



AIR LIQUIDE AND ITS VIGILANCE PLAN

March 2022



AIR LIQUIDE AND ITS VIGILANCE PLAN

March 2022

3
**THE AIR LIQUIDE
GROUP**

Page 03

4
**VIGILANCE PLAN
INTRODUCTION**

Page 11

1
**RISK
MAPPING**

Page 14

2
**HUMAN RIGHTS
AND FUNDAMENTAL
FREEDOMS**

Page 17

3
**HEALTH AND SAFETY
/ SECURITY**

Page 29

4
ENVIRONMENT

Page 38

5
**SUPPLIERS AND
SUBCONTRACTORS**

Page 52

6
**ALERT
MECHANISM**

Page 58

Air Liquide's Vigilance Plan is published in the [2021 Universal Registration Document](#). It is communicated in this document, for information purposes, with the addition of a presentation of the Group and its activities, as well as pictures and graphic illustrations.

THE AIR LIQUIDE GROUP: PROFILE AND ACTIVITIES

Air Liquide, a world leader in gases, technologies and services for industry and health, has been building its leadership since 1902.

The Group strives to be a leader in its industry and of healthcare, deliver long-term performance and contribute to sustainability.



BEING A LEADER in its industry and in healthcare

The Group aims to outperform its market growth by excelling in customer experience. To do so, safety and reliability of its products are a priority.

Being a leader also means **adopting a pioneering role and constantly innovating**, in particular in the three main fields of energy transition and the climate, changes in healthcare, and digital. This innovation contributes to operational excellence and drives the development of new technologies, new expertise and helps open new markets, in particular that of hydrogen energy.

Deliver long-term PERFORMANCE

For more than 30 years, Air Liquide has posted **strong performances** which has driven its long-term growth outlook.

This performance is due to the nature of the industrial gases market, which enjoys steady growth, our investments, and the strength of Air Liquide's business model.

CONTRIBUTE to sustainability

On March 23, 2021, Air Liquide organized a "Sustainability Day" during which it was the first major industrial gas player to commit to reach carbon neutrality by 2050. The Group presented to financial markets its strategy and its environmental, social and societal medium and long term objectives.

Financial performance and sustainable development are inseparable at the heart of the Group's growth strategy. **This commitment is key for both motivating the Group's teams** and nurturing the long-term trust of stakeholders as well as for the Company's long-term performance and sustainability.

The Group's businesses are rolled out in a way that contributes to major environmental and societal challenges, providing industrial, transportation and healthcare solutions. The solutions to these challenges (especially these of climate and air quality) are growth drivers for Air Liquide. The risks associated with these areas are also taken into account in the Group's risk prevention program as well as to meet the various regulations in the Vigilance Plan and the Non-Financial Performance Declaration.

