



Governance and Engagement

Governance Structure

We consider individual involvement and accountability to be both a right and a privilege and accept personal responsibility for everything we do. We treat the Company's reputation as our own and try to make wise use of our time and the Company's resources. We expect access to the tools and information necessary to participate in any decisions that will reflect on our collective or individual reputations. – BD Core Value

Board of Directors

A 14-member Board of Directors governs BD. Standing committees of the Board include:

- Audit Committee
- Compensation and Benefits Committee
- Corporate and Scientific Affairs Committee
- Corporate Governance and Nominating Committee
- Executive Committee
- Finance Committee

The Director of Corporate Environment and Safety and Business Conduct meets with the Corporate Affairs Committee on a formal basis at least once each year. In addition, access to the Committee and the full Board is ongoing, as needed. The Director also has ongoing informal communication with BD's Executive Vice Presidents.

Board Independence

All of the Board members are independent with the exception of Edward J. Ludwig, Chairman, President and Chief Executive Officer, and John R. Considine, Vice Chairman and Chief Financial Officer.

Board Committee Responsibilities

The Corporate and Scientific Affairs Committee has oversight of matters impacting the Company's image and reputation and its standing as a responsible corporate citizen, and the Company's research and development activities. Current responsibilities include, but are not limited to, issues relating to the following areas:

- Reviews the Company's policies, practices and procedures in the general areas of ethical conduct and legal compliance, including, but not limited to, issues relating to the following areas:
 - Communications
 - Policies and practices relating to communications with key stakeholders, including shareholders, governments, associates and the general public. This also includes communications in connection with crisis management activities.



- Employment Practices
 - Workforce diversity and inclusion, and compliance with applicable laws, including equal employment opportunity and similar laws.
- Community Relations
 - Policies with respect to community activities and charitable contributions (including the underlying philosophy, goals and purposes of the Company's contributions activities).
- Environment, Health and Safety
 - Policies and compliance with applicable standards, laws and regulations.
- Customer Relations
 - Recall process and complaint handling relating to products or to business practices.
- Ethics and Enterprise Compliance
 - The methods and processes used by the Company for enterprise compliance in its business practices with: (i) applicable laws, (e.g., the U.S. Foreign Corrupt Practices Act, anti-boycott legislation, export controls, and antitrust laws); (ii) the Company's Business Conduct and Compliance Guide (the "Code of Conduct"); (iii) requirements for handling "whistleblower" complaints; and (iv) conflict of interest and insider trading policies.
 - Communication and training regarding expected standards of conduct.
- Political Contributions
 - Political contributions (including activities of the BD Political Action Committee).
- Shareholder Proposals
 - Shareholder proposals that relate to matters within the scope of the Corporate and Scientific Affairs Committee's responsibilities, and review and make recommendations to the Board of Directors regarding such proposals.
- Reviews all requests from the Company's executive officers and directors for waivers of any provision of the Company's Code of Conduct, and, if the Corporate and Scientific Affairs Committee determines any such requests are appropriate after consultation with the Corporate Governance and Nominating Committee of the Board of Directors, may grant such waivers and report same to the Board of Directors, and shall review any related public disclosures.
- Reviews periodically, but not less frequently than annually, the progress, results and effectiveness of the Company's portfolio of proposed and ongoing major research and development projects relating to new products and businesses (including its third-party collaborations and other investments).

