

MAKING A MEANINGFUL DIFFERENCE

Baxter

2019 CORPORATE
RESPONSIBILITY REPORT



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Assurance and Verification



Apex Companies LLC (Apex) verified Baxter's Scope 1, 2 and 3 greenhouse gas emissions. See [verification statement](#).

Apex also assured the following sections of the report:

- Product Innovation (except Patient Safety and Quality)
- Employee Health and Safety
- Operations
- Responsible Procurement and Logistics
- Baxter World Environment Week content in the Serving Our Communities section
- Related material in the Appendix: [Baxter Data Summary](#); [Baxter Value Chain Energy Usage and GHG Emissions](#); and [Baxter Facilities with ISO 14001, OHSAS 18001, ISO 50001 and Green Building Certifications](#)

See assurance statements in [English](#) and [Spanish](#).

Most of the financial data included in the [Baxter Data Summary](#) are taken from the audited consolidated financial statements contained in the [Baxter International Inc. 2019 Annual Report](#). These financial statements are audited by Baxter's independent registered public accounting firm, PricewaterhouseCoopers LLP.

FROM THE CHAIRMAN AND CEO



While this report focuses on our corporate responsibility efforts in 2019, I write this letter in 2020, amid historic developments in public health and social justice.

Baxter's Mission is to Save and Sustain Lives, and our medically essential products have placed us on the front lines of the global COVID-19 pandemic. Consistent with our values as a corporate citizen, we are doing everything we can to support the patients, clinicians and communities that depend on us. This starts with prioritizing the health and safety of our 50,000 Baxter colleagues, who have stepped up to make a world-spanning difference for our stakeholders. We have maximized production of key products in the face of surging demand and expedited shipping to get those products where they are urgently needed. Meanwhile, the Baxter International Foundation has provided more than \$2 million (as of this writing) in financial support toward humanitarian relief.

We have also witnessed horrendous racial violence against the Black community in the United States and social unrest in its aftermath. As a global corporation, it is incumbent on us to do what we can to fight racism in all its forms around the world. Our leadership team is accountable for role modeling inclusive leadership and has pledged to listen, learn and take action. Baxter will continue to harness the power of diversity in support of our mission.

Our response on both of these fronts reflects the dedication to corporate responsibility that has defined and guided Baxter for decades. That same dedication is reflected in the following pages, recapping our 2019 progress. Among the highlights:

- We continue to advance diversity and inclusion among employees, and are working to close representation gaps at the executive level.
- We have reduced absolute greenhouse gas emissions by 15% compared with 2015, exceeding our goal of a 10% decrease by 2020.
- We closed the combined Warning Letter issued by U.S. Food and Drug Administration for our Marion (North Cove), North Carolina, and Jayuya, Puerto Rico, facilities. We are also making steady progress to close out our single remaining Warning Letter, relating to our Ahmedabad, India, facility, which we acquired from Claris Injectables in July 2017.
- We achieved Baxter's lowest-ever recordable incident rate for illness or injury: 0.39, a 5% improvement versus 2018 and a 49% improvement compared with 2015.

- To improve access to healthcare for the underserved, we opened our second Baxter Renal Care Services clinic in China. The new Chengdu facility, like the one in Xiamen, offers extensive patient education and access to leading dialysis care options.
- Our Foundation launched two multiyear signature partnerships, investing nearly \$3 million to support safe surgery for cleft conditions and promote nutrition to help prevent diabetes.

Our efforts have been fueled by a multiyear transformation that continues to reinvigorate Baxter's culture and performance. It has sparked leading-edge innovation, enhanced operational excellence and bolstered our standing as a great place to work. It has also fostered a renewed strength and agility, which is helping us navigate the impact of COVID-19.

As we near completion of our 2020 Corporate Responsibility Priorities and Goals, we are also finalizing our 2025 goals. These will reflect closer alignment with additional global frameworks including the United Nations Sustainable Development Goals as well as approaches such as science-based GHG emissions reduction targets. We look forward to formally announcing our 2025 goals in the coming year.

I salute the passion and determination of our Baxter employees around the world. No matter how the landscape evolves, they power our focus on creating lasting social, environmental and economic value for our diverse stakeholder base.

JOSÉ (JOE) E. ALMEIDA | Chairman, President and Chief Executive Officer

COMPANY PROFILE

Every day, millions of patients and caregivers rely on Baxter's leading portfolio of critical care, nutrition, renal, hospital and surgical products. For more than 85 years, we've been operating at the critical intersection where innovations that save and sustain lives meet the healthcare providers that make it happen. Our corporate responsibility activities are fundamental to our ability to deliver on this mission as we grow our business sustainably and strive to meet the needs of all our stakeholders, including our employees, the communities where we operate, and the patients, clinicians and caregivers who rely on our products.

Baxter's heritage and broad geographic reach provide a distinct perspective on the needs of the global healthcare system. We continue to lead by applying those insights to deliver new, enhanced healthcare solutions and improved access to care. We have a longstanding commitment to

research and development (R&D) and a rich history of medical firsts, from the first commercially manufactured IV solutions to the first portable kidney dialysis machine, and many more. Each of our 50,000¹ employees is dedicated to ensuring that Baxter is there when and where patients need care—from hospitals to clinics and homes, in rural areas and major cities around the world.

We will continue to transform and increase access to care by seeking out the next generation of innovators in healthcare, investing in the pursuit of new discoveries and research, and partnering with world-renowned institutions to further our impact. We underpin this work with a commitment to conduct our business with integrity, grow a more diverse and inclusive workforce, increase operational efficiency and innovate more sustainable products.

and chronic dialysis therapies, sterile IV solutions, infusion systems and devices, parenteral nutrition therapies, inhaled anesthetics, generic injectable pharmaceuticals, and surgical hemostat and sealant products.

Innovation

Baxter is innovating to bring smarter, more personalized care to the world. Our investments accelerate the introduction of new technologies and therapies for patients and providers. Our efforts are bolstered by partnerships with experts in medicine, digital health and the broader healthcare industry who diversify our discovery process. Baxter's robust product pipeline will help clinicians be more efficient and effective as they treat patients across multiple care settings, including the hospital bedside, operating room and intensive care unit as well as the dialysis clinic and at home.

We are working alongside our partners to find new ways to increase access to care, improve patient outcomes, prevent complications before they become life-threatening, and lessen the overall cost of care. In 2020 and beyond, we expect to introduce several innovations to improve care for patients around the world, including expanded infusion pump offerings, enhanced data analytics on our **ShareSource** platform to support improved patient care and shared decision-making, a noninvasive hemodynamic monitoring system to measure patients' fluid status, generic injectable drug offerings in novel delivery platforms and more.

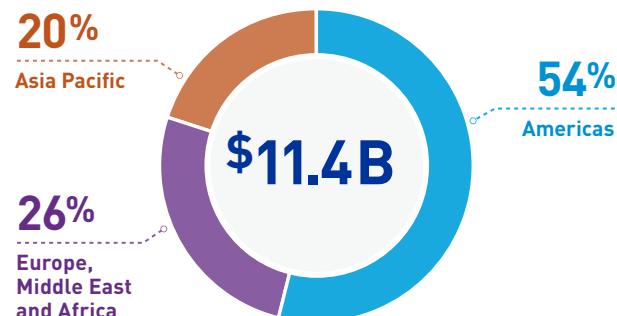
Global Presence

Baxter's products, technologies and therapies are available in more than 100 countries across three geographic segments: the Americas (including North and South America); Europe, Middle East and Africa (EMEA); and Asia Pacific (APAC). Our corporate headquarters is located in Deerfield, Illinois. R&D is conducted at centers in Belgium, China, Germany, India, Italy, Sweden and the United States. Our products are manufactured in approximately 50 facilities across more than 20 countries.

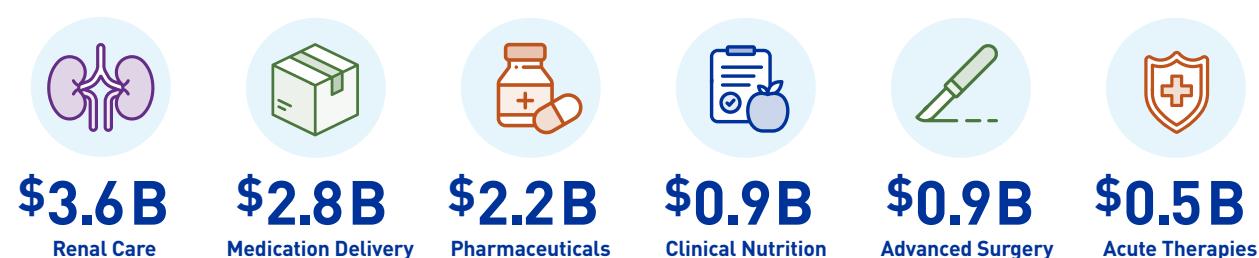
Each of the company's business units provides a broad portfolio of essential healthcare products, including acute



REVENUE BY GEOGRAPHIC SEGMENT, 2019



REVENUE BY GLOBAL BUSINESS UNIT, 2019*



*Sales and related figures represent fiscal year 2019; other sales represent ~\$0.5B.

CORPORATE RESPONSIBILITY

Corporate responsibility is integral to Baxter's business strategy. Throughout our history, employees worldwide have championed company values in support of our mission to save and sustain lives.

Our approach to corporate responsibility supports our company's goals to achieve top quartile results relative to industry peers and other comparators across four dimensions:

-  **Patient safety and Quality**
-  **Growth through innovation**
-  **Best place to work**
-  **Industry-leading performance**

We are committed to sharing information about progress we're making toward our [2020 corporate responsibility priorities and goals](#), which have a 2015 baseline. This annual Corporate Responsibility Report illustrates our commitment to sound governance and balanced, transparent disclosure.

Driving Business Value

Our corporate responsibility strategy focuses on driving business value by addressing the environmental, social, economic and governance issues that matter most to our company and stakeholders. Our strategy also addresses the key risk factors that may impact the long-term sustainability of our business. Following is a representative sample of how advancing our corporate responsibility goals contributes to business value:

Employee attraction and retention Our global 2019 Best Place to Work survey showed improved scores across all categories, including in the areas of engagement and inclusion, which are critical to Baxter's innovation and success. In 2019, our overall engagement score was five percentage points above the global average.² See [Transforming Company Culture](#).

Operational efficiency During 2019, we implemented 155 energy conservation projects that saved \$4.1 million and 174.5 trillion joules of energy on an annual basis, avoiding 12,600 metric tons carbon dioxide equivalent of greenhouse gas emissions. See [Energy](#).

License to operate Maintaining global strategies and programs to help ensure that we meet privacy regulations such as the EU General Data Protection Regulation; human rights-related legislation such as the California Transparency in Supply Chains Act of 2010; and product materials restrictions such as the EU RoHS Directive, EU REACH Regulation and EU Medical Devices Regulation supports our continued access to key markets. See [Privacy and Data Protection](#), [Protecting Human Rights in Our Supply Chain](#) and [Materials of Concern](#).

Risk reduction Ongoing reduction in product complaints (down 21% compared with 2015) as well as improvements on other quality-related metrics enhances patient safety and decreases risks of regulatory actions. See [Patient Safety and Quality](#).

Governance The diversity of background and experience represented by our Board of Directors provides key insights for corporate responsibility and strategic initiatives, operational performance and financial control. See [Our Leadership](#).

Reputation Maintaining high ethical standards, ensuring strong labor and environmental practices in our supply chain, and supporting communities where we have an operational presence all contribute to our reputation as a leading corporate citizen. See [Ethics and Compliance](#), [Responsible Procurement and Logistics](#) and [Serving Our Communities](#).

Revenue Innovation to enhance patient safety and product quality drives our ability to meet patient needs and ultimately improve health outcomes. Customers increasingly consider environmental and social performance in proposal reviews and purchasing decisions. In addition, our efforts to expand access to care, particularly in the renal space for underserved markets, open up new opportunities for revenue growth. See [Product Innovation](#) and [Innovation That Expands Access to Care](#).

PROTECTING HUMAN RIGHTS

Human rights are foundational to Baxter's corporate responsibility strategy, and we have policies and processes in place to protect human rights across our value chain, including the rights of our suppliers' workers, our employees, our customers and the patients who rely on our products. As outlined in our [Global Human Rights Policy](#), we respect the human rights, dignity and diverse contributions of all individuals. Fostering human rights takes many forms at our company and is reflected in our policies and initiatives in areas including [workplace inclusion](#), [employee safety](#), [supply chain labor practices](#), [ethical conduct](#), [access to healthcare](#), and [patient, employee and customer privacy](#).

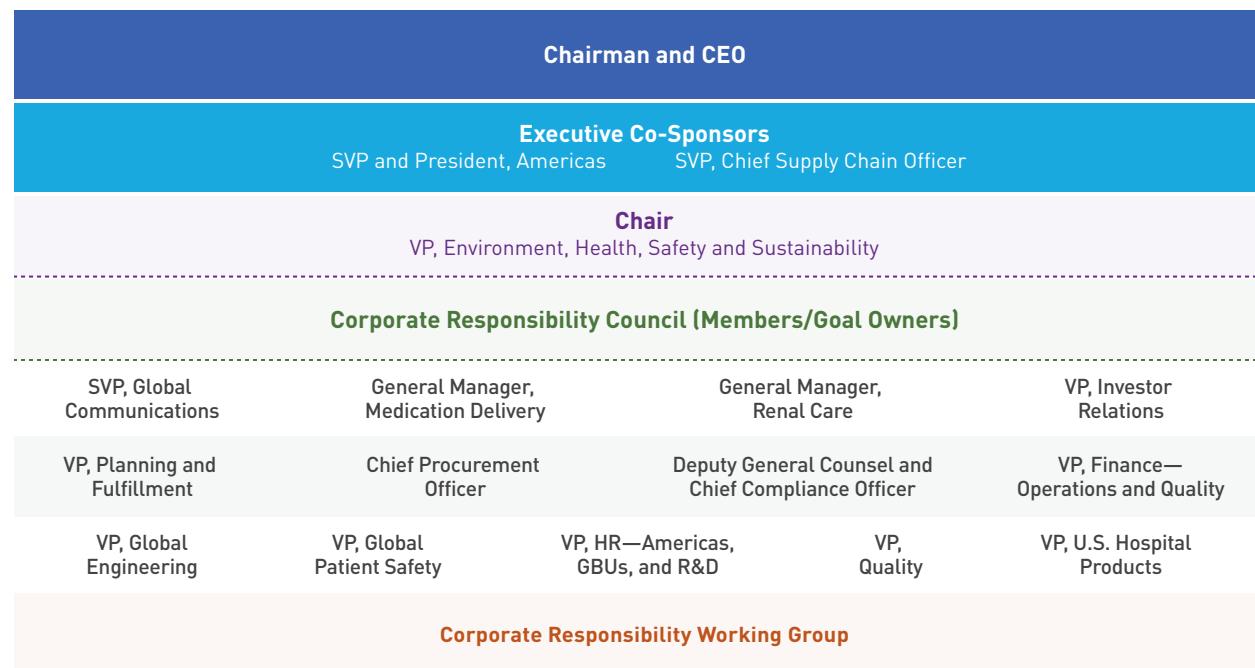
Corporate Responsibility Governance and Management

Baxter's Corporate Responsibility Council is composed of executives and subject matter experts from across the company. The Council, which meets quarterly, leads our efforts to integrate corporate responsibility throughout our business and ensures high standards of accountability for the management of our priorities and goals.

The Council's role is to:

- Set and advance our corporate responsibility strategy and culture
- Establish, implement and track progress against our corporate responsibility priorities and goals
- Provide oversight and drive organizational accountability
- Deliver annual updates to our Board of Directors
- Solicit and review stakeholder input on Baxter's corporate responsibility programs, priorities, goals, and disclosure as well as broader industry trends

GOVERNANCE AND MANAGEMENT OF CORPORATE RESPONSIBILITY AT BAXTER



BAXTER'S FIVE PRIMARY STAKEHOLDER GROUPS



Stakeholder Engagement

Baxter collaborates with a broad range of stakeholders to inform our corporate responsibility strategy, gain global insight into product use and possible improvements, and identify opportunities for strategic growth and innovation. We identify and engage with stakeholders based on their expertise, level of influence, willingness to collaborate, impact on Baxter and our company's impact on them.

In 2019, Ceres, a sustainability nonprofit organization, reviewed our 2018 Corporate Responsibility Report and provided recommendations for strengthening our disclosure for 2019 and beyond. This builds on stakeholder engagement they have facilitated for Baxter

in recent years. Based on that feedback, we have made several changes in this 2019 report, including:

- Providing additional clarity related to overall progress toward our [2020 corporate responsibility priorities and goals](#)
- Describing how our corporate responsibility initiatives [drive business value at Baxter](#)
- Including multiple years of [Supplier Corporate Responsibility Survey](#) scores to illustrate trends over time

Additionally, in response to stakeholder interest and to further increase transparency in our reporting, we are planning on a future disclosure related to the Sustainability Accounting Standards Board Medical Equipment and Supplies Sustainability Accounting Standard.

Materiality

To understand and prioritize issues that are critical to the long-term sustainability of our business, we periodically conduct assessments to identify the corporate responsibility issues that are most relevant to Baxter and our stakeholders. Outcomes from these assessments inform our corporate responsibility priorities and strategy. In 2018, working with an external partner, we updated our corporate responsibility “materiality” assessment³ from 2015 and verified and refined our list of material issues. A list of our material issues and their impacts across our value chain can be found in the [Appendix](#) of this report. For more information about the process we undertook and the key findings of our 2018 assessment, see page 6 of our [2018 Corporate Responsibility Report](#).

BAXTER 2020 CORPORATE RESPONSIBILITY PRIORITIES AND GOALS

This table summarizes progress through 2019 on our 2020 goals, which were introduced in the 2015 Baxter Corporate Responsibility Report. The baseline is 2015 unless otherwise stated.

PRIORITIES	GOALS	PROGRESS THROUGH 2019	STATUS
PRODUCT INNOVATION <i>Improve sustainability and performance of products and services</i>   	Enhance product quality and patient safety by achieving a 15% reduction in product complaints, compared to 2015 (aggregate)	The company achieved a 21% decrease in product complaints compared with 2015.	 Achieved
	Achieve at least 15% material reduction on three therapies/products compared to those currently on the market, without affecting efficacy	Baxter launched two therapies/products in 2019 that reduced materials use by at least 15%, raising the total number to six since 2015.	 Achieved
	Eliminate 3,000 metric tons of packaging material from Baxter products shipped to customers	We eliminated 385 metric tons of packaging material from products shipped to customers in 2019, reaching a total of 1,979 metric tons eliminated since 2016. ¹	 Needs attention
	Eliminate or minimize the presence of chemicals of concern (as defined by regulations) in new products	Baxter screens all new products under development and changes existing products and processes to eliminate or reduce chemicals of concern. During 2019, this included reducing cyclohexanone use during container manufacturing, evaluating PVC alternatives and determining ways to potentially eliminate the use of DEHP plasticizers in products.	 On track
	Partner with organizations to implement recycling of product waste at hospitals and increase participation from 60 hospitals to 200	We increased the number of hospitals and facilities with recycling programs for some of Baxter's products from 259 in 2018 to 349 in 2019.	 Achieved
WORKPLACE CULTURE <i>Promote inclusion, diversity and employee engagement</i> 	Aspire to diversity in leadership at or above benchmarks	At most career levels, we remained at or above external benchmarks for women (globally) and ethnic minority representation (in the United States) during 2019. We continue to focus on closing gender and ethnic minority gaps at executive levels.	 Needs attention
	Achieve an employee engagement score comparable to top quartile companies as measured by Baxter's Best Place to Work survey	During 2019, our score in the engagement category of Baxter's Best Place to Work survey increased by 2 percentage points compared with 2018. Our score was 5 percentage points above the global average, and 3 percentage points below the top quartile benchmark. ²	 On track
ETHICS AND COMPLIANCE <i>Drive a culture of integrity and the highest ethical behavior</i>   	Drive highest integrity and compliance to achieve zero government enforcement actions over compliance issues	Baxter had zero corruption-related enforcement actions in 2019. On October 24, 2019, Baxter reported that it had commenced an internal investigation into certain intra-company transactions that impacted our previously reported non-operating foreign exchange gains and losses. Baxter's internal investigation, as it pertains to the evaluation of related financial statement impacts, is complete. Baxter voluntarily advised the staff of the Securities and Exchange Commission (SEC) of its internal investigation and is continuing to cooperate with the staff of the SEC. We published restated financial information on March 17, 2020.	 On track
	Achieve overall compliance culture scores in the top quartile of general industry benchmarks	During 2019, Baxter achieved favorable ratings on the two employee survey questions related to ethics culture. The scores for the two questions improved compared with 2018 and were 1 percentage point above and 2 percentage points below top quartile companies, respectively. ²	 On track
EMPLOYEE HEALTH AND SAFETY <i>Achieve a zero-harm workplace and improve employee well-being</i> 	Achieve the top quartile in total recordable incident rate among global companies across all industries as measured by ORC HSE	In a comparison of 32 global companies across all industries, ³ Baxter's total recordable incident rate in 2019 ranked eighth, or in the top 25%, achieving our goal.	 Achieved
	Reduce employee health risk by increasing participation from 35% to 45% in BeWell@Baxter health promotion program initiatives and by expanding family participation	During 2019, Baxter recorded an average employee participation rate of 47% in BeWell@Baxter health promotion program initiatives (which include the Personal Wellness Profile, the Exercise Challenge and Healthy Eating Month)—compared with 38% in 2018 and surpassing our goal.	 Achieved

Our 2020 corporate responsibility priorities and goals support Baxter's top quartile goals, which include:



BAXTER 2020 CORPORATE RESPONSIBILITY PRIORITIES AND GOALS

This table summarizes progress through 2019 on our 2020 goals, which were introduced in the 2015 Baxter Corporate Responsibility Report. The baseline is 2015 unless otherwise stated.