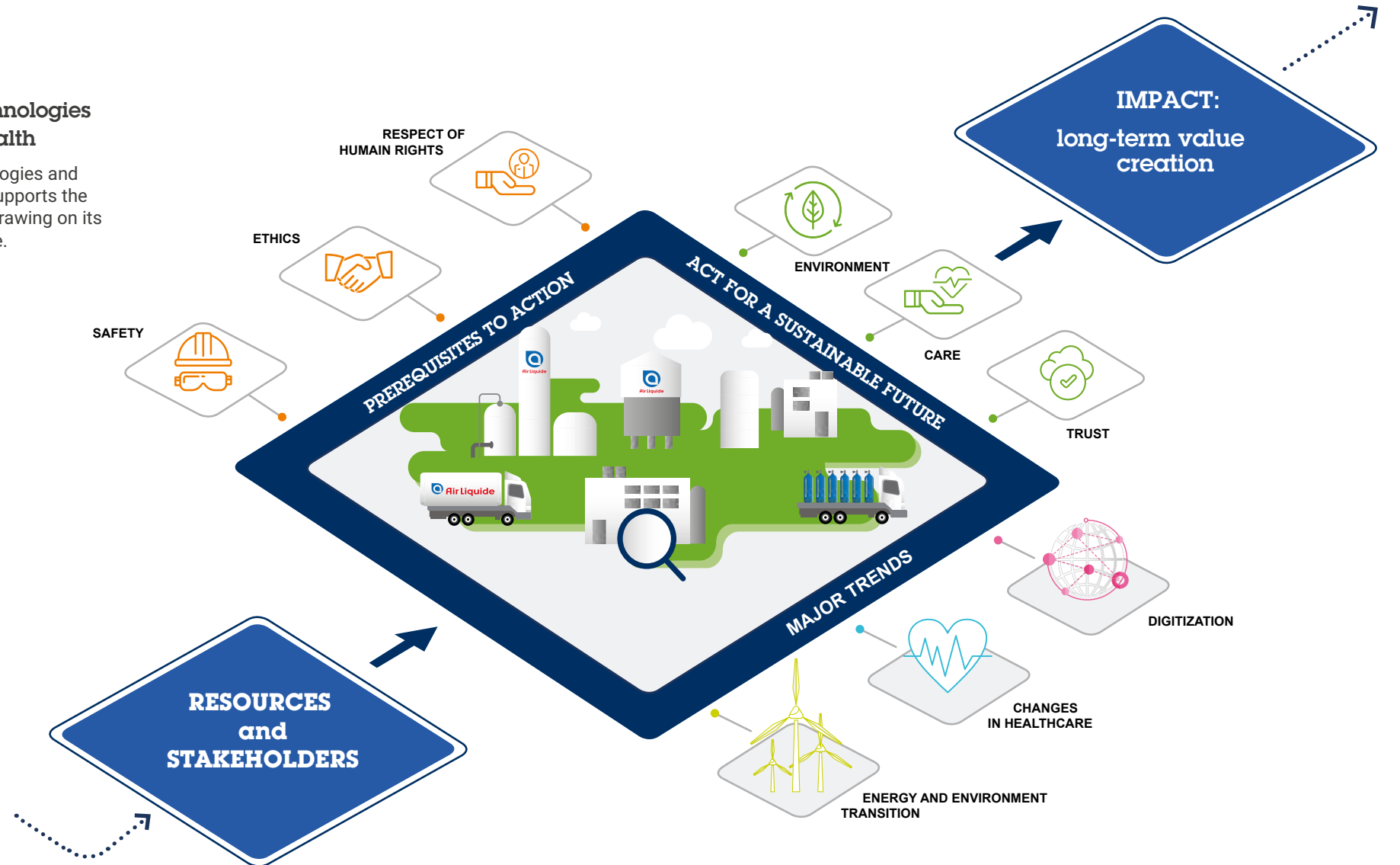
DESCRIPTION OF THE BUSINESS MODEL

AIR LIQUIDE BUSINESS: Gas, technologies and services for industry and health

The Group is a world leader in gas, technologies and services for industry and healthcare and supports the growth of nearly all economic sectors by drawing on its extensive scientific and technical expertise.

Its offering includes:

- **THE PRODUCTION AND VALORIZATION** of molecules
- **THE INTEGRATION AND MARKETING** of proprietary technologies
- **THE PROVISION OF RELATED SERVICES** and digital solutions





DESCRIPTION OF ACTIVITIES

The Group classifies its activities as follows: Gas & Services, Engineering & Construction, Global Markets & Technologies, and all serve one unique business, that of industrial gases.



The four business lines comprising the Gas & Services activities are closely tied by a strong industrial mindset where proximity is key. The diagram on page 8 illustrates the sharing of production or distribution assets between the different business lines for a given geographic region. This efficient industrial network and its proximity with its customers allow Air Liquide to:

improve
reliability



optimize
energy
consumption,
costs and
logistics flow



anticipate
customers'
needs



understand
changes
in the markets



offer
innovative
solutions



The synergies enjoyed by all of the Group's businesses are not limited to the industrial aspect, but also include scientific and technological expertise, the innovation approach, as well as Human Resources and financial management.

The strong integration of the various World Business Lines thus allows the Group to create synergies, become stronger and to grow while creating long-term value.



The Gas & Services business includes four World Business Lines to better support changes and meet the needs of the various markets: Large Industries, Industrial Merchant, Healthcare, and Electronics.



LARGE INDUSTRIES

supplies industrial gases by operating major production units. It also supplies the Group's other business lines with gases which are then packaged and delivered to their respective customers.

INDUSTRIAL MERCHANT

supplies a wide range of different gases, application equipment and associated services. It serves industries and professionals that require smaller quantities than Large Industries customers. Gas can be distributed in bulk, in liquid form, or in cylinders, in gaseous form, for smaller quantities. Finally, small production units can be installed locally for customers with larger gas needs, or in remote areas.



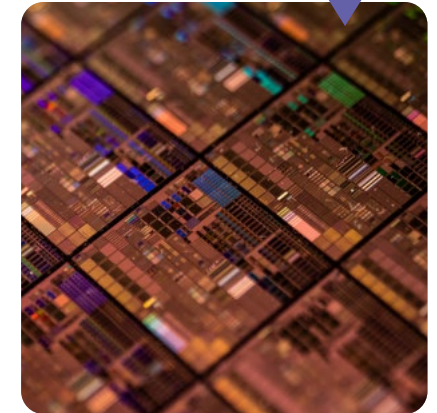
HEALTHCARE

supplies medical gases, equipment and services to hospitals and also directly to patients in their homes. It also produces and distributes healthcare specialty ingredients for the cosmetics, pharmaceutical, vaccine and nutrition markets.



ELECTRONICS

supplies gases, materials (complex molecules) used in manufacturing processes, and services mainly used for the production of semiconductors, but also for flat screens and photovoltaic panels.



Gas supply relies on local production in order to limit transport costs. Therefore, Air Liquide gas production units are located throughout the world and can supply many types of customers and industries with the relevant volumes and services required. Air Liquide's structure is made up of a base, in Paris, and four hubs: Americas, Europe, Asia Pacific and Middle East and Africa. These hubs draw on the Group's expertise and presence in these geographic regions.



The Engineering & Construction business provides the Group with a genuine competitive edge, enabling it to offer turnkey solutions to its customers and to engage for its own purposes in a process of continuous improvement of industrial processes, reduction in the cost of its industrial assets and of the environmental footprint.

The Global Markets & Technologies World Business Unit relies on proprietary disruptive technologies to open up new deep tech ⁽¹⁾ markets and develop new business models within the fields of low-carbon mobility and energy transition with a circular economy approach.

