



Air Liquide 2023 Sustainability Results

Thursday, 28th March 2024

Introduction

Aude Rodriguez

Head of Investor Relations, Air Liquide

Welcome

Good day, everyone. This is Aude Rodriguez, Head of Investor Relations. Thank you very much for attending the call today. Available on our website, you will find our 2023 Sustainability Report and today's presentation.

Joining me today are Diana Schillag, VP and Member of the Executive Committee supervising Sustainability, Healthcare and Group Procurement. Amelia Irion, Member of the Executive Committee and Group HR VP. Amelia joined Air Liquide a few months ago. And Ashutosh Misra, Group VP, Sustainable Development.

Agenda

Let us go directly to slide two. In the agenda, we will start with the overview by Diana with key elements of our sustainability convictions and strategy. Then Ashutosh and Amelia will go over the details of our performance in 2023 on the various dimensions of sustainability.

Over to you, Diana.

Our Sustainability Convictions and Strategy

Diana Schillag

VP & Member of the Executive Committee, Air Liquide

Introduction

Thank you, Aude, and good day to everyone. I'm very pleased to welcome you to our annual ESG call and to share with you an overview of our progress on sustainability. Let's turn to slide four.

Performing for What Matters

At Air Liquide, sustainability is more than a stated ambition. It is a commitment with concrete actions. This is why, in the Group's strategic plan, ADVANCE, we have placed extra financial performance at the same level of importance and rigour as financial performance, and it is fully embedded in our governance.

You recently saw the publication of our 2023 annual results, which showed that Air Liquide achieved solid financial performance, highlighting the resilience and the quality of our business model. In parallel, our extra financial performance was equally robust and demonstrates that the focus on critical ESG topics are producing results.

Please turn to slide five.

Our convictions that drive our strategy

Let us start with the deep rooted convictions that shape and drive our sustainability strategy. Air Liquide is deeply committed to creating a positive impact on both the environment and

society. Our strategies and actions are designed to address crucial challenges the world faces today, where we can make an impact.

We strongly believe that we have an important role to play in decarbonising the planet by not only reducing our own emissions, but also helping various industries to make progress on their decarbonisation pathways with the use of our technologies.

It is with these convictions that we have committed to carbon neutrality across our entire value chain by 2050, with intermediate milestones in 2025 and 2035. For us, a more sustainable planet also requires attention beyond CO₂, to the conservation of natural resources like water, and the preservation of biodiversity. This is why we are implementing water management plans at sites which are most at risk of water stress and we have made new commitments related to biodiversity.

Creating a positive global impact also means undertaking actions that enhance the wellbeing of society. It starts with caring for our people by building a safe and inclusive work environment, where they can draw strength, thrive and innovate. We have therefore taken actions in the fields of safety, diversity, inclusion and equal care coverage.

Beyond caring for our own teams, we strive to be useful to the society as a whole. In healthcare, we are seen by our ecosystem as pioneers driving value, and we strongly believe in our ability to enable transformation across healthcare systems across the world, whether it is by facilitating access to medical oxygen in low and middle income countries, or by accelerating the shift to outcome-driven treatments for patients in mature economies.

Being useful to society also means giving back to the communities that we operate in. This is why we give our teams the opportunity to serve their local communities to make a positive impact by providing on the ground support and leveraging their skills and commitments to support local projects.

Please turn to slide six.

Pillars of our ESG strategy

Our sustainable priorities

The convictions that I just mentioned are embedded in the three pillars of our ESG strategy and the associated commitments: for the environment, for health, and for all. And you will be hearing about our progress on these commitments from Ashutosh and Amelia in the next section.

Please turn to slide seven.

Pioneering Decarbonisation Solutions for a Sustainable Future

We are firmly positioned to decarbonise our value chains with our technologies, our strategic partnerships and our strong global presence in key industrial basins, while at the same time seizing business opportunities with solutions to decarbonise are becoming increasingly important.

We rely on three decarbonisation levers to decarbonise our own operations. The first lever is sourcing massive volumes of renewable energy for our operations through power purchase agreements and other market instruments. This enables us to provide molecules such as

oxygen, nitrogen, or hydrogen with a significantly lower carbon footprint to a variety of our customers.

