

Just Transition statement - Air Liquide

Air Liquide commits to reaching **carbon neutrality by 2050**, aligning the Group with international efforts to reduce global warming, as set out in the Paris Agreement. This means significantly increasing the use of low-carbon electricity for operations, implementing innovative carbon capture technologies, optimizing supply chains and improving the efficiency of our production units. **Air Liquide also helps its industrial customers to reduce their carbon emissions**, developing new technologies and skills to support their low-carbon transition. Our recent investments in low-carbon hydrogen also demonstrate this commitment.

The transition to a carbon-neutral economy can also have important social and societal implications that Air Liquide recognizes. It has to be a [just transition](#), meaning that the transition to a more carbon-neutral and sustainable economy has to be well managed considering all stakeholders such as employees, customers, suppliers, and local communities in order to minimize negative impacts and enhance positive impacts. Air Liquide believes that the greening of economies presents many opportunities to achieve social objectives: it has the potential to be a new engine of growth, both in advanced and developing economies, and a net generator of decent, green jobs that can contribute significantly to poverty eradication and social inclusion. The greening of economies will enhance the Group's ability to manage natural resources sustainably, increase energy efficiency and reduce waste, while addressing inequalities and enhancing resilience.

I. Fundamentals: Air Liquide's Principles of Action and Code of Conduct

Air Liquide adheres to the highest standards in conducting business and is particularly committed to respecting human and labor rights as well as to protecting the environment. This commitment is reiterated in [Air Liquide's Principles of Action](#) that are shared with all entities and are available on the Group's website. The Principles of Action drive the Group's conduct towards its stakeholders: customers and patients, employees, shareholders, suppliers and business partners and the local communities.

In order to complement these Principles of Action, the Group has adopted a [Code of Conduct](#) which main areas of focus are covered in the following three chapters:

- *"Acting with Care"*, which deals with the themes of protection of people and assets;
- *"Acting with Integrity and Transparency"* which illustrates the expected behavior in terms of prevention of corruption, respect for fair competition rules and transparency of information communicated to the public;
- *"Acting Responsibly"* which affirms the commitments of the Group and its employees to protect the environment and human rights and about their contribution to the community.

This Code provides employees with a framework for reflection and tools to adopt the expected behaviors. An annual online training course dedicated to the Code of Conduct must be followed by all Group employees.

Air Liquide shares the principles laid down in the International Bill of Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles on Business and Human Rights as well as the OECD Guidelines for Multinational Enterprises. Air Liquide's human rights and environmental due diligence process is based on those international standards and is expressed in the [Group's Vigilance Plan](#).

II. Impacts of the energy transition in a Just Transition perspective

Internal Stakeholders

A. Social Dialogue

Engagement with employees is essential to build and orient a just and sustainable transition. The Human Resource function is committed to maintain open, continuous and constructive dialogue between the employees, social partners and the management.

Every year, Air Liquide conducts an engagement survey (My Voice) which strives to offer an engaging employee experience promoting listening and dialogue at every step of their career. Air Liquide also carried out a sustainability survey in 2022 among its employees whose results reflected opportunities to provide better awareness and training on sustainability topics.

In light of local regulations, situations and needs, each Group entity works with local information, consultation or negotiation processes with employees or employee representatives, where they exist, to define the work organization that promotes engagement and performance.

B. Change management, upskilling and cross-skilling

The energy transition impacts the business environment as well as markets and technologies of the Group. Air Liquide solutions being key for the energy transition, it concerns mainly creation of positions and evolution of existing positions. The changes induced by the energy transition on the Group's activities are not fundamentally different from the changes induced by the development of new technologies or new products, and build on the broad technological and engineering capabilities of the teams.

The shift towards a sustainable and carbon neutral economy implies a transformation of skills, in particular marginally in the Engineering & Construction (E&C) branch where new technologies must be mastered and in the Large Industries (LI) one where these technologies will be deployed and operated. Air Liquide has a long experience in managing the transformation of technical skills to develop and grow technical expertise of its workforce, including on new technologies or products, such as recently on developing Hydrogen Refueling Stations of biomethane production units. Cross-functional mobility remains the preferred way to develop rich career paths and strengthen the skillfulness and employability of our teams.

Following a dedicated assessment by E&C for technical skills in emerging product lines (electrolysis) or expertise to be strengthened to meet the challenges of energy transition (CO₂ capture and liquefaction, hydrogen liquefaction), action plans were drawn by area of expertise and by operations centers to meet key skills development needs. For instance an Electrolysis product line integrating employees from other business segments was created in 2021.

