

Replies to questions asked prior to the Annual General Meeting

Questions sent by the FIR - Forum pour l'investissement responsable

Environment

- Question 1:

- a) In the context of the Paris Agreement, how does each of your actions linked to the reduction of your direct and indirect GHG emissions contribute to your decarbonization objective for all scopes (percentage of emissions reduced thanks to the action)? What proportion of your decarbonization objectives relate to negative emissions?

When presenting its new sustainability objectives in March 2021, Air Liquide announced its ambition to achieve carbon neutrality in 2050 and the objective of reducing its (scope 1 + 2) CO₂ emissions by 33% by 2035. Air Liquide also identified the levers on which the reduction in emissions will be based, including three in particular, which are each expected to contribute by approximately $\frac{1}{3}$ to the achievement of the objectives. These levers are: (i) CO₂ capture on hydrogen production units by reforming natural gas, (ii) sourcing low-carbon and renewable electricity for the air separation units, and (iii) improving the efficiency and modernization of its production assets. The decarbonization strategy for the reduction of scope 1 and 2 emissions by 33% in 2035 compared to 2020 is at present exclusively based on the reduction of emissions and does not foresee a role for negative emissions.

Air Liquide's strategy is based on the decarbonization of its own assets, as well as a commitment throughout its value chain:

- upstream, by integrating the reduction of emissions into the purchasing process and supporting its suppliers,
- downstream, by developing innovative, low-carbon solutions with its customers to offer low-carbon solutions and co-developing processes like oxy-combustion and CO₂ capture.

Overall, the Group contributes to the emergence of a low-carbon society by promoting hydrogen, by developing clean mobility, and by enabling the circular economy through the use of biomethane.

Aware of the importance of contributing to the achievement of carbon neutrality throughout its value chain, Air Liquide worked on developing its "Scope 3" emissions reduction strategy in 2022. The value of its customer relationships has led the Group to make a pledge that 75% of its 50 largest customers will have a stated carbon neutrality commitment by 2025 and 100% by 2035.

- b) Could you assign an amount of investment that is required for each of the actions deployed, linked to the reduction of your direct and indirect emissions, as a result of your decarbonization strategy?

The decarbonization of our existing assets and the related investments are closely linked to business offerings in connection with the signing of contractual extensions or new contracts with our customers. The majority of these are not dedicated or isolated investments. Moreover, the lever for decarbonization (see the answer to a) above) related to the sourcing of low-carbon electricity does not require any particular investment. The decarbonization levers will therefore be implemented alongside the development of offerings aimed at helping our clients reduce the emissions from their activities. Accordingly, in terms of CapEx, the energy transition and the decarbonization of industrial activities create major opportunities for the Group. Air Liquide's climate objectives were restated and integrated into our strategic plan presented on March 22, 2022. The ADVANCE strategic plan also provides that half the 16 billion euros invested over the period 2022-2025 will be dedicated to the energy transition.

Investment decisions are made according to a process that ensures they are aligned with our ambitions to reduce greenhouse gas emissions. Accordingly, decisions that have a significant upward or downward impact are reviewed by a dedicated committee. This investment process is accompanied by the allocation and monitoring of an annual CO₂ budget allocated to the Group's operations, in order to monitor the trajectory precisely.

Moreover, Air Liquide's objective for 2035 is to invest around 8 billion euros in the low-carbon and renewable hydrogen value chain. Approximately 50% of this covers the primary production of molecules and CO₂ capture and approximately 50% covers hydrogen logistics, to accompany the ramp-up of markets linked to the energy transition, in particular in those regions which have made strong commitments in this area – or are in the process of doing so – such as Europe, North America and the majority of Asian countries where the Group has a strong presence. Air Liquide also aims to develop 3 GW of electrolysis for hydrogen production by 2030.

c) [What reference scenario\(s\) is your decarbonization strategy based on? Is it in line with a 1.5°C scenario?](#)

There is currently no sectoral "1.5°" trajectory for the chemical industry, in general, or for the industrial gas industry, in particular. Air Liquide has nonetheless developed its climate objectives based on various studies, including those of the IPCC (in particular the 1.5° special report) and those of the International Energy Agency, whose Net Zero report published in May 2021 highlights levers and a trajectory for heavy industry that are similar to those in our plan.

