



2022 Sustainability Report Conference Call Transcript

Friday, 24th March 2023

Introduction

Aude Rodriguez

Head of Investor Relations, Air Liquide

Opening remarks

Aude Rodriguez: Hello everyone, it is Aude Rodriguez, Head of Investor Relations, thank you for joining us today. Our 2022 corporate sustainability report was published earlier today on our website, and we take this opportunity to provide you with another view of key progress made by the group on ESG topics in 2022. Joining me today are Fabienne Lecorvaisier, Ashutosh Misra, Jean-Marc de Royere and Claire Dessertine.

The presentation is available for download on the Air Liquide website. We will be calling out the slide numbers, so you can follow the progress of the presentation. Let us go now to slide 2.

Today we are going to cover two key topics; we will start with another view by Fabienne, of the key pillars of our sustainability strategy, and illustrate how it is embedded in our governance and processes. Then Ashutosh will go over the details of deployment of our action plan and performance on the third pillar, advancing for the environment. Jean-Marc will cover the progress on the second pillar, advancing for health, and Claire will provide an update on the third pillar, advancing for all. Over to you, Fabienne.

Our Sustainability Strategy

Fabienne Lecorvaisier

Executive Vice President in charge of Sustainable Development, Public and International Affairs as well as the supervision of the General Secretariat, Air Liquide

ESG Commitments

Fabienne Lecorvaisier: Thank you, Aude. Good morning or good afternoon to all. I am very happy to welcome you to our yearly ESG call, to share with you an overview of our sustainability strategy and recent progress. Please turn to slide 4.

You may remember that in March 2021, we were the first to publish a very comprehensive set of ESG commitments along three pillars, abatement of CO2 emissions, with commitments for reduction in absolute value, care for patients and trust as the base to engage with all our stakeholders, and to build a best in class governance.

Concept of global performance is enactment

In March 2022, and I am on slide 5, we took it one step further with the announcement of our new strategic plan for 2025, ADVANCE, which places sustainable development at the heart of the group strategy, firmly setting Air Liquide on course for comprehensive performance, by combining financials and extra-financials.

Reduction of CO2 emissions

We are now on slide 6. As part of Advance, we made the reduction of CO2 emissions one of our key strategic pillars, which is further evidence of our long-term commitment to sustainable development. The chart on the left shows our absolute CO2 emission planned trajectory in the short, mid and long-term. This trajectory was validated by science-based targets, SBTi, in May 2022, as aligned with climate science, and we were the first in the industrial gas sector to receive this validation. Our commitment to deliver on CO2

reduction is more than a stated ambition. In addition to the growth and ROCE objectives, we are resolutely committed to achieving an inflection point in absolute CO2 emissions by around 2025 for our scope one, and scope two. Ashutosh will also give you more details regarding our progress on scope three in a moment.

I am on slide 7. 2022 was a very transformative year for us, to align the entire organisation towards delivering on our objectives. We now have rigorous governance in place, for providing oversight on sustainability performance, all the way up to the board level, where the Environment and Society committee regularly reviews strategy and progress on the key KPIs. Given the emergence of strong connection between the financial and extra-financial performance, the sustainability department works closely with the group operations control department, and they both are under supervision of executive committee members. The global objective has been translated into local decarbonisation plans, which are developed by the operational entities, in close conjunction with our world business lines, taking into account geographical and customer specificities.

Achieving objectives

The governance that you just saw is now coupled with processes, metrics and tools to manage our CO2 trajectory. A very significant development in 2022 was the roll-out of the CO2 budget, modelled along the same lines of governance as financial budget. We instituted a CO2 budget by geography, followed quarterly, and we embedded this budget into the investment decision process. Simply stated, the CO2 budget is a threshold of CO2 emissions that the total of new investment must remain under, for a given group of countries. Accordingly, the investment decision process has been updated to include the CO2 impact of any new project and to ensure that we remain on track with our trajectory. New reporting tools have been put in place to bring more accuracy and robustness to reporting. The group has been mobilised at every level to deliver on our ESG commitment; this ranges from the deployment of networks and training programmes, to inclusion of ESG metrics in remuneration plans of the managers. We now have an organisation that is poised and committed to deliver.

Selective investments

I am now on slide nine. Under our new strategic plan, we will invest €16 billion through 2025, and given the criticality of energy transition, close to 50% of this investment will be directed towards energy transition. This will include projects that help decarbonising our assets, as well as projects that allow us to bring decarbonised gases and technology to our customers, to enable them to achieve their climate goals. In 2022, we have already engaged €4 billion of investment decisions. Nevertheless, we will continue to be very selective in our investment decisions to ensure that business growth and decarbonisation objectives are achieved simultaneously. With all these elements put in place, let us now review the results that this governance and processes have delivered in 2022, and this is on slide 10.

