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Paris, 24/11/2021

Reference: your letter of October 14, 2021.

Dear Mrs. Overall, Dear Mr. Clark,

We acknowledge receipt of your letter dated October 14, 2021. We appreciate your attention to this most serious subject and agree the urgency of action to tackle the threat climate change poses is intensifying. In this letter, we want to reinforce our stated commitments and actions implemented by our Group in the environmental fields, especially our **recent commitment to carbon neutrality by 2050**.

On **March 23, 2021**, we held our Sustainability Day, during which we announced ambitious ESG objectives to **ACT for a sustainable future**, based on 3 dimensions:

- **A** for Abatement of CO₂ emissions for a Low-Carbon society,
- **C** for Care for patients,
- **T** for Trust as a base to engage with our employees and build a best in class governance.

In full support of the 2015 Paris agreement, the Group's commitments address the urgency of climate change and energy transition, targeting Carbon Neutrality by 2050 with key intermediary milestones in 2025 and 2035:

- **to start reducing its absolute CO₂ emissions around 2025**
- **to reach a 33% decrease of its Scope 1 & 2 CO₂ emissions by 2035 compared to 2020**

Within this context, the Group also **maintains its existing objective to reduce by -30% its carbon intensity in kg CO₂/€ Ebitda in 2025, compared to 2015**.

Air Liquide has presented its **full plan to decarbonize its assets** during its Sustainability Day in March 2021, by leveraging on capturing CO₂, accelerating low-carbon hydrogen production through electrolysis or by using renewable feedstock such as biomethane. With regards to indirect emissions, the focus will be on increasing energy efficiency and low carbon electricity consumption.

Air Liquide will also deploy a broad range of **low-carbon solutions for its clients to help them decrease their CO₂ footprint**. This includes low-carbon gases offering, accompanying customers in industrial process transformation, recognized carbon capture expertise, as well as an asset takeover strategy with an objective to decarbonize them.

This plan also includes an **acceleration in Hydrogen development, to at least triple turnover in order to reach more than 6 billion euros by 2035**. The Group will reach that goal by **investing approximately 8 billion euros in the low-carbon**

hydrogen supply chain and by contributing to the development of a low-carbon hydrogen ecosystem for the industry and clean mobility. **By 2030, Air Liquide aims at bringing its total electrolysis capacity to 3 GW.**

Air Liquide's advocacy regarding Hydrogen energy is not recent: together with Toyota it co founded the **Hydrogen Council** in Davos beginning of 2017 to bring together all key players in the Energy Transition and to coordinate efforts in energy, mobility and chemistry. Since then, the Hydrogen council has grown to now include more than 120 leading energy, transport and industry companies and has issued two major reports: Hydrogen, Scaling up, in September 2017 and Path to hydrogen competitiveness in January 2020.

At Air Liquide, **our Climate strategy is fully embedded in our decision processes**, notably with a systematic assessment of projects' sustainability in addition to financial review. The management of Carbon impact is also **cascaded down in local operations** in addition to financial targets, to ensure the full involvement of employees to reach our Carbon neutrality objective by 2050.

We acknowledge our responsibilities and have been working for many years on combining growth and respect for the environment thanks to our innovative technologies. More than a third of our innovation expenses is allocated to it. **Our development in biomethane and hydrogen** reflects this conviction.

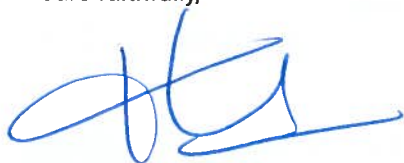
Moreover, Air Liquide is **committed to full transparency on extra-financial information**, using international frameworks. Indeed, Air Liquide is an active member of the Task force for Climate-related Financial Disclosures (TCFD) and **declared its support to the TCFD in 2020**. Air Liquide already **applies the European Directive** in extra-financial information, which includes all TCFD recommendations, except the financial projection of climate-related measures. Matching tables are available in Air Liquide 2020 Universal Registration Document for both TCFD and SASB standards.

In July 2019, **Air Liquide joined the Science Based Targets initiative (SBTi)** and has been working with them in order to get Air Liquide trajectory validated.

At Air Liquide, **climate objectives are cascaded down in the operations** and their fulfillment is **part of managers compensation**. Regarding the Chairman & CEO remuneration, 10% of annual variable is linked to ESG objectives and 10% of the performance shares granted for the LTI is aligned with the carbon intensity target.

Economic performance and sustainable development are therefore at the heart of Air Liquide's growth strategy. If you wish additional information, the replay and the presentation of our Sustainability Day are both available on our website, and the Investor Relations team remains at your disposal.

