

## Air Liquide SA (AI) – Climate Transition Analysis

### Recommended Questions

**Q.1**

*What are Air Liquide's plans to set specific Scope 3 reduction targets, and how will these be integrated into its broader climate transition strategy?*

**Background:** From 2020 to 2023, Air Liquide's upstream Scope 3 emissions rose by 53.1%, despite a slight overall decrease in total GHG emissions by 0.5%. The absence of specific Scope 3 emissions reduction targets limits investors' ability to gauge the company's full commitment to its climate transition.

**Best Practice:** Establish ambitious Scope 3 targets that align with science-based pathways, ensuring accountability for emissions reductions across the value chain demonstrating commitment to a 1.5°C alignment.

**Q.2**

*Does Air Liquide plan to enhance transparency by clearly linking its decarbonisation investments to measurable emission reduction outcomes?*

**Background:** Air Liquide has earmarked 50% of its EUR 16 billion planned investments by 2025 for decarbonisation projects. However, without clear connections between these investments and quantifiable emission reductions, it is challenging to assess the effectiveness and credibility of the company's climate transition strategy.

**Best Practice:** Develop and disclose specific metrics that connect capital expenditures to tangible emission reduction milestones, enhancing credibility with stakeholders.

**Q.3**

*Can Air Liquide provide a quantified assessment of climate-related financial risks and outline these in its Climate Transition Plan?*

**Background:** Air Liquide acknowledges significant regulatory and physical climate risks, but its new Climate Transition Plan lacks detailed financial disclosures regarding their potential impact. This gap hinders investors' ability to assess the company's preparedness regarding climate-related challenges.

**Best Practice:** Conduct and disclose a quantified climate risk assessment aligned with TCFD guidelines, detailing potential financial impacts and mitigation measures.

### Report Key Takeaways

- Air Liquide's investment in decarbonisation (50% of EUR 16 billion by 2025) is commendable, but the lack of measurable links to emission reductions and a the historic continuous rise in upstream Scope 3 emissions hinder its alignment with a 1.5°C pathway, keeping it on track for a less ambitious 2°C scenario.
- Strong governance measures, such as climate-linked executive compensation and supplier/customer engagement, signal commitment, but the absence of Scope 3 emissions targets limits the effectiveness of these initiatives in driving impactful reductions.
- AI recognises climate risks but fails to provide detailed financial disclosures or link investments to outcomes in its new Transition Plan, weakening stakeholder confidence in its preparedness for achieving ambitious climate goals.

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