1. Baxter Healthcare Ltd (UK) – Commitment to Achieving Net Zero:

Baxter Healthcare Ltd (a wholly owned indirect UK subsidiary of Baxter International Inc.) supports the aims of our UK customers in their environmental programmes, and their goals to reduce the environmental impacts of healthcare. We aspire to be a leader in more sustainable healthcare and work to reduce our environmental impacts, both in our own operations, and across the life cycle of our products. We understand the NHS commitments to reach Net Zero Carbon emissions by 2040/5, and as a supplier with a long history in sustainability and carbon reduction, we support our customers in achieving their own climate action goals.

In 2021, Baxter International Inc. (from herein referred to as Baxter) announced our 2030 Corporate Responsibility Commitment and Goals featuring ten goals for focused action, including a goal to achieve carbon neutrality for our Direct Operations by 2040. The commitment in this document by Baxter Healthcare Ltd to achieving Net Zero by 2050 at the latest, in relation to the delivery of UK government contracts (including those for the NHS) is consistent with, and complimentary to, our global Baxter goal.

In 2021, Baxter established a cross-functional team and strengthened the governance and infrastructure needed to make progress. Baxter also continued work to reduce energy consumption and greenhouse gas (GHG) emissions across our company.





Solar panels installed at Baxter's manufacturing facility in Lessines, Belgium. Photo credit: Eric Wery

This report supports Procurement Policy Note (PPN) 06/21 (June 2021) and sets out Baxter Healthcare Ltd's carbon reduction plan with the objective of:

- confirming Baxter Healthcare Ltd's commitment to achieving Net Zero by 2050 at the latest in relation to the delivery of UK government contracts (including those for the NHS)
- detailing emissions reported for all required scopes/ categories (in accordance with the required methodology)
- detailing carbon reduction measures in place and our global climate action roadmap
- demonstrating the commitment of our UK company directors

Our Goals

- Baxter Healthcare Ltd (UK) commitment to Net Zero by 2050 at the latest.
- Baxter has a global Corporate Responsibility goal of carbon neutrality by 2040 for Scope 1 & 2 emissions*.
- Baxter and Baxter Healthcare Ltd have an interim goal for an absolute 25% reduction for our direct emissions by 2030.

* Although Scope 3 emissions are currently outside the boundaries of our carbon neutrality goal, we will continue to report on our efforts to minimize these emissions.

2. Baxter Healthcare Ltd UK Emissions reporting

2a. Baseline Emissions Footprint

Baseline Emission Year: 2020
Additional Details relating to the Baseline Emissions calculations:
2020 is the baseline chosen by Baxter for its 2030 Corporate responsibility goals related to climate, announced in 2021. Baxter has been reporting and reducing carbon emissions from its operations since 1997 and to that end: • We achieved a 19% absolute global reduction in CO2e emissions from Scope 1&2 operations between 2005-2015 • We achieved a 13.6% absolute global reduction in CO2e emissions from Scope 1&2 operations between 2015-2020

Baseline year emissions: 2020	
EMISSIONS	TOTAL (tCO2e)
Scope 1	14577
Scope 2[1]	8480 (location based), 0 (market based)
Scope 3[2] (categories 4,5,6,7,9) (Included Sources)	36751
Total Emissions	59,808 (location based)

2b. Current Emissions Reporting

Reporting Year: 2021	
EMISSIONS	TOTAL (tCO2e)
Scope 1	21131
Scope 2[1]	4730 (location based), 0 (market based)
Scope[2] (categories 4,5,6,7,9) (Included Sources)	31600
Total Emissions	57,469 (location based)

1 Scope 2 emissions are reported in accordance with GHG Protocol Scope 2 Guidance as location- and market-based emissions. Location-based emissions are calculated based on the average emissions intensity of the grid for the region where energy is consumed. Market-based emissions are calculated based on the electricity procured by individual locations, with emission factors derived from contractual instruments. Therefore, market-based scope 2 emissions for the reporting years are zero due to Baxter Healthcare Ltd being on a renewable electricity tariff. (Source: GHG Protocol Scope 2 Guidance, An amendment to the GHG Protocol, Corporate Standard, World Resources Institute. Last Accessed: January 2023).

2 Scope 3 emissions determined in accordance with the Greenhouse Gas Protocol, Technical Guidance for Calculating Scope 3 Emissions. Supplement to the Corporate Value Chain (Scope 3) Accounting & Reporting Standard (Version 1.0). For further explanation please see Appendix 3.