P R I O R I T I E S	G O A L S	P R O G R E S S T H R O U G H 2 0 1 9	S T A T U S
OPERATIONS <i>Reduce environmental footprint through increased efficiency and resource conservation</i> 	Pursue zero waste-to-landfill by achieving a landfill diversion rate of 95% or higher at all manufacturing locations	21 manufacturing sites, ⁴ representing 40% of the total, achieved landfill diversion rates of 95% or higher through 2019.	 Needs attention
	Reduce total energy and water use and total waste generation by 15% indexed to revenue	Through 2019, Baxter reduced energy use by 9%, water use by 8% and total waste generation ⁵ by 10%, all indexed to revenue and compared with 2015.	 Needs attention
	Reduce absolute greenhouse gas (GHG) emissions by 10%	Baxter reduced absolute GHG emissions by 15% through 2019 compared with 2015, exceeding our goal.	 Achieved
RESPONSIBLE PROCUREMENT AND LOGISTICS <i>Implement world-class sustainability practices with key partners</i> 	Increase Baxter's spending with diverse suppliers by 50%, from 4% of relevant spending in 2015 to 6% in 2020 ⁶	Baxter increased purchases with diverse suppliers to 5.2% of relevant spending during 2019.	 On track
	Expand green transport partnerships with government agencies, nongovernmental organizations and/or private companies from one business region to all business regions globally	As of the end of 2019, Baxter is participating in green transport partnerships in all three regions, including participation in the U.S. Environmental Protection Agency's SmartWay program as both a Carrier and Shipper Partner and partnering with UPS to use carbon credits to offset all our UPS shipping outside the United States.	 Achieved
INNOVATION THAT EXPANDS ACCESS TO CARE <i>Improve access to healthcare for the underserved</i>   	Proactively pre-position Baxter's donated products with donor partners, which will enable them to optimally distribute and be first on scene to address critical medical needs	In 2019, Baxter donated products valued at nearly \$17 million. Additionally, our partners distributed our products across 71 countries in response to disasters and to support ongoing humanitarian aid and medical missions. This is part of our manufacture-to-donate program, an industry best practice, launched in 2016 to pre-position our products.	 Achieved
	Establish the Baxter International Foundation Partnership Grant program in 2016 to drive increased access to healthcare for an incremental 10,000 patients annually	Our Driving Your Health grant ended in 2019, having benefited 85,400 people directly since 2016. We also launched two multiyear signature partnerships, investing nearly \$3 million to support safe surgery for cleft conditions and promote nutrition to help prevent diabetes.	 Achieved
	Launch two new emerging market business models in Baxter's renal business	In 2019, we opened a new Baxter Renal Care Services clinic in Chengdu, China, in partnership with a major local medical device supplier. In Indonesia, our pilot clinic, launched in 2018, had more than 50 patients at the end of 2019 and was the fastest growing peritoneal dialysis program in the country.	 Achieved
SERVING OUR COMMUNITIES <i>Support communities worldwide in enduring ways</i>  	Complete two projects, including one by 2018, that support access to clean water or enhance sanitation in water-stressed areas where Baxter has an operational presence	We have implemented two projects in support of this goal: A partnership with Fundación Solar in Guatemala (established 2017) and Project Srujal in Ahmedabad, India (established 2018). We consider a project successful once it has launched and we have made a long-term commitment to local communities to enhance water and sanitation.	 Achieved

Our 2020 corporate responsibility priorities and goals support Baxter's top quartile goals, which include:



2019 HIGHLIGHTS

PRODUCT INNOVATION

Improve sustainability and performance of products and services



21%

reduction in product complaints*



1,979

metric tons of packaging material eliminated**



349

hospitals and facilities with recycling programs for some of Baxter's products

* Compared with 2015. ** This represents the total savings attributable to identified projects across the company since 2016, counted only for the first year the packaging innovation was implemented.



Apex Companies LLC has provided assurance on the content in this section (except the Patient Safety and Quality subsection).

Baxter develops products that save and sustain lives worldwide, delivering on our mission and representing our most important contribution to society. Our commitment to patient safety and quality is integral to innovations that improve the experiences of patients and caregivers who use our products. By integrating sustainability into our product development approach, we consider the full life cycle of our products from design through end-of-life.

Patient Safety and Quality

Patient safety and product quality are fundamental to fulfilling our mission and ongoing success. We have extensive policies and processes to ensure excellence in these areas, and we continue to innovate new products and services that enhance patient safety and drive improved patient outcomes. We take a holistic, innovative approach to quality across the product life cycle.

2020 GOAL

Reduce product complaints by 15%

Achieved

[VIEW ALL 2020 GOALS](#)

Building on years of insight, our approach to patient safety and product performance is driven by our commitment to continuous improvement. In 2019, we continued to make progress on complaint reduction (21% decrease compared with 2015) as well as improvements on other quality-related metrics (see graphic on the following page).

INTEGRATED APPROACH TO SAFETY AND QUALITY



PROGRESS FROM 2015 TO 2019*

* "Complaints" are any allegations related to the identity, quality, durability, reliability, usability, safety, effectiveness or performance of a product. "Complaint incidents" are the number of alleged product defects globally identified within product complaints. "Medical device reports" are reports submitted to U.S. Food and Drug Administration (FDA) of certain medical device malfunctions, serious injuries or deaths associated with the use of a medical device. "Field alert reports" are reports submitted to FDA for a specific drug application and defect category. "Field actions" include both recalled products and nonrecall actions taken on distributed products globally. All data include acquisitions and supplier-related data where integrated.

Internal review We employ a global Product Quality Data Review process that enables a consistent, multi-tiered approach to technical evaluations, helping identify

necessary improvements at the individual product level. During 2019, we also instituted formal Global Business Unit (GBU) Management Reviews to monitor and improve visibility to performance across our portfolio. These cross-functional, strategic reviews provide our GBU leadership with a greater understanding of product performance for continuous improvement.

Warning Letters Since 2015, we have worked to resolve six U.S. Food and Drug Administration (FDA) Warning Letters. In 2019, the combined Warning Letter issued in May 2013 for the Marion (North Cove), North Carolina, and Jayuya, Puerto Rico, facilities was lifted. We continue to make steady progress toward FDA removal of the single remaining Warning Letter issued in July 2018 relating to our Ahmedabad, India, facility we acquired from Claris Injectables in July 2017. We are preparing for a re-inspection of our Ahmedabad facility.

Partnerships with regulatory bodies Our relationships with regulatory bodies continue to grow and become more strategic. In 2017, we joined an innovative FDA pilot aimed at measuring and advancing our culture of quality at two of our U.S. sites. That program has since

expanded to encompass 10 of our plants globally that manufacture devices regulated by FDA (i.e., plants that import into the United States). In addition, we have transformed our engagement with FDA into one of true partnership—actively engaging in, leading and/or governing a handful of strategic efforts with FDA programs, including Case for Quality, Medical Device Information Analysis and Sharing, and Digital Evidence. Through our work with these programs, we are leading efforts to increase patient safety by encouraging the industry to go beyond minimum compliance and being proactive in controlling the development and manufacture of products to ensure the lowest possible risk to patients.

We have also established a strategic approach to quality improvements on a global scale by working with regulators worldwide¹ to improve practices and regulations related to the visual inspection of flexible containers, such as IV bags. These improvements help ensure that flexible containers are free of contaminants and that the related regulations are efficient and effective, leading to increased patient safety and sizeable cost savings.

In 2019, drawing on a wide range of internal and external inputs and management processes and systems, we implemented thousands of improvements to Baxter products to enhance product performance and reliability and to increase convenience and ease of use to drive toward improved patient safety.



Sustainable Design

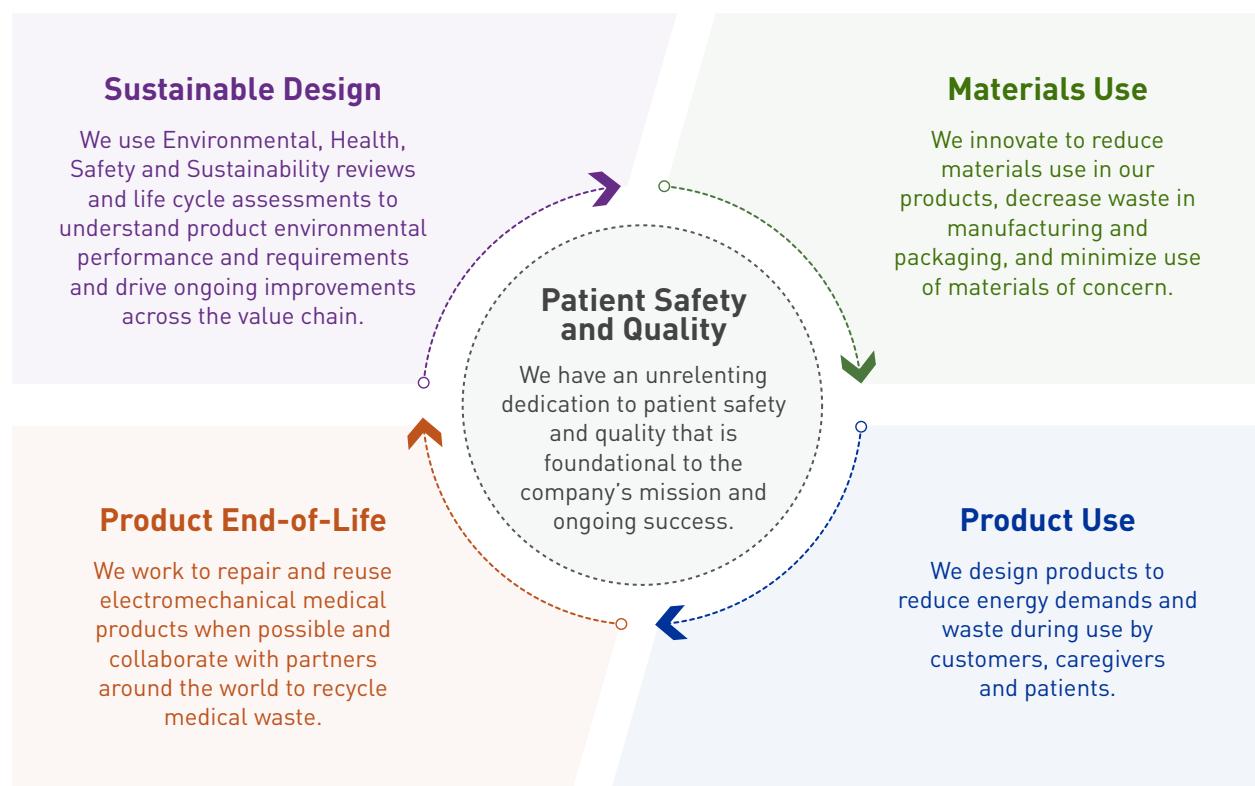
Through the innovative, sustainable design of our products, we minimize our environmental impacts and capture the most value possible from the natural resources needed to manufacture, transport, use and recover our products. To support this objective, we are beginning to shift from a linear approach of “take, make, dispose” to the circular approach illustrated in the graphic below. In addition to

decreasing our environmental impact and that of our customers, this approach has the potential to reduce material costs and support growth by maintaining and expanding access to markets.

As a founding member of the [Sustainable Healthcare Coalition](#), we work to understand customer needs and trends related to sustainable healthcare and help drive the industry forward.

INNOVATING FOR SUSTAINABILITY ACROSS THE PRODUCT LIFE CYCLE

We are beginning to transition from a linear to a circular approach that maximizes the value gained from materials, while improving environmental performance and the customer experience.



PRODUCT ENVIRONMENTAL, HEALTH, SAFETY AND SUSTAINABILITY REVIEW

To support our sustainable design efforts, we utilize an Environmental, Health, Safety and Sustainability (EHS&S) review. This required assessment occurs during the development process for all new products. It evaluates EHS&S and regulatory considerations and requirements across the value chain. This review also includes more detailed life cycle assessment (LCA)-based computer modeling of proposed products and may involve comparison with existing products. Key metrics from the reviews have demonstrated progress in avoiding materials of concern, minimizing customer waste and reducing product carbon footprints. The EHS&S review also helps us continually improve our operations, meet customer expectations and manage regulatory risk.

For select new and established products, we use full LCAs to evaluate and improve product sustainability performance. See our [2018 Corporate Responsibility Report](#) for information about an LCA of our **Revaclear** and **Theranova** dialyzers.

Materials Use

2020 GOAL

Reduce material use by 15% on three products/therapies



[VIEW ALL 2020 GOALS](#)

Materials use is a key driver of Baxter's environmental footprint, so getting the most value possible from materials is central to our transition toward a more circular approach. We implement innovative projects and initiatives across our value chain to reduce materials use in products and packaging.

Since 2015, we have launched six therapies/products that reduced materials use by at least 15% without affecting efficacy, achieving our 2020 goal. These include our **Spectrum IQ** Infusion System, **Evo IQ** Infusion System,

REDUCING PLASTIC WASTE

Plastic scrap from manufacturing is Baxter's largest waste stream, so we focus our efforts on reducing plastic waste and increasing recycling. In 2019, we reduced plastic scrap per unit of production by 5% globally compared with 2018, equivalent to 1,315 metric tons.

Our Marion (North Cove), North Carolina, facility has equipment that captures high-density polyethylene (HDPE) plastic scrap and recycles a portion of it for reuse in the manufacturing process. In 2019, this system reduced our use of HDPE at the facility by 376 metric tons (12% of total plastic volume) compared with 2018. At our facility in Cuernavaca, Mexico, we implemented several initiatives to reduce plastic scrap, including reducing the number of samples we use for sterilization testing and regrinding and reusing PVC scrap, similar to the process in place at our Marion (North Cove) facility. In 2019, these efforts led to a reduction of 174 metric tons of PVC waste (18% of total plastic volume) compared with 2018 and a projected annualized savings of \$611,000. See [Waste](#) for additional initiatives to reduce plastic scrap.

Kaguya automated peritoneal dialysis (APD) system cycler, **Amia** APD system cycler, **Floseal** Hemostatic Matrix and our premixed presentation of eptifibatide.

Packaging

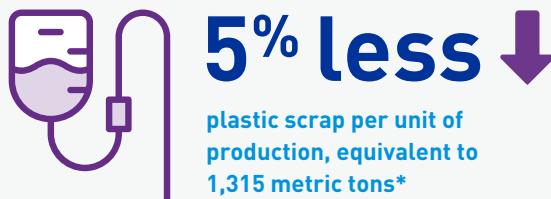
2020 GOAL

Eliminate 3,000 metric tons of packaging material from products shipped to customers



[VIEW ALL 2020 GOALS](#)

Baxter innovates to decrease the environmental impact of product packaging, without adversely affecting product safety or efficacy, by reducing the amount of materials used and substituting with environmentally preferable alternatives. From 2016 to 2019, we have reduced packaging globally from products shipped to customers by 1,979 metric tons.²



* Compared with 2018.

NEW, INNOVATIVE PRODUCTS SHOWCASE PATIENT SAFETY AND RESOURCE EFFICIENCY

As Baxter develops new products, we strive to make them safe, user friendly and effective for patients and caregivers, while minimizing the environmental impact of production and use. We launched several products in 2019 that highlight our focus in these areas, including the following:

- The next generation of our **Floseal** product, **Floseal** Hemostatic Matrix, is prepared using 20% fewer components and steps,³ making it easier and faster for operating room nurses to get **Floseal** into the hands of surgeons to help stop bleeding during procedures. These design enhancements resulted in a 24% reduction in shipping weight for the 5mL product and a 10% reduction in shipping weight for the 10mL product.
- Myxredlin** was the first ready-to-use insulin for IV infusion in hospitals and other acute care settings and offers an extended shelf life of 30 days at room temperature or 24 months refrigerated. This innovative presentation ensures a consistent, stable and predictable concentration with each administration, a key consideration for patient safety. In addition, **Myxredlin** is the only insulin product on the market that is formulated without meta-cresol (m-cresol), a preservative on the NIOSH list of hazardous chemicals, which must be disposed of as hazardous waste. **Myxredlin** is also PVC-, DEHP- and preservative-free and not made with natural rubber latex.
- Premixed and ready-to-use medicines support accurate, on-time delivery to patients, reduce waste and enhance patient safety. Our premixed presentation of eptifibatide, a cardiovascular medicine, is the first of its kind to be available in a flexible container rather than a glass vial. We estimate this reduces product weight by up to a third.

During 2019, we initiated several projects to reduce packaging, which will save \$375,000 on an annualized basis. Examples include:

- At our Amata, Thailand, facility, we changed the shipping carton for our renal peritoneal dialysis (PD) products, leading to a reduction of 235 metric tons of cardboard and \$89,500 in annualized savings.
- At our facility in Atlacomulco, Mexico, we eliminated a carton insert for our **Homechoice** product, which saves 45 metric tons of cardboard and \$35,600 per year.
- At our Grosotto/Sondalo (Valtellina), Italy, facility, we began using a stretch film that is 12 rather than 23 microns thick. This change saves 22 metric tons of stretch film and \$90,000 per year.
- Our Compounding Unit in Croydon, UK, replaced polystyrene inserts with natural sheep wool to insulate and protect chemotherapy products delivered to customers in London and the broader southeastern portion of the country. This innovative material substitution is expected to save 62,400 pieces of polystyrene on an annual basis at this site.

Materials of Concern

Keeping materials of concern out of the waste stream increases the potential for discarded materials to be reused for high-value purposes. We have global strategies and programs to help ensure that we meet product materials restrictions, such as the EU Restriction of Hazardous Substances (RoHS) Directive and EU Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation, among others. In addition, as part of our EHS&S product reviews and by consulting a number of regulatory lists, we work to avoid or minimize materials of concern.

These regulations and lists include, but are not limited to:

- California Proposition 65
- EU Medical Devices Regulation
- EU REACH Substances of Very High Concern
- EU RoHS

- Montreal Protocol on Substances that Deplete the Ozone Layer
- Stockholm Convention on Persistent Organic Pollutants
- U.S. SEC conflict minerals

2020 GOAL
Eliminate or minimize the presence of chemicals of concern (as defined by regulations) in new products

 **On track**

[VIEW ALL 2020 GOALS](#)

During 2019, our efforts in this area included reducing cyclohexanone use during container manufacturing, evaluating PVC alternatives and determining ways to potentially eliminate the use of DEHP plasticizers in products.

Additional substances we seek to avoid or minimize include endocrine disrupters, latex, phthalates, volatile organic compounds and others that might

not be included in the lists above. See Baxter's position statements on [Proposition 65](#), [REACH](#), and [conflict minerals](#), and our most recent [Conflict Minerals Report](#).

Striving for Full Materials Disclosure

Baxter's corporate responsibility approach prioritizes compliance with product chemical and medical device regulations. Working with a third party, we collect data from suppliers to determine the use of substances of very high concern. This helps us to confirm compliance with global material regulations and assists us in proactively monitoring the impact that changes in global legislation might have on our product portfolio. We also continue to leverage third-party testing, which provides us with full material data and LCAs for many of our devices, helps validate device compliance with chemical legislation and provides information we need to respond to environmental questionnaires from customers. As of the end of 2019, we completed testing for 36 of our products, which covered more than 8,300 parts.

This included many of our electromechanical devices, which are the most complex products in our portfolio in terms of number of parts and materials.

Additionally, as a member of [MedTech Europe](#), we are working with other multinational pharmaceutical/medical device companies to drive full material disclosure in global material compliance, and we contribute to several working groups. We also monitor RoHS and REACH developments and contribute to greater understanding of the hazardous substances requirements for the EU Medical Device Regulation by sharing information related to our full materials disclosure testing and analysis program, including materials commonly used in products that could potentially be replaced or eliminated. This supports consistent interpretation and efficient compliance with related regulations within the industry.

Product End-of-Life

Disposable Medical Products

2020 GOAL
Partner to implement recycling of product waste at hospitals and increase participation to 200

 **Achieved**

[VIEW ALL 2020 GOALS](#)

Baxter works to recapture valuable materials at the end of product life and has introduced several programs to facilitate recycling for patients and hospitals, including those highlighted below. During 2019, we increased the number of hospitals and facilities with recycling programs for some of Baxter's products to 349.

In Australia and New Zealand, Baxter collaborates with the Vinyl Council of Australia to offer PVC and aluminum recovery initiatives for hospitals. In addition to the environmental benefits, we estimate that collection of the PVC and aluminum during 2019 saved our customers approximately \$130,000 that would have otherwise been spent on disposal.

We have established a similar program in Guatemala in partnership with Biotrash, a Central American waste management company. Through the program, we collect and recycle PVC and other plastics from hospitals and dialysis clinics. As of the end of 2019, 21 facilities were participating in the program, and Biotrash had recovered 16.5 metric tons of PVC and 6 metric tons of polypropylene. Biotrash recycles PVC to make shoe soles, and in 2019 donated 59 pairs of shoes to students at the Thelma Arroyo School, Valle de Guatemala in Guatemala City. Biotrash also uses recovered polypropylene to manufacture bricks for use in its own facilities.

Our Renal Care Services group in Colombia works to recycle PVC from dialysis clinics, and in October 2019, began a PVC collection service for home dialysis patients as well. During 2019, we recycled 56 metric tons of PVC from 43 dialysis clinics and 6.5 metric tons of PVC from

home dialysis patients through this program. We partner with organizations that use the recovered PVC to make chairs, water hoses, accessories for purses, shoe soles and other items.

In Australia and New Zealand, we also assist patients who receive regular home deliveries of dialysis solutions to recycle related waste. As of the end of 2019, approximately 30% of Baxter PD home patients in these countries (more than 900 patients) participated in the Home PD Recycling Program. In 2019, the program collected and recycled 137 metric tons of plastic and 118 metric tons of cardboard.

We work with customers, industry peers and recycling and disposal vendors to facilitate the recycling and responsible treatment of disposable medical products. Baxter is a charter member and leads the technical

working group for the [Healthcare Plastics Recycling Council \(HPRC\)](#). As part of this working group, we help apply the collective technical knowledge, experience and resources of the HPRC to address barriers to healthcare plastics recycling and to drive change in the industry.

During 2019, Baxter participated in a roundtable that HPRC co-hosted with Practice Greenhealth. The event focused on the state of plastics recycling in light of China's decision to accept less waste, stagnant markets, toxicity, and concerns over the amount of plastics in landfills and waterways. In addition, Baxter assisted in the development of a white paper entitled [Circularity for Healthcare Plastics: The Challenges and Opportunities](#). The paper focuses on the identification of challenges and opportunities for using postconsumer recycled and postindustrial recycled content in medical devices and medical device packaging.

Electronic Equipment

Some of the electromechanical medical devices we sell, such as renal APD cyclers, support progress toward the circular economy through serviceability, repair and reuse. We lease certain types of electromechanical medical products to customers and patients, which helps ensure they have the technology that best meets their needs and provides more flexibility than owning the devices. This model also ensures those products will be returned to Baxter after use for repair and reuse.

Regulations in many countries worldwide require responsible recycling of electronic products when reuse is no longer an option. For example, the EU Waste Electrical and Electronic Equipment (WEEE) Directive requires manufacturers to arrange for the take-back of electronic products at end-of-life. In 2019, vendors recovered approximately 110 metric tons of electronic equipment in the region on Baxter's behalf. Our [WEEE website](#) provides customers detailed information on how to return or dispose of Baxter products in accordance with the directive.

PVC AND ALUMINUM RECYCLING PROGRAMS, 2019



Australia

142
metric tons
PVC collected
for recycling

1.07
metric tons
aluminum
bottles recycled

217
hospitals

63
hospitals



New Zealand

58.5
metric tons
PVC collected
for recycling

0.13
metric tons
aluminum
bottles recycled

38
hospitals

20
hospitals



Guatemala

16.5
metric tons
PVC recycled

21
hospitals and clinics



Colombia

56
metric tons
PVC recycled

43
dialysis clinics

2019 HIGHLIGHTS

WORKPLACE CULTURE

Promote inclusion, diversity and employee engagement



1.92 million

training hours completed, an average of approximately 38.4 hours per employee*



Employee engagement score increased 2 percentage points compared with 2018,

5 percentage points
above global average**



Scorecards measuring effectiveness of people managers increased **4 percentage points**

between May and October***

* These data do not represent all employee training and development but do capture a large portion of training for most employees. ** Data are from Aon Hewitt and IBM Kenexa. The global average database includes more than 400 companies and more than 19 million responses. *** Reflects 68% of eligible managers.



Baxter is committed to providing our approximately 50,000¹ employees worldwide with a Best Place to Work. We remain steadfast in driving a high-performing, inclusive and diverse organization where employees pursue rewarding careers and take pride in bringing the company's mission to life. To help employees realize their full potential and reward them for their contributions, we offer a wide range of learning and development opportunities in addition to competitive compensation and benefits.

Global Inclusion and Diversity

We work to attract, motivate, develop and retain an inclusive and diverse workforce that includes women, underrepresented minority groups, U.S. veterans, people with disabilities, early career professionals and the LGBTQ community. Our focus on inclusion and diversity drives innovation, creates trusted partnerships with customers, suppliers and community partners, and contributes to the success and sustainability of our business.