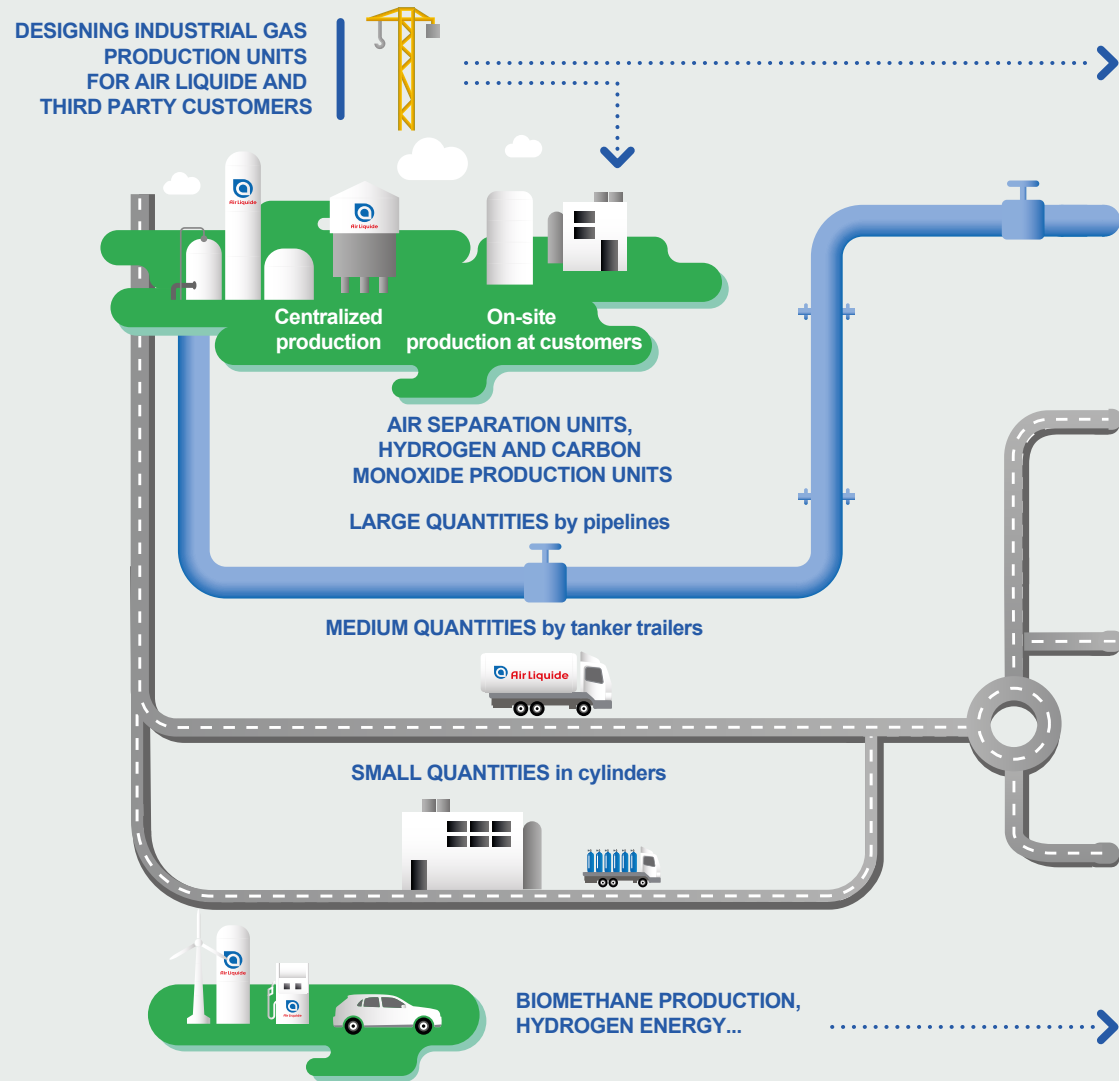


Hydrogen sales, the large majority of which are produced by Large Industries, represent nowadays more than 2 billion euros. Hydrogen offers a tremendous growth potential as a competitive low-carbon solution for many applications in the industry and mobility sectors. The Group intends to be a key enabler of the hydrogen society thanks to its assets, technology, expertise and strategic positioning built up over about 50 years.

In these new hydrogen markets, the Group masters the whole value chain for industry and mobility. To this end, the Group is investing in new technologies to produce and distribute low-carbon hydrogen at large scale competitively, reliably and safely, such as electrolysis, capture of CO₂ and hydrogen liquefaction.

(1) Disruptive technologies based on scientific breakthroughs of such a nature as to change the modes of design and production.

AIR LIQUIDE BUSINESS MODEL AND ITS ACTIVITIES



ENGINEERING & CONSTRUCTION

THIRD PARTY CUSTOMERS

LARGE INDUSTRIES

- CHEMICALS
- REFINING & ENERGY
- METALS

INDUSTRIAL MERCHANT

- MATERIALS & ENERGY
- AUTOMOTIVE & FABRICATION
- FOOD & PHARMA
- TECHNOLOGY & RESEARCH
- CRAFTSMEN & RETAIL

HEALTHCARE

- HOSPITALS
- HOME HEALTHCARE
- SPECIALTY INGREDIENTS

ELECTRONICS

- SEMICONDUCTORS
- FLAT PANELS
- PHOTOVOLTAIC

GLOBAL MARKETS & TECHNOLOGIES

- ENERGY TRANSITION
- DEEP TECH

A WIDE RANGE OF MARKETS AND A STRONG BUSINESS MODEL


Key elements by business line



LARGE INDUSTRIES

30% of Group revenues
6,978 million euros


High capital intensity
Customers in metals, chemicals, refining and energy
Industrial basin and pipeline network strategy
Long term contracts (15 years) with minimum volumes covered by take-or-pay clauses, and prices indexed on costs, including on energy cost
Synergies with other business lines



INDUSTRIAL MERCHANT

40% of Group revenues
9,487 million euros


Technological solutions adapted to customers' businesses
More than 2 million customers
Importance of logistics
High number of applications and end-markets



HEALTHCARE

16% of Group revenues
3,706 million euros


Gases, equipment, and services at home, in hospitals, and medical practices
1.8 million patients
Geographical density
Operations relying on remote patient monitoring and sophisticated IT systems



ELECTRONICS

9% of Group revenues
2,096 million euros


Technological solutions with ultra high purity gases and advanced materials
Long-term contracts for Carrier gases, with minimum volumes covered by take-or-pay clauses, and indexation on energy costs
Concentration of the activity in Asia



ENGINEERING & CONSTRUCTION

2% of Group revenues
387 million euros in third party sales

Design and construction of plants and equipment, for the Group and third party customers



GLOBAL MARKETS & TECHNOLOGIES

3% of Group revenues
681 million euros

Development and supply of technological solutions for the energy transition and deep tech markets

KEY FIGURES



> 400

air separation units

> 50

hydrogen and/or carbon monoxide production units

19

cogeneration units

765

million kilometers traveled (Industrial Merchant and Healthcare business lines)



