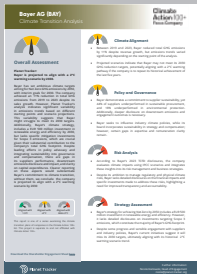


# Bayer AG (BAY) – Climate Transition Analysis

## Questions for investors and lenders to ask management

Recommended Questions	Report Key Takeaways
<p><b>Q.1</b> <b>Question:</b> <i>How will Bayer enhance its Scope 3 mitigation initiatives to achieve Net Zero by 2050?</i></p> <p><b>Background:</b> Bayer’s current climate strategy includes significant investments in renewable energy and efficiency but lacks detailed plans for Scope 3 emissions, which are the majority of its GHG footprint (Page 24 – Bayer CTA)</p> <p><b>Best Practice:</b> Develop and disclose specific plans targeting Scope 3 emissions reduction and its linked investment to align with its Net Zero climate goals.</p>	<ul style="list-style-type: none"> <li>• Bayer aims for Net Zero GHG emissions by 2050, with an interim target of reducing operating emissions by 42% and Upstream Scope 3 emissions by 12.3% by 2030.</li> <li>• The company faces challenges in maintaining consistent emissions reductions.</li> <li>• Its climate strategy includes a EUR 500 million investment in renewable energy and efficiency but lacks detailed plans for Scope 3 emissions.</li> <li>• Despite efforts in policy advocacy and supplier engagement, gaps remain in downstream emissions disclosure and the effectiveness of customer engagement initiatives.</li> <li>• Bayer’s initiatives suggest it may align with a 2°C warming scenario by 2030, indicating a potential shortfall in aligning with the latest Paris Agreement ambition of 1.5°C.</li> </ul> <p><b>Click to view the report online</b></p>  <p><b>Disclaimer:</b> <a href="#">click here</a></p>
<p><b>Q.2</b> <b>Question:</b> <i>What steps will Bayer take to ensure consistent emissions reduction trends?</i></p> <p><b>Background:</b> Between 2019 and 2023, Bayer’s emissions trend showed variability, with periods of both reduction and increase, suggesting difficulty in maintaining consistent mitigation efforts, and putting in doubt the company’s ability to keep a downward trend of emissions (p. 6-7)</p> <p><b>Best Practice:</b> A robust monitoring and adjustment mechanism needs to be put in place to ensure continuous and sustainable GHG reduction.</p>	
<p><b>Q.3</b> <b>Question:</b> <i>How does Bayer plan to improve transparency in the financial impacts of climate risks?</i></p> <p><b>Background:</b> Bayer’s disclosures lack detailed financial impacts of climate risks and specific capital expenditures for mitigation. This is crucial for stakeholder’s understanding of the company’s potential impacts linked to Climate Change and Transition (p. 19-21)</p> <p><b>Best Practice:</b> Enhance transparency by providing monetary quantified disclosures on financial impacts and specific investments for climate risk mitigation.</p>	