

## SECTION 172 (1) STATEMENT

Directors of Baxter Healthcare Limited (“BHL”) are required to act in the way they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the Company's employees,
- the need to foster the Company's business relationships with suppliers, customers and others,
- the impact of the Company's operations on the community and the environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the Company.

To assist them in discharging their duty under s172 Companies Act 2006, Directors undertake a number of stakeholder engagement activities to provide them with the information they need to understand the views and interests of stakeholders. This information helps Directors to have regard to stakeholder interests, and the likely long-term consequences, including to the reputation of BHL, when making decisions. BHL's key stakeholders were considered in 2020, they are listed below with examples of the stakeholder engagement activities that took place in 2020.

### Employees

Baxter's four culture levers—speed, simplicity, courage and collaboration—form the basis for our cultural transformation. We've embedded the levers into established processes ranging from job interviews to new employee orientations to monthly employee-manager check-ins.

Against the backdrop of COVID-19 pandemic, in 2020 Baxter launched online resources for its employees to support their wellbeing and professional development such as “WorkSmart Virtual Webinars”, “Smart Development Yammer” (for tips of WorkSmart Virtually), “BeWell Ergonomics for Working from Home”, “BeWell@Baxter”. In addition, in 2020 Baxter launched Monthly Wellness Days to support well-being of its employees.

We foster an environment of inclusion and engagement with our employees and listen carefully to their feedback. For example, we seek employee input on critical and timely topics on an ad hoc basis and conduct annual Best Place to Work surveys. (This survey was deferred in 2020 due to COVID-19.) In addition, twice a year we invite employees to provide feedback about their direct managers in the areas of ethical standards, work flexibility, inclusion, recognition and more. Based on feedback from 25,000 employees in November 2020, our overall manager effectiveness score was 82%—eight percentage points above the top quartile benchmark.

The Company continues its practice of keeping employees informed of matters affecting them as employees and of the financial and economic factors affecting the performance for the Company. This is achieved through:

- meetings with the Employee Euroforum which meets annually,
- Employee Consultative Committee which meets quarterly,
- company newsletters issued on a regular basis,
- employee briefings where employees are encouraged to ask questions.

## Suppliers

Performance of BHL's Procure-to-Pay process is assessed based on several KPI's and reviewed at monthly governance meetings which are attended by at least one Company director. In 2020, the Company continued with its efforts to improve our payment-on-time metric. In addition, directors are informed of payment performance of BHL through a semi-annual payment performance report which is reviewed by at least one director and published.

Reporting on the Slavery Act Statement and UK Labour Standards Assurance System (LSAS) also provided the BHL Board with insights into how supplier relationships are managed.

## Customers

COVID-19 pandemic is bringing heightened attention to the advantages of home-based healthcare, including home peritoneal dialysis (PD) treatment. Home PD can help patients limit their risks of COVID-19 exposure and maintain social distancing by dialyzing without leaving home. Our Renal Care business sector is taking action on many fronts to advance the benefits of home PD in today's unprecedented environment, including the initiation of a COVID-19 task force focused on addressing the barriers to home care. For that purpose, there was a global online symposium organized in 2020 featuring leading clinicians from the UK addressing how to make sound choices on patient care and offering practical insights on remote patient management. Nearly 1,000 participants attended from across all Baxter regions, sharing overwhelmingly positive feedback.

## Community

The Baxter International Foundation, the philanthropic arm of Baxter International Inc., partners with organizations around the world to increase access to healthcare for the underserved; bolster science, technology, engineering and math (STEM) education to develop the next generation of healthcare innovators; and promote community resilience where our employees live and work. In 2020, the Foundation provided more than \$8 million in cash contributions for programs in 40 countries. The grants funded programs focused on COVID-19 relief efforts, advancing safe surgery, diabetes prevention, nutrition, and STEM education, as well as diversity and inclusion initiatives.

## Environment

Baxter is proud to be recognized by numerous organizations as an environmentally responsible business. In 2020, Baxter scored in the top four percent of companies assessed within the Dow Jones Sustainability Indices (DJSI) the health care equipment and supplies industry, with leading performance in environmental reporting, marketing practices, materiality, policy influence and social reporting.

In 2020, Baxter was named to the CDP "A List" for our sustainability impact achieved among others through our actions to cut emissions, mitigate climate risks and foster a low-carbon economy.

## Ethics & Compliance

Maintaining a reputation for high standards of business conduct is a critical success factor for BHL. BHL has a compliance committee to further integrate ethics and compliance in strategic plans and day-to-day activities across the Company. There are bi-monthly meetings to facilitate discussion among local leadership about key issues, challenges, and risks in their area.