



# **Task Force on Climate-Related Financial Disclosures (TCFD) Report**

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## Introduction

### General Introductory Letter

On behalf of Bausch Health Companies Inc., I am pleased to introduce our Task Force on Climate-related Financial Disclosures (TCFD) report. This report underscores our commitment to transparency and responsible environmental stewardship as we navigate the evolving landscape of climate-related risks and opportunities.

The report reflects our efforts to integrate climate considerations into our governance, strategy, risk management, and metrics. This report details our approach to assessing and managing climate-related risks and opportunities, aligning with the TCFD recommendations for enhanced disclosure and informed decision-making.

We are actively assessing both physical and transition risks across our value chain, including potential disruptions to material sourcing, evolving regulatory landscapes, and shifts in stakeholder expectations. These insights are helping us shape a more resilient and adaptive business model, one that supports long-term value creation for our patients, partners, and shareholders.

As we move forward, we will continue to refine our scenario analysis, strengthen our emissions reduction strategies, and explore opportunities to contribute to a low-carbon economy. We are committed to continuous improvement in our climate-related disclosures and actions, and we believe this report represents a significant step forward in our journey towards a more sustainable future.

Thank you for your interest in our climate-related disclosures. We welcome ongoing dialogue and collaboration as we advance our sustainability journey.

Sincerely,

Thomas J. Appio  
Chief Executive Officer  
Bausch Health Companies Inc.

## Forward-Looking Statement

This report may contain forward-looking information and statements, within the meaning of applicable securities laws (collectively, “forward-looking statements”), including, but not limited to, statements regarding Bausch Health Companies Inc.’s sustainability goals, environmental and social initiatives, future business performance, research and development activities, product innovation, and strategic priorities. These statements may include expectations related to the Company’s environmental impact, climate-related risks and opportunities, resource efficiency, governance practices, and other sustainability-related efforts.

Forward-looking statements are typically identified by words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “may,” “will,” “could,” “should,” “targets,” or similar expressions. These statements reflect management’s current beliefs, expectations, and assumptions and are not guarantees of future performance or outcomes.

Actual results may differ materially due to various risks and uncertainties, including but not limited to: evolving regulatory requirements; changes in environmental, social, and governance (ESG) standards; market and economic conditions; the pace of technological innovation; the success of sustainability initiatives; and other factors detailed in the Company’s most recent filings with the U.S. Securities and Exchange Commission and the Canadian Securities Administrators, which are incorporated herein by reference.

Readers are cautioned not to place undue reliance on these forward-looking statements. The Company undertakes no obligation to update any forward-looking statements contained in this report to reflect events or circumstances after the date hereof, except as required by law.

## About Bausch Health

Bausch Health Companies Inc. (“we”, “us”, “our”, the “Company” or “Bausch Health”) is a global, diversified pharmaceutical company enriching lives through our relentless drive to deliver better health care outcomes. We develop, manufacture and market a range of products primarily in:

- Gastroenterology (GI)
- Hepatology
- Neurology
- Dermatology
- Medical Aesthetic Devices

Our portfolio includes:

- Branded pharmaceuticals
- Generic pharmaceuticals
- Branded generic pharmaceuticals
- Over-the-counter (OTC) products
- Aesthetic medical devices

The Company’s products are marketed directly or indirectly in approximately 90 countries. Our ambition is to be a globally integrated healthcare company, trusted and valued by patients, HCPs, employees and investors.

This report does not cover Bausch + Lomb Corporation (“Bausch + Lomb” or “B + L”), our majority-owned subsidiary, unless specifically noted. Bausch + Lomb’s disclosures are available on their website at <https://www.bausch.com/>.

## About This Report

This report has been prepared in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the globally recognized framework for climate risk reporting, which also supports compliance with California's Climate-Related Financial Risk Act (SB 261).

The TCFD framework provides guidance on recommended disclosures grouped in four areas:

- Governance
- Strategy
- Risk Management
- Metrics & Targets
- 

The disclosures address both climate-related risks and opportunities.