- [Question 2:](#)

a) [Have you recently carried out an assessment of the impacts and dependence \(both direct and indirect\) of your activities on and in relation to biodiversity?](#)

With the assistance of a specialist consultant, the Group has conducted a complete review of its biodiversity impacts and dependencies. This study was finalized in the first half of 2022 and the results were presented in the 2022 Universal Registration Document at p.371. This study also highlighted the biodiversity benefits of hydrogen used for fuel desulfurization, allowing for the elimination of acid rain. Following on from this study, the Group has adopted objectives to promote biodiversity, in particular by submitting a set of commitments to the Act4Nature initiative in 2023.

b) [If not, why not? If so, has your quantification of the dependence \(both direct and indirect\) of your biodiversity-related activities \(expressed as a percentage of turnover, net banking income, etc.\) changed compared to last year?](#)

The study confirmed that 2 Group activities are directly linked to biodiversity issues: the subsidiary Seppic and the biomethane business. For these two activities, in-depth consideration of biodiversity issues - specific to each activity - is integrated into their strategy and operating processes. These activities represent less than 5% of Group revenue (2022 figures).

c) [Based on your assessment, what is your pro-diversity expenditure \(protection, restoration...\)? Please provide an amount.](#)

Expenditure in support of biodiversity is not costed per se, as it is integrated into the management of the activity. This is true of the Seppic and biomethane activities that have direct impacts and dependencies. Concerning industrial activities, where biodiversity issues are indirect, biodiversity conservation is taken into account when making investment decisions concerning new projects, their implementation and the operation of assets.

- [Question 3:](#)

a) [Against a background of inflation, geopolitical crises or indeed climate warming and loss of biodiversity, how do you assess the financial and economic impacts on your economic models of the scarcity of strategic natural resources or your difficulties in accessing them?](#)

The principal resources used for its industrial activities are electricity and natural gas. Security of supply is a priority for the energy teams; there were no supply problems in 2022 despite the complex environment. The Group also set targets in 2021 to ensure appropriate water management. For operations with high water consumption in areas of high water stress, the Group is working on the implementation of a documented water management policy by 2025, aimed at reducing the risks related to water withdrawal and use.

- b) Have you assessed the increase in costs caused by these difficulties (provide details of the change in costs as a percentage or in terms of value)?

We have not encountered any sourcing problems; the geopolitical crises have resulted in higher energy costs, which are contractually passed through to customers, notably in Large Industries.

- c) What measures have you taken, as a consequence, in order to reduce your consumption and make your business model circular (provide details of the proportion of the company's activities that are affected by these solutions)?

The Group has always strived to improve the efficiency of its production assets, through innovation and the development of more efficient processes, and through the use of digital technology to manage its industrial assets, thereby reducing consumption.

Social

- Question 4:

- a) Could you specify how the E&S criteria incorporated into your executive officers' short and long-term variable remuneration policies (if any) reflect the most significant E&S issues faced by your company?

The remuneration policy applicable to Executive Officers determined by the Board of Directors for 2023, drawn up in line with the 2022 policy, includes incentive elements reflecting the Group's main challenges and strategy, which is geared toward profitable long-term growth by acting on behalf of a sustainable future, with regard to the corporate interest and the interests of all the stakeholders.

The remuneration policy for Executive Officers thus provides that the qualitative objectives for the variable remuneration incorporate, as to one-third, the pursuit of long-term objectives related to safety and sustainable development linked to the roll-out of the action plans for the Group's sustainable development objectives, concerning both Climate and the social and societal aspects (the ESG objectives announced by the Group on March 23, 2021 ("ACT for a sustainable future") and incorporated into the ADVANCE strategic program). One-third of the qualitative criteria for the variable remuneration are in turn linked to Human Resource objectives that are fundamental for the Group, including notably talent development and diversity.

In 2022, the Chief Executive Officer's variable remuneration linked to the E&S criteria was calculated notably by taking account of the assessment of the following elements:

- the safety performance, including the lost-time accident frequency rate of Group employees and the safety of subcontractors, the implementation of safety programs and the continued improvement of the safety culture;
- the implementation of the "ACT" program commitments (Act for the Climate, for Health and for the whole of Society) encompassing the Group's environmental and societal issues: the implementation of CO2 governance, CO2 reporting and budget, the monitoring of CO2 emissions, the implementation of projects related to the decarbonization of Group assets or those of its customers, the extra-financial ratings, the development of personalized care pathways in mature countries, the development of access to medical oxygen in low and middle-income countries, increasing gender diversity within the population of Managers and Professionals, the generalization of a common basic social security cover for all employees and the roll-out of the Citizen at Work program, allowing employees to participate in social or societal projects during their working hours.

For 10% of the long-term remuneration, a performance condition has been incorporated since 2020 that is in line with the Group's climate objectives. For the 2023 performance share plan, whose performance conditions were determined by the Board of Directors in February 2023, this therefore includes a performance condition that is based on the change in the Group's absolute CO2 emissions over the period 2023-2025, in line with the objective for a shift in 2025.