Producing concrete results

First, on the key environmental KPIs, we are happy to report that for two years in a row, our absolute CO2 emissions have remained stable versus 2020, on a comparable basis. This flattening of the CO2 curve is happening, while we continue to develop the business with 16% growth over the same period. We are also on track with our CO2 intensity reduction target of -30%, versus 2015.

On our second pillar, advancing for health, significant progress has been made on the two KPIs. In mature economies, 49% of our patients had personalised care plans in 2022. These personalised plans are based on outcome driven models to help patients with chronic diseases improve their quality of life. Similarly, in

low- and middle-income countries, close to 1.8 million people have now been facilitated with access to oxygen as a result of our efforts.

Finally, on our third strategic pillar, advancing for all, which addresses social and societal elements, we continue to make progress. Our inclusion and diversity objective aims to increase the percentage of women in our managers and professionals to 35%, by 2025, and the small increase in 2022 is indicative of the magnitude of the task, but also of the result of the systematic efforts that are being developed. We are also committed to bringing a common basis of care coverage to all of our employees worldwide by 2025, ensuring common standards for health insurance, life insurance and 14 weeks of paid maternity leave. Significant progress was made on these objectives in 2022, with action plans deployed across all geographies.

Extra financial rating agencies

On slide 11 now, you will note that leading extra financial agencies continued to recognise our progress, on all ESG fronts in 2022, placing us in the top quartile of all assessed companies. I would just point out some of the highlights. In 2022, we became a constituent of the DJSI Europe Index for the first time, driven by a significant improvement in our S&P global CSA score. We maintained our CDP rating on climate and water, and for the sixth consecutive year, received a gold sustainability medal from Ecovadis. Given that we are in the chemical sector, we are also very proud to be ranked number four by Chemscore, out of 54 chemical companies, which demonstrates our stewardship in management of hazardous materials, and transitioning towards environmentally friendly alternatives.

I hope that this overview brings you confidence that our strategy, governance and processes are delivering robust results, in line with our commitments. I will now hand over to Ashutosh, to provide details on our environmental performance in 2022.

2022 Performance

Ashutosh Misra

Group Vice President in charge of Sustainable Development, Air Liquide

Advancing for the environment

Ashutosh Misra: Thank you Fabienne. Let us go to slide 13. Advancing for the environment is one of the key pillars of our ESG strategy. This includes our focused actions, not only for the climate, but also in areas such as water, and biodiversity. As a responsible company, we are committed to preservation of all aspects of the environment.

CO2 Emissions

Now we move to slide 14. Starting with CO2 emissions. As in previous years, we continue to report our absolute CO2 emissions across all scopes with increasing accuracy and precision using newly deployed tools that provide granularity of emissions down to the facility level. In 2022 our emissions across the entire supply chain and operations amounted to 61.4 million tons of CO2 equivalent, with scopes one and two accounting for 64%, and scope three accounting for 36% of the total. At the same time, with our technologies, efficiencies and product applications, we contributed to the avoidance of close to 77 million tons of CO2. Now let us examine some additional details on these emissions on slide 15.

Decarbonisation

The pie chart in the middle shows the breakdown of our emissions by scopes one and two, per major geographies. The profiles of these emissions vary, due to the type of assets and products. For instance, in the Americas and Europe, where we have large hydrogen production capacity using SMRs as well as the co-production of steam and electricity using Cogeneration units, scope one emissions are predominant. Conversely, in Asia and Africa, scope two emissions associated with electricity usage from the major share of emissions footprint, due to the heavy concentration of large production capacities of air gases, such as oxygen, nitrogen and argon. Similarly, the emissions profile by business line, which you see on the right are heterogeneous, with the bulk of total emissions heavily concentrated with our customer base in Large Industries, contrasted with the relatively minor CO₂ footprint of our Healthcare business. Now, this illustration is significant for two reasons.. First, it helps us identify the relevant decarbonisation levels for each geography; for scope one reduction we are deploying carbon capture, feedstock change and electrolysers. For scope two, we are increasing the share of renewable electricity in the energy mix. Second, it helps us focus on markets and customers where decarbonisation challenges are most profound, such as our customers in hard-to-abate sectors, like steel, cement and petrochemicals.