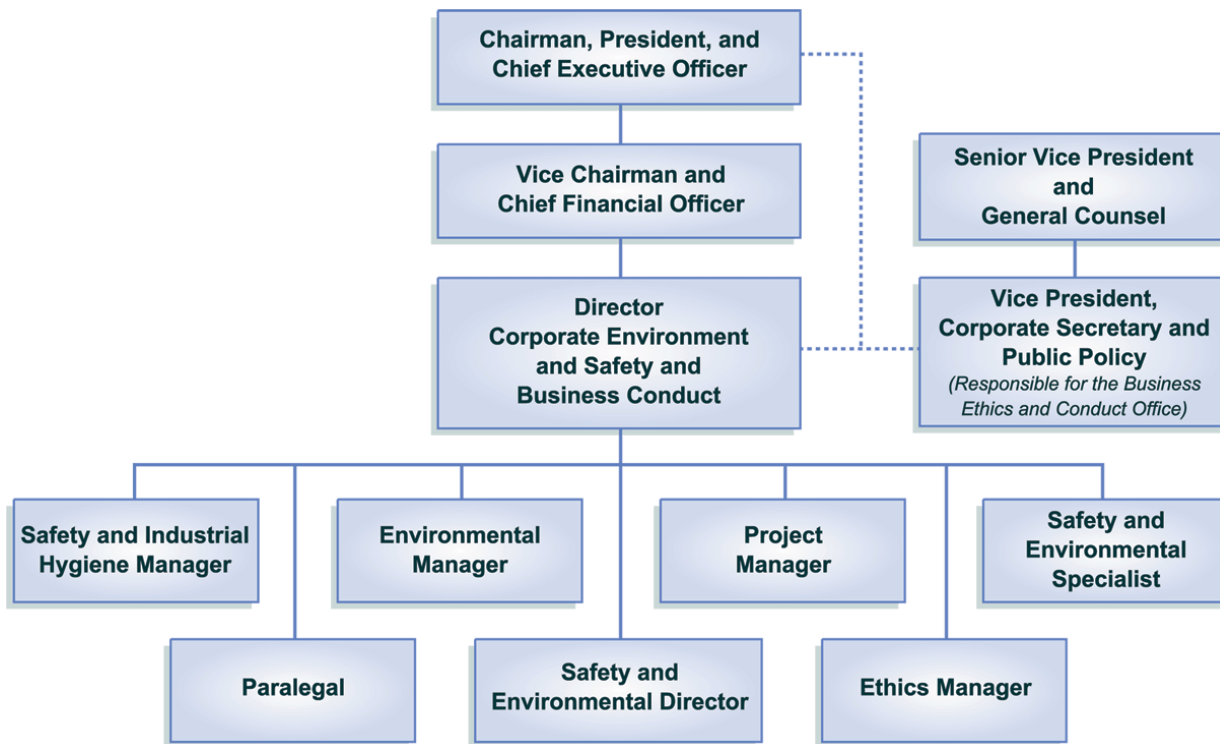


Management Compensation

BD takes into account certain nonfinancial goals when compensating certain managers and executives. The form of these nonfinancial goals varies from segment to segment and year to year, and among various world regions. For example, the following is a typical (but not comprehensive) list of areas that may affect such compensation:

- Workforce diversity
- Improving product quality
- Health and safety performance
- Training and compliance
- E-commerce

Sustainability Organization



The Director of Corporate Environment and Safety and Business Conduct reports to the Vice Chairman and Chief Financial Officer. In his capacity as Chief Ethics Officer, the director reports to the Vice President, Corporate Secretary and Public Policy, who has responsibility for the Business Ethics and Conduct office and reports to the Senior Vice President and General Counsel. Both the Chief Financial Officer and the General Counsel report to the Chairman, President and Chief Executive Officer.

The Corporate Environment and Safety and Business Conduct organization consists of a director, a safety and industrial hygiene manager, an environmental manager, a project manager, a safety and environmental specialist, a safety and environmental director (located in Europe), a paralegal and an ethics manager.



Any allegations of ethical misconduct are investigated by the director and the ethics manager. In addition, the Corporate Environment and Safety and Business Conduct organization is responsible for the corporate Code of Conduct, including its translation into eleven languages for use worldwide.

Shareholder Communications with the Board

BD's Board of Directors created the position of Lead Director, a nonmanagement director who is the point of contact regarding interactions with shareholders. Anyone wishing to communicate (including with respect to accounting, internal accounting controls or auditing matters) with BD's Board of Directors, the non-management directors as a group, or with any individual director, may do so by contacting the Lead Director (currently, Henry P. Becton, Jr.) in one of the following ways:

- **By mail**, addressed to BD Lead Director, P.O. Box 264, Franklin Lakes, NJ 07417-0264.
- **By calling** the BD Ethics Helpline, an independent toll-free service, at 1-800-821-5452 (available seven days a week, 24 hours a day). Callers outside North America should use "AT&T Direct" to reach AT&T in the U.S., and then dial toll-free 1-800-821-5452. Translation services are available.
- **By e-mail**, to ethics_office@bd.com. As with all internet communications, e-mail sent to or from this site may not be secure; you should therefore take special care in deciding what information you send to us. Our collection, use and disclosure of personal data through this site are governed by our [Privacy Statement and Consent to Use of Data](#) which you should carefully review before providing information to us. Please also note that the e-mail links and forms on this site are not for emergency or medical information.