### Climate Risks

Climate-related risks are categorized into two main types:

- Physical risks: These pose potential harm or damage to people, property and productivity resulting from climate-related events. Climate-related physical risks can be:
  - Acute: Event driven risks associated with increased frequency and severity of extreme weather events, such as,
    - cyclones and hurricanes
    - droughts
    - floods
    - wildfires
    - heatwaves
    - storm surges
    - cold waves.
  - Chronic: Longer-term shifts in climate patterns or increased variability in weather patterns, including:
    - Changes in precipitation
    - Changes in temperature
    - Sea level rise.
- Transition risks: These are the potential business impacts associated with the transition to a lower-carbon global economy. These risks can impact business operations, strategy, and financial performance and, typically arise from:

- changes in policy, regulation, and legal actions
- technological advancements and innovation
- evolving market dynamics and consumer preferences
- reputational pressures from investors and other stakeholders.

### Climate Opportunities

Climate-related opportunities are described as the positive impacts Bausch Health can realize by addressing climate-related challenges. These are areas where Bausch Health can gain a competitive advantage, create new revenue streams, or improve resilience by adopting sustainable practices. More specifically, Bausch Health aligns with TCFD's identification of climate-related opportunities as relating to:

- resource efficiency
- alternative energy sources
- product- and/or service-related opportunities
- new and emerging market opportunities, and
- resilience

Together, these climate-related risks and opportunities form the basis for assessing potential business implications and shaping resilient, forward-looking strategies across the organization's operations and supply chain.

## Governance

Bausch Health's Board of Directors oversees the Company's principal business risks, including environmental, social, and governance (ESG) matters and climate-related risks and opportunities. Formal responsibility for climate oversight resides with the Nominating and Corporate Governance (NCG) Committee, as outlined in its [charter](#).

The Board receives quarterly updates on sustainability and climate topics, including progress on key initiatives, risk assessments, and system implementations designed to monitor and manage ESG risks. These updates support long-term viability and balance risk with shareholder value creation.

During recent Board recruitment, the NCG Committee reviewed the directors' skills matrix to ensure a diverse mix of expertise aligned with the Company's strategic direction. Current Board members bring relevant experience in corporate governance, global operations, human capital, and risk management—critical for navigating climate-related challenges. Additionally, the NCG Committee receives training from third-party advisors related to pertinent sustainability matters. The Board is committed to cultivating the necessary expertise across its governance structure to provide effective oversight and guide the Company's long-term success.

To support Board oversight, Bausch Health has established a cross-functional ESG Committee at the management level. This group provides structured quarterly updates to the Executive Leadership Team (ELT), who then report to the Board. Updates include:

- Regulatory developments
- Progress against sustainability goals
- Changes in ESG ratings

The ESG Committee at Bausch Health is a cross-functional management body composed of several Executive Leadership Team (ELT) members and subject matter experts, ensuring a comprehensive understanding of ESG issues across the organization. Its core mandate is to operationalize the Company's ESG strategy and drive alignment across business functions. As outlined in its charter, the Committee also supports the Nominating and Corporate Governance (NCG) Committee in fulfilling its ESG oversight responsibilities.

The Committee is structured into two sub-groups:

- ESG Steering Committee (SteerCo): Leads strategic ESG discussions and decision-making.
- ESG Working Group: Manages the annual ESG budget and ensures ongoing compliance with relevant regulations.



These groups bring together employees with expertise in environmental health and safety, operations, legal, corporate governance, finance, human resources, and ethics—enabling a well-rounded approach to advancing the Company’s ESG priorities.

## Strategy

Our strategy is to focus our business on core therapeutic classes and geographies that offer attractive growth opportunities. Within these areas, we prioritize durable products which we believe have the potential for strong operating margins and evidence of growth opportunities. As part of our enterprise risk management framework, we recognize that climate-related risks – both physical and transitional – can potentially impact these growth trajectories.

Bausch Health has identified several climate-related risks and opportunities that may impact the organization's operations, financial performance, and long-term strategic direction. Risk identification is conducted with consideration of peer analysis, industry guidance, and company subject matter expertise. These climate-related risks and opportunities span regulatory, operational, reputational, and market dimensions, and may materialize in short-, medium-, or long-term time horizons.

- Short-term (2025 to 2030): Focused on addressing immediate regulatory and operational risks.
- Medium-term (2030 to 2040): Opportunity to implement transition strategies that strengthen resilience and align with evolving stakeholder expectations.
- Long-term (2040 to 2050): Anticipate more significant climate impacts and may consider transformative changes to infrastructure, supply chains, and business models to ensure continued adaptability and value creation.