Meeting CO₂ trajectory

We now go to slide 16, to illustrate the three key decarbonisation levels we are deploying, and the progress we have made on each. Our first level focuses on how we manage our assets to reduce emissions, via efficiencies and technologies. In 2022, we made investment decisions to start electrification of our steam driven ASUs in China. We also launched several energy efficiency projects globally, and signed more than 50 new on-site contracts, which bring emission reductions by eliminating the need for product transportation. Our second level, which is procurement of massive volumes of renewable energies, also saw major developments with the signature of power purchase agreements. By sourcing renewable electricity directly from the producers of new capacities, with our long-term PPAs, we foster investments from energy producers. The share of renewable electricity in our electricity mix, increased to 17.5%, which is a 10% increase in volume of renewable energy, versus last year. On the third level, which is carbon capture usage and storage, three of our large scale CCS projects in close collaboration with our customers were selected for close to €600 million of funding by the European Innovation Fund, in the form of subsidies and grants. This is very promising, as it shows not only the trust of our customers in our carbon capture solutions, but also the much needed incentivisation by governments, to make large scale CCS as a viable decarbonisation level for meeting net zero pathways.

Stable emissions while delivering strong growth

I am now on slide 17. The results of these efforts are very concrete, as you can see on the slide. In the past two years, our absolute CO₂ emissions have remained stable, despite the significant growth in our business. The plateauing of emissions is a necessary step for us to reach our committed inflection point around 2025, and it follows the CO₂ trajectory we had published in March of 2021. This trajectory was validated by Science Based Targets in May of last year, and it is a clear attestation that our decarbonisation pathway is aligned with climate science, and with the principles of the Paris Agreement.

Energy transition projects

Over to slide 18. Not only have we started to put “brakes” on our emissions today, we are also making relevant and selective investments in energy transition projects, since our climate commitments require us not only to decarbonise our existing assets but also to decarbonise the growth that we find. By 2025, 50% of our €16 billion investments will be dedicated to energy transition. I would like to draw your attention to a few

large scale energy transition projects. First, for hard to abate sectors like cement and petrochemicals, several new projects were finalised; Kairos@C in partnership with BASF for transport and storage of CO₂. CCS projects with Equiom and Lhoist for decarbonisation of cement and lime production, and Antwerp@C project, to create a first of its kind export hub for CO₂ storage. Second, we are committed to the decarbonisation of hydrogen production. In 2022, two of our large scale electrolyzer projects in France and in the Netherlands, each with a capacity of 200 MW have been initiated, and these are enabled by a robust technology partnership and JV with Siemens Energy.

Third, in 2022, we signed four major power purchase agreements, such as the 115 MW PPA with Vattenfall in the Netherlands, and the PPA jointly signed with Sasol in South Africa, for a total capacity of 220 MW, which represents 1.1 TWh of renewable electricity available for our operations when these projects are completed.

Decarbonise our full value chain

Please turn to slide 19. We recognise that decarbonising our entire value chain is critical for achieving net zero targets by 2050. As we prepare our net zero targets, which are consistent with 1.5 degree pathway and cover all scopes, including scope three emissions, we are participating in the SBTi led expert advisory group, to develop a sector decarbonisation approach for the chemical sector. This project aims to develop standardised methods and best practices for emissions accounting and target setting, with a focus on critical scope three categories for the chemical industry, which has many heterogeneous yet interconnected subsectors. We believe that the output of this project will inform and guide the structuring of our scope three objectives, using globally harmonised accounting practices. Since 2020 we account for and report our scope three emissions across the different categories, with increasing accuracy and rigour, and to progressively start taking objectives on relevant categories of such emissions.

Key Progress2 in 2023

As shown on slide 20, our focus on scope three emissions gained increased momentum in 2022, and it focused on three areas. First, establishing methodologies and tools that enable comprehensive and transparent monitoring of scope three emissions. Second, engaging with our upstream supplier base, to embark them on their respective net zero journeys, that would allow us to define a “procure to neutrality” roadmap, and third, enhancing our engagement with our customers downstream, to reduce their emissions footprint by providing decarbonised products and solutions. Noteworthy is our first scope three objective that we have undertaken in 2022, to address CO₂ emissions downstream of our operations. Recognising that our ability to decarbonise our customers’ operations will require close partnerships and selectivity, we have set the objective to have 100% of our top 50 customers, committed to 2050 carbon neutrality by 2035. We remain committed to setting objectives for additional scope three categories, as the standard methodologies, specific to the chemical sector, become available from the SBTi’s workgroup.

Water management

We now move to slide 21 to discuss progress on some of our other environmental objectives. As consumers of large volumes of water, for our operations, primarily for use in cooling processes, we have a responsibility to manage our water footprint, for the entire ecosystem. In 2021, we have launched a set of water objectives, associated with deploying a water management plan for our operations that are in high water users and located in areas of high-water stress. In 2022, 78 sites were identified as falling into these categories, and action plans are being developed across these sites to optimise water consumption. Second, we also set an objective to ensure minimum quality standards of discharged water, regardless of

local jurisdictional requirements. In 2022, group technical standards for water quality have been drafted, which will be progressively deployed across all our operations. These objectives and our progress are well aligned with the stewardship we strive to maintain, in management of this very critical natural resource.