- b) [How does the Board ensure the achievement of the E&S objectives and, in particular, what quantifiable criteria is that achievement based on? Is the level of requirement systematically reassessed if achievement rates are high?](#)

As stated above, the E&S objectives incorporated into the performance criteria for the remuneration of the Group's Executive Officers, as determined by the Board, are in line with those communicated in the ADVANCE strategic program, for which ambitious, detailed and measurable KPIs have been determined. The Board, on the recommendation of the Remuneration Committee, examines, for the assessment of the E&S performance of the Executive Officers, the results obtained in the implementation of the action plans aimed at achieving the objectives and the level of achievement of the published KPIs (or the progress recorded in respect of these KPIs). The performance condition for the long-term remuneration, that is linked to the Climate objectives, also records the rate of achievement of the quantified targets it has set in the plans, which are in line with the Climate objectives published by the Group. The achievement of these objectives and the rate of achievement at the end of the period for the performance conditions of each plan are reported to the Board, and the level thus recorded is published in the Universal Registration Document after that recording.

The ADVANCE plan spans 4 years, from 2022 to 2025, the related E&S objectives are ambitious and require medium-term action plans, and the rates of achievement must be assessed over time.

- c) [Can you describe how the remuneration \(bonus, long-term, profit-sharing, other\) of your employees \(excluding the executive officers\) incorporates environmental and social \(E&S\) criteria? Please state the number of employees concerned and provide as much detail as possible concerning the E&S criteria and the proportion thereof in employees' remuneration.](#)

In addition to the Executive Officer, approximately 400 senior executives are part of a short-term variable compensation program, subject to performance criteria including CSR objectives that are in line with (i) Air Liquide's objectives as detailed in the 2022 Sustainability Report and (ii) the scope of their responsibilities. The objective of this program is to recognize the contribution made by these employees to the operations and projects that make an environmental or societal contribution. These assessment criteria are notably linked, as for the Executive Officers, to the commitments of the "ACT" program (Act for the Climate, for Health and for the whole of Society) encompassing the Group's environmental and societal issues; i.e. in particular the climate objectives (e.g. objectives in terms of setting up or implementing an action plan to reduce CO2 emissions), sustainability and/or diversity objectives (e.g. gender equality objectives by scope). The weighting of the CSR objectives in the remuneration is between 10% and 15%.

In addition, **all employees benefiting from variable remuneration** are subject to safety and CSR objectives that together represent around 15% of the nominal variable remuneration.

Furthermore, numerous profit-sharing agreements at our French subsidiaries incorporate CSR criteria. In particular, the one at Air Liquide SA incorporates, as to 20%, the following CSR criterion on professional inclusion and integration:

The Group has chosen to contribute to the "10,000 companies for professional inclusion and integration" plan launched at the beginning of 2019, targeting those people who are least likely to find employment through specific initiatives.

Six types of action have been targeted to support those initiatives that it has chosen to focus on:

- Mentoring young graduates from disadvantaged neighborhoods in their job search;
- Opening up work experience placements for 9th grade students from disadvantaged neighborhoods;
- Organizing tours of our sites for high school students from disadvantaged neighborhoods;
- Recruiting young people with disabilities through work-study programs;
- Enabling jobseekers with disabilities to learn more about our business lines through

- "a-day-in-the-life-of" events;
- Setting up training courses that lead to a diploma in the Group's business lines, for subsidiaries that frequently have vacancies for hard-to-fill jobs requiring low levels of qualification.

Employees are asked to volunteer, in order to carry out these actions. In 2023, the criterion will focus on the number of tangible initiatives (actual organization of actions, meetings or information campaigns, work placements, tours, etc.) carried out within the company's scope to promote the above actions and involving employees who are not part of HR.

Finally, since 2020, the long-term incentive plans (LTI) include, for all beneficiaries (i.e. over 2,000 employees), a Climate-related objective for 10% of the number of performance shares awarded.

For the 2023 performance share plan, whose performance conditions were determined by the Board of Directors in February 2023, this therefore includes a performance condition that is based on the change in the Group's absolute CO2 emissions over the period 2023-2025, in line with the objective for a shift in 2025.

- d) Do you intend to increase the proportion of E&S criteria integrated into the long-term variable remuneration of your executive officers? The majority of other CAC 40 companies have a proportion of 20% or more.

The relative proportion of the various performance criteria, both for the variable remuneration and the awards of shares, is reviewed each year by the Remuneration Committee and submitted for the approval of the Board of Directors. This review takes account of the company's strategic priorities and of market comparables.

- Question 5:

- a) Within the context of your value-sharing policy, what proportion of your share buybacks have you allocated for the benefit of your employees over the course of the last five fiscal years (excluding performance shares)? What proportion of employees in France were concerned? And abroad?
- b) Over the same period, could you state how your share buybacks are assigned (as between cancellation, employee share ownership, award of performance shares, other beneficiaries and other objectives)?
- c) More generally, do you have a policy that defines the assignment of your share buybacks? Is this policy public? If so, can you describe it?

