



LRQA Independent Assurance Statement

Relating to Baxter's Greenhouse Gas Inventory for the 2023 Calendar Year

This Assurance Statement has been prepared for Baxter in accordance with our contract.

Terms of Engagement

LRQA was commissioned by Baxter Healthcare Corporation to provide independent assurance of Baxter's greenhouse gas (GHG) emissions inventory ("the Report") for the calendar year (CY) 2023 against the assurance criteria below to a reasonable level of assurance for Scope 1 and 2 emissions and materiality of 5%, and a limited level of assurance for Scope 3 emissions and materiality of the professional judgement of the verifier, using LRQA's verification procedure and ISO 14064 - Part 3 for greenhouse gas emissions. LRQA's verification procedure is based on current best practice and is in accordance with ISAE 3000 and ISAE 3410.

Our assurance engagement covered Baxter's operations and activities in operationally controlled sites worldwide, and specifically the following requirements:

- Verifying conformance with:
 - Baxter's reporting methodologies for the selected datasets; and
 - World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, revised edition (otherwise referred to as the WRI/WBCSD GHG Protocol) for the GHG data.¹
- Reviewing whether the Report has taken account of:
 - WRI/WBCSD GHG Protocol Scope 3 Accounting and Reporting Standard.
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
 - Direct (Scope 1), Energy Indirect (Scope 2) and Other Indirect (Scope 3) GHG emissions.
 - The following Scope 3 GHG emissions categories:
 - Category 1: Purchased Goods and Services
 - Category 2: Capital Goods
 - Category 3: Fuel- and Energy-Related Activities
 - Category 4: Upstream Transportation and Distribution
 - Category 5: Waste Generated in Operations
 - Category 6: Business Travel
 - Category 7: Employee Commuting
 - Category 9: Downstream Transportation and Distribution
 - Category 10: Processing of Sold Products
 - Category 11: Use of Sold Products
 - Category 12: End-of-Life Treatment of Sold Products

The following were excluded based on their de minimis contribution to the inventory:

- Sites with fewer than 20 employees;
- Sites smaller than 1,000 square feet;
- Non-manufacturing sites consuming less than 100,000 kWh per year; and
- Emissions from vehicle air conditioning.

¹ <http://www.ghgprotocol.org/>



LRQA’s responsibility is only to Baxter. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Baxter’s responsibility is for collecting, aggregating, analyzing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of, Baxter.

LRQA’s Opinion:

Scope 1 and 2 GHG Emissions:

Based on LRQA’s approach, except for the effect of the matters described in the Basis for Qualified Opinion, we believe that Baxter has, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable performance data and information as summarized in Tables 1 and 2 below.

The opinion expressed is formed on the basis of a reasonable level of assurance and at the materiality of 5%.

Basis for Qualified Opinion

- Baxter did not provide all invoices and other data and information evidence requested during the verification for Scope 1 and 2 emissions and Scope 3 waste emissions. The impact of the quantities covered by the omitted evidence was not material.

Table 1. Scope 1 and 2 GHG Emissions for CY 2023:

Scope of GHG emissions	Metric Tons CO ₂ e
Scope 1 GHG emissions	351,733
Scope 2 GHG emissions (Location-based) ¹	384,454
Scope 2 GHG emissions (Market-based) ¹	218,745
Biogenic CO ₂ emissions ²	119,417
Note 1: Scope 2, Location-based and Scope 2, Market-based are defined in the WRI/WBCSD GHG Protocol Scope 2 Guidance, 2015. Note 2: Biogenic CO ₂ emissions from wood combustion at Valtellina, Italy, and North Cove, North Carolina.	

Scope 3 GHG Emissions:

Based on LRQA’s approach nothing has come to our attention that would cause us to believe that Baxter has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable performance data and information as summarized in Tables 3 and 4 below.

The opinion expressed is formed on the basis of a limited level of assurance² and at the materiality of the professional judgement of the verifier.

