

# Air Liquide



Air Liquide has accelerated its ambitions with key commitments on climate. We welcome the key announcements made during the sustainability strategy day, but since Scope 3 emissions represent approximately 40% of the company's total emissions we continue to press for a long-term goal across the entire value chain with interim targets.

## Background

EOS at Federated Hermes has been engaging with Air Liquide since 2009 on a range of issues, including sustainability, remuneration and board effectiveness.

## Company overview

Air Liquide delivers gas solutions and technologies for industry and health. Oxygen, nitrogen and hydrogen have been at the core of the company's activities since its creation in 1902. However, the production processes for the sector are carbon intensive, and this is particularly true for hydrogen where more than 90% of global production uses natural gas as the raw material.

## Our engagement

We have co-led the Climate Action 100+ (CA100+) engagement with Air Liquide since 2018, and we met with the head of sustainability and the head of investor relations in 2018, 2019 and in 2020. We asked the company to start reporting against the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), to make a public long-term commitment for the achievement of net-zero emissions across its entire value chain, and to set science-based targets. The company's dependence on other industries meant that it was unclear about how this could be achieved so it was reluctant to set targets.

## Sustainable Development Goals:



## Engagement objective:



### Climate change

**We also asked for greater disclosure on the significant categories of Scope 3 emissions, for an explanation of how the company contributes to emissions avoided for its customers, and for a quantitative ambition in the low carbon markets that support the energy transition.**

In September 2020, we co-signed a letter of the CA100+ Steering Committee to the chair and CEO. The letter requested three commitments from the company: that it should work towards providing disclosures consistent with the new CA100+ Net-Zero Benchmark<sup>1</sup>; that it sets, in good faith, an ambition to achieve net-zero emissions by 2050 or sooner across all material greenhouse gas emissions with interim targets; and that it works on the development and implementation of net zero transition action plans to provide pathways toward achieving net-zero emissions for the sector or value chain overall.

<sup>1</sup> L'Air Liquide | Climate Action 100+.

## Air Liquide committed to achieve carbon neutrality by 2050, with two key milestones for Scopes 1 and 2.

We escalated our engagement ahead of an update on the sustainability strategy in March 2021 by sending a letter to the chair and CEO, copying the lead independent director. During our follow-up meeting with the member of the executive committee in charge of sustainable development, public and international affairs we reiterated our written request for a commitment to reach net-zero value chain emissions by 2050 or sooner, and our expectation that Air Liquide works to fulfil the intentions of the TCFD over the next two reporting cycles, in line with the five-year implementation timeframe for the TCFD. We also asked for greater disclosure on the significant categories of Scope 3 emissions, for an explanation of how the company contributes to emissions avoided for its customers, and for a quantitative ambition in the low carbon markets that support the energy transition. This should include the changing proportion of different types of hydrogen over time.

In the second half of 2021, we reiterated our views in a letter to the chair and CEO and a further meeting with the member of the executive committee in charge of sustainable development, public and international affairs.

## Changes at the company

In November 2018<sup>2</sup>, Air Liquide announced a 2025 carbon intensity reduction target for its Scope 1 and 2 emissions and, in 2019, it committed to setting science-based targets. It has since been working with the Science-Based Targets initiative (SBTi) on the development of a methodology for the chemicals sector, including the standardisation of Scope 3 emissions assessment and reporting. This work is ongoing and we expect the company's Scope 1 and 2 targets to be SBTi approved shortly. In November 2020, in-line with our expectations, the company officially became a supporter of TCFD and the latest annual report included a cross-reference table indicating where information under each of the four pillars of TCFD can be found.

During its sustainability strategy day in March 2021<sup>3</sup>, Air Liquide committed to achieve carbon neutrality by 2050, with two key milestones for Scopes 1 and 2: around 2025 when emissions will start decreasing in absolute value; 2035 when these will be reduced by 33% compared to 2020. Additional information on the significant categories of Scope 3 emissions was also provided, with an explanation of its contribution to emissions avoided for its customers and a quantitative ambition in the hydrogen energy market.

To address our expectations and that of the CA100+ Net-Zero Benchmark on disclosure around climate policy engagement, in December 2021 the company set out guiding principles for its engagement with public stakeholders<sup>4</sup>. There is a section on climate advocacy, with the company's position on hydrogen and its role in the energy transformation.

## Next steps

**At the 2021 AGM<sup>5</sup>, we welcomed the key announcements made during the sustainability strategy day, but since Scope 3 emissions represent approximately 40% of the company's total emissions we continued to press for a long-term goal across the entire value chain with interim targets. Air Liquide expects that the engagement with SBTi on chemical sector SDA development will bring robust methods around which Scope 3 commitments can be made. We also continue to press for enhanced reporting to align with TCFD reporting recommendations and with the CA100+ Net-Zero Benchmark.**



This case study has been fact-checked by Air Liquide to ensure a fair representation of EOS work carried out and changes made at the company.



**Pauline Lecoursonnois**  
Engagement  
EOS



<sup>2</sup> [airliquide-climate-objectives-en.pdf](#).

<sup>3</sup> [Présentation PowerPoint \(airliquide.com\)](#).

<sup>4</sup> [Engagement with public stakeholders | Air Liquide](#).

<sup>5</sup> [Investor statement at Air Liquide AGM – IIGCC](#).

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