2020 GOAL

Aspire to diversity in leadership at or above benchmarks



[VIEW ALL 2020 GOALS](#)

In 2019, our chief executive officer signed the [CEO Action for Diversity & Inclusion™](#) pledge—the largest CEO-driven business commitment to advance diversity and inclusion in the workplace. During the year, we remained at or above external benchmarks for women (globally) and ethnic minority

representation (in the United States) at most career levels. We continue working to close gender and ethnic minority gaps at executive levels. View [workforce data](#).



GLOBAL INCLUSION AND DIVERSITY FOCUS AREAS

Workforce Attract and build diverse and high-performing teams that are engaged and innovative.

Workplace Advance an inclusive culture, where every employee feels valued, respected and safe to be their authentic self.

Communities Cultivate strategic and diverse supplier and community partnerships.

Marketplace Consider the needs of customers and patients in all aspects of our business.



May 2019: Employees at the Ahmedabad, India, facility enjoying a cardio dance class.

ADVANCING YOUNG WOMEN LEADERS

In 2018, Baxter partnered with the Healthcare Businesswomen's Association (HBA) to establish the HBA Ambassador program, an innovative women's leadership development initiative. The program provides career development support for young women in senior technical and leadership roles within Research and Development. Participants are mentored and coached by senior leaders and provided access to events and opportunities through the global HBA network. As of early 2020, approximately 45 women across Asia, Europe and the United States were selected to participate in this program.

Key inclusion and diversity initiatives include:

Gender IQ Program We offer a development program for our global leadership team to provide education on gender biases and blind spots, foster more productive working relationships, positively leverage gender differences and advance women within our company. Since the program's inception in 2017 through the end of 2019, 35% of leaders at the director level and 85% of leaders at the vice president level and above completed the program.

Sponsorship We have a formal sponsorship program in which senior leaders advocate to advance high-performing women and underrepresented minorities (United States) in their careers.

Mentoring for new women leaders Our WoMentoring program supports women who have been newly hired or promoted into roles at the director level and above through mentoring relationships with other women in leadership.

Working Parents/Caregiver Program We provide resources to help U.S. employees prepare for and manage parenthood and caregiving as working professionals.

Board Diversity

We are committed to further increasing the diversity of our board of directors through strategic board refreshment efforts. The last three appointments have been female directors. As of the end of 2019, women comprised 25% of our board of directors. See information regarding board diversity on page 5 of Baxter's [2020 Proxy Statement](#).

Global Inclusion Council

Baxter's Global Inclusion Council (GIC), chaired by a member of our senior leadership team, is composed of approximately 15 leaders from our businesses, regions and functions across the company. The GIC's mission is to focus globally on the advancement of women and underrepresented minority groups (including people of different races, ethnicities and sexual orientations as well as veterans and people with disabilities) and to drive inclusive leadership capabilities and culture. The GIC is responsible for advocating and driving our global inclusion and diversity priorities, as well as developing and implementing local inclusion plans.

“

I live with an 'invisible' disability—a bleeding disorder that has caused difficult deliveries and other stays in the hospital. Working for a diverse and inclusive company like Baxter means anyone with a disability—whether it's visible or invisible—has equal opportunities for employment, career advancement and full accessibility.”

JACKIE KUNZLER SENIOR VICE PRESIDENT, CHIEF QUALITY OFFICER AND EXECUTIVE SPONSOR OF BAXTER ENABLES

Building Cultural Competence

Baxter provides employees with training, tools and resources to build cultural awareness and competence, and engage more authentically with each other. Many employees also work on global teams, enabling them to build cultural competence through daily interactions,

and we encourage employees to practice simple acts of inclusiveness in their day-to-day routines.

We work to embed awareness of unconscious bias throughout our company and require all employees to take a self-guided e-learning module about unconscious bias. In addition, we have integrated

prompts in key processes, such as talent assessment, succession planning, feedback and hiring, to help employees think about their biases as they undertake these activities. In 2019, we initiated a process called “Pause and Discuss” during our hiring process. This is a structured discussion to help check for unconscious bias in the selection decision before moving forward with an offer.

Business Resource Groups

Baxter’s Business Resource Groups (BRGs) are an important component of creating an inclusive and diverse culture and advancing our priorities as a company and in the communities where we live and work. Our BRGs are employee-run affinity groups that support the recruitment, retention, engagement and development of diverse employees across Baxter. We have eight established BRGs and encourage all employees to get involved: the Asian Leadership Network, Baxter Black Alliance, Baxter EnAbles, Baxter Equality Network, Baxter Women Leaders, BaxVets, Early Career Professionals and Latinos@Baxter.

Equal Opportunity

As an equal opportunity employer, Baxter prohibits employment discrimination or harassment of applicants, employees and third parties due to race, color, religion or religious creed, gender, national origin, ancestry, age, physical or mental disability, medical condition, genetic information, marital status, sex, sexual orientation, gender identity or expression, military or veteran status or any other basis protected by law.

[Learn more](#) about inclusion and diversity at Baxter.



Employee Engagement

Transforming Company Culture

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. During 2019, we emphasized a focus on simplicity, introducing SmartMeeting guidelines for our employees and hosting manager-led sessions about how to simplify workflows and processes. Using monthly surveys, we evaluate the impact of our four culture levers across the company to ensure we are making progress.

2020 GOAL

Achieve an employee engagement score comparable to top quartile companies


[VIEW ALL 2020 GOALS](#)

Every year, we conduct a Best Place to Work survey. In 2019, 85% of our employees worldwide participated. We exceeded the cross-industry global average in all eight categories, and scores improved between one and three percentage points in each of the categories assessed. Our score in the engagement category was five percentage

points above the global average and three percentage points below the top quartile benchmark.²

We share survey results broadly across Baxter to drive continuous improvement. Based on 2018 survey results, manager effectiveness has been a key focus area. During 2019, we developed a people manager effectiveness scorecard that summarizes anonymous feedback from employees about their direct managers. We provided 74% of eligible managers³ with this scorecard based on results from the Best Place to Work survey conducted in May. More than 20,000 employees responded to a follow-up survey in

BAXTER 2019 BEST PLACE TO WORK SURVEY (CATEGORY SCORES)*

		Baxter			Global
		2017	2018	2019	2019 Average**
Culture	Culture levers are the critical behaviors that will help us achieve a winning culture	–	71%	74%	70%
Development	Providing employees with the opportunity to grow and the resources to achieve their career aspirations	67%	68%	70%	64%
Engagement	An employee's personal investment in the organization and motivation to contribute to its success	67%	69%	71%	66%
Inclusion	Ensuring everyone is able to contribute their best and that the company has a diverse employee population to drive innovation	63%	66%	69%	66%
Leadership	Growing leaders who inspire commitment and engagement, develop their teams and align goals	63%	66%	67%	63%
Organization	Driving productivity through goal alignment, agility and teamwork; ensuring clarity on direction and vision	72%	72%	74%	65%
Rewards	Providing competitive pay and benefits; attracting and retaining the best talent with our programs	59%	61%	64%	51%
Workplace	Providing a safe work environment; enabling employees to do their best work	71%	71%	73%	68%

* Scores indicate the percentage of survey participants who responded favorably to statements related to each of the categories listed.

** Data are from Aon Hewitt and IBM Kenexa and represent more than 400 companies and more than 19 million responses.

October, enabling us to provide 68% of eligible managers with a second scorecard showing a trend over time. Our overall manager effectiveness score for the October survey was 79%, five percentage points above the top quartile benchmark and a four percentage point increase from the Best Place to Work survey in May.

Performance and Career Development

At Baxter, we embrace a continuous feedback model for performance management. This includes monthly check-ins between employees and their managers that

focus on constructive feedback and career development. We've found that employees who take part in monthly check-ins have engagement rates that are 19 percentage points higher than employees who do not.

Historically, we focused our talent review and planning process on senior leaders. Over the last few years, we've been including more employees in the process, beginning with managers and expanding to the professional and supervisor level during 2019. This helps us better understand our global talent pipeline, identify high-potential employees and mitigate retention-related risk.



Our talent development philosophy emphasizes continuous learning, relationship building, mentoring and enhancing work experiences. We provide virtual, online and classroom offerings worldwide on topics such as business/financial acumen, leadership, management, product knowledge and a wide range of job-specific skills. During 2019, we continued to improve the training we provide to employees, offering a broad range of relevant, high-quality content with a focus on helping employees advance their personal and professional development. Beginning in 2019, our training was consolidated into a single, mobile-friendly learning platform, called BaxU.

In 2019, we recorded a total of 1.92 million training hours, which equals an average of approximately 38.4 hours per employee.⁴

[Learn more about talent development at Baxter.](#)

Manager and Leadership Development

During 2019, Baxter continued offering a range of programs to more fully engage our managers and drive effective leadership across the company. This includes programs related to change management, quarterly calls about culture change with Baxter's CEO, development

for mid-level leaders that show high potential, curriculum for senior leaders focused on driving cultural transformation through courageous leadership and a development program for manufacturing supervisors. In 2019, 60% of leaders globally participated in one or more of these leadership development programs. We also introduced our People Manager Development Program—a global program focused on increasing manager effectiveness. The program uses a virtual learning approach that blends structured webinars and self-paced learning with real-world application and manager involvement. We incorporate the invaluable knowledge of our leadership team into the webinars by showcasing Baxter leaders sharing best practices based on their own experiences.

Compensation and Benefits

Baxter's total compensation philosophy is to provide market-competitive pay and benefits globally while rewarding employees for strong individual and business performance. A 2018 pay equity study of our U.S. salaried workforce found no significant pay differences among men, women and ethnic minorities. Learn more about [employee compensation and benefits](#) and [executive compensation](#).

**61**new
scholarships**147**renewed
scholarships**29**countries
worldwide

GLOBAL SCHOLARSHIP PROGRAM

Many of the benefits we offer employees support their family members as well. For example, our employees' children can apply for merit-based scholarships, funded by the Baxter International Foundation. A third-party agency evaluates student applications based on academic, extracurricular and employment accomplishments. Recipients receive a cash award, and scholarships may be renewed for up to three additional years.

Workplace Flexibility

Baxter recognizes the increasing demands on employees to manage their personal and work lives, and respects the need for different approaches to where, how and when work gets done. With tools and resources available for employees and managers to navigate ad hoc or ongoing flexible arrangements, employees are encouraged to discuss with their managers what options might be right for them and their jobs. As of the end of 2019, 80% of employees were participating in some form of flexible work.

[Learn more about workplace flexibility at Baxter.](#)

2019 HIGHLIGHTS

ETHICS AND COMPLIANCE

Drive a culture of integrity and the highest ethical behavior



0
corruption-related
enforcement
actions



97%
of employees
completed the
annual Code of
Conduct training



Favorable ratings

achieved on employee survey questions related to ethics culture (1 percentage point above and 2 percentage points below top quartile)*

* Data are from Aon Hewitt and IBM Kenexa. The global average database includes more than 400 companies and more than 19 million responses. Top quartile is a subset of the global average.

As a global healthcare company operating in more than 100 countries, we incorporate ethics and compliance into everything we do. Baxter's success is based on personal accountability for results and integrity. Patients, doctors, customers, regulators, investors, communities and employees count on it. We prioritize being honest and fair, keeping promises, encouraging questions, valuing discussion and following legal requirements.

Companywide Accountability

Baxter has compliance committees for each country or cluster of countries where we operate to further integrate ethics and compliance in strategic plans and day-to-day activities across our company. To ensure the local implementation of our global ethics and compliance program, the business lead of each country/cluster holds mandatory quarterly meetings to facilitate discussion among local leadership about key issues, challenges and risks in their area. This approach, in conjunction with Baxter's established codes, policies, trainings and monitoring and assessment practices, enables the company to more effectively target specific needs and drive ownership of and responsibility for ethics and compliance worldwide.

DRIVING A CULTURE OF ETHICS AND COMPLIANCE



2020 GOAL

Achieve overall compliance culture scores in the top quartile of general industry benchmarks


[VIEW ALL 2020 GOALS](#)

During 2019, we achieved favorable ratings on the two questions related to ethics culture on our annual Best Place to Work survey. The scores for the two questions improved compared with 2018 and were one percentage point above and two percentage points below top quartile companies, respectively.¹

Ethics and Compliance Training

All employees are required to complete Code of Conduct training annually. In 2019, 97% of employees completed the training. Employees also complete online courses relevant to their jobs every other year on a rotational basis. These cover topics addressed in Baxter's Global Interactions Policy and Third Party Program. In addition to the anticorruption

content covered by the Code of Conduct and Global Interactions Policy training, our sales force participates in business-led, interactive workshops/trainings related to interactions with the medical community and government officials, including discussion of real-life scenarios.

Third Party Program

Baxter is committed to conducting business with integrity and in compliance with the law wherever we operate. Our Third Party Program, policy and training outline the standards and processes used to review, retain and monitor new and existing third parties for compliance with our anticorruption expectations. The program and policy apply to Baxter employees, officers and directors involved in the review, retention and monitoring of third parties. Through December 2019, approximately 13,400 targeted employees received training on the program, in addition to the anticorruption content covered by Code of Conduct training. In 2019, we also updated the training we provide to all new and certain existing third parties.

Compliance Assessments

Baxter completes risk-based compliance assessments and audits at least annually, covering corruption, among other topics. Our Corporate Audit and Ethics and Compliance functions select locations to audit and assess based on factors such as business complexity, size, risk of corruption, the nature of interactions with the medical community and third parties, enforcement trends, and the results of compliance monitoring and investigations. Compliance assessments also focus on relationships with third parties that represent the company with customers, including the medical community, patients and government officials and entities.

In 2019, we conducted three compliance assessments using Corporate Audit and Ethics and Compliance resources, one in each of the following areas: Asia Pacific (APAC); Europe, Middle East and Africa (EMEA); and Latin America.

In addition to compliance assessments, Baxter also performed detailed, onsite compliance audits of three distributors, one each in the APAC, EMEA and Latin America regions. Our goal is to expand our distributor monitoring and auditing program to cover a greater number of locations and distributors.

Compliance Monitoring

Baxter has deployed a data analytics-based monitoring system in 16 key countries around the world, including Brazil, China, India and Russia. This system enables us to perform near-real-time monitoring of metrics related to travel, entertainment, and interactions with healthcare professionals and government officials. Transactions identified as potentially problematic are reviewed by the Ethics and Compliance investigation team as appropriate.

We continue to expand the monitoring program across additional countries and data sources and to examine risk metrics periodically to identify new areas of focus for our monitoring efforts.

2020 GOAL

Achieve zero government enforcement actions over compliance issues


[VIEW ALL 2020 GOALS](#)

Baxter had zero corruption-related enforcement actions in 2019. On October 24, 2019, Baxter reported that it had commenced an internal investigation into certain intra-company transactions that impacted our previously reported non-operating foreign exchange gains and losses. Baxter's internal investigation, as it pertains to the evaluation of related financial statement

impacts, is complete. Baxter voluntarily advised the staff of the Securities and Exchange Commission (SEC) of its internal investigation and is continuing to cooperate with the staff of the SEC. We published restated financial information on March 17, 2020.



Relationships With Healthcare Professionals and Government Officials

Baxter is committed to transparent reporting about relationships with the medical community and government officials. This includes the continued implementation of anticorruption programs to ensure that those relationships and the related fair market value payments are for necessary and genuine services. Our [Global Interactions Policy](#) defines the principles and rules governing our interactions with government officials and members of the medical community.

The Global Interactions Policy also outlines guidelines for corporate charitable giving to ensure compliance with the law and with Baxter policy. We have Local Contributions Management Committees for some countries, clusters of countries or regions. Where they exist, those local committees have decision-making authority for charitable contribution requests from nonprofit and for-profit healthcare organizations and patient organizations. The Baxter International Foundation, the philanthropic arm of Baxter International Inc., is a separate legal entity governed by its own Board of Directors and has distinct grantmaking guidelines that outline policies for charitable contributions to nonprofit organizations.

Ethics and Compliance Helpline

In 2019, Baxter logged 719 reports from 31 countries into our Ethics and Compliance Helpline system and closed 685 cases that were received through 2019. The number of reports logged was higher than in 2018 due to a rise in items reported in the Work Environment/Employee Relations category associated with a small number of our operations centers in the Americas region. All reports received during the year involving allegations of misconduct were promptly triaged for investigation. For all closed cases that were substantiated, employees received appropriate disciplinary action.

ITEMS REPORTED TO THE ETHICS AND COMPLIANCE HELPLINE IN 2019

Category	% of total*
Work Environment/Employee Relations	68%
Manufacturing/EHS&S/R&D/Regulatory/Quality	15%
Asset or Information Misuse or Misappropriation/Confidential Data	5%
Conflict of Interest	5%
Financial Management and Reporting	3%
Marketing and Sales	2%
Competitive Practices	1%
Interactions with Government Officials Including HCPs/HCOs (outside the U.S.)	1%
Payments/Gifts/Entertainment with HCPs/HCOs (U.S.)	0%

*The category Payments/Gifts/ Entertainment with HCPs/HCOs (U.S.) had two reports submitted, which rounded to 0%. "HCPs" are healthcare professionals. "HCOs" are healthcare organizations.

Privacy and Data Protection

We respect the privacy of our patients, employees and customers. Baxter's Global Privacy Policy defines our privacy standards and guides our global operations to follow similar controls for protecting personal information. During 2019, we closely followed market developments and enforcement actions related to the EU General Data Protection Regulation (GDPR) as we collaborated with our network of privacy experts across the EU to successfully address the regulation. We have established a GDPR Policy and related training for employees. In 2019, we also continued to monitor proposed changes to privacy legislation and regulations in other locations, including the California Consumer Privacy Act, to assess the impact on Baxter and to implement changes to our privacy control framework as necessary and appropriate as we prepared to comply with new privacy requirements.

Baxter's Information Protection Policy outlines our approach to information security and the standards we require employees and suppliers to follow. We also provide an online [Product Security summary](#) that customers can access to learn about security vulnerabilities that might affect Baxter products.

In response to growing and changing cyber threats, we consistently assess and strengthen our cyber defenses and response capabilities. The Global IT Security Operations team helps to protect Baxter against cyberattacks using a range of defenses that secure our assets, reduce detection time and improve recoverability. We continue to raise security awareness with all Baxter users through mandatory training and in-person events. During 2019, we expanded multifactor authentication and implemented an always-on virtual private network (VPN) system to provide additional safeguards for our employees working remotely. The Enterprise Cybersecurity and Information Council oversees efforts in this area.

2019 HIGHLIGHTS

EMPLOYEE HEALTH AND SAFETY

Achieve a zero-harm workplace
and improve employee well-being



Recordable
incident rate
5% ↓*
our lowest ever



Days lost rate
26% ↓



280,000+
hours of exercise logged
by employees through the
BeWell@Baxter Exercise
Challenge (up 23%*)

* Compared with 2018.



Apex Companies LLC has provided assurance on the content in this section.

In pursuit of Baxter's aspiration to be a Best Place to Work, we provide a safe workplace and the resources employees need to maintain and improve their health and wellness.

Baxter follows a management-systems approach guided by our global Environmental, Health, Safety and Sustainability (EHS&S) requirements. For more about Baxter's EHS&S management system, see [Operations](#). We clearly define the responsibilities of corporate, regional and facility-level occupational health and safety professionals and hold leaders accountable for achieving goals and targets. The EHS&S organization reports employee safety performance to senior leadership and manufacturing and supply chain management weekly. EHS&S also communicates performance to Baxter's Board of Directors.

Injury and Illness Performance¹

2020 GOAL

Achieve the
top quartile in
total recordable
incident rate
among global
companies
across all
industries

Achieved

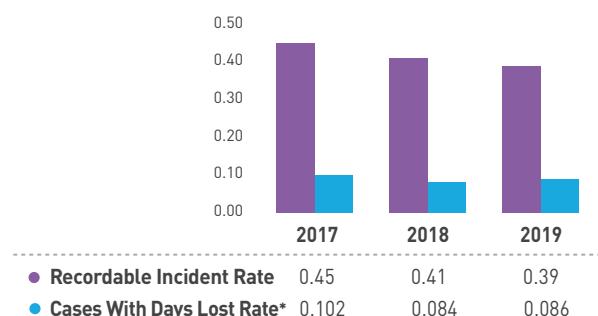
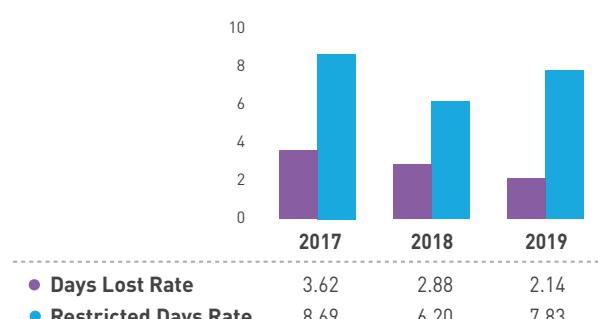
[VIEW ALL 2020 GOALS](#)

In 2019, we achieved Baxter's lowest-ever recordable incident rate, an improvement of 5% from the prior year. In a comparison of 32 global companies across all industries,² Baxter's total recordable incident rate during the year ranked eighth, or in the top 25%, achieving our goal. Our cases with days lost rate worsened by 2% compared with 2018 (although the total number

of cases with days lost remained the same) and our days lost rate improved by 26%.

Key contributors to overall performance improvement included:

- Processes that engaged employees to identify, monitor and mitigate hazards
- Continued visibility to all recordable injuries and corrective actions through weekly management reporting and recordable roundtable calls
- Increased management engagement in safety performance
- Accountability systems for root-cause analysis and corrective action plans

RECORDABLE INCIDENT RATE AND CASES WITH DAYS LOST RATE**DAYS LOST RATE AND RESTRICTED DAYS RATE****Injuries and Major Incidents**

When a major incident occurs at Baxter, facility management conducts a root-cause analysis and formulates mitigation strategies. We review incidents with a cross-functional team to share knowledge across the organization. Major incidents are defined as those that result in an employee or contractor being hospitalized overnight (for more than observation), sustaining an amputation, or dying.

Six major incidents occurred at Baxter in 2019. None of those were fatalities.

[VIEW THE DATA SUMMARY
FOR MORE DETAIL](#)

Driving a Culture of Safety and Engagement

We aspire to achieve a zero-harm-workplace. In 2019, we launched BeSafe@Baxter, our new global safety program focused on personalizing safety for employees. Functional team members within facilities encourage employees to reflect on and share personal reasons for staying safe every day through “My Reason for Being Safe” engagement activities. BeSafe@Baxter strategies include the following:

Focused injury- and illness-reduction strategies

Injury and illness metrics coupled with internal EHS&S audits provide focus for Baxter’s safety, occupational health and industrial hygiene efforts. We continue to target ergonomics, and slips, trips and falls—two of the primary sources of injury at the company.

Emphasis on high-hazard sources In 2019, we focused on a continuous improvement approach to preventing incidents caused by high-hazard sources, which are conditions or situations that could cause major injury or death. We analyzed our most severe historical incidents to identify root-cause trends. We then engaged internal stakeholders and external business partners to incorporate design engineering and administrative controls into core processes to address the root causes. We expect to further implement these controls in 2020.

Health and Wellness Program Management and Initiatives

Baxter’s occupational health function, in partnership with Human Resources and Global Communications, develops health and wellness strategies for the company. A global team of diverse health professionals and volunteers, known as Local Champions, helps refine and implement these approaches and set priorities.

BeWell@Baxter

Healthy employees are more engaged and productive and less vulnerable to safety incidents and injuries. Through BeWell@Baxter,

our global employee health and wellness effort, we strive to create a culture that raises awareness and promotes healthy lifestyles.