All communications are kept confidential and forwarded directly to the Lead Director, who shall in turn forward them promptly to the appropriate director(s). Items unrelated to a director's duties and responsibilities as a Board member may be excluded by the Director of Corporate Security, including, without limitation, solicitations and advertisements; junk mail; product-related communications; job referral materials such as resumes; surveys; and material that is determined to be illegal or otherwise inappropriate. The director(s) to whom such information is addressed are informed that the information has been removed, and that it will be made available to such director(s) upon request.

Enterprise Risk Management

To achieve our business objectives and generate value for our stakeholders, we must effectively manage risks. To facilitate this, BD instituted an Enterprise Risk Management (ERM) program in early 2006. ERM provides the Company with a framework to identify, assess, respond to and monitor risks. We have since evaluated over 300 individual risk items to determine which need further management. These risks fall into 15 categories, with executive-level ownership assigned to each category. Progress in managing these risks is reported to the Board. Given the dynamic nature of the business climate, we continue to review the ERM process, which allows us to identify new and emerging risks and monitor the status of those risks previously identified.

Fair Dealing

BD believes that ethics are everyone's responsibility, and as a business, we must lead by example. All associates are expected to deal fairly with customers, suppliers, competitors, the public and one another at all times and in accordance with ethical business practices. As part of BD's [Business Conduct and Compliance Guide](#), we instruct our associates not to take unfair advantage of anyone



through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. No payment in any form should be made directly or indirectly to or for anyone for the purpose of obtaining or retaining business or obtaining any other favorable action. BD or our associates may be subject to disciplinary action up to and including termination, as well as potential civil or criminal liability for violation of the BD Business Conduct and Compliance Guide. The BD Business Conduct and Compliance Guide also addresses conflicts of interest, business hospitality, dealing with governments and officials, competitor relations, international trade law and more.

Political Contributions and Lobbying

BD supports each associate's individual right to participate in the political process. Each BD associate may make whatever personal contribution of time or money they wish to the political process, so long as it does not interfere with their responsibilities at BD. In the U.S., eligible BD associates may also, but are not required to, contribute to the BD Political Action Committee (BD PAC), which makes contributions to candidates for federal office who share our policy interests. However, BD may not directly or indirectly contribute Company funds or assets for or to any political committee, organization, candidate or campaign unless such a contribution is consistent with Company Policies and is permitted by applicable law in the relevant jurisdiction in question. Each such contribution must be approved by the Chief Executive Officer or Chief Financial Officer, and for contributions outside the U.S., also by the President or Chief Financial Officer of the country in question. No political contributions using Company funds or assets were made in fiscal year 2007.

Historically, BD has lobbied and continues to lobby representatives of the U.S. Congress and the executive branch on issues that directly affect our business and the medical technology industry. BD often lobbies on these issues in conjunction with trade associations, such as AdvaMed and the National Association of Manufacturers. BD's lobbying activities are routinely reported to the appropriate government authority as required by law. The BD PAC contributed \$21,500 in 2005, \$31,500 in 2006 and \$22,500 in 2007. Federal candidates in the United States are required by law to report all contributions over \$200 per year to the Federal Elections Commission, which publishes the information on its [website](#).

Promoting Competitive Behavior

Competition is the heart of business. BD competes by making high-quality products, selling them at a fair price and providing value to our customers. As described in BD's Policy on Antitrust and Competition Law Compliance, BD's policy is to comply fully with the antitrust and competition laws of the U.S. and every state, country and jurisdiction whose laws apply to our business.

