

## **Baxter Healthcare Ltd, Slavery and Human Trafficking Statement (financial year 2016)**

This statement is made pursuant to Section 54, Part 6 of the Modern Slavery Act 2015 and sets out the steps Baxter Healthcare Ltd is taking to ensure that slavery and human trafficking is not taking place in our supply chains or any parts of our business. Baxter Healthcare Ltd is a wholly owned subsidiary of Baxter International Inc. (Baxter International Inc. together with its subsidiaries are collectively referred to as “Baxter”).

Baxter manufactures and supplies pharmaceutical products and medical devices. We foster a culture of compliance with applicable laws, rules and regulations, and the highest standards of ethics and business conduct with respect to all human rights issues. Our commitment to fostering a culture of compliance extends to our relationships with suppliers. Based on a 2015 global data baseline, Baxter’s spends US\$5 billion annually with a supplier base consisting of more than 40,000 suppliers across all geographic regions providing raw materials, third party finished goods and indirect commodities. Baxter recognizes the responsibility to positively influence our suppliers. Baxter does not in any way endorse any form of modern slavery in our operations or in our supplier networks. We take a number of steps with respect to verification of our supply chain and certification of materials to ensure suppliers are operating in an ethical manner, including the following:

### ***Our Policy Framework:***

Baxter’s [Code of Conduct](#) defines the core principles that govern employee behaviour and how the company conducts its business, as well as provides tools and resources to help employees comply.

Baxter Healthcare Ltd employs a robust local policy framework internally to ensure that all its workers have the right to work in the UK, including right to work checks for all employees, regular audits thereof and published policies for managers on the Prevention of Illegal Working. As an ‘A’ rated sponsor we abide by the obligations required under UK Visa & Immigration, in relation to all sponsored and non-sponsored employees of Baxter Healthcare Ltd. For agency workers, a preferred supplier list of recruitment agencies is available and where agreements are in place with these agencies, the agreements state that the temporary employee must have the right to work in the UK. Baxter Healthcare Ltd. pays at, or above, the National Living Wage, and the National Minimum Wage (for those under the age of 25). Rates of pay are audited in line with any national increases.

We have incorporated rules against all forms of modern slavery into our [Ethics and Compliance Standards for Suppliers](#). Suppliers who conduct business with Baxter are required to acknowledge receipt of the document. Specifically, the Standards forbid the production or manufacture by suppliers of products or services (or incorporation of any materials therein) in violation of laws governing workers’ human rights, including human trafficking and slavery. The company requires our suppliers to comply with our standards and expectations as well as all laws governing purchasing, and may terminate agreements with suppliers that do not. Supplier contracts include language that permits Baxter to audit facilities at which any products and services provided to Baxter are manufactured and delivered to assess suppliers’ compliance with the standard.

Baxter has a published policy on Whistleblowing which provides a mechanism for our employees to report concerns. In addition, Baxter's Ethics and Compliance Helpline, a telephone and web resource, is available to employees, their families, suppliers and customers as another channel to report or seek guidance on any issues of concern.

***Due Diligence & Risk in our Supply Chains:***

On an annual basis, Baxter conducts a sustainability survey of its most critical suppliers to evaluate several non-financial performance factors and conduct supplier corporate social responsibility risk assessment. Particularly, the survey assesses whether these suppliers have programs to address potential human rights risks, including human trafficking and slavery (child, forced or bonded labour), and whether the supplier has had any human rights legislation violations: prosecution, blacklist, monetary penalty or non-monetary sanctions during the reporting year.

Additionally, Baxter is a member of the Pharmaceutical Supply Chain Initiative (PSCI), which focuses on responsible procurement, risk mitigation and supplier capacity building. PSCI has developed principles which cover expectations of suppliers to the healthcare industry and a related audit programme. PSCI's independent auditor and audit committee review audit results and monitor subsequent supplier corrective and preventive actions implemented. Baxter is evaluating the opportunity to incorporate modern slavery requirements within its own existing audit programmes, via the PSCI framework.

We recognise that our supply chain due diligence should be focused on the areas of highest risk. We are therefore committed to continuously strengthen our risk assessment process, focusing on countries and particular sectors of concern, for identifying potential areas for greater due diligence in future, as well as using the information from current due diligence activities to inform ongoing assessment.

***Training and Capacity Building:***

The company provides ongoing training and a Code of Conduct intranet site to keep employees informed about Baxter's ethics and compliance policies.

Responsibility for ensuring we continue to meet our obligations requires cross-functional collaboration between Procurement, Human Resources and EHS & Sustainability, and has the sponsorship of the UK Senior Management Team.

Baxter is committed to continuous improvement in its performance in this area. We will take a management system approach to ongoing supply chain transparency, incorporating requirements such as the NHS Supply Chain's Labour Standards Assurance Management System (LSAS) in the UK, as appropriate, to ensure a robust process for ongoing management is in place.



Andrew Goldney, General Manager – UK, Ireland and Nordics

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