The cornerstone of BeWell@Baxter is the Personal Wellness Profile, an online health risk assessment that helps employees understand how lifestyle choices, family history and other factors influence health and related risks. We use this data to focus our health promotion program on the areas of highest health risk for employees. As of the end of 2019, 33% of employees worldwide had completed a Personal Wellness Profile.³

In 2019, more than 14,000 employees logged more than 280,000 hours of exercise as part of the BeWell@Baxter Exercise Challenge, a 23% increase in hours compared with 2018. In addition, 77% of facilities worldwide took part in Healthy Eating Month.

2020 GOAL
Increase participation from 35% to 45% in BeWell@Baxter health promotion program initiatives
 Achieved
[VIEW ALL 2020 GOALS](#)

Additional Programs and Initiatives for Employee Health

Baxter’s occupational health team also works to continually improve the company’s performance with the following programs and initiatives:

Flu vaccinations In 2019, we offered free seasonal flu vaccinations to all employees working at sites with 25 or more employees. More than 15,000 employees worldwide received vaccinations through this program.

Smoke-free workplaces In 2019, in countries where smoke-free status is allowed by law, 100% of campuses with 25 or more employees were smoke-free, the same as in 2018.

2019 HIGHLIGHTS

OPERATIONS

Reduce environmental footprint through increased efficiency and resource conservation



9%
reduction in
energy use*



8%
reduction in
water
consumption*



10%
reduction in
total waste*



15%
reduction in
absolute
greenhouse gas
emissions**

* Compared with 2015 and indexed to revenue. ** Compared with 2015.

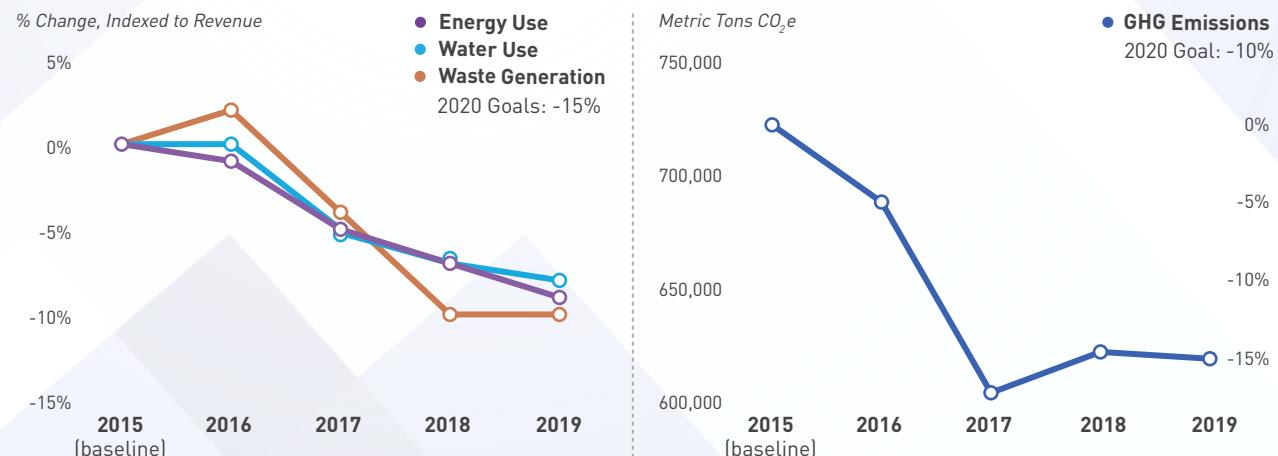


Apex Companies LLC has provided assurance on the content in this section.

At Baxter, we are committed to driving sustainability throughout our global manufacturing operations.¹ We strive to use energy, water and raw materials efficiently, while reducing waste and greenhouse gas (GHG) emissions. This improves environmental performance while saving money and demonstrating environmental leadership.

Our Environmental, Health, Safety and Sustainability (EHS&S) vision is to achieve a sustainable enterprise that creates stakeholder value by advancing superior environmental stewardship, optimum employee health and well-being, and a zero-harm workplace. Baxter's [EHS&S Policy](#) outlines our commitments within operations and across the value chain. Our EHS&S governance structure helps us achieve our goals and create long-term business value.

PROGRESS TOWARD 2020 ENVIRONMENTAL GOALS



We follow a management-systems approach guided by our global EHS&S requirements. We apply the ISO 14001 standard to manage our environmental aspects and the OHSAS 18001 standard to manage our health and safety hazards and risks. As of year-end 2019, 59 Baxter locations, including 47 manufacturing sites, met [ISO 14001 requirements](#), and 44 sites were certified to [OHSAS 18001](#).

Baxter's EHS&S audit program helps to ensure that our facilities have programs that satisfy applicable regulatory requirements and are consistent with our EHS&S requirements, objectives and goals. In 2019, Baxter conducted EHS&S audits at 22 facilities. In addition, Lloyd's Register Quality Assurance, a third-party certification body, conducted annual ISO and OHSAS management system surveillance audits at four Baxter manufacturing sites in China.

In 2019, we received 22 environmental Notices of Violation (NOVs) and contested seven of these. No fines were related to the NOVs. We received three health and safety letters during the year—two in the United States and one in Mexico. We paid \$9,382 in health and safety fines.

Energy

Energy is one of our most significant manufacturing costs, so energy conservation is important to our business as well as to the environment. Using energy effectively conserves natural resources, improves environmental performance and enhances business efficiency. Reducing fossil fuel combustion decreases GHG emissions, improves air quality and decreases fine particulates that contribute to adverse health effects. [Renewable energy procurement](#) is also integral to our climate strategy.

The Baxter global energy program applies the ISO 50001 standard to the company's facility-level energy management systems. By the end of 2019, 15 company locations (32% of relevant facilities) met requirements under an ISO 50001 Group Certificate, and two facilities (4%) were individually certified to ISO 50001.



In 2019, we used 9,574 trillion joules of energy, 9% less than in 2015, indexed to revenue. This includes electricity, fuel and purchased steam used by Baxter-managed and Baxter-operated facilities; it excludes energy related to company-operated vehicles. In 2019, we increased absolute energy use by 1% compared with 2018, due mainly to facility expansions and production increases. During that period, energy use indexed to revenue decreased by 1%.

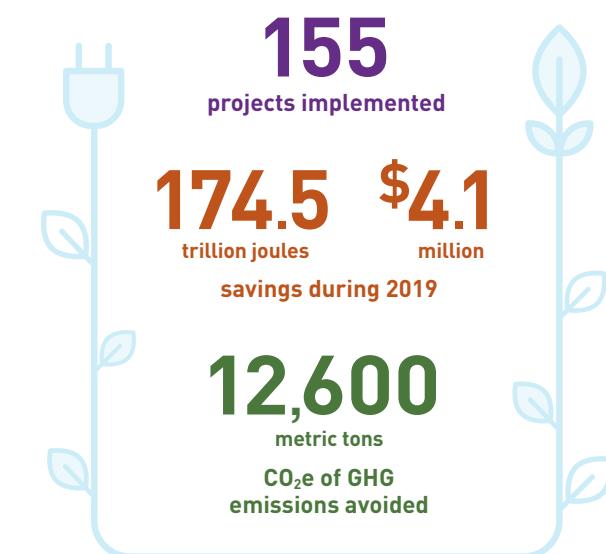
Our energy costs rose 5% between 2018 and 2019, up \$8 million, due to increased energy use for production and higher costs per megajoule.

Site-specific energy assessments identify opportunities to conserve energy and to apply and share new technologies and best practices across the company. In 2019, we performed energy assessments at nine facilities worldwide. From those, we identified 124 potential energy conservation projects, with possible annual savings of \$4.4 million. Sites determine which projects to implement based on feasibility and return on investment. Facility personnel also uncover possible additional energy conservation projects.

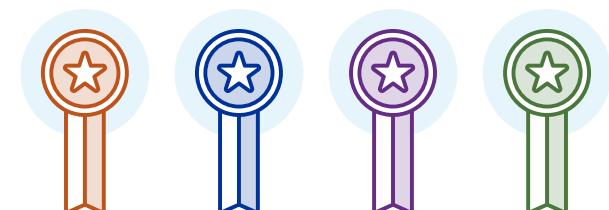
During 2019, we implemented 155 energy conservation projects across our manufacturing sites globally that saved \$4.1 million and 174.5 trillion joules of energy on an annual basis, avoiding 12,600 metric tons carbon dioxide equivalent (CO₂e) of GHG emissions. This is equivalent to 2% of our net GHG emissions from operations during the year.

We have operated a Lean Energy Program for our manufacturing facilities since 2007. It includes four levels—Gold, Silver, Bronze and Prerequisite (facilities meet the criteria for lower levels as they advance in pursuit of Gold). Each level has three sections that define the program: program requirements, operational excellence and technical requirements. By year-end 2019, out of 46 facilities,² 4 met the criteria of the Gold level, 18 met Silver, 29 met Bronze, and 35 met Prerequisite.

2019 ENERGY CONSERVATION PROJECTS



2019 BAXTER LEAN ENERGY PROGRAM ACHIEVEMENTS



4 **18** **29** **35**
Gold Silver Bronze Prerequisite

[VIEW THE DATA SUMMARY AND VALUE CHAIN ENERGY USAGE AND GHG EMISSIONS TABLE FOR MORE DETAIL](#) >

Water and Wastewater

Water issues continue to grow in importance worldwide. Although these concerns are global, they must be addressed at the local and regional levels. Baxter works to better understand the impacts of water use across our value chain and implements conservation and efficiency projects at our manufacturing facilities. See our response to [CDP Water Security](#).

2020 GOAL

Reduce total water use by 15% indexed to revenue



[VIEW ALL 2020 GOALS](#)

We reduced water consumption by 8% indexed to revenue from 2015 through 2019. During 2019, we used approximately 14 million cubic meters of water.³ This represents an increase in water usage of 1% in absolute terms, due mainly to facility expansions

and production increases, and a 1% decrease indexed to revenue, compared with 2018.

We consider several factors to identify water use reduction opportunities and possible water conservation projects at sites, including total water used, water usage efficiency, and water cost and availability. Due to the strong link between energy use and water processing, optimizing water systems remains a key focus of our facility energy assessments. Additionally, we integrate lean manufacturing principles and tools such as value stream mapping⁴ with water management to help facilities identify areas for additional conservation. While we have implemented numerous water reduction projects, we anticipate potential challenges with further reductions due to business growth and manufacturing changes.

During 2019, several Baxter facilities reused water in cooling towers and implemented other water recovery projects. For example, the Baxter Drug Delivery facility in Round Lake, Illinois, reduced water use during the year by nearly 5,000 cubic meters by reusing single-pass water in its cooling towers.

Water issues vary significantly by location. Since 2016, we have applied the [World Business Council for Sustainable Development \(WBCSD\) Global Water Tool](#) to evaluate the availability of renewable water supply at our 53 largest water-use locations for which the tool provided data.

These locations represented 96% of our total water use in 2019. During the year, facility water use combined across our 21 sites in water-stressed, water-scarce and extreme water-scarcity areas increased by 1% in absolute terms and decreased 1% indexed to revenue compared with 2018. We attribute the absolute increase to production increases at some sites located in water-scarce areas.

The WBCSD water tool defines extreme scarcity areas as those with less than 500 cubic meters of renewable water resources per person per year. Water-scarce areas are those with at least 500 cubic meters but less

than 1,000 cubic meters. Water-stressed areas are those with at least 1,000 cubic meters but less than 1,700 cubic meters.

Wastewater

Managing wastewater discharged from Baxter's production operations is one of our most significant environmental priorities. In 2019, 13 self-reported environmental incidents were exceedances of permitted wastewater discharge limits. None of those resulted in a fine. We are working with the sites to address these exceedances and mitigate risks to avoid future incidents.

To address existing wastewater compliance issues globally and to prepare for potential future ones, we pursue an aggressive approach to wastewater compliance, evaluation and risk mitigation. Our systematic wastewater risk management program proactively identifies emerging issues. This involves a holistic review of major manufacturing locations including the following activities:

- Evaluate effectiveness of facility change management processes used to assess possible impacts to wastewater generation and compliance
- Review wastewater compliance history and recent data to identify possible trends and areas of concern
- Verify the effectiveness of procedures used to monitor compliance with wastewater permit conditions and methods used to investigate and remedy causes of noncompliant wastewater discharges
- Use five-year production forecasts to compare wastewater treatment capacity and capabilities with anticipated production changes
- Gauge employee awareness of wastewater operations and roles in ensuring compliance

[VIEW THE DATA SUMMARY FOR MORE DETAIL](#)

Waste

Baxter identifies leading waste reduction opportunities based on our highest-volume waste streams, facilities that produce the most waste and sites with strong potential to improve, among other factors. Facilities measure waste at the point of generation to rapidly identify significant sources. We track and analyze waste data from each major facility to assess progress toward waste reduction goals and identify ways to improve processes that generate waste. These and other activities reduce expenses related to raw materials use, waste handling and disposal.

2020 GOAL

Reduce total waste generation by 15% indexed to revenue


[VIEW ALL 2020 GOALS](#)

During 2019, our operations generated 71,900 metric tons of total waste, up 4% from 2015 in absolute terms and down 10% indexed to revenue.⁵

Our operations generated 62,800 metric tons of nonhazardous waste during

2019, flat in absolute terms and a 2% decrease indexed to revenue, compared with 2018. We attribute this change to waste reduction initiatives implemented and efficiency improvements at some of our largest manufacturing facilities.

Reducing plastic waste and increasing recycling is a priority; plastic scrap from manufacturing is our largest waste stream, representing roughly one third of our nonhazardous waste. In 2019, several facilities implemented projects to reduce plastic scrap. For example, Lessines, Belgium, which had been using 100% virgin material for its molded parts, began to use plastic scrap regrind for all 2019 production. This initiative, along with reducing rework of molded pieces, contributed to saving 94 metric tons of plastic. Our Cartago, Costa Rica, site reduced plastic use by nearly 160 metric tons through operational efficiency improvements. The facility

also reduced production scrap by 60%, installed new, more efficient packaging machines, and reduced rework and downtime in tubing extrusion. See [Materials Use](#) for additional initiatives to reduce plastic scrap.

In Grosotto/Sondalo (Valtellina), Italy, we partnered with a label producer to recover and recycle silicone-coated paper label liners to produce a material that can be used to make new labels. Through this collaboration, we recovered 5.1 metric tons of liner material for recycling in 2019.

Baxter also innovates to reduce the environmental impact of product packaging. Read more in [Product Innovation](#).

Regulated waste⁶ represents 13% of Baxter's total waste. During 2019, our operations generated 9,100 metric tons of regulated waste, 8% higher in absolute terms than in 2018, and 6% higher indexed to revenue. This increase was mainly due to site expansions and validation activities.

In 2019, we recycled 78% of nonhazardous waste and 56% of regulated waste for an overall recycling rate of 75%.⁷ Recycling at Baxter generated nearly \$5.9 million in net income in 2019.

2019 RECYCLING AT BAXTER

2020 GOAL

Achieve a landfill diversion rate of 95% or higher at all manufacturing locations


[VIEW ALL 2020 GOALS](#)

In 2019, 21 manufacturing sites⁸ (40% of the total) achieved or exceeded landfill diversion rates of 95%. Thirteen additional sites (25% of the total) achieved diversion rates of 80% or higher. We continue working with outside experts to accelerate progress in the coming years.

[VIEW THE DATA SUMMARY FOR MORE DETAIL](#)

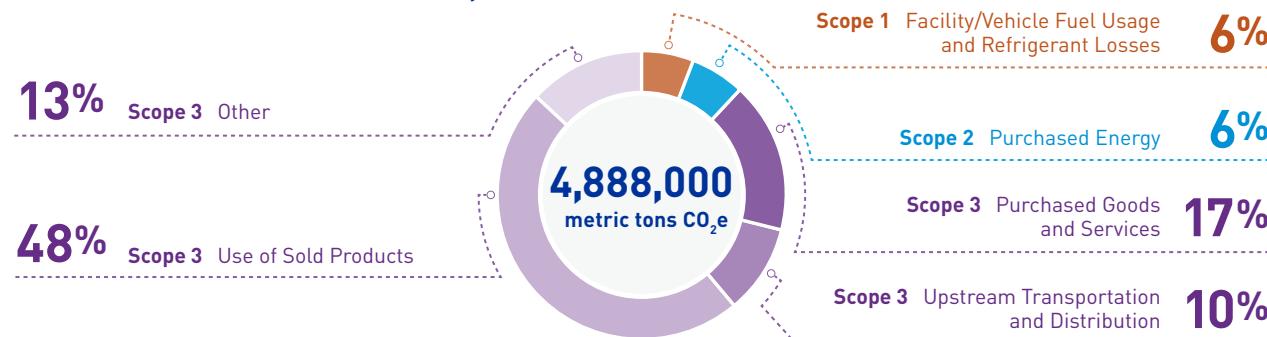


GHG Emissions Across the Value Chain

Climate change is among the most pressing global challenges facing the world today, posing risks for humans and natural ecosystems. We identify, manage and mitigate climate-related risks as part of our global risk management activities. In addition to addressing climate change with an aggressive GHG emissions-reduction strategy, we are focused on protecting our stakeholders by building resiliency to climate change across our supply chain. For more information on our governance, strategy and risk management as recommended by the Task Force on Climate-related Financial Disclosures, see our response to [CDP Climate Change](#) and our [Climate Change & Energy position statement](#).

We began reporting our Scope 1, Scope 2 and certain Scope 3 GHG emissions in 1997 and contributed to the development of the initial version of the [Greenhouse Gas Protocol](#).

We estimate our 2019 GHG emissions footprint (Scope 1, 2 and 3) at 4.9 million metric tons CO₂e,⁹ down 6% from the prior year. The main factor contributing to this decrease was GHG emissions associated with the decreased sales and production of certain products in 2019.

BAXTER'S GLOBAL GHG EMISSIONS FOOTPRINT, 2019

Since 2015, we have offset GHG emissions related to global business travel with United Airlines through the [CarbonChoice program](#). During 2019, this included 3,700 metric tons CO₂e offset on Baxter's behalf through the [Rio Preto-Jacundá REDD+](#) (reducing emissions from deforestation and forest degradation) project, a Verified Carbon Standard, and Climate Community & Biodiversity Standards project in the Brazilian Amazon.

[VIEW THE DATA SUMMARY AND VALUE
CHAIN ENERGY USAGE AND GHG
EMISSIONS TABLE FOR MORE DETAIL](#) >

GHG Emissions From Operations**2020 GOAL**

**Reduce absolute
GHG emissions
by 10%**

Achieved

[VIEW ALL 2020 GOALS](#)

Through 2019, we reduced our absolute GHG emissions from operations by 15% compared with 2015, exceeding our goal. Total emissions from operations equaled 619,000 metric tons CO₂e in 2019.

Reducing [energy](#) use is vital to our sustainability strategy, as energy use accounts for 99% of

Baxter's GHG emissions from operations. Other tactics to decrease GHG emissions in 2019 included fuel switching, cogeneration, onsite renewable energy systems, renewable power procurement and green buildings.



We were recognized as the 31st largest corporate purchaser of renewable energy in the United States during the year.¹¹

Since 2007, we have maintained carbon neutrality at our headquarters in Deerfield, Illinois, through electricity generated from certified renewable energy sources. We offset facility-related emissions from purchased electricity.

During 2019, we sourced 235,000 MWh of 100% renewable electricity for our European manufacturing sites. This represented 94% of total electricity for manufacturing in the region. In most cases, savings from our energy sourcing strategy in Europe finance the premium for green electricity contracts.

GHG EMISSIONS FROM BAXTER OPERATIONS*

Thousand Metric Tons CO₂e Metric Tons CO₂e per Million Dollars of Sales



**Metric tons CO₂e per
Million Dollars of Sales** 57 55 54

* The regional breakdown of the data included in this graph reflects the structure of the Environmental, Health, Safety and Sustainability (EHS&S) organization and the categorization of data in the EHS&S global information management system through 2019.

[VIEW THE DATA SUMMARY AND VALUE
CHAIN ENERGY USAGE AND GHG
EMISSIONS TABLE FOR MORE DETAIL](#) >

Air Emissions

Since 2015, we have reduced [toxic air emissions](#) by 43% indexed to revenue. Due to reductions realized under an aggressive air toxics program initiated in 1988, we did not establish a goal in this area in 2015, instead focusing our environmental goals on other material areas. We continue to monitor our air emissions and support facility-led initiatives in this area.

2019 HIGHLIGHTS

RESPONSIBLE PROCUREMENT AND LOGISTICS

Implement world-class sustainability practices with key partners

**82%**

of participating suppliers earned advanced or moderate scores on our Supplier Corporate Responsibility Survey

**\$101.8 million**

in spending with minority-owned businesses and

\$96.0 million

in spending with women-owned businesses*

**100%**

of UPS shipping outside the United States offset using carbon credits, nearly 2,900 metric tons CO₂e of greenhouse gas emissions

* Spending with suppliers that certify for multiple categories is included in the total for each category. United States and Puerto Rico. Fiscal year basis [October 1 through September 30 of the year noted].



Apex Companies LLC has provided assurance on the content in this section.

Baxter is committed to driving sustainable practices in our global supply chain, which extends from the producers of the raw materials we use in manufacturing to the distribution network for product delivery to patients and healthcare providers. Collaboration is central to our approach, and we engage our suppliers on key corporate responsibility issues, including human rights, business ethics, labor practices, health and safety, and environmental performance.

Responsible Procurement

Baxter works to increase the diversity of our suppliers and support sustainable practices within and across our supply chain. In addition to traditional considerations, such as quality and price, we integrate social and environmental criteria into our requests for proposal and supplier contract templates.

Supplier Diversity

2020 GOAL

Increase spending with diverse suppliers to 6% of relevant spending

[VIEW ALL 2020 GOALS](#)

Baxter develops mutually beneficial relationships with small and diverse suppliers and continually works to increase the diversity of our supplier base. During 2019, our purchases with diverse suppliers totaled 5.2% of relevant spending.¹

We also develop the capability of diverse suppliers through targeted matchmaker conferences and networking events. In 2019, we hosted our annual Supplier Diversity Exchange at our corporate headquarters. The half-day networking event educated small, minority-owned, women-owned and other diverse business enterprises on best practices for conducting business with Baxter.

During 2019, one of our disability-owned suppliers, Caption First, provided captioning services for a Baxter EnAbles Business Resource Group event. This partnership illustrates the importance Baxter places on inclusion and diversity within our supply chain and our workforce.

Baxter is a Committed Corporation in [Chicago United's Five Forward Initiative](#)—a program that encourages companies to foster economic opportunity by building

SPENDING WITH DIVERSE SUPPLIERS, 2019*



* Spending with suppliers that certify for multiple categories is included in the total for each category. United States and Puerto Rico. Fiscal year basis (October 1 through September 30 of the year noted).

[VIEW THE DATA SUMMARY
FOR MORE DETAIL](#)

Protecting Human Rights in Our Supply Chain

Baxter's [Global Human Rights Policy](#) outlines our commitment to respect human rights across the value chain and our expectation that suppliers do the same, either in accordance with our policy or under their own similar policies. To enable this, we make appropriate training available to targeted suppliers, conduct supplier assessments and report progress.

Baxter adheres to supply chain transparency requirements where applicable, through publicly available statements. In addition to our Global Human Rights Policy, Baxter's [UK Modern Slavery Statement](#) declares our commitments and approach to ensuring that our local operations and global supply chain are free from modern slavery practices, including child labor, forced and bonded labor, and human trafficking. We also have a position statement related to the [California Transparency in Supply Chains Act of 2010](#).

