

2024 Climate Change Report

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Understanding our climate-related risks and opportunities

By better understanding how our business is impacted by climate change, we can strengthen our business resilience and continue to provide patients with the life-saving medicines they need.



About This Report

In an era when climate change and the transition to a sustainable low-carbon economy are at the forefront of global concerns, it is imperative for organizations to determine how they will shift to operations that are more sustainable and client-resilient, and to evaluate and disclose associated risks and opportunities. Various reporting frameworks provide guidance on how to disclose such risks and opportunities, including the International Financial Reporting Standards (IFRS) S1 and S2, which provide a structured framework for companies to navigate this complex landscape, drawing on the foundational work of the now-disbanded Task Force on Climate-related Financial Disclosures. This report is crafted in accordance with these frameworks, offering a comprehensive view of our company's climate-related risks and opportunities. This report underscores our commitment to transparency and accountability to our stakeholders.

The report is organized into four principal sections—Governance, Strategy, Risk Management, and Metrics and Targets—each designed to align with the IFRS recommendations and provide a clear picture of our progress. Since our previous Climate Change report, we have made strides in further aligning climate risk considerations with our business strategy, demonstrating both our responsiveness to the evolving expectations of our stakeholders.

Our aim with this report is to demonstrate BMS's strategic approach to identifying and addressing the impacts of climate change, both within our organization and beyond. By regularly assessing climate risks and continuing to refine our approach, we are contributing to the global effort to secure a sustainable future. This report serves as a testament to our dedication to aligning sustainability considerations with our business strategy and our commitment to driving positive change within our industry and beyond.

Our efforts to support climate resiliency and climate change mitigation align to our four core values

SCIENCE-POWERED:

By adopting science-powered, science-based targets, we align ourselves with the formidable power of science, ensuring our strategies are grounded in rigorous research.

PATIENT-CENTRIC:

Our patient-centric approach underscores our belief that healthy environments are fundamental to the well-being of our patients, highlighting the intrinsic link between environmental health and patient care.

BUSINESS-DRIVEN:

From a business-driven perspective, acknowledging the physical and transitional risks associated with climate change enables us to make more informed and strategic business decisions, positioning us for long-term success.

PEOPLE-FOCUSED:

Our people-focused stance encourages collaboration and cross-enterprise efforts, recognizing that collective action is essential in achieving our climate resilience and mitigation goals.



Executive Summary

At BMS, our commitment to transforming patients' lives through science supports our dedication to environmental stewardship. Recognizing that a healthier environment is essential for healthier patients, we have continued to progress in our environmental sustainability journey, advancing our climate risk maturity and climate change mitigation initiatives while proactively preparing for evolving regulatory requirements. Our 2024 Climate Change Report, reflecting progress through November 2024, underscores our strategic advancements in climate risk identification and mitigation initiatives, and aligns with our dedication to the power of science.

We are proud of the progress we've made to further evolve our capabilities around climate governance. We have enhanced existing and established new working groups dedicated to driving climate action and ensuring accountability throughout the organization. These groups are supported by our Board and leadership teams, which include climate risks and opportunities in our strategic agenda. Our strategic direction is also complemented by the integration of climate considerations within our enterprise risk management (ERM) framework, further demonstrating our progress toward an integrated approach to climate governance.

Our approach to climate risk and opportunity management continues to mature. We have increased the number of sites assessed for physical climate risks and deepened our understanding of potential financial impacts of these risks on our business. Additionally, we have introduced a quantitative assessment of transition risks and enhanced our assessment methodologies to provide deeper insight into potential business impacts of climate change beyond physical impacts. These improvements allow us to better anticipate and navigate the complexities of climate-related risks and opportunities. You can read more about our risk assessment process and results in the coming pages.

In a world of evolving climate-related legislation, regulatory preparedness is a top priority. BMS is actively aligning with new regulations such as the EU's Corporate Sustainability Reporting Directive (CSRD) and International Financial Reporting Standards (IFRS) S1 General Requirements for Disclosure of Sustainability-related Financial Information and S2 Climate-related Disclosures. This year, we advanced our Double Materiality Assessment (DMA) in accordance with CSRD's ESRS guidelines and are preparing to update our disclosures to meet our reporting obligations and the demands of a dynamic regulatory landscape.

Our Science Based Targets Initiative (SBTi) approved targets are a testament to our dedication to science-based solutions to global challenges. BMS has set ambitious goals to reach net-zero greenhouse gas (GHG) emissions across our value chain by 2050, starting from a 2022 baseline. We are on track for a 55% reduction in Scopes 1 and 2 GHG emissions, as well as Scope 3 emissions from fuel and energy-related activities (FERA) by 2033. We are also working closely to engage with 75% of our suppliers by emissions¹ in their development of science-based targets by 2028. These targets support our belief that a healthy environment is critical to human health.

SBTi-approved near-term target:

Reduce Scopes 1 and 2 GHG emissions and Scope 3 GHG emissions (from fuel and energy-related activities) 54.6% by 2033 and engage 75% of suppliers, by emissions,¹ in their development of science-based targets by 2028.

SBTi-approved net-zero target:

Reach net-zero greenhouse gas (GHG) emissions across our value chain by 2050.

