

## **UK Tax Strategy Document for the year ended 31 December 2018**

Baxter International Inc., through its subsidiaries, provides a broad portfolio of essential renal and hospital products. The company's global footprint and critical nature of its products and services play a key role in expanding access to healthcare in emerging and developed countries. These products are used by hospitals, kidney dialysis centres, nursing homes, rehabilitation centres, doctors' offices and by patients at home under physician supervision. Baxter manufactures products in over 20 countries and sells them in over 100 countries.

Baxter is committed to sound management of our tax affairs. We ensure we are compliant with our tax filing and tax payment obligations.

This tax strategy statement applies to all Baxter entities in the UK and their subsidiaries and permanent establishments in foreign tax jurisdictions.

### **Governance – Risk Management**

Baxter tax strategy is developed globally and implemented locally taking into account local regulations. The implementation is overseen by the European tax function and the directors of the respective UK entities.

In 2018 Baxter underwent a global reorganization of its finance function. This resulted in a transfer of local finance responsibilities to Baxter's Center of Excellence (further 'COE') in Ireland. The UK finance personnel responsible for tax matters was replaced by the Irish COE personnel in September 2018. The European tax function is located in Switzerland.

Accordingly, the UK tax function is managed by Baxter employees located in Ireland and Switzerland. These professionals provide advice to the business on tax related issues, undertake tax filings, manage relationships with tax authorities and assist with various forms of tax and financial reporting.

Both European and country-level controls are in place to monitor and review tax positions taken by the UK entities. These are reviewed periodically and in line with filing requirements. As part of our statutory Senior Accounting Officer requirements, we conduct regular system and control checks to ensure robust and appropriate tax accounting procedures.

In addition, Baxter Corporate Finance maintains Policies and Procedures which serve as a framework for all activities conducted within the finance function and must be adhered to by all business areas.

### **Attitude to tax planning**

Baxter considers UK tax laws when structuring our commercial activities. For any structuring that we may undertake we will ensure that the economic substance is aligned with the allocation of profits. Where uncertainty or complexity is significant, we seek external tax advice.

### **Level of acceptable tax risk**

Given the size of our business and the fact it operates as part of an international group, tax risks may arise. We ensure that where they do arise they are identified, evaluated and managed. The risk is further reduced by employing highly skilled tax professionals who exercise diligence and care in all actions in relation to tax matters. Where uncertainty or complexity is substantial, we seek external professional tax advice to reduce the risk.

### **Working with HM Revenue & Customs**

Baxter believes in the development and maintenance of a strong proactive working relationship with HMRC. We communicate regularly with our Customer Relationship Manager. We engage with HMRC in an open and co-operative manner, and answer queries in a timely and comprehensive manner. We disclose and discuss with HMRC our business and operational structures.

This tax strategy statement applies to the following entities:

- Baxter Healthcare Limited
- IC Net International Limited
- ApaTech Limited
- Baxter Business Services Limited (in liquidation)

Baxter Healthcare Limited regards the publication of this strategy as complying with the duty under paragraph 16 (2) of Schedule 19 of the Finance Act 2016 to publish the UK sub-group tax strategy in the current financial year where the UK sub-group consists of Baxter Healthcare Limited and IC Net International Limited.

ApaTech Limited regards the publication of this strategy as complying with the duty under paragraph 16 (2) of Schedule 19 of the Finance Act 2016 to publish its UK tax strategy in the current financial year.

Baxter Business Services Limited regards the publication of this strategy as complying with the duty under paragraph 16 (2) of Schedule 19 of the Finance Act 2016 to publish its UK tax strategy in the current financial year.