In addition, for some products sold in the UK, we have implemented a Labor Standards Assurance System (LSAS). It includes a [UK LSAS Policy](#), a relevant labor standards supply chain risk assessment, management commitment, employee awareness training and key performance indicators. This management system provides us with a clear framework through which to approach human rights and labor standards and improves our ability to manage supply chain risks in these areas. We have a cross-functional team that maintains our LSAS program and integrates it with our supplier sustainability work.

Managing Procurement Risks

Baxter takes a risk-based approach to managing corporate responsibility issues in our supply chain. Our [Supplier Quality Standards](#) and [Ethics and Compliance Standards for Baxter Suppliers](#) outline expectations and requirements for all our suppliers.

strategic relationships with local, minority-owned businesses. In 2019, we were recognized by Chicago United at the diamond level, the highest level possible, for our participation in this initiative and the commitment we demonstrate to supplier diversity.

We maintain corporate memberships with many organizations that promote and certify diverse suppliers, and have served on the National Minority Supplier Development Council Board. These relationships help us identify diverse suppliers for inclusion in our supply chain, increase our visibility within the diverse supplier community and advance progress in this area more broadly.

[Learn more about supplier diversity at Baxter.](#)

To improve our corporate responsibility performance, we integrate supplier sustainability into our overall supplier management processes and conduct an annual assessment of key suppliers (representing 70% of Baxter's supplier spend) to evaluate cost, delivery, quality and risk. As part of this process we also examine the financial risk of suppliers to ensure we don't have any disruptions in supply. We work with suppliers who receive low scores on this assessment to develop continuous improvement plans, which we review regularly to monitor progress. Scores from our annual [Supplier Corporate Responsibility Survey](#) feed directly into this assessment.

Using a trusted third-party service, we receive notifications if disruptions occur in areas of the world where our suppliers are located. Such disruptions could include natural disasters, fires, major weather events or geopolitical activity. Using this information, we're able to respond quickly to ensure supply continuity.

SUPPLY CHAIN CORPORATE RESPONSIBILITY MANAGEMENT SYSTEM

Establish Policies

Communicate clear policies and standards

- Supplier Quality Standards
- Ethics and Compliance Standards for Baxter Suppliers
- Global Human Rights Policy
- UK Labor Standards Assurance System

Assess Risk

Identify and prioritize suppliers based on risk

- Identify top suppliers by annual spend
- Assess comparative risk based on geographic location, commodity type and other factors
- Conduct Supplier Corporate Responsibility Survey

Monitor and Manage Performance

Use established processes and metrics to monitor progress

- Conduct supplier audits
- Develop and confirm progress on corrective action plans

Report Performance

Regularly disclose performance and highlight progress

- Supplier Corporate Responsibility Survey report card
- Annual Corporate Responsibility Report
- Investor surveys
- Ratings and rankings

Supplier Corporate Responsibility Survey

Baxter conducts an annual Supplier Corporate Responsibility Survey to better understand the programs and performance of our suppliers and drive continuous improvement. In 2019 and early 2020, we engaged EcoVadis to use its sustainability ratings platform to survey our supplier base and validate responses in the areas of environment, labor and human rights, ethics, and sustainable procurement. A total of 101 suppliers participated in the survey. Of those, 48% were from Europe, Middle East and Africa (EMEA); 39% from the Americas; and 14% from Asia Pacific (APAC).² Suppliers receive detailed scorecards on their corporate responsibility management practices, including information about strengths and benchmark comparisons, as well as actionable

improvement areas. We plan to use these scorecards to drive ongoing improvement and anticipate an increase in participation as we expand our efforts to engage suppliers in the coming years.

Supplier Audits

In past years, the Baxter Supplier Sustainability team has worked with our Environmental, Health, Safety and Sustainability team to conduct supplier audits, aligned with the [Pharmaceutical Supply Chain Initiative \(PSCI\)](#) protocol, which covers ethics; labor; environment, health and safety; and related management systems. During 2019, we did not conduct any of these audits as we worked to expand our capabilities in this area. We plan to reinstitute these audits in future years.

During 2019, 725 audits of Baxter suppliers were conducted related to management systems for product quality. Learn more about our approach to [patient safety and quality](#).

Industry Collaboration

Baxter collaborates with other companies and organizations within the healthcare industry to improve efficiency and advance responsible procurement.

We are a member of PSCI and have served on the PSCI advisory panel. We encourage our suppliers to participate in the PSCI supply chain audit program and leverage other PSCI capability-building opportunities. In addition, we have taken part in the PSCI Supplier Capability Building Committee and several subcommittees, including the Human Rights and Labor subcommittee. Through this work, we have helped to establish industrywide best practices, including those related to management systems, human rights/labor, and ethics and compliance in the pharmaceutical and healthcare industries.

SUMMARY OF SUPPLIER CORPORATE RESPONSIBILITY SURVEY SCORES, 2018–2019*

Percent of Participating Suppliers

	Advanced		Moderate		Partial		Insufficient	
	2018	2019	2018	2019	2018	2019	2018	2019
Environment	40%	36%	45%	47%	12%	17%	2%	1%
Labor and Human Rights	23%	23%	55%	54%	21%	23%	1%	1%
Ethics	17%	15%	55%	58%	26%	27%	1%	1%
Sustainable Procurement	18%	22%	40%	43%	40%	33%	2%	3%
Overall	25%	27%	60%	55%	14%	18%	1%	1%
Cross-Industry Average	3%	3%	38%	39%	55%	54%	3%	4%

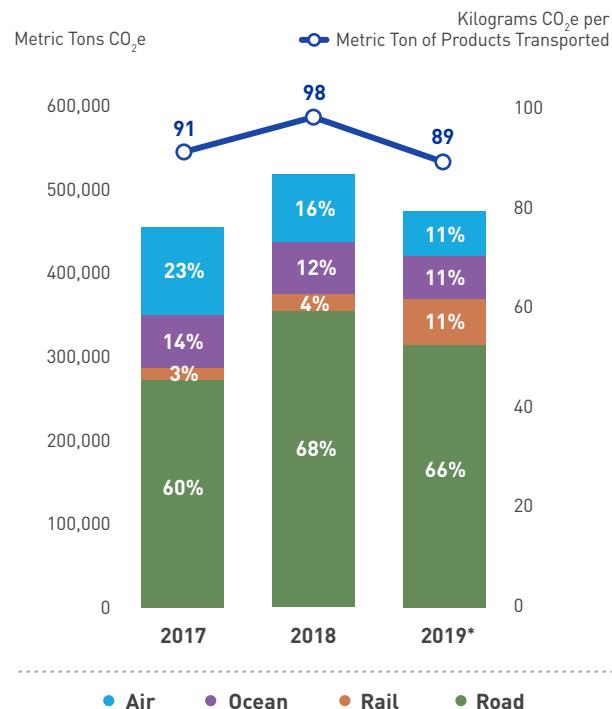
* The performance categories presented in this table align with the EcoVadis methodology. "Advanced" indicates structured and proactive corporate responsibility (CR) approach; policies and tangible actions on major topics with significant CR reporting. "Moderate" indicates structured and proactive CR approach; policies and tangible actions on major topics with basic CR reporting. "Partial" indicates no structured CR approach; few tangible actions on selected topics; certifications related to sites and/or products are only partial. "Insufficient" indicates no engagements or tangible actions regarding CR. Evidence in certain cases of misconduct (e.g. pollution, corruption).

To establish a secure supply chain, we participate in programs such as the Customs Trade Partnership Against Terrorism Program (CTPAT), which supports a secure and reliable supply of lifesaving medical products. This includes shipments of raw materials and finished products both to and from various Baxter locations, foreign suppliers, distributors and customers. As an importer and exporter, Baxter has been recognized as a Tier III Partner (the highest level possible) in the program since 2011. During 2019, the U.S. Customs and Border Protection agency conducted a CTPAT revalidation of our site in Memphis, Tennessee. We received a positive report, confirming that Baxter meets or exceeds CTPAT criteria.

Green Logistics

Baxter transports more than five million metric tons of raw materials and finished goods each year throughout our global supply chain, primarily in partnership with third-party vendors and carriers. We have processes and initiatives to reduce the environmental impact of our distribution activities and decrease greenhouse gas (GHG) emissions related to product transport.

WORLDWIDE GHG EMISSIONS FROM PRODUCT TRANSPORT BY MODE



*Segments do not add up to 100% due to rounding.

[VIEW THE DATA SUMMARY
FOR MORE DETAIL](#)

Our worldwide GHG emissions from product transport totaled 472,500 metric tons CO₂e in 2019. This is equivalent to 89 kilograms CO₂e per metric ton of products transported, a 9% decrease from 2018.

Baxter's approach to improving efficiency and decreasing emissions from product transport includes:

2020 GOAL
Expand green transport partnerships to all business regions globally
 Achieved
[VIEW ALL 2020 GOALS](#)

Environmentally responsible partnerships Baxter is one of a select number of companies that participate in the U.S. Environmental Protection Agency's SmartWay program as both a Carrier and Shipper Partner. We use carbon credits to offset all of our UPS shipping outside the United States.

During 2019, we offset nearly 2,900 metric tons CO₂e of GHG emissions through this program.

Technology innovation We are continuing to pilot and implement transportation methods that decrease emissions, with a focus on deliveries in urban areas. During 2019, we began using vans fueled by liquefied natural gas for deliveries in Milan and Rome, Italy. We also laid the groundwork to begin using electric vehicles for deliveries in London, England, in 2020.

Modal shift Combining multiple transportation modes for a single shipment—for example, converting road to rail for parts of a route—can decrease costs and overall GHG emissions. In 2019, we continued converting road freight to rail worldwide. To replace air freight with ocean and rail wherever possible, we have implemented an air approval process across the company that requires all large, unplanned shipments to receive senior manager approval.

As a result, the total weight of air freight declined by 14% in 2019 compared with 2018, and GHG emissions associated with air freight decreased by 34%, equivalent to 27,300 metric tons CO₂e. In cases where air shipments are still necessary, we are reducing plastic waste through the use of reusable, temperature-controlled packaging.

Optimizing the distribution network The use of innovative technologies, such as transport management systems and route optimization tools, saves time and money while improving environmental performance. Therefore, we have implemented an ocean export consolidation center for the majority of our EMEA export shipments, with continued growth in the number of facilities using the center in 2019. The center combines shipments from different warehouse locations in Europe and optimizes loads so that containers are less likely to be shipped partially full. This reduces the total number of containers shipped and saves money while increasing supply frequency. In this way, we avoided the use of 232 ocean containers that would have otherwise shipped in 2019, up from 204 containers avoided in 2018.

Conservation of resources When possible, we conserve natural resources at our distribution facilities. In 2019, for example, our Hechingen, Germany, facility reduced the number of wooden pallets used by 30% compared with 2018 through load optimization. During the year, our Marion (North Cove), North Carolina, facility tested use of recycled wood pallets for outbound shipments. The program is expected to reduce the use of new wooden pallets by 60,000 annually, equivalent to approximately 7,500 trees.³ We are exploring the possibility of using this approach globally and assessing pallet designs that use less wood. Additionally, we are evaluating a shift toward reusable plastic pallets and slip sheets when possible.

2019 HIGHLIGHTS

INNOVATION THAT EXPANDS ACCESS TO CARE

Improve access to healthcare
for the underserved



Nearly
\$17 million
in products
donated



866,000+
people benefited
from the Driving
Your Health program
since 2016



23,000+
patients in 9 countries
served by outpatient
dialysis clinics and centers
of excellence through
Baxter Renal Care Services

Guided by our mission and inspired by the millions of patients and caregivers who rely on our products, we are dedicated to nurturing, developing and delivering innovative healthcare solutions. Baxter and the Baxter International Foundation strategically invest in new collaborations and partnerships with world-renowned institutions, deploying our people, products and grants globally to increase access to Baxter's lifesaving products and therapies. Our Government Affairs and Public Policy team works with lawmakers, governments and policymakers to support this objective.

Product Donations

Making sure that healthcare providers and patients around the world have access to Baxter's lifesaving innovations is essential—including underserved communities and people facing extenuating hardships, whether due to financial constraints or natural disasters. Targeted product donations is one way Baxter expands access to care in these situations.

2020 GOAL

Pre-position donated products with donor partners to enable optimal distribution and first-on-scene response

Achieved

[VIEW ALL 2020 GOALS](#)

Humanitarian Assistance: Manufacture-To-Donate Program

We manufacture products twice a year specifically for donation to our three trusted humanitarian partners: [Americares](#), [Direct Relief](#) and [Partners In Health](#).

This manufacture-to-donate strategy, an industry best practice, means our partners can rely on having critically needed, long-dated products year-round—not just during emergency situations. In 2019, we donated products valued at nearly \$17 million, enhancing access to care for patients around the world. See [Summary of 2019 Giving](#).

Through our partnership with [Americares](#), we also donate products to support U.S. medical outreach teams that travel overseas to provide charitable care to underserved populations. During 2019, Baxter products were distributed in 39 countries as part of 274 medical mission trips supported by [Americares](#). [Learn more](#) about Baxter's longstanding partnership with [Americares](#).

Our product donation strategy aligns with the guidance established by the [World Health Organization guidelines for medicine donations](#) and the [Partnership for Quality Medical Donations \(PQMD\) Guidelines](#). Baxter serves on the board of PQMD to support global best practices in product donations.

U.S. Patient Assistance Program

Through our U.S. Patient Assistance Program, we make chemotherapy drugs available to cancer patients who have financial barriers to access and who lack insurance or prescription drug coverage. We have offered Cyclophosphamide since the program's inception in 2009, and in 2019, we expanded to include Doxil.

Disaster Relief

We support disaster relief efforts that expand access to care in partnership with our humanitarian partners through disaster preparedness, and immediate response and recovery efforts. During 2019, we responded to several disasters globally. For example, we provided emergency product donations to support Hurricane Dorian relief efforts in addition to disaster response grants from the Baxter International Foundation. Global disaster relief partners included the American Red Cross, Amicares, Direct Relief, International Medical Corps and UNICEF USA. Additionally, our Baxter Employee Disaster Relief Fund enables employees to donate funds to help co-workers impacted by disasters globally. The Baxter International Foundation provided seed funding and covers all costs related to management of the Fund, which allows 100% of employee donations to reach fellow colleagues.

The Baxter International Foundation

The [Baxter International Foundation](#), the philanthropic arm of Baxter International Inc., partners with organizations around the world to increase access to care for the underserved; to develop the next generation of healthcare innovators; and to create a long-lasting impact in the communities where our employees live and work. In 2019, the Foundation provided nearly \$7 million in cash contributions for programs in 31 countries. The grants funded programs focused on advancing safe surgery, diabetes prevention, nutrition and STEM education.

Signature Partnerships

2020 GOAL

Establish the Baxter International Foundation Partnership Grant program in 2016 to drive increased access to healthcare for an incremental 10,000 patients annually



[VIEW ALL 2020 GOALS](#)

From 2016 through 2019, Baxter partnered on its first signature grant to support Driving Your Health (Manejando Tu Salud)—a free community mobile medical program that expanded access to healthcare in underserved communities throughout greater Mexico City. At the conclusion of our grant in 2019, the program had directly benefited approximately

85,400 people and indirectly benefited 781,300 people. Our partners on this project included Direct Relief, Asociación Mexicana de Diabetes de la Ciudad de México A.C., Casa de la Amistad para Niños con Cáncer, I.A.P., Asociación Gilberto A.C. and Orden de Malta de México A.C.



For stories that illustrate the impact of Driving Your Health, [view the interactive story map](#).

In 2019, the Baxter International Foundation implemented a new strategy to emphasize larger-scale, multiyear partnerships to help enhance quality healthcare in underserved communities globally. This new strategy is informed by the success of Driving Your Health, our first signature grant made in partnership with Direct Relief in Mexico. Through these investments, we are focused on improving access to care in the four primary areas shown in the graphic below.

STRATEGIC PRIORITIES: INCREASING ACCESS TO CARE

Baxter International Foundation



Noncommunicable Diseases/ Diabetes Prevention

Combat diabetes, a precursor to kidney disease, by supporting interventions that tackle barriers to awareness and prevention in underserved communities.



Clean Water/ WASH Initiatives

Remove barriers to access clean water by investing in global programs that improve water, sanitation and hygiene (WASH) practices in underserved communities.



Nutrition/ Malnutrition

Build healthy communities and remove barriers to access healthy food by investing in programs that address the coexistence of malnutrition with obesity and diet-related noncommunicable disease.



Digital and Telehealth Innovations

Support innovative health solutions and technologies that increase access to quality care for underserved communities.



Shyam received surgery at the care center in Durgapur, India, to repair his cleft lip when he was three years old.

Advancing Safe Surgery in India In 2019, Baxter established a three-year \$2.2 million partnership with Operation Smile to advance safe surgery in underserved communities. The partnership launched a new care center in Durgapur, West Bengal, and supports care centers in Mumbai, Srinagar and Bangalore that are operated in collaboration with Inga Health Foundation. These four centers treat patients of all ages with cleft conditions and work to improve the quality and completeness of cleft care in the country. The partnership also expands opportunities for education and training of local healthcare workers, equipping them with the skills and knowledge needed to deliver high-quality patient care. In the first year of the partnership, Operation Smile directly reached more than 10,000 individuals, including serving more than 2,500 patients with surgical and multidisciplinary services. To further our impact, in October 2019, Baxter employees around the world flashed their biggest smiles to raise money in honor of World Smile Day and advance access to safe surgery worldwide. All donations were matched 2-to-1 by the Baxter International Foundation, raising more than \$50,000 in total. [Learn more.](#)

Transformative Innovation Awards In partnership with Direct Relief, we launched a new program in 2019—the Transformative Innovation Awards for Community Health: Incorporating Nutrition to Improve Diabetes Health Outcomes. This three-year \$750,000 initiative aims to advance innovation in diabetes patient care at health centers and free and charitable

“

We are increasing access [to healthcare], making surgery affordable and making surgery available to poor patients in need. We have been able to do this thanks to the grant from Baxter and their confidence in Operation Smile.”

ABHISHEK SENGUPTA EXECUTIVE DIRECTOR, OPERATION SMILE INDIA

clinics. In the inaugural year, Direct Relief provided \$200,000 in awards to four organizations in the Greater Chicago area, which will expand access to care and education about diabetes and nutrition for prediabetic and diabetic patients. [Learn more.](#)

Baxter International Foundation Prize Programs

To support ongoing advancements that benefit patients and expand access to care, Baxter sponsors three prize programs that recognize organizations and individuals who have made outstanding contributions and exhibited leadership in healthcare research and health service delivery. The [William B. Graham Prize](#) is the highest distinction that researchers in the health services field can achieve, recognizing global contributions to improving public health through research. The [Foster G. McGaw Prize](#) recognizes U.S. healthcare organizations that deliver innovative programs to improve community health and well-being. The [Episteme Award](#) is bestowed biennially to a nurse who has contributed significantly to discovery, practice and knowledge development in the field of nursing.

Collaborating to Improve Healthcare

Through partnerships and stakeholder engagement, Baxter works to tackle global health challenges and expand the availability of our treatments, strengthen health systems and support public health worldwide through innovative solutions.

Our work includes educating patients, training physicians and healthcare professionals, and sharing best practices in manufacturing and treatment. Additionally, we collaborate with governments, companies and nonprofit organizations to promote policies and standards that enhance patient access to therapy and products. Through these efforts we are working to provide transformative solutions to improve healthcare.

Sharing Best Practices for Renal Care

Chronic kidney disease (CKD) affects 10% of the global population.¹ We estimate as many as four million people suffer from renal failure globally, which is the last stage of the disease progression and requires dialysis or a kidney transplant to stay alive. It's further estimated that millions more go undiagnosed and untreated globally. At Baxter, we seek to expand access to care and innovate across renal care therapies to reduce complications, improve outcomes and make dialysis care more efficient and effective.

2020 GOAL
Launch two new emerging market business models in Baxter's renal business
 Achieved
[VIEW ALL 2020 GOALS](#)

Our **Baxter Renal Care Services**, located in nine countries, function as outpatient dialysis clinics and centers of excellence to support patients through CKD management, peritoneal dialysis (PD) and hemodialysis therapies. We are currently caring for more than 23,000 patients in these clinics globally.

During 2018, **Baxter Renal Care Services** partnered with a government hospital in rural Indonesia to launch a pilot clinic to support access to the best clinical practices in PD and improve patient outcomes. By the end of 2019, the pilot clinic had more than 50 patients, and we are now engaging other facilities to discuss how we can replicate this clinic model throughout the country. We are also collaborating with the Ministry of Health to explore new business models that target early care for CKD management, which can reduce the economic burden on the public health system and improve overall clinical outcomes.

We opened our second **Baxter Renal Care Services** clinic in China in 2019. Located in Chengdu, the project was implemented in partnership with a major local medical device supplier, and it was recognized by local authorities as one of the most important foreign investments in the area's healthcare sector. This clinic has room for up to 50 dialysis beds, with the potential to serve approximately 450 renal patients. Remote consultation technology connects the clinic to leading healthcare professionals nationwide for medical advice. Our first clinic in China opened in 2018 in Xiamen, where it serves an average of 20 patients per month. Both clinics offer patient-centric care models, including extensive patient education and access to leading dialysis care options.

Additionally, we have a partnership with the International Society of Nephrology (ISN) to advance CKD education and improve access to therapy, particularly in emerging markets where the disease prevalence is growing fastest. The collaboration supports greater disease and therapy research and education, and works to help establish better care models that support higher standards of care at a lower cost in these countries. In 2019, we participated in an ISN stakeholder meeting with a focus on integrated kidney care in Indonesia.

We also announced the expansion of the Dialysis Health Imperative for Access, Choice and Equity program in the United States in 2019. This collaboration between Baxter, the NAACP and the Alliance for Home Dialysis aims to inform individuals within African-American communities in the United States about access to kidney care and the disproportionate impact kidney disease has on African-Americans and other people of color. This brings our three-year partnership investment to nearly \$850,000.

Public Policy

To deliver on Baxter's mission of saving and sustaining lives, we advocate for issues related to reimbursement, tax, trade and a variety of regulatory concerns. Baxter's Government Affairs and Public Policy team works with



Baxter CEO Joe Almeida meeting with U.S. Secretary of Health and Human Services, Alex Azar, in our Bloomington, Indiana, facility.

lawmakers, governments and policymakers worldwide to support patient access to Baxter's lifesaving therapies, improve the regulatory environment and reimbursement structure for our therapies, and increase understanding of the benefits of those therapies. We also collaborate with clinicians, nongovernmental organizations and patient groups to improve access to healthcare for millions of people worldwide.

See [Baxter's 2019 Political Contributions Report](#) for details about our political contributions as well as our membership in certain trade and industry groups.

During 2019, our key public policy focus areas included:

Advancing American Kidney Health Initiative In 2019, The U.S. Department of Health and Human Services unveiled an initiative aimed at increasing home dialysis and transplantation in the United States called the Advancing American Kidney Health Initiative (AAKHI). The centerpiece of AAKHI is the End-Stage Renal Disease (ESRD) Treatment Choices (ETC) Model, a mandatory payment model that provides financial incentives to dialysis clinics for achieving higher rates of home dialysis and transplantation. Currently about 90% of renal patients receive dialysis in a center, even though a home dialysis therapy option, such as PD, offers the convenience of therapy at home, provides equal or better outcomes for many patients and is a less costly alternative. Baxter supports the ETC Model and would like to see a comprehensive model that includes financial incentives for providers finalized in 2020. In 2019, Baxter

committed to supporting AAKHI by increasing PD supply for home dialysis in the United States. We announced that we would invest up to \$500 million and create up to 1,000 new jobs in the United States as part of this commitment, provided the ETC model moves forward as a comprehensive, mandatory program.

