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Ms. Charlotta Dawidowski Sydstrand

AP7

Mr. Adam C.T. Matthews

Church of England Pensions Board

Paris, February 17th, 2022

Re: Your letter dated February 7th, 2022

Dear Ms. Dawidowski Sydstrand,

Dear Mr. Matthews,

We acknowledge the receipt of your letter addressed to our Chairman and CEO, Benoît Potier, dated February 7th, 2022.

Since our last discussions in November 2020, which enabled us to better understand your endeavor to encourage greater disclosure on corporate advocacy, Air Liquide has announced, in March 2021, ambitious commitments addressing the urgency of climate change and energy transition, targeting carbon neutrality by 2050, reducing its absolute CO2 emissions around 2025 and reaching a 33% decrease of its Scope 1 & 2 CO2 emissions by 2035 globally, compared to 2020. Our Chairman and CEO has regularly took public positions¹ to communicate and explain these ambitious targets.

We have also continued to implement our extensive plan to better structure our advocacy actions and to strengthen our governance for Public Affairs. This plan includes notably :

- 1) the **review of our internal organization** to reinforce the alignment and consistency of our messages across the Group under the Control of the corporate Public Affairs department;
- 2) the preparation and the publication of our **“engagement with public stakeholders”** statement in the form of a Public Affairs Charter published internally and externally;
- 3) the enhancement of the **governance** of our memberships in associations including prioritization, due diligence to check for compliance with Air Liquide’s strategy and with the Paris Agreement and monitoring.

Points 1) and 2) have been completed in 2020 and 2021 and point 3) is the priority for 2022.

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https://www.linkedin.com/feed/update/urn:li:activity:6780897792157069313?updateEntityUrn=urn%3Ali%3Afs_feedUpdate%3A%28V2%2Curn%3Ali%3Aactivity%3A6780897792157069313%29

https://www.linkedin.com/posts/benoit-potier_hydrogen-for-net-zero-activity-6862423646762237952-e2kF/

1) Public Affairs organization and advocacy positioning

As stated in our previous letter issued in November 2020, the Group has strengthened its Public Affairs organization with a corporate team in charge of supervising the 3 main areas where our lobbying efforts are conducted: Energy transition, Innovation and Technology, and Healthcare.

The corporate team ensures that advocacy messages are aligned with our ESG and business objectives, including the climate objectives, through a governance involving business and corporate stakeholders. The corporate Public Affairs team also ensures alignment with geographies, mainly Europe, the US, Japan, China and Korea, which are the most advanced geographies for energy transition and hydrogen.

This setup has allowed us to have a better control on various actions and messages broadcasted by our entities around the world.

For example, Air Liquide has publicly indicated on several occasions its support to the European objective aiming at reducing by 55% the greenhouse gas emissions by 2030, as this appears in several answers to European Commission's public consultations. Air Liquide has also taken a clear position supporting ETS' focus on clean technologies, such as renewable and low-carbon hydrogen as well as on carbon pricing which needs to be high enough and foreseeable to foster energy transition projects.

Air Liquide has welcomed the ambition laid down for the revision of the RED directive while acknowledging the challenges it represents for many industrial sectors.

On the mobility sector, Air Liquide has welcomed the aim of the Alternative Fuel and Infrastructure Regulation (AFIR) to notably ensure minimum hydrogen infrastructure to support the required uptake of alternative fuel vehicles across all transport modes and in all Member States to meet the EU's climate objectives.

Against this background, Air Liquide has been supporting the works of the European Clean Hydrogen Alliance (some 20 projects involving Air Liquide are identified in its pipeline of projects) and has successfully submitted innovative decarbonizing projects, implementing carbon capture technologies, under the umbrella of the European Innovation Fund.

Beyond Europe, Air Liquide has been actively supporting the US Infrastructure Investment and Jobs Act which would provide a critical support framework to develop the low carbon and renewable hydrogen market in the US.