6

Risks and opportunities evaluated

2 physical risks, 2 transition risks, 2 opportunities

2

Scenarios leveraged across 3 time horizons

¹ Covering purchased goods and services, capital goods, and upstream transportation and distribution

Governance

Figure 1. BMS climate governance structure



The governance of our climate strategy at BMS is designed to integrate climate considerations with business decisions, driving action and accountability not only at the Board level but throughout the organization. This year, we have taken deliberate steps to expand existing groups and create new groups and structures to ensure that climate action is a shared responsibility across all levels of the company.

Our Board considers environmental, social, and governance (ESG) risks and opportunities as a part of our broader strategy for doing business around the world. Our governance profile includes oversight by our Board, with primary responsibility for ESG risks, assessment and disclosure assigned to the Board's Committee on Directors and Corporate Governance (CDCG). Oversight by this committee strengthens our ability to operate with the highest levels of quality, integrity, and ethics, which are foundational to our business. The Board's Compensation and Management Development Committee (CMDC) provides oversight and input into integration of ESG with incentive programs and management of human capital. The Board's other committees may also provide oversight on certain topics consistent with their respective charter responsibilities. Our Board members discuss

pertinent climate and ESG topics multiple times a year, including details about external and emerging trends and weighing internal performance against predetermined objectives and opportunities. Our Board is a diverse and independent group of individuals who bring a depth of expertise, a broad range of skills and a strong sense of integrity to our business.

The BMS Leadership Team (BMSLT) reviews our progress on our sustainability goals at least annually. The ESG Center of Excellence (ECOE) is responsible for surfacing ESG issues and activities that span BMS function area, and for facilitating connections between teams and departments managing ESG topics. In partnership with other divisions in the Company, the ECOE connects and aligns various activities that contribute to advancing our sustainability agenda. The ECOE is also responsible for providing disclosures on our corporate citizenship and sustainability efforts in our annual ESG report and beyond.

Our ESG Council is responsible for identifying and prioritizing ESG risks and opportunities and is composed of senior executives across the Company. The Council serves as the Company's primary governance body for all ESG matters and is led

by the Vice President of Purpose, ESG, and Health Equity. Group members bring expertise from their respective areas and help raise awareness and alignment on both managing risks and activating opportunities related to ESG priorities. The Council, which meets at least quarterly, operates under a formalized process and protocols, ensuring that climate-related risks and opportunities, among other ESG topics, that climate-related risks and opportunities are being managed effectively and are aligned with our overall business objectives. The efforts of the Council are reported to the CEO, the BMSLT, and the CDCG.

Management's role in assessing and managing material climate-related risks and opportunities

The Environmental Working Group (EWG) is a key component of our governance structure, with sponsors and leaders from various business units including Global Procurement, Legal, ESG, and Global Product Development and Supply (GPS). The EWG, which meets monthly, is pivotal in fostering cross-functional collaboration and ensuring that our climate initiatives are integrated enterprise-wide.

A sub-group of the EWG, the Climate-Related Financial Disclosure group is critical in ensuring that our financial disclosures accurately reflect our climate-related risks and opportunities. The

Climate-Related Financial Disclosure group includes Corporate Financial Reporting, Internal Audit, ESG, Legal, and Environmental Sustainability and meets four to six times annually.

Our Enterprise Risk Management (ERM) and Enterprise Risk Committee (ERC) play a critical role in identifying and managing risks and opportunities, including those related to climate. The ERC's remit includes legal and regulatory compliance and upholding our principles of integrity. The ERC provides ongoing updates to our leadership team and Board regarding our company's enterprise risk profile and risk mitigation strategies.

Our Strategic Sourcing & Procurement (SS&P) team leverages the BMS Responsible Sourcing Program (RSP) to monitor supply chain sustainability risks and performance and implement a core set of requirements to move suppliers through a journey of continuous improvement. Through RSP, BMS ensures supplier due diligence programs are being executed in line with BMS expectations outlined in our Standards of Business Conduct and Ethics for Third Parties. The RSP leverages an industry-leading reporting platform to support in a number of ways, including monitoring supply chain sustainability risks and performances and addressing sustainability as a core area of performance in the BMS/supplier partnership. These programs are essential for ensuring we engage our supply chain in our climate and broader ESG objectives.

Composed of more than 10,000 employees, BMS's Global Product Development and Supply (GPS) organization draws on diverse experiences and perspectives to drive scientific breakthroughs and transformative results, all in support of advancing the company's most impactful work. GPS includes strategy and business excellence & risk management, worldwide product development, global supply chain, global quality, global technical services, and global manufacturing operations in biologics, small molecule and cell therapy development—all to fulfill BMS's vision of transforming patients' lives through science. GPS is unwavering in its commitment to the mission that drives it each day: to reach more patients in need.



Strategy

Our Approach to Climate Risk Management

At BMS, we recognize the impact that climate change can have on our operations, supply chain, and the broader communities in which we operate. Our approach to climate risk management is forward-looking and positions us to navigate the challenges and leverage the opportunities presented by a changing climate, ultimately equipping us with the knowledge to make better business decisions. We are building our practice of conducting climate risk assessments that incorporate a range of scenarios and time horizons, reflecting our commitment to robust strategic planning. These assessments are grounded in the latest scientific data and methodologies, including the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCPs), the Shared Socioeconomic Pathways (SSPs), and the Network for Greening the Financial System (NGFS), which inform our understanding of potential physical and transition risks. Our climate risk assessment is an evolving process that encompasses a wide scope, including multiple

geographies and business units. This allows us to identify and prioritize risks and opportunities across our diverse portfolio.