Natural disaster and pandemic relief During 2019, we continued to work with members of congress, the administration, U.S. Food and Drug Administration, the U.S. Department of Health and Human Services and the healthcare stakeholder community to minimize disruptions to patients caused by natural disasters. Among other activities, this included promoting U.S. public health preparedness in the case of a pandemic.

Promoting innovation in products for end-stage renal disease During 2019, we supported U.S. legislation and administration policy that provides incentives to develop new, innovative devices for patients suffering from ESRD.

Home delivery of renal products In the United States, state laws and regulations govern pharmaceuticals dispensing. We work to help shape state policies to better align with our Renal HomeCare Services.

Supporting diverse populations During 2019, Baxter representatives attended several events to learn more about health disparities affecting diverse populations and engaged key leaders about our efforts to serve patients with ESRD, which disproportionately impacts minority populations. These events included the National Minority Quality Forum Summit, the Congressional Black Caucus Foundation Annual Legislative Conference, and the Congressional Hispanic Caucus Institute Public Policy Conference.

Medical device tax repeal The medical device tax was fully repealed in late 2019. This provides Baxter additional opportunities to create new life-changing innovations for patients, support next-generation research and development, and potentially build new facilities or invest in other infrastructure projects.

2019 HIGHLIGHTS

SERVING OUR COMMUNITIES

Support communities worldwide
in enduring ways



\$28 million+

in cash and
products contributed
to communities
worldwide*



92

countries reached
through philanthropic
initiatives*



\$813,000

contributed by the Baxter
International Foundation
for the Matching Gift and
Dollars for Doers Programs

* By Baxter and the Baxter International Foundation.

Every day, Baxter and the Baxter International Foundation strive to make a meaningful difference in the lives of people who depend on our products and in the communities where our employees live, work and give. Through partnerships and social investments, we increase access to healthcare for the underserved, develop the next generation of innovators who will lead the way in advancing healthcare, and create a positive, long-lasting impact in communities worldwide. In addition, we actively encourage employee engagement in our communities through volunteerism and matching gift programs.

Supporting Access to Clean Water and Community Wellness

2020 GOAL

Complete two projects that support access to clean water or enhance sanitation in water-stressed areas



[VIEW ALL 2020 GOALS](#)

Access to clean water is crucial for good health and well-being, proper sanitation and hygiene, and disease prevention. Unfortunately, this vital natural resource is limited in many areas of the world, disproportionately affecting communities

with already constrained health infrastructure. To improve the health of people in underserved communities, Baxter invests in projects that support access to clean water and enhance sanitation in water-stressed areas where we have facilities.

During 2019, we continued our work with Fundación Solar, a nonprofit in Guatemala, to reduce natural resource use, improve community health, provide access to clean drinking water and empower women in Aguacatán, Huehuetenango. During 2019, Fundación Solar provided 250 families in five Aguacatán communities with water filters and wood-burning stoves that are safer and more energy-efficient than the traditional method of open-fire cooking. Fundación Solar also established a solar-powered system to capture rainwater at the Oficial Rural Mixta school, located in Llano del Coyote. The water will be used throughout the facility for handwashing and cleaning. Other partners engaged in this initiative include the Guatemalan Ministry of the Environment, Universidad del Valle and the United Nations.

We also continued our work on Project Srujan—a program that will provide clean water to 11 villages near Baxter's manufacturing site in Ahmedabad, India, home to 1,500 of our employees. This multimillion-dollar



Roof rain water harvesting structures have been instrumental in providing access to drinking water and reducing the burden on women who otherwise have to walk miles to source clean water. Baxter funded the construction of this structure, near our manufacturing facility in Ahmedabad, India.

initiative aims to benefit 25,000 community members by 2021. The project goals include: establishing water-related infrastructure, strengthening the villages' ability to sustainably manage water resources, educating local communities about water safety and security, and building capacity to manage resources. As of the end of 2019, Project Srujan had supported thousands of people through the construction of water tanks, bore wells, cattle troughs, water meters and rooftop rainwater harvesting structures. In addition, the project organized workshops in all 11 villages to promote education and behavioral change.

Fostering Tomorrow's Innovation Through STEM

Healthcare innovation is Baxter's lifeblood. Our goal is to develop the next generation of scientists, engineers and healthcare professionals. We take a hands-on approach to achieve this goal by supporting teachers and science, technology, engineering and math (STEM) education; encouraging employees to serve as mentors in communities worldwide; and creating diverse learning opportunities in the sciences. Through our STEM partners and committed employees, we are helping to advance tomorrow's healthcare breakthroughs.

In 2019, we launched the STEM Innovation Council—composed of Baxter leaders in research and development, biosurgery, clinical development, innovation and healthcare policy—to help optimize the Baxter International Foundation's strategic investments in STEM education partnerships globally. We also invited our STEM partners to a leadership summit, which brought together key stakeholders from across the STEM community to discuss how their collective resources, programs and relationships can create lasting community impact.

Additionally, during 2019, in continued partnership with Northwestern University, the [Baxter Center for Science Education](#) hosted 23 life science workshops for 334 teachers across 156 schools in Illinois. Through this partnership we have reached 233,000 students since 2009.

#BaxterGivesBack: Employee Volunteerism and Giving

Each year, our employees donate thousands of dollars and hours to help make a meaningful difference in Baxter communities globally.

The Baxter International Foundation is proud to support and amplify the initiatives of our employees through two programs. The Baxter International Foundation Matching Gift Program matches employee donations,¹ up to \$5,000 per year per employee. In 2019, the Foundation provided more than \$743,000 to match employee giving. Employees are also eligible for the Foundation's Dollars for Doers Program, translating their time into volunteer grants for eligible organizations. In 2019, 193 Dollars for Doers grants provided more than \$70,000 to hundreds of community organizations. By the end of the year, employees had volunteered more than 27,500 hours in 17 countries worldwide.

To further encourage local community engagement during 2019, the Baxter International Foundation launched a new program to provide each of our eight Business Resource Groups (BRGs) with a grant to extend to a nonprofit that supports diversity and inclusion initiatives. Organizations selected focus on a range of priorities, including girls in STEM, disability inclusion, women's career empowerment and LGBTQ initiatives.

Baxter World Environment Week

 Apex Companies LLC has provided assurance on the content in this Baxter World Environment Week section.

Through Baxter World Environment Week, we engage and educate employees on environmental sustainability and demonstrate our commitment to environmental responsibility and community engagement. In 2019, employees at 82 facilities in 31 countries, many with their families, sponsored events that included refuse clean-ups, tree plantings, native plant restoration and maintenance projects, native plant sales, and visits to local nature preserves, parks and gardens. Throughout the week, many Baxter employees also shared green practices, such as promoting sustainable commutes to work through use of public transportation, carpooling and bicycling; encouraging reusable water bottles; demonstrating ways to reuse plastics waste, such as collecting plastic shopping bags to make sleeping mats; and serving vegetarian and locally sourced meals.



Employees from our Hong Kong, China, sales office planted 30 native tree species at the Kadoorie Farm and Botanic Garden to support reforestation efforts.

Summary of 2019 Giving

During 2019, Baxter and the Baxter International Foundation donated cash and products valued at more than \$28 million to organizations serving the communities where our employees live and work.

#BAXTERGIVESBACK THROUGH EMPLOYEE VOLUNTEERISM AND GIVING, 2019



\$813,000

contributed by the Foundation
for Matching Gifts and
Dollars for Doers Programs



1,350

organizations
received gifts of time
and money



1,500

employees
participated



27,500+

employee
volunteer hours*

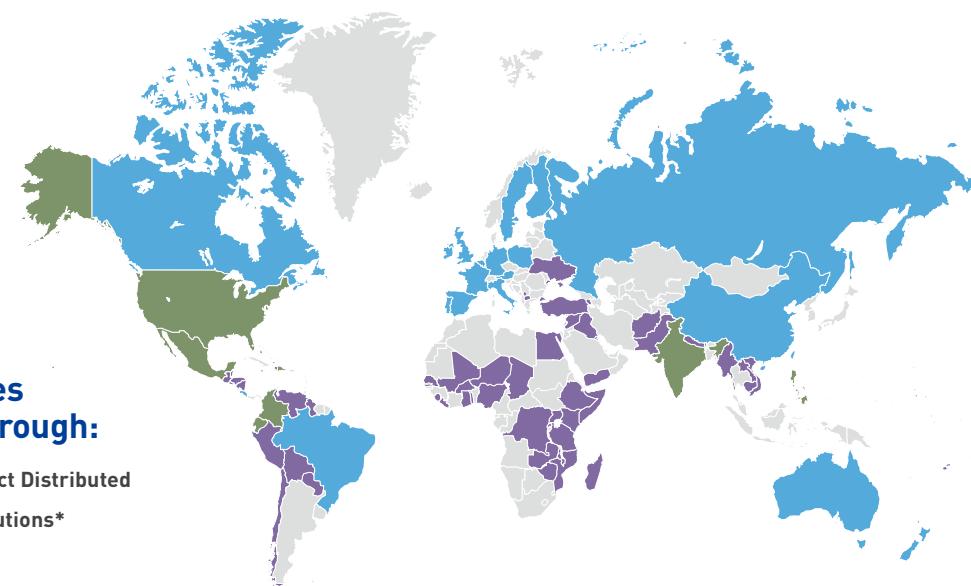


17

countries
reached through
employee giving

*Total volunteer hours include personal time and Baxter paid time. Baxter offers U.S. employees two days of paid-time-off per year to volunteer.

BAXTER GLOBAL GIVING, 2019



92 countries
reached through:

- Baxter Product Distributed
- Cash Contributions*
- Both

*Reflects programmatic location of Baxter International Foundation cash grants and scholarships.

BAXTER AND THE BAXTER INTERNATIONAL FOUNDATION CHARITABLE GIVING (DOLLARS IN MILLIONS)

2017 2018 2019

Baxter Product Donations to Aid Organizations*

	2017	2018	2019
Products/Patient Assistance Programs	\$8.83	\$5.60	\$16.81

Business and Facility Cash Donations

	2017	2018	2019
Within U.S.	\$3.35	\$1.55	\$1.21
Outside U.S.	\$4.49	\$3.81	\$3.56
Total	\$7.84	\$5.36	\$4.77

The Baxter International Foundation Contributions

Within U.S. (including Puerto Rico)

Grants**	\$1.72	\$4.64	\$4.77
Matching Gifts and Dollars for Doers	\$1.03	\$0.83	\$0.81
Scholarships	\$0.26	\$0.20	\$0.15
Prize Programs	\$0.32	\$0.41	\$0.33
<i>Subtotal</i>	\$3.33	\$6.08	\$6.06

Outside U.S.

Grants	\$0.64	\$0.43	\$0.66
Scholarships	\$0.12	\$0.15	\$0.11
<i>Subtotal</i>	\$0.76	\$0.58	\$0.77

Total Foundation Contributions **\$4.09** **\$6.66** **\$6.83**

Total Charitable Giving **\$20.76** **\$17.62** **\$28.41**

* Variations in Baxter's annual product donations are due to fluctuations in community needs, the need and volume of disaster relief response, the regulatory environment, manufacturing processes and changes in product mix and marketing. We identify opportunities to donate and respond to community and humanitarian aid partners as appropriate. Value of products donated (provided at no cost) is provided by partners based on wholesale acquisition cost at the time of donation. This number may be greater or less than the value of Baxter products distributed during the year by our relief partners. See [Innovation That Expands Access to Care](#).

** Contributions to U.S.-based 501(c)(3) organizations for programs within and outside of the United States.

APPENDIX: About This Report and Recognition

About This Report

External Reporting Standards

To develop our corporate responsibility reporting approach, we have considered the disclosure frameworks and guidance of leading sustainability standards and reporting organizations, including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the U.N. Sustainable Development Goals and third-party raters and rankers focused on environmental, social and governance issues.



We were one of the first companies to pilot the GRI Sustainability Reporting Guidelines, in 1999, and belong to the GRI Community. We referenced the [GRI 2016 Sustainability Reporting Standards](#) in the development of this report. See the [GRI Index](#) for detail.

Feedback

Readers of this report can provide comments and suggestions to us via email:
corporate_responsibility_report@baxter.com.

Scope of This Report

The performance and other data in this report are from calendar year 2019 unless stated otherwise. Some examples and program descriptions include information from 2020.

- This report covers Baxter's global operations, including subsidiaries, unless stated otherwise. Environmental, health and safety data include joint ventures where we have a controlling interest.
- The performance data in this report do not include parts of Baxter that became Baxalta on July 1, 2015, unless stated otherwise.
- All currency in this report is in U.S. dollars unless stated otherwise.
- Significant restatements of data compared with prior years are noted in the sections where they appear.
- This report is intended for global use. Please consult the appropriate country-specific Baxter website for information regarding activities in that country.
- Some statements in this report about products or procedures may differ from the licensed indications in specific countries. Therefore, always consult the country-specific summary of product characteristics, package leaflets or instructions for use. For more information, please contact a local Baxter representative.

Recognition

Baxter is proud to be recognized by numerous organizations and publications globally. These examples of our recent accomplishments highlight Baxter as an employer of choice, as a company that works to nurture an inclusive and diverse workplace, and as a socially and environmentally responsible business.

RECOGNITION HIGHLIGHTS (AS OF JUNE 2020)

- **A List**
CDP Climate Change
- **100 Best Corporate Citizens**
Corporate Responsibility Magazine
- **Top 10 Percent Inclusion Index Company**
Diversity Best Practices Inclusion Index
- **America's Best Employers for Diversity**
Forbes
- **America's Best Employers for Women**
Forbes
- **FTSE4Good Index Series**
- **Corporate Equality Index**
Best Places to Work for LGBTQ Equality
Human Rights Campaign
- **America's Most Just Companies Top 100**
JUST Capital
- **Top 100 U.S. Companies Supporting Healthy Communities and Families**
JUST Capital
- **Member of Dow Jones Sustainability Indices in Collaboration with RobecoSAM**
- **Top 70 Companies for Executive Women**
National Association for Female Executives
- **America's Most Responsible Companies**
Newsweek
- **Sustainability Yearbook**
S&P Global and RobecoSAM
- **Military Friendly Employer**
Victory Media
- **100 Best Companies**
Working Mother
- **Best Companies for Dads**
Working Mother

APPENDIX: 2018 Materiality Assessment Findings¹

For more information about the process we undertook and the key findings of our 2018 assessment, see page 6 of our [2018 Corporate Responsibility Report](#).

ISSUE	DESCRIPTION	IMPACT WITHIN VALUE CHAIN		
		Upstream	Baxter Operations	Downstream
Climate change	Reducing energy consumption and expanding use of renewable energy in Baxter's operations and reducing greenhouse gas emissions across our value chain; incorporating climate change strategy, including adaptation and resilience planning, into relevant business decisions. Learn more .	●	●	●
Community support and volunteerism	Supporting communities in need where Baxter has a presence, with partnerships aimed at addressing economic, environmental and social needs, including through financial contributions and employee volunteerism. Learn more .		●	
Diversity and inclusion	Maintaining an inclusive, nondiscriminatory hiring process and culture; providing employees equal pay for equal work regardless of gender, race, sexual orientation or disability; welcoming, leveraging and appreciating the uniqueness of every Baxter employee; and supporting supplier diversity. Learn more .	●	●	●
Employee attraction, development and retention	Attracting, engaging and retaining top talent by providing employees career and personal training and development opportunities, and designing succession plans to ensure there are qualified Baxter candidates for critical positions; upholding labor rights and ensuring that labor concerns can be reported. Learn more .		●	
Ethics and compliance	Providing an effective corporate governance structure, business processes, marketing standards, and reporting mechanisms, and fostering an open culture that demonstrates the highest ethics and anticorruption standards. Learn more .	●	●	●
Health, safety and well-being	Providing employees with a zero-harm workplace, an environment that encourages healthy choices, and resources to maintain and improve their health and safety and that of their families. Learn more .		●	
Healthcare access and affordability	Improving access to, and affordability of, Baxter products and services for populations in need through product innovation, public health initiatives, public policy efforts, business model innovation and strategic giving, which includes product donations and grants from the Baxter International Foundation. Learn more .			●
Human rights	Ensuring workers across Baxter's value chain are treated in accordance with international standards of human rights. Learn more .	●	●	●
Innovation	Investing in innovation that solves for unmet needs and improves patient outcomes and standards of care. Learn more .		●	●
Patient safety and quality	Helping to ensure quality and patient safety across the product life cycle through leading practices in design, materials use, manufacturing, communications, surveillance and reporting. Learn more .	●	●	●
Privacy and data protection	Protecting personal information from unauthorized or inappropriate collection, processing and disclosure, and protecting information resources from threats, whether internal or external, deliberate or accidental. Learn more .	●	●	●
Product sustainability	Incorporating and managing sustainability across the product life cycle (R&D and design, materials use including chemicals of concern, manufacturing, product transport, packaging, product use and end-of-life), and communicating sustainable product attributes to customers. Learn more .	●	●	●
Supply chain sustainability	Working with suppliers to improve their own sustainability programs and performance, as well as Baxter's. Learn more .	●		
Waste	Minimizing disposal of manufacturing waste from Baxter's operations, first through source reduction and reuse and then through recycling and energy recovery. Learn more .		●	
Water use	Reducing water use in Baxter's operations, increasing reuse, managing water discharge quality and protecting local water sources, especially in water-scarce areas. Learn more .		●	

APPENDIX: Baxter Data Summary

 Apex Companies LLC has provided assurance on the Employee Health and Safety, Operations, and Responsible Procurement and Logistics content in this section.

SECTION AND INDICATOR	2017	2018	2019	SECTION AND INDICATOR	2017	2018	2019
Financial Performance¹				Employee Health and Safety⁵ (continued)			
Net Sales (\$ millions)	\$10,584	\$11,099	\$11,362	Days Lost Rate⁸	3.62	2.88	2.14
U.S. Net Sales (\$ millions)	\$4,510	\$4,723	\$4,826	North America	7.62	6.54	5.88
International Net Sales (\$ millions)	\$6,074	\$6,376	\$6,536	Latin America	1.48	1.02	0.00
Net Income (\$ millions)	\$602	\$1,546	\$1,001	EMEA	2.70	2.36	1.47
Stock Price (\$ at year end)	\$64.64	\$65.82	\$83.62	Asia Pacific	0.00	0.00	0.01
Dividend (\$ per share)	\$0.61	\$0.73	\$0.85	Restricted Days Rate⁹	8.69	6.20	7.83
Research and Development (\$ millions)	\$615	\$654	\$595	North America	20.85	15.23	21.16
Workplace Culture				Latin America	0.42	0.56	0.55
Global Workforce by Job Level² (as a % of total)				EMEA	4.75	4.05	3.79
Executive	0.3%	0.3%	0.3%	Asia Pacific	1.23	1.00	1.43
Management	11.6%	11.1%	11.0%	Days Away (Lost), Restricted or Transferred Rate (DART)	12.31	9.08	9.97
Professional	25.3%	24.8%	25.6%	Employee/Contractor Major Incidents (total number)	7/0	6/1	5/1
Technical/Clerical	62.8%	63.8%	63.1%	Employee/Contractor Fatalities (total number)	0/0	1/1	0/0
Global Workforce by Gender (as a % of total)				Health and Safety Notices of Violation Settled	2	4	3
Women	49.4%	48.0%	47.8%	Health and Safety Fines Paid (in dollars)	\$8,500	\$7,130	\$9,382
Men	50.6%	52.0%	52.2%	Sources of Recordable Injury and Serious Incidents (as a % of total)			
Global Workforce by Region (as a % of total)				Ergonomic	22%	22%	24%
Americas ³	49.6%	49.8%	48.2%	Involving the Body (nonergonomic)	7%	6%	6%
Europe, Middle East and Africa (EMEA)	28.6%	26.6%	27.2%	Punctures	6%	12%	13%
Asia Pacific	21.8%	23.6%	24.6%	Struck by Object	20%	16%	15%
Representation of Women by Region (as a % of total)				Slips, Trips and Falls	19%	24%	22%
Americas ³	49.8%	49.9%	49.6%	Caught In, On or Between	12%	13%	13%
EMEA	47.4%	48.2%	47.2%	Forklifts and Other Vehicles	3%	4%	3%
Asia Pacific	51.2%	43.7%	44.9%	Other	11%	4%	4%
Representation of Women by Job Level² (as a % of total)				Operations¹⁰			
Executive	28.9%	33.3%	31.9%	Baxter Process-Related Toxic Air Emissions¹¹ (metric tons)	24	27	14
Management	40.1%	40.0%	39.7%	Cumene	3	3	4
Professional	49.2%	48.7%	47.3%	EtO	1	3	2
Technical/Clerical	51.4%	49.1%	49.5%	Methylene Chloride	2	3	1
Ethnic Minority Representation by Job Level²⁻⁴ (as a % of total, U.S. only)				Methanol	0	0	0
Executive	37.5%	38.5%	38.5%	DEHP	18	18	7
Management	19.0%	19.3%	18.4%	Other	0	0	0
Professional	26.3%	26.4%	26.5%	Kg Process-Related Toxic Air Emissions per Million Dollars of Sales	2	2	1
Technical/Clerical	30.4%	30.4%	30.0%	NOx and SOx Emissions¹² (metric tons)	585	543	551
Employee Health and Safety⁵				NOx	415	412	425
Recordable Incident Rate⁶	0.45	0.41	0.39	SOx	170	131	126
North America	0.91	0.72	0.82	Kg NOx and SOx Emissions per Million Dollars of Sales	55	49	48
Latin America	0.18	0.26	0.24	Energy Usage from Baxter Operations¹³ (trillions of joules)	9,210	9,481	9,575
EMEA	0.38	0.44	0.32	North America	3,858	4,036	4,238
Asia Pacific	0.04	0.08	0.07	Latin America	954	996	969
Cases with Days Lost Rate⁷	0.102	0.084	0.086	EMEA	2,815	2,830	2,750
North America	0.205	0.112	0.165	Asia Pacific	1,583	1,619	1,618
Latin America	0.270	0.043	0.000	Billions of Joules per Million Dollars of Sales	870	854	843
EMEA	0.103	0.168	0.148	Renewable Energy Usage (trillions of joules)	2,738	2,806	2,811
Asia Pacific	0.000	0.000	0.008	Facility Usage of Renewable Energy (as a % of total energy use)	30%	30%	29%

APPENDIX: Baxter Data Summary [continued]

