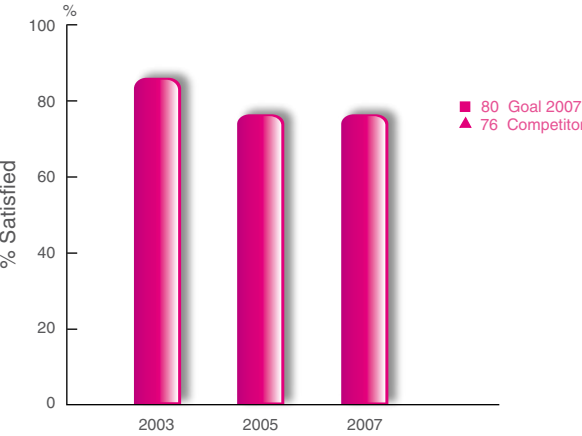


Figure 7.3c(ii) Employee Satisfaction Survey

QUESTION	BHSA	BAXTER CORPORATE	EXTERNAL NORMATIVE DATA
I am proud to tell people that I work for Baxter	>80%	>75%	78%
Overall, I am satisfied with Baxter as a place to work	>75%	>75%	66%

Figure 7.3c(iii) 2007 Global Employee Opinion Survey

Employee Turnover

Our site employee retention indicator consistently performs better than the national average indicator, which is at 18%. Our good employee retention result is an indication of a stable and motivated workforce, which is also evident in our employee engagement survey results. A stable workforce enables us to train, develop and recognize key talent within the company.

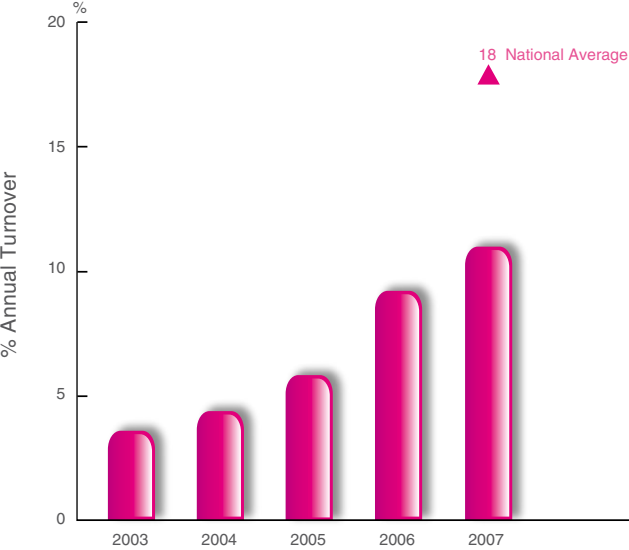


Figure 7.3c(iv) Employee Turnover

Employee Communication: 3 and 10-point meeting

The 10-Point meeting indicates the number of employees who had formal discussions with the management team. In this meeting, employees provide feedback to the management team. Feedback include operational, employee related, safety and general company matters. Managers document this process and they will provide a response to the employees. The data indicates that

