

# Bayer

## Detailed assessment of Bayer’s corporate industry association review

November 2022

This document outlines a detailed breakdown of InfluenceMap’s assessment of the company’s corporate disclosure on industry association climate policy engagement, using the traffic-light assessment framework summarized below. Further detail on the assessment methodology is available in the Appendix, and on InfluenceMap’s CA100+ Investor Hub [here](#).

Key	Explanation
<span style="color: green;">■</span>	Has broadly met investor expectations in this area.
<span style="color: yellow;">■</span>	Has made some progress on investor expectations in this area, but with significant deficiencies.
<span style="color: red;">■</span>	Has fallen short of investor expectations in this area.

A summary of Bayer’s disclosures on industry associations is shown below. Bayer has undertaken two reviews of its industry associations to date. The Review Score represents InfluenceMap’s overall assessment of the quality of the company’s industry association review process, where 100 would indicate that a company has met investor expectations for all criteria related to the review process.

Date of Review	Review Score
October 2021	50 / 100
November 2022	64 / 100

This assessment focuses solely on Bayer’s disclosure on industry associations and climate policy engagement, which can be [found here](#). This assessment does not include an analysis of the company’s direct climate policy engagement, which can be found on InfluenceMap’s online profile of Bayer [here](#).

Applying the traffic-light framework outlined above, the table below summarizes the company’s performance under the seven indicators which form InfluenceMap’s assessment.

Disclosure & Transparency	Policy Alignment Process
<b>Corporate climate positions</b>	<b>Identify &amp; Assess</b>
<b>Industry group climate positions</b>	<b>Monitor &amp; Review</b>
<b>Alignment assessment method</b>	<b>Act</b>
<b>Framework for misalignment</b>	

## Bayer's Company Scorecard

The tables below highlight, for each indicator, the criteria for companies to meet investor expectations, Bayer's assessment, and examples of better practice by companies to date.

While InfluenceMap did not find an example of best practice across the entire industry association review process, some companies have demonstrated better practice under specific metrics under the 'Disclosure & Transparency' and 'Policy Alignment Process' assessments.

### Disclosure & Transparency

#### Corporate climate policy positions and influencing activities

**To meet investor expectations under this indicator:** The company has to disclose a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond 'top-line' climate statements. This includes descriptions of the company's positions and policy engagement activities on specific items of regulation and legislation which are material to the company's operations, business sector, and/or the region(s) in which it operates.

<p><b>Bayer</b></p>	<p>In its 2022 review, Bayer has disclosed its positions on and engagement with specific items of climate regulation including the US Inflation Reduction Act, international climate clubs, and EU regulation on greenhouse gas emissions and removals from LULUCF. Bayer has also disclosed its position on mitigating the gas supply situation in Germany, including adjustments to the German Building Code to expand investments in renewable energies. Bayer also published an overview of its 2021 lobbying activities on climate policy on its <a href="#">corporate website</a>, with additional information on Bayer's engagement on key policies in the US, EU, Germany, China, and Brazil.</p> <p>However, Bayer has not disclosed its position on, or engagement with, key climate-related policies which are material to the company's operations such as the EU Emissions Trading System. For example, Bayer appeared to meet with the EU ETS reform lead rapporteur in <a href="#">July 2022</a>, but the company has not disclosed its engagement on this policy in its corporate reporting.</p>
<p><b>Best Practice</b></p>	<p><a href="#">Shell</a> has disclosed case studies of its direct climate policy engagement in the EU and US. These case studies include Shell's positions on, and engagement with, specific items of EU and US regulation and legislation. The 2022 review also includes clear references to additional resources on Shell's corporate website, including advocacy updates on specific government policy consultations and links to public submissions via the EU Transparency Register and the US Lobbying Disclosure Act.</p>

#### Industry association climate policy positions and influencing activities

**To meet investor expectations under this indicator:** The company has to disclose a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.

<p><b>Bayer</b></p>	<p>Bayer has disclosed the climate policy positions and influencing activities of some of its industry associations. For example, the US Chamber of Commerce's engagement on the federal clean energy standard and Inflation Reduction Act in the US, and the response of Verband der Chemischen Industrie (VCI) to the gas crisis in Europe. However, the company does not disclose this information for every industry association actively engaged on climate change policy. Also, it appears to overlook detailed examples of negative climate lobbying for some industry associations such as the Federation of German Industries (BDI) and BusinessEurope (see Identify &amp; Assess for further details).</p>
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<p><b>Best Practice</b></p>	<p>No companies have met investor expectations in this area, although <i>BASF</i> and <i>Shell</i> exhibit current leading practice. Both companies have disclosed a detailed account of all key industry associations' climate policy positions, and a summary of their influencing activities. However, they appear to overlook detailed negative lobbying by a number of industry associations identified by InfluenceMap's database.</p>
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### Alignment assessment method

**To meet investor expectations under this indicator:** The company has to: (1) disclose a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently apply this framework across *all* industry associations; and (3) provide a clear and detailed explanation behind each evaluation.