Air Liquide's share buyback policy is public. Such buybacks are only used for the issuance of performance shares and to offset the dilutive effect of the ESPP (employee share purchase plans).

The proportion of capital bought back in this way is on average around 0.2% per year. In this context, over the last 5 fiscal years, Air Liquide has, on average, allocated 60% of its share buybacks to offsetting the ESPP and 40% to the issuance of performance shares. The ESPP are aimed at all French and international staff and 33.81% of the 66,300 eligible people worldwide have chosen to benefit from them. The participation rate in France stands at 63.80%.

- Question 6:

- a) Accordingly, since last year, have you adopted a definition of a living wage as stated above or an equivalent? If so, which?

Air Liquide's Human Resources strategy is notably to ensure that all its employees are compensated in a fair and just manner. Each operating entity ensures that employees working for the company receive compensation that covers their basic needs. This is a matter of occupational safety and determines Air Liquide's ability to attract the sought-after technical staff that we want to develop and retain over the long term.

- b) What precise measures have you put in place so that a living wage is guaranteed to all your employees and the employees of your suppliers (work with specialist initiatives, studies to determine the level of a living wage for each country, integration of the criteria into your supplier charters, supplier due diligence, etc.)?

Trust and respect are essential values that are enshrined in our practices, as part of the ACT plan announced in March 2021. Wages are recognized as an essential lever for achieving these objectives. In practical terms, the consideration of the state of the local market, local minima, the Group's pay equity and current legislation are fundamental considerations for the employee remuneration policy. Each entity conducts an annual salary review campaign and corrects any discrepancies observed. The pay scales are designed in such a way that the lowest paid employees receive a higher increase for equivalent performance. The entities hire external payroll survey organizations to assess themselves in those countries where Air Liquide operates. The total remuneration also includes benefits such as death and disability cover, health insurance, profit-sharing or work-life balance solutions that contribute to the well-being of each employee. At this time, the Group has committed to offering a common basis of care coverage (insurance with an indemnity equivalent to one year's salary in the event of death, health coverage and a minimum of 14 weeks' paid maternity leave) for all employees by 2025 (42% in 2022).

Concerning suppliers, Air Liquide rolls out all elements of its sustainable procurement procedure, which notably provides for the evaluation of sustainability-critical suppliers. They are identified based on four criteria:

- the amount of the annual spend;
- the risk relating to the nature of the supplier's activity;
- the risk relating to the country where the supplier carries out its main activities;
- the supplier's dependency on Air Liquide.

Most of the evaluation is conducted on the basis of two types of questionnaires, notably by an external platform specialized in the assessment of CSR performance (EcoVadis) which deploys an online questionnaire based on the ISO 26000 standard. Among the themes covered, social and human rights issues contain questions relating to remuneration.

- c) Have you set minimum remuneration thresholds in all those countries where you do business for your employees and the employees of your suppliers and how do they compare to the local minimum wages? If so, do you conduct audits to ensure that these thresholds are complied with and that they evolve in line with the cost of living?

In addition to the answer given in b) above, Air Liquide continues to review practices and regulatory changes to continuously improve its remuneration practices. Given the scale and decentralization of its operations, conducted in over 70 countries, the solutions envisaged involve the implementation of a global, robust and sustainable data management system. In March 2023, Air Liquide put in place a unique HR management system for all its entities worldwide. This project was launched two years ago and will implement additional low-wage controls.

- d) Have you taken into account and mapped the systematic risks that may prevent the payment of a living wage to your employees and the employees of your suppliers (such as an infringement of the freedom of association)?

It is worth noting that, in the mapping of the Group's main risks, the guarantee of fair and appropriate working conditions is one of the areas to be monitored by Air Liquide in order to maintain sustainable performance. Air Liquide shares the principles enshrined in the ILO (International Labor Organization) Declaration on Fundamental Principles and Rights at Work and is a signatory to the United Nations Global Compact.

- Question 7:

- a) France Scope: apart from investments in your company's securities, what proportion of the employee savings funds available to your employees has a responsible label (SRI, Greenfin, CIES or Finansol labels or foreign labels)? Please state the name of the labelled funds, the proportion of the labelled savings funds as a percentage of total assets and as a percentage of funds excluding employee

shareholding, the percentage of group employees who benefit therefrom and any changes compared to last year.

Air Liquide offers its French subsidiaries a **Group Savings Plan** that includes a range of investments through **6 corporate mutual funds** (FCPE). As at 12/31/2022, this Group Savings Plan represented total assets of **424 million euros**. This offer allows employees to invest according to their profile, ranging from **very low risk investments** (money market funds) to diversified funds, and ending with **higher risk assets**, that are fully invested in equities.