In 2024, we enhanced our climate risk management approach by reassessing physical risks across a greater number of sites and introducing quantitative assessments for a subset of transition risks. This expansion reflects our ongoing commitment to deepening our understanding of climate risks and refining our response strategies. In alignment with recommendations from leading reporting frameworks, we assessed risks across short-, medium-, and long-term horizons, which remain consistent with the time horizons assessed in last year's scenario analysis.

We continue to utilize two main scenarios: the low-carbon economy and high emissions scenarios. Aligned to these scenarios, we've updated the models used to support our transition risk modeling to draw from sources with data and projections most relevant to the risks analyzed. We will continue to assess the applicability of the models and scenarios we use to our needs as we update our climate risk assessment in future years.



Table 1. Climate-related risks and opportunities overview
Low-carbon economy scenario

	Physical risks scenarios	Transition risks/opportunities scenarios
Low-carbon economy scenario		
Justification	This scenario was selected to show the potential impacts to BMS's business in a future with legitimate global action around climate change and decarbonization.	
Scenarios used	Paris-aligned scenario based on AR6 IPCC SSP1-RCP2.6	NGFS net-zero 2050
Temperature	1.8° Celsius	1.4° Celsius
Assumptions	<div>In a low-carbon economy scenario, physical risks are less pronounced, but nonetheless continue to increase from current state:<ul style="list-style-type: none">Slight increase in acute risks like extreme weather (e.g. hurricanes, wildfires, and floods) increasing in frequency and severitySlight increase in chronic risks like temperature rise, drought, and sea level rise</div>	<div>In a low-carbon economy scenario, transition risks are more pronounced:<ul style="list-style-type: none">Increase in global carbon pricing mechanismsMarket shifts quickly to renewables and away from fossil fuelsHigher climate action expectations by customers and consumers</div>
Time horizons	<div>Present day○2025○2035○2050</div>	

Table 2. Climate-related risks and opportunities overview
High-emissions scenario

	Physical risks scenarios	Transition risks/opportunities scenarios
High-emissions scenario		
Justification	This scenario was selected to show the potential impacts to BMS's business based on low global action on climate change and decarbonization.	
Scenarios used	Inaction scenario based on AR6 IPCC SSP5-RCP8.5	NGFS current policies
Temperature	4.5° Celsius	3° Celsius
Assumptions	<div>In a high-emissions scenario, physical risks are more pronounced:<ul style="list-style-type: none">More severe increase in acute risks such as extreme weather (e.g., hurricanes, wildfires, floods) increasing in frequency and severityMore severe increase in chronic risks like temperature rise, drought and sea level rise</div>	<div>In a high-emissions scenario, transition risks give a view on where the energy system might be heading in the absence of specific new policy initiatives:<ul style="list-style-type: none">Minimal uptake of global carbon pricing mechanismsFossil fuels continue to serve as the primary source of energyInsignificant increase in consumer pressure for climate action</div>
Time horizons	<div>Present day○2025○2035○2050</div>	

Physical Risks

In our continuous effort to enhance our understanding and management of climate-related risks, BMS has significantly expanded the scope of its physical risk assessment for the 2024 climate change report. This year, we have extended our analysis to more than 180 assets across our global operations and supply chain. This expansion is due to our analysis conducted at the asset level rather than the site level and the expanded inclusion of BMS owned/leased sites as well as contract manufacturing sites. This expansion allows for a more comprehensive evaluation of our exposure to climate-related physical risks, ensuring that we are prepared to mitigate potential impacts within our facilities, supply chain, and the communities in which we operate. The assessment encompasses six perils, providing a detailed view of the diverse range of hazards that could affect our operations, from extreme weather events to long-term climate shifts.

180+
Assets

6
Hazards

Physical risks are generally more pronounced under a High-emissions scenario across all facilities, as seen in Tables 3 and 4. This is true for all physical risks except for extreme cold and hail, which decrease risk exposure in the long run as extreme heat rises. Precipitation and drought experience the largest increase on the risk exposure scale. Our exposure to climate-related physical risks may increase over time. However, the impact of each of these physical risks will vary by region. For example, sites in the Middle East and Asia will likely be impacted by an increase in extreme heat across both scenarios, and will also be exposed to increased levels of precipitation. Sites in Europe and the Middle East will be exposed to more severe drought, while sites in the United States are likely to be affected by increased exposure to wildfire.

Acute physical risks refer to those that are event-driven, including risks from extreme weather events (like hurricanes or floods), while chronic physical risks refer to longer-term shifts in climate patterns (such as sustained higher temperatures or sea-level rise) that can gradually impact economic activities. Both types of risks were assessed in our analysis.

Acute Risks

As the planet continues to warm, the frequency and severity of extreme weather events are expected to rise, posing significant risks to businesses worldwide. Understanding and preparing for these acute physical risks is crucial to safeguarding our operations and ensuring business continuity. Extreme weather events, such as severe storms and wildfires, have the potential to cause disruptions to our business activities. Without proper planning and adaptation measures, these events can lead to operational downtime, damage to infrastructure, and ultimately, financial losses. Recognizing this, we are committed to further integrating climate resilience into our strategic planning and risk management frameworks.