Biodiversity

Over to the next slide. In 2022, we also accelerated our efforts on the subject of biodiversity. While several biodiversity elements such as climate change and natural resources are already covered in focused roadmaps, we recognise the need to address elements beyond that, such as land degradation, pollution and, where applicable, management of biological resources. To this end, we have completed a comprehensive assessment of biodiversity related risks, in terms of both access to, and impact of, natural resources. We have also mapped our assets in key biodiversity areas, and launched biodiversity awareness trainings across the organisation, to highlight the importance of this topic. In 2022, we have also launched our first set of biodiversity commitments. These include first to commit to Act4Nature in 2023, with a set of objectives; second, to implement a biodiversity KPI by 2025, that would allow us to have a quantifiable assessment of our biodiversity impact; and third, to integrate biodiversity assessment of all new projects in our investment process, by 2024.

EU Taxonomy

We now move to slide 23. 2022 was also the first full year of European taxonomy reporting, that includes not only the turnover, CAPEX and OPEX associated with eligible activities but also those attributed to aligned activities. Let us recall that the European taxonomy eligibility was defined in the 2020 regulation based on around 100 economic activities, which generate 93% of direct greenhouse gas emissions in the EU. Therefore, eligibility should not be confused with greenness of an activity. The main portions of Air Liquide's activities such as air gases or healthcare do not directly emit greenhouse gases, and consequently are not eligible to the European taxonomy. The pie chart on the right, illustrates the portion of our taxonomy eligible Capex that is aligned. The 30% Capex alignment is indicative of the selectivity in investments that we are exercising, with a focus on energy transition projects, helping us prepare for such investments to deliver decarbonised products that meet the taxonomy alignment criteria in the future. I will now hand over to Jean-Marc De Royere to discuss the second pillar of our ESG strategy.

Advancing for Health

Jean-Marc de Royere

Senior Vice President in charge of societal programmes and Chairman of the Air Liquide Foundation, Air Liquide

Advancing for health

Jean-Marc de Royere: Thank you Ashutosh. I will give you an overview of how we are advancing for health. Healthcare systems are challenged in mature economies by demographics and rising costs, while developing economies are looking for long-term solutions to their own situation. We believe that addressing the social needs of individuals and communities will improve the sustainability of healthcare systems. Thus, our social objectives for healthcare, in both mature economies and low- and middle-income countries. So, let us continue on slide 25.

Personalised care in mature economies

First, in mature economies, we wish to improve quality of life of people with a chronic condition. We address this by helping them comply with their treatment, and by focusing on outcomes, through what we call personalised care plans. 49% of the patients we serve on such plans in 2022. At the same time, we have been working with the research groups and patient associations, to set up schemes that improve compliance and quality of life. More than 80 such local schemes were active across our operations in 2022. One example you have on the slide here is a partnership set up in Portugal, with two local bodies to improve the lives of patients with sleep apnea.

Over to the next slide. Second, in low- and middle-income countries, we want to make access to medical oxygen easier. Availability of oxygen is a basic requirement for any healthcare system. Enlarging its access will make a major difference to local communities. We have started with primary care facilities, the first level of healthcare systems with "Access Oxygen", they have a safe and reliable means of diagnosing and treating patients. We serve these centres either through Air Liquide operations, or through local entrepreneurs. In 2022, an estimated 1.8 million people in three countries had easier access to oxygen, thanks to over 200 primary care facilities with "Access Oxygen" solutions. I will now hand over to Claire Dessertine to discuss the third pillar of our ESG strategy, we will go to slide 27.

Advancing for all

Claire Dessertine

Group Vice President in charge of Talent Management, Air Liquide

Claire Dessertine: Thank you, Jean-Marc. It is a pleasure to be here with you and present our commitments and progress behind "advancing for all". Let us go to slide 28.

Acting for all

Taking action as a socially responsible employer and increasing Air Liquide's positive impact means creating for all employees, a safe, ethical and engaging environment. It also means contributing to a more inclusive society, supporting local ecosystems in all the countries where we operate. I am going to give you an update on each of our objectives.

Diversity performance

On the next slide, 29. At Air Liquide, we believe diversity is a source of dynamism, creativity and performance. An inclusive workplace with talents of different ages, nationalities and backgrounds, is a key asset for the group's success. In that regard, globally, Air Liquide has set a target to have 35% of women in our management professional population by 2025. In 2022, we have increased by 0.5% up to 31.5%. Our target is ambitious and challenging and we have strong action plans to reach our objective.

