

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): September 28, 2020

Baxter International Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-4448

(Commission File Number)

36-0781620

(I.R.S. Employer Identification No.)

One Baxter Parkway, Deerfield, Illinois

(Address of principal executive offices)

60015

(Zip Code)

(224)948-2000

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$1.00 par value	BAX (NYSE)	New York Stock Exchange
		Chicago Stock Exchange
1.3% Global Notes due 2025	BAX 25	New York Stock Exchange
1.3% Global Notes due 2029	BAX 29	New York Stock Exchange
0.4% Global Notes due 2024	BAX 24	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter):

☐ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act: ☐

Item 7.01 Regulation Fair Disclosure.

The presentation furnished herewith as Exhibit 99.1 will be used in discussions with stockholders on or after September 28, 2020, as part of Baxter International Inc.’s stockholder engagement program.

Item 9.01 Financial Statements and Exhibits.

(d) [Exhibits](#). The following exhibits are provided as part of this Form 8-K:

Exhibit Number	Description
99.1	Shareholder Engagement Presentation
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 28, 2020

BAXTER INTERNATIONAL INC.

By: /s/ Ellen K. Bradford
Ellen K. Bradford
Senior Vice President, Associate General Counsel
and Corporate Secretary



Baxter

Fall Shareholder Engagement

Baxter International Inc.

October 2020

Safe Harbor Statement

This presentation includes forward-looking statements concerning Baxter's financial results, capital allocation activities and principle (including potential business development transactions), corporate governance goals and executive compensation program. The 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: demand for and market acceptance of risks for new and existing products (including the impact of reduced hospital admission rates and elective surgery volumes); product development risks; product quality or patient safety concerns; continuity, availability and pricing of acceptable raw materials and component supply; inability to create additional production capacity in a timely manner or the occurrence of other manufacturing or supply difficulties (including as a result of a natural disaster, public health crises and epidemics/pandemics, regulatory actions or otherwise); the impact of global economic conditions (including potential trade wars) and public health crises and epidemics, such as the novel strain of coronavirus (COVID-19), including any potential resurgence, on us and our customers and suppliers, including foreign governments in countries in which we operate; breaches or failures of the company's information technology systems or products, including by cyberattack, unauthorized access or theft (as a result of increased remote working arrangements or otherwise); the adequacy of the company's cash flows from operations (which may be negatively impacted by collectability concerns as a result of the COVID-19 pandemic or otherwise) and other sources of liquidity to meet its ongoing cash obligations and fund its investment program; loss of key employees or inability to identify and recruit new employees; future actions of regulatory bodies and other governmental authorities, including the FDA, the Department of Justice, the SEC, the New York Attorney General and foreign regulatory agencies, including the continued delay in lifting the warning letter at our Ahmedabad facility or proceedings related to the investigation related to foreign exchange gains and losses; the outcome of pending or future litigation, including the opioid litigation and litigation related to our internal investigation of foreign exchange gains and losses; the impacts of the material weakness identified as a result of the internal investigation and our remediation efforts, including the risk that we may experience additional material weaknesses or other deficiencies; proposed regulatory changes of the U.S. Department of Health and Human Services in kidney health policy and reimbursement, which may substantially change the U.S. end stage renal disease market and demand for our peritoneal dialysis products, necessitating significant multi-year capital expenditures, which are difficult to estimate in advance; failures with respect to compliance programs; accurate identification of and execution on business development and R&D opportunities and realization of anticipated benefits (including the acquisitions of Cheetah Medical and Seprafilm Adhesion Barrier from Sanofi); future actions of third parties, including payers; U.S. healthcare reform and other global austerity measures; pricing, reimbursement, taxation and rebate policies of government agencies and private payers; the impact of competitive products and pricing, including generic competition, drug reimportation and disruptive technologies; fluctuations in foreign exchange and interest rates; the ability to enforce owned or in-licensed patents or the prevention or restriction of the manufacture, sale or use of products or technology affected by patents of third parties; global, trade and tax policies; any change in laws concerning the taxation of income (including current or future tax reform), including income earned outside the United States and potential taxes associated with the Base Erosion and Anti-Abuse Tax; actions taken by tax authorities in connection with ongoing tax audits; and other risks identified in Baxter's most recent filings on Forms 10-K and 10-Q and other SEC filings, all of which are available on Baxter's website.

