Bayer AG (BAY) – Climate Transition Analysis
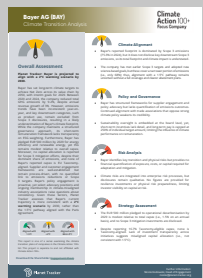
Recommended Questions

Q.1 — *Will Bayer address the exclusion of downstream "product use" emissions from its Scope 3 disclosures to credibly align with its Net Zero 2050 target?*

Background: 75% of Bayer's footprint is Scope 3, yet product use (Category 11) is omitted, understating its climate impact.

Best Practice: Leading peers disclose full Scope 3 coverage, including product use, and even quantify abatement outcomes from customer engagement initiatives.

Q.2 — *Will Bayer publish a 2025–2030 climate capex schedule with project-level abatement (tCO$_2$e) that aligns spend with a 1.5°C pathway?*

Background: Bayer has pledged EUR 500 million to its 2029 climate ambitions (~1.5% of capex), reports 16.7% Taxonomy-eligible but 0% aligned capex, and discloses no Scope 3 mitigation expenditures.

Best Practice: Disclose a multi-year plan linking spend to abatement and annual milestones.

Q.3 — *Will Bayer improve disclosure of the financial impacts of climate-related risks and resilience investments?*

Background: While Bayer identifies both transition and physical risks, disclosures remain qualitative, with no quantified exposure, cost estimates, or resilience investment figures.

Best Practice: Companies increasingly quantify financial exposure to climate risks under TCFD, providing scenario-based cost ranges.

Report Key Takeaways

- Bayer has set Net Zero across its value chain by 2050, with interim targets for 2029, but selective Scope 3 coverage point to likely 2°C rather than 1.5°C alignment.

- Climate capex remains modest, with only EUR 500 million pledged by 2029 (≈1.5% annual capex), no disclosed investments in Scope 3 mitigation.

- Supplier and customer programmes are well-structured but process-driven, with no quantified emissions outcomes; policy engagement is comparatively constructive but slightly undermined by misaligned trade association memberships.

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