

Air Liquide SA (AI) – Climate Transition Analysis

Questions for investors and lenders to ask management

Recommended Questions	
Q.1	<p>Question: Will the company enhance its disclosures linking climate transition investments and the expected emissions reduction?</p> <p>Background: The company's alignment with a 1.5C pathway by 2030 seems highly probable. This is driven by Air Liquide's accelerated investment of EUR 16 billion over the next four years (2022-2025) of which 50% is allocated to its energy transition. However, the company does not consistently connect its climate investments to expected carbon emissions reductions, making it challenging to ensure its transition success.(p. 19-20 of the report).</p> <p>Target: Link the company's climate investment to expected carbon mitigation categories and absolute quantities.</p>
Q.2	<p>Question: Will Air Liquide reveal the success/failure KPIs when engaging with Paris Agreement misaligned associations and subsequent exit strategy when the misalignment persists?</p> <p>Background: The company maintains links to organisations at odds with Paris target alignment. While it intends to change the misaligned organisations from within, terminating its membership in the appropriate case is unclear in terms of success/failure KPIs nor is it time-bound. (p. 10-11).</p> <p>Target: Disclose engagement KPIs with misaligned entities and a time-bound exit strategy when required.</p>
Q.1	<p>Question: Will the company enhance its transparency regarding sustainability-linked compensation?</p> <p>Background: Short-term executive remuneration tied to sustainable outcomes accounts for about 3.5%. Meanwhile, long-term performance remuneration linked to climate objectives represents roughly 4%. The company argues that this is material, as Air Liquide's main growth opportunities are in energy transition and the development of new related technologies. Thus, indirectly, this dependency would be affecting sales growth and ROCE remuneration KPIs. (p. 14).</p> <p>Target: Disclose the influence of market growth linked to energy transition as a percentage of Sales Growth and ROCE compensation KPIs.</p>

Report Key Takeaways

- From 2019 to 2021 Air Liquide experienced a weighted absolute increase of 16% in total Scope 1, 2 and 3 emissions – a trend which extrapolated forwards would lead to a 243% overshoot of SBTs by 2030, failing to align with the 1.5°C pathway.
- Due to the potential impact of extrapolated historical trends of emissions (if not mitigated further), Air Liquide set an ambitious EUR 16 billion investment to be rolled out over the next four years (2022-2025), with 50% dedicated to energy transition.
- While these are material efforts, Planet Tracker recommends close monitoring of the company's climate investment outcomes, to ensure its progress toward Net Zero, as at the moment the company does not consistently connect its investments with expected emission reductions.

Click to view the report online



Disclaimer: [click here](#)