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## Engagement with public stakeholders

### Executive summary

To contribute to a sustainable future, Air Liquide has made the commitment to reach carbon neutrality by 2050, to fight climate change and contribute to the energy transition, to include healthcare, human resources and governance as part of its ESG objectives. Engaging with policy makers is one way to achieve such goals by explaining and supporting our actions.

Our engagement relies on the belief that private actors bring expertise to the public debate by presenting arguments and assessments of the implications of policies to the policy makers, in particular when policy decisions may have consequences on the company's activities and on other external stakeholders, or could, for example, compromise the ability of industries to reach their decarbonization commitments.

The representation of the Group among its stakeholders, be they institutional as well as NGOs, civil society, professional associations and think tanks, is defined and put in place by the Corporate European and International Affairs Department and its representatives in different geographical areas to support our engagement policy: the department analyzes any potential changes in public policies and ensures the response to the Public Authorities to the consultations where Air Liquide's expertise is recognized when complex debate or policy making work require it.

Our behavior and actions are driven by the principles of integrity and transparency that are, for governments, civil societies and companies, increasingly necessary to regulate these activities of representation. In this framework, integrity refers to the honesty and impartiality expected in companies' decisions and actions, whereas transparency means sincerity and openness. To this end, in some countries or geographies where they engage with other stakeholders, companies are required by the law to register themselves in transparency registers. The Air Liquide Group complies with these provisions by regularly reporting its activities and actions to the public authorities.

In December 2021, Air Liquide went one step further, by detailing, on its Website, its Principles of action, Organization and Ethics and Transparency rules in terms of public affairs as well as its main actions in terms of climate advocacy.

## **I. Principles and set up**

### **1. Principles of actions**

To contribute to a sustainable future, Air Liquide has made the commitment to reach carbon neutrality by 2050, to fight climate change and contribute to the energy transition, to include healthcare, human resources and governance as part of its ESG objectives. Engaging with policy makers is one way to achieve such goals by explaining and supporting our actions.

This document details the guiding principles to conduct our engagement strategy.

Our engagement relies on the belief that private actors bring expertise to the public debate by presenting arguments and assessments of the implications of policies to the policy makers, in particular when policy decisions may have consequences on the company's activities and on other external stakeholders, or could compromise the ability of industries to reach their decarbonization commitments. Our objective is to raise the attention of policy makers in a constructive manner, by presenting analysis of potential consequences, risks and benefits for a wide area of activities covering industries, healthcare, and high technologies such as electronics and space.

It is common practice that all actors in a value chain who may be impacted by legislative or regulatory changes reach out to policy makers to contribute to promote more efficient regulations, notably in the current period where adequate regulations are key to succeed in driving Energy Transition initiatives across the world, with a shared sense of urgency.

Similarly, policy makers often request companies to contribute to expert discussions to share knowledge and experience. This does happen more and more often for Air Liquide on topics related to the development of the hydrogen economy. This allows Air Liquide to contribute to the public discourse by providing public authorities with knowledge and specific expertise in various areas. Interest representation is a key element of open and pluralist dialogue on which a democratic system is based.

### **2. Our organization**

The representation of the Group among its stakeholders, be they institutional as well as NGOs, civil society, professional associations and think tanks, is defined and put in place by the European and International Affairs Department and its representatives in different geographical areas to support our engagement policy.

For instance, the role of the European and International Affairs Department is to analyze any potential changes in public policies, to maintain the right balance between short- and long-term response, and the consistency of messages across the Group, the business lines and its different geographies.

This Department is also in charge of ensuring the response to the Public Authorities to the consultations where Air Liquide's expertise is recognized when complex debate or policy making

work require it. For example, Air Liquide has been invited by the French government to co-chair the National Hydrogen Council whose mission is to bring together a comprehensive ecosystem of industrial and institutional stakeholders to advise the ministers and the administrative bodies in charge of the hydrogen strategy.

The Corporate team is located in Paris, with relays in many countries, and in particular in Brussels, to interact with the European Commission, in Washington DC in the US, and in Asia (Tokyo, Shanghai, Seoul).

