Company Name: Becton Dickinson and Co. (BDX)
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<<Unidentified Participant>>

Good afternoon, everyone. Now, you are going to do this. You can introduce me so. I'll let him do that. I'm ready to get going. You and I had met before at Clinton Foundation. This is my favorite part of the day because when we started this journey, eight months ago, we weren't sure if we were going to have any companies today planning – presenting publicly their long-term plans for sustainable value creation. We didn't know if you're going to have 27 million or 27 trillion in the audience.

There is one company that stepped up and said I don't care about either of that because we feel like this is important to do. And the first company to do that was BD. And I would like to present as a small token of our appreciation to Vincent, CEO from BD, a small token of our appreciation for being the first to step up so.

<<Vincent A. Forlenza, Chairman, Chief Executive Officer and President>>

[Indiscernible] (1:13) Thank you, thank you.

<<Unidentified Participant>>

And I was told I need to keep this introduction short, but Vince has been with the company for 35 years. So if I was just go through the background, it would take about 35 minutes.

<<Vincent A. Forlenza, Chairman, Chief Executive Officer and President>>

Don’t bother.

<<Unidentified Participant>>

Don’t bother with that. So started as an engineer also wanted to recognize the staff of Tony DiMeo who serves on Advisory Board, Tony put your hand up and Alan as well, who did a terrific job in the same spirit as Vincent said, we're just going to do it because it's the right thing to do.

And with that, I turn it over to you.

<<Vincent A. Forlenza, Chairman, Chief Executive Officer and President>>

Sure. Good afternoon, everyone. It's a real pleasure to do this and walk you through BD's long-term strategy today. And I'm going to start with our purpose, which is advancing the world of health. And as I go through this, you're going to see that, this presentation doesn't follow the

pattern of the previous presentations at all. But hopefully it's meaningful for you as it's meaningful for us, the people that work at BD. And I've tried to follow more of an ESG format. So you're going to see a little different presentation from me today than you normally would if you're going to our investor presentations. Of course we've got our Safe Harbor. You can look at that on our website.

For those of you who do not know BD, we're over 100 years old, $12 billion in revenue. We're actually in over 200 companies, offices in 50 about 40,000 associates, and we span from Life Science tools, that's the discovery piece to infectious disease diagnostics to medication management broadly risk. And I'll hit some of the highlights of that, but I'm not going to take you through all of it. What I really want to do is take you on the transformation journey were on at BD.

So we're going to hit today the BD strategy and vision building our capabilities, which we think is fundamental to long-term strategy. How we think about outcomes and results, and hopefully we have some time for Q&A as well. So back in November, we did our first Analyst Day in five years. And this is the statement that we made to the investors there that day. We really believe we're at an amazing journey that has just started. And we think that we really can have a profound impact on healthcare around the globe.

Let me just show you a quick video from that Investor Day for me to take you through all of it, it take about five hours, but we'll do this in two minutes. Okay.

[Video Presentation]

So we – as you can see from that video, we see that there are major issues that need to be solved that intersect with BD. But let me just back up for one second and take this upper level. And the basic problem in healthcare around the globe is it's not sustainable. And you really have four elements that you have to manage, increasing access, you've got to improve outcomes, you've got to have better clinical outcomes, you've got to take your cost down and everything's got to be safe at the same time. So that's how we start our thinking.

And then we look four of those areas and you heard them in the video that intersect with the capabilities at BD where we can play a major role. And I – the video just walk you through them, but you can see diabetes out there, cancer we make equipment for diagnosing leukemia and lymphoma are a major player in infectious disease. And just mentioning all the way over on the end AMR, which is antimicrobial resistance, which is a huge emerging problem. World Health Organization is now saying that if left the way things are we would – by 2060, you could see 10 million deaths a year. So major, major problem, we think we can play a role in solving that.