In our analysis of acute physical risks, we have considered both direct and indirect impacts on our business. Direct impacts include physical damage to our assets, which can result in immediate and costly repairs, as well as longer-term capital investments to rebuild and fortify against future events. Indirect impacts encompass potential revenue losses stemming from decreased employee productivity and supply chain disruptions. These disruptions can ripple through our operations, affecting everything from manufacturing to distribution. Extreme weather events are set to increase globally under both the Low Carbon Economy and High-emissions scenarios, with a more pronounced impact expected under the latter.

Chronic Risks

Rising global temperatures are expected to alter weather patterns significantly, leading to more frequent and severe droughts, higher precipitation levels, and an increase in extreme heat days. These changes will intensify current weather-related challenges in certain areas while introducing new problems in others.

Under a High-emissions scenario, the effects of chronic climate events become more severe, with long-lasting shifts in temperatures, altered precipitation cycles, and rising sea levels potentially disrupting business activities. These environmental shifts could also have implications for the health and safety of our employees and customers, exacerbating medical challenges and complicating healthcare delivery, especially in regions already grappling with extreme heat or water scarcity. As a healthcare provider, BMS recognizes the heightened responsibility to adapt our services and infrastructure to ensure uninterrupted care and support for the communities we serve in the face of these climate-related health threats.

Physical risk assessment site selection process:

Our physical risk assessment focuses on owned or leased manufacturing, labs, research centers, and offices considered in our Inventory Management Plan-defined inventory, and additional sites that are important to our operations and supply chain. The selection of sites is based on the insured or asset values of these sites, with particular attention to those with expansion plans, the criticality of each site to BMS's revenue and product inventory, and the site location in order to ensure adequate geographical representation. This strategic approach enables us to prioritize sites that are essential to our operations and future growth while also understanding the broad range of impacts climate change may have on our business.

Risk exposure is determined by an aggregate score composed of the six hazards assessed in this analysis. Details can be found in table 3.