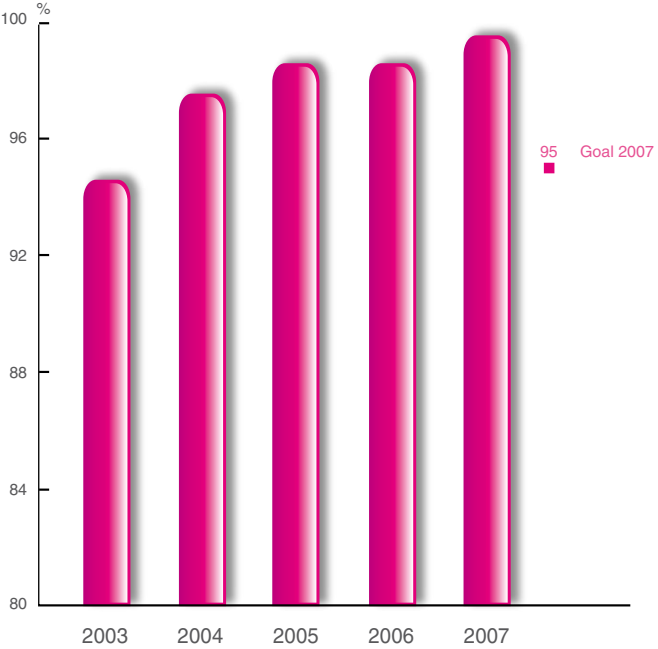


Figure 7.3c(v) 10-point Meeting Participation

management has been communicating regularly with their employees.

Another type of meeting is the 3-Point meeting, which refers to formal discussion between employees and their immediate supervisors. The data indicates that supervisors have been consistent in communicating regularly with their employees.

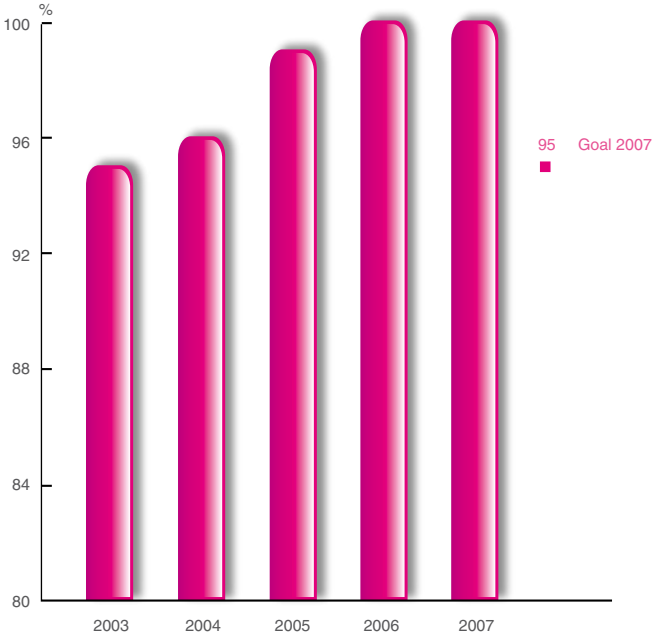


Figure 7.3c(vi) 3-point Meeting Participation

7.4 OPERATIONAL RESULTS

7.4a Summarize current levels and trends in key measures of operational performance of key design, production, delivery, and support processes. Include productivity, cycle time, and other appropriate measures of efficiency and innovation. Compare results relative to competitors and/or benchmarks.

Key operational goals are Manufacturing First Pass Yield, Productivity Indices (units/employee), Release Time, Labor Efficiency and Conversion Loss. To ensure alignment, these goals are cascaded down to different plants, individual department and employee's PMO. Each department tracks, measures the performance indicators and implements continuous improvement to strive for operational excellence.

Manufacturing First Pass Yield (FPY)

Device operation continues to demonstrate a consistent high performance over the years. Stable workforce, good quality and reliable supply sources and continuous implementation of process improvements such as Automation, Six Sigma and Green Belt have enabled

the operation to attain consistent product quality with high manufacturing yield over the years.

Solution FPY is in improvement trend. The improvement is the realization of forming task force to effectively address CPM. Due to the learning curve on a new product, it caused a slight dip in performance for year 2007. However, the current performance is still close to that of our best industry competitor.

The hardware operation has maintained high performance consistently for consecutive years despite the numerous new products launched which would normally have lower yield. Apart from robust product design, the increasing skill level of our stable work force and supply sources contribute greatly to the sustained high performance. Hardware operation demonstrates sustained stable performance with significant positive trend.