So we've been on a journey transforming the company with those sorts of things in mind over the last five years. If I start from the bottom of the slide, you don't need to know all of the details, but we said if we're going to attack these problems that we have to change our innovation system and we have to change all the elements of the innovation system with great core products, we have to do more, number one. Number two, we have to look at our global footprint, optimize that

footprint because we saw tremendous opportunities around the globe especially in emerging markets and we started investing heavily there.

With that in mind, we knew that we needed a new set of commercial capabilities both strategic marketing and commercial excellence. As we change the core of our strategy from these really good, I'll call them anchor products that we were adding features to a series of solutions they're going to contribute to sustainable healthcare. To accelerate that entire strategy, we created a new M&A strategy. We did six small plug-ins, built-up our capability and then ultimately, we did a large transformative deal, which was, of course, CareFusion about two years ago now, which tremendously accelerated our progress on creating these solutions.

And I'll explain that to you a little bit. Back in November when we talked to the investor community, we said looking at the broadest pipeline we've ever had in the history of the company that we think over the next few years that our revenue growth can be 5% plus or slightly under 5% right now and earnings growth on a sustainable basis will be 10% plus. We're also in a good shape from the cash flow standpoint and as we look forward we're going to have about $11 billion over the next few years you see 2016 to 2019 up there on the slide, and had with us getting down to the leverage the target that we had when we did the CareFusion deal, which is three times gross leverage that's going to happen next month.

So, once we're past that we stop buying down debt, we're going to start building up cash. And of course we have the uses of cash there continued investment in our up operations, we'll catch the capital expenditure piece of about $3 billion, and then we have continued growth in our dividend, we've been growing our dividend for over 40 years continuously.

And then we're in great shape to do further M&A opportunities and return excess cash to our shareholders. But we are focus on building this company and focused on the strategy around solutions. So these are the areas when we look at things from an ESG focus, they are healthcare outcomes, improving access, where we think we can play a role. Environmentally sound and resilient operations, I'll talk to you about that in a second, because that funds our growth strategy. And then positive impact and I will say the global community as we think about community in our involvement, and I'll touch on that as well.

These are the elements and I'm not going to have time to go through all of this in detail, but what we believe is that we can touch fundamental processes within our customers not just sell products, whereby they can make the change to both value based healthcare and population health. And by the way, we think that's true around the globe, but people are just in countries or just in different areas in terms of where they are on the curve.

We can also have a major impact in certain areas of science, we know a lot about cells and how cells behave and you heard that comment about immunotherapy. We will continue our focus in emerging markets and I will talk to you about what we've been doing in China. Its representative of how we approach emerging markets. And then I'll go through some of the work we do on the value chain and allowing folks with our purpose driven culture.

So as we got into the strategy, the first thing that we realize was the fundamental capability that we had to build that was new with a different marketing capability for this – through this company. We actually brought in a Chief Marketing Officer from outside of the industry. It's unusual for a medical device company actually to have a Chief Marketing Officer. With a toolset that was very, very different from what we had in the past.

If I was to show you one of the process maps that we have for example infusion therapy, it would be about 14 feet long, but have hundreds of steps on it. So we have done very deep analysis on our customer's processes, but also on the markets and the different types of customers that we serve. You see in that blue box there, the kind of customer segmentation that we do. This is for the acute care marketplace, we've done this globally in the U.S., Europe, we've done it in China, we've done it in Australia.

And what this says is people buy based on different value propositions not all of our customers are the same. And how we focus our solutions will be very different depending on what they value.

So what kind of solutions am I talking about here. Well, one of the major focus areas for us is medication management. So think about a hospital, they have to buy pharmaceuticals they procure, they prepare them, of course, they have oral medication, but they have IV medications, which are made up on site. Actually an area where there's a lot of errors. Then you have to get the drugs up onto the floor, you have to then administer them to the patient, you need to track all this, you need to track your drug inventory. This is a process that has multiple handoffs, multiple opportunities for errors.

