

# Baxter Healthcare Ltd UK Carbon Reduction Plan October 2023 Update

**Baxter**

## Our Goals

- Baxter Healthcare Ltd (UK) commit 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.



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



## 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.

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

## 2. Baxter Healthcare Ltd UK Emissions reporting

### 2a. Baxter International (Global) Baseline Greenhouse Gas Emissions (Incorporating data from Baxter Healthcare Ltd UK)

Baseline Emission Year: 2020	
<b>Additional details relating to the Baseline Emissions calculations.</b>	
<ul style="list-style-type: none"> <li>• 2020 is the baseline chosen by Baxter for its most recent Climate Goals announced in 2021. Baxter has been reporting and reducing carbon emissions from its operations since 1997 and to that end:</li> <li>• We achieved a 19% absolute global reduction in CO2 emissions from Scope 1&amp;2 operations between 2005-2015</li> <li>• We achieved a 13.6% absolute global reduction in CO2 emissions from Scope 1&amp;2 operations between 2015-2020</li> </ul>	
Baseline year emissions: 2020	
EMISSIONS	TOTAL (tCO2e)
Scope 1	319,000
Scope 2 <sup>1</sup>	304,000 (market based)/ 404,000 (location based)
Scope 3 <sup>2</sup>	5,484,000
<b>Total Emissions</b>	<b>6,107,000</b>

### 2b. Baxter International (Global) 2022 Greenhouse Gas Emissions (Incorporating data from Baxter Healthcare Ltd UK)

Reporting Year: 2022	
EMISSIONS	TOTAL (tCO2e)
Scope 1	373,000
Scope 2	242,000 (market based)/ 413,000 (location based)
Scope 3 (Included Sources)	6,178,000
<b>Total Emissions</b>	<b>6,794,000</b>

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 (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).



### 3. Our Carbon Reduction performance

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

In 2022, Baxter's total Scope 1 and 2 emissions<sup>1</sup> from operations equalled 615,000 metric tons carbon dioxide equivalent. This is a 1.3% decrease in absolute emissions compared with 2020. During the year, in addition to energy-efficiency initiatives, we worked to decrease our GHG emissions through fuel switching, cogeneration, alternative energy systems, on-site renewable energy systems, renewable electricity procurement and green buildings.

One highlight from 2022 is the installation of a 1.5 megawatt (MW) heat pump at our manufacturing facility in Meyzieu, France, which recovers heat from the site's distillation process and reuses it to power air conditioning throughout the facility. We expect this will reduce the site's energy use by 14% and avoid 1,746 metric tons of CO<sub>2</sub>e annually.

By the end of 2022, 30% of our energy use for operations was derived from renewable sources, equivalent to 944,000 MWh on an annual basis. Biomass fuel for boilers at two of our locations accounted for 7.9%, and the renewable energy component of our purchased electricity and renewable energy certificates together represented 22.5%. 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. In 2022, 214,000 MWh of renewable electricity was purchased for European manufacturing sites (94% of the electricity purchased 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 2022, 23 of 47 Baxter manufacturing facilities (49%, excluding legacy Hillrom)<sup>3</sup> met ISO 50001 requirements. We will be working to integrate legacy Hillrom sites into our energy management program in 2023. Although they were not covered by this program in 2022, the energy use and GHG emissions from those facilities are still included in the performance data disclosed in Appendix 1.

Site-specific energy assessments help us identify opportunities to conserve energy, such as implementing new technologies or adopting best practices. In 2022 we completed 14 energy assessments and we completed 163 energy conservation projects with an investment of \$5.9 million across our manufacturing sites. We estimate that these projects saved 39,700 megawatt hours (MWh) of energy and avoided 10,600 metric tons CO<sub>2</sub>e of GHG emissions during 2022.

#### 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.

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.

#### 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. We strive to minimize waste across the product life cycle and help healthcare providers meet their GHG emissions reduction goals. In 2020, Baxter announced a partnership with ZeoSys Medical to pilot the CONTRAfluran Anaesthetic Gas Capture system. This system allows hospitals to collect anaesthetic gases that are exhaled by the patient and that subsequently enter the gas capture system in the operating room, preventing their release into the atmosphere and thereby reducing hospitals' related GHG emissions. We have piloted this capture system in more than 100 hospitals in 12 European countries and are considering further expansion. 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

3. Includes manufacturing facilities with energy costs that exceed \$200,000/£162,000 per year.

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.

supply chain. Our worldwide GHG emissions from product transport totalled 455,654 metric tons CO<sub>2</sub>e in 2022. This is equivalent to 93 kilograms CO<sub>2</sub>e per metric ton of products transported, a 1% decrease compared with 2021. 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 is expected to reduce GHG emissions by about 4000 metric tonnes 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 CO<sub>2</sub> emissions associated with transport by van, reduced traffic congestion and emissions of the pollution that affects local air quality in a busy urban environment.