Air Liquide also provides a **shareholding fund** invested in company securities. This represents around 33.5% of employee savings.

Several funds select Responsible Investments:

- the **AL Développement Solidaire** corporate mutual fund is invested as to 6.6% in solidarity funds under the "finansol" label and as to 55.1% in "SRI" label funds;
- the **Rendement Mixte Air Liquide** and **Dynamique Air Liquide Croissance** corporate mutual funds are invested in funds with an "SRI" label as to 29.7% and 72% respectively.

Two funds are now classified under **article 8** of the European **SFDR** regulations, concerning financial products that promote environmental and/or social characteristics, with a **sustainable investment** objective that they are able to report on:

- the **Natixis Es Monétaire** corporate mutual fund: 92.8% of investments in SRI-labeled funds;
- the **Offensif ISR Air Liquide Expansion** corporate mutual fund: 92% of investments in SRI-labeled funds.

In 2022, 98.49% of employees in France, i.e. 12,098 persons benefit from this scheme (98.56% in 2021, i.e. 12,135 persons).

b) [If applicable, please explain why your employee savings funds are not all labelled? If some funds incorporate ESG criteria but are not labelled, explain how these criteria demonstrate a robust and selective ESG approach?](#)

On the supervisory boards of the following two funds, **developments are underway to integrate extra-financial ESG** (Environmental, Social and Governance) **criteria** in the management processes and to formalize them in the regulations:

- the **Régulier Air Liquide Développement Solidaire** corporate mutual fund (*under analysis*);
- the **Dynamique AL Croissance** corporate mutual fund (*under analysis*).

The funds mentioned above will also be able to invoke **article 8** of the European **SFDR** regulations, concerning financial products that promote environmental and/or social characteristics, with a **sustainable investment** objective that they are able to report on.

Each of these mutual funds may be awarded an **SRI label** once these operations are completed. It should be noted that the **Air Liquide Épargne** employee share ownership fund cannot engage in such a process, because of its very nature and management objective.

c) [In the other countries where you operate: What employee savings schemes, apart from employee shareholding, have been put in place for your employees outside France? Do they incorporate robust ESG criteria? If so, which? If not, why not?](#)

The management of employee savings schemes set up for our employees outside France is the responsibility of the local subsidiaries in each country where they operate.

By way of example, in Canada, there are pension fund investment plans, called Plan ALC and Plan H. They are governed by an investment policy which stipulates that fund managers may take ESG factors into account to the extent that they are relevant to achieving the objectives set. Fund managers are selected based on the belief that ESG factors will help deliver higher long-term investment returns and will contribute to risk management. All our current fund managers are signatories to the United Nations Principles for

Responsible Investment (UNPRI). In addition, there are company savings plans whose managers, who are also signatories to the UNPRI, offer a socially responsible fund.

- d) How do you involve your employees in the selection and monitoring of the funds' responsible engagement?

Regarding the choice of funds, they are set up following the signing of agreements between Air Liquide's management and the social partners. Supervisory boards for each of the funds meet twice a year to approve the accounts, examine the returns and take strategic financial decisions. These boards also comprise an equal number of members representing the company and members representing the employees.

Governance

- Question 8:

- a) Do you publish a document detailing your fiscal responsibility commitments? How does it fit into your social responsibility policy, over and above mere compliance? Do you identify in this document those fiscal practices that you consider to be unacceptable?

A document detailing our fiscal responsibility commitments exists and is contained at pages 84, 85, 388 and 389 of the 2022 Universal Registration Document (URD) published on Air Liquide's web site. Pages 388 and 389 detail Air Liquide's approach to social responsibility policy. The Group's Head of Tax makes a presentation to the Audit Committee at least once a year and this is reported to the Board of Directors. Furthermore, in accordance with the law, the Board of Directors approves the Management Report and the Extra-Financial Performance Declaration which contain all the Group's tax commitments (the Group's tax policy, fighting tax evasion) included at pages 84, 85, 388 and 389 of the URD. The URD describes unacceptable tax practices at pages 84, 85, 388 and 389.

- b) Do you publish your tax reporting country-by-country? If not, how are you preparing for the European Directive planned for 2024 which will require country-by-country reporting for EU Member States? Do you intend to publish country-by-country reporting that goes beyond the obligations of the Directive?

At present, in compliance with French regulations, Air Liquide presents the Group's tax liability worldwide and does not break down this tax reporting country-by-country. Air Liquide will comply with the obligations of the European Directive planned for 2024. In this regard, the Group has sent its country-by-country reporting to the tax authorities every year since 2016 and the data that will be published pursuant to the Directive will be consistent with the data included in the reporting sent to the tax authorities. The Group does not currently intend to publish more detailed information, particularly as it could be used by our main US competitors, who are not subject to the same requirements.