**Figure 2. Risk exposure scores in a high-emissions scenario for 2050
BMS locations by scenario**

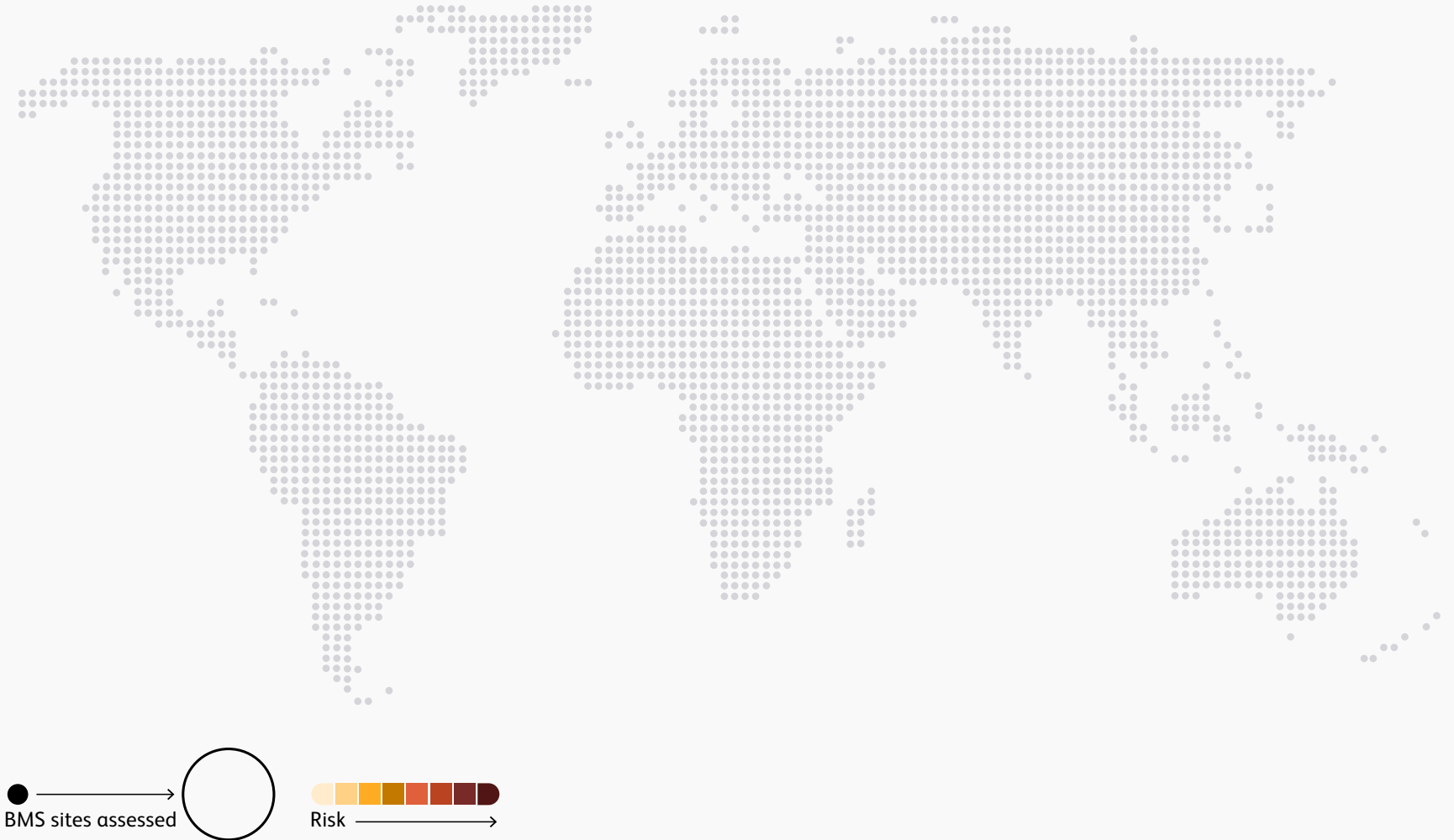


Table 3. Summary of acute physical risk findings²

Risk Type	Definition	Risk Exposure		Impact on BMS
		Low-carbon economy scenario	High-emissions scenario	
Precipitation	A 100-year daily total water equivalent precipitation in mm.	Average rainfall is expected to increase 3% by 2035 and 5% by 2050.	Average rainfall is expected to increase 4% by 2035 and 11% by 2050.	Heavy precipitation can lead to infrastructure damage, increased maintenance costs, increased insurance costs, and operational disruptions such as impacts to employee commutes or critical systems failure due to water damage. Our sites in Taiwan, Singapore, South Korea, and Hong Kong are projected to face the highest impacts.
Wildfire	Probability of wildfire occurring in a year. Such wildfires are extremely rare and have a 0.1% (or 1 in 1,000) chance of occurring in a year based on historical data.	In 2035, wildfire risk projections are near present-day levels, whereas projections illustrate about a 4% increase in probability by 2050.	Wildfire risk is expected to increase by 3% by 2035 but then increase by 6% in probability from 2035 to 2050.	Facilities in the southwestern United States, Hong Kong, Brazil, Taiwan, and Italy face the highest risk of wildfires which may disrupt transportation and communication systems, leading to supply chain shortages. Employees' respiratory and cardiovascular health are expected to be at higher risk from toxic air pollution caused by an increase in wildfires.
Extreme wind speed	100-year maximum 1-minute sustained wind speed. Maximum sustained windspeed is associated with a tropical storm and is a common indicator of storm intensity.	Wind speed is projected to remain at about present-day levels through 2035 and increase slightly by 2050.	Wind speed is projected to remain at about present-day levels by 2035 but is projected to increase by 1 km/h (~1%) in 2050.	Highest-impact areas are expected in Hong Kong, Taiwan, India, Japan and Mexico, leading to storm surges, structural damage, and frequent closures of airports and shipping ports, resulting in shortages of raw materials. Sudden increases in wind speed may shorten evacuation times, raising the risk of human and capital loss.
Drought	Extreme drought was characterized by Standard Precipitation and Evapotranspiration Index (SPEI) values of below minus-2. Extreme drought days are expected to be followed by weeks or months of low/ moderate drought.	By 2035 and 2050, the average number of extreme drought days is projected to increase 13% to 31%, respectively, across the world.	Drought risk is projected to be higher globally due to rising temperatures. BMS sites are projected to experience a 7% increase in the medium term and 32% in the long term.	Increases in extreme drought days may expose BMS to multifaceted impacts. Water shortages are projected to increase, causing raw material shortages; energy prices will likely go up because of higher cooling demand; and increased power cuts may degrade medicines or chemicals that require cold storage. BMS facilities in Greece, Israel, United Arab Emirates (UAE), Turkey and Singapore will face the highest number of drought occurrences.
Extreme heat	Days per year with temperatures greater than 35°C	The number of extreme heat days is projected to increase 8% in the medium term and 19% in the long term globally	Number of extreme heat days is expected to increase 15% from present-day levels to 2035 and will rise a total of 48% until 2050.	Higher temperatures can increase cooling demands, essential for appropriate product storage, resulting in an increase in energy expenditure and GHG emissions. High temperatures may also decrease employee productivity because of heat stress and exposure to vector-borne diseases. Facilities in the southwestern United States, along with UAE, Saudi Arabia, Thailand, Egypt and India, are projected to be the most at risk and may experience temperatures greater than 35°C for almost half the year in 2050.
Fluvial flooding	100-year fluvial flooding depth. Such floods are rare and have a 1% (or 1 in 100) chance of occurring in a year based on historical data.	In 2035 and 2050, global 100-year fluvial flooding depth is projected to remain the same as present day.	By 2035 and 2050, global 100-year fluvial flooding depth is projected to increase by 1% and 2%, respectively.	Higher flooding depth may disrupt manufacturing processes and impact the accessibility of office and research centers due to the inundation of these facilities. Flooding can also cause deterioration of transportation systems, preventing employees from coming into work and reducing overall productivity. Facilities with the highest exposure are located across Austria, Israel, and Thailand.

2 All findings of climate hazards in Table 3 are based on peril metrics from the IPCC Coupled Model Intercomparison Project (CMIP) 6 Global Climate Models (GCMs)

Transition Risks

In 2024, BMS expanded the scope of its climate scenario analysis work to understand potential impacts of cross-border tax schemes and raw material availability to our supply chain and manufacturing capabilities. We prioritized transition risks related to both our active pharmaceutical ingredients (APIs) and our non-active ingredients, capturing essential aspects that influence the stability and supply chain of our drugs. Our assessment covered representative products, ensuring that each was addressed by at least one of the identified risks. This approach allowed us to maintain a broad perspective on potential vulnerabilities across our product range. Additionally, we included both biologic and synthetic drugs in our assessment to reflect the diversity of our portfolio. The availability of data and the feasibility of modeling were also key considerations in selecting transition risks for further analysis.