Yours faithfully,



Fabienne Lecorvaisier
Executive Vice President
Supervising Sustainable Development

October 14th, 2021

Dear CEOs,

We have come to a pivotal moment in history. Climate science has turned the world's attention to the urgent need to act quickly to keep global average temperature rise to no more than 1.5°C from pre-industrial levels. Meanwhile, the recovery from a pandemic has underscored the profound interconnectedness of our global economy, along with broad recognition that every sector, in every nation, will be impacted by the transition to a low carbon future. The most recent scientific report by the [Intergovernmental Panel on Climate Change](#) concludes that "unless there are immediate, rapid and large scale reductions in greenhouse gas emissions, limiting warming to 1.5°C will be beyond reach." Estimates suggest that higher temperatures could displace [1.2 billion people](#), accelerate stranded assets and destroy as much as [10% of global economic value by 2050](#). There is a cost to inaction.

The global nature and urgency of averting temperature rise will require decisive action by stakeholders across society including governments, companies, and investors like ourselves. As governments prepare to meet in Glasgow this November for the 26th United Nations Climate Change Conference of the Parties (COP26) meeting, investors have [encouraged governments](#) to raise their ambition to tackle the climate crisis. Additionally, over 128 Asset Managers representing over \$43 Trillion in AUM have signed up to the [Net Zero Asset Managers Initiative](#) (NZAMI), committing to align their portfolios to support the goal of net zero greenhouse gas emissions by 2050 or sooner. We are among this group, and our commitment will be announced by NZAMI in the upcoming months.

As long-term investors with a fiduciary duty to our clients we recognize the threat of climate change to our investments and view the fulfillment of the Paris Agreement as an imperative. We are increasingly incorporating a review of companies' level of preparedness, expanding our research process to evaluate climate physical risk, transition risk, and GHG emissions reduction targets. Furthermore, we intend to examine GHG emission reduction strategies to understand how quickly companies seek to reduce emissions, the scope and ambition of reduction goals, and probability of achieving set goals. We encourage going beyond carbon offsets to find long-term solutions and efforts that reduce absolute emissions, not intensity metrics.

Many companies still lack concrete targets and plans needed to keep temperature rise within 1.5°C. Therefore, we are writing to companies across our portfolios whose GHG emissions are a material issue. You are receiving this letter if your company has significant emissions and one or more of the following conditions has been observed:

- Your emissions are projected to be out of alignment with the Paris Agreement
- Your carbon intensity is notably higher than that of your peers
- You have not established an ambitious commitment to reduce emissions

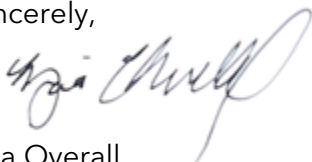
We urge you to be proactive and encourage all companies that have not already done so to embrace the following practices:

Strategy	All businesses will need to adapt to climate change in some way or another, particularly those in heavy emitting sectors. We look to invest in companies that have developed and disclosed a climate action plan that reflects the involvement and approval of the board of directors.
Targets	We encourage companies to set forward-looking time-bound decarbonization targets that are ambitious and credibly aligned with a 1.5°C scenario (such as accepted by a third party organization like Science Based Targets Initiative), not arbitrary percentage reduction targets. Targets should cover a meaningful portion of emissions and disclose the percentage of total emissions covered (scope 1, 2, and 3) including emissions across all products, JVs, and non-operated assets that are included in the targets.
Action plan	The credibility of GHG reduction goals is driven by detailed action plans that include specific initiatives bolstered by CapEx commitments. We encourage companies to publish action plans that include short (5-year), medium (5-10 year), and long-term targets with annual reporting and independent verification of performance.
Disclosure	We recognize the variety of reporting frameworks can cause confusion, and while these frameworks continue to converge, and as regulating bodies signal efforts to codify climate reporting standards, we commend companies that have disclosed emissions to CDP , and encourage disclosure according to SASB Standards and TCFD guidance . This should include a discussion of governance, strategy, management of climate physical and transition risks, metrics and targets.

If you have already developed a climate transition strategy that is approved by the board, set Science Based Targets, published your action plan including CapEx commitments, and made disclosures aligned with TCFD and SASB, we commend your leadership. **If you have not, please respond to moverall@rockco.com by November 30th to explain why you have not and/or share your intentions or plans for doing so.** We have engaged some of you directly on this topic already. Please consider this letter complementary to our discussions. If you would like guidance on taking these steps, please get in touch, we are happy to offer our support.

Across sectors and geographies, changing the trajectory of our emissions and adapting business models to a low carbon future will require major commitments, as well as financial and human resources. We believe the actions articulated herein will help position firms to thrive in a sustainable future, thereby creating long-term shareholder value for our clients.

Sincerely,



Mia Overall
Director of Shareholder Engagement



Casey Clark
Deputy Chief Investment Officer & Global Head of ESG