<p><b>Bayer</b></p>	<p>In its 2021 review, Bayer disclosed a detailed explanation of its alignment assessment method based on two key criteria, and nine related sub-criteria, along with a description of when an industry association will be aligned, partially misaligned or misaligned. The company also disclosed a clear and detailed explanation of how each sub-criteria has been applied to each industry association. Bayer did not provide any additional information on this methodology in its 2022 update.</p>
<p><b>Best Practice</b></p>	<p><i>BASF</i> has also disclosed a clear explanation of its alignment assessment method along with a clear and detailed explanation of how it has been applied to each industry association. The company also provided specific alignment indicators for EU climate policy such as the EU ETS to assess the alignment of key European industry associations.</p>

### Framework for addressing misalignment

**To meet investor expectations under this indicator:** The company must disclose a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.

<p><b>Bayer</b></p>	<p>In its 2021 review, Bayer disclosed clear and detailed steps to address misalignment under two phases. Under the "Engagement Process", steps include the examination of the circumstances, seeking understanding, proactively engaging, and seeking a more active role in the association. Under the "Remediation Process", steps include undertaking a formal review with a clear timeline, making a public statement, pursuing further measures to exert influence on a policy change, preparing an ultimatum, and leaving the industry association with an annual review for re-joining. Bayer stated that it will set a clear timeline for the review and a deadline for action, but expects this process to prove sufficient in the majority of instances of misalignment within one year of publication. Bayer did not provide any additional information on this framework in its 2022 update, but explained how this methodology was being applied to misaligned industry associations.</p>
<p><b>Best Practice</b></p>	<p><i>BHP</i> has disclosed clear and detailed steps for addressing potential misalignment, including an escalation strategy and clear timelines attached. The company states it will communicate material differences, request that the industry association develop a position or refrain from advocacy in certain areas, and review the membership if there has been no action within 12 months.</p>

## Policy Alignment Process

Identify & Assess	
<p><b>To meet investor expectations under this indicator:</b> The company has to identify all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap’s <i>database</i> on corporate lobbying.</p>	
<p><b>Bayer</b></p>	<p>In its 2021 review, Bayer did not identify any misalignments with its industry associations on climate change overall. However, the company identified some cases of partial or material misalignment with industry associations under specific policy areas or sub-criteria. Bayer outlined the material misalignments in detail in Appendix 1 of its 2021 review. For example, the National Association of Manufacturers and US Chamber of Commerce were misaligned on “Publicly supporting the transition to net zero”. Bayer also listed the names of associations for instances of partial misalignment, with further information available on request. In its 2022 update, Bayer did not undertake an additional assessment of alignment, but provided updates on misalignments identified in its 2021 review.</p> <p>InfluenceMap analysis indicates that Bayer has five memberships to industry associations misaligned with the Paris Agreement (<i>National Mining Association, US Chamber of Commerce, Verband der Chemischen Industrie (VCI), Federation of German Industries (BDI), BusinessEurope</i>) and five memberships to industry associations potentially misaligned with the Paris Agreement (<i>American Chemistry Council, CEFIC, Confederation of British Industry, Confederation of Indian Industry, Chemical and Allied Industries' Association</i>).</p> <p>InfluenceMap analysis finds that Bayer’s industry associations have engaged negatively on climate-related policies, for example:</p> <ul style="list-style-type: none"> <li>■ <i>BusinessEurope</i>: In <i>May 2022</i>, BusinessEurope opposed the EU Commission’s proposed 2035 phase out for ICE vehicles. In <i>February 2022</i>, it also advocated to weaken the EU Commission’s proposed reform of the EU Emissions Trading System (EU ETS), and called for “sufficient” free allocation of emissions allowances.</li> <li>■ <i>Federation of German Industries (BDI)</i>: BDI <i>supported</i> the inclusion of fossil gas in the EU Sustainable Finance Taxonomy in a February 2022 press release. BDI has repeatedly <i>advocated for</i> increasing the use of Germany’s coal infrastructure, including in a July 2022 press release.</li> <li>■ <i>Verband der Chemischen Industrie (VCI)</i>: In June 2022, VCI <i>opposed</i> the EU Commission’s proposal for a Carbon Border Adjustment Mechanism and the phase out of free allocation of emissions allowances in the EU ETS.</li> <li>■ <i>US Chamber of Commerce</i>: In August 2022, the US Chamber strongly <i>opposed</i> the Inflation Reduction Act. In March 2022, it <i>submitted</i> an amicus brief in support of the Line 5 pipeline.</li> </ul>
<p><b>Best Practice</b></p>	<p><i>Enel</i> is the only company to meet investor expectations in this area, identifying all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap’s database, although the company does not disclose additional details of why they are not fully aligned. InfluenceMap analysis indicates that most companies have missed key cases of misalignment with industry associations lobbying counter to the goals of the Paris Agreement.</p>