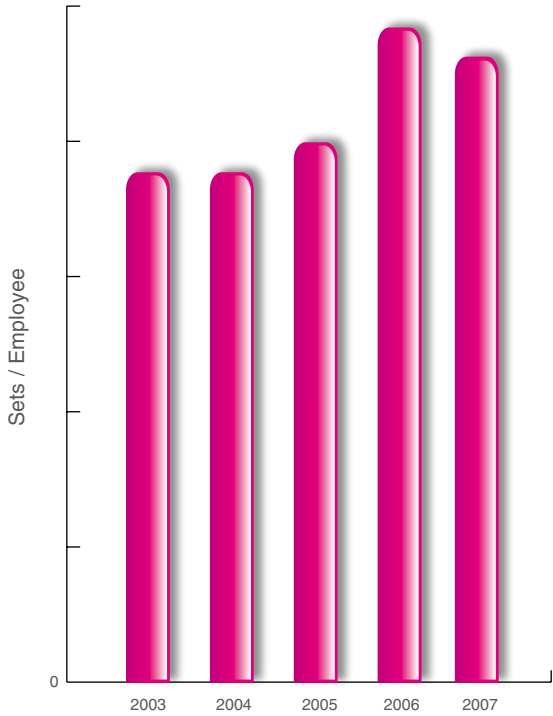


Figure 7.4a(i) Sets Per Employee

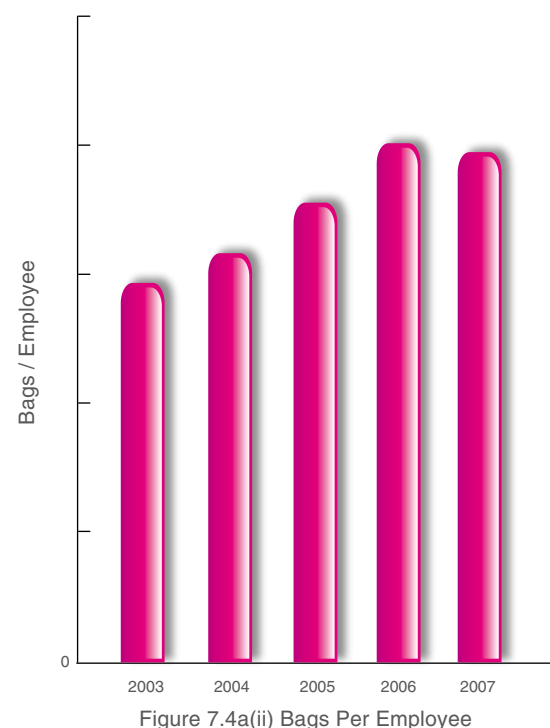
Device Sets per Employee

For this productivity indicator, the plant continues to demonstrate an improving trend over the years which are vastly attributed to the implementation of many innovative automation processes.

Bags per Employee

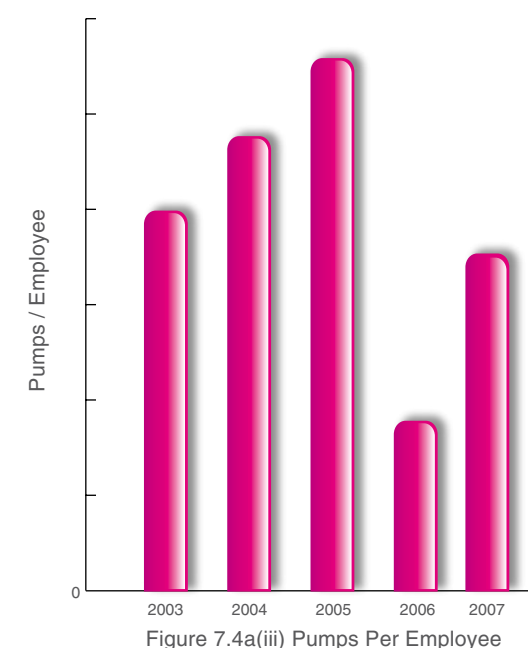
The productivity index showed tremendous improvement of 40% from year 2003 to 2006 - Figure 7.4a(ii). The improvement over years is achieved through lean manufacturing implementation and automation.