Common care coverage

Moving to slide 30. With our presence in 73 countries of diverse cultures, we face many different situations in care coverage for employees. As part of the Air Liquide strategic plan for 2025, ADVANCE, the group renewed its commitment to offer common care coverage to all employees by 2025. In 2022, 40% of employees are now benefiting from this common basis of care, including death and disability insurance,

healthcare and maternity leave. Each hub within Air Liquide is acting on this commitment, by developing a 2023-2025 roadmap to achieve our objective.

Citizen at work

Let us go to slide 31. For many years, and all around the world, Air Liquide employees under affiliate management sponsorship, all through the foundation, have been volunteering during or outside working hours, to support their local communities. In 2022, Air Liquide launched its citizen at work programme, which provides a framework to enable employees to volunteer in their local communities. This programme will be gradually expanded across the group, with the objective of 100% of employees to have access to local volunteering activities by 2025. By the end of 2022, 43% of group employees already have access to this programme. I will now hand over to Fabienne, for the next topic. Let us move to slide 32.

Best in class governance

Fabienne Lecorvaisier: Well, thank you Claire, thank you Jean-Marc and thank you Ashutosh. Back to governance. Our governance is based on a continuous and open dialogue with our shareholders and is grounded in integrity, transparency and accountability. In 2022, Air Liquide established a new governance, as you know, separating the role of CEO and Chairman of the Board of Directors. On June 1st, Francois Jackow was appointed CEO and Benoit Potier maintained the role of Chairman of the Board of Directors. We are also committed to making a positive impact on society, so actions taken by the Air Liquide foundation. In 2022, the foundation along with volunteer group employees worked hand in hand to support refugees from the conflict in Ukraine. As of December 2022, the foundation supported 41 charitable projects, benefiting more than 60,000 refugees.

Conclusions

In conclusion, and I am on slide 43, I would like to strongly highlight the following three points. Our focused decarbonisation efforts are supported by a solid governance, and the commitment of all of our employees, and they are producing concrete results. As you can see in the flattening of our absolute CO2 emissions, two years in a row. Second, we are confident in our ability to deliver our commitment of an inflection point in emissions around 2025. This will be made possible by the decarbonisation of the growth we are signing, enabled also by signature of major power purchase agreement for renewable energy procurement, and execution of large scale carbon capture projects. Third, we continue to announce our stewardship on environmental topics, by adding new set of commitments on scope three and biodiversity, while working with leading associations and SBTi to drive harmonisation of methodologies for the chemical sector.

I will stop there. Thank you very much for your attention. We hope that you have found this presentation insightful, and we will now take your questions.

Q&A

Operator: Thank you. To ask a question, you will need to press star one, then one on your telephone and wait for your name to be announced. To withdraw your question, you can please press star one, and one again. Whilst again, if you have any questions or comments, please press star one, and one on your telephone and wait for your name to be announced. Please stand by while we compile the Q&A roster, this will take a few moments.

Once again, ladies and gentlemen, if you do have any questions or comments, please press star, one and one on your telephone and wait for your name to be announced. Thank you. We are now going to proceed

with our first question. The question comes from the line of Andrew Stott from UBS. Please ask your question, your line is open.

Andrew Stott (UBS): Hello, good afternoon, thank you for the presentation, a very interesting update. I am going to ask a typical equity analyst question; when you consider all the changes you are putting through here to your sustainability, particularly interested in the biodiversity and diversity side of things. What are you doing within the organisation, if anything, to change behaviours? So, where I am really going with this question is, are there any changes planned, or have I missed changes already in your short-term and long-term incentive programmes? Thank you.

Fabienne Lecorvaisier: Thank you Andrew. I think we already discussed during the presentation, quite extensively the governance we have put in place, to be able to reach our objectives. Since the beginning and since we announced our first objective in March 2021, we have been acting through networks, and we have developed two very strong networks. First, the Climate Champion Networks. The Climate Champions are people who are in the clusters, a cluster being a group of two or three countries, who are responsible for the delivery of the CO2 trajectory and that are main counterpart in the operations. This is for decarbonisation. Then, for the other topics, we have a very strong network of sustainability ambassadors. These people are volunteers, and they are in charge of spreading the sustainability mind-set through the organisation, and in this network we have now under control of Ashutosh, 600 people, am I right? Who are in all the countries promoting small action in day to day life so that sustainability becomes part of the mind-set and of the way of working at Air Liquide. In terms of incentive programmes, we have a sustainability component both in the short term and in the long-term pay. In the variable pay, we have a 10% component which is based on sustainability, and in the short term we try to fix to the people, sustainability objectives which are under their control. So, it is not a global objective at the group level, it depends on the job of each and every one, and we all have sustainability objectives which are actionable in our day-to-day work. On the long-term incentive, conversely it is a group objective; it is just the reduction of CO2 emission, along the objective that we have announced, and that is also counting for 10%.