Monitor & Review	
<p><b>To meet investor expectations under this indicator:</b> The company has to publish a review of industry associations on an annual basis, commit to do so at least once a year, or commit to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company’s alignment and engagement with the industry association concerning these activities.</p>	
<b>Bayer</b>	<p>Bayer has committed to update its industry association review every two years. However, the company states that, in the interim, it will actively monitor on-going progress in addressing areas of misalignment and provide updates on the progress of engagements. In 2022, Bayer published a detailed update including its engagement with misaligned industry associations. In this update, Bayer confirmed that it will repeat its comprehensive assessment in 2023.</p>
<b>Best Practice</b>	<p><i>Shell</i> publishes detailed assessments of its industry association memberships at two-year intervals, with detailed updates on misaligned industry associations each year. Shell has published two full reviews of its industry associations (2019, 2021) and two review updates (2020, 2022). The review updates include actions taken within each industry association, key changes to the associations’ climate positions, and detailed next steps. Shell has committed to publish its next update in 2023.</p>

Act	
<p><b>To meet investor expectations under this indicator:</b> The company has to show evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap’s <i>database</i> on corporate lobbying. The investor expectations outlined by <i>PRI</i>, <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.</p>	
<b>Bayer</b>	<p>Bayer has shown evidence of action to address misalignment by terminating its membership with the National Association of Manufacturers in 2022. In its 2022 review, Bayer also disclosed its progress with misaligned industry associations such as the US Chamber of Commerce and Associated Chambers of Commerce and Industry of India, including Bayer’s engagement to date and how the associations have developed or changed their position since 2021. In its 2022 review, Bayer also disclosed how it has been advocating for climate-friendly policies within its ‘aligned’ industry associations including CESPEDES in Mexico, Agrofarma and Federchimica in Italy, and Verband der Chemischen Industrie (VCI) in Germany. For example, Bayer stated that it successfully advocated for VCI to include its detailed proposals on accelerating the expansion of renewable energies in the German Building Code to its bureaucracy reduction agenda. However, the company does not appear to have addressed key cases of material and potential misalignment with the Paris Agreement identified by InfluenceMap’s database (see Identify &amp; Assess).</p>
<b>Best Practice</b>	<p>No companies have met investor expectations in this area by showing evidence of action to address all cases of misalignment identified by InfluenceMap’s database, although some companies have made more progress. <i>Total</i> announced in January 2021 that it had decided not to renew its membership to the American Petroleum Institute due to divergences on climate positions. <i>BHP</i> suspended its membership to Queensland Resources Council in 2020 following its ‘Vote Greens Last’ advertising campaign and outlined detailed actions to be taken at four "partly aligned" industry associations. <i>Chevron</i> has not left any industry associations but has disclosed its engagement on specific climate change policy issues with seven industry associations, including details of the results of this engagement. Similarly, <i>General Motors</i> has disclosed that it has not financially contributed to advocacy campaigns against the Build Back Better Act by the Business Roundtable and US Chamber, and has publicly advocated a supportive position to ensure its stance is differentiated from them.</p>

# Appendix A: Methodologies for Assessment

## Scoring Disclosures and Policy-Alignment

Key	Explanation
	Has broadly met investor expectations in this area.
	Has made some progress on investor expectations in this area, but with significant deficiencies.
	Has fallen short of investor expectations in this area.

## Assessing Disclosures

Since BHP’s 2017 industry association review, around 60 major global corporates have delivered similar, specific disclosures on their industry association links in response to investor pressure. This positive momentum is undermined, however, if the resulting disclosures are of poor quality.