So on my first chart that medical errors is the third leading cause of death in the U.S., medication errors is the number one medical error. So that's bad in the U.S. These systems are not even in place the same amount once you get outside of the United States. And so what we have done is begun tying all of this together to software. And so you see that Smartworks – BD Smartworks and Knowledge Portal, this is tying the whole process together.

So imagine that you have a drug made up in the pharmacy, it is bar-coded, every step is checked along the way. It goes on to the floor, the nurse is wanding the barcode, it's the right drug, because we checked everything. And it was checked all the way back to the patient's record, we know that there are no allergies that are involved here and we're not going to have bad reactions. You wand the pump and it says, okay, I will set myself on, you're not going to make mistakes with keystrokes, we eliminate 5 million keystrokes a year for an average size hospital.

Then you've wanded the patient and now you're set to go. The drug is delivered. As it's being delivered the pump is saying, okay, we've delivered half the bag I know it takes three hours to make up the next batch, I have to tell the pharmacy to get the next batch ready. So it can be there on time.

So very different approach to process redesign for the hospital community you'll also notice up there that you see BD hosted device data, we have 5 billion data points from our customers, and we are now working with 15 pilot accounts to begin to optimize all this using predictive

analytics. So that they can optimize within their hospital and compare best practices across the country.

Very different approach than selling needle syringes and catheters, which is what we were doing three years ago, very, very exciting. We know that you can't do this kind of work yourself. It requires partners, as part of redoing our innovation system and building these new capabilities, we have built up our partnership capabilities at every stage of the process. We do have BD Technologies down in North Carolina. Their role is to source the best technology in the world.

Just to give you one example we are working with Singularity University out in California. They're focused on identifying problems that impact a 1 billion people. So we want to think big, we want to think within the context of sustainable healthcare. And then we have partners all the way through these different stages of creating new products and new solutions.

Let me show you another example of the transformation of BD that is going on right now. Many of you in the room, we know us as the company in diabetes, the major needle and syringe or your pen needle. And of course, most of the market now people use pens for delivering insulin. We made the needles that go on the end of them. We've taking a very different approach now a much longer term and much more complete approach.

We've actually partnered first with Medtronic for Type 1 Diabetes and we are creating a new infusion set for them that eliminates occlusions and blockage in the flow of insulin for the patient when they're wearing their pump, which is a major problem. This is in launch phase right now. We're using technologies. We developed for the acute care marketplace. We're very excited about this. This was done in partnership with the JDRF.

That was our first step in broadening our vision in diabetes care. The other two products that you see the type 2 patch pen and the smart pen needle are focused more on type 2 diabetics, so adult onset diabetes. What we will launch in 2019 first is going to be a very low cost, flexible patch pump, wearable for multiple days that will not only deliver the drug, but we also keep track of the amount of insulin that is being given, nobody does that these days.

In addition, we have a product for the pen users and lots of people – huge number of people use pens and they take multiple daily injections. This will be a smart device that will fit on anybody's pen that will track the amount of insulin given, a major hole in medication management for diabetes. All of this will be tied together with a nap [ph] (19:30) and then in fact we will be introducing an integrated diabetes care at next month that is our first informatics happen in this space.

So a very different approach understanding that if this is going to be get become under control. It's going to take a whole new toolset that enables not just the individual, but the caregivers whether that's family or the integrated delivery network that they're working with.

So these are the kind of solutions that we've been working on those, there are more across the entire portfolio than I could walk you through – I'd shows these two for today. So we think about ESG and the mission here at CECP, we think about shared value more than philanthropy. We

find philanthropy is foundational and certainly one has to start there. And then we think about corporate social responsibility, an extension of philanthropy but with the idea in the long run maybe that is building a business proposition. But where we've really focused our efforts over the last I would say 15, 16 years has been really on shared value. We didn't call at shared value at the time, but it really has been about how do we attack problem. So society is not aligned to, but if we can build the right coalition then we can create a business model that is actually sustainable.