SECTION AND INDICATOR	2017	2018	2019	SECTION AND INDICATOR	2017	2018	2019	
Operations¹⁰ (continued)								
Lean Energy Program Performance ¹⁴ (% of program criteria implemented across all manufacturing facilities, at year-end)				Wastewater Flow ²⁰ [total direct discharge, thousand cubic meters]	3,395	3,414	2,290	
Prerequisite				BOD ₅ [metric tons]	29	24	30	
Bronze	97%	99%	91%	BOD ₅ (mg/L)	9	7	13	
Silver	92%	96%	85%	COD [metric tons]	78	61	80	
Gold	80%	85%	74%	COD (mg/L)	23	18	35	
Baxter's Global Greenhouse Gas (GHG) Emissions Footprint (Scope 1, 2, and 3) ¹⁵ [metric tons CO ₂ e]. See Baxter Value Chain	64%	66%	56%	TSS [metric tons]	31	24	42	
Energy Usage and GHG Emissions for detail.	4,771,000	5,206,000	4,888,000	TSS (mg/L)	9	7	19	
GHG Emissions from Baxter Operations [metric tons CO ₂ e] ¹⁵	603,000	613,000	619,000	Environmental Compliance				
North America	250,000	255,000	264,000	Environmental Notices of Violation	5	11	22	
Latin America	67,000	70,000	67,000	Environmental Fines Paid ²¹ [in dollars]	\$4,727	\$79,500	\$0	
EMEA	126,000	124,000	121,000	Responsible Procurement and Logistics				
Asia Pacific	160,000	164,000	166,000	Spend with Suppliers ²² [United States and Puerto Rico] (approximate, dollars in billions)	\$2.1	\$2.8	\$2.9	
GHG Emissions from Operations per Million Dollars of Sales ¹⁵ (metric tons CO ₂ e)	57	55	54	Supplier Diversity²³ [dollars in millions]				
Total Waste ¹⁶ [metric tons]	71,000	71,300	71,900	Spend with Small Businesses	\$347	\$378	\$167	
North America	26,700	27,700	28,500	Spend with Minority-Owned Businesses	\$40	\$94	\$102	
Latin America	8,100	8,200	8,000	Spend with Women-Owned Businesses	\$84	\$80	\$96	
EMEA	28,400	27,300	25,800	Spend with Veteran-Owned Businesses	\$5	\$13	\$4	
Asia Pacific	7,800	8,100	9,600	Worldwide GHG Emissions from Product Transport, by Mode [metric tons CO₂e]				
Metric Tons of Total Waste per Million Dollars of Sales	6.70	6.42	6.33	Air	453,300	516,700	472,500	
Nonhazardous Waste ¹⁷ [metric tons]	62,900	62,800	62,800	Ocean	104,500	80,400	53,100	
North America	25,100	25,700	26,100	Rail	63,200	62,300	51,900	
Latin America	6,800	6,900	6,600	Road	14,500	21,100	54,300	
EMEA	23,400	22,400	20,800		271,200	352,800	313,200	
Asia Pacific	7,600	7,800	9,300	Worldwide GHG Emissions from Product Transport, by Region [metric tons CO₂e]				
Metric Tons of Nonhazardous Waste per Million Dollars of Sales	5.93	5.66	5.52	North America	453,300	516,700	472,500	
Regulated Waste ¹⁸ [metric tons]	8,100	8,500	9,100	Latin America	176,100	197,000	197,100	
North America	1,600	2,000	2,400	EMEA	53,900	50,800	64,200	
Latin America	1,300	1,300	1,400	Asia Pacific	175,700	185,400	164,100	
EMEA	5,000	4,900	5,000		47,600	83,400	47,100	
Asia Pacific	200	300	300	Baxter and the Baxter International Foundation Charitable Giving (dollars in millions)				
Metric Tons of Regulated Waste per Million Dollars of Sales	0.77	0.76	0.80	Total Charitable Giving	\$20.76	\$17.62	\$28.41	
Waste Management at Baxter [% of total]				Baxter Product Donations to Aid Organizations ²⁴				
Recycled (on-site or off-site)	60.3%	61.4%	56.8%	Products/Patient Assistance Programs	\$8.83	\$5.60	\$16.81	
Incinerated with Energy Recovery	15.3%	18.8%	18.1%					
Incinerated	4.8%	5.1%	5.1%	Business and Facility Cash Donations	\$7.84	\$5.36	\$4.77	
Sent to Landfill	15.4%	12.3%	17.0%	Within the United States	\$3.35	\$1.55	\$1.21	
Other Disposal	4.2%	2.4%	3.0%	Outside the United States	\$4.49	\$3.81	\$3.56	
Water Usage (thousand cubic meters)				The Baxter International Foundation Contributions	\$4.09	\$6.66	\$6.83	
North America	13,776	14,258	14,471	Within the United States [including Puerto Rico]	\$3.33	\$6.08	\$6.06	
Latin America	5,046	5,071	5,204	Grants ²⁵	\$1.72	\$4.64	\$4.77	
EMEA	1,672	1,793	1,734	Matching Gifts and Dollars for Doers	\$1.03	\$0.83	\$0.81	
Asia Pacific	4,094	4,278	4,387	Scholarships	\$0.26	\$0.20	\$0.15	
Thousand Cubic Meters Water Usage per Million Dollars of Sales	2,964	3,116	3,146	Prize Programs	\$0.32	\$0.41	\$0.33	
Water Usage, by Availability ¹⁹ (thousand cubic meters)	1.30	1.28	1.27	Outside the United States	\$0.76	\$0.58	\$0.77	
Extreme-Scarcity Water Resources	13,052	13,702	13,907	Grants	\$0.64	\$0.43	\$0.66	
Scarce Water Resources	644	846	818	Scholarships	\$0.12	\$0.15	\$0.11	
Stressed Water Resources	620	771	783					
Sufficient Water Resources	3,652	3,599	3,659					
Abundant Water Resources	3,360	3,537	3,543					
	4,776	4,949	5,104					

Political Contributions

See [Baxter's 2019 Political Contributions Report](#) for detailed data.

APPENDIX: Baxter Value Chain Energy Usage and GHG Emissions



Apex Companies LLC has provided assurance on the content in this section.

Baxter Operations ³	Units	ENERGY USAGE			JOULES (TRILLIONS)			ENERGY COSTS (DOLLARS IN MILLIONS)			CARBON DIOXIDE EQUIVALENTS ^{1,2} (THOUSAND METRIC TONS)		
		2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Scope 1 - Stationary Sources (facilities)													
Natural Gas	Million Cubic Meters	105	111	113	4,030	4,263	4,318	\$32.5	\$32.8	\$34.5	200	214	218
Fuel Oil	Million Liters	9	6	5	365	248	208	\$4.1	\$3.5	\$3.1	26	17	15
Propane and LPG	Million Kilograms	6	7	7	301	341	354	\$4.5	\$5.7	\$5.1	19	21	22
Biomass ⁴	Million Kilograms	136	135	144	950	940	986	\$3.0	\$3.2	\$4.4	2	2	2
Subtotal		n/a	n/a	n/a	5,646	5,792	5,866	\$44.1	\$45.2	\$47.1	247	254	255
Scope 1 - Mobile Sources (Baxter-operated vehicles)⁵													
Aviation Fuel	Million Liters	0.4	0.4	0.3	16	13	11	\$0.2	\$0.2	\$0.2	1	1	1
Gasoline	Million Liters	5.4	5.2	5.0	197	189	182	\$6.0	\$6.0	\$5.7	12	12	12
Diesel Fuel	Million Liters	12.9	12.3	12.9	494	475	493	\$9.8	\$13.0	\$13.2	35	33	35
Subtotal	Million Liters	18.7	17.9	18.2	707	677	686	\$16.0	\$19.2	\$19.1	48	46	47
Refrigerants⁶													
Refrigerant Losses (facilities)	Metric Tons	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9	9	8
Scope 1 Total		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	302	309	310
Scope 2 - Electricity and Purchased Steam													
Electricity (purchased) ⁷	Million Kilowatt-Hours	962	988	991	3,482	3,578	3,583	\$104.3	\$107.6	\$113.5	261	264	264
Electricity (on-site renewable)	Million Kilowatt-Hours	4	4	3	13	13	11	n/a	n/a	n/a	n/a	n/a	n/a
Purchased Steam	Million Kilograms	36	48	54	83	113	124	\$0.4	\$0.4	\$0.4	29	30	30
Scope 2 Total (market-based)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	301	304	308
Scope 2 Total (location-based)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	430	430	431
Baxter Operations Total		n/a	n/a	n/a	9,931	10,173	10,270	\$164.8	\$172.4	\$180.1	603	613	618
Scope 3 Emissions													
Purchased Goods and Services (Category 1) ⁸		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	750	787	805
Capital Goods (Category 2) ⁹		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	77	82	87
Fuel and Energy-related Activities (Category 3) ¹⁰		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	128	131	132
Upstream Transportation and Distribution (Category 4) ¹¹		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	453	517	472
Waste Generated in Operations (Category 5) ¹²		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	14	14	16
Business Travel (Category 6) ¹³		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	52	54	51
Employee Commuting (Category 7) ¹⁴		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	30	29	29
Upstream Leased Assets (Category 8) ¹⁵		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0
Downstream Transportation and Distribution (Category 9) ¹⁶		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	122	132	131
Processing of Sold Products (Category 10) ¹⁷		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	16	17	16
Use of Sold Products (Category 11) ¹⁸		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,369	2,658	2,366
End-of-life Treatment of Sold Products (Category 12) ¹⁹		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	157	171	165
Downstream Leased Assets (Category 13)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0
Franchises (Category 14)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0
Investments (Category 15)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0
Scope 3 Emissions Total		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4,168	4,593	4,270
Total GHG Emissions¹⁹		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4,771	5,206	4,888

APPENDIX: Baxter Facilities with ISO 14001, OHSAS 18001, ISO 50001 and Green Building Certifications¹



Apex Companies LLC has provided assurance on the content in this section.

Region/Country/ State/Province	City	ISO 14001	OHSAS 18001	ISO 50001	Green Building Certification	Region/Country/ State/Province	City	ISO 14001	OHSAS 18001	ISO 50001	Green Building Certification
North America											
Canada, Ontario	Alliston	X	X			Ireland	Dublin/Blackrock	X			
Canada, Ontario	Mississauga				Canada LEED Silver (2014)	Ireland	Dublin/Sandyford	X			
United States, Alabama	Opelika	X	X			Italy	Grosotto	X	X	X	
United States, Arkansas	Mountain Home/Midway	X	X	X		Italy	Medolla	X	X		
United States, California	Hayward	X	X			Italy	Rome	X	X		Italia LEED Gold (2015)
United States, California	Irvine	X				Italy	Sesto Fiorentino	X	X		
United States, Illinois	Round Lake, Manufacturing	X		X		Italy	Sondalo	X	X	X	
United States, Illinois	Round Lake, R&D				LEED Silver (2013) ²	Malta	Marsa	X	X	X	
United States, Indiana	Bloomington	X	X			Portugal	Sintra	X	X		
United States, Minnesota	St. Paul	X				Spain	Sabiñánigo	X	X	X	
United States, Mississippi	Cleveland	X	X	X		Spain	Valencia	X	X		
United States, New York	Medina	X				Sweden	Lund				
United States, North Carolina	Marion (North Cove)	X	X			Sweden	Rosersberg				EU GreenBuilding (2011)
Latin America											
Brazil	São Paulo	X	X	X		Switzerland	Zurich				Minergie Plus (2010)
Colombia	Cali	X	X	X		Tunisia	Oued Ellil	X	X		
Dominican Republic	Haina	X				United Kingdom	Elstree				
Costa Rica	Cartago	X	X	X		United Kingdom	Croydon				
Mexico	Atlacomulco	X	X			United Kingdom	Northwood	X	X		
Mexico	Cuernavaca	X	X			United Kingdom	Northampton	X	X		
Puerto Rico	Aibonito	X	X			United Kingdom	Stockport	X	X		
Puerto Rico	Guayama	X				United Kingdom	Oxford	X	X		
Puerto Rico	Jayuya	X				United Kingdom	Thetford	X	X		
Europe, Middle East and Africa											
Belgium	Lessines	X	X	X		Asia Pacific					
Belgium	Lessines BDCE	X	X	X		Australia	Toongabbie	X	X	X	
France	Jonage-Lyon	X			BREEAM Good (2011)	China	Guangzhou	X	X		
France	Meyzieu	X		X		China	Shanghai	X	X		
Germany	Bielefeld	X	X	X		China	Suzhou	X	X		
Germany	Halle Westfalen	X	X	X		China	Tianjin	X	X		
Germany	Hechingen	X	X	X		India	Ahmedabad Office				LEED Gold (2018)
Greece	Athens (Herakleio)	X				Japan	Miyazaki	X			
Ireland	Castlebar	X	X	X		New Zealand	Auckland	X	X		
Ireland	Swinford	X	X			Philippines	Canlubang	X	X		
						Singapore	Woodlands	X	X	X	
						Thailand	Amata	X			

APPENDIX: Independent Assurance Statement



To: The Stakeholders of Baxter International Inc.

Introduction and Objectives of Work

Baxter International Inc. (Baxter) engaged Apex Companies LLC (Apex) to provide assurance of selected sections of Baxter's 2019 Corporate Responsibility Report. This Assurance Statement applies to the Subject Matter included within the scope of work described below.

This information and its presentation in Baxter's 2019 Corporate Responsibility Report ("the Report") are the sole responsibility of the management of Baxter. Apex was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on the accuracy of the Subject Matter. Baxter's 2019 Corporate Responsibility Report marks the 11th year for which we have provided assurance.

Scope of Work

The scope of our work was reasonable-level assurance of the following information included within the Report for the period January 1, 2019, to December 31, 2019 (the "Subject Matter").

Data and information included in the following sections of the Report:

- Product Innovation (except the Patient Safety and Quality subsection)
- Employee Health and Safety
- Operations
 - Greenhouse gas (GHG) emissions verification is documented under a separate verification declaration
- Serving Our Communities—Baxter World Environment Week subsection

Related material in the Report Appendix, including:

- Baxter Data Summary—Employee Health and Safety and Operations subsections
- Baxter Value Chain Energy Usage and GHG Emissions
- Facilities with ISO 14001, OHSAS 18001, ISO 50001 and Green Building Certifications

The scope of work also included limited-level assurance of the following Subject Matter:

Data and information included in the following section of the Report:

- Responsible Procurement and Logistics

Related material in the Report Appendix:

- Baxter Data Summary—Responsible Procurement and Logistics subsection

Our assurance does not extend to any other information included in the Report.

Reporting Boundaries

The following are the boundaries Baxter used for reporting sustainability data:

- Operational control
- Worldwide

Reporting Criteria

The Subject Matter needs to be read and understood together with Baxter's internal reporting requirements for facility environmental, health, safety and sustainability performance, as well as information described in the text, appendix, data tables and notes of the Report.

Limitations and Exclusions

Excluded from the scope of our work is any verification of information relating to:

- Activities outside the defined assurance period, which is the 2019 calendar year

- Positional statements (expressions of opinion, belief, aim or future intention) by Baxter and statements of future commitment
- Any financial data previously audited by an external third party
- Data and information included in sections of the Report not listed in the scope of work above

This assurance engagement relies on a risk-based selected sample of sustainability data and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Responsibilities

The preparation and presentation of the Subject Matter in the Report are the sole responsibility of the management of Baxter. Apex was not involved in the drafting of the Report or of the Reporting Criteria. Our responsibilities were to:

- Provide independent assurance about whether the Subject Matter has been prepared in accordance with the Reporting Criteria
- Form an independent conclusion based on the assurance procedures performed and evidence obtained
- Report our conclusions to the stakeholders of Baxter

Assessment Standards

We performed our work in accordance with Apex's standard procedures and guidelines for external Assurance of Sustainability Reports and the International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after Dec. 15, 2015), issued by the International Auditing and Assurance Standards Board. A materiality threshold of ±5% was set for the assurance process.

The work was planned and carried out to provide reasonable, rather than absolute, assurance of the Subject Matter except for the Responsible Procurement and Logistics section of the Report, which was carried out to provide limited assurance. We believe that our work provides an appropriate basis for our conclusions.

Summary of Work Performed

As part of our independent verification, our work included:

- Assessing the appropriateness of the Reporting Criteria for the Subject Matter
- Conducting interviews with relevant Baxter personnel who are responsible for collecting and reporting performance data and other Subject Matter
- Reviewing documentary evidence provided by Baxter
- Reviewing Baxter's systems for quantitative data aggregation and analysis during remote meetings with personnel from Baxter's offices in Round Lake and Deerfield, Illinois
- Assessing assumptions made, and the data scope and reporting boundaries. Auditing consolidated performance data, including review of a sample of data-to-source documentation
- Auditing a selection of the Subject Matter to the corresponding source documentation
- Auditing performance data during visits to operating sites located in: Albonito, Puerto Rico; Alliston, Ontario, Canada; Cali, Colombia; Marsa, Malta; Medolla, Italy; and Qiaoguang, China
- Assessing the disclosure and presentation of the Subject Matter with emphasis on principles of accuracy, accessibility, balance, clarity, comparability, reliability and timeliness and to ensure consistency with the Reporting Criteria

Conclusion

On the basis of our methodology and the activities described above, it is our opinion that the Subject Matter within the Product Innovation (except the Patient Safety and Quality subsection), Employee Health and Safety, Operations, and Serving Our Communities—Baxter World Environment Week sections of the Report, and related material in the Report Appendix:

- Is presented in accordance with the Reporting Criteria and is, in all material respects, fairly stated
- Is presented in a clear, understandable and accessible manner
- Allows readers to form a balanced opinion of Baxter's activities and performance during calendar year 2019

Also, on the basis of our methodology and the activities described above:

- Nothing has come to our attention to indicate that the data and information in the Responsible Procurement and Logistics section of the Report are inaccurate or that the information is not fairly stated.
- It is also our opinion that Baxter has established appropriate systems for the collection, aggregation, analysis and review of the Subject Matter.

Additional Commentary

During the assurance process, Apex observed that Baxter continues to improve its overall data collection and reporting processes at the site and corporate level. Opportunities for improving facility-level data collection, reporting and procedural documentation at some facilities were noted.

We recommend that Baxter corporate personnel continue to support individual facility personnel with collection and consolidation of site-specific metrics that are included in reporting.

Statement of Independence, Integrity and Competence

Apex is an independent professional services company that specializes in health, safety, social and environmental management services, including assurance, with more than 30 years history in providing these services.

Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

No member of the assurance team has a business relationship with Baxter International Inc., or its directors or managers, beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

The assurance team has extensive experience in conducting assurance on health, safety, social, environmental and ethical information, systems and processes. The team has more than 20 years combined experience in this field and an excellent understanding of Apex's standard methodology for the assurance of sustainability-related assertions.

JOHN A. ROHDE

Apex Companies LLC | Lakewood, CO

May 27, 2020

TREVOR DONAGHU

Apex Companies LLC | Pleasant Hill, CA

APPENDIX: Global Reporting Initiative (GRI) Index

This index references information related to disclosures from the Global Reporting Initiative Sustainability Reporting Standards 2016. The reported information may meet in part or in full the requirements of each GRI disclosure listed.

Disclosure	2019 Reporting	Disclosure	2019 Reporting
GRI 102: General Disclosures 2016		GRI 102: General Disclosures 2016 (continued)	
Organizational Profile			Governance
102-1 Name of the organization	Company Profile	102-18 Governance structure	Our Governance
102-2 Activities, brands, products and services	Baxter 2019 Annual Report on Form 10-K	102-19 Delegating authority	Corporate Responsibility
102-3 Location of headquarters	Baxter's corporate headquarters is in Deerfield, Illinois.	102-20 Executive-level responsibility for economic, environmental and social topics	Corporate Responsibility
102-4 Location of operations	Baxter 2019 Annual Report on Form 10-K	102-22 Composition of the highest governance body and its committees	Our Governance
102-5 Ownership and legal form	Baxter International Inc. [BAX] is a publicly traded company listed on the New York Stock Exchange.	102-23 Chair of the highest governance body	Our Governance
102-6 Markets served	Baxter 2019 Annual Report on Form 10-K	102-24 Nominating and selecting the highest governance body	Corporate Governance Guidelines
102-7 Scale of the organization	Operations; Baxter 2019 Annual Report on Form 10-K	102-25 Conflicts of interest	Corporate Governance Guidelines
102-8 Information on employees and other workers	Baxter Data Summary	102-31 Review of economic, environmental and social topics	Corporate Responsibility
102-9 Supply chain	Responsible Procurement and Logistics; Baxter Data Summary	102-33 Communicating critical concerns	Baxter 2020 Proxy Statement
102-10 Significant changes to the organization and its supply chain	Baxter 2019 Annual Report on Form 10-K	102-35 Remuneration policies	Corporate Governance Guidelines; Baxter 2020 Proxy Statement
102-11 Precautionary Principle or approach	Patient Safety and Quality; Sustainable Design; Materials Use	102-36 Process for determining remuneration	Corporate Governance Guidelines
102-12 External initiatives	Examples are included throughout this report.	Stakeholder Engagement	
102-13 Membership of associations	We engage with external organizations to help drive progress on a broad range of corporate responsibility issues. Examples include Advanced Medical Technology Association, the Ceres Company Network, the Global Reporting Initiative (GRI) Community, Healthcare Plastics Recycling Council, MedTech Europe, National Minority Supplier Development Council, Partnership for Quality Medical Donations, Pharmaceutical Supply Chain Initiative, Sustainable Healthcare Coalition, Vinyl Council of Australia and others.	102-40 List of stakeholder groups	Stakeholder Engagement
Strategy		102-42 Identifying and selecting stakeholders	Stakeholder Engagement; Baxter 2020 Proxy Statement
102-14 Statement from senior decision-maker	From the Chairman and CEO	102-43 Approach to stakeholder engagement	Stakeholder Engagement; Baxter 2020 Proxy Statement
Ethics and Integrity		Reporting Practice	
102-16 Values, principles, standards and norms of behavior	Protecting Human Rights; Ethics and Compliance; Responsible Procurement	102-45 Entities included in the consolidated financial statements	Baxter 2019 Annual Report on Form 10-K
102-17 Mechanisms for advice and concerns about ethics	Ethics and Compliance Helpline	102-46 Defining report content and topic boundaries	Materiality
		102-47 List of material topics	Materiality
		102-50 Reporting period	Calendar year 2019
		102-51 Date of most recent report	June 2019
		102-52 Reporting cycle	Yearly
		102-53 Contact point for questions regarding the report	corporate_responsibility_report@baxter.com
		102-55 GRI content index	This section
		102-56 External assurance	Assurance and Verification

APPENDIX: Global Reporting Initiative (GRI) Index (continued)

Disclosure		2019 Reporting	Disclosure		2019 Reporting
GRI 200 Economic Standard Series			GRI 300 Environmental Standards Series (continued)		
GRI 201: Economic Performance 2016			GRI 303: Water 2016		
Management approach		Innovation That Expands Access to Care; Serving Our Communities; 2018 Materiality Assessment Findings	Management approach		Operations; Water and Wastewater; 2018 Materiality Assessment Findings
201-1	Direct economic value generated and distributed	Serving Our Communities; Baxter Data Summary; Baxter 2019 Annual Report on Form 10-K	303-1	Water withdrawal by source	Water and Wastewater; Baxter Data Summary
201-2	Financial implications and other risks and opportunities due to climate change	Baxter CDP submission	303-2	Water sources significantly affected by withdrawal of water	Water and Wastewater; Baxter Data Summary
GRI 203: Indirect Economic Impacts 2016			GRI 305: Emissions 2016		
Management approach		Innovation That Expands Access to Care; Serving Our Communities; 2018 Materiality Assessment Findings	Management approach		Operations; GHG Emissions Across the Value Chain; GHG Emissions from Operations; 2018 Materiality Assessment Findings
203-1	Infrastructure investments and services supported	Innovation That Expands Access to Care; Serving Our Communities	305-1	Direct (Scope 1) GHG emissions	GHG Emissions Across the Value Chain; GHG Emissions from Operations; Baxter Data Summary; Baxter Value Chain Energy Usage and GHG Emissions
203-2	Significant indirect economic impacts	Innovation That Expands Access to Care; Serving Our Communities	305-2	Energy indirect (Scope 2) GHG emissions	GHG Emissions Across the Value Chain; GHG Emissions from Operations; Baxter Data Summary; Baxter Value Chain Energy Usage and GHG Emissions
GRI 205: Anticorruption 2016			305-3	Other indirect (Scope 3) GHG emissions	GHG Emissions Across the Value Chain; Baxter Data Summary; Baxter Value Chain Energy Usage and GHG Emissions
Management approach		Ethics and Compliance; 2018 Materiality Assessment Findings	305-4	GHG emissions intensity	GHG Emissions from Operations; Baxter Data Summary
205-1	Operations assessed for risks related to corruption	Ethics and Compliance	305-5	Reduction of GHG emissions	GHG Emissions from Operations
205-2	Communication and training about anticorruption policies and procedures	Ethics and Compliance	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x) and other significant air emissions	Baxter Data Summary
GRI 300 Environmental Standards Series			GRI 306: Effluents and Waste 2016		
GRI 301: Materials 2016			Management approach		Operations; Waste; 2018 Materiality Assessment Findings
Management approach		Sustainable Design; Materials Use; Product End-of-Life; 2018 Materiality Assessment Findings	306-1	Water discharge by quality and destination	Baxter Data Summary
301-3	Reclaimed products and their packaging materials	Product End-of-Life	306-2	Waste by type and disposal method	Waste; Baxter Data Summary
GRI 302: Energy 2016			GRI 307: Environmental Compliance 2016		
Management approach		Operations; Energy; 2018 Materiality Assessment Findings	Management approach		Operations
302-1	Energy consumption within the organization	Energy; Baxter Data Summary; Baxter Value Chain Energy Usage and GHG Emissions	307-1	Non-compliance with environmental laws and regulations	Baxter Data Summary
302-3	Energy intensity	Energy; Baxter Data Summary	GRI 308: Supplier Environmental Assessment 2016		
302-4	Reduction of energy consumption	Energy	Management approach		Managing Procurement Risks; Supplier Corporate Responsibility Survey; Supplier Audits; 2018 Materiality Assessment Findings
			308-2	Negative environmental impacts in the supply chain and actions taken	Supplier Corporate Responsibility Survey; Green Logistics; Baxter Value Chain Energy Usage and GHG Emissions