In its *‘Investor Expectations on Corporate Climate Lobbying’* report, the PRI highlights the need for disclosure on the company’s positions and activities on climate change policy engagement, as well as the positions and activities of the industry groups it supports. The PRI further requests information on the governance processes and actions taken to ensure alignment between these activities and the company’s stated climate goals. *IIGCC* and *Ceres* articulate similar expectations, also requiring companies to disclose a material impact assessment of lobbying by an organization that opposes their public position. InfluenceMap uses the following assessment criteria to test the clarity, accuracy and scope of information provided by companies against four key issues.

Disclosure Item	Score	InfluenceMap’s Assessment Criteria
<b>Corporate climate policy positions and influencing activities</b>		The company has disclosed a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond ‘top-line’ climate statements. This includes descriptions of the company’s positions and policy engagement activities on specific items of regulation and legislation which are material to the company’s operations, business sector, and/or the region(s) in which it operates.
		The company has disclosed a breakdown of its own climate policy positions and influencing activities. However, the company’s description of its positions and policy engagement activities on specific items of regulation and legislation lacks detail, and/or the company has not disclosed its position and engagement activities on key items of regulation and legislation which are material to its operations, business sector, and/or the region(s) in which it operates.
		The company has made no attempt to disclose its climate policy positions and influencing activities, or the company’s disclosure is limited to a brief overview of its ‘top-line’ climate statements and operational commitments without reference to specific items of regulation and legislation.

<b>Industry association climate policy positions and influencing activities</b>		The company has disclosed a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.
		The company has disclosed an account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, beyond 'top-line' statements. However, the disclosure lacks detail on positions and policy engagement activities on specific items of regulation and legislation, and/or does not disclose evidence of negative climate lobbying by one or more of its industry associations.
		The company has not disclosed the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, and/or the company's disclosure is limited to a brief overview of 'top-line' climate statements without reference to specific items of regulation and legislation.
<b>Alignment assessment method</b>		The company has: (1) disclosed a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently applied this framework across <i>all</i> industry associations; and (3) provided a clear and detailed explanation behind each evaluation.
		The company has disclosed a framework for assessing alignment with its industry associations but the disclosure lacks detail regarding <i>one</i> of the above steps (1-3).
		The company has not disclosed a framework for assessing alignment with industry associations, or it has disclosed a framework but the disclosure lacks detail regarding <i>more than one</i> of the above steps (1-3).
<b>Framework for addressing misalignment</b>		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.
		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps, but there is no clear deadlines for industry associations which do not amend misaligned practices
		The company has not disclosed a framework for addressing misalignments with its industry associations, or the company has disclosed a framework but the steps are ambiguous and lack sufficient detail.

## Assessing Policy Alignment Process

As well as transparent disclosures on industry group links and lobbying activities, the investor expectations communicated by IIGCC, CERES and the UN PRI also set out the need for robust processes to ensure alignment between the company's stated policy positions and the positions and lobbying activities of their industry groups. These processes consist of the following three elements:

Alignment Process	Score	InfluenceMap's Assessment Criteria
Identify & Assess	Green	The company has identified all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying.
	Yellow	The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss up to three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database).
	Red	The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss one case of misalignment (industry associations with Organization Scores 0-50) or more than three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database).
Monitor & Review	Green	The company has published a review of industry associations on an annual basis, has committed to do so at least once a year, or is/has committed to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company's alignment and engagement with the industry association concerning these activities.
	Yellow	The company has committed to publish an update to its review of industry associations but not an annual basis or not specified a timeframe.
	Red	The company has not committed to any follow-up processes as part of its review of industry associations.
Act	Green	The company has shown evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap's <i>database</i> on corporate lobbying. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
	Yellow	The company has shown some evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, but has not addressed key cases of misalignment or "potential" misalignment identified by InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75 in InfluenceMap's database. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
	Red	The company has shown no or limited evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, missing key cases of misalignment or potential misalignment identified in InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Action will be scored under this category if it does not include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.

To assist this assessment, InfluenceMap will be applying its database on corporate and industry group climate change lobbying. This tracks in real-time the detailed climate policy lobbying of around 400 companies and 200 industry associations globally, allowing like-for-like comparisons of organizations' positions on climate policy that are compared to a benchmark of Paris-aligned climate policy. This system can track the evolution of corporate and industry group climate lobbying positions over time.