Throughout the world, BD's business efforts must comply with antitrust and competition laws of various countries and jurisdictions. These laws are designed to ensure that businesses can compete fairly. They prohibit agreements among competitors that restrain trade or reduce competition, such as agreements to fix, stabilize or control prices; limit output levels or the sale of products; allocate customers or geographic territories; or boycott certain suppliers or customers.

BD associates receive mandatory training on requirements regarding competitive behavior.



Governance and Engagement

Compliance

BD promotes associate compliance to internal policies as well as legislation and regulations through our [Business Conduct and Compliance Guide](#) and through “Doing What is Right,” a mandatory compliance training program. To measure our progress, BD conducts ongoing audits of the areas covered by the Guide. In addition, a group of associates in managerial and other particularly sensitive positions are asked to certify their understanding of, and compliance with, the principles of this Guide and related BD policies.

The “Doing What is Right” program coordinates compliance activities worldwide and helps promote our Core Values and culture of integrity. Associates are required to recertify annually that they have participated in the training; they will periodically receive additional required courses.

Enterprise Compliance at BD is built on the foundation of all compliance functions within the Company. The Compliance Committee provides guidance and direction, with leadership and coordination by the Chief Compliance Officer. Membership of the committee includes senior management across the Company and key departments, reflecting the importance of compliance to BD.



Compliance Committee
Office of the CEO (CEO, Vice Chairman and Chief Financial Officer, four Executive Vice Presidents)
Vice President - Finance
Vice President, Public Policy and Corporate Secretary
Ethics Office
Financial Operations and Treasury
Human Resources
Information Technology
Internal Audit
Regulatory Affairs
Tax



Governance and Engagement

Stakeholder Engagement

BD is a leading global medical technology company with a history dating back more than 110 years. We actively engage with a broad spectrum of stakeholders. The Company uses multiple channels and internal organizations to engage and work with interested parties. Most of these parties are already well known to BD, but these same multiple channels keep the Company open to identifying and fostering a dialogue with new and changing stakeholders.

Business and Industry Associations

BD is active in the following organizations, among others:

- Advanced Medical Technology Association (AdvaMed); Edward J. Ludwig, BD Chairman, President and Chief Executive Officer, is Chairman of the AdvaMed Board of Directors until March 2008.
- American Association of Immunologists (AAI)
- American Chamber of Commerce in Korea (AmCham Korea)
- American Chamber of Commerce in Singapore (AmCham Singapore)
- American Society of Cataract and Refractive Surgeons Foundation
- AMID, Mexican Association of Innovative Industries in Medical Devices
- APIDIM, the French Association of American Companies supporting the Innovation of the Medical Devices
- APPAMED, the French National Trade Association of Medical Devices sold through the Pharmacy Channel
- Assobiomedica, the Italian association for medical devices
- Association of British Healthcare Industries (ABHI)
- Biotechnology industry Organization (BIO)
- British In-Vitro Diagnostics Association (BIVDA)
- BVMed , the trade association of the Med Tech Industry in Germany
- California Healthcare Institute (CHI)
- EDMA, the European diagnostics trade association
- European Medical Technology Industry Association (Eucomed)
- Federation of Clinical Immunology Societies (FOCIS)
- Fenin, the Spanish Federation of Healthcare Technology Companies
- Healthcare Industry Distributors Association (HIDA)
- HealthCare Institute of New Jersey (HINJ)
- International Association for Safe Injection Technology (IASIT)
- Irish Medical Devices Association (IMDA)
- Massachusetts Medical Device Industry Council (MassMEDIC)
- MEDEC, Canada's Medical Device Technology Companies
- National Association of Manufacturers (NAM)
- Medical Technologies Council in Ireland (MTC)
- New England Healthcare Institute (NEHI)
- North Carolina Biosciences Association
- SNITEM, the French medical technology trade association
- VDGH, the trade association of the diagnostic industry in Germany