The second lever is how we manage our assets, deploying technologies to reduce energy consumption as well as emissions. The third lever is carbon capture and storage, which has been identified as a critical lever for reaching net zero by leading international agencies.

Beyond using these three levers to provide decarbonised molecules to our customers, we also provide them with solutions to reduce the emissions of their processes, especially in hard-to-abate sectors such as cement or steel. For example, with the use of our proprietary Cryocap technology, we are not only able to significantly reduce direct emissions from our own assets, but also able to deploy it at customer sites and help them decarbonise.

And we are deploying all these levers simultaneously. However, one needs to recognise that the ramp-up pace is not fully under our control. The environment we operate in needs to evolve as well at a sufficient speed, accelerating the demand for low-carbon solutions while setting in parallel supportive policy frameworks, partnerships, advocacy, and infrastructure build up to accelerate the path to net zero.

We are convinced that we will only succeed if we act in lockstep together with our customers and stakeholders with collective will, determination and speed.

Let's turn to slide eight.

Strong results in 2023 on all ESG dimensions

As you can see, our actions are delivering strong results in all ESG dimensions, for the environment, for health, and for all. In line with our commitments on the CO₂ trajectory, our absolute CO₂ emissions continue to decrease. On health, we continue to make robust progress on personalised care plans for our patients, as well as facilitating access to medical oxygen.

And on the social front, our focus remains on enhancing diversity and inclusion within the organisation while continuing to ensure their wellbeing with continued deployment of a common basis of care coverage worldwide.

Please turn to slide nine.

ESG External Recognition in 2023

Our sustainability results continue to be recognised, not only by our customers who see value in our innovative solutions, but also by leading extra financial rating agencies. We remain committed to transparently communicating on progress on our objectives and bringing more visibility to the world about the actions we are undertaking.

It is for this reason that we remain in the top quartile and among the best in class on various ESG ratings.

I will now hand over first to Ashutosh, followed by Amelia, to present our performance on key ESG metrics in 2023.

2023 Performance

Ashutosh Misra

Group VP, Sustainable Development, Air Liquide

For the Environment

Thank you, Diana. Let us go to slide 11. Advancing for the environment is one of the key pillars of our ESG strategy. This includes our focused actions not only for the climate, but also in areas such as water and biodiversity. As a responsible company, we are committed to preservation of all aspects of the environment.

Please turn to slide 12.

2023: Significant Progress on CO2 emissions Reductions

First, let us look at our performance on CO2. Our absolute CO2 emissions continue to decline now for three years in a row, despite significant growth in business. In 2023, we saw a 4.9% drop, which is equivalent to 2 million tons, relative to the 2020 baseline. We are on a robust path to achieving the committed inflection point in 2025, as well as the trajectory for a 33% reduction by 2035 and carbon neutrality across the entire value chain by mid-century.

Our commitments and performance on CO2 support five UN Sustainable Development Goals related to climate action, clean energy, industry and infrastructure, responsible production and partnerships.

Strong momentum in decarbonisation actions in 2023

We are now on slide 13. The reduction in emissions that you just saw are being enabled by the decarbonisation levers that Diana illustrated before. The deployment of these three levers may not produce results in the same year, but they are critical for achieving the trajectory that we have committed to.

First, look at the progress made on the decarbonisation of our assets.

Using the first lever, which is low-carbon electricity sourcing, in 2023, we signed new renewable power purchase agreements that will bring more than 1.5 terawatt hours of renewable power when in operation in South Africa, Benelux, and China to decarbonise our operations. As the underlying renewable capacity comes online, this would amount to a reduction of our CO2 footprint by 1.2 million tons per year.

On the second lever, which is asset management, we launched the electrification of two steam-driven air separation units in China, which would amount to an additional reduction of 370,000 tons of CO2. We also launched construction of our largest electrolyser to-date with a capacity of 200 megawatts to enable production of renewable hydrogen in Normandy.

Now for the third level, which is carbon capture and storage, in 2023, we announced plans to build, own, and operate a world-scale carbon capture unit leveraging our proprietary Cryocap technology. The new unit will be installed at the Group's largest hydrogen production plant in Europe, located in the Port of Rotterdam, and will be connected to Porthos, which is one of Europe's largest carbon capture and storage infrastructure that will enable it to reduce emissions by 2.5 million tons of CO2 per year.