Present in

75 COUNTRIES



66,400 EMPLOYEES

servicing



more than 3.8 MILLION CUSTOMERS AND PATIENTS

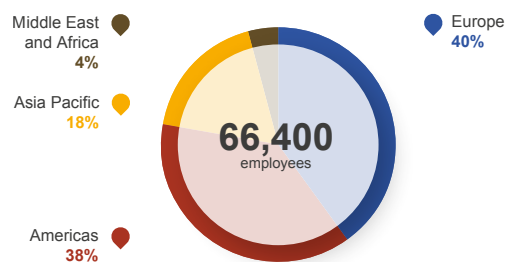


23,335 MILLION EUROS GROUP REVENUE FOR 2021

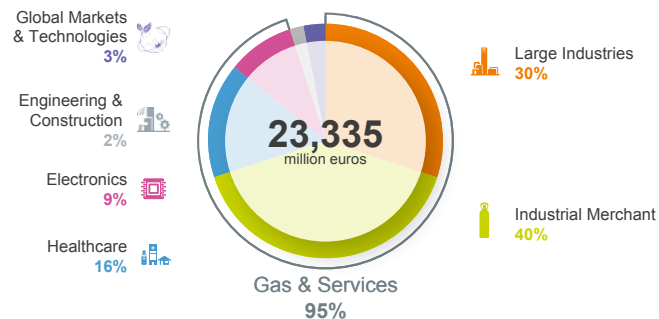


> 40% OF SALES are related to solutions to protect life and the environment

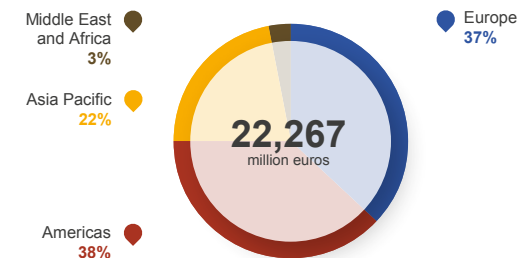
2021 GROUP EMPLOYEES by geography



2021 GROUP REVENUE by activity



2021 GAS & SERVICES REVENUE by geography



INTRODUCTION

OVERVIEW OF THE LAW

French law no. 2017-399 dated March 27, 2017 relating to the duty of vigilance of parent companies and instructing companies (“Law on the duty of vigilance”) introduced, in Article L. 225-102-4 of the French Commercial Code, the obligation for parent companies employing more than 5,000 employees in France or 10,000 employees in France and abroad, to establish and effectively implement a Vigilance Plan. This plan must include “reasonable vigilance measures to identify the risks and prevent severe impacts on Human Rights and fundamental freedoms, health and safety of persons and on the environment” which may result from the activities of the Group and its subsidiaries, and those of suppliers or subcontractors with whom Air Liquide has an established commercial relationship. This obligation is based on five measures:

- risk mapping (identification, analysis, prioritization);
- procedures to regularly assess the situation of subsidiaries, suppliers and subcontractors;
- appropriate actions to mitigate risks or prevent severe impacts;
- an alert mechanism that collects reporting of potential or actual risks;
- a monitoring scheme to follow up on the measures implemented and assess their effectiveness.

Air Liquide complies with the requirements of the Law on the duty of vigilance by publishing a Vigilance Plan, whose content is shown below, that presents the various measures implemented for each stake: Human Rights and fundamental freedoms (chapter 2), the health and safety of individuals (chapter 3), and the environment (chapter 4). As specific measures apply to the management of suppliers and subcontractors, the risks, procedures and measures implemented in this regard are set out in chapter 5. Two measures, risk mapping (chapter 1) and the setup of an alert mechanism and collection of reports (chapter 6), apply transversally to all three stakes and are presented independently to facilitate their reading. The effective implementation report for the year 2021 is integrated into the Vigilance Plan, in particular through operational illustrations and monitoring indicators.



This Vigilance Plan applies to L'Air Liquide S.A. and all Group subsidiaries.

STEERING AND GOVERNANCE OF THE DUTY OF VIGILANCE



As an extension to the Group's commitment to subjects relating to the duty of vigilance, Executive Management decided in 2020 within the Group Control and Compliance Department a function dedicated to strengthening the coordination of these matters. Today, two people oversee the implementation of Air Liquide's vigilance approach. Their responsibilities notably include coordinating the structure and content of the Vigilance Plan to better meet the expectations of the Group's stakeholders and to issue recommendations to the various departments involved. Progress is regularly monitored by Executive Management.

The Procurement, Group Control and Compliance (including in particular Ethics, Risk Management, Digital Security and the duty of vigilance), Sustainable Development, Legal, Human Resources, and Safety and Industrial System Departments participate in monitoring the actions and the drafting of this Vigilance Plan.

The departments responsible for duty of vigilance stakes (e.g. Human Resources, Safety and Industrial System, Procurement) have their own internal steering bodies, including operational representatives. These bodies meet regularly to monitor the actions implemented and performance through indicators.

The Ethics and Compliance Committee, which widened its scope in June 2020 and now includes the duty of vigilance, monitors progress regarding the Vigilance Plan. It brings together the Group Control and Compliance, Sustainable Development, Legal and Human Resources Departments as well as a representative of operational functions who is a member of the Group's Executive Committee and meets at least twice a year and more often when required. In 2021, the Committee continued its review of the progress of the mission related to the duty of vigilance.

The Environment and Society Committee is one of the Board of Directors' special committees dedicated to societal and environmental responsibility issues. This Committee was created in 2017; it includes three members and meets at least three times a year. In 2021, it continued to supervise the roll out of the Vigilance Plan in two sessions.

REFERENCE FRAMEWORK

Air Liquide is committed to the highest possible standards and ambitions in conducting its business, notably in terms of safety, ethics and the respect for Human Rights, social rights and the environment. This commitment is reiterated in the general statement of the Principles of Action, which were adopted in 2006 and revised in 2016. These Principles are shared with all employees and are available on the [Group's website](#). Air Liquide is committed to its customers and patients, shareholders, employees, local communities, its suppliers and partners. The Group is also committed to environmental protection and sustainable development.