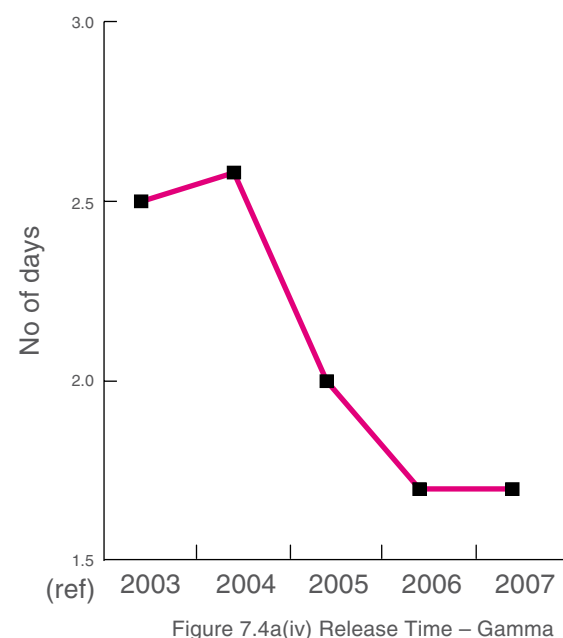
### Pumps per Employee

This productivity index shows an increasing trend since 2003. However, there was a dip in 2006 due to the drop in pump production.



### Release Time – Gamma

Release Time is the measure of days taken from sterilization to batch release by Doc Centre. This indicator measures the speed at which products are released to our customers.

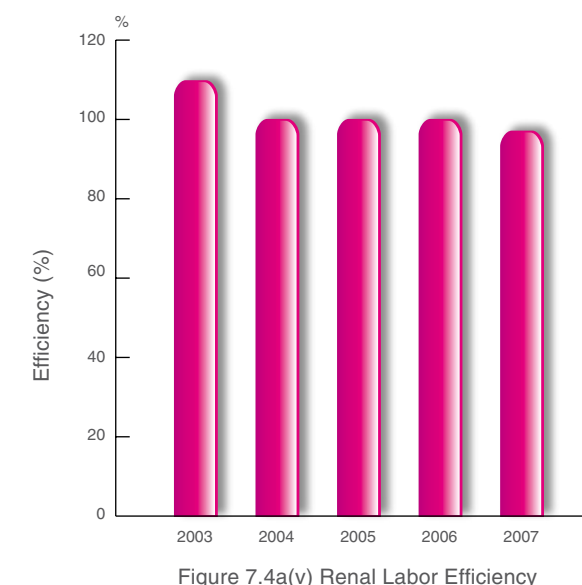


Over the years, the implementation of projects to drive for better irradiator efficiency and equipment downtime reduction, scheduling optimization and split carrier project implementation (in 2004) has greatly contributed to the excellent performance of Gamma Release Time - Figure 7.4a(iv). This indicator was significantly reduced from 4.4 days in 2002 to current less than 2 days.

Day-to-release of solution and EO have tremendously improved since 1997. The improvement is due to the realization of product release, optimization of testing and simplification of documentation process in solution operation. The EO improvement is the result of significant reduction in aeration hold time and BI incubation time.

### Renal Labor Efficiency

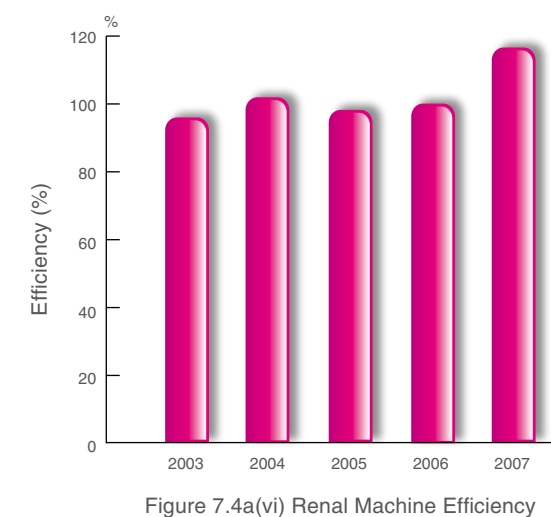
As shown in Figure 7.4a(v), the current overall labor efficiency performance level is consistently maintained



at 100% and above while hour per thousand has improved by 2% – 4% annually throughout the Renal operation. Major projects like modification of nozzles filler, increase of sonic sealer stations, and cycle time reduction at production line and machine have contributed to the above improvements.