- Question 9:

- a) What public decisions are targeted by your lobbying activities? Please provide details for the last two years, focusing on human rights related lobbying (including fundamental social rights), climate and governance, for the main jurisdictions in which you carry out lobbying (including the EU, the United States, emerging markets and other regions)?

The Group's lobbying activities are fully aligned with the Group's ADVANCE strategy, in particular the commitment to achieve carbon neutrality by 2050. The Group published its Public Affairs Charter at the end of 2021, [that is available on the Group web site](#) and provides details of our rules and principal policies for engagement with public stakeholders, together with our organization.

The [US](#), [European](#) and [French](#) transparency sites detail specific actions in these regions, which are the Group's main areas of engagement with public stakeholders.

- b) How do you control your ESG objectives and ensure they are in line with the positions adopted by the professional associations of which you are a member? And also with regard to any potential divergence from your own positions? Do you publish a report in which you detail the manner in which your company's positions are aligned with those of your professional associations but also those instances where they may differ?

Yes, Air Liquide analyses the positions of the professional associations in which the Group participates with regard to the objectives of the Paris Agreements and the Group's climate positions. In 2022, Air Liquide carried out its first review of the climate positions of its main associations in the United States, France and Europe, since these are the most important regions in terms of its interaction with public authorities.

This review of the 16 principal associations in these regions, and the associated methodology, is available on [the Group's public affairs page](#). This review will be extended to other regions over the next few years as the process gathers momentum.

- c) What resources do you allocate to your lobbying activities (both human and financial) for the whole of your markets worldwide?

Representation of the Group with regard to various stakeholders, whether public institutions, NGOs, civil society, professional associations or think tanks, is defined and implemented by the European and International Affairs Department. This team of ten or so people is based in Paris and Brussels with branches in the United States and in Asia (China, Japan, Korea and Singapore). The members of this team interact with the public stakeholders at their request, when Air Liquide's expertise is sought, or on a voluntary basis when public policies directly affect the activities of our subsidiaries.

- Question 10:

- a) What measures do you take to anticipate the impacts of the ecological transition, over the short and medium-term, on jobs and the way in which skills requirements are changing within your group, but also in your value chain (subcontractors, suppliers, franchise holders, etc.)?

The ecological transition has a direct impact on the way in which Air Liquide manages jobs, skills, talents and their development.

The Air Liquide University has increased access to "e-learning", with over 60,000 users in 2022. By way of example, during the inaugural plenary session of the next virtual campus, training courses on ESG reporting or climate change science will be offered, in order to understand the challenges of the ecological transition. Another example is Air Liquide University's e-learning catalogue which proposes two training courses on the challenges of the ecological transition:

- "Energy Transition Fundamentals"
- "Energy Transition: Air Liquide and our Customers".

In addition, the sales teams for the Large Industries (LI) and H2E business lines follow a joint training program, delivered by their peers, to streamline know-how and share good practice. Finally, the energy transition is backed up by the development of expertise in this field, which makes it possible to develop technical expertise, notably with the creation of the H2 activity in 2021.

- b) How is the environmental issue addressed with social partners? At what level(s) (local, national, European, international) and in what contexts? Can you also state whether these discussions are based on the sharing of information, on consultations or negotiations? Please provide details concerning the various scenarios that may arise.

The environmental issue is addressed with social partners at the European, national and local levels:

- At the European Works' Council level, we took advantage of the presentation of the new ADVANCE strategic plan to discuss the non-financial objectives, notably those related to decarbonization actions and the corresponding roadmap.

Environmental issues are part of the information and dialogue topics discussed at European Committee level. Special attention has been paid to the contribution to environmental impact made by the Large Industries business via the Smart Innovative Centers. Topics discussed include efficiency, reliability and the optimization of asset allocation across the EU, as well as the sharing of some key initiatives in the hydrogen H2 sector.

- At national level, regular presentations on our Sustainability policy have been made to the Group Committee since 2018. The presentation of the Advance plan also provided another opportunity to present our extra-financial challenges.
- At local level:
 - o Within the various Social and Economic Councils (SEC), including Air Liquide SA's SEC, we have set up workshops with elected representatives to share and develop the risk matrix mapping for the duty of vigilance, part of which concerns environmental risks (by way of illustration, 4 meetings were held on this topic at Air Liquide SA with the Socio-Economic and Environmental Commission);
 - o All SECs also address environmental issues within the framework of information-consultation procedures concerning the compulsory areas of consultation (financial situation, social policy, strategic directions). Within this framework, the Group's non-financial objectives are discussed with the social partners;
 - o The energy savings plans presented to local authorities this year are also worth noting. The environmental issue is also addressed in the context of numerous local negotiations (e.g. the implementation of a sustainable mobility package, the integration of a CSR criterion in negotiations on profit-sharing, etc.).

c) What means do you allocate to social partners so that they can be involved in your group's environmental policy (training, specific commissions, etc.)?