² The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



Table 2. Summary of Baxter’s Scope 3 and Other GHG Emissions for CY 2023:

Scope of GHG emissions	Metric Tons CO ₂ e
Scope 3 GHG emissions: Category 1 Purchased Goods and Services ¹	1,537,992
Scope 3 GHG emissions: Category 2 Capital Goods ¹	153,570
Scope 3 GHG emissions: Category 3 Fuel- and Energy-Related Activities ²	143,399
Scope 3 GHG emissions: Category 4 Upstream Transportation and Distribution ³	396,644
Scope 3 GHG emissions: Category 5 Waste Generated in Operations ⁴	27,669
Scope 3 GHG emissions: Category 6 Business Travel ⁵	45,814
Scope 3 GHG emissions: Category 7 Employee Commuting	35,197
Scope 3 GHG emissions: Category 9 Downstream Transportation and Distribution	143,938
Scope 3 GHG emissions: Category 10 Processing of Sold Products ⁶	0
Scope 3 GHG emissions: Category 11 Use of Sold Products	817,851
Scope 3 GHG emissions: Category 12 End-of-Life Treatment of Sold Products	158,433
Other: Optionally reported GHG emissions from use of anesthetic gases ⁷	1,454,547
<p>Note 1: Emission factors - Conversion factors Kg CO₂ per £ spent, by SIC code 2020 from: UK and England’s carbon footprint to 2020 - GOV.UK (www.gov.uk); adjusted for inflation and exchange rate.</p> <p>Note 2: Emissions from Fuel- and Energy Related Activities (FERA) calculated using emission factors from GaBi 2021.</p> <p>Note 3: Emissions from Upstream Transportation and Distribution calculated using the EcoTransIT World Ecological Transport Information Tool for Worldwide Transport.</p> <p>Note 4: Emissions from waste include landfilled, incinerated and recycled waste. They also include wastewater treatment. Wastewater volume was estimated. Emissions from all other waste streams were calculated from waste-disposal data.</p> <p>Note 5: Baxter was unable to provide comprehensive granular data for business travel. Therefore, LRQA was only able to confirm consistency with supplier summaries of GHG emissions.</p> <p>Note 6: This was only relevant to BioPharma Solutions, which has been divested.</p> <p>Note 7: Per Baxter’s GHG reporting methodology, it has been determined that anesthesia gases are not hydrofluorocarbons (HFCs); therefore, they are not covered under the Kyoto Protocol. Total anesthesia gases manufactured by Baxter in CY 2023 and assumed to be released during use by end users consist of the following: HFE-236ea2, CHF₂OCHF₂ (Desflurane); HCFE-235da2, CHF₂OCHClCF₃ (Isoflurane); and HFE-347mmz1, (CF₃)₂CHOCH₂F (Sevoflurane).</p>	

LRQA’s Approach

LRQA’s assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence-gathering process for this assurance engagement:

- Conducting site tours of the facilities and reviewing processes related to the control of GHG emissions data and records;
- Interviewing relevant employees of the organization responsible for managing GHG emissions data and records;
- Assessing Baxter’s data management systems to confirm they are designed to prevent significant errors, omissions or mis-statements. We did this by reviewing the effectiveness of data-handling procedures, instructions and systems, including those for internal quality control;
- Verifying historical Scopes 1 and 2 GHG emissions data and records back to source for the CY 2023;
- Verifying historical Scope 3 GHG emissions data and records at an aggregated level for the CY 2023; and
- Reviewing Baxter’s base year recalculation policy for conformance with Chapter 5 of the WRI/WBCSD GHG Protocol. Though LRQA confirmed Baxter did recalculate their 2020 base year, LRQA did not verify the recalculated base year.



LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Signed

Dated: 24 June 2024

A handwritten signature in black ink that reads 'Brooke Farrell'.

Brooke Farrell
LRQA Lead Verifier
On behalf of LRQA, Inc.
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LRQA reference: UQA00002349 / 6104842

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