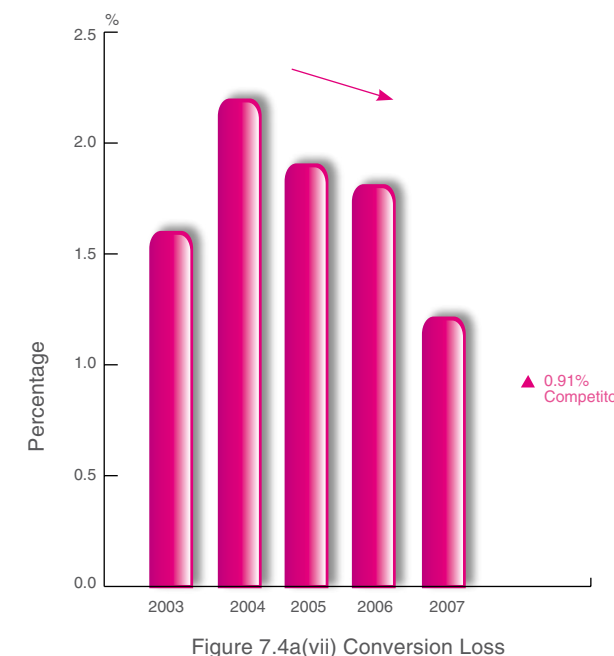
### Renal Machine Efficiency

In Figure 7.4a (vi), the machine efficiency measurement for Renal operations. The plant shows leap-frog improvement since year 2002 with the implementation of various major projects like cycle time reduction. The LSS (Lean Six Sigma) program since year 2002 enables process optimization and throughput improvement.



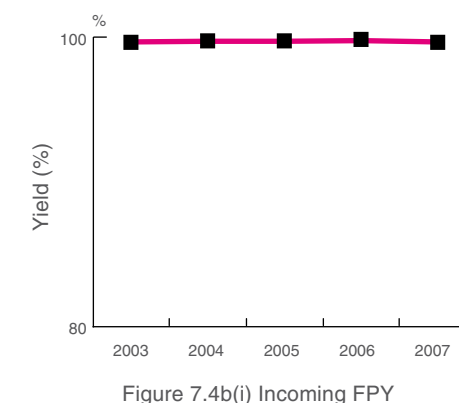
### Total Conversion Loss

Conversion Loss is the measured wastage during the manufacturing processes. This indicator is improving over the years.



### 7.4b Summarize current levels and trends in key measures and/or indicators of supplier and partner performance. Include the organization's performance and/or cost improvement resulting from supplier and partner performance.

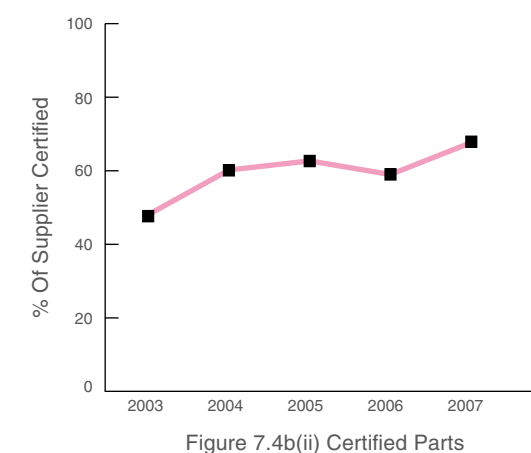
Incoming First Pass Yield (FPY) is adopted as the indicator to measure the performance of our incoming quality from our suppliers. Samples are randomly picked based on the AQL (Acceptance Quality Level) for inspection and the FPY is computed based on the ratio of total number of items accepted to total number of items inspected.