In Japan, Air Liquide is supporting the government Green Innovation Fund which provides a roadmap to decarbonize the power generation, industry and mobility sectors leveraging the potential of renewable and low carbon hydrogen.

A thorough review of Public Affairs activities was held in 2021 with the Group's Audit Committee, where processes and governance were addressed.

2) Engagement with stakeholders

We have published, in December 2021, our statement on “engagement with public stakeholders” on our website², and we thank you for your appreciation regarding this statement which is covering the principles and organization of our advocacy activities based on our transparency and ethics fundamentals.

This engagement is also giving more insight about our memberships in some of the prominent associations in France, in Europe and in the United States where we are actively contributing to the dialogue with public stakeholders. It also clarifies that our advocacy efforts towards policy makers, either directly or indirectly, are all carried out in full alignment with the principles presented in our statement of engagement with public stakeholders.

3) Governance of memberships with associations

Following our continued efforts in 2021 to structure our advocacy activities in full alignment with our climate objectives, Air Liquide intends to continue advocating for ambitious actions that would contribute to accelerate the energy transition in line with the Paris agreement.

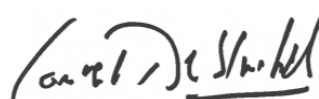
We have in this respect given full consideration to the points raised in your letter and emails regarding the scope of the monitoring of trade associations³ and the vigilance regarding positions taken by trade associations in regards to the Paris agreement objectives.

In 2022, it is our intention to further strengthen the governance of our memberships in such associations globally, to ensure we dedicate our efforts in organizations that are aligned with our own commitments as stated above. In particular, we will specifically perform necessary Due Diligences to monitor policy positions of the 5 top associations in Europe and in the US, and extend progressively the range of our monitoring to all the main associations by 2023.

Due to the intensity of policy making both in the EU and in Europe, this represents a significant effort that we feel is a good opportunity to continue strengthening our processes for the efficiency of our advocacy efforts in the long term. We will address specifically the case of some US associations in order to assess whether or not it still makes sense for us to continue our membership, should we assess that such associations are not aligned with our positions.

We will be happy to further discuss these initiatives, and look forward to continuing our dialogue with IIGCC in order to further illustrate our efforts to contribute to develop low carbon solutions for sustainable industry, and further develop a low carbon economy.

Yours sincerely,



Laurent Dublanquet

Vice-President, European and International Affairs

² <https://www.airliquide.com/sustainable-development/engagement-public-stakeholders#23261>

³ The Influencemap report wrongly indicates that Air Liquide is a member of BusinessEurope. Air Liquide has no links with this association.



Benoît Potier
Chair & CEO
Air Liquide SA
75 Quai D'Orsay
Paris, 75321
France

By email: IRTeam@airliquide.com

7th February 2022

Re. Seeking clarity re. Air Liquide's approach to reviewing & publishing in early 2022 a comprehensive global review of all corporate climate lobbying activities

Dear Mr Potier,

We write to you as the European co-leads for the Investor Expectations on Corporate Lobbying on Climate Change, a thematic activity of the IIGCC networkⁱ. We last wrote to you in November 2020 on this theme to outline our views and highlight investors' increasing recognition of corporate climate lobbying as a keystone issue that demands robust governance. ⁱⁱ ⁱⁱⁱ With 'responsible policy engagement' now embedded within the CA100+ Net Zero Benchmark, scrutiny by investors around the world is intensifying in the run up to the 2022 proxy season.

Following investors' previous engagement with the company, we note that in December 2021 the company produced a statement on 'Engagement with public stakeholders', provided to the CA100+ leads and shared it with us. While this is a welcome step forwards, we urge the company to make it publicly available to improve its transparency on this important topic. The statement does not seem to be on the new webpages noted in that statement.