As a complement to these Principles of Action, the Group has also adopted a Code of Conduct, whose update in 2021 will be rolled out in the Group's subsidiaries in 2022. This Code of Conduct is available on the [Air Liquide website](#). The Code's main areas of focus are covered in the following three chapters:

- **“Acting with Care”** which deals with the themes of protection of people and assets;
- **“Acting with Integrity and Transparency”** which illustrates in particular the expected behavior in terms of prevention of corruption, respect for fair competition rules and transparency of information communicated to the public;
- **“Acting Responsibly”** which describes the commitments of the Group and its employees to protect the environment and Human Rights as well as their contribution to the community.

This Code provides employees with a framework for reflection and tools to adopt the expected behaviors. The alert mechanism is also presented in an educational manner and recalls all the protections granted to whistleblowers (chapter 6).

INITIATIVES IN FAVOR OF THE DUTY OF VIGILANCE

In line with its growth trajectory, and with performance and sustainability at the core of its strategy, Air Liquide announced on March 23, 2021 strengthened sustainability objectives to ACT for a sustainable future. The Group's commitment is to make a meaningful difference, with a plan based on three dimensions:

- **Abatement of CO₂ emissions for a low-carbon society;**
- **Care for patients;**
- **Trust as the base** to engage with employees, and to build a best-in-class governance.

Some of these commitments contribute to the prevention and mitigation of the risks identified in the mapping (chapter 1) and are more fully described in this Vigilance Plan (in particular in paragraphs 2.3 and 4.3).

Air Liquide adheres to several initiatives contributing to the duty of vigilance stakes. The Group has been a signatory of the United Nations Global Compact ([UN Global Compact](#)) since 2014, and has committed to sustainably adopt the ten principles relating to Human Rights, international labor standards, the environment and the fight against corruption in the Group's strategy and operations. Within the Global Compact France network, the Group participates in the Human Rights Workgroup which allows its members, of all sizes and from all sectors, to share experiences and expertise on the management of Human Rights risks.

Air Liquide is also a signatory of the Responsible Care® Global Charter, an initiative of the International Council of Chemical Associations ([ICCA](#)) which aims to improve global performance in the chemical industry in terms of health, safety and the protection of the environment.

In addition, the Group joined the association "Businesses for human rights" ("[Entreprises pour les droits de l'homme](#)") in May 2021. This multisectoral association brings together 24 international companies and provides a forum for reflection and exchange of good practices to better understand and integrate Human Rights and duty of vigilance issues within Air Liquide.

The Group also takes part in several initiatives, such as associations or working groups, relating to a specific stake contributing to the duty of vigilance. For instance, Air Liquide is a member of the French Observatory for Sustainable Procurement ([ObsAR](#)) and of the "Businesses for the Environment" association ("[Entreprises pour l'Environnement, EpE](#)"), for which it chairs the Climate Change Commission.

Lastly, through its activities, its engagement and its environmental and social actions, Air Liquide contributes to certain Sustainable Development Goals (SDGs) that the United Nations has set up to eradicate poverty, protect the planet and guarantee prosperity for all by 2030. To illustrate the Group's contribution, the appropriate actions to mitigate risks or prevent severe impacts, described in paragraphs 2.3, 3.3 and 4.3, are associated with the corresponding SDGs.



**SUSTAINABLE
DEVELOPMENT
GOALS**

1

RISK MAPPING

Methodology for the assessment
of Group's operations

Since 2018, a risk assessment mechanism
which meets the duty of vigilance

- > 1.1. Assessment methodology and summary for the year 2021
- > 1.2. Evolution of the methodological approach to risk mapping

1.1. ASSESSMENT METHODOLOGY AND SUMMARY FOR THE YEAR 2021

2018 — 2021

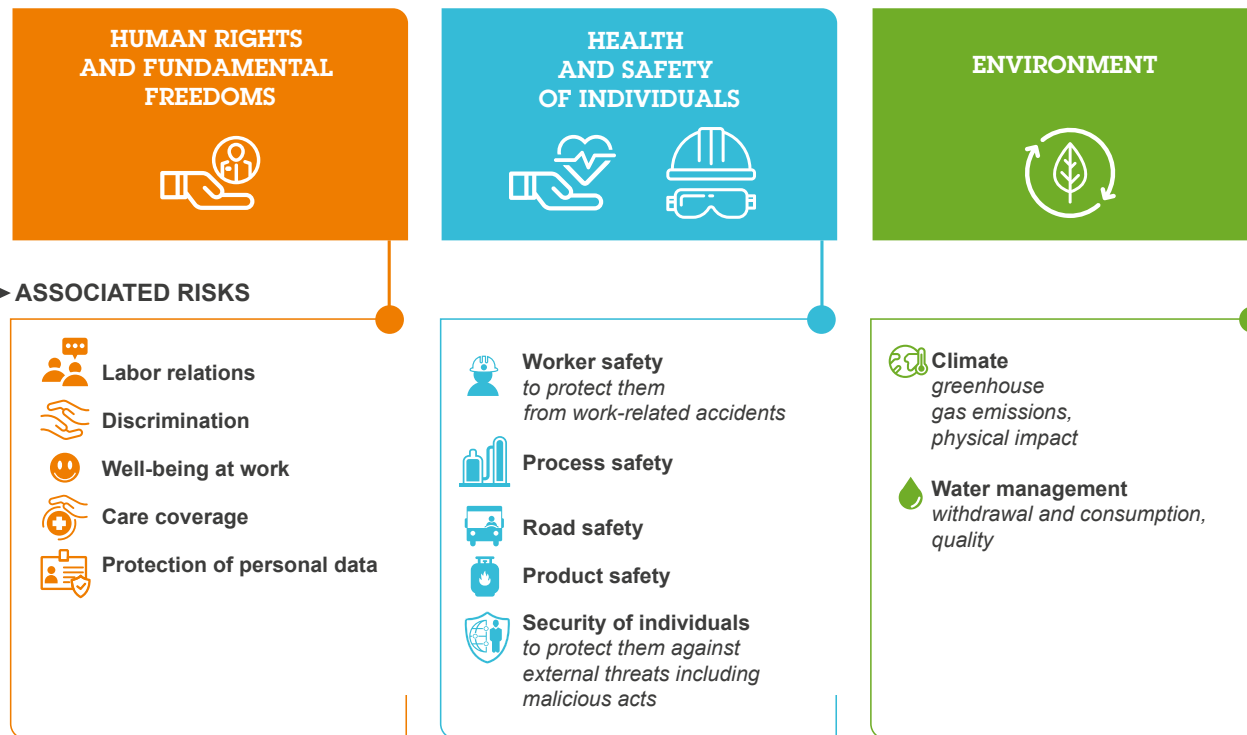
Since 2018, Air Liquide has assessed the duty of vigilance risks. Risk identification process is carried out regularly and takes both local characteristics and emerging issues into account. The risks as well as the level of maturity of their management are first assessed by the clusters (groups of countries) according to the double criterion of potential damage and probability of occurrence. A summary of this assessment is reviewed at the Group level with the help of experts, in particular for safety, security, climate and water management-related subjects and is then presented to the Group Risk Committee.