Andrew Stott: Thanks, Fabienne.

Fabienne Lecorvaisier: Thank you.

Operator: We are now going to proceed with our next question. And the question comes from the line of John Buckland from Waverton Investment Management. Please ask your question.

John Buckland (Waverton Investment Management): Good afternoon, I am astonished I am number two in the question and answer. Anyway, I hope you can hear me. Could we go back to slide 15? It is quite a complicated slide, in a sense, but it does not actually include scope three, which is an important element of your future plans. The question is, can you explain a little bit more for these different regions, what actions you are going to take, in the different scopes, because the size of them is quite different, depending on region?

Fabienne Lecorvaisier: Okay, so the objective of the chart on slide 15 is to show you the importance of scope one and scope two, depending on the various regions. So, just to remind you what our business is; we have oxygen production. Oxygen production does not emit any CO2 but uses a lot of energy. So, our scope two emissions relate to the electricity we use to operate our air separation unit, to produce oxygen. Then we produce hydrogen and for most of the time, those days, hydrogen is produced by reforming natural gas, and then you have direct CO2 emissions, so this is our scope one emissions. So, if we take Americas, for

example, in Americas we have a strong position in hydrogen, and therefore you have a large part of scope one.

So, to decarbonise this part, we need first to work on the efficiency of our hydrogen plant, then to develop new technologies, like electrolyzers, for example, which does not emit any CO₂, or if it is not possible, carbon capture. And we also are working on potential different feedstock, like biogas, for some of our units. So, it is how we decarbonise our hydrogen production. Then for scope two, which is much smaller in Americas, but very big in Asia, where we are very, very strong in hydrogen production, for scope two. The recipe is pretty simple, just to progress on renewable energy, or low carbon energy sourcing, to feed our air separation unit. We have a few air separation units which are not fed by electricity but by steam and we are progressively converting this unit. You know that three days ago we announced a project in China, to electrify two ASUs, so to switch to electricity from steam and to be able once again, to replace the current electricity we have, by low carbon energy. I do not know if you want to add something Ashutosh. I was trying to simplify the vision.

Ashutosh Misra: So, Fabienne, thanks. If I may add on scope three question. So, scope three treatment is done globally by category, as you know, there are 15 categories of scope three. They are not divided geographically, because when you are looking at upstream elements, such as procurement, we are looking at our global procurement scope, which translates into an equivalent amount of CO₂. Similarly, downstream we are looking at overall consumption of our products by our customers. So that is why in this chart it is focused on scope one and two, and scope three is dealt with on a more global basis.

Fabienne Lecorvaisier: Does that answer to your question?

John Buckland: Yes, it does very much, in a sense. But also, when you talk about scope three, I am just trying to find what chart it is. There was a chart where you were talking about how many customers; there we are, chart 20. By 2035, 100% of your top customers will commit to carbon neutral, I think that is what you are saying there. Where are we now, in terms of your customer base? And how are you going to encourage, help, cajole your top customers to make these commitments? Because I mean I do not know how hard a topic that is.

Fabienne Lecorvaisier: Okay. So, very simple, right now we stand at 68% of our top 50 customers being committed to carbon neutrality 2050. You need to realise it is a pretty strong commitment. Our top 50 customers account for approximately one third of our revenues, and the commitment to be at 100% in 2055 means that if at that time one of our customers does not commit to carbon neutrality, is not able or does not want, we will have to stop business with this customer, which is a pretty strong commitment. So, how are we going to help them? We are already helping them by proposing them decarbonisation solutions, either by changing the process of production, like for example for steel, with DRI, or by offering them carbon capture solutions.

Thank you, maybe next question.

Operator: We are going to proceed with our next question. The question comes from the line of Patrick Wollenberg from Trillium Asset Management.

Patrick Wollenberg (Trillium Asset Management): Thank you very much. I had a question that is related to page 14. So, looking at the carbon intensity of my global equity portfolio, your company is always on the top of the list, and my understanding was always, and I am not sure if this is a ratio that you have communicated or whether it is shared with me by yourself, that for all your emissions, your avoided

emissions would be a factor of seven higher. But, looking at slide 14, that ratio seems much smaller than 7-to-1, so the question is really, does that ratio of 7-to-1 sound familiar to you, and is that the same metric that we are talking about here? Or is that something else?