To assist them with this process, social partners receive specific resources. By way of illustration, the elected representatives of ALSA's SEC received a 4-day training course on "Factoring social, environmental and diversity issues into its mission". The holding company also has a Socio-Economic and Environmental Commission with 11 members.

d) Have the environmental prerogatives that are expressly granted to the Social and Economic Council (SEC) by the French Labor Code ("Climate and resilience" law) led to new practices at your company in this area?

The answer to this question is merged with the answer to question b) directly above.

Question sent by Ms. Yutong Li

I would like to know why you chose to distribute profits in both forms rather than simply distributing dividends, i.e. why you chose to buy back shares? In addition, on what criteria do you base this allocation between share buybacks and dividends?

Air Liquide's share buybacks are not a means of making an additional return to the shareholders. They are only used to offset the dilutive effect of the ESPP (employee share purchase plans) and to pay out performance shares to employees, according to a ratio of 60% for the ESPP and 40% for the performance shares.

The share buyback programs involve around one million shares (0.2% of the share capital) per year and have in the past represented an annual cost of around 100 million euros per year over the last 10 years, to be compared with an annual amount of dividends of around 1.5 billion euros, which represents approximately 55% of Group earnings returned to the shareholders.

Question sent by Mr. Emeric Planet

Air Liquide's hydrogen ambitions are highly commendable and the long-term strategy is ambitious. But what about the resources required for its production? In particular, an abundant supply of low-carbon electricity will need to be produced in order to ensure sustainable hydrogen production. How is this risk taken into account by Air Liquide in order to ensure that the hydrogen strategy will have the desired outcomes?

Ensuring access to renewable and/or low-carbon electricity is a major component in the decarbonization of the society at large. The European Union has, for example, set an objective for 40% of energy in the overall energy mix to be produced from renewable sources by 2030.

Renewable or low-carbon energy is a key lever in Air Liquide's decarbonization roadmap and we are contributing to its development by sourcing renewable electricity directly from various providers, thanks to our long-term PPA (Power Purchase Agreements).

In 2022, we signed three significant Power Purchase Agreements (PPAs) that will provide renewable electricity to Air Liquide's industrial production assets in order to accelerate the decarbonization of our assets and those of our customers.

In addition, in the area of energy transition, Air Liquide is convinced of the major role to be played by hydrogen in building a low-carbon society. The Group has thus committed to investing 8 billion euros in the low-carbon hydrogen supply chain and to contributing to the development of a low-carbon hydrogen ecosystem for industry and mobility. In order to address the climate emergency, Air Liquide views hydrogen production agnostically for technology purposes.

- In order to produce renewable hydrogen, Air Liquide's objective is to increase its total electrolysis capacity to 3 GW by 2030.
- At the same time, Air Liquide also relies on CO2 capture technologies to start to reduce CO2 emissions from existing hydrogen production sites immediately. The Cryocap technology developed by Air Liquide and used at Port-Jérôme in Normandie has therefore already shown its worth, with an annual CO2 capture capacity of 100,000 tons.

Questions sent by Trusteam ROC Europe (Climate Action 100+)

- Question 1:

Scope 3 : How much does your Top 50 customers represent approximately in terms of CO2 Scope 3 emissions ? What is the translation of your Net Zero Customers objectives (100% [75%] of Top 50 customers committed to 2050 Carbon neutrality by 2035 [by 2025]) into a reduction target for Scope 3 (short term, medium term and long term) ?

Aware of the importance of contributing to the achievement of carbon neutrality throughout its value chain, in 2022, Air Liquide worked on developing its "Scope 3" emissions reduction strategy. The value of its customer relationships has led the Group to pledge to have by 2025, 75% of its 50 largest customers committed to carbon neutrality and 100% by 2035.

This objective goes well beyond our Scope 3 as it is reported today, in particular in relation to category 10 of the GHG Protocol (the downstream Scope 3 category entitled "processing of sold products"), for which no methodology has yet been determined for the chemical industry. We are working with the Science Based Targets initiative (SBTi), as part of a working group, in order to obtain a standardized definition of how Scope 3 should be treated.

These 50 customers are important for the Group, particularly in the heavy industry and electronics sectors, and their carbon footprint can be substantial due to their activities. They represent over a third of sales and a significant proportion of our emissions.