Executive Summary

Business Overview	▪ Leading global medical products company focused on transformative innovation to deliver smarter, more personalized care for patients and providers ▪ Addressing healthcare needs across the continuum of care, our product settings include hospitals, homes, pharmacies, and clinics ▪ Strengthening our portfolio and extending our impact through transformative innovation that spans prevention to recovery
COVID-19 Response Efforts	▪ Maximizing production of critical medical products to support increased patient care levels ▪ Protecting employee health and safety through enhanced infection control procedures, screenings at building entrances, and use of PPE by employees ▪ Donating more than \$2 million to relief partners around the world
Corporate Responsibility	▪ Corporate responsibility is fundamental to our strategic aspirations and supports our mission to save and sustain lives ▪ Committed to sharing information about corporate responsibility matters, including related goals and industry trends, annually with our Board ▪ Significant progress against our 2015 – 2020 corporate responsibility priorities and goals, which align with issues most relevant to our stakeholders
Inclusion & Diversity	▪ Global Inclusion Council advocates and drives priorities and develops and implements local inclusion plans ▪ Business Resource Groups support the recruitment, retention, engagement, and development of diverse employees ▪ Provide employees with inclusion and diversity training, tools and resources to build cultural awareness and competence ▪ Leadership team publicly committed to stand against racial prejudice and intolerance; signatory to CEO Action for Diversity & Inclusion pledge
Board & Governance	▪ Highly qualified, independent and engaged Board, with complementary skillset to support our long-term strategy and position us for success in a complex and rapidly changing healthcare environment ▪ Committed to ongoing refreshment, with two new independent directors appointed in February 2019 following evaluations with third-party assistance, and a third-party search firm retained to recruit another new director; four new independent directors added since 2017 ▪ Corporate governance guidelines to be revised to reflect an enhanced board leadership structure, based on shareholder feedback and votes
Executive Compensation	▪ Pay-for-performance philosophy effectively aligns the interests of management and our shareholders ▪ Significant proportion of executive compensation, including 90% of our CEO's 2019 target compensation, is "at risk" and subject to specific annual and long-term performance requirements ▪ Informed by stockholder feedback, the Compensation Committee made enhancements to our compensation programs for 2019 and 2020

Baxter: A Leading Medical Products Company

Baxter's mission to save and sustain lives inspires our work and our commitment to deliver products and services that are essential building blocks of healthcare

Global Footprint



100+
Countries Where
Baxter Products
are Sold



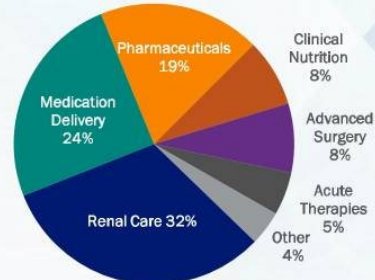
Manufacturing
Facilities in
20+
Countries



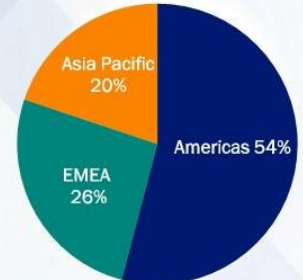
~50,000
Employees Worldwide

2019 Revenue | \$11.4B

By Global Business Unit



By Operating Segment



Industry-Leading
Portfolio



Global
Presence



Continuous
Innovation



Operational
Excellence

Baxter

Top Quartile Goals



Patient safety and Quality



Best place to work



Growth through innovation



Industry leading performance

Our Strategy

Strengthen our portfolio and extend our
impact through transformative innovation
that spans prevention to recovery

Executing On Our Strategy: Recent Highlights

Demonstrating Underlying Portfolio Resilience In Dynamic Environment¹

- Operational sales decline of (2%) in Q2 represents durability despite >\$180 million estimated net negative impact on total sales related to COVID-19
- Adjusted diluted EPS decline of (24%) in Q2 reflects lower sales in higher-margin businesses, incremental COVID-related operations and logistical expenses, higher interest expense, and a higher tax rate

Investing In Growth Opportunities And Executing On A Robust Pipeline Of Launches²

- Announced CE marking in Europe and regulatory approval from Australia's Therapeutic Goods Administration (TGA) for the Evo IQ Syringe Infusion System
- Received U.S. FDA De Novo authorization for TheraNova dialyzers enabling HDx therapy²
- Obtained U.S. FDA emergency use authorization (EUA) for Oxiris filter set, Regiocit, HF20 Set and ST Set used in CRRT²⁻⁴
- Continued integration of Cheetah Medical and Septrafilm assets acquired in Q4 2019 and Q1 2020, respectively²