With the enforcement of GMP/GDP refresher training, setting of unambiguous requirements and expectation to suppliers, and better alignment and calibration of inspection/test methodology to suppliers, the Incoming FPY performance continue to demonstrate an excellent trend over the years.

### Part Certification

Part certification is based on the criteria that consecutive lots of part deliveries passed our incoming inspection. On-site quality system assessment is conducted to ensure the prospective supplier meet Baxter's requirements before that particular part is approved for certification. The benefits that we reap from this program are space optimization, consistent quality level and reduced inventory holding cost and space, and speeding up of release time for certified parts to production.



This indicator of Part Certification is closely related to Incoming First Pass Yield - Figure 7.4b(i). It also shows positive improvement trend on certified parts - Figure 7.4b(ii).

Deployment of Predictive Tools to Suppliers

Over the years, Baxter Woodlands has been very active in deploying predictive tools to our key suppliers. We started this effort way back in 2001 with the key aim of strengthening our supplier capability as we believe that they are an extension of our operations. We have deployed up to 100% of key suppliers on the used of Six Sigma tools and they are now working closely with us on Six Sigma projects which are reviewed periodically with our management.

7.4c Summarize current levels and trends in key measures and/or indicators of the organization’s contribution to the community, society and the environment.

As shown in Figure 7.4c(i), the usage of water per litre equivalent had tremendously improved since 2004. The joint effort between facility and solution operation has contributed much to this improvement. Major projects such as product rinser reduction and higher utilization of solution at solution operation and boiler system improvement are responsible for this water usage reduction. Its current performance is near that of the best industry competitor, which is the 2007 Shingo Prize winner.

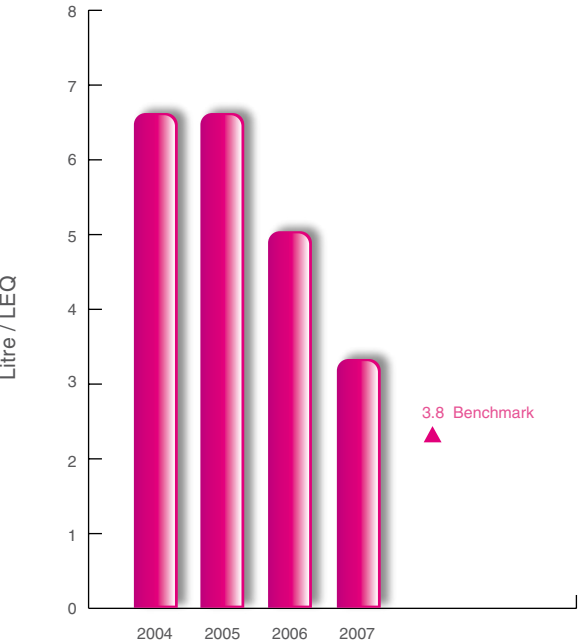


Figure 7.4c(i) Water Efficiency

Energy Usage

In Figure 7.4c(ii), the usage of energy had reduced from 3,500 BTU/NPU in 2004 to current 2,800 BTU/NPU (20% better). The cooling tower motors optimization, and the use of high efficiency chiller have helped to reduce energy. The cultivation of Energy Saving

Awareness and regular audit are part of the program that continues to drive energy usage down.