Then in terms of helping our customers decarbonise, we have a robust pipeline of investments in energy transition projects, which are linked to long-term contracts with our customers who are willing to pay a premium for low-carbon products.

12 large industries projects, which represent around €2.7 billion of CapEx, have been awarded European funding. Among them, two projects have recently been signed and are now included in the backlog. Another electrolyser project, which is the Trailblazer project, has already started in 2023. We have signed MOUs with cement and lime production companies for bringing our carbon capture services to help them decarbonise. And the remaining nine projects are on the move to final investment decision and represent more than €2 billion of CapEx.

Now finally, in terms of decarbonising the ecosystem around us, we are convinced that partnerships are critical for bringing collective strengths to the ecosystem in which we operate. In that spirit, we have formed JVs in the area of hydrogen mobility and in electrolyser production, as well with multiple partners to foster the use of hydrogen for heavy duty mobility applications. We are also proud to be named as a partner in six out of the seven clean hydrogen hubs in the US.

So as you can see, these projects not only bring significant growth potential in the energy transition field, but also opportunities for Air Liquide to decarbonise our assets and operations.

Now we move to slide 14.

Actions along the value chain to decrease Scope 3 emissions

Our commitment to decarbonise is not only for our own assets and operations, but across the entire value chain we operate in. That is why we have enhanced our focus on actions to reduce Scope 3 emissions.

Now if you look at our Scope 3 profile, there are three categories that contribute to greater than 85% of Scope 3.

About 20% comes from procured goods and services, where we have implemented a procure to neutrality roadmap for all our critical suppliers.

Another 40% is attributed to upstream of fuel, feed and power, of which more than 60% is upstream of power. As we continue to secure more renewable energy in our portfolio, it will cascade into a similar order of magnitude in the power upstream. Similarly, for upstream of fuel and feed, which is natural gas, we have started engaging with suppliers. We strongly support the global methane pledge, which should reduce upstream methane losses by 30%.

And the remaining 8% of the Scope 3 comes from sales of mostly two products, CO₂ and nitrous oxide, for which we are looking on a long-term plan, assessing usage, as well as the ability for customers to replace these products, which by the way are in their Scope 1.

Beyond these major categories of Scope 3, we have also launched programmes to decarbonise our own transport fleet, as well as reducing the emissions related to employee commuting and business travels.

Please turn now to slide 15.

Beyond fighting climate change: preserving water resources and biodiversity

Beyond reduction in CO2 emissions, we are committed to conservation of natural resources. We consume water in our operations for cooling, for steam generation, and for production of hydrogen via electrolyzers.

Recognising that water is a critical natural resource for which we have the responsibility to conserve, we have made commitments to implement water management plans at high water consumption sites in areas of high water stress. We continue to deploy the plants at priority sites and have defined Group standards for quality of discharged water at our operations. In 2023, over 90% of recycled water was returned to source.

To give you an example of the type of projects being undertaken, at one of our largest medical gas production sites in France, investments were made in technology to clean water ready for reuse in the production cycle, resulting in a tenfold reduction in the volume of water being discharged. Similar initiatives related to water management are being deployed in various other geographies.

Similarly, we are happy to report that our biodiversity commitments have now been validated by Act4nature. This year, we will be reinforcing biodiversity assessment criteria and new projects to ensure that we systematically assess any possible impacts on biodiversity from our operations.

Now let us go to slide 16.

For Health

The second pillar of our ESG strategy is around advancing for health. We are convinced that we can make a significant contribution to UN's Sustainable Development Goal number three, which is good health and wellbeing with our products and services that we bring to patients. We believe that addressing the social needs of individuals and communities will improve the sustainability of healthcare systems. Therefore, we have social objectives for healthcare in both mature economies and low and middle income countries.

Let us turn to slide 17.