Within Large Industries (LI), specific initiatives have been conducted toward targeted audiences:

(i) a training curriculum offered to on-site operations managers to support the digitization of industrial processes (maintenance, reliability, safety) and the evolution of their role, put in place several years ago
(ii) a regular update of the training curriculum for the Sales team, (iii) for energy teams and related role in operations and management, individual development plans and the construction of a training offer on six key “energy management” skill areas.

More generally, Air Liquide has developed diverse training modules on climate change, energy transition, the Group’s sustainability objectives and decarbonization strategy and its operational deployment to support all of its employees.

C. Remuneration and common care coverage

Air Liquide strives to offer its employees a total rewards package that contributes to a positive work environment and supports the well-being of all its employees. The Group offers a fair and competitive remuneration and care package, taking into account individual and collective performance.

Due to its presence in more than 70 countries, Air Liquide faces a variety of social protection systems which may create disparities between its employees. In order to ensure a just transition, Air Liquide is committed to providing a common basis of care coverage for 100% of its employees by 2025, covering:

- a life insurance policy with an indemnity equivalent to a year’s salary;
- a health coverage that includes inpatient and outpatient care;
- and a minimum of 14 weeks paid maternity leave.

D. Inclusion & Diversity

To act for a just transition, Inclusion & Diversity are sources of dynamism, drivers of innovation and performance. Air Liquide does not tolerate any form of discrimination and promotes diversity and equal opportunities in career development. Among the priorities of the Human Resources strategy, the Inclusion & Diversity roadmap rests on three pillars:

- track objectives for all entities;
- mitigate bias in talent discussions and improve HR processes;
- promote a culture of inclusion.

Air Liquide carries out activities with technical and expert occupations in which disparities exist between women and men. Thus, the Group has defined two gender diversity objectives by 2025 of having :

- 35% of women in the “Managers and Professionals” population;
- 25% of women in Executive positions.

E. Safety

Safety is an integral part of Air Liquide’s operational excellence and culture. The Group is committed to efficiently and under all circumstances reducing the exposure of its employees, customers, subcontractors, suppliers and local communities to occupational and industrial risks. Commitment to safety is total, visible and accompanied by unshakable vigilance. Prevention, protection, early detection

and rapid reaction to health and safety risks are at the heart of the Group's concerns. The safety results for the past 30-plus years illustrate the long-term effectiveness of the Group's actions.

External Stakeholders

A. Accompanying suppliers

For an efficient just transition, Air Liquide ensures that its suppliers respect human and labor rights. The engagement of its suppliers to adhere to Air Liquide Supplier's Code of Conduct and the Group's Code of Conduct is a prerequisite for supplying the Group.

Procurement has a key role to play in supporting Air Liquide's ambition to achieve carbon neutrality by 2050. The Group Procurement Department initiated a climate roadmap "Procure to Neutrality" based on four pillars: measure, engage, leverage, reduce. It strives to accompany buyers and suppliers by providing training on climate change and greenhouse gas emissions' measuring and fostering impact reduction.

B. Creating value for communities and mitigating risks

The energy transition brings opportunities for sustainable growth thanks to the development of new activities (electrolysis, hydrogen, CO₂ capture...). Thanks to our strong local presence in industrial basins, the Group contributes to supporting growth and job creation. Wherever it operates, Air Liquide respects the rights, cultures, customs and values of the local communities. To reinforce the relations with local communities, Air Liquide undertakes initiatives that focus in particular on protecting life and the environment and local development. The Group has committed to offer, by 2025, to 100% of its employees opportunities to engage with local volunteering initiatives.

The Group is conscious of the potential impacts of new projects' development may have on the environment and local communities, for instance water management, and has processes in place to mitigate such impacts through its energy procurement practices, water management objectives and more generally to regularly assess the environmental impacts, including biodiversity, of its projects and operations.

C. Engagement with policy-makers

The greening of economies will require a country-specific mix of macroeconomic, industrial, sectoral and labor policies. Air Liquide engages with policy makers in areas where its activities and technology portfolio makes it relevant. This engagement relies on the belief that private actors bring expertise to the public debate, in particular in case of consequences on the company's activities or its stakeholders, that could, for example, compromise the ability of industries to reach their decarbonization commitments. Air Liquide's behavior and actions are driven by the principles of integrity and transparency that should govern interactions between governments, civil societies and companies: "integrity" referring to the honesty and impartiality expected in companies' decisions and actions, "transparency" meaning sincerity and openness. More details on Air Liquide's principles of engagement with policy-makers are available in its Engagement Charter accessible from [the website](#).