## 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 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.

## 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

### Signed on behalf of Baxter Healthcare Ltd UK:



Natasha Rees, Country Lead UK & Ireland, Baxter Healthcare Ltd  
Andrew Goldney, VP, Medical Products and Therapies Western Europe, on behalf of Baxter Healthcare UK Ltd, Board of Directors

### 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, 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, and higher than the Medical equipment sector average of C.

GHG Reporting Protocol corporate standard, using the appropriate Government emission conversion factors for greenhouse gas company reporting.

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

Date: 2<sup>nd</sup> November 2023

## Appendix 1: Baxter Global Carbon Emissions reporting<sup>4</sup>

Baxter International (Global) Greenhouse Gas Emissions 2022 (Baseline year 2020)  
Incorporating data from Baxter Healthcare Ltd (UK)

SCOPE 1 & 2 Emissions:	Global data – (Baseline) 2020	Global data – 2022
Emissions from combustion of gas/fuel (Scope 1) (tCO <sub>2</sub> e)	282,000	332,000
Emissions from transport (Scope 1) (tCO <sub>2</sub> e)	29,000	34,000
Refrigerant losses (tCO <sub>2</sub> e)	8000	6,500
<b>Total Scope 1 Emissions (tCO<sub>2</sub>e)</b>	<b>319,000</b>	<b>373,000</b>
Total Scope 2 emissions (tCO <sub>2</sub> e) - location based	404,000	413,000
Total Scope 2 Emissions (tCO <sub>2</sub> e) – market based	<b>304,000</b>	<b>212,000</b>
<b>Baxter Operations Total Scope 1 &amp; 2 emissions (tCO<sub>2</sub>e)</b>	<b>623,000</b>	<b>615,000</b>

SCOPE 3 Emissions:		
Purchased Goods and Services (Category 1)	1,418,000	1,802,000
Capital Goods (Category 2)	282,000	218,000
Fuel and Energy-Related Activities (Category 3)	163,000	161,000
Upstream Transportation and Distribution (Category 4)	468,000	438,000
Waste Generated in Operations (Category 5)	15,000	15,000
Business Travel (Category 6)	18,000	27,000
Employee Commuting (Category 7)	36,000	36,000
Upstream Leased Assets (Category 8)	0	0
Downstream Transportation and Distribution (Category 9)	163,000	165,000
Processing of Sold Products (Category 10)	19,000	24,000
Use of Sold Products (Category 11)	2,754,000	3,141,000
End-of-Life Treatment of Sold Products (Category 12)	148,000	151,000
Downstream Leased Assets (Category 13)	0	0
Franchises (Category 14)	0	0
Investments (Category 15)	0	0
<b>Scope 3 Emissions Total (tCO<sub>2</sub>e)<sup>5</sup></b>	<b>5,484,000</b>	<b>6,178,000</b>

<b>Baxter Total GHG Emissions Scope 1,2,3 (tCO<sub>2</sub>e)</b>	<b>6,107,000</b>	<b>6,794,000</b>
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4. See Appendix 1 for methodology used

5. 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

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 Scope 1 and Scope 2 GHG emissions. Apex Companies, LLC also verified to a limited level Baxter's methodology for determining Scope 3 GHG emissions.

Data for 2020 and 2021 are updated from data reported in the Baxter 2021 Corporate Responsibility Report to include operations that were previously part of Hillrom. Some data are also updated for accuracy and to reflect updated GHG emission factors.

- 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 167,000, 169,000 and 152,000 metric tons CO<sub>2</sub> in 2020, 2021 and 2022, respectively. CO<sub>2</sub>e emissions from CH<sub>4</sub> and N<sub>2</sub>O 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 global expenditures by category and emission factors from Table 13—Indirect emissions from the supply chain, UK Government Department for Environment, Food & Rural Affairs, 2012 (updated 2019). We updated the methodology for this report; in previous reports we 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 CO<sub>2</sub>e 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 CO<sub>2</sub> emissions from Baxter owned wood-fired boilers. 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 AIB (for residual mixes), and the U.S. Environmental Protection Agency (EPA) E-Grid U.S. and Canada NIR regional electricity emission factors to calculate GHG emissions related to electricity consumption.