And our first area in doing that was a needle stick safety and that got up to about 25% of BD sales when we are about $8 billion in sales, still an important growth driver. But that taught us a lot. We think about capability building as we look at these kind of opportunities. And so to look for those opportunities within healthcare, we actually do start with the sustainable development goals. It's easy for a healthcare company I have to admit, right, because number three, I don't know how that switch, let me try to go back.

Number three of course is good health and well-being and it's very easy for me to line up a whole series of our strategies that match up with that. But other elements of our strategy of course, I'm not touching anything, I think it's moving like its magic. To line up with the other elements, of course climate action, affordable and clean energy those sorts of things, which I'll talk about in a minute, have a major impact and how we work around the world in our efficiency strategies.

So what I wanted to show you with that kind of mindset going back about 6, 7 years ago, Gary Cohen who runs not the one from Goldman Sachs, the one who works for me who runs Global Health. He created this approach to shared value in emerging markets. The traditional market pieces up on the top, hire a salesperson, hire a distributor and you start selling. Well, we started the other way around. And we build out government affairs because our customers are governments in these marketplaces. And we started to build out policy capabilities. It was what is your major healthcare problem and where can BD health. And then can we create a group that will get critical mass to attack this problem. And that has been the core of our strategy in emerging markets for about six or seven years.

And then once we've got that in place and we can partner with the government, we can build programs behind that that actually improves healthcare within those countries. This has been a very successful strategy for us. You can see from 2011 to 2015, it added $500 million to our growth and we grew in the low-double digits in those marketplaces. We think it's going to add another $500 million as we go forward up to 2019. We think we're going to be in the high-single digits because the business has gotten quite big at this point in time.

So let me give you an example of how we do this. And this is a very real and current example that started quite a while ago, but we partnered with the Chinese government back in 2007 to improve infusion therapy and infection prevention. Infection rates in Chinese hospitals that time about 10 times U.S. rates, so a major significant issue. And, by the way, they do more infusions per patient than any place in the world. But in terms of how that was done major room for improvement, so we partner with the Chinese government and we created a program with Regional Centers of Excellence that became train the trainers for nurses across China. Since that time we have trained 700,000 nurses across China.

That is the core of what we're now using in terms of that practice to build out the CareFusion products that will expand what we're doing beyond core infusion therapy, more on the infection prevention side and then into pharmacy management and other things. Right in the middle of registering over 160 products, we're very excited about this opportunity. So fundamentally it's about building a capability – a partnership capability that impacts things they are extremely important and leave the healthcare system in a better place and much more sustainable place.

The next ones I wanted to mention to you, which is a similar approach is the Odon device. Now this started a few years ago, the WHO in terms of focusing on maternal and child health ran a contest. And the contest was can you come up with a life saving device for mothers and children. And actually a car mechanic in Argentina came up with this device and his name is Odon, that's why it's called the Odon device. And it's actually a device for prolonged labor that enables the child to be extracted from the mother, that 2.5 million children die within six months from birth and about half and them are actually die before they're born.

So this device will have a major impact in life. This was not kind of core to who we are, but does fit with our emerging market strategies and does fit with our capabilities in terms of manufacturing. But what I will tell you about this bottom of the pyramid problems if you cannot solve them yourself. So if you look at the partners that are on this slide, you'll see it's a very broad range of partners. And so when we think about this from a sustainability standpoint, we're also thinking about the capabilities we are building in partnership and new business model.

So you see the Economic Development Board of Singapore, you – it actually Canadian government is working with us. World Health Organization is doing the clinical trials with us. And there's a whole other series of NGOs including the groups for that set the guidelines for this device, the obstetrics guidelines and whatnot we're partnered with all of them. So we're learning a whole new set of capabilities. The pilot clinical trial for this device is going to start in about a month and we think we'll launch it in 2019. Ultimately, we do believe it will come back to developed world as well, because all of the physicians we've shown it to would really like to do this instead of C sections is going to be much, much easier.

