

7.5% from 2008 but up 14% when normalized to revenue.

### Health, Safety and Environmental Management System (HS&E MS)

During 2009, the ONE Baker Hughes reorganization stimulated the need for a common approach to the way the management system was implemented across the enterprise. A three-year plan was developed to align HS&E systems and operational control procedures. The development of key processes and common standards was prioritized based upon risk and operational needs.

A management review was conducted by the HS&E leadership team which focused on the impact of the reorganization on HS&E processes and performance. Audit results showed that conformance with applicable elements of the management system was similar to 2008, but the number of major audit findings and the days to closure were much reduced.



### Corporate Social Responsibility

During 2009, Baker Hughes collated examples of the many good processes and initiatives that demonstrated our achievements as a good corporate citizen. A web-based report, highlighting the details of the Corporate Social Responsibility program, was published on bakerhughes.com. Key themes included our commitment to health, safety and environment, to ethics and legal compliance, to the development of a diverse and inclusive workforce, to our progressive technology development programs and our support for the communities in which we operate. These programs support the sustainable growth of our business and are therefore aligned with Baker Hughes' Strategic Framework.

### Enterprise Security and Crisis Management

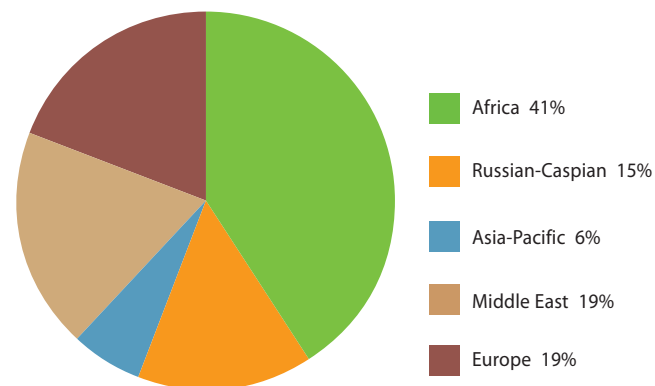
The Enterprise Security and Crisis Management (ESCM) team realigned to better support the business and to ensure the security of Baker Hughes' employees, operations and investments. A cost savings of nearly \$3.5 million was realized as a result of improved risk analysis and reduced use of third party vendors to conduct investigations. The number of overall security incidents increased, possibly due to improved awareness programs resulting in improved reporting. ESCM provided support in addressing crises including civil unrest, earthquakes and terrorist events. The function also supported business objectives including the entry plan into Iraq, early warning of political unrest in Gabon, the armed theft of a radioactive source in Argentina and by leading the pandemic response plan for the H1N1 influenza virus.



# BAKER HUGHES

## Health, Safety, Environment and Security Overview 2009

2009 Eastern Hemisphere Security Costs (%)



**Baker Hughes HSE&S**  
 2929 Allen Parkway  
 Suite 2100  
 Houston, Texas 77019  
[www.bakerhughes.com](http://www.bakerhughes.com)

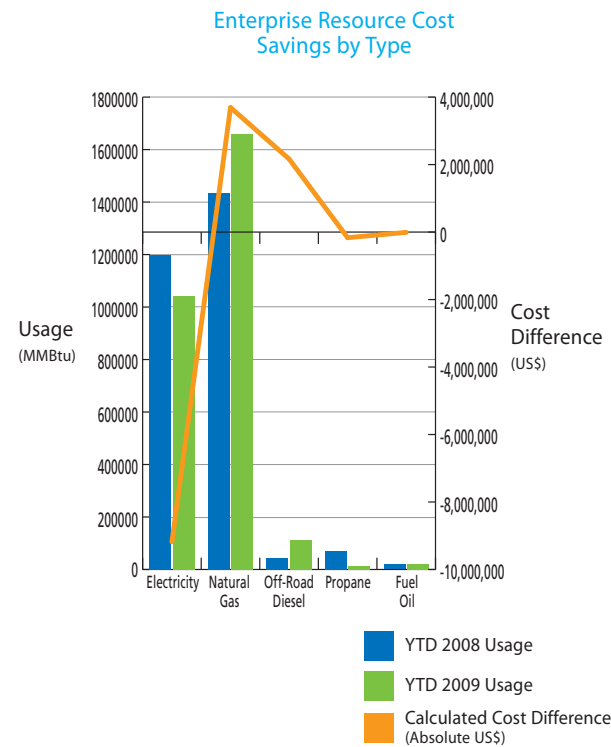


# HSE&S 2009

## Health, Safety, Environment and Security Overview

### HS&E Goal Performance

Baker Hughes' HS&E goals are to continue to reduce injury to people, ensure our workforce remain healthy, and minimize the impact of our operations on the environment. The 2009 HS&E performance results are shown. Key HS&E Initiatives Supporting the 2009 Goals included a continued focus on Behavior Based Safety, Material/Manual Handling, New Hire/Short-Service Employee (SSE) training and mentoring, and energy conservation initiatives.



### Injury/Illness Performance

HS&E performance continued to improve in 2009 with a reduction in both injury/illness and vehicle accident rates. The Total Recordable Incident Rate (TRIR) was reduced to a rate of 0.57, a 16% reduction compared with 2008 results. This rate, the lowest in the history of the company, continues the nine-year reduction trend. Increased focus on training and mentoring new hires resulted in a reduction of SSE incidents throughout the organization and an SSE TRIR reduction of 19%, exceeding our 10% reduction goal. Furthermore, the Baker Hughes SSE Days Away From Work Case (DAFWC) rate was reduced by 17%. Although there were no work-related employee fatalities that qualified as "recordable" in

2009, there were seven driving-related fatalities, one suicide, and one fatality involving a third party contract worker.

### Driving Safety Performance

Driving safety continues to be a challenge for us. Focus on driver

and vehicle safety continued in 2009 which resulted in a 13% reduction in our Motor Vehicle Accident Rate (MVAR) compared with 2008 performance. Although there was a reduction in the number of vehicle accidents, the resulting MVAR of 1.03 was just short of the 2009 MVAR goal (1.00). The seven driving-related



fatalities involved members of the general public or off-duty employees. Land transportation issues continue to be a challenge and efforts to improve driving safety continue throughout the enterprise.

### Environmental Performance

In 2009, the enterprise environmental goal focused on a 10% reduction in our environmental footprint, targeting waste, spills and energy. Baker Hughes employees achieved a 21% reduction in our environmental footprint and exceeded the goal by over 100%. This result represents a weighted average of the individual normalized results for waste, recycling, spill volume and energy use. Results for recycling and spill volume contributed significantly to our reduced environmental footprint. In contrast, waste reduction was flat (-1%), while normalized energy use actually increased year over year. Our efforts to increase collection of environmental data resulted in data being submitted by roughly one-third of the 750 facilities tracked through the BHI GreenLink database.

Effective environmental management and assurance programs contributed to relatively flat environmental reserves over

the past five years. At year end 2009, environmental reserves totaled US\$18.2 million to fund 38 remediation projects and 17 superfund sites. Remediation reserves of US\$12 million are up 11% year-on-year, while superfund reserves were up 7% to US\$6 million. Environmental capital and compliance expenditures comprised about 0.59% of the Baker Hughes operating budget. Costs attributable to environmental compliance activities are down

Cumulative Percent of Total Enterprise Volume vs. Number of Spills