3. Our Carbon Reduction performance

7.4%
reduction in Scope 1 and 2 GHG emissions indexed to revenue*

3.1%
reduction in energy use indexed to revenue*

8,800
metric tons CO2e of GHG emissions to be avoided annually due to energy conservation projects**

5.3%
decrease in product transport GHG emissions*

Baxter Global GHG Emissions (Scope 1 and 2) from Baxter Operations

In 2021, Baxter's total Scope 1 and 2 emissions from global operations equalled 598,000 metric tons carbon dioxide equivalent. This is a 0.4% decrease in absolute emissions compared with 2020 and a 7.4% decrease indexed to revenue. [3]

Reducing energy use is vital to our sustainability strategy, as energy use accounted for 99% of Baxter's GHG emissions from global operations in 2021. During the year, in addition to energy-efficiency initiatives, we decreased our GHG emissions through fuel switching, cogeneration, alternative energy systems, on-site renewable energy systems, renewable electricity procurement and green buildings.

For example, in 2021, we replaced a diesel boiler with a water-to-water electric heat pump at our manufacturing facility in San Vittore, Switzerland, which is expected to reduce the site's energy use by 7% and avoid 144 metric tons CO2e annually.

By the end of 2021, 30% of our global energy use for operations was derived from renewable sources, equivalent to 846,000 megawatt hours (MWh) on an annual basis. Biomass fuel for boilers at two of our locations accounted for 9.5%, and the renewable energy component of our purchased electricity and renewable energy certificates together represented 20%. On-site geothermal, solar photovoltaic and solar hot water systems also contributed a small amount. In 2021, we installed an on-site 1.2 MW solar system at Lessines, Belgium, which is expected to generate 1,272 MWh annually and provide 8% of the site's electricity needs based on current consumption levels.

Baxter's energy procurement team sources sustainable and economical energy for our manufacturing facilities. Globally in 2021, we purchased more than 430,000 MWh of electricity generated from 100% certified renewable power. This included more than 201,000 MWh for our European manufacturing sites (94% of the electricity Baxter uses for manufacturing in the region).



Our Energy Efficiency Programmes

Energy is one of our most significant manufacturing costs. Energy efficiency is integral to our climate strategy, as it saves money while reducing environmental impact. Our global energy program applies the ISO 50001 standard to the company's facility-level energy management systems. By the end of 2021, 22 Baxter facilities (47% of participating locations) met ISO 50001 requirements.

Site-specific energy assessments help us identify opportunities to conserve energy, such as implementing new technologies or adopting best practices. During 2021 we identified potential energy projects and driving project performance by conducting bi-monthly meetings with global energy managers and site engineering teams. We also conducted cross-facility benchmarking focused on energy conservation opportunities within the regions and businesses. As a result, in 2021, we invested $8.9 million to implement 196 energy conservation projects across our manufacturing sites globally. We estimate that these projects will save 33,800 MWh of energy and $3.3 million and avoid 8,800 metric tons CO2e of GHG emissions annually.

3 Baxter 2021 data does not include Hillrom unless stated otherwise. Our Baxter 2022 Corporate Responsibility report will reflect the combined company. Baxter completed its acquisition on December 13th 2021.

UK GHG Emissions (Scope 1 and 2) from Baxter Operations

Within the UK, two of our manufacturing facilities are associated with more than 90% of our energy consumption, and related Scope 1 and 2 emissions. These include our fluids manufacturing site in Thetford, Norfolk and our renal manufacturing facility in Liverpool.

Both sites have energy efficiency programmes in place. Specific measures carried out by Thetford to reduce energy consumption and improve energy efficiency are shown in the text box on this page.

Overall, Scope 1 & 2 emissions increased by 10% in the UK in 2021 compared to baseline, due to the installation and operation of a new gas fired CHP (combined heat and power) plant at the Thetford site. Although this provided increased efficiency, through the recovery of heat for manufacturing plant activities, it reduced the renewable electricity purchased in the UK, as a proportion of electricity consumed.

Our environmental management system across UK manufacturing is certified to ISO 14001 and is audited regularly. It focuses on objectives and actions on areas that will have the most significant environmental impact both in the short and long term. Additional to our own internal energy assessments, we undertook energy audits in the UK as part of the Energy Savings Opportunity Scheme (ESOS) Phase I in 2015 and Phase II in 2019.