In 2021, the result of the mapping of duty of vigilance risks includes changes reflecting:

- a better classification of the risks associated to each stake;
- the integration of risks, which appeared to be salient in Air Liquide’s activities, such as risks related to care coverage or the protection of personal data.

The summary of this mapping includes the following risks:

► DUTY OF VIGILANCE STAKES



Details of risks by stake are presented in paragraphs 2.1, 3.1, and 4.1.

1.2. EVOLUTION OF THE METHODOLOGICAL APPROACH TO RISK MAPPING

The risk mapping methodology underwent changes starting in the second half of 2021 in order to refine the identification of salient risks concerning the duty of vigilance. This approach is based on principles advocated by international standards such as the United Nations Guiding Principles on Business and Human Rights and the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct.



1

THE FIRST STEP consists of identifying a universe of risks that Air Liquide's activities could cause to people and the environment. Risk scenarios were determined for each duty of vigilance stake, in particular on the basis of internationally recognized Human Rights. In terms of Human Rights and fundamental freedoms and health and safety of persons, the different categories of individuals who may be affected are taken into account in this identification: Air Liquide employees and external staff present on its sites, local communities, customers and their employees, patients, end users, shareholders and other third parties. The departments responsible for duty of vigilance stakes contributed to the definition of this risk universe.

2

THE SECOND STEP consists of analyzing and prioritizing the risks in order to determine the most salient ones, that is to say the most severe potential negative impacts that Air Liquide's activities could cause to people and to the environment. This assessment is carried out taking into account two dimensions: Air Liquide's activities and the countries in which the Group operates. The salience of the risks is assessed on the basis of two criteria:

- the severity, by determining which impacts would be most significant in terms of gravity, scope and irremediability;
- the probability, by assessing the likelihood of the risk materializing.

This assessment is supplemented by monitoring to identify countries and issues of interest to external stakeholders.

At the end of 2021, a test of this approach began with the Electronics business line. The first results will be used to determine the relevance of the methodology and to revise it if necessary before deploying it to other activities.

2

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

Air Liquide respects and promotes
Human Rights in its business
around the world

- > 2.1. Risk mapping
- > 2.2. Regular assessment procedures
- > 2.3. Appropriate action to mitigate risks or prevent severe impacts
- > 2.4. Monitoring scheme of measures implemented and the assessment of their effectiveness

Air Liquide respects and promotes Human Rights in its operations around the world. The Group strongly believes that all persons should be treated with respect and dignity and that companies should play a role in protecting these fundamental Human Rights. Air Liquide shares the principles laid down in the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles on Business and Human Rights (UNGPs) as well as the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. These promote an ethical and responsible approach by companies in their activities and professional relations, in particular in terms of Human Rights, by encouraging the implementation of due diligence procedures.



2.1. RISK MAPPING

Risks related to labor relations

Air Liquide contributes to economic and social growth in the 75 countries where it operates through its technical, industrial, medical and economic activities. The Group therefore identifies the applicable laws and regulations, in particular in terms of working conditions and freedom of association.

Risks related to discrimination

Air Liquide operates businesses with high technological content in a large number of countries with different cultures. Challenges relating to discrimination mainly with regard to gender equality (gender disparity, in particular in technical or expert occupations), disability, origin, religion or age could affect employees of the Group or of its partners.

Risks related to well-being at work

The work environment is characterized by the accelerated evolution of society and the economy, with digitization, rapid technological development and new business models. An intense workload can create psychosocial risks such as stress, work-life imbalance and thus affect the well-being, health and level of engagement of Group employees.

Risks related to care coverage

While all Air Liquide employees have care coverage in accordance with local regulations, disparities between countries could create inequitable situations within the Group. In addition, local standards may, in some cases, not be sufficient to offer adequate and fair social protection to employees.

Risks related to the protection of personal data

Personal data can be used dishonestly in order to infringe the privacy, rights and property of individuals, or for the purposes of discrimination. The people most likely to be exposed to these risks in the context of Air Liquide's activities are the 1.8 million home healthcare patients treated by Air Liquide, the more than 500,000 individual shareholders and the 66,400 Group employees.

2.2. REGULAR ASSESSMENT PROCEDURES

Risks related to labor relations

One of the pillars of the Human Resources strategy is to boost engagement and employability of the employees to enhance performance. To achieve this, relations with social partners are crucial. They allow for the creation of a positive work environment. In light of local regulations, situation and needs, each Group entity defines, in agreement with the employee representative bodies, where they exist, the **work organization** that will promote engagement and performance. Each year, the share of employees who have access to a dialogue structure with the management is reported by the entities. Formal dialogue structures (e.g. employee representative bodies), equivalent informal structures, or other forms of direct dialogue with the management of the entity are taken into account in this assessment.

Risks related to discrimination

One of the pillars of the Human Resources strategy consists in building an inclusive and collaborative organization capable of addressing the challenges of a continuously changing world.