Cross-border carbon taxing on supply chain emissions

BMS is exposed to a low risk of cross-border carbon taxes from new and emerging regulations due to the movement of APIs across regions during production of BMS’s products. The assessment focused on select representative products and analyzed the financial impacts by mapping inflow and outflow of ingredients to and from manufacturing facilities. Overall, increased compliance costs associated with cross-border carbon pricing/tax schemes present a low risk to BMS under both scenarios, however, enhanced data collection around API production and life cycle assessment insights could improve the fidelity of results. The potential financial exposure was projected to be higher in a low carbon economy, where greater cross-border carbon tax policies and regulations are expected.

Table 4. Transition risk findings
Policy/legal

Risk: Cross-border carbon taxing on supply chain emissions	
Definition	Increased compliance costs associated with carbon pricing/tax schemes across supply chain
Risk exposure	Low-carbon economy scenario By 2035, synthetic APIs sourced from third-party facilities may be subject to cross-border carbon taxes and costs for biologic APIs sourced by BMS. Synthetic API suppliers in the EU may be subjected to higher carbon costs for inflow and outflow facilities.
Impact on BMS	Implementation of cross-border carbon taxes can result in higher production, storage and distribution costs. This may lead us to reassess and optimize supply chain flows to minimize financial impacts. We may need to incorporate the potential costs associated with cross-border carbon taxes into financial plans and long-term business continuity strategies.
Mitigation efforts	We are proactively addressing the challenge of carbon pricing across our value chain through a strategy that integrates sustainability into our core operations and supplier relationships. We recently launched our BMS Supplier Decarbonization Accelerator as a mechanism to mitigate working with non-compliant, lower climate mature suppliers as regulations come into effect. We leverage industry-leading reporting platforms through our RSP to monitor and manage supply chain sustainability risks and performances effectively. This approach ensures that sustainability is a central aspect of the BMS/supplier partnership, emphasizing the importance of working with suppliers who share BMS’s commitment to environmental, social, and governance (ESG) principles. This alignment is further supported by BMS’s Third-Party Risk Management Program, which underscores our dedication to supplier due diligence. Additionally, BMS has set an ambitious Scope 3 SBTi goal, committing that 75% of our suppliers by emissions, covering Purchased Goods & Services (PG&S), Capital Goods (CG), and Upstream Transportation & Distribution (UT&D), will have science-based targets (SBTs) by 2028. Moreover, BMS is undertaking Life Cycle Assessment (LCA) efforts to identify and address environmental hotspots across sourcing, manufacturing, and distribution processes, further mitigating the risk of carbon pricing and enhancing sustainability efforts across the value chain.

Increased cost and decreased availability of key agricultural products used to manufacture products

Increases in costs of certain agricultural products used in our products may result in higher costs for BMS to manufacture or procure such ingredients. For BMS, the long-term risk associated with this increase is considered low in the short and medium term, and moderate in the long term. The expected rise in competition for certain agricultural products within the pharmaceutical industry, and between other sectors, could further increase prices if alternatives are not considered.

Table 5. Transition risk findings
Market

Risk: Increased cost and decreased availability of key agricultural products used to manufacture products	
Definition	Increased cost and decreased availability of key agricultural products used in BMS products may result in higher manufacturing costs.
Risk exposure	Low-carbon economy scenario
	The pharmaceutical industry may face financial impacts due to agricultural products availability if alternatives are not considered.
	High-emissions scenario
	Worsening drought conditions and increased competition for key ingredients within the pharmaceutical industry and across sectors may further increase prices.
Impact on BMS	Increases in agricultural products costs could pose a challenge for BMS, impacting production costs and financial planning. As agricultural product prices increase, we may need to reformulate products to maintain cost-effectiveness, which could necessitate R&D investment and drug approval processes. Additionally, BMS could face increased scrutiny if consumer demands shift in favor of more sustainably sourced products.
Mitigation efforts	In the future, we might look into the option of having conversations with suppliers to see if they have the relevant certifications or credentials, which could suggest that their products are sourced in a manner that aligns with our sustainability aspirations. Adopting this approach would reflect our interest in sustainability and ethical sourcing, and could potentially help us to address risks related to market shifts.



Opportunities

The opportunities identified in our 2023 assessment remain consistent, but our dedication to progress has not wavered. We have advanced our actions to seize these opportunities, with a dual focus on supporting planetary health and enhancing our business. This approach reflects our commitment to sustainability and the strategic

integration of climate considerations into our core operations, ensuring that we are not only adapting to a changing climate but also actively contributing to a more resilient and sustainable future.