### 3. Ethics and transparency

Regarding safety and environmental impact, our ambition is to advance industrial gas standards as well as the regulations related to energy transition in the countries where we operate. To this end, and in its relationships with public stakeholders, Air Liquide scrupulously respects the fundamental principles of its code of conduct and complies with the legislation in force. As stated in our [Principles of Action](#), it is Air Liquide’s policy to ensure that we conduct our business with the highest ethical standards and in full compliance with all applicable legal requirements. For instance, in case of collaborations with consulting companies, Air Liquide enforces necessary checks before confirming any commitments.

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To illustrate and as an example, the European Union and France both have a transparency register which indicates which interests are represented at EU and national level, and on whose behalf, as well as the financial and human resources that are devoted to these activities.

Countries	Regulatory authority in charge	Web link
France	HATVP (High Authority for the Transparency of Public Life)	<a href="#">Air Liquide’s page on the HATVP’s website</a>
European Union	EU Transparency Register	<a href="#">Air Liquide’s page on the EU Transparency Register</a>

## II. Our contribution to the fight against climate change

More than ever, it is time to take actions to fight against climate change. As climate has become a major concern and as a responsible company, the Group has committed to reducing its absolute CO<sub>2</sub> emissions to reach carbon neutrality by 2050. Since 2015, Air Liquide is aligning its objectives with the Paris Agreement. The following elements describe and explain the concrete actions implemented by the Group in order to make its voice heard, engage with public stakeholders and contribute to a low carbon society.

### 1. Air Liquide, a key player in decarbonization of industry and society

As a world leader in gases, technologies and services for Industry and Health, Air Liquide has committed to contribute to decarbonize the industry and the mobility sector. This decarbonization will be based on CO<sub>2</sub> capture, acceleration of renewable and low-carbon hydrogen production through electrolysis or through the use of renewable feedstock such as biomethane, coupled with energy efficiency and low carbon electricity consumption. We also provide low-carbon gas solutions and technologies in industrial process transformation to help our customers decarbonize their activities.

To implement these objectives, Air Liquide is constantly dealing with very different challenges (regulatory, legislative, financial, etc.) which can be local or global, requiring a constant dialogue with institutional stakeholders based on trust and transparency. Moreover, as we serve many industrial sectors, and in the frame of our climate commitments, we rely on and take part in various trade association working groups. **We ask all our associations, globally, to explicitly align with the Paris agreement's goals or contribute to net zero pathways as outlined by the International Energy Agency.** We precise below the process in place towards associations to monitor their alignments with Paris agreement's goals and with Air Liquide's climate-related positions.

#### ***Association new membership and climate-related position***

Before joining any new association, each of our entities shall verify the climate objective positions of such association. Our associations memberships are reported on a yearly basis to the European and International Affairs Department by the different Air Liquide Entities across the world.

#### ***Associations selection for yearly review and assessment***

We publish a yearly review of our main associations at the European Union Level, including France, and in the USA, as these geographies are the most representative locations where Air Liquide is interacting with public stakeholders. This selection is based on the relevance of the associations to Air Liquide activities, the level of Air Liquide participation in their working groups, as well as their contribution to the public debate related to climate and environmental topics, and will be progressively extended.

Our main associations' positions is reviewed using a multi-source content (ex: Association website, publications or public positions) to assess:

1. Explicit **alignment with Paris agreement's goals** or contribution to net zero pathways as outlined by the International Energy Agency.
2. **Alignment with Air Liquide's contribution to the fight against climate change** (in particular: Carbon neutrality by 2050, improvement of energy efficiency of our processes and customer operations, acceleration of renewable and low-carbon hydrogen production through electrolysis or through the use of renewable feedstock, increase of the use of low-carbon electricity for operations, implementation of innovative solutions to decarbonize industries )

### ***Assessment classification***

- An association is considered as **aligned** when it has publicly supported the objectives of the Paris Agreement and has taken positions in line with it and with Air Liquide's climate-related positions.
- An association is considered as **partly aligned** with the Paris Agreement when it does not explicitly fully support it, but demonstrates pragmatic approaches to contribute to these objectives or is in general aligned with Air Liquide's climate-related positions except for some minor points.
- An association is considered as **misaligned** when it has taken positions that are contradictory to the Paris Agreement's objectives or with Air Liquide's climate-related positions.