Advancing for Health, for patients and for the sustainability of healthcare systems

In mature economies, we aim at providing personalised support for our patients who are living with chronic diseases with the objective to make it easier for them to comply with their treatment and to improve their quality of life. We do this via the use of adapted devices and personalisation of support, as well as launching new patient-centric initiatives and patient advisory boards. In 2023, 55% of our patients were under such plans, which is a 6% increase versus previous year.

Low and middle-income countries have very different healthcare challenges and dynamics to deal with. While oxygen is critical to saving lives, access to medical oxygen remains sparse, especially in many developing economies. It is our conviction that we can play an important role in facilitating access to oxygen, and we are doing this via our Access Oxygen programme.

To-date close to two million people in rural areas of Senegal, South Africa and Kenya have been facilitated with such access through 260 primary healthcare facilities by providing them oxygen cylinders, concentrators, pulse oximeters and regulators.

Let me now hand over to Amelia to cover the third pillar of our ESG strategy, Advancing for All. Please turn to slide 18.

For All

Amelia Irion

Member of the Executive Committee and Group HR VP, Air Liquide

Building a safe and inclusive environment, inside and out

Thank you, Ashutosh. Creating a positive impact on society is important to us. As such, we are committed to creating a safe, ethical, and engaging environment for all our employees. We also strive to foster a more inclusive society and support the local ecosystems wherever we operate.

At Air Liquide, we are convinced that diversity is a source of motivation, performance, and innovation. Women have typically been underrepresented in areas such as engineering and science, which are key for tackling the technical challenges of the future. This is why we are committed to increasing the proportion of women in manager and professional positions.

In 2023, we continued acceleration of efforts to meet the 2025 goal of 35%. In 2024, with a dedicated diversity manager in place, we will be deploying diversity action plan toolkits adapted to geography specificities by country. This toolkit will enable us to plan and monitor actions to enhance diversity and will be rolled out in two steps. First, there's an assessment phase to identify the specifics of the country. And based on that, a series of action plans that local entities can choose and implement to improve diversity and then monitor.

Wellbeing of our employees, beyond the workplace, is crucial because it directly influences their overall health, productivity and job satisfaction. At Air Liquide, we're committed to a holistic wellbeing of people, helping foster a positive organisational culture. To this end, in 2023, we made significant progress in providing a common basis of care coverage to all of our employees. This includes health insurance, life insurance, and a minimum of 14 weeks paid maternity leave. At the end of last year, 78% of our workforce globally had access to such common care coverage versus 42% the previous year, on track to meet the objective of 100% by 2025.

Our 67,800 strong workforce is also a remarkable reservoir of talent, energy, and willingness to give back to their communities. We are actively leveraging this shared commitment to empower our people to volunteer through a structured and engaging programme called Citizen at Work. Our objective is to empower 100% of our people by 2025 to dedicate a portion of their working hours to lend a helping hand in their local communities. In 2023, 73% of our workforce had access to such opportunities.

We're convinced that investing in our people and the communities where we work is essential to ensuring a sustainable future.

I now invite Diana for the conclusions. Please turn to slide 20.

Conclusion

Diana Schillag

VP & Member of the Executive Committee, Air Liquide

Conclusions

Thank you very much, Amelia. In conclusion, we are performing in line with the commitments we have made in all dimensions of ESG.

The 2023 results show that our extra financial performance is as strong as financial performance with a clear strategy, the right governance, and solid execution.

Our CO2 emissions continue to decrease while at the same time the business growth is strong and profitable. This means that the decarbonisation levers we are deploying are working within a framework of a robust business model.

Our pipeline of energy transition projects is strong, and this reflects our confidence of our customers in Air Liquide innovative solutions to help them decarbonise.

And all of this has only been made possible by the continued efforts of all our teams around the world, who I would like to very warmly thank for these results.

Moving forward, we remain focused on delivering on our commitments.

This means continued efforts on all dimensions, on our CO2 trajectory, on Scope 3 actions, on bringing innovative decarbonisation solutions to our customers, on water management and on the diversity and other social programmes.

As 2024 will be the first full year of reporting under the CSRD guidelines, we take the new reporting regulations as an opportunity to continue our transparent approach of reporting while leveraging the reporting standardisation to streamline and automate as much as possible. Nevertheless, one has to recognise, it is a significant reporting burden. And while we address it, we intend to make sure we maintain our team's focus on actually delivering concrete results.