To assess and manage discrimination-related risks, Air Liquide rolled out in the past a policy based on four cornerstones: age, gender, disability and nationality. To cover the various forms of diversity and promote a more inclusive culture, Air Liquide is changing its policy, striving to **fight against any form of discrimination**.

Diversity is a priority of Air Liquide's Human Resources strategy and policy and the Group considers it as a source of dynamism, creativity and performance. It is a fundamental element of the organization, in terms of both professions and employees, and it drives Air Liquide's long-term performance. Established at the Group level, this policy is then applied locally in the subsidiaries.

Objectives at the Group level include enhancing diversity among managerial staff to better value the various cultures on which Air Liquide is built and to improve gender equality. In this respect, quantified gender equality targets have been set for the Group. The local entities carried out an assessment of the current situation to define an objective at the cluster (group of countries) level and thus contribute to the overall objective.

At the entity level, the objective is to have teams composed of employees who are representative of the country in which they work. Therefore, each entity is responsible for implementing action plans specific to the country and its legal framework regarding various forms of diversity (race, origin, disability, religion, sexual orientation etc.).



Risks related to well-being at work

Air Liquide has launched a program called MyVoice to **measure and monitor employees' engagement**. This program aims to assess and improve the experience and well-being of employees within the Group. It is based on a simple concept: listen, understand and act. Since the launch of the initiative in Asia Pacific in 2019, feedback is collected annually from employees throughout the Group to obtain a better understanding of their needs and expectations and to identify and introduce appropriate measures and, as a result, significantly increase their engagement.

A short survey covering some twenty topics is sent to each employee with room to leave comments if desired. The questions cover areas such as safety, work-life balance, career development, inclusion, autonomy, professional development and trust in management. Answers are completely anonymous and confidential to ensure that employees are free to express their thoughts. Results are collected in real time, aggregated and analyzed in a central platform for the entire Group. All managers have access to their team's results, provided that the thresholds for ensuring respondents' confidentiality are met.

Since its launch, this program has confirmed Air Liquide's strengths which contribute to employee engagement and identified opportunities, particularly in the context of the public health crisis (work-life balance, collaboration) in order to provide appropriate responses as soon as possible.

Risks related to care coverage

These risks are linked to Air Liquide's presence in 75 countries with a **variety of social protection systems**.

A team within the Human Resources Department was set up in 2020 to organize a survey among its correspondents in all the entities. The resulting form containing about 10 questions was designed to better understand the level of care coverage existing in the entities.

In 2021, an in-depth assessment was performed in addition to the survey to:

- map the existing social benefits;
- identify the contrasting situations between countries;
- assess the deviations from market standards and thus define a common basis of care coverage to best meet the concerns of employees.

Following this assessment, Air Liquide's commitment focused primarily on life insurance, health coverage and new measures in favor of maternity leave. This commitment is described hereafter on page 26.



Risks related to the protection of personal data

The level of risk of **infringement of the privacy of individuals** varies according to the nature, sensitivity and scope of personal data entrusted to and necessary to Air Liquide in the course of its activities.

Operating entities describe the personal data they own or use and the appropriate protection measures. The analysis of this risk and the corresponding security measures are validated during the creation of or implementation of major changes to the processing of personal data (in particular when revising the operational processes or IT tools supporting them).

The points evaluated during the analysis include:

- the nature of the personal data (for example patient health data, asset and financial data of shareholders, family or financial data of employees);
- the purposes of the processing of personal data;
- the functions that process personal data within Air Liquide;
- third parties to whom personal data may be entrusted or transferred outside the Group;
- the possible transfer of personal data outside the European Union.

This information as well as the protective measures are grouped together in the record of personal data processing activities.



IN THE UNITED ARAB EMIRATES, THE HOUSING CONDITIONS OF EMPLOYEES WERE ASSESSED

To assess the housing conditions of employees working on the Engineering & Construction (E&C) site in Ras al-Khaimah, a visit to the housing was carried out in 2021 by the E&C Human Resources Department. For instance, the verifications focused in particular on space management, sleeping arrangements, sanitary facilities and common living areas. The results of this assessment show that the housing conditions meet the standards defined by the International Labour Organization (ILO) in this area.

2.3. APPROPRIATE ACTION TO MITIGATE RISKS OR PREVENT SEVERE IMPACTS

Risks related to labor relations



Air Liquide is committed to meaningful labor relations in all of its subsidiaries. This may take different forms according to local regulations.

In Europe, the European Works Council has 29 employee representatives from 12 countries. It was renewed in 2021 for a term of four years. In 2021, two plenary meetings chaired by a member of the Executive Committee, one exceptional plenary meeting to elect the new Council's Board members as well as four other meetings of the Council's Board members were held. The main themes addressed during the information and consultation meetings are: safety, including an update on the public health crisis, news on the Group's activities, especially in Europe, financial results, energy impacts, digital roadmap in the industry, the well-being and psychological health of employees, the processes and the organization of the Procurement function in the different countries where Air Liquide operates. For security reasons, some meetings were held remotely or in hybrid mode.

The reflections on psychosocial risks carried out during the European Works Council meetings have resulted in the production of the "Care & Perform" Charter described on page 25.

In France, the Group has sought to improve labor relations, using a debate and project development approach as part of a collaborative initiative. Two social seminars were held before the public health crisis to promote working together (employee representatives/trade unions and management/HR) towards a new ambition.

In addition, 2020 and 2021 were largely devoted to managing the public health crisis together with employee representatives. These two years were characterized by ongoing and strengthened dialogue with bodies such as the Social and Economic Committee, the France Group committee, the European Works Council and the Health, Safety and Working Conditions Committee.



IN THE UNITED STATES, AIRGAS IS COMMITTED TO AN OPEN AND CONTINUOUS DIALOGUE WITH LABOR UNIONS

Around 50 collective agreements have been negotiated covering subjects including union security, management rights, overtime, health and wellbeing, working hours, public holidays, paid vacations, pay raises, discipline and dismissal.



