

Baxter Healthcare Ltd

Modern Slavery Statement 2022

Introduction

Baxter manufactures and supplies pharmaceutical products and medical devices. We foster a culture of compliance with all applicable laws, rules and regulations and the highest standards of ethics and business conduct with respect to all human rights issues. Our approach to identifying and dealing with modern slavery is part of this, and we do not endorse any form of modern slavery in our operations or in our supplier network.

This is our seventh Modern Slavery Act Statement. It builds on our prior statements to demonstrate our continued commitment to address modern slavery and other human rights risks throughout our global operations and value chain. We are proud of our efforts on this issue but are mindful that we must continually improve. We view stakeholder collaboration as critical to our efforts and in 2021 we continued to engage in joint efforts to drive change, and improve our supplier assessment in higher risk regions.

Our commitment to fostering a culture of compliance extends to our relationships with suppliers. Based on a 2022 global data baseline, Baxter spends US\$8.9 billion annually with a supplier base of more than 40,000 suppliers across all geographic regions providing raw materials, third party finished goods and indirect commodities. The largest categories of direct material purchases are Active Pharmaceutical Ingredients (APIs), Speciality Chemicals and Finished Goods. Baxter also buys products and services to support our business operations, which are used to develop or create, but are not incorporated into our products or services. These indirect purchases amount to more than US\$4.8 billion annually ¹.

Baxter take steps to positively influence and ensure suppliers are operating in an ethical manner, which includes the following:

We conducted corporate responsibility surveys on a further 647 suppliers in 2022, bringing our running total of suppliers assessed to over 1000. Our 2030 Corporate responsibility goal is to integrate Baxter's sustainable procurement strategy across 90% of supplier spend*.

Baxter is committed to taking steps to prevent acts of modern slavery and human trafficking in its business operations and supply chains.

For more information on our corporate responsibility programme visit us at:

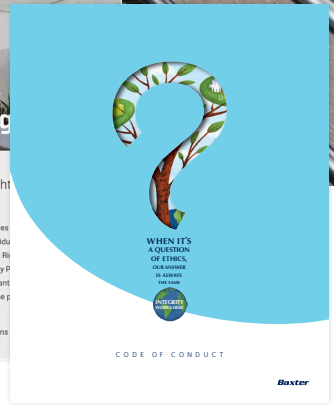
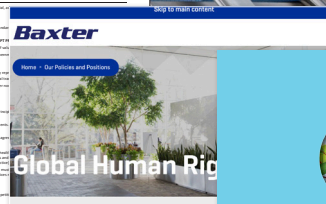
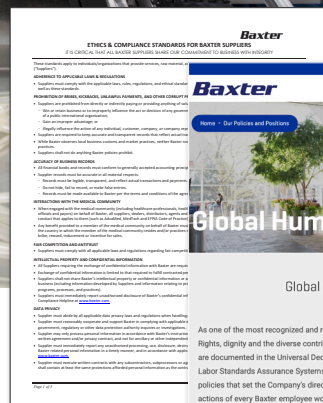
[Corporate Responsibility | Baxter \(baxterhealthcare.co.uk\)](https://www.baxterhealthcare.co.uk/corporate-responsibility)

*As measured by supplier commitment to Baxter's Ethics and Compliance standards and Baxter's completion of corporate responsibility audits within our supply base.



This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 and sets out the steps Baxter Healthcare Ltd is taking to ensure that slavery and human trafficking is not taking place in our supply chains or any parts of our business. Baxter Healthcare Ltd is a wholly owned subsidiary of Baxter International Inc. (Baxter International Inc. together with its subsidiaries are collectively referred to as "Baxter").

¹These figures include Hillrom. Hillrom was acquired by Baxter Inc. in December 2021.



Our Policy Framework

Baxter's [Human Rights policy](#) covers our overarching aims around protecting human rights of those impacted by our business. Baxter's [Code of Conduct](#) defines the core principles that govern employee behaviour and business conduct, and provides tools and resources to help employees comply. We have incorporated rules against all forms of modern slavery into our [Ethics and Compliance Standards for Suppliers](#). Specifically, the Standards prohibit our suppliers of products and services from violating laws governing workers' human rights, including human trafficking and slavery. The company requires our suppliers to comply with our standards and expectations as well as all laws governing purchasing, and may terminate agreements with suppliers that do not. Supplier contracts include language that permits Baxter to audit manufacturing or supplying facilities, for compliance with this standard.