My last comment: we cannot do it alone. It requires collective action to make this change happen.

First, acceleration is needed in the development of renewable energy infrastructure, carbon markets, CO2 sinks that we mentioned before, and policy frameworks.

Second, as we help decarbonise our customers, in some instances, we ourselves are taking on additional emissions on our CO2 footprint. We are not hesitant to do so, as we believe that a collective approach is the only way to meet the net zero pathway for the planet. Yet, it would be useful if the markets recognise these complex dynamics and reward those who are really making the change happen.

We hope that you have found this presentation insightful. And we will now take your questions. Thank you very much.

Q&A

Operator: Thank you. Dear participants, as a reminder, if you wish to ask a question over the phone, please press star one-one on your telephone keypad and wait for a name to be announced. To withdraw a question, please press star one-one again. Once again, if you wish to ask a question, please press star one-one on your telephone keypad. Please standby, we'll compile the Q&A roster. This will take a few moments. And now we're going to take our first question and it comes from Alexander Jones from Bank of America. Your line is open. Please ask your question.

Alexander Jones (Bank of America): Good afternoon. Thanks very much for taking my questions. Two, if I may. The first, in the presentation, you talked about how the ramp-up pace of your decarbonisation efforts isn't fully under your control and you're reliant on external factors. Could you highlight for us which of those sorts of external factors, be that government policy or customer willingness to move, is currently the most challenging for you and is sort of binding your progress on that decarbonisation?

And then the second question, you also talked in the presentation about alternatives to CO₂ and nitrous oxide. I wonder if there are any examples you can give already of end markets where you found alternatives and what those are? Thank you.

Diana Schillag: Thank you very much for this question. So maybe just the first word of introduction, I will then hand over to Ashutosh to go more into detail.

So regarding the first part of your question about the external factors, it is the whole ecosystem that needs to move. Of course, it is policy frameworks that we have clearly identified which will really help to move the whole ecosystem. Very often it comes with a price tag, so we need as well to onboard our customers to identify solutions that come of low-carbon offers.

And then there's as well the availability of sinks, the carbon capture and sequestration sinks where we are still at the beginning of what I believe will be a long road ahead of us. So maybe Ashutosh, I let you complement.

Ashutosh Misra: Indeed, Diana. And thank you, Alexander. Let me start off by saying that in terms of the most challenging factors, the world itself is not on a 1.5-degree track, meaning the existing policy frameworks, the existing habits, the existing infrastructure is not supporting a 1.5-degree trajectory. So we – since we are dependent on the world around us to decarbonise at a sufficiently fast pace, we have that challenge.

I would say today, the build up of renewables, while it is continuing to happen at a reasonable pace, it needs to accelerate. The second most important part, I believe, are the carbon pricing mechanisms which are scattered all over the place. As you know, there is no standard carbon pricing mechanism. So today, for the customers, it may be less expensive to emit than to abate. And unless this happens, we are not going to see the change in customer behaviour that will drive them to adapt or adopt rather the decarbonised solutions that we are offering.

So I would say infrastructure, policy and carbon pricing are – I would consider them all at an equal pace of need to be accelerated.

To your second question about CO₂ and nitrous. So CO₂, there are two aspects of it. The first most important one that we are considering is supplying more bio-CO₂ to our customers because most of the time the CO₂ is going for beverage applications and so on, and there are no known alternatives other than to make the CO₂ off a greener quality which is the bio-CO₂. That's what we are driving.

The second one on nitrous oxide, there are two type of applications that it goes into. One in the electronics segment, where abatement techniques are – we are fully encouraging and we are working with the customers to see how much efficiency of nitrous abatement can be enhanced so that less nitrous goes back into the atmosphere. But for healthcare application, primarily in anaesthesia applications, we have a more challenging task because there are no known alternatives to nitrous in sedation techniques. So again, working closely with the customers are – is the way that we can help reduce those two emissions.

Alexander Jones: Thank you very much.

