

**Bausch + Lomb**

# **Climate-Related Financial Risk Disclosures Report**

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## Introductory Letter

We help people see better to live better, and we do so responsibly.

Sustainability is a consideration in every action we take, from sourcing our products to manufacturing and selling. And it doesn't end there — we encourage customers and consumers to support sustainable practices through initiatives like our award-winning eye care recycling programs.

This report is in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures, and a demonstration of our commitment to transparency in reporting practices.

Signed,



Amy Butler

Global Vice President, Environment, Health, Safety + Sustainability, ESG and Human Rights

## About Bausch + Lomb

Bausch + Lomb (“we”, “us”, “our”, the “Company” or “B+L”) is a leading global eye health company with a comprehensive portfolio of eye care products, distinctive capabilities and an innovative pipeline focused on delivering solutions that meet the evolving needs of eye care professionals and their patients.

Our portfolio spans vision care, consumer health care, ophthalmic pharmaceuticals and surgical technologies with well-established lines of contact lenses, intraocular lenses, medical devices, surgical systems, prescription eye medications and over-the-counter eye health consumer products. Our iconic and enduring brands are among the most recognized and trusted in the world.

Bausch + Lomb is headquartered in Vaughan, Ontario, with corporate offices in Bridgewater, New Jersey. We are supported by global research and development (R&D), manufacturing and commercial teams of approximately 13,000 employees and have a presence in approximately 100 countries. In addition, we have 24 global facilities that support our manufacturing operations. Our employees are the heart of our company and drive our business excellence every day with their shared passion for innovation and unrelenting focus on helping people see better to live better.

Through an unwavering focus rooted in innovation, quality and craftsmanship, we continue to pursue our lifelong vision of protecting and enhancing the gift of sight through every phase of life.

# About This Report

This report is 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).

In Appendix A - TCFD Index, we include a cross-reference table of TCFD disclosures covered in the report and to the corresponding IFRS S2 Climate-related Disclosures code.

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

- Governance
- Strategy
- Risk Management
- Metrics & Targets

This disclosure addresses both climate-related risks and opportunities.

Climate-related opportunities are described as the positive impacts Bausch + Lomb can realize by addressing climate-related challenges. These are areas where Bausch + Lomb can gain a competitive advantage, create new revenue streams, or improve resilience by adopting sustainable practices. More specifically, Bausch + Lomb 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.

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

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

The disclosure that follows reflects Bausch + Lomb's identification and management of climate-related risks and opportunities.

# Governance

## Board Oversight

### *Describe the board's oversight of climate-related risks and opportunities*

The Board of Directors (the “Board”) plays an important role in instilling and advancing business conduct-related best practices at Bausch + Lomb. There are three committees within the Board that share responsibility for sustainability efforts. The Board receives routine updates on sustainability and ESG matters such as climate change, water, and biodiversity issues from each of the Committees, the Executive Leadership Team (ELT), and additional leadership representatives.

The Nominating and Corporate Governance Committee oversees Board governance practices in relation to ESG, corporate governance policies, management’s plans for identification and measurement of short- and long-term sustainability-related objectives for the company and reviews our sustainability impact reporting. The Nominating and Corporate Governance Committee receives a quarterly ESG and sustainability status update that includes progress on the Company’s climate-related initiatives.

The Audit and Risk Committee monitors compliance and ethics programs, enterprise risk management (including climate), legal and regulatory requirements, independent auditing, and the company’s compliance with the code of conduct. Business Unit Leaders provide updates to the Audit and Risk Committee on a quarterly basis.

These committees work closely with the Board and management across the organization to support an integrated sustainability approach, enhancing Bausch + Lomb’s commitment to proactive management of climate-related risks and opportunities.

## Management’s Role

### *Describe management’s role in assessing and managing climate-related risks and opportunities*

To support the Board’s oversight, the Environmental, Health Safety + Sustainability (EHS+S) team, under the Global Product Supply (GPS) group, works together cross functionally with Human Resources, Procurement, Supply Chain, Operational Heads, Legal, Compliance and Communications to incorporate sustainability company wide. The Global VP of EHS+S, who reports to the ELT and the Board, leads climate-related initiatives and is the designated owner of climate-related risks. In 2024 a dedicated manager of Global Environmental, Social and Governance (ESG) was appointed to the team of sustainability and social impact professionals to strengthen governance. The ESG Manager is responsible for collecting, analyzing and reporting the various environmental metrics, including energy and calculated greenhouse gas (GHG) emissions.