Unfortunately this new disclosure falls well short of the Investor Expectations on Climate Lobbying and will not secure the company a good score on the 2022 Net Zero Benchmark nor improve its poor InfluenceMap score (currently D+). The continued lack of a full global review of Air Liquide's lobbying activities raises concerns for us, both in terms of the risks that lobbying against the Paris Goals poses to our interests and appearing to indicate that the company's board is not giving this critical strategic issue sufficient attention and priority^{iv}.

Our expectation is that that Air Liquide will publish, well ahead of the 2022 AGM, a full global review. We also ask for your confirmation that the company will continue to publish such information on an annual basis. Whether Air Liquide and/or its subsidiaries lobby directly or indirectly through third parties such as industry associations, we expect the company to ensure adherence to the four key principles embodied in the aforementioned Investor Expectations^v:

- Lobby positively in line with the Paris Agreement
- Have robust governance procedures
- Act when unaligned
- Be transparent



We ask that you share as soon as possible the methodology and scope for any such review you are conducting, to provide us with assurance that a robust process is underway. We would be happy to provide feedback on your approach to the review to ensure that it meets best practice; many of the c.20 European companies that have already undertaken this process have welcomed such input as a means to strengthen their governance of lobbying.^{vi}

We would welcome a prompt response to provide the clarity we seek. This will help us to ensure that investors' decisions and communications during the forthcoming proxy season related to Air Liquide's position on corporate climate lobbying disclosure are based on accurate analysis. From our perspective, the cut-off date for publication of your full review, given the date of your AGM, is 28th February 2022.

Given that we have previously had constructive dialogue with your team, as have the CA100+ lead investors that engage with you, we hope that the need for escalation can be averted, as we would prefer to work collaboratively to support Air Liquide to publish a credible review. However, if the review is not available by then, we might have to consider escalation on the basis of the length of time that we have been raising this issue with your company and the lack of clear public evidence that Air Liquide is comprehensively addressing our concerns.

Please direct your response in the first instance to emma.henningsson@ap7.se.

Yours sincerely,

Charlotta Dawidowski Sydstrand
AP7

Adam C.T. Matthews
Church of England Pensions Board

c.c: cberthier@trusteam.fr, LHEURTIN@ofi-am.fr, Pauline.Lecoursonnois@hermes-investment.com,
Joanne.Beatty@hermes-investment.com, clare.richards@churchofengland.org, Emma.Henningsson@ap7.se

ⁱ The Institutional Investors Group on Climate Change has 360+ members with EUR 49tn and 22 countries represented. The IIGCC is the regional delivery focus for the Climate Action 100+ network (CA100+) www.iigcc.org/about-us/our-members/. As co-lead for the European lobbying workstream our work is related to but independent of the engagement carried out by your designated CA100+ lead investors.

ⁱⁱ In 2019 US investors adopted the Investor Expectations on Corporate Climate Lobbying; mirroring the engagement that we first wrote to you about in October 2018 www.ceres.org/news-center/press-releases/major-us-investors-call-largest-corporate-emitters-disclose-how-their

ⁱⁱⁱ In May 2021 nearly 64% of Exxon's shareholders voted in favour of a shareholder resolution asking for more disclosure on corporate climate lobbying. For an example of why shareholders supported that proposal see (p.7): www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-exxon-may-2021.pdf

^{iv} This is in contrast to other European companies that have grasped their commitment to undertake a lobbying review as a positive communications opportunity, see for instance: Fortum (May 2021) www.fortum.com/about-us/forthedoers-blog/reviewing-fortums-lobbying-practices-important-step-towards-greater-transparency-climate-advocacy. The companies that published a review for the first time during 2021 included HeidelbergCement www.heidelbergcement.com/en/energy-and-climate-protection

^v The Investor Expectations on Corporate Climate Lobbying www.iigcc.org/download/investor-expectations-on-corporate-lobbying/?wpdmdl=1830&refresh=5d73dc8e315461567874190

^{vi} As example see the comments published by Bayer (October 2021) www.bayer.com/en/news-stories/we-are-raising-the-bar