Delivering Enhanced Value For Shareholders

- Prioritizing reinvestment in business and maintaining balance sheet flexibility in dynamic environment
- Increased quarterly dividend by 11%, reflecting strong financial position and commitment to driving value for investors

Creating A Best Place To Work And Demonstrating Leadership In Corporate Social Responsibility

- Issued annual Corporate Responsibility Report, highlighting Baxter's corporate citizenship priorities and efforts in 2019
- Recognized by numerous organizations and publications globally 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

Driving Our Strategy And Culture Forward While Meeting The Needs Of Patients And Providers In Ongoing Battle Against COVID-19

Prioritizing Financial Flexibility While Driving Value For Shareholders



Reinvestment In Business

Meeting the needs of patients and providers globally while continuing to invest in long-term innovation and accelerated launch cadence



Increased Dividend

Announced ~11% increase of quarterly dividend to \$0.245 per share; continuing to target ~35% dividend payout ratio over time



Suspended Share Repurchase Program

Temporarily suspended share repurchase program to drive further financial flexibility in the current market



Enhanced Liquidity

~\$4.1 billion of cash and cash equivalents as of June 30, 2020 with access to \$2.0 billion and €200 million in revolving credit if necessary



Strategic Business Development

Focusing investments on strategic opportunities to position the company for continued success

**Strong Balance Sheet Positioning Baxter For Sustained Durability
In Dynamic Market Environment**

Committed Response To The COVID-19 Pandemic

Increasing Product Supply & Distribution

- Boosted capacity and production to address higher demand for: PrisMax and Prismaflex and associated solutions and consumables; Mini-Bag Plus; Spectrum IQ Infusion System and accompanying I.V. sets; I.V. solutions; and injectable drugs
- Allocation process designed to dedicate additional inventory to hospitals based on established criteria, with a focus on allocating product to places with the greatest patient care needs
- Maximizing production levels and pursuing opportunities to increase supply; increased air freight capacity and frequency

Protecting Employee Health and Safety

- Implemented protective measures such as: enhanced infection control actions, remote working arrangements, restricted travel, symptom screening at building entrances, and use of PPE by employees
- Modified manufacturing operations to limit interactions between employee groups
- Instituted a special pandemic incentive for Baxter's front-line workers and a volunteerism program for Baxter employees with appropriate medical training and licensure to take a leave of absence and volunteer within their communities
- Introduced new resources focused on mind/body wellness, including BeWell@Baxter program, nutrition coaching, Headspace guided meditation app and well-being webinars, as well as support for working parents and caregivers

Donating To Humanitarian Relief

- Baxter International Foundation providing >\$2 million to support humanitarian relief on the front lines
- As part of support, announced \$1 million grant to Save the Children in addition to support for World Vision's COVID-19 Global Emergency Response; additional financial support to geographic-specific relief programs

Effectively Supporting The Healthcare System, Our Employees, And Our Communities During An Unprecedented Time

Demonstrating Leadership In Corporate Social Responsibility

Baxter 2015 – 2020 Corporate Responsibility Priorities and Goals



Meaningful Progress and Milestones Achieved

Progress from 2015 to 2019¹



2019 Energy Conservation Projects



2019 Recycling At Baxter



A Recognized Top Employer And Outstanding Corporate Citizen



Serving Our Communities Worldwide



Reducing Our Environmental Footprint



Expanding Access To Care



Focusing On Inclusion and Diversity

Representative Corporate Responsibility Recognition			
Newsweek America's Most Responsible Companies	Human Rights Campaign Foundation Best Places to Work for LGBTQ Equality	Disability Equality Index Best Place to Work for Disability Inclusion	
Forbes America's Best Large Employers	Forbes The Best Employers for Women	Working Mother 100 Best Companies	Working Mother Best Companies for Dads
Diversity Best Practices Top 10% Inclusion Index Company	Dow Jones Sustainability Indices	FTSE4Good	KKS Advisors Top Quartile on COVID-19 and Inequality Issues

	2018	2019	2020
3BL Media 100 Best Corporate Citizens	#64	#25	#23
Forbes / JUST Capital Most Just Companies	#90	#52	#46
CDP Climate A List	A-	A-	A

For more information on Baxter's efforts to benefit our communities, employees, and stakeholders, refer to our [2019 Corporate Responsibility Report](#).