These three documents are the cornerstone of our global governance of modern slavery issues.

Baxter Healthcare Limited has safeguards built into our Recruitment and HR policies, and our contracts with third party contingent labour partners and suppliers, to ensure all our employees and workers are treated in an ethical way, with respect and dignity. Baxter Healthcare Ltd is an 'A' rated employer sponsor; we ensure potential employees are legally entitled to work in the UK. We pay at, or above, the National Living Wage, and the National Minimum Wage (where applicable). Rates of pay are audited in line with any national increases.

With our partner Kelly OCG, and our preferred supplier list of recruitment agencies for contingent labour, in partnership with our procurement teams, we ensure our agreements state that temporary employees must have the right to work in the UK. Agreements also contain expectations on the minimum standards we expect in relation to local labour law and legislation, and Ethics and Compliance. Kelly OCG also publish a statement on slavery and human trafficking which includes mechanisms for guarding against modern slavery in its own supply chains.

Baxter has a local policy on Whistleblowing which provides a mechanism for our employees to report human rights or labour standards concerns. In addition, Baxter's Ethics and Compliance Helpline is the primary vehicle for us to hear from employees regarding any contraventions of our integrity standards. The helpline enables any employee to raise concerns, including those relating to respect for human rights, confidentially and without fear of retaliation. External stakeholders, including our suppliers, can also use this as way of reporting human rights concerns.

Understanding Risk in our Supply Chains & Due Diligence

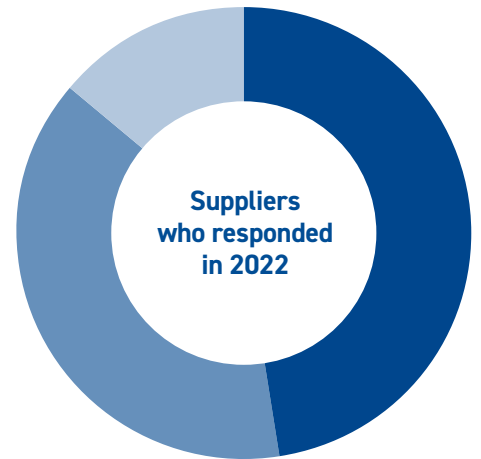
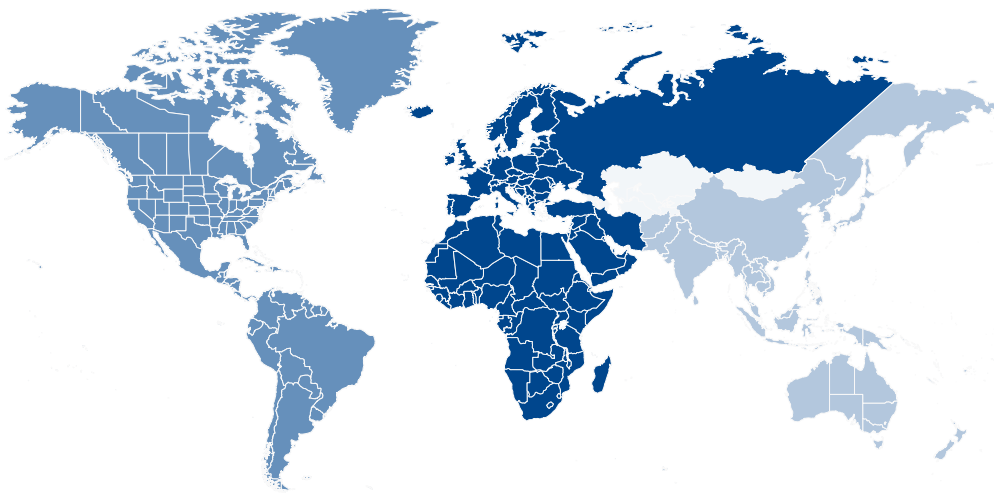
One significant way Baxter advances respect for human rights, with regards to all forms of modern slavery, is through its well-established supplier sustainability programme. On an annual basis, and since 2010, Baxter conducts a survey of its most critical suppliers to evaluate several non-financial performance factors and conduct supplier corporate social responsibility risk assessment. Particularly, the survey assesses whether these suppliers have programmes to address potential human rights risks, including human trafficking and slavery (child, forced or bonded labour), and whether the supplier has had any human rights legislation violations: including prosecution, financial or non-financial sanctions during the reporting year.