At each manufacturing site, and at several of our large distribution sites, a designated EHS+S manager oversees facility operations and ensures compliance with internal and external policies, procedures, regulations, and standards. These site EHS+S managers are responsible for tracking and reporting energy use at their respective site. They are also responsible for engaging with site management and facilities personnel to identify opportunities to reduce energy consumption and offer improvements to energy efficiency.

Board-level governance is augmented by Bausch + Lomb's EHS+S team to ensure a consistent and holistic approach across the organization.

## Strategy

### Identified Climate-Related Risks and Opportunities

*Describe the climate-related risks and opportunities the organization has identified over the short-, medium-, and long-term*

Bausch + Lomb's sustainability approach emphasizes conducting operations responsibly and prioritizes the health and safety of all those in the value chain. As such, identification and management of climate-related risks is paramount and a detailed risk assessment was conducted in late 2024. Climate-related risks are categorized as either risks to the business as the world transitions to a low-carbon economy (transition risks) or weather-related risks (physical risks). Bausch + Lomb's transition risk assessment was conducted using a qualitative approach, incorporating research and industry benchmarking, to explore the implications of transitioning to a low-carbon economy. Transition risks were identified within the context of Bausch + Lomb's business, then prioritized into which risks would have the largest financial impact if they were to materialize. The prioritized risks were taken into a quantitative financial modeling exercise to understand the magnitude of the impact and for incorporation into the Enterprise Risk Management (ERM) process. The physical risk assessment was performed through geospatial modeling of physical climate hazards and asset vulnerabilities of critical sites to evaluate potential weather-related events that could damage assets and disrupt operations. Financial modeling was performed to understand the impact these physical risks could have on the business if materialized and for incorporation into the ERM process.

In late 2023, Bausch + Lomb also conducted a double materiality assessment (DMA). This assessment was utilized to identify the environmental, social and governance topics material to our business. The topics identified in this assessment inform the content of our sustainability impact reporting and strategy. From this assessment, Bausch + Lomb has identified a comprehensive set of climate-related risks and opportunities which may have a material impact the organization's operations, financial performance, and long-term strategic direction. Bausch + Lomb intends to incorporate the results of the climate-related risk assessment into the materiality assessment process and to refresh this materiality assessment routinely to identify any changed conditions related to climate risks and opportunities.

To fully understand the climate related-risks and opportunities that our business faces, it is important to consider how the risks are expected to evolve over different time-horizons. Bausch + Lomb evaluates risks and opportunities across short-term (2025-2030), medium-term (2030-2040), and long-term (2040-2050) time horizons. These categories are consistently revisited and adjusted as internal expertise strengthens, with the intention of harmonizing upcoming strategic directions with both organizational norms and widely accepted external frameworks.

Risk/Opportunity title	Description	Type	Time horizon
Flooding	High risk exposure for Surface Water Flooding and Riverine Flooding within asset portfolio	Physical Risk	Short, Medium, Long
Compliance Risk	Risk of financial and reputational damage related to loss of sales, compliance with laws/Directives and supply chain disruptions due to a failure to address new legal requirements for emerging areas, such as ESG and Extended Producer Responsibilities (EPR) Regulations that we are not resourced to support	Transition Risk	Short, Medium, Long
Water Stress	Water stress may lead to mandated rationing and reduction in output, or increased costs to purify water.	Transition Risk	Short, Medium, Long
Carbon Costs	Increased carbon prices from federal regulatory carbon pricing systems may result in increased direct operational costs.	Transition Risk	Short, Medium, Long
Plastic Costs	Increased plastics costs from federal regulatory taxes may result in increased direct operational costs.	Transition Risk	Short, Medium, Long
Sustainable Product Design	Long term cost savings resulting from implementing circular economy principles, such as use of fewer raw materials, employing efficient manufacturing processes, and reducing redundancies in the value chain	Resource Efficiency Opportunity	Short, Medium, Long
Supply Chain Resiliency	Increased supply chain resiliency by near-shoring the manufacturing of certain products, developing redundancies in the supply chain, and maintaining higher stock levels	Market Opportunity	Short, Medium, Long

## Impact of Climate-Related Risks and Opportunities on Organization

*Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning*

Bausch + Lomb is committed to supporting and enhancing the communities in which we operate and continuously reducing the environmental impacts of our products, supply chain, manufacturing, distribution, sales and administrative support functions. Our sustainability principles are designed to support the achievement of Bausch + Lomb's business objectives, meet the needs of patients, customers, consumers, regulators, and stakeholders today, while protecting and sustaining the community, the environment, and natural resources so they are available for future generations.