During 2021, the following energy efficiency actions were implemented at Thetford:

- Installed automatic dimmable lighting in all plant rooms
- Chilled water distribution network re-designed with auto pump modulation and temperature control
- Heating HVAC systems using CHP
- Upgraded all carton glue units to heat on demand
- Lagging all hot pipes for product and steam
- Steam trap survey and remediation following report
- Insulation of Hot water tanks
- Replaced all car park lighting to LED
- Reduced compressed air set point 0.5 bar lower

Scope 3 Emissions

Although our carbon neutrality goal focuses on Scope 1 and 2 emissions, Baxter continues to calculate and address Scope 3 GHG emissions across our value chain. Baxter transports more than 5 million metric tons of raw materials and finished goods each year, primarily in partnership with third-party suppliers and carriers. Only a small portion of product transportation–related GHG emissions are Scope 1 and therefore covered by our global carbon neutrality goal. However, we continue to measure and manage all emissions (including Scope 3) across our global supply chain. Our worldwide GHG emissions from product transport totalled 425,800 metric tons CO2e in 2021. This is equivalent to 84 kilograms CO2e per metric ton of products transported, a decrease of 5.6% compared with 2020. This decrease was primarily due to a reduction in air freight associated with prioritising quick delivery of renal supplies and other Baxter products urgently needed during the COVID-19 pandemic, though these shipments did continue to keep air freight higher than pre-pandemic levels. Baxter's approach to improving efficiency and decreasing emissions from product transport includes technology innovation, environmentally responsible partnerships, modal shift and optimizing the distribution network.

Product transport innovation in the UK:

In 2021, our largest transport supplier for our UK customers began replacing fossil fuel use with biofuel (HVO). This conversion helped reduce GHG emissions associated with our UK transportation activities by more than 2,000 metric tons CO2e in 2021 and is expected to reduce GHG emissions by about 4,000 metric tons CO2e on an annual basis.

In 2020, we introduced pedal power to transport chemotherapy and parenteral nutrition from our Oxford Compounding centre to patients at John Radcliffe hospital, Oxford. By using bicycle deliveries, we have helped to eliminate the CO2 emissions associated with transport by van, reduced traffic congestion and emissions of the pollution that affects local air quality in a busy urban environment.



We have been procuring electricity generated from renewables for our UK operations since 2016. 100% of our electricity procured for our manufacturing and warehouse/distribution sites comes from renewable sources.

4. The Future

In 2021, Baxter established a cross-functional global team and strengthened the governance and infrastructure needed to make progress on our Climate related goals. We also continue our work to reduce energy consumption and GHG emissions across our company. As part of our future planning, in 2021 Baxter published its first Climate Action roadmap, this is shown in Appendix 2.

Partnerships for Carbon Reduction:

Baxter is a founding member of the Sustainable Healthcare Coalition (SHC), a UK industry led group whose objectives are to learn and share expertise and best practice to achieve more sustainable healthcare products and services. This includes guidance on how to carbon footprint pharmaceuticals, medical devices and treatment or care pathways, which Baxter uses for selected products and services.

Sustainable Product Design & Innovation:

Baxter requires a Product Sustainability review for all new products which underpins the company's efforts in sustainable design. This occurs during the product development process for all medical devices, to assess EHS, sustainability, and regulatory considerations and requirements across the value chain. This includes high-level review and more detailed life cycle assessment (LCA) modelling of proposed products. Key metrics include better material selection, avoiding materials of concern, minimising customer waste, improving recyclability and reducing product carbon footprint. We will integrate Hillrom into this programme in due course.

Our Carbon Reporting:

Baxter has reported our Carbon Emissions to the Carbon Disclosure Project (CDP) since its inception in 2003. In 2022 Baxter International Inc. received a B which is in the Management band. This is higher than the North America regional average of C, and higher than the Medical equipment & supplies sector average of C.

5. Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with UK PPN 06/21 (June 2021) and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard and uses the appropriate Government emission conversion factors for greenhouse gas company reporting.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed and signed off by the UK board of directors (or equivalent management body).

Signed on behalf of Baxter Healthcare Ltd UK:

Date: 29th March 2023

Rachel Trace, Country Lead, UK and Ireland Baxter Healthcare Ltd • Andrew Goldney, on behalf of Baxter Healthcare Ltd, UK Board of Directors

Appendix 1: Baxter Global & Baxter Healthcare Ltd UK Emissions reporting[3]

Baxter Healthcare Ltd (UK) and Baxter International (Global) Greenhouse Gas Emissions (Baseline year 2020)

SCOPE 1 & 2 BASELINE:	UK Baseline data 2020	UK data 2021	Global Baseline data 2020	Global data 2021
Emissions from combustion of gas/fuel (Scope 1) (tCO2e)	14,074	20,954	275,000	300,000
Emissions from transport (Scope 1) (tCO2e)	503	177	30,000	31,000
Refrigerant losses (tCO2e)	0	0	8000	7000
Total Scope 1 Emissions (tCO2e)	**14,577**	**21,131**	**313,000**	**338,000**