Committed To Fostering An Inclusive Work Environment

Our global inclusion strategy focuses on four key areas:

1 Workforce

Recruit and build diverse and high-performing teams that are engaged and innovative

2 Workplace

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

3 Communities

Cultivate strategic and diverse supplier and community partnerships

4 Marketplace

Consider the needs of customers and their patients in all aspects of Baxter's business



We believe in **equal opportunity** and **prohibit employment discrimination or harassment**



We provide **inclusion and diversity training**, as well as **suggestions and actions to mitigate or remove bias**



Our Global Inclusion Council **advocates and drives our priorities**, as well as **develops and implements local inclusion plans**



We **value military experience** in our mission of saving and sustaining lives



Our Business Resource Groups support the **recruitment, retention, engagement, and development of diverse employees**



We support **education programs that promote inclusion and diversity** in the next generation

Recent Performance & Commitments

- ✓ In response to COVID-19, we introduced new resources to support our employees' safety, health and well-being, focusing on mind / body wellness, as well as support for working parents and caregivers
- ✓ Our leadership team has publicly committed to stand up against racial prejudice and intolerance
- ✓ In 2019, our CEO signed the CEO Action for Diversity & Inclusion pledge
- ✓ In 2019, we remained at or above external benchmarks for women (globally) and ethnic minority representation (U.S.) at most career levels. We continue to work to close gender and ethnic minority gaps at executive levels

Inclusion And Diversity Drives Innovation, Creates Trusted Partnerships With Customers, Suppliers and Community Partners, and Contributes To Our Success And Sustainability

Director Skillsets Support Effective Oversight Of Strategy

We are committed to ongoing director refreshment to ensure our Board has the right skills and background to effectively oversee our strategy and create long-term value for our stockholders

Complementary Skillsets



Balanced Board Tenure



JOSÉ (JOE) E. ALMEIDA
 ■ Chairman, President & CEO
 ■ Former Chairman, President & CEO, Covidien



THOMAS F. CHEN
 ■ Former SVP and President, International Nutrition, Abbott Laboratories
 ■ Committees: CGC, QCT



JOHN D. FORSYTH
 ■ Former Chairman and CEO, Wellmark
 ■ Blue Cross Blue Shield
 ■ Committees: CC*, CGC



JAMES R. GAVIN III, M.D., PH.D.
 ■ Chief Medical Officer & Former CEO, Healing Our Village
 ■ Committees: CGC*, QCT



PETER S. HELLMAN
 ■ Former President, Chief Financial and Administrative Officer, Nordson Corporation
 ■ Committees: AC, CC



MICHAEL F. MAHONEY
 ■ Chairman, President and CEO, Boston Scientific
 ■ Committees: CC, QCT



PATRICIA B. MORRISON
 ■ Former Executive VP, Customer Support Services & CIO, Cardinal Health
 ■ Committees: AC
 ■ New Director in 2019



STEPHEN N. OESTERLE, M.D.
 ■ Former Executive Committee Member and SVP, Medicine & Technology, Medtronic
 ■ Committees: CGC, QCT*
 ■ New Director in 2017



CATHY R. SMITH
 ■ Chief Financial Officer, Bright Health
 ■ Committees: AC
 ■ New Director in 2017



THOMAS T. STALLKAMP
 ■ Lead Independent Director
 ■ Founder and Principal, Collaborative Management
 ■ Committees: AC, CC



ALBERT P.L. STROUCKEN
 ■ Former Chairman and CEO, Owens-Illinois
 ■ Committees: AC*, CGC



AMY A. WENDELL
 ■ Former SVP, Strategy and Business Development, Covidien
 ■ Committees: QCT
 ■ New Director in 2019

Our focus on refreshment and diversity has led to four new independent directors since 2017, as well as the retainer of an outside search firm to identify potential new Board members with relevant backgrounds and skillsets

Board Leadership Structure

In response to the views expressed by shareholders at our 2020 Annual Meeting, we have committed to enhancing Baxter's Corporate Governance Guidelines

Benefits of Maintaining Current CEO / Chair Role

- ✓ Leverage Mr. Almeida's substantial knowledge of the medical device industry and extensive experience leading, operating and transforming global corporations
- ✓ Maintain continuity to allow for continued execution of our strong operational and stock price performance
- ✓ Benefit from Mr. Almeida's prior leadership experience as our Chair and Chair of another public company board
- ✓ Further enhance communication as Mr. Almeida will continue to effectively connect the Board and management team