Fabienne Lecorvaisier: This metric is not familiar to me. We have been publishing our emissions, scope one, scope two, scope three, and avoided emissions since 2020. We always add more avoided emissions than emissions by scope one, scope two, scope three, but it is not such a multiple. You know in our industry what we show here is pretty standard. Our competitors would show more or less the same. We avoid emissions by changing the process of production of our customers, but also by avoiding black carbon through the use of hydrogen in desulphuring. So, this multiple of seven, I do not know where it is coming from. Maybe when you look only at scope one, but even with scope one only, it does not work. So, I am sorry, I don't really know.

Patrick Wollenberg: Thank you.

Operator: We are now going to proceed with our next question. And the questions come from the line of Andreas Heine from Stifel. Please ask your question.

Andreas Heine (Stifel): Thank you. I actually have three questions. The first is on the regional effort, so there are, due to these IRA, more subsidies now in the US than probably in any other region, at this stage. Does it influence your ambitions where you try to reduce CO₂, so if in the coming years that your ambition is more to invest in that regard, in the US? That is the first question.

The second, if it comes to the Large Industries, the LI business, where you have these long-term contracts with your customers, and actually you handle the plans for them. So, if you have the interest to reduce the emissions, then it basically is that your customer has to pay for it, or is that something that is on your own account? So how do you handle this economically, in that part? And in Industrial Merchant where you have frequent price increases, is there already a component in that, if you sell something which has a lower carbon footprint, that you ask for a price premium for these advanced products, so to speak? These are my three questions. Thank you.

Fabienne Lecorvaisier: Okay. Starting with the regional efforts, you know, our main emitters after today are the US, China, and South Africa. South Africa, since we have taken over the Sasol facilities, you know, in Secunda. So, it is of course a focus, with different issues that we have shown, mostly scope one, in the US. Mostly scope two in Asia, and in China in particular. And in South Africa, so on one side we focus on changing our production mode, and on the other side, changing our energy sourcing.

In Large Industry, so you know that in our long-term contract, we have a clause to pass through the cost of carbon to our customers. So, for the countries where you start to have a price of carbon, the customer can elect to pay the carbon tax, the carbon cost, or to pay for decarbonisation; and what we hope is that more and more, given the level of the carbon price, our customers will choose to pay for the decarbonisation. And this is how it is going to work. It is absolutely clear that if you do not have any cost of carbon which is passed through to the customer, or any very strong incentive, like in IRA in the US, the customer is not going to decarbonise if it is ruining the financial balance. So it is trading the cost of carbon, which is passed through to the customer, and the cost we need to incur for decarbonisation.

In Industrial Merchant, we have launched a line of products which is called eco-origin, where we guarantee to the customer that it is carbonfree gases. This is mostly for cylinders, it is being launched in a number of countries, and of course on this line we try to valorise the green attribute, even if green is not a popular

word, but the eco-origin attributes of our products. To be very honest, it is only starting, for the small customers I think the incentive is not as strong as for the Large Industry customer, where for the new project, we are now for nearly all of them, discussing decarbonisation from the beginning. For small customers, it is not that obvious, but I think our people in the field are really doing their job to make sure that the premium is understood by the customers, and that the eco-origin products are requested by more and more customers.

Andreas Heine: Thanks, Fabienne.

Fabienne Lecorvaisier: Thank you.

Operator: We are now going to proceed with our next question. The question comes from the line of Catherine Rolland from Sycomore, please ask your question.

Catherine Rolland (Sycomore): Yes, good afternoon. Thank you very much for taking my question. I just wanted to ask you a follow up question regarding slide 20, and the target that you gave regarding your top 50 customers. You indicated that these customers account for roughly one third of total sales, but could you give us some colour about the weight in the total emission of scope three they do account for please? Thank you very much.

Fabienne Lecorvaisier: Well, you have seen that the two main categories of scope three for us are the upstream of the energy and the product sold. For the moment, the product sold are limited to CO2 and nitrous oxide, so I do not know exactly for – how much that would count for the top 50 customers, but I think the objective is wider than our pure scope three, as it is reported today, Ashutosh explained you, we are working together with SBTi in a working group to have a better and harmonised definition of the way we should account for our first scope three. So our ambition goes beyond scope three. It is really embarking all the value chain suppliers, but also all of our customers on the decarbonisation pass.

Ashutosh, do you want to add something?

Ashutosh Misra: Yes, if I may just add complement to Fabienne's answer, that in scope three there is another category which is category 10, which is the processing of sold products for which the methodology for the chemical sector has not yet been fully defined. So, as we work with the SBTi workgroup to identify exactly what perimeters are to be used for this category, we will be then able to start taking more numerical objectives associated with specific customers. So, we are not at that stage yet, in the absence of harmonised methods.