Climate-related risks and opportunities are routinely assessed and incorporated into our ERM process. The impact of risks are managed and mitigated in the ERM process and are incorporated into business continuity plans, the overall business strategy and budgetary planning for mitigation measures. To date, these climate-related risks have not materialized to have a substantive impact on the business. Active management and mitigation of climate-related-risks will continue.

## Resilience of Organization's Strategy

*Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario*

Climate scenario analysis provides a framework for assessing plausible climate futures that may affect organizations, their strategies, and long-term financial performance. By integrating scenario analysis with standard operational models, companies are able to broaden their strategic considerations, exploring a more diverse range of impacts on their business activities. This method also supports organizations in building greater adaptability, even in the face of substantial uncertainties linked to climate change.

The physical risk analysis assessed the likelihood of potential threats to key Bausch + Lomb locations under two plausible climate futures based on the Intergovernmental Panel on Climate Change's (IPCC) Shared Socioeconomic Pathways (SSP) and Representative Concentration Pathways (RCP). The SSP5 8.5 scenario represents high emissions due to increased fossil fuel use and rapid economic growth, leading to a 4.0–5.0°C temperature rise by 2100. The SSP1-2.6 scenario represents the introduction of ambitious climate policies and innovation to accelerate decarbonization, keeping the temperate warming below 2.0°C. Given high levels of uncertainty and the long-term view of scenario analysis, it is critical to consider multiple scenarios when assessing climate risks and opportunities.

The transition risk assessment drew on two International Energy Agency (IEA) scenarios: the Stated Policies Scenario (STEPS) and the Net Zero Emissions (NZE) scenario. STEPS reflects the expected outcomes of currently enacted policies, while NZE models a pathway to net zero CO<sub>2</sub> emissions by 2050 through rapid decarbonization. Together, these scenarios offer a robust framework for evaluating both industry-wide and Bausch + Lomb-specific risks and opportunities, helping to align strategic planning with anticipated policy shifts and evolving market conditions.

The optimal scenario assumes strong global climate action, with elevated transition risks due to rapid decarbonization, but minimal physical risks. This includes the 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 worst-case scenario prepares the Company for severe climate impacts, including the Stated Policies Scenario (STEPS)<sup>3</sup> and SSP5-8.5,

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<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/>

<sup>3</sup> The Stated Policies Scenario (STEPS), developed by the International Energy Agency (IEA), reflects the impact of energy and climate policies that have been formally adopted or announced by governments. For more information, see the IEA's STEPS Scenario: <https://www.iea.org/reports/world-energy-outlook-2023/stated-policies-scenario>.

which assume continued reliance on fossil fuels and result in extreme warming, ecosystem disruption, and increased weather volatility.

Scenarios for both physical and transition risk analyses were chosen in accordance with established guidance and industry norms. Employing multiple scenarios enabled a broad assessment of potential impacts, including at least one scenario deemed highly disruptive for each risk category. This approach reflects TCFD recommendations to incorporate a 2°C or lower scenario when evaluating transition risks. The selection process also considered disclosures from industry peers to enhance comparability. Additionally, scenario assumptions were customized to reflect factors particularly relevant to Bausch + Lomb's operations. These scenarios provide a robust framework for understanding potential climate-related impacts and testing the resilience of Bausch + Lomb's strategy under a range of plausible futures.

## Risk Management

### Identifying and Assessing Climate-Related Risks and Opportunities

*Describe the organization's processes for identifying and assessing climate-related risks*

The Board, and in particular the Board committees, are responsible for overseeing the identification of the principal risks of the Company's business, including risks relating to ESG and sustainability matters, and the implementation of appropriate systems to effectively monitor and manage such risks with a view to the long-term viability of the Company and achieving a proper balance between the risks incurred and the potential return to the Company's shareholders.

Bausch + Lomb has implemented an Enterprise Risk Assessment (ERA) approach within the ERM process to effectively manage risks. Within this approach, risk identification is shared throughout the organization. Observed risks are communicated to Business Unit (BU) leaders, which are further communicated up to the respective stakeholders through interviews and surveys. All risks are formally managed through the ERM process.

### Processes for Managing Climate-Related Risks and Opportunities

*Describe the organization's processes for managing climate-related risks*

Climate-related risks are managed through Bausch + Lomb's overall ERM process. Bausch + Lomb also leverages compliance auditing programs and voluntary external certifications to drive environmental best practices and mitigate risks. EHS+S representatives perform periodic internal audits to support compliance with both regulations and internal policies. Third-party audits of our management systems are conducted as part of the process to obtain and maintain certain voluntary certifications.