In 2022 we engaged EcoVadis to use its sustainability platform to survey our supplier base and validate the responses. 647 new suppliers were surveyed bringing our running total of suppliers assessed on the platform to over

1000. Participating suppliers receive detailed scorecards on their corporate responsibility management practices, including information about strengths and benchmark comparisons, as well as actionable improvement areas. We will continue to use these scorecards to drive ongoing improvement as we expand our efforts to engage suppliers in the coming years.

We recognise that our supply chain due diligence should be focused on the areas of highest risk. In 2022 we created a corporate responsibility risk profile for applicable suppliers, including those we integrated into our business as part of the Hillrom acquisition. These profiles include in-depth corporate responsibility risk mapping based on location, performance and goods and services provided. The profiles will help us prioritise suppliers with the greatest corporate responsibility related risk factors for additional due-diligence, corrective action plans, and/or on-site audit.

Baxter's Supplier Sustainability Survey 2022:



Of the 1016 suppliers who participated in 2022:

- 61% were from Europe, Middle East and Africa, and Central Asia
- 30% from the Americas
- 8% from Asia Pacific (APAC)



Supplier Audits

We are increasing our ability to audit suppliers corporate responsibility management systems and performance. To accomplish this we are exploring the development of internal auditing capabilities, as well as third party collaborations.

Expanding our auditing scope will improve our understanding of corporate responsibility activities and management within our supplier base, and help identify areas for improvement. In 2023 we plan to begin conducting these corporate responsibility audits for certain suppliers we identify as high risk, based on supplier risk profiles and supplier corporate responsibility survey scores.

Additionally Baxter works collaboratively on improving supplier corporate responsibility with other companies in our sector, through membership of the Pharmaceutical Supply Chain Initiative (PSCI), which focuses on responsible procurement, risk mitigation and supplier capacity building, and providing shared tools including an auditing framework that can be utilised by members to improve standardisation in their programmes and share best practices.

Training and Capacity Building

Baxter's human rights programme depends on the practical understanding of our people and business partners. The company provides ongoing training and a Code of Conduct intranet site to keep employees informed about Baxter's ethics and compliance policies.

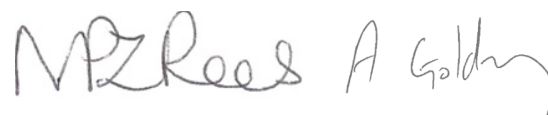
In 2022 we began working to better understand the impact of our supply chain, and to increase engagement, planning and related activities to meet our global corporate responsibility goal. To accelerate our efforts, we held six training sessions, attended by 257 of our suppliers (equivalent to 6% of the suppliers targeted by our 2030 goal).

Conclusion

The UK Modern Slavery Act continues to serve a significant role in driving transparency in global efforts to address the problem of modern slavery. As discussed above, Baxter continue to build on the company's approach to ethical conduct, to better identify and prevent all aspects of modern slavery in our own operations and those of our suppliers and business partners.

Responsibility for ensuring we continue to meet our obligations requires cross-functional collaboration which is driven by Global Procurement and supported by Ethics and Compliance, EHS & Sustainability and Human Resources.

This statement was approved by the Board, pursuant to section 54(6) of the UK Modern Slavery Act by Baxter Healthcare Ltd's Board of Directors.



Natasha Rees, Country Lead, UK and Ireland, Baxter Healthcare Ltd.

Andrew Goldney, on behalf of UK Board of Directors

June 2023