Catherine Rolland: Okay, thank you very much. But would it be fair to assume that the wake of the top 50 customers within scope three emissions would be in line with the proportion of sales they do account for, above or below?

Ashutosh Misra: I would not quantify it at this stage, but yes, along the lines, these top 50 customers are the big customers that have particularly in LI and Electronics which do have a significant footprint, so I would imagine that yes, they do account for majority of the downstream scope three, under processing of sold products. So, that is a fair assumption.

Catherine Rolland: Okay. So, they have a higher weight in your scope three than in your total sales?

Ashutosh Misra: That is correct.

Catherine Rolland: Okay. Thank you very much. Very clear. Thank you.

Operator: We are now going to proceed with the next question. The question comes from the line of John Buckland, from Waverton. Please ask your question.

John Buckland: Thank you. Yes, that detail of what constitutes top 50 customers' revenue, top 50 customers in scope three. I mean some sort of breakdown that you could disclose sometime in the future would be very helpful, because clearly there is a difference there. It is the scope three and the customers – two elements to it, isn't there? One is that scope three is a big portion of your emissions and it is very hard to reduce those emissions, because they are not within your control; but at the same time, it is these customers which you have the greatest opportunity to help, and to generate revenue from. So, I wondered if you could talk about those sorts of conflicting factors. But also on slide 6, you have got this chart which is for scope one and two. When and would it be possible for you to include a chart on scope three, similarly? It may be almost impossible to get to zero, for scope three. And I wonder if you could also include that in your discussion. Thank you.

Fabienne Lecorvaisier: Well, I think as Ashutosh explained, during his presentation, we are not in the position now to give a global objective on scope three. And one of the reasons for that is that there is no sectorial decarbonisation approach for the chemical sectors. Let me give you an example. We report on 13 categories out of the 15 categories of the scope three, because we believe they are relevant for us. If you look at the reporting of our competitors, one reports on 4, and the other one reports on 6. So, that is just to let you understand how far we are before having a reliable consistent message for scope three calculation, and being able to give objectives. Now, that is why we are working in this SBTi initiative to try to make progress on that.

So, what we believe we can do and make sense is to give objectives on some categories on the scope three. So, we have published these objectives on customers, internally we have others. We have objectives on employee transportation, we have objectives on suppliers, we are not completely ready to publish a commitment, but internally we already have set up objectives for our operations. What you need to understand as well is that at Air Liquide, a commitment is a commitment, meaning that if we tell you we are committed to that, we are going to deliver it, whatever happens. So, before taking those commitments, we need to make sure it makes sense for us and we have the action plans ready to be deployed. So, we are absolutely not in the situation to give you a global objective on scope three. We do not think that would be honest or sufficiently documented. It would not be professional. So, we do what we can do, and work category by category. And when we have gone through that, I guess that at a point of time, we will be able to give you a global view. But very clearly, we are not there yet.

John Buckland: How do you quantify the opportunity to help others?

Fabienne Lecorvaisier: The opportunity to help others, but this opportunity –

John Buckland: You know, your downstream?

Fabienne Lecorvaisier: Well, all the opportunities of energy transition are embedded in our ADVANCE, medium-term plan, and that because we have this opportunity to co-develop solutions and to sell them to our customers, that we have committed to a 6-8% growth. So, this is really embedded in our plan; it would also represent 50% of our CAPEX. So, this is really at the heart of our strategy. So it is quantified in the medium-term plan. And if at the point of time we realise that it would be more than that, we will of course update the market. We only published our plan one year ago, so we do not think it is time to update it, but we may do that in the forthcoming years.

John Buckland: Yes, I mean it could be something that you could put on slide 14, where you have your own reduction in scope three, whatever, but you also could highlight the potential in avoided, so that we can see what actions, in CO2, what you are doing directly, and what you are helping the world to do. Anyway, thank you.

Fabienne Lecorvaisier: This is what we show in our avoided emissions and avoided emissions for the future is pretty hard to predict at the moment. Even if you see that by stabilising our CO2 emission, it means what? It means that we have compensated by reduction project, the new emissions that are linked to the start-up of new units. So, we have already been able to do that.

Okay, thank you very much. I think that was our last question. So, thanks to you all for attending the call. I think you understand that the group is in movement, that we are deploying our action plan to deliver the objectives we have published already two years ago, and that we are well on track, and that all the organisation is mobilised around those objectives. So, thank you very much, have a good rest of your day.

[END OF TRANSCRIPT]