Operator: Thank you. Dear participants, as a reminder, if you wish to ask a question over the phone, please press star one-one on your telephone keypad. If you wish to withdraw a question, please press star one-one again. Once again, if you wish to ask a question, please press star one-one on your telephone keypad. And now we'll go take our next question. Just give us a moment. And the question comes from the line of Jean-Luc Romain from CIC Market Solutions. Your line is open. Please ask your question.

Jean-Luc Romain (CIC Market Solutions): Thank you. When you first presented your ambitions to reduce your emissions by 33% by 2035, you highlighted a small proportion of ASUs representing a large proportion of your emissions. I guess those ASUs are priority to be replaced or for the CO₂ emitted by these ASUs to be abated[?]. What's your progress on these specific ASUs?

Ashutosh Misra: So thank you, Jean-Luc, for the question. So there are two cases. One is certain ASUs are what we call steam-driven ASUs where they are not electrified. So as we mentioned earlier, two of our steam-driven ASUs in China are already in the process of conversion. This helps reduce the CO₂ footprint associated with them by electrifying them. And as you get the electricity to be more renewable in nature, it further reduces the CO₂ footprint. That's number one.

The second comment, I believe, if I understand correctly, you were talking about "some ASUs", which is not "some ASUs", but we actually mentioned "in some key geographies", which is where our attention are – is to secure more renewable energy. And that is where you see the more than 1.5 terawatt hours of renewable PPAs that we have signed this year to decarbonise our ASUs in South Africa, in China, and in the Benelux. But I can provide you more details if that is not the direction you were taking the question.

Jean-Luc Romain: No, thank you. That's perfect. Thank you.

Ashutosh Misra: Okay. Thank you.

Operator: Thank you. Now we're going to take our next question. And the question comes to the line of Hannah Heuser from Federated Hermes Limited. Your line is open. Please ask your question.

Hannah Heuser (Federated Hermes Limited): Thank you. I have three questions, if I may. You have disclosed some levers for decarbonisation, but it would be interesting for us to know which lever is really driving decarbonisation and to see some quantification of the contribution of each of these levers. Then we were also wondering whether you could demonstrate that your investments in electrolysers and CCS are indeed having an impact on the emissions intensity of your hydrogen production. It would be good to see some more forward-looking disclosure that shows how this investment is paying off in terms of decarbonisation.

And then finally, you have given us some information on Scope 3 today. We just wanted to confirm that by the 2025 AGM, you will have set some time-bound Scope 3 targets. Thank you.

Diana Schillag: So maybe just one word about the three levers. One is the renewable energy. And this is clearly the one where we have been making excellent progress. This is the one where we see actually a lot of contribution coming. And you have, after just mentioned in the previous question, how much is actually being leveraged from this particular lever.

Now, the second one being the asset management, and here we are making as well good progress in decarbonising, improving the efficiency of our own assets, our own production sites. And the third lever is the carbon capture usage and storage, and this is probably the one where we still have a road ahead of us to deliver this and to remain on track with our objective. And this is where we need actually an acceleration in the ecosystem to implement those sinks and to secure as well the access to those sinks for our customers and of course for us as an enabler.

And in order to compliment and address the other two questions, I hand over to Ashutosh.

Ashutosh Misra: Thank you, Diana. Hannah, to your question about quantifying the – between the three levers. So to give you an idea, when we do ASU – steam-driven ASU conversion, the reduction in emissions is about 1%. For such a project, it's about 1% emission reduction that happens with two steam-driven ASUs.

Second, when we are doing a carbon capture project, it is in the range of half to one million tons of CO₂ reduction each time we do such a project. Now, which levers are actually producing results today? So what I can tell you that the renewable energy sourcing lever is already starting to have an impact because many of the power purchase agreements and other market instruments have been started a few years ago and it takes time for them to have an impact on your actual CO₂ footprint.

Now as we have signed these new PPAs, they will start producing additional reductions as these projects come online. CCS lever is the one that has not started to produce any significant impact on our CO₂ footprint just yet because these projects are just now starting and will be operational more in the 2026 timeline. So I hope that answers the first part.

The electrolyser-related emissions intensity. So this – here I would say that what we are focusing on is the scale up of the electrolyser technology starting with the 20 megawatts that we first had in Bécancour and have just now started in Germany and going on to 200 megawatts with the Normandy and some of the other projects that are now coming on – going to be coming online.