Moving on to – okay, so how do we afford to do all this and how do we reduce our operational impact on the planet? We have a culture of continuous improvement. We're generally looking to go after cost reductions in our products of about 5% per year that's the goal we're always setting. We're optimizing our supply chain network. Of course we have a major program going on as part of the CareFusion integration were about 70% of the way there. And then big efforts in terms of renewable resources and renewable power, I think we're number one in green power usage in healthcare right now and has made a major difference. So this program all in all has been very, very successful for us. And of course we have the normal stuff in terms of investing in our plants in automation retraining our personnel and of course leveraging our footprint.

So these are some of the results that we are getting out of this type of program 2012 as you can see was not a great year. That was a year when oil prices spiked, pricing in our industry came down, lot of bad stuff happened, but the response so far, in terms of the new solutions we've been creating number one, all of this operational effectiveness I was just mentioning plus creating a

global network of shared service centers. So we're now four shared service centers around the globe down from 56 transaction centers before.

So that is driving the margin expansion at BD plus the savings we're gaining from the CareFusion, well, I will call transformation from a business process standpoint are coming together at one time. So the question was can you then decouple your footprint, your environmental footprint from your growth. And what you see here is our greenhouse gas emissions on the blue line, that's an absolute and then you see our revenue going up and you can see they're actually going in different directions. So we're making very, very good progress on this. In a foreign exchange wasn't so negative. That line on the sales side would be higher. So it's even bigger decoupling, that we're getting.

People and building people capability is an enormous priority for us and we start with our values at the bottom of the pyramid that is the foundation that we build upon as we did CareFusion and as part of the cultural integration, we took or relook at those values and we tweak them with input from the CareFusion associates. And then we have our leadership standards we expect from everybody, the cultural things there is not the total culture, it's our priorities that we're focused on right now, where we want to improve and all of that with our mind on purpose.

We are ramping up our efforts in terms of leadership development starting early in career all the way through to the executive level, we have BD University, which we started years ago. But we have redone this over the last six months and in fact, the core of what we're doing is using authentic leadership as what we're doing and the book True North by Bill George, many other things that you can see we are teaching is all of the elements BD in terms of what we expect as a manager and the skill sets that you need to have and we've just enrolling that out starting about six months ago or so.

I didn't want to touch on diversity, because we believe diversity is a real driver of our strategy. I will tell you that we do have room for improvements here, but what we saw was, it's great to have a strategy, but you better have an implementation plan behind just got some teeth and you better have some metrics that you're holding people accountable for.

So we have gone back and we have redone this entire strategy and what I will tell you is we're actually having a lot of fun with this. We have new set of associate resource groups that are contributing to building a better company, we have our metrics laid out, we're not in the top tier yet, but we have set a goal to be in the top tier in terms of diversity in five years from now and every manager we're monitoring this on a quarterly basis.

So in terms of corporate governance, the G in all of this many of you know our Board it's a very diverse Board. This is Board of course it takes, its role good governance, very, very seriously. What I do want to point out to you is we have one thing that's a little different than most boards and that is we have a committee that is science, marketing, innovation, and technology.

And we did this because we were transforming the innovation system of the company. And we created a Board committee that lined up with a corporate strategy and what we are focusing on. And this has been a very big help for me, because it becomes a wonderful alignment mechanism

with the Board number one, and number two a great forcing function as a CEO, when you drag people in front of them and say you're presenting to the boards, amazing how things get done just absolutely incredible.

So that's been great. I think we have good alignment in terms of the compensation plans, our LTI metrics are 50% total shareholder return and 50% return on invested capital for performance part of our plan. I will tell you, we do use relative TSR and we also – we take this a part. So we converted into operating measures. So it's not just a stock price for the folks.

So its revenue – we said – we teach people its revenue growth, its margin improvement, its capital deployment. Here it's how you can make an impact and the result is high performing TSR, that's the way we do it. And it’s been working, I think quite well for us. Here has been the outcome of the strategy over the last few years as all of this started to take and come together, you see BDX in the dark blue up there, the relevant comparative that's the broad healthcare index at about 26%.