The table below highlights the priority climate-related risks identified in alignment with our broader risk management program, which primarily focuses on short-term risks. While these risks are assessed within a short-term horizon, their timing and impact may persist and evolve beyond this period. While climate-related opportunities were also reviewed, none identified as material at this time.

Risk type	Risk	Description
Physical and Transition	Dependence on a limited number of sources for certain materials or product components	If Bausch Health is unable to obtain components or raw materials — whether by disruption to value chain or increased price — our ability to manufacture and deliver our products to the market would be impeded, which could have a material adverse effect on our business, financial condition, and cash flows.

Physical	Consequences of climate change, such as extreme weather and water scarcity	Disruptions from natural disasters and extreme weather events could delay product development and sales, reduce demand in key markets, and negatively impact our business, financial performance, and stock value.
Transition	Environmental regulation, including introduction of carbon tax	Evolving environmental regulation may require us to incur significant operating or capital expenditures or result in significant restrictions on our operations. In particular, the introduction of a mandatory carbon tax across different geographies could be a significant financial burden for Bausch Health.
Transition	Operating cost increases due to market changes	Adverse macroeconomic factors—including increases in energy prices for electricity, natural gas, and fuel—could raise Bausch Health's annual operating costs, impacting manufacturing, product delivery, and overall financial results.

To assess the resilience of its strategy, Bausch Health performed structured scenario analysis related to the identified climate-related risks and opportunities, allowing for proactive business planning. Physical risks for significant Bausch Health facilities were examined using climate data related to numerous climate hazards, including extreme temperature, precipitation, drought, wildfire, and river and coastal flooding. Transition risks were assessed based on a list of climate-related risks and opportunities reviewed by Bausch Health executives and scored for impact (financial, operational, reputational, regulatory/compliance), likelihood, and preparedness.

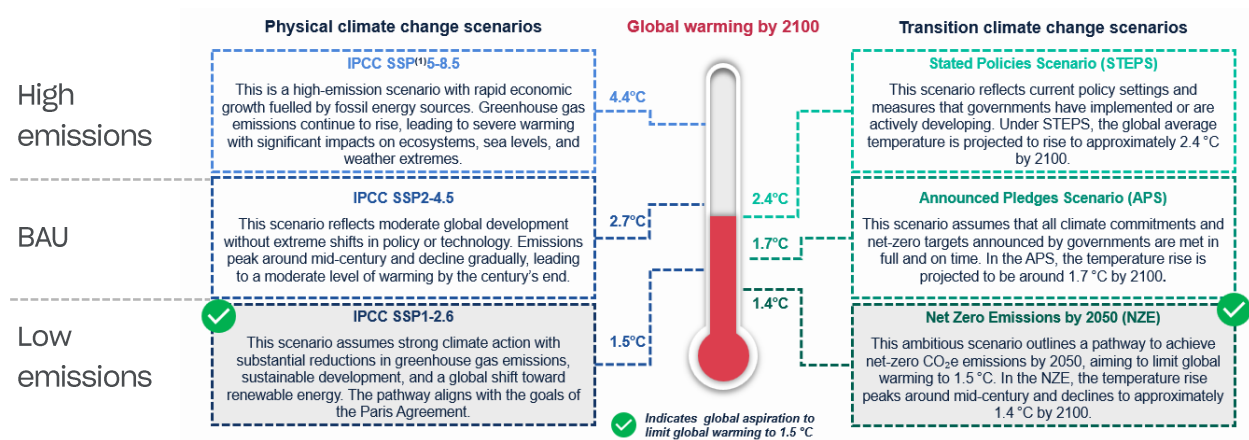
Bausch Health selected six climate scenarios—three physical and three transition—across low-emissions, business-as-usual (BAU), and high-emissions futures. As shown below, our analysis includes three 2°C or below 2°C scenarios and three above 2°C scenarios. The low-emissions scenarios assume strong global climate action to slow global temperature increase, with increased transition risks due to rapid decarbonization, but fewer physical risks. This includes the Net Zero Emissions by 2050 (NZE) transition pathway<sup>1</sup> and the SSP1-2.6<sup>2</sup> physical scenario, both aligned with the goals of the Paris Agreement. The business-as-