Continued Independent Board Oversight

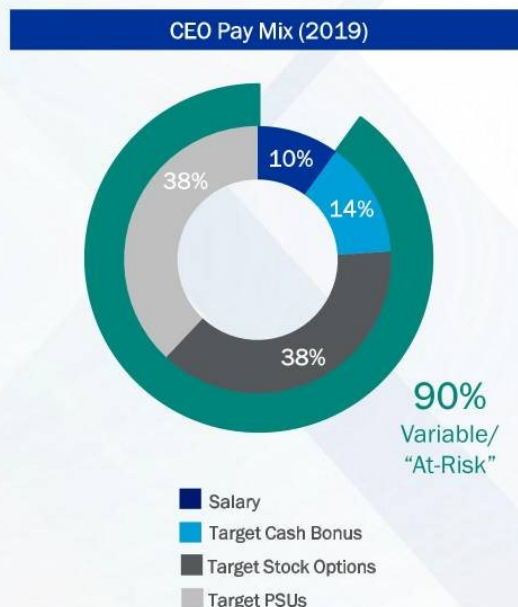
- ✓ Annually elected Independent Lead Director with robust role and clearly defined responsibilities that ensures independent Board oversight
- ✓ Regularly scheduled executive sessions, led by our Independent Lead Director, in accordance with our Corporate Governance Guidelines
- ✓ Committed to maintaining our established independent oversight functions, including our majority-independent board, fully-independent committees, annual evaluations of the Board and its committees, ongoing board refreshment practices and regular stockholder engagement

We plan to amend Baxter's Corporate Governance Guidelines to incorporate shareholders' views on independent board leadership. We intend to separate the CEO and Chair roles during the next CEO transition, unless the Board believes a combined role is in the best interests of shareholders and the company

Executive Compensation Aligned With Strategic Priorities

Our focus on pay-for-performance ensures executive compensation is tied to specific annual and long-term performance requirements that create long-term value for our stockholders

Pay Element	Objectives
Salary	- Provides a base level of competitive compensation - Used to attract and retain executive talent
Annual Incentive	- Motivates and rewards executives for company and individual performance against annually established financial targets and individual objectives - For 2019, financial targets included adjusted earnings per share (50%), adjusted net sales (30%) and free cash flow (20%)
Stock Options	- Motivates and rewards an executive's contributions to helping to achieve the company's long-term objectives and increasing stockholder value - Stock options recognize that it is in the best interests of the company to provide equity that will vest as long as the executive continues to serve at Baxter and are valued, in part, on the Company's performance during that period
Performance Share Units (PSUs)	- Motivates and rewards executive for company performance against financial targets and incorporates an assessment of the executive's past performance and future potential - PSUs recognize that a portion of an executive's equity awards should be completely "at-risk" - For 2019, financial objectives for PSU awards included adjusted operating margin (50%) and relative TSR (50%)



Compensation Program Reflects Stockholder Feedback

Informed by stockholder feedback from prior outreach discussions, the Compensation Committee made the following changes to its 2019 or 2020 executive compensation programs:

Restricted Stock Units (RSUs)

- Company did not issue any RSUs to named executive officers in 2019
- Compensation Committee has not authorized and does not intend to authorize the issuance of any RSUs to any executive officers in 2020, except as may be required to retain and attract key personnel

Performance Share Units (PSUs)

- Compensation Committee made all PSUs subject to three-year performance conditions beginning in 2020
 - One-third will be measured against Baxter's three-year TSR relative to the company's peer group,
 - One-third will be measured against a three-year sales compound annual growth rate (CAGR) target, and
 - One-third will be measured against a three-year Return on Invested Capital (ROIC) target
- TSR PSUs will be capped at 100% of target for a negative TSR result

Strong Governance And Compensation Practices

Our Board has adopted strong governance and compensation practices to provide stockholders with meaningful rights and to help ensure long-term focus and appropriate levels of risk-taking

Governance

- ▶ Annual election of directors
- ▶ Active stockholder engagement program
- ▶ Majority voting standard in uncontested elections
- ▶ Shareholder right to call special meeting
- ▶ Proxy access (3%/3 year/greater of 2 and 20%/20 aggregation)
- ▶ In August 2016, eliminated all remaining supermajority amendment provisions in connection with eliminating the previously classified Board

Compensation

- ▶ Pay-for-performance alignment
- ▶ Clawback policy
- ▶ Stock ownership guidelines for executives and directors
- ▶ Double-trigger change-in-control provisions¹
- ▶ No excise tax gross-ups on change-in-control payments
- ▶ No hedging, pledging, short sales, or derivative transactions