Risks related to discrimination

The Group’s roadmap for promoting diversity is based on three pillars:

- deploying the diversity objectives in all entities and ensuring the implementation of the related action plans;
- improving all of the Group’s Human Resources processes to reduce any bias and avoid all forms of discrimination;
- promoting an inclusive culture to leverage the diversity of the teams.

Within the central Human Resources organization, a team leads diversity projects. Each hub and business line implements its own roadmap and actions to promote diversity with consideration to its own situation. In this context, they analyze processes and practices, identify potential biases and implement corrective measures (“nudges”) to limit these biases. Thus, during the regular reviews of talents with high potential, the diversity of profiles is taken into account, with the aim of continuing

to increase diversity in the Group’s key positions. This also serves as a way to promote the many cultures that make up the Group, and to strengthen gender equality.

Finally, promoting an inclusive culture also contributes to a sustainable approach to diversity. Numerous initiatives are deployed within the Group to this end: events, learning opportunities, mentoring, networks and communities for different interest groups such as women’s careers. One recent example is the creation in 2021 of an Inclusion Movement which is a development opportunity for committed employees. For seven months, 220 of these “Inclusion & Diversity enthusiasts” designed and carried out experiments across the Group using innovative methods to promote inclusion in the work environment. These new approaches are disseminated throughout the organization in a spirit of continuous improvement.

GENDER EQUALITY

As part of the sustainability objectives announced in March 2021, Air Liquide’s ambition is to build upon TRUST as a base to engage with employees. The Group reaffirmed its commitment to promote inclusion and diversity, in particular through the following objective: reach a 35% share of women among “Managers and Professionals” by 2025. This objective is in line with the results obtained over the past ten years which have enabled the share of female “Managers and Professionals” within the Group to increase from 26% to 31%.

As a complement to its sustainability objectives, Air Liquide is pursuing another ambitious gender diversity objective aimed at reaching 25% of women in Executive positions by 2025, versus 24% currently.

EQUAL PAY

In France, the law of September 5, 2018, known as the Loi avenir professionnel relating to the freedom to choose one’s professional future, requires companies with more than 50 employees to implement an annual mechanism for assessing gender pay gaps, the result of which is a public social score for the Company (out of 100 points). The Professional Equality Index and the five related indicators must also be made available to the Social and Economic Committee and be transmitted to the Labor administration.

In 2021, the Group’s 31 companies with at least 50 employees in France were evaluated. The weighted average Professional Equality Index stands at 86.5/100, maintaining the trend compared to 2019 and 2020. The company L’Air Liquide S.A. published its fourth annual Index, reaching 97/100.

Outside of France, the Group initiated a common process to assess the gender pay gap by creating an internal index inspired by the French one and adapted to Air Liquide’s international presence. It was tested for the first time in 2019 for entities with more than 400 employees. The 2020 index, covering 61% of the Group’s employees and calculated in 2021, was 82/100.



AIR LIQUIDE INAUGURATES A DIVERSITY MONTH

Called “Diversity Awareness Month”, the month of October 2021 was an opportunity to bring together more than 1,300 Group employees as part of 10 sessions dealing in particular with the subjects of disability, the place of women in the community of technical experts, and the different forms of discrimination. Moreover, employees involved in the Inclusion Movement were able to share what they learned from the 33 experiments carried out in previous months in their entities to introduce new inclusive practices into their daily lives.

This index is calculated on the basis of four criteria:

- differences in remuneration, calculated for job position categories;
- differences in salary raise percentages;
- salary raises during maternity leave;
- gender diversity among the 10 highest remunerations.

The calculation method evolved in 2020 to provide more granularity by taking into account the job position category (according to international standards such as the Hay method). Subsidiaries are progressively identifying job positions according to these standards to allow for a better comparison at Group level and thus increase staff coverage.

INCLUSION OF DISABILITY – ONE OF OUR PRIORITIES



To promote the inclusion of disability, Air Liquide intervenes at two levels:

- with its employees, in particular via the HandivAirsity initiative;
- with its suppliers, by developing relationships with companies which make their employment policies and practices inclusive of persons with disabilities (i.e. disability-inclusive companies).

Launched in 2017 at the European level, the **HandivAirsity aims** to encourage diversity by integrating employees with disabilities within the teams.



“Our differences make our performance”. This slogan carries a strong conviction. The inclusion of disability is fully in line with the policy to promote diversity within Air Liquide.

This desire is not new, it has been embodied since 2007 in successive agreements in France which have advanced the policy of welcoming, maintaining and promoting the professional development of people with disabilities. Air Liquide is committed to seeking solutions for disabled people to remain in employment. The following adjustments are planned to compensate for disabilities in the workplace:

- ergonomic studies and adaptation of the workstation with regard to the capacities of the person;
- specific equipment and tools;
- adaptation of access to work premises and specific training services;
- transportation and relocation assistance.

Air Liquide raises awareness among the teams about the inclusion of disability in order to facilitate the reception and professional integration of workers with disabilities in the Group. The French subsidiaries have awareness-raising plans in order to strengthen the level of information for all actors and fight against any prejudices that may persist. They participate in particular in DuoDay, a day where they welcome a person with a disability paired with a volunteer professional.

Within a scope covering around 5,500 employees based in France, a fifth Disability agreement for a period of three years (2020-2022) was signed at the end of 2019. The aim of this agreement is to continue with measures already implemented in favor of people with disabilities and thus further improve the direct employment rate to reach 4.2% in 2022 vs 3.3% in 2018. The 2020 rate, calculated in 2021, is 4.35%.



Measures have also been taken to contribute to the so-called “indirect” employment of people with disabilities, through the **purchase of goods and services from disability-inclusive companies**. This sector includes organizations for the social and professional integration of disabled persons (ESAT), self-employed workers with disabilities (TIH) as well as adapted enterprises (EA).



AIR LIQUIDE FRANCE INDUSTRIE PROMOTES THE INCLUSION OF DISABILITY

Air Liquide France