So what I would say is that in terms of an actual impact on the CO₂ intensity as a result of electrolysers, you will not see that in 2024 results because 20 megawatts is just a very small portion of the total hydrogen that we produce. But as these capacities are going to come online, you will start to see a significant reduction. And these are not just hypothetical projects, they have gone through their final investment decisions or will be going through those in the coming months.

On the final question on Scope 3, what I would say is that we have identified the levers. We are engaged with multiple stakeholders, including the work group on the chemical sector with Science-Based Targets and other think tanks on the topic. For the chemical sector, it is a complex topic because of the heterogeneity of emissions and the interdependence of the emissions. So we are waiting to have clarity on methods that are standard and applicable and relevant to us before we take a quantitative target.

But rest assured that whether or not we have taken a quantifiable target just yet, we do have internal targets that we are working on in all different categories that are relevant to us as I had talked about a little bit earlier.

Hannah Heuser: Thank you.

Operator: Thank you. Dear participants, just a quick reminder, if you wish to ask a question or make a comment, please press star one-one on your telephone keypad. There are no further questions. I would now like to hand the conference over to the Air Liquide team for any closing remarks.

Diana Schillag: Maybe what I could do is maybe just add maybe a word on Scope 3 because usually when we interact with you, with our investors, we often get a question on net zero commitment on Scope 3. So maybe if – for those of you who might be interested in it, I suggest that maybe I go just through the details of our commitments and what we are doing.

So as we have seen last year in 2023, we actually announced the objective we have on our customer side, that we want to engage with our customers, so with the top 50 customers to make sure that they are committed as well to net zero. This is something that is well underway. We are today at 73% of those top 50 customers being engaged. So we are very confident to be able to reach the 100% target for 2025.

Now the other elements that we are focusing on and where is our largest – what are the largest categories in our Scope 3 emissions? I would say the first, the largest one is really the upstream, the emissions from energy production that are not included Scope 1 or Scope 2. So those are really the ones that we are focusing our effort on.

Then obviously the 11th category, the use of sold products. And we already had the discussion about CO₂ and nitrous. So that was the point that Ashutosh was making. And last but not

least, the procurement. So the category one upstream again, so the footprint of procurement, where we have taken action be – to engage our suppliers on a renewable roadmap and as well to make sure that they as well commit to net zero. So it's really across the board. We are very much engaged across the value chain with our customers, with our procurement teams in order to have a positive impact on our total Scope 3.

But as Ashutosh just said, we are not ready today to commit to quantifiable objectives, simply because the standard and the methodologies are not yet clear, not for the whole chemical sector where SBTi has taken a product-based approach and neither, and not even for the – and even further out for the industrial gas segment because this pure product-based approach – well, it's only complying to part of our activities.

So there, we are waiting for this to clarify. We are taking active part in the different work groups in order to identify and define this methodology. But this is still underway and this is why we felt that when we take a commitment, we take it very seriously and we like to deliver on it. So maybe we are a bit too careful, but this is the approach that we have always taken to maybe deliver first and then be sure when we are ready to take a commitment.

So this is the remaining questions. So maybe, I don't know if that was clear for you, you have additional questions. So I maybe open the floor once again, in case we have another comment or question from those of you who are still there.

Operator: Yes, of course. Dear participants, if you have any questions at this time, please press star one-one on your telephone keypad. Now we're going to take our next question. And that question comes to the line of Hannah Heuser from Federated Hermes Limited. Your line is open. Please ask your question.

Hannah Heuser: Thank you for taking another one of my questions. First of all, we really want to recognise the leadership that Air Liquide has on all topics, ESG and decarbonisation and so on. But we want to ask if it maybe is time to set more ambitious goals for Air Liquide given this leadership. So you have the goal of reducing your emissions by 33% by 2035 obviously. The IPCC report expects the global need to reduce emissions by 43% by 2030. So our question is, do you have any intention of going more ambitious with your targets in future?

Ashutosh Misra: Thank you, Hannah, for that question. So let me put our position in the following manner, that there is a global need for the planet to decarbonise at a certain pace. Then the planet needs are translated into country needs and country needs into sector needs. And one thing that the International Energy Agency and the IPCC also indicate is that not all sectors can decarbonise or should decarbonise at the same pace, nor all geographies can or should or will be able to decarbonise at the same pace.