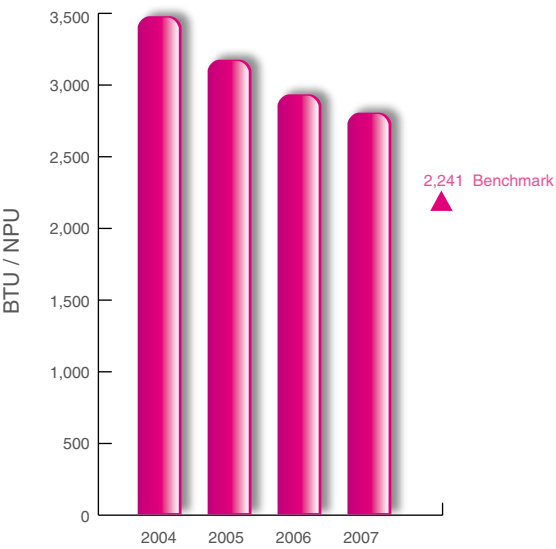


Figure 7.4c(ii) Energy Usage

Waste Reduction

This performance index has been in continuous improving trend over the years. As shown in Figure 7.4c(iii), total plant generated waste has improved by 18% since 2004. The twin head extruder reduces start up waste while the optimization of Renal machine has helped to reduce PVC scrap. Indices have been benchmarked to the best in industry, 2006 Shingo Prize winner.

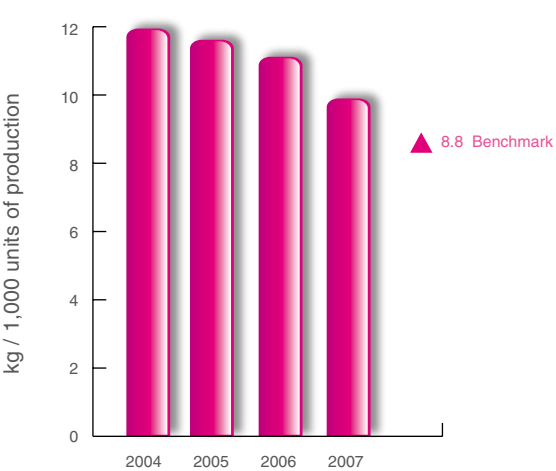


Figure 7.4c(iii) Waste Reduction

Baxter Woodlands also took the initiative to reduce wastage by increasing product pack factor, carton size reduction and wooden pallet replacement to slip-sheet.

A

Abbrev	Stands for
AH	Alexandra Hospital
ANZ	Australia & New Zealand
APD	Automated peritoneal dialysis
APS	Advanced planning system
AQL	Acceptable Quality Level
ARS	Auto replenishment system
AVC	Annual variable component

B

BAX	Baxter worldwide
BBR	Baxter Buy Right
BDP	Best demonstrated practice
BEHST	Baxter Environmental Health Safety Standards
BHSA	Baxter Healthcare SA, Singapore Branch
BOM	Bill of Materials
BSRC	Baxter sports and recreation committee
BTU	British Thermal Unit
BU	Business Unit

C

CAPA	Corrective and preventive actions
CAPD	Continuous ambulatory peritoneal dialysis
Capex	Capital expenditure
CCP	Customer contact personnel
CCS	Corporate Compliance Services
CE	Conformite Europeenne
CEO	Chief executive officer
CFR	Code of Federal Regulations
CIA	Continuous improvement actions
CMF	Customer & Market Focus
COCAM	Certificate of competency in autonomous maintenance
COCEM	Certificate of competency in electronics manufacturing
COIC	Certificate of integrity and compliance
cpm	Complaints per million
cpk	Process capability (statistical measurement of how capable a process)
CRT	Complaint response time
CTS	Container Tracking System
CTV	Chamber tubing valve

D

D&D	Dinner & Dance
DIRFT	Do it right first time
DMAIC	Define Measure Analyze Improve Control
Doc	Document
DPHD	Defects per hundred thousand units
DPM	Defects per million

E

EAW	Employees appreciation week
EECEMEA	Eastern Central Europe, Middle East, Africa
EES	Employee engagement survey
EDB	Economic Development Board