Furthermore, in 2024, Bausch + Lomb adopted a software analytics platform to proactively identify and monitor the requirements of current and forthcoming sustainability-related regulations to further support our compliance initiatives.

In addition, based on the results of the DMA as well as climate-related risk analysis, Bausch + Lomb developed mitigation plans to create a strategic approach with implementation of initiatives to reduce potential impacts of climate-related risks on operations, assets, stakeholders, and the overall value chain. Initiatives included in the mitigation plans include refinement of business continuity planning, recurring risk assessments, continuous monitoring of costs and regulatory requirements.

## Integration with Organization's Overall Risk Management

*Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management*

The process for identifying, assessing, and managing climate-related risks are integrated within Bausch + Lomb's global ERM framework program through a structured process that engages senior leaders across the organization. As part of our risk assessment cycle, Bausch + Lomb conducts interviews and surveys with Board members and executive management to identify and prioritize significant risks, including those related to climate. Once top risks are identified, meetings are held with designated risk owners, such as the Global VP of EHS+S, to understand the underlying risk drivers, which may include physical and transition climate risks. These discussions help ensure that climate-related financial risks are evaluated alongside other strategic and operational risks. The objectives of the ERM office include, but are not limited to, managing known risks through assessments and action plans, identifying emerging risks and reporting on the ERM process and risk findings to the Audit and Risk Committee on a quarterly basis.

## Metrics and Targets

### Metrics Used to Assess Climate-Related Risks and Opportunities

*Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process*

Bausch + Lomb uses both qualitative and quantitative metrics to assess climate-related risks and opportunities. These metrics align with our strategic focus of pursuing sustainable business growth and implementing effective environmental, social and governance programs which enhances our ability to deliver on our mission: helping people see better to live better. Bausch + Lomb's latest metrics are available in our 2024 Sustainability Impact Report and are reported to the appropriate regulatory bodies as appropriate.

## Scope 1, Scope 2, and Scope 3 Greenhouse Gas Emissions

*Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks*

In 2024, we disclosed details of energy consumption and Scope 1 and Scope 2 GHG emissions as part of our annual Sustainability Impact Report. Bausch + Lomb has also conducted a relevancy assessment for Scope 3 emissions categories in preparation for future compliance with GHG disclosure requirements. Refer to the [2024 Sustainability Impact Report](#) for further details regarding GHG emissions.

## Targets Used to Manage Climate-Related Risks and Opportunities and Performance Against Targets

*Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets*

Bausch + Lomb has identified key targets to measure, monitor and report on the progress and effectiveness of our global decarbonization strategy. We are proud to announce our goals for supporting this strategy, details of which can be found in the 2024 Sustainability Impact Report. We will continue to build our sustainability strategy with a focus on developing goals, targets and action plans to control our impacts, risks and opportunities associated with these material topics.

# Appendices

## Appendix A - Disclosure Index

TCFD Disclosure Index				
TCFD Core Elements	TCFD Core Element Description	Recommended Disclosure	IFRS(a)	Section Page
Governance	Disclose the organization's governance around climate-related risks and opportunities	Describe the board's oversight of climate-related risk and	S2.6(a)	2025 TCFD Report Pg. <a href="#">6</a>
		Describe management's role in assessing and managing climate related risks and opportunities	S2.6(b)	2025 TCFD Report Pg. <a href="#">6</a>
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	S2.10	2025 TCFD Report Pg. <a href="#">7</a>
		Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	S2.13 S2.14(a)	2025 TCFD Report Pg. <a href="#">8</a>
		Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower	S2.22	2025 TCFD Report Pg. <a href="#">9</a>
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks	Describe the organization's processes for identifying and assessing climate-related risks	S2.25(a)	2025 TCFD Report Pg. <a href="#">10</a>
		Describe the organization's processes for managing climate-related risks	S2.25(a)	2025 TCFD Report Pg. <a href="#">10</a>
		Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk	S2.25(c)	2025 TCFD Report Pg. <a href="#">11</a>

TCFD Disclosure Index				
TCFD Core Elements	TCFD Core Element Description	Recommended Disclosure	IFRS(a)	Section Page
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management	S2.29(a) S2.32	2025 TCFD Report Pg. <a href="#">11</a>
		Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	S2.29(a)	2025 TCFD Report Pg. <a href="#">12</a>
		Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	S2.33-36	2025 TCFD Report Pg. <a href="#">12</a>

(a) IFRS S2: Climate-related Disclosures 2023