<sup>1</sup> The Net Zero Emissions by 2050 (NZE) Scenario is developed by the International Energy Agency (IEA) and outlines a comprehensive pathway for the global energy sector to achieve net zero CO<sub>2</sub> emissions by 2050.  
<https://www.iea.org/reports/net-zero-by-2050>

<sup>2</sup> The United Nations Intergovernmental Panel on Climate Change (IPCC) produces physical risk scenarios under a variety of warming pathways. Within its sixth-assessment report AR6 were developed called “Shared Socio-Economic Pathways” (SSPs)  
<https://www.ipcc.ch/assessment-report/ar6/>

usual scenarios reflect current policy trajectories via the Announced Pledges Scenario (APS)<sup>3</sup> and SSP2-4.5, which project moderate warming. The high-emissions scenarios include the Stated Policies Scenario (STEPS)<sup>4</sup> and SSP5-8.5, which assume continued reliance on fossil fuels and result in extreme warming, ecosystem disruption, and increased weather volatility.

Scenarios were selected for both physical and transition risk analyses in accordance with established guidance and in alignment with Bausch Health's business profile. Employing multiple scenarios enabled exploration of a range of potential impacts, including at least one scenario considered most disruptive for each risk type. This approach aligns with TCFD's recommendation to incorporate a 2°C or lower scenario for transition risk. Scenario selection was further informed by a review of peer disclosures to support comparability.



Global Warming by 2100: Comparing Physical and Transition Climate Change Scenarios

<sup>3</sup> The Announced Pledges Scenario (APS), developed by the IEA, reflects the impact of government climate commitments that have been announced, including long-term net zero targets, even if they are not yet backed by detailed policies.

<https://www.iea.org/reports/world-energy-outlook-2023/announced-pledges-scenario>

<sup>4</sup> The Stated Policies Scenario (STEPS), developed by the IEA, reflects the impact of energy and climate policies that have been formally adopted or announced by governments. <https://www.iea.org/reports/world-energy-outlook-2023/stated-policies-scenario>

## Risk Management

Bausch Health's enterprise risk management (ERM) system is structured to identify and assess a broad range of risks that could influence the company's financial condition, operational performance, or long-term resilience. This includes consideration of climate-related factors, which are increasingly relevant in today's evolving risk landscape. The ERM framework may inform scenario analysis efforts that explore how the company's strategy could perform under various climate-related conditions, including both physical and transition risks. By incorporating climate-related risks and opportunities into broader risk management discussions, the company supports a more informed and adaptive approach to strategic planning, regulatory preparedness, and long-term value considerations.

Climate-related risks and opportunities are embedded within Bausch Health's broader risk mitigation processes, which include:

- Annual risk assessments and surveys
- Control testing
- KPI monitoring
- Action planning
- Strategic goal setting and long-term planning



*Under Bausch Health's ERM process, an ongoing cycle has been adopted to create continuous improvement.*

A few key climate-specific initiatives include the execution of a double materiality assessment (DMA), and climate scenario analysis. The DMA evaluates both financial materiality – how ESG factors affect the company’s performance – and impact materiality – how the company affects society and the environment. This dual lens enhances risk prioritization and supports holistic decision-making. Scenario analysis, as described above, serves to pressure test the resiliency of the organization with consideration to different potential climate futures.

While specific mitigation actions in response to identified climate-related risks are constantly evolving, this prioritization and scenario analysis process represents a foundational step in integrating climate risk into long-term business planning and strategy.

## Metrics and Targets

As a global healthcare company operating across pharmaceuticals and medical devices, Bausch Health employs a combination of qualitative and quantitative metrics to monitor organizational sustainability. These metrics align with the Company's strategic priorities—operational resilience, product innovation, and global market presence.

Specific to climate-related risks and opportunities, the Company calculates greenhouse gas (GHG) emissions in accordance with the GHG Protocol, supported by detailed activity data such as electricity consumption and fleet fuel usage. Bausch Health plans to disclose its assured fiscal year 2025 Scope 1 and 2 emissions in alignment with relevant regulations and corresponding timelines.

Bausch Health is committed to reviewing performance over time and may consider establishing targets in the future, based on organizational objectives. Additionally, we may continue to define and assess metrics to help manage our exposure to climate risk and inform effective decision-making towards protecting value for all our stakeholders.