So we feel good about the progress that we have been making and we want to continue that progress. So, let me just say this in terms of thinking about it for the long-term. We think, we have a long-term strategy that is a lined with the needs of healthcare for a sustainable healthcare systems and we think that's a global strategy.

We think that we have the Board process is lined up very much in that way. I didn't talk about it, but I would say our Board spends more than 50% of its time on strategic issues and not short-term tactical issues and we think we have good alignment in terms of the metrics we measure and the goals that we've been setting.

So if we think we do that we end up as an industry leader, we think we can continue our performance in terms of being a leader in environmental performance, we think we can make a major difference in terms of healthcare around the globe and a place that people are very excited about because they love the purpose advancing the world of health.

So that's my presentation I have – I think five minutes here for some questions.

Q&A

<Q>: Questions, yes. Questions? A question over there?

<Q – Michael Kashani>: Hello, Michael Kashani, Goldman Sachs Asset Management. If you are the one rewriting the ACA, what changes would you make both in respect to quality – improving quality or taking cost out of the system? And what one or two things you believe needs to remain.

<A – Vincent A. Forlenza>: It's interesting you ask that question. First off I find an amazing that all of the conversation is how you pay for it, not about the quality in the system and the cost in the system. And so I think fundamentally, if you go back to the ACA, it was driving us towards

the population based health system, and that has to be fundamental. I don't hear team spoken about at all.

So I think then you have to align the way you are paying alignment with a population based healthcare system. The population based health has to be aligned with a set of quality measures that are transparent and comparable across different health IDNs for example. Number – those would the first two things and the third thing I would tell you is that you have to have continuity of care across the entire ecosystem.

So the hospital care to the home care and right now it's that fragmentation of care. That becomes very difficult, that's why you have that 5% of the population that cost you 50% of your healthcare spending. So you need to get that under control and that's where I would focus my efforts. Then you'll solve your problems with the exchanges and whatnot.

<Q>: Next question? There's a question over here. Yes?

<Q>: Hello, thank you for your presentation. I'm Stephanie from State Street. My question is, how involved is your Chief Financial Officer in your long-term sustainability strategy?

<A – Vincent A. Forlenza>: He's highly involved Chris Reidy. Chris is a very strategic Chief Financial Officer. So it would be amazing to me if he was not involved, because we see sustainability as fundamental with a corporate strategy, so highly. Other, one more, yeah.

<Q>: One more question down here.

<Q – Rolando F. Morillo>: Hi, Rolando Morillo with Rockefeller and Company. My question is really focused on value-based concept, it seems you're hearing this concept talk about more and more I'm curious how that impacts, your business strategy longer-term given that there's a focus on outcomes versus volume.

<A – Vincent A. Forlenza>: Way we look at that is we are helping our customers reengineer their care processes, so that they can do that effectively. And so when you think about what I showed to you – I showed you a medication management system. I showed you one for the acute care marketplace, but we're also taking that into the doctor's office, I didn't show you stuff around the retail market in terms of medication management at the retail pharmacy. So for us we think that as this moves in this direction we're going to be an enabler and the puts us in the position where we can be a true strategic partner for our customer base right now, about 57% medical devices are in the U.S. are bought by the top 115 integrated delivery networks. They're looking for strategic partners that can help them make that transition.

<<Unidentified Participant>>

With that, we'll need to wrap up. I want to say one thing before we wrap up. This to me, I wondered when we started this initiative, Darrell and I wondered could we develop – could companies develop without having us to be overly prescriptive, long-term plans for sustainable

value creation that integrate sustainability factors. And what I think I saw here was just a proof point of that. So I just wanted to thank you and recognize you for that.

<<Vincent A. Forlenza, Chairman, Chief Executive Officer and President>>

Thanks very much.