Our Scope 3 objective therefore goes beyond the scope that we currently report: it means bringing all the suppliers in the value chain, as well as all our customers, on board for decarbonization.

- [Question 2:](#)

Green Capex : How plan Air Liquide to bridge the gap between the goal of dedicating more than 50% of industrial investments (ie. more than 8bn€) between 2022 and 2025 to the energy transition and the 2.8% of Total Capex (or 30% of eligible Capex) aligned with Taxonomy?

Eligible CapEx for EU Taxonomy represents 380.6 million euros or 9.2% of the total 2022 Group capital expenditure as defined in paragraph 2.5.2 on page 376 of the Universal Registration Document: this is related to investment payments made during the 2022 fiscal year on eligible activities for Taxonomy purposes, but stemming from investment decisions made in 2022 or in previous fiscal years. Aligned CapEx for Taxonomy purposes represents 114.3 million euros, or 2.8% of total CapEx and 30.0% of eligible CapEx.

These figures are not directly comparable to the 50% of industrial investment decisions in excess of €5 million that the Group expects to make during the period of the ADVANCE strategic plan between 2022 and 2025 for two main reasons:

- (i) they are investment payments for on-going projects, and not investment decisions, which will then become investment payments during the project construction period (for activities that are covered by Taxonomy, as part of the eligible and aligned CapEx for Taxonomy purposes),
- (ii) the Group's energy transition projects also cover activities that are not eligible for Taxonomy. Air Liquide's eligible activities represent a small portion of the Group's business (17.5% of turnover), reflecting the fact that the majority of Air Liquide's turnover is made in activities that generate almost no direct greenhouse gas emissions within the scope of the Group. For example, the electrification of certain air separation units, which enable very significant reductions to be made in the Group's carbon footprint, does not fall within the scope of eligible activities for Taxonomy purposes.

Concerning eligible activities for taxonomy, Air Liquide aims to invest approximately 8 billion euros by 2035 to serve the low-carbon and renewable hydrogen markets, covering the primary production, supply chain and logistics. Air Liquide has also announced its ambition to develop 3 GW of electrolysis for hydrogen production by 2030. In addition, in the ADVANCE strategic plan, 16 billion euros will be invested by the Group over the period 2021-2025, 50% of which will go to the energy transition.

- [Question 3:](#)

Climate Transition Plan : When will Air Liquide publish a climate transition plan outlining how it will deliver on its strategy to align with a 1.5°C. trajectory?

In March 2021, Air Liquide organized a Sustainability Day during which the Group's sustainable development strategy was presented. It includes decarbonization objectives for 2025 and 2035, which mark out the objective for carbon neutrality in 2050. An action plan was also presented at this event, which has been deployed for more than 2 years (see, in particular, slides 23, 25 and 29 of [the presentation](#), which introduce the key reduction drivers and the types of emissions concerned).

The decarbonization of the Group's assets is fully integrated into the ADVANCE strategic plan presented in March 2022: one of the 3 objectives of this strategic plan is to reach a turning point around 2025, after which the Group's CO₂ emissions should start to decrease despite the development of the Group's activities.

The state of progress of the action plan, including the governance for its management, was made public at the time of publication of the Group's Sustainability Report on March 24, 2022 (available on-line). The Group's trajectory is in line with the climate objectives announced for 2025 and 2035, and the Group is working on a 1.5° trajectory for the chemical sector, together with the Science Based Targets initiative (SBTi).

At the same time, work is underway to formalize and align our climate roadmap and our action plan with standards of presentation (such as the TCFD) and Air Liquide intends to publish a transition plan by no later than 2025.

- [Question 4:](#)

Renewable energy : Do Air Liquide have the objective to transition to 100% Renewable Energy (RE) sources by 2050 ?

The Group's climate ambition is fully in line with a scenario aiming for carbon neutrality by the middle of the century on a planetary scale, as recommended by science (the report of the Intergovernmental Panel on Climate Change - IPCC), in order to limit the increase in average temperature to below 1.5°. Scenarios for the development of the energy sector to achieve this neutrality are all based on a massive increase in the proportion of renewable energy in the energy mix. Air Liquide has developed its climate strategy based on several scenarios, including ones where the energy sector becomes 100% renewable in 2050. The Group's air separation assets (electrified air separation process) and hydrogen assets (notably with the development of electrolysis) are well suited to such energy mixes. The Group is currently steering its climate ambition via carbon budgets, which make it possible to define decarbonization plans at the level of the clusters, and which are largely based on a massive supply of renewable electricity, as shown by the increase in the volume of renewable electricity (+10% in 2022 compared to 2021) and the signing of several long-term renewable energy purchase agreements in 2022, with a combined capacity of over 350 MW.