### ***Process to follow in case of misalignment or partial alignment***

When an association is considered as aligned, Air Liquide will continue to actively engage and contribute to their work while reviewing its alignment on a regular basis.

When an association is considered as partly aligned or misaligned, Air Liquide will engage discussions with the association's leadership and will request the association to explicitly support the Paris Agreement. Air Liquide will also discuss possible ways forward with the association to confirm its Climate-related positions to influence the association. When engaging with a partly aligned or misaligned association is not resulting in a satisfactory change of such associations' position or when Air Liquide considers that such engagement is unlikely to succeed, Air Liquide will consider terminating its membership in such association.

Air Liquide will report its actions to address any misalignment between its climate-related positions and the ones of its trade associations, coalitions, alliances or funded think tanks.

## **2. A clear positioning for clean hydrogen and a carbon free future**

Air Liquide positions itself on industrial topics in different sectors (energy, mobility, industry...) related to its activities. Here is an example of our global vision on the development and role of hydrogen in the framework of the Green Deal for Energy Transition.

## Air Liquide's position on hydrogen

Hydrogen is a central pillar of the energy transformation required to limit global warming. In 18 applications in the sectors of transportation, heating and feedstock for industry, hydrogen could become the most competitive low-carbon solution by 2030. According to the FCHJU (the Fuel Cell & Hydrogen Joint Undertaking)'s Hydrogen Roadmap Europe, the deployment of hydrogen could boost the sector within the EU, creating a potential market worth 820 billion€ for fuel and associated equipment for EU companies by 2050 and providing employment for about 5.4 million highly skilled workers.

In 2020 and in the context of the Covid crisis, several EU Member States (Germany, France, Portugal and Spain) have published recovery plans putting hydrogen at the center of the economic recovery as well as hydrogen strategies to develop the sector by allocating several billions to it. On its side, the European Union has set, in its hydrogen strategy, a production target of up to 10 million tons of renewable hydrogen in the EU by 2030, for which large investments are needed. This is being discussed in the European Alliance for Clean Hydrogen.

With regards to the Fit for 55 Package unveiled by the EU Commission in July 2021, and to put in place the right instruments and dedicated legal frameworks, Air Liquide supports the following measures:

1. It is necessary to foster low carbon hydrogen along with renewable hydrogen, in particular through support of the development of CCS projects and address regulatory obstacles to reduce costs and optimize carbon emission reductions to ensure a rapid transition.
2. A Guarantee of Origins system dedicated to hydrogen and relying on what the CertifHy European project has developed, would help attest the evolution towards carbon neutral hydrogen production and giving an appropriate market value.
3. Concerning usages, it is important to distinguish the main industrial applications of hydrogen, for which an active private market already exists in order to tailor the policy framework and trigger market uptake.
4. Mobility applications should be one of the priorities as well as the scaling-up of distribution infrastructures in the transportation sector to prepare the users' shift towards zero emission mobility. The proposed Alternative Fuel Infrastructure Regulation revision would be a good instrument.

Along with the right legal framework, the EU has to continue to financially support large scale projects of hydrogen production and uses to facilitate large scale deployment and uptake of clean hydrogen to help decarbonize downstream uses. Indeed, emerging technologies need to scale up to reach their full potential, and at the start of this acceleration curve, public support

is needed. It is necessary that the various existing funding channels (CEF (Connecting Europe Facility), Horizon Europe, the ETS (Emissions Trading System) Innovation Fund, IPCEIs (Important Projects of Common European Interest), the Clean H2 PPP (Public Private Partnership, etc.) are designed and combined to finance the whole hydrogen value chain.

We believe that, with these policy and financial support measures, Europe holds unique conditions which can facilitate clean hydrogen markets growth in the coming years. It is time for the sector to scale-up and for companies to play their role on the international scene. Air Liquide is ready to lead the way with its strong industrial know-how and expertise in this field.

### **3. Air Liquide answers the European Commission consultations**

As part of the legislative process, the European Commission regularly seeks the views of citizens and stakeholders such as companies when it develops policy and legislation. These consultations constitute for Air Liquide a great opportunity to share its views on different topics such as energy transition and low-carbon economy. Indeed, after the Commission's review, this feedback may be reflected at political and legislative level.

Air Liquide's responses to the European Commission's consultations are publicly available on the link to [the EU official website](#).