APPENDIX: Global Reporting Initiative (GRI) Index (continued)

Disclosure	2019 Reporting	Disclosure	2019 Reporting
GRI 400 Social Standards Series			
GRI 401: Employment 2016			
Management approach	Workplace Culture; 2018 Materiality Assessment Findings	Management approach	Responsible Procurement; 2018 Materiality Assessment Findings; Baxter Global Human Rights Policy; Baxter Code of Conduct; Baxter Supplier Quality Standard; Ethics and Compliance Standards for Baxter Suppliers; Baxter California Transparency in Supply Chains Act Position Statement; Baxter UK Modern Slavery Statement; Baxter Conflict Minerals Position Statement
401-1 New employee hires and employee turnover	Voluntary employee turnover was 10.7% in 2019.		
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Compensation and Benefits All benefits are generally provided to full-time and part-time employees.		
GRI 402: Labor/Management Relations 2016			
402-1 Minimum notice periods regarding operational changes	Minimum notice period varies by country. The length of the notice period is dependent on the type of change being made. Baxter is committed to providing appropriate notice and follows all relevant consultation and notice requirements.	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supplier Corporate Responsibility Survey; Supplier Audits
GRI 403: Occupational Health and Safety 2016			
Management approach	Employee Health and Safety; 2018 Materiality Assessment Findings	Management approach	Managing Procurement Risks; Supplier Corporate Responsibility Survey; Supplier Audits; 2018 Materiality Assessment Findings
403-2 Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	Employee Health and Safety; Baxter Data Summary	414-2 Negative social impacts in the supply chain and actions taken	Supplier Corporate Responsibility Survey; Supplier Audits
GRI 404: Training and Education 2016			
Management approach	Employee Engagement; 2018 Materiality Assessment Findings	Management approach	Public Policy
404-1 Average hours of training per year per employee	Employee Engagement	415-1 Political contributions	Baxter 2019 Political Contributions Report
404-2 Programs for upgrading employee skills and transition assistance programs	Employee Engagement		
GRI 405: Diversity and Equal Opportunity 2016			
Management approach	Global Inclusion and Diversity; 2018 Materiality Assessment Findings	Management approach	Patient Safety and Quality; Sustainable Design; Materials Use; 2018 Materiality Assessment Findings
405-1 Diversity of governance bodies and employees	Baxter Data Summary; Our Leadership	416-1 Assessment of the health and safety impacts of product and service categories	Patient Safety and Quality; Sustainable Design
GRI 408: Child Labor 2016			
Management approach	Responsible Procurement; 2018 Materiality Assessment Findings; Baxter Global Human Rights Policy; Baxter Code of Conduct; Baxter Supplier Quality Standard; Ethics and Compliance Standards for Baxter Suppliers	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Baxter 2019 Annual Report on Form 10-K
408-1 Operations and suppliers at significant risk for incidents of child labor	Supplier Corporate Responsibility Survey; Supplier Audits		
GRI 418: Customer Privacy 2016			
Management approach		Management approach	Privacy and Data Protection; 2018 Materiality Assessment Findings
GRI 419: Socioeconomic Compliance 2016			
Management approach		419-1 Non-compliance with laws and regulations in the social and economic area	Ethics and Compliance
			Baxter 2019 Annual Report on Form 10-K

APPENDIX: Endnotes

INTRODUCTION

- ¹ As of December 31, 2019.
- ² Data are from Aon Hewitt and IBM Kenexa. The global average database includes more than 400 companies and more than 19 million responses.
- ³ As used in this report, "materiality" or "material" refers to environmental, social and economic issues that are deemed to be of significant importance to our stakeholders and to the company. These "material" issues inform our corporate responsibility strategy, priorities and goals, and reporting, and are not the same as "material" issues for the purposes of the company's financial and SEC reporting in the United States.

2020 PRIORITIES AND GOALS

- ¹ This represents the total savings attributable to identified projects across the company, counted only for the first year the packaging innovation was implemented.
- ² Data are from Aon Hewitt and IBM Kenexa. The global average database includes more than 400 companies and more than 19 million responses. Top quartile is a subset of the global average.
- ³ In a comparison of 32 global companies across all industries, 24 reported global safety data to ORC HSE and 8 reported data on their public websites.
- ⁴ A single waste stream at a facility in Europe has government-mandated requirements. This waste stream is excluded from the total.
- ⁵ To more closely reflect production efficiency and support consistent evaluation of facility performance and trends, we exclude certain nonroutine, non-production-related waste streams from our total waste performance data and progress against our 2020 waste goal. These waste streams are construction and demolition debris, remediation waste and wastewater treatment sludge.
- ⁶ Includes spending with women-owned businesses and minority-owned businesses. Spending with suppliers that certify for more than one classification is counted only once. United States and Puerto Rico. Fiscal year basis (October 1 through September 30 of the year noted).

PRODUCT INNOVATION

- ¹ This includes Therapeutic Goods Administration in Australia, Health Canada in Canada, Health Products Regulatory Authority in Ireland, Agencia Española de Medicamentos y Productos Sanitarios in Spain, Medicines and Healthcare products Regulatory Agency in the United Kingdom, and Food and Drug Administration in the United States, among others.
- ² This represents the total savings attributable to identified projects across the company, counted only for the first year the packaging innovation was implemented.
- ³ **Floseal** Hemostatic Matrix Instructions for Use. Hayward, CA: Baxter Healthcare Corporation.

WORKPLACE CULTURE

- ¹ As of December 31, 2019.
- ² Data are from Aon Hewitt and IBM Kenexa. The global average database includes more than 400 companies and more than 19 million responses. Top quartile is a subset of the global average.
- ³ Managers are eligible to receive the scorecard if they have five or more direct reports and at least five of their direct reports responded to the survey. The October survey was administered via email. Employees without a Baxter email address, such as those in manufacturing, did not participate in the October survey.
- ⁴ These data do not represent all employee training and development but do capture a large portion of training for most employees.

ETHICS AND COMPLIANCE

- ¹ Data are from Aon Hewitt and IBM Kenexa. The global average database includes more than 400 companies and more than 19 million responses. Top quartile is a subset of the global average.

EMPLOYEE HEALTH AND SAFETY

- ¹ See Baxter Data Summary endnotes [6–9](#) for definitions of the injury and illness metrics used in this section.
- ² In a comparison of 32 global companies across all industries, 24 reported global safety data to ORC HSE and 8 reported data on their public websites.
- ³ Each year, profiles untouched for the previous three years are removed from the active database.

OPERATIONS

- ¹ The environmental data included in this report are based on 120 reporting locations, of which 52 are manufacturing, 19 are warehouse, and 49 are pharmacies, administrative, clerical or other. Several of the reporting units comprise multiple locations that report as a single entity. For example, in 2019, Baxter's 46 renal therapy sites in Colombia reported as a single entity. The reporting scope excludes certain leased facilities for which environmental performance data are not available or are not material to Baxter's overall environmental performance. The health and safety data included in this report are based on 172 reporting locations. The Environmental, Health, Safety and Sustainability (EHS&S) information reported covers 100% of Baxter's operations unless noted otherwise. EHS&S data are revised to reflect acquisitions, divestitures and plant closings as well as to incorporate any corrections necessary due to additional data verification activities (such as EHS&S audits). See the [Baxter Data Summary](#) for additional detail.

OPERATIONS [CONTINUED]

- ² Includes manufacturing facilities with energy costs that exceed \$200,000 per year and excludes two sites that underwent significant change or expansion in production during the reporting year.
- ³ One cubic meter equals 1,000 liters or 264 gallons.
- ⁴ Water value stream mapping is an interactive, lean manufacturing tool that helps facilities better understand the quantity and quality of water used in their processes and identify opportunities for reduction or reuse.
- ⁵ To more closely reflect production efficiency and support consistent evaluation of facility performance and trends, we exclude certain nonroutine, non-production-related waste streams from our total waste performance data and progress against our 2020 waste goal. These waste streams are construction and demolition debris, remediation waste and wastewater treatment sludge.
- ⁶ We report "regulated waste" rather than "hazardous waste." This term includes some materials that would otherwise be classified as nonhazardous waste in some countries, which helps Baxter harmonize waste reporting across locations. In addition to wastes typically considered hazardous (such as toxics and corrosives), we also include oils, biohazardous or infectious materials, batteries, fluorescent lamps, asbestos and other materials that may not be defined as hazardous waste by national legislation at the point of origin.
- ⁷ Incineration with energy recovery is considered recycling.
- ⁸ A single waste stream at a facility in Europe has government-mandated requirements. This waste stream is excluded from the total.
- ⁹ Our Scope 1 and Scope 2 emissions have a high level of certainty and have been verified for the past nine years to a reasonable assurance level by Apex Companies LLC. Scope 3 categories are based on various assumptions and estimates. For the past seven years, Apex Companies LLC has verified to a limited assurance level Baxter's methodology and emission factors for calculating Scope 3 GHG emissions. The market-based method is used for Scope 2 unless otherwise stated. Data in this report are presented in accordance with the GHG Protocol (Scope 1 and Scope 2) and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
- ¹⁰In 2019, we used biomass fuels to generate energy in boilers at two Baxter locations, one in the United States and one in Italy. During the year, emissions from the Baxter-operated biomass boilers equaled 152,000 metric tons CO₂. In accordance with the GHG Protocol, these are not included in reported Scope 1 and Scope 2 emissions. However, also in accordance with the GHG Protocol, we include CO₂ emissions from the CH₄ and N₂O components of biomass combustion in our reported Scope 1 emissions.
- ¹¹U.S. Environmental Protection Agency Green Power Partnership Fortune 500 Partners List. As of October 21, 2019.

RESPONSIBLE PROCUREMENT AND LOGISTICS

- ¹ Includes spending with women-owned businesses and minority-owned businesses. Spending with suppliers that certify for more than one classification is counted only once. United States and Puerto Rico. Fiscal year basis (October 1 through September 30 of the year noted).
- ² Segments do not add up to 100% due to rounding.
- ³ Based on <https://associated-pallets.co.uk/blog/environmental-impact-recycling-wooden-pallets/>. Last accessed May, 2020.

INNOVATION THAT EXPANDS ACCESS TO CARE

- ¹ Source: <https://www.kidney.org/kidneydisease/global-facts-about-kidney-disease>. Last accessed June, 2020.

SERVING OUR COMMUNITIES

- ¹ For employee donations to qualifying U.S. public charities. Houses of worship and political organizations are not eligible for the Foundation Matching Gift Program.

2018 MATERIALITY ASSESSMENT FINDINGS

- ¹ In this report, we are not using the terms "material" and "materiality" as defined for the purposes of financial and SEC reporting in the United States. Instead, the terms refer to environmental, social and economic issues that are of significant importance to our stakeholders and to the company. These "material" issues inform our corporate responsibility strategy, priorities and goals, and reporting. The issues in this table are listed in alphabetical order. The listing does not reflect the presumed importance or "materiality" of any particular issue to Baxter or our stakeholders.

BAXTER DATA SUMMARY

- ¹ As reported on March 17, 2020, financial results for the years ended December 31, 2017 and 2018 have been restated. See Note 2, Restatement of Previously Issued Consolidated Financial Statements, in Item 8, Financial Statements and Supplementary Data, of our Annual Report on Form 10-K for the year ended December 31, 2019 for additional information related to the restatement, including descriptions of the misstatements and the impacts on our consolidated financial statements.
- ² "Executive" includes vice presidents and above. "Management" includes directors and managers. "Professional" includes individual contributors. "Technical/Clerical" includes employees in operational and administrative/clerical roles.
- ³ Americas includes the United States (with Puerto Rico), Canada and Latin America.
- ⁴ Includes American Indian/Alaska Native, Asian, Black/African-American, Hispanic/Latino, Native Hawaiian/Other Pacific Islander and two or more races.

APPENDIX: Endnotes (continued)

BAXTER DATA SUMMARY (CONTINUED)

- ⁵ The regional breakdown of the data included in this section reflects the structure of the Environmental, Health, Safety and Sustainability (EHS&S) organization and the categorization of data in the EHS&S global information management system through 2019.
- ⁶ Work-related injuries or illnesses requiring medical attention beyond first aid, including cases with days lost. All rates based on 100 full-time employees working one year, which equals 200,000 work hours. For tracking purposes, Baxter follows U.S. Occupational Safety and Health Administration recordkeeping requirements worldwide. Thus, in cases where an injury occurs and conflicting medical opinions arise as to the number of days away and/or restricted days that should be recorded, we record on the basis of the most authoritative physician's opinion. For 2017, rates exclude acquisitions until January 1 of the first year following at least 18 months with Baxter. We include occupational diseases and illnesses, such as hearing loss and ergonomic disorders, within our broader categories of cases, but do not track or report those items separately. Due to privacy regulations in our Europe, Middle East and Africa region, we do not classify or report injuries by gender. Supervised contracted employees are included in the injury statistics reported below and are not tracked separately. Independent contractors are not included in Baxter's injury data, because they are supervised by other organizations.
- ⁷ Work-related injuries or illnesses that cause an employee to lose at least one full day after the date of the incident. Data has been updated from Baxter's 2018 Corporate Responsibility Report to reflect Baxter's improved performance.
- ⁸ The number of days lost (including weekends and holidays) recommended by the most authoritative physician's opinion due to work-related injuries or illnesses. We do not count the date of injury and date of return to full duty as lost days.
- ⁹ The number of days recommended by the most authoritative physician's opinion that an employee or supervised contractor is unable to work full duty (including weekends and holidays) due to a work-related injury or illness. We do not count the date of injury and date of return to full duty as restricted days.
- ¹⁰ The regional breakdown of the data included in this section reflects the structure of the Environmental, Health, Safety and Sustainability (EHS&S) organization and the categorization of data in the EHS&S global information management system through 2019. Some data for 2017 and 2018 are updated from data reported in the Baxter 2018 Corporate Responsibility Report, due to restated data from a few facilities and corrections made for accuracy purposes. Some totals vary from sum of items in category, due to rounding.
- ¹¹ Totals reflect the removal of methyl ethyl ketone (MEK) as an air toxic by the United States Environmental Protection Agency. EtO = ethylene oxide; DEHP = di(2-ethylhexyl) phthalate.
- ¹² Includes air emissions associated with on-site energy generation. Emission factors from the U.S. Environmental Protection Agency publication "Compilation of Air Pollutant Emission Factors," AP-42, Fifth Edition, Volume 1: "Stationary Point and Area Sources."
- ¹³ Excludes energy consumption associated with Baxter-operated mobile sources and renewable electricity generated on site.
- ¹⁴ Baxter's Lean Energy Program began in 2007. Early in 2016, we introduced new Lean Energy Program requirements and updated some existing ones to better align the program with ISO 50001 requirements for energy management.
- ¹⁵ Data differ slightly from the 2017 and 2018 totals stated in the Baxter Operations Total line of the [Baxter Value Chain Energy Usage and GHG Emissions](#) table, due to changes in emission factors.
- ¹⁶ Excludes waste associated with U.S. Renal Home Care operations, since patients dispose of unused product rather than returning it to Baxter for disposal. Also excludes construction and demolition debris, remediation waste and wastewater treatment sludge. Removing these waste categories from the company total allows for more consistent evaluation of facility performance and trends over time. Total waste and regulated waste data from 2018 are restated to reflect a correction in a facility's data.
- ¹⁷ Excludes production by-products reused on-site, construction and demolition debris, and wastewater treatment sludge. Includes discarded/returned products (such as intravenous solution, dextrose solution, etc.) that are nonhazardous in nature but may be classified as regulated in some countries. Excludes waste associated with U.S. Renal Home Care operations, since patients dispose of unused product rather than returning it to Baxter for disposal.
- ¹⁸ Excludes waste recycled on-site, remediation waste, construction and demolition debris, and wastewater treatment sludge. Includes certain waste streams (such as waste oils, batteries, fluorescent lamps, light ballasts and asbestos) not classified as regulated in some locations. Total waste and regulated waste data from 2018 are restated to reflect a correction in a facility's data.
- ¹⁹ Water usage from Baxter's 52 sites with the greatest use, representing 96% of the company's total annual water consumption. Availability of renewable water supplies evaluated using the World Business Council for Sustainable Development Global Water Tool. Extreme-scarcity areas have less than 500 cubic meters of renewable water resources per person per year. Water-scarce areas have at least 500 cubic meters but less than 1,000 cubic meters. Water-stressed areas have at least 1,000 cubic meters but less than 1,700 cubic meters. Water-sufficient areas have at least 1,700 cubic meters but less than 4,000 cubic meters. Water-abundant areas have greater than 4,000 cubic meters.
- ²⁰ Estimated total water pollutant levels for treated wastewater discharged directly into waterways. Data do not include one facility that operates zero-discharge systems in accordance with local regulatory requirements. BOD_5 refers to five-day biological oxygen demand; COD refers to chemical oxygen demand; TSS refers to total suspended solids. When actual performance data were not available, estimates are based on performance at similar facilities or on other measured performance indicators.
- ²¹ Of the \$79,500 in environmental fines Baxter paid in 2018, \$75,000 was associated with three Notices of Violation received in 2016.
- ²² Fiscal year basis (October 1 through September 30 of the year noted).
- ²³ United States and Puerto Rico. Fiscal year basis (October 1 through September 30 of the year noted). Accounts payable data are sent to a third party, which categorizes spending. Other categories include disability-owned, service-disabled-veteran-owned, LGBT-owned, small disadvantaged and HUBZone-certified businesses. HUBZone is a U.S. Small Business Administration program for small companies that operate and employ people in Historically Underutilized Business Zones. Spending with suppliers that qualify for more than one category may be included in the totals for each of the relevant categories.

BAXTER DATA SUMMARY (CONTINUED)

- ²⁴ Variations in Baxter's annual product donations are due to fluctuations in community needs, the need and volume of disaster relief response, the regulatory environment, manufacturing processes and changes in product mix and marketing. We identify opportunities to donate and respond to community and humanitarian aid partner requests as appropriate. Value of products donated (provided at no cost) is provided by partners based on wholesale acquisition cost at the time of donation. This number may be greater or less than the value of Baxter products distributed during the year by our relief partners. See [Innovation That Expands Access to Care](#).
- ²⁵ Contributions to U.S.-based 501(c)(3) organizations for programs within and outside of the United States.

BAXTER VALUE CHAIN ENERGY USAGE AND GHG EMISSIONS

- ¹ 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.
- ² Apex Companies LLC verified to a reasonable level Baxter's 2017–2019 Scope 1 and Scope 2 GHG emissions. Apex Companies LLC also verified to a limited level Baxter's methodology for determining 2017–2019 Scope 3 GHG emissions.
- ³ Some data for 2017 and 2018 are updated from data reported in the Baxter 2018 Corporate Responsibility Report for accuracy and to reflect updated emission factors.
- ⁴ 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 146,000, 145,000 and 152,000 metric tons CO₂ in 2017, 2018 and 2019, respectively. CO₂e emissions from CH₄ and N₂O components of biomass combustion are included in reported Scope 1 emissions.
- ⁵ 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.
- ⁶ 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.
- ⁷ Includes the purchase of electricity generated from 100% certified renewable electricity (Belgium, Brazil, France, Germany, Ireland, Italy, Spain, Sweden, United Kingdom and United States).
- ⁸ Estimated based on an environmentally extended input-output model from an independent third party and Baxter's revenue and sector of operation.
- ⁹ Estimated based on capital expenditures and an estimated emission factor per million dollars of capital expenditure from benchmarking with industry.
- ¹⁰ 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.
- ¹¹ Estimated by Baxter's independent transportation service provider based on shipment of products to our customers.
- ¹² Estimated emissions for wastewater treatment by municipalities and off-site waste recycling and disposal based on Baxter's waste generation by type, guidance provided by the Massachusetts Department of Environmental Protection (United States) and the U.S. EPA WARM model.
- ¹³ 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 using 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.
- ¹⁴ 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.
- ¹⁵ Emissions associated with upstream leased assets are included in Baxter's Scope 1 and 2 emissions.
- ¹⁶ 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.
- ¹⁷ Estimated based on an environmentally extended input-output model from an independent third party and revenue from Baxter's contract services business.
- ¹⁸ 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.
- ¹⁹ Totals do not include CO₂ emissions from Baxter-owned wood-fired boilers. See endnote 4 above for detail.

BAXTER FACILITIES WITH ISO 14001, OHSAS 18001, ISO 50001 AND GREEN BUILDING CERTIFICATIONS

¹ As of December 31, 2019, unless stated otherwise.

² The building with green certification noted is one of several buildings at the designated location.



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This report contains forward-looking statements concerning Baxter, including with respect to compliance, performance, goals, plans and initiatives. These statements are based on assumptions about many important factors, including the following, which could cause actual results to differ materially from those in the forward-looking statements: product development risks; continuity, availability and pricing of acceptable raw materials and component supply; risks related to cybersecurity or data leakage; failures with respect to compliance programs; accurate identification of and execution on R&D opportunities and realization of anticipated benefits; satisfaction of regulatory and other requirements; actions of regulatory bodies and other governmental authorities; changes in laws and regulations; product quality, manufacturing or supply issues; patient safety issues; and other risks identified in Baxter's most recent filing on Form 10-K and other SEC filings, all of which are available on Baxter's website. Baxter does not undertake to update its forward-looking statements.

References in this report to Baxter are intended to refer collectively to Baxter International Inc. and its U.S. and international subsidiaries.

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Cover Photo:

In 2019, Baxter and Operation Smile partnered to advance safe surgery in India. Operation Smile believes everyone deserves access to safe and effective surgical care and is motivated to help patients who too often face complex barriers to care, and endure the negative health effects and stigma of having a cleft condition. Baxter supports four year-round care centers, which greatly increase the availability, accessibility and financing for surgical and multidisciplinary care for patients and their families. In the first year, the centers served more than 2,500 patients with surgical and multidisciplinary services, and directly reached more than 10,000 individuals.