EHS	Environmental, Health and Safety
EHSMS	Environmental, health & safety management system
EIS	Electronic infusion system
EO	Ethylene oxide
EPCA	Environmental Pollution Control Act
EPHA	Environmental Public Health Act
ERP	Enterprise resource planning

F

FCA	Field corrective actions
FDA	U.S. Food & Drug Administration
FEU	Forty-foot equivalent units
FMEA	Failure mode and effects analysis
FPA	Financial planning analysis
FPY	First pass yield

G

GDP	Good Documentation Practice
GIS	Global Infusion System
GM	General Manager
GMD	Global manufacturing devices
GMFG	Global manufacturing
GMP	Good Manufacturing Practice
GSN	Global supply network
GPS	Global positioning system
GSQ	Global supplier quality
GTS	Global technical service

H

HMS	Human resource management system
HOD	Head of Department
HR	Human Resource
HSA	Health Sciences Authority
HW	Hardware

I

IPSO	Inter-plant shipping order
IT	Information Technology
IV	Intravenous
IWBP	Industry Week Best Plant

J

JDE	JD Edwards
JPOC	Japan polyolefin container

K

KM	Knowledge management
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L

LAN	Local area network
LCD	Liquid crystal display
LIUP	Local Industry Upgrading Program
LSS	Lean Six-sigma
LTi	Lost time incident



M

MD	Medication Delivery
Mfg	Manufacturing
MMS	Material management system
MOM	Ministry of Manpower
Mt	Mountain
MVDA	Multivariate data analysis
MYMM	Mid-year management meeting

N

NEA	National Environment Agency
NPU	Normalized Production Unit
NUH	National University Hospital

O

OBF	Out-of-box failure
OHSAS	Occupational Health and Safety Management System
OI	Organisation inventory
OJT	On-the-Job training
OPPI	Operations planning process improvement

P

PAL	Pharmaceutical Affairs Law
PD	Peritoneal dialysis
PIC/S	Pharmaceutical Inspection Convention / Pharmaceutical Inspection Cooperation Scheme
PM	Particulate matter
PMO	Performance management objectives
PMP	Performance management process
PMT	Process management team
PO	Purchase Order
PPV	Purchase price variance
PRMS	Pansophic resource management system
PSUT	Product simulation user test
PVC	Polyvinyl chloride

Q

QA	Quality Assurance
QDRS	Quality document retrieval system
QLP	Quality leadership process
QM	Quality Management
QSR	Quality system regulation

R

REBA	Repetitive entire body assessment
Rep	Representative
ROA	Rest Of Asia
RoHS	Restriction on Hazardous Substances

S

SAP	Supplier award program
SC	Supply chain
SCADA	Supervisory control and data acquisition

SCAR	Supplier Corrective Action Request
SCDF	Singapore Civil Defence Force
SCH N	Schedule N
SGA	Small group activities
SNC	Supplier notification of change
SOP	Standard operating procedures
SOX	Sarbanes-Oxley
SPC	Statistical process control
SPRING	Singapore Standards, Productivity and Innovation for Growth
SQDRS	Supplier quality document retrieval system
SQS	Supplier Quality Standards
SSC	Singapore Sport Council
SWOT	Strength, Weaknesses, Opportunities and Threats

T

TAP	Technical assistance program
TEAM	Training expertise & assistance management program
TEI	Total employee involvement
TIQ	Total integrated quality
TNA	Training needs analysis
TNT	Technology N Teamwork
TTSH	Tan Tock Seng Hospital
TUV	Technische Überwachungsvereine

U

UL	Underwriters Laboratories Incorporated
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V

VIP	Value improvement program
VOP	Value of production
VSM	Value stream mapping

W

WAN	Wide area network
WD	Woodlands
WD-EA	Woodlands executives
WD-MFG	Woodlands manufacturing
WEEE	Waste of electrical & electrical equipment
WWPP	World wide product planning

Y

YEMM	Year-end management meeting
YTD	Year-to-date
YOY	Year-on-year





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