Table 6. Opportunity findings

Opportunity: Renewable Energy			Opportunity: Energy Efficiency	
Definition	Opportunities that arise from procuring energy from a source that is not depleted when used, such as wind or solar power.		Opportunities that arise from utilizing building and energy management practices that result in the use of less energy to perform the same task or produce the same result.	
Opportunity Exposure	Low-carbon economy scenario	High-emissions scenario	Low-carbon economy scenario	High-emissions scenario
	A shift towards more renewable energy can lead to a larger supply of cheaper, greener electricity schemes such as virtual power purchase agreements (VPPAs). Prices will also likely decrease for state-based RECs. The two VPPAs we’ve already signed will enable us to achieve 100% procurement of renewable electricity in the United States.	The supply and demand of renewable energy would be expected to slow under a High-emissions scenario, leading to higher prices and lower availability for VPPAs and RECs than in the Low Carbon Economy Emissions scenario.	A large opportunity from increased energy efficiency incentives from governments around the world can be realized. The IEA projects global clean energy investments to increase from USD \$1.2 trillion in 2019 to around USD \$4.3 trillion in 2030, and around 40% of this will be directed toward end-use technologies like energy efficiency projects. ³	Operational cost savings and other co-benefits can be realized by pursuing energy efficiency projects. However, initial capital costs may be higher due to fewer governmental incentives and grants.
Impact to BMS	We have an ambitious target to procure 100% renewable electricity in our operations by 2030. We expect to achieve our target by building on our current renewable energy portfolio and prioritizing additionality of new renewables as our main strategy. In 2021, we signed our first VPPA for 60 megawatts (MW) at the Cattlemen Solar Park in Milam County, Texas, which went live in 2024, and our second in 2023 for 145 MW at the Blevins Solar Project in Falls County, Texas, which we expect to go live in 2026. These are critical steps in our journey towards achieving our goal of 100% purchased electricity from renewable sources. In addition to purchased renewable energy, our solar photovoltaic (PV) footprint includes PV arrays installed at three New Jersey locations, as well as in China and the UK. The PV arrays carry a maximum output of nearly 2 MW, which is equivalent to the energy needed to power more than 300 homes. We are also focused on our owned vehicles and the transformation to 100% electric vehicles by 2040. As a result, we currently manage an on-site EV charging network consisting of 155 EV charging points and more than 500 subscribers across 10 US sites.		We’re enhancing energy efficiency across our operations, with initiatives like heat pump conversion, chiller plant optimization and boiler upgrades, which have yielded significant energy and cost savings. Over \$3 million has been allocated for projects to drive demand side reductions and reduce GHG emissions. To meet our net-zero target, we’ve adopted measures, like electric boilers and heat pumps at our Aichi plant, cutting facility GHG emissions by 7.6%. Our research and development site in Moreton, UK received an A+ Energy Performance Certificate (EPC) rating, making it the fourth highest-rated building to date in the entire England and Wales region. This was achieved through increased insulation, variable refrigerant flow (VRF) air conditioning and 365 photovoltaic panels that generate annual energy of 110 MWh or more. Additionally, our office in Munich, Germany achieved a German Sustainable Building Council Silver certification, the first certification system in the world to include lifecycle assessment of buildings.	

3 Net-zero by 2050: A roadmap for the global energy sector. International Energy Agency, 2021.

Risk Management

Processes and Policies for Risk Management

BMS employs a set of processes and related policies to identify, assess, prioritize, and monitor climate-related risks. These processes are informed by a variety of inputs and parameters, including scientific data, regulatory trends, and market dynamics. We utilize climate scenario analysis as a tool to understand the potential implications of different climate futures on our operations, assessing the nature, likelihood, and magnitude of risks against a scale developed in collaboration with ERM. The impact of each risk is evaluated based on a climate risk scoring matrix comprised of a climate score that reflects the potential severity of physical and transition risks, as well as the financial implications for our business. The likelihood is assessed based on the time horizon over which these risks might materialize.

To monitor climate risks, BMS has established an approach that includes regular reviews and updates of our risks and risk methodology, mitigation plans and other emerging issues. Compared with the previous

reporting period, we have evolved our governance structures, as detailed in the governance section of this report, and have made other refinements to enhance our risk management processes.

ERM Framework and Climate Risk Integration

At BMS, we take an enterprise approach to evaluating and mitigating risk. The Enterprise Risk Committee (ERC) oversees BMS's Enterprise Risk Management (ERM) process with established cross-functional responsibilities for risk management.

We take a holistic approach to evaluating climate risks and consider the entire value chain, as well as multiple time horizons. This proactive approach to risk management not only protects our operations but also creates value for all stakeholders, including our patients, employees, and global communities. We utilize climate scenario analysis as one of our tools to understand the potential implications of different climate-related risks, assessing the nature, likelihood, and magnitude of risks against a scale aligned with ERM.

The insights gained from our climate risk assessments are presented to the ERC to ensure that emerging climate risks and trends are accurately reviewed and considered as part of our ERM. As we continue to mature our climate-related risk assessments, we will maintain ongoing transparency and engagement with the ERC.

Simultaneously, BMS regularly assesses current and emerging climate-related legislation, such as the EU Corporate Sustainability Reporting Disclosure.