Key Stakeholders

- Shareholders
 - Individuals
 - Institutions
- Associates
 - Current
 - Retired
- Customers
 - Healthcare providers
 - Patients
 - Nonprofit partners
 - Blood banks
 - Medical and scientific researchers
 - Basic research laboratories
 - Clinical research laboratories
- Government
 - Regulatory agencies
 - Elected officials
- Business Partners
 - Suppliers
 - Joint ventures
- Non-Government Organizations
 - Philanthropic organizations
 - Service organizations
 - World healthcare organizations
 - Disaster and emergency relief providers
- Communities in which BD has operations
- Others
 - Advocacy organizations (e.g., environmental, patient, healthcare, etc.)
 - Media

Engaging with Stakeholders: Customers

All three BD segments – BD Medical, BD Diagnostics and BD Biosciences – work closely with customer stakeholders, from understanding their needs, to developing products to meet those needs, to confirming their satisfaction through surveys and other forms of feedback. Specific actions the Company takes are:

- Focus groups with customers representing various market segments to understand their needs and preferences and to test product concepts
- Frequent visits to hospitals, clinics, laboratories and doctors' offices where BD products are used to fully understand care providers' needs, clinical procedures and clinical techniques
- Training and education for customers so that they know how to properly and safely use BD products

A principal competitive advantage for BD is intimate knowledge of customer needs and preferences. For example, BD Biosciences develops hundreds of new research reagents every year based on close contact with the research community. BD Biosciences is also able to respond to the needs of



sophisticated government, academic and private research laboratories in large measure because of its own intellectual strengths, including about 200 Ph.D.s, 150 other scientists and more than a dozen M.D.s.

Similarly, BD Medical and BD Diagnostics design and develop products based on in-depth understanding of practices in thousands of doctors' offices, hospitals and clinics. For example, BD developed the world's broadest and deepest line of safety-engineered devices for reducing healthcare worker injuries – more than 230 safety-related U.S. patents. BD is also a leader in raising awareness of risks to healthcare workers and promoting methods for improving safety levels.

We use the Voice of Customer process to fully understand who our customers are and what their critical needs are. The process begins by following the customer value chain to the decision maker. Along the way, we determine what the needs of the other members of the chain are and how they can be integrated with the end user's needs. Ideally, customer needs should be observed and discussed in the environment where the product is used, stored and disposed of. Most often, customers offer BD the solution that they feel is appropriate. Our approach is to ask why, until we reach the root cause of the need and can most effectively provide a solution.

For example, BD Biosciences recently opened a 2,700 sq. ft. state-of-the-art education center in Rockville, Maryland, to train customers on our cell imaging instruments, software and reagents. The Bioimaging Education Center is equipped with two training rooms, a conference room, a wet lab, a microscopy suite and an informal meeting area. It offers researchers a variety of technical cell analysis courses. Customers can also take advantage of instrument demonstrations, basic and advanced training courses, "getting started" courses and technical applications support for a variety of BD bioimaging technologies. This new training center complements BD Biosciences' existing training facilities in San Diego, San Jose, Boston, Basel and Tokyo.

We also offer product training to customers and have a Voice of Customer engagement process.

Stakeholder Issues

BD works with stakeholders to better understand their issues of concern. The most critical issues include those that we consider most material to our Company:

- Addressing underappreciated or emerging global healthcare needs
- Using natural resources responsibly throughout our operations
- Promoting a workforce that fosters racial, gender, religious and ethnic diversity
- Providing safe working conditions and promoting safe behaviors in the workplace, for our associates and customers
- Demonstrating ethical behavior by doing what is right, respecting individuals, always seeking to improve, accepting personal responsibility and complying with the laws of the land
- Providing great financial performance for customers and shareholders

When working with stakeholders, BD does more than listen and observe. We assimilate their concerns so we can design and develop new technologies to better meet customer needs. This responsiveness to stakeholders is demonstrated by our leadership in needlestick safety and reuse prevention technologies, including safety-engineered syringes and needles, closed IV catheters, antimicrobials and auto-disable and single-use devices.



In addition to customers, BD reaches out to engage stakeholders in various ways, including:

- Investor meetings, such as the Annual Meeting and quarterly calls with the financial community
- Quarterly “Town Hall” meetings for BD associates, including the ability to call in and ask questions of the CEO and other leaders from anywhere in the world
- Meetings with elected officials, including visits to BD facilities
- Regular interfacing with media regarding BD news and issues of importance