SCOPE 3 BASELINE:				
Purchased Goods and Services (Category 1)	-	-	827,000	891,000
Capital Goods (Category 2)	-	-	247,000	259,000
Fuel and Energy-Related Activities (Category 3	-	-	147,000	147,000
Upstream Transportation and Distribution (Category 4)	25,185	21,778	432,000	409,000
Waste Generated in Operations (Category 5)	870	745	15,000	14,000
Business Travel (Category 6)	16	210	7000	8000
Employee Commuting (Category 7)	1750	1413	30,000	30,000
Upstream Leased Assets (Category 8)	-	-	0	0
Downstream Transportation and Distribution (Category 9)	8930	7454	136,000	140,000
Processing of Sold Products (Category 10)	-	-	17,000	23,000
Use of Sold Products (Category 11)	-	-	2,463,000	2,564,000
End-of-Life Treatment of Sold Products (Category 12)	-	-	170,000	176,000
Downstream Leased Assets (Category 13)	-	-	0	0
Franchises (Category 14	-	-	0	0
Investments (Category 15)	-	-	0	0
Scope 3 Emissions Total (tCO2e)[4]	**36,751**	**31,600**	**4,491,000**	**4,661,000**
Baxter Total GHG Emissions Scope 1,2,3 (tCO2e)	**59,808**	**57,469**	**5,091,000**	**5,259,000**

3 See Appendix 1 for methodology used
4 Totals for UK Scope 3 emission contain only categories required as per PPN06/21

Appendix 2: Baxter's Climate Action Roadmap

Our History

1997 Began reporting GHG emissions

2003 Began reporting to CDP

2015 Achieved 19% reduction in absolute Scope 1 and 2 GHG emissions (from a 2005 baseline)

2020 Achieved 13.6% reduction in absolute Scope 1 and 2 GHG emissions (from a 2015 baseline)

2021 Announced next generation of climate goals

GOAL: Reduce absolute Scope 1 and 2 GHG emissions by 25% by 2030

GOAL: Achieve carbon neutrality for our direct operations (Scope 1 and 2 GHG emissions) by 2040

Baseline **2020** **2025** **2030** **2040**

Governance and Data

- Team and financial resources established†
- Project trackers, data management, dashboards and progress reporting to CEO and Corporate Responsibility Steering Committee††
- Re-calculation of baseline to include legacy Hillrom†††
- Enhanced risk assessment†††
- Evaluation of our ability to report against the TCFD framework††
- New disclosures for proposed U.S. SEC rules and EU requirements†††
- Scope 3 methodology update†††

- Continued reporting according to frameworks
- Climate resilience action plans
- Roadmap evolution

- Further advance climate action governance and strategy

Scope 1

Direct GHG emissions from sources we own or control including fuel combustion

- Energy efficiency program and acceleration of project pipeline (Scope 1 and 2)††
- Fuel switching, including biomass††
- Heat decarbonization such as heat pumps††
- Refrigerant loss and substitution program††
- Investigation of alternative processes for steam††

- More energy efficiency projects (Scope 1 and 2)
- More fuel switching projects
- More heat decarbonization projects
- Alternative processes for steam pilots

- Continue all energy initiatives
- Offsets for residual emissions

Scope 2

Indirect GHG emissions from purchased electricity and steam

- Energy efficiency program and acceleration of project pipeline (Scope 1 and 2)††
- On-site renewable energy projects††
- Cogeneration projects††
- Renewable energy certificates††
- First power purchase agreements††
- Increase in percent of renewable electricity††

- More energy efficiency projects (Scope 1 and 2)
- Additional on-site renewable energy projects
- Additional cogeneration projects
- More renewable energy certificates
- Additional power purchase agreements
- ·Further increase percent of renewable electricity

- Continue all electricity initiatives

Scope 3

Indirect GHG emissions from our value chain

- CONTRAfluran Anesthetic Gas Capture system pilots††
- Alternative fuel/energy pilots in product transport††
- Operational efficiencies and modal shift in product transport††
- Partnerships with key suppliers on GHG strategy to develop KPIs and embed in supplier management processes†††

- Potential expanded use of **CONTRAfluran** Anesthetic Gas Capture system
- Increased scale of alternative fuel/energy in product transport

- Potential further expanded use of **CONTRAfluran** Anesthetic Gas Capture system

This graphic represents Baxter's plans as of June 2022. These plans might change over time. For activities summarized in the 2020–2025 time frame, we have indicated which are completed, in progress or planned. † Complete †† In Progress ††† Planned