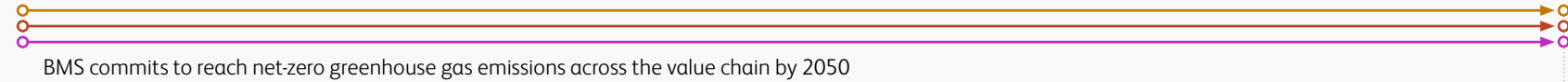


Metrics and Targets

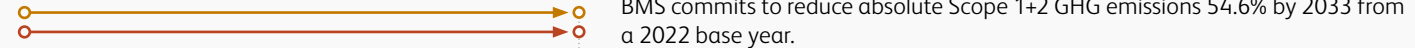
At BMS, we are dedicated to understanding and minimizing our environmental impact as part of our broader commitment to climate action and responsible business practices. Our metrics and targets are essential tools in this endeavor, enabling us to track our progress in reducing our environmental footprint and effectively manage the material climate-related risks and opportunities we face. This year, we strengthened our commitment through our approval of our near-term and long-term goals by the Science-Based Targets initiative (SBTi), which provides a rigorous framework for setting and achieving emissions reduction targets in line with the latest climate science. BMS has made a bold commitment to reach net-zero greenhouse gas (GHG) emissions across its value chain by 2050, using 2022 as the baseline year. This ambitious goal underscores our dedication to playing a part in limiting global warming and contributing to a sustainable future. As we move forward, we are committed to refining and expanding our metrics and performance targets when appropriate.

Figure 3. Emissions reductions goals

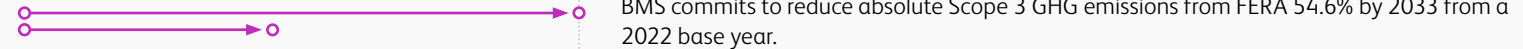
Scope 1, 2, & 3 goals



Scope 1 & 2 Near-term goals



Scope 3 Near-term goals



BMS commits that 75% of its suppliers by emissions covering PG&S, CG, and UT&D will have SBTs by 2028.

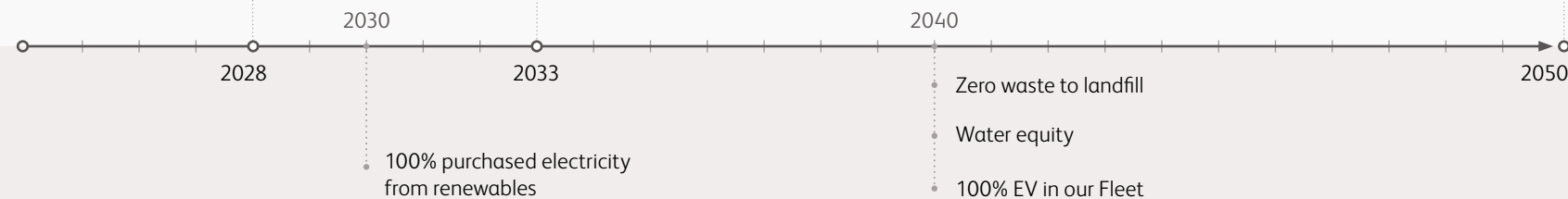


Table 7. Scope 1, 2, and 3 emissions
 (Metric Tons of CO₂ equivalent)

	2022	2023	YoY % change
Scope 1 emissions	211,900	208,535	▼ -1.6%
Scope 2 emissions (Market-based)	161,907	158,447	▼ -2.1%
Scope 3 emissions	1,768,500	1,750,947	▼ -1.0%
Category 1 – Purchased goods and services	1,354,700	1,353,368	▼ -0.1%
Category 2 – Capital goods	19,900	23,745	▲ 19.3%
Category 3 – Fuel and energy-related activities	71,900	72,108	▲ 0.3%
Category 4 – Upstream transportation & distribution	137,300	131,064	▼ -4.5%
Category 5 – Waste generated in operations	4,400	3,839	▼ -12.8%
Category 6 – Business travel	57,200	65,504	▲ 14.5%
Category 7 – Employee commuting	58,300	49,734	▼ -14.7%
Category 9 – Downstream transportation & distribution	6,700	6,321	▼ -5.7%
Category 12 – End-of-Life Treatment of Sold Products	3,200	3,293	▲ 2.9%
Category 15 – Investments	54,900	41,971	▼ -23.6%
Biogenic Emissions (CO ₂ only)	876	948	▲ 8.2%
Total GHG from Operations—Scopes 1 & 2	373,807	366,981	▼ -1.8%
Total GHG—Scopes 1, 2 & 3	2,142,307	2,117,929	▼ -1.1%

The table to the left shows year over year results of our Scope 1, 2, and 3 emissions. In 2023, we undertook more than 70 projects focused on reducing energy use and greenhouse gas (GHG) emissions across Scopes 1 and 2. These projects are pivotal steps towards our ambitious sustainability targets. These initiatives not only demonstrate our dedication to environmental stewardship but also significantly contribute to the reduction of our overall carbon footprint, marking a pivotal shift in how we mitigate and adapt to climate change.

For additional information on emissions calculation methodology and assurance statements, please see pages 119-122 of our [2023 ESG Report](#).

Looking Forward

As we look to the future, BMS remains steadfast in our commitment to continuous improvement in our climate action efforts. We take pride in the significant progress we have made, particularly in advancing the rigor of our climate risk assessments, establishing further governance around climate risk management, and obtaining SBTi approval for our near-term and net-zero targets. Additionally, we are proactively preparing for regulatory compliance, ensuring that BMS meets the expectations set by global climate policies and regulations. We remain dedicated to advancing our efforts in sustainability and climate change, ensuring that our operations are robust and resilient. Our commitment to enhancing the resilience of our operations against climate risks is essential as it ensures the uninterrupted and safe delivery of medicines to our patients.



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