So when we are looking at the breakdown of this 43%, we are looking at the power sector decarbonising much faster because everybody is reliant on the power sector to run their industrial operations. And if you look at the IEA numbers, it's quite clear that, first of all, it will not be a linear curve for many industries, and that is why on the SBTi front, we have difficulty in the absence of an SDA to call ourselves 1.5 degree or net zero terminology,

because linear reduction is a mathematical choice. It's not reflecting the reality of how an industry can decarbonise.

Therefore, what we are totally supportive of is what the international bodies are going to put as the correct decarbonisation pathway for the sector in which we operate. So, you probably have seen the SDA for the power sector, which is like extremely fast, extremely rapid decarbonisation. But for the chemicals, it is much of a – much less of a steep slope with more of a plateau in the beginning, reflecting the reality of the decarbonisation challenge, followed by a steeper curve, which is in the 2030 plus timeframe. And that is exactly what we are modelling our CO2 trajectory on.

And if we see the infrastructure and the policy frameworks and the customer demand for decarbonised products around us accelerate, we will, of course, keep pace with the expectation at that point. So at the moment, we are focused on delivering what we have committed, but of course we'll continue to reassess depending on how the world around us evolves.

Hannah Heuser: Thanks.

Operator: Thank you. Dear participants, just a last reminder, if you wish to ask a question or make a comment, please press star one-one on your telephone keypad. Now we're going to take our next question. And the question comes from – excuse me, and the question comes from the line of Maryna Arabei from Harding Loevner LP. Your line is open. Please ask your question.

Maryna Arabei (Harding Loevner): Hi. Thank you for the presentation. You stressed several times the need for the policy framework to change. Could you comment on your engagement with policymakers and your lobbying activities in that direction?

Ashutosh Misra: Yes, indeed. Good question. We – and it's a geographically specific question. So I'll give you an example, let's say in the US, with the 45V consultation phase that is happening. So we did see at the end of last year the Treasury coming out with guidelines on what would qualify for tax credits under 45V for hydrogen production. Some of those conditions are extremely onerous and may actually decelerate the growth of adoption of a new energy vector like hydrogen. So we are advocating through the relevant associations and individually to bring our input on the 45V framework because it is quite critical for - you know - the development of hydrogen, let's say, as an energy vector in the US.

Of course, 45Q provisions are – have been updated and they are much favouring the carbon capture costs. So one element, regardless in terms of whether it's advocacy in US or in Europe, where the most advocacy actions are happening today, it is to help people understand that energy transition is not a step change. Number two, it requires nascent technologies, nascent methods of decarbonisation to be incentivised in the beginning, otherwise, they will be delayed in terms of being adopted. So any of the positions that we are taking in terms of policies have to be taken carefully into account.

So also on the policy statements, we regularly assess the position of the associations that we are part of. And at the end of last year, we updated our – not only our public affairs charter, but the analysis of all – of many of the associations. This year we conducted analysis of 33

associations and we found that five of them are misaligned and are partially aligned and one is misaligned. And as a consequence of that, we exited that particular association. So that is another part of what we would call not just the government policy frameworks, but the policies of who we engage with in driving our advocacy positions forward.

Operator: Excuse me, Maryna, do you have any further questions?

Maryna Arabei: No, that's it. Thank you.

Operator: Thank you so much. Dear participants, just a last reminder, if you wish to ask a question or make a comment, please press star one-one on your telephone keypad. Dear speakers, there are no further questions at this time. Please continue.

Diana Schillag: So thank you very much for your attention. If there are no further questions, and this is what I understand, I would like to thank you very much for your interest, for joining us. And I would like to thank as well Ashutosh and Amelia for their time to share with you the results. And we are looking forward to any other communication with our investor relations team, who is very engaged as much on financial as on extra financial topics.

So thank you all very much, and I wish you a good end of the day.

Operator: That does conclude our conference for today. Thank you for participating. You may now all disconnect. Have a nice day.

[END OF TRANSCRIPT]