# Statement received from Climate Action 100+

# 2024 AGM – 30th April 2024

**The statement was read and question n°2 was asked during the Annual General Meeting, and the written response below was provided orally at that time.**

Dear Chairman, Dear members of the Board,

Like many of you here, as shareholders and their representatives we are proud of Air Liquide. But we are also members of the Climate Action 100+, a broader coalition of institutional investors who are working for the climate and with whom you have been in dialogue for many years. We would like to testify to the quality of the dialogue, which has been invaluable and exemplary, proof of the importance you attach to your shareholders.

Since our first statement at your 2018 Annual General Meeting, you have come a long way! We would therefore like to congratulate you on the major steps you have taken in recent years: initial climate targets in 2018, a commitment to carbon neutrality across the entire value chain by 2050 in 2022, the inclusion of climate risk in the accounts in 2023 and greater transparency on scope 3 categories and lobbying in 2024.

We recognise that you are part of a complex value chain, an ecosystem where you cannot act alone. However, you are among those who will make change happen. The ambition and credibility of your transition plan will therefore be critical in getting your stakeholders moving. That's why we need to make sure that these commitments are at a level of ambition in line with a 1.5°C trajectory.

Hence our three questions:

***Extract from the document "Replies to questions asked prior to the Annual General Meeting" posted on the internet site:***

1. **First, as an investor, we need a common standard. Can Air Liquide commit to having Scope 3 objectives verified by SBTi when the methodology is published later this year? If you find the methodology does not fit your business, will you be setting separate targets before the 2025 AGM?**

Air Liquide is involved with the group of experts working on the development by SBTi of a sectoral approach for chemicals. It is not possible at this stage to determine whether the methodology developed by SBTi will be adapted to the Group's business, given the global nature of SBTi's sectoral trajectories and the complexity and substantial diversity of the chemicals sector.
At the same time, the Group is continuing its internal work on Scope 3, in order to (i) improve the accounting of emissions, and (ii) continue to work on internal targets across all those categories that concern us, by identifying and quantifying the potential reduction levers that are available to us.

In 2023, we made a pledge concerning our 50 largest customers, to ensure that they will also commit to achieving the 2050 neutrality objective. 74% of these 50 leading customers have already committed, and we are confident in our ability to achieve the target of 75% in 2025 and 100% in 2035.
The other elements that we are focusing on are the most important categories of our Scope 3 emissions. These include, firstly, emissions from energy production that are not included in Scopes 1 or 2, the evolution of which will be largely dependent on the reduction in natural gas production and on our electricity mix, the decarbonization of which (reduction of Scope 2) will lead to a reduction in Scope 3 "upstream electricity".
Then there is category 11, which relates to the use of products sold, mainly $CO_2$ and $N_2O$. We are studying alternatives for these products and customers' ability to use them, as well as the possibility of reducing emissions after use, which is already a widespread practice in the electronics industry.

The 3rd main category of our Scope 3 emissions is the one linked to the purchase of goods and services. Our procurement teams are overseeing the implementation of a "Procure to Neutrality" roadmap, involving in particular a commitment from our suppliers to reduce their emissions. We are heavily committed across the whole value chain alongside our customers and procurement teams in order to have a positive impact on our total Scope 3.

2. **Secondly, we would like to have more details on the implementation of the transition plan: will you provide a more precise quantification of the decarbonisation levers, in particular on Scope 3 and the investments needed on existing assets?**

In 2023, the Group pursued its activities aimed at delivering its $CO_2$ trajectory. The three levers for reduction (sourcing low-carbon energy, $CO_2$ capture and storage or utilization, and asset management), each of which represents one-third of the $CO_2$ emissions effort, have been activated, together with public announcements on several key projects.

Over 1,500 GWh of renewable electricity was secured in 2023 for delivery in the coming

years, via long-term power purchase agreements (PPA).

In December 2023, the Group announced the construction of a large-scale carbon capture unit for its hydrogen production plant located in the port of Rotterdam. The Group will leverage its proprietary Cryocap™ technology. This unit will be connected to Porthos, one of Europe's largest carbon capture and storage infrastructures aiming at significantly reducing $CO_2$ emissions in this large industrial basin.

In addition, the Group announced an investment of around 60 million euros to modernize two air separation units (ASU) the Group operates in the Tianjin industrial basin in China. As part of this modernization plan, Air Liquide will adapt these ASUs so they can run on electrical power instead of steam: substituting electricity for the current steam supply to the ASUs will avoid the emission of 370,000 tonnes of $CO_2$ per year. Finally, the Group announced the Normand'Hy project, the largest PEM electrolyzer ever built (200 MW). Based on proton exchange membrane technology (PEM), it will incorporate equipment manufactured by the joint venture between Air Liquide and Siemens Energy. Air Liquide Normand'Hy will avoid up to 250,000 tonnes of $CO_2$ emissions per year and will represent an investment of over 400 million euros for the Group.

These initial actions have made it possible to initiate a reduction in emissions, with Scope 1+2 emissions in 2023 around 2 million tonnes lower than the comparable 2020 baseline, despite sales growth.
In addition, work is underway to formalize the terms of our climate roadmap and our action plan, and Air Liquide intends to publish a transition plan by no later than 2025.

The transition plan will include more detailed information on scope 3 and will also provide information on the investments required to decarbonize existing assets. It will also recall the growth opportunities represented by the Energy Transition. These have been communicated in the Advance strategic plan, which provides for 16 billion euros of investment over 4 years, of which around half of the industrial projects will be invested in the Energy Transition.

3. **Finally, how are you tracking against your 2025 and 2035 objectives? Given the leadership you are demonstrating, is this time to set more ambitious goals? According to the IPCC report, limiting global warming to 1.5°C requires a 43% reduction by 2030 while you are targeting 33% by 2035**.

As presented in the 2023 extra-financial results in the Universal Registration Document, carbon intensity fell by -33% compared to the 2015 baseline and the Group's Scope 1+2 emissions fell by -4.9% on a comparable basis vs. 2020, in line with the Group's targets for 2025 and 2035. Air Liquide bases its analysis on the latest climate science. It should, however, be noted that the 43% reduction referred to is the necessary reduction, for all sectors of the economy and all geographies combined. The Group is part of the "hard to abate" industrial sector, for which the scenarios, such as the International Energy Agency's Net Zero scenario, anticipate a slower reduction rate than the average for all sectors.