Appendix 3: Methodology

Quantification and Reporting Methodology UK Data

- We purchase 100% renewable electricity for all larger sites
- We report our emissions with reference to the latest Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol), in line with requirements under SECR Regulations 2018 in the UK, and in accordance with the 2018 Regulations, the energy use and associated greenhouse gas emissions are for those within the UK only that come under the operational control boundary.
- The 2021 UK Government GHG Conversion Factors for Company Reporting published by the UK Department for Environment Food & Rural Affairs (DEFRA) are used to convert energy use in our operations to emissions of CO2e.
- Carbon emission factors for purchased electricity calculated according to the 'location-based grid average' method. This reflects the average emission of the grid where the energy consumption occurs.
- Data sources include billing, invoices and the Group's internal systems.
- All Scope 3 data is reported using an allocation method based on UK turnover as a proportion of global turnover, except Category 6 where data from internal UK systems is used, and category 7 where employee commuting can be calculated by country and is therefore reported in this form.

Quantification and Reporting Methodology Global Data

- Baxter used the World Resources Institute and World Business Council for Sustainable Development Greenhouse Gas Protocol to calculate emissions data from fossil fuel use. We used country electricity emission factors published by the International Energy Agency and the U.S. Environmental Protection Agency (EPA) E-Grid U.S. regional electricity emission factors to calculate GHG emissions related to electricity consumption.
- Apex Companies, LLC verified to a reasonable level Baxter's 2020–2021 Scope 1 and Scope 2 GHG emissions. Apex Companies, LLC also verified to a limited level Baxter's methodology for determining 2020–2021 Scope 3 GHG emissions.
- We used the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition to determine GHG emissions associated with using biomass fuel, principally wood/wood waste, as a boiler fuel at two Baxter locations. These emissions were calculated as 149,000 and 151,000 metric tons CO2 in 2020 and 2021, respectively. CO2e emissions from CH4 and N2O components of biomass combustion are included in reported Scope 1 emissions.
- Baxter used the Greenhouse Gas Protocol to estimate GHG emissions associated with reported fuel usage by company-managed sales and distribution fleet vehicles and other vehicles. We estimated fuel usage for international sales and distribution vehicles based on regional sales information.
- Refrigerant emissions represent reported CFC, HCFC and HFC refrigerant losses by each Baxter location. We calculated associated GHG emissions using actual emission factors for each reported refrigerant.
- Includes the purchase of electricity generated from 100% certified renewable electricity (Belgium, Brazil, France, Germany, Ireland, Italy, Spain, Sweden, Switzerland, UK and United States).
- Category 1- Estimated based on an environmentally extended input-output model from an independent third party and Baxter's revenue and sector of operation.
- Category 2- Estimated based on capital expenditures and the machinery and equipment emission factor from Table 13 - Indirect emissions from the Supply Chain, UK Government Department for Environment, Food & Rural Affairs.
- Category 3 -Estimated based on Baxter's actual yearly energy usage by energy type and GHG emission factors for each energy type per GaBi life cycle assessment software.
- Category 4 -Estimated based on shipment of products to our customers using the EcoTransIT World Software that is compliant with the GHG Protocol and the Global Logistics Emissions Council Framework.
- Category 5 -Estimated emissions for wastewater treatment by municipalities and off-site waste recycling and disposal based on Baxter's waste generation by type, UK Government GHG Conversion Factors for Company Reporting and the U.S. EPA WARM model.
- Category 6 -Estimated based on domestic and international air mileage, rental vehicle CO2e emissions or mileage, and hotel room stays provided by Baxter's global travel providers, and personal vehicle mileage. Emission factors from UK Government GHG Conversion Factors for Company Reporting, Greenhouse Gas Protocol Mobile Combustion GHG Emissions Calculation Tool, and Carbonfund.org Business Travel Calculator.
- Category 7 -Estimated based on the number of Baxter employees by country and statistics on commuting time and transport mode split into public transport, passenger cars, taxi and motorcycle, and walking or bicycling. Emission factors for each mode were obtained from Defra.
- Category 8- Emissions associated with upstream leased assets are included in Baxter's Scope 1 and 2 emissions.
- Category 9 -Estimated based on previous Baxter product LCAs as well as the company's revenue by product type. Category 1 emissions were extrapolated to other categories depending on the product type.
- Category 10 - Estimated based on an environmentally extended input-output model from an independent third party and revenue from Baxter's contract services business.
- Category 11 -Estimated based on production quantities and global warming potential information for certain types of products. Emissions for certain other products estimated based on previous Baxter product LCAs as well as the company's revenue by product type. Category 1 emissions were extrapolated to other categories depending on the product type.
- Category 12 -Totals do not include CO2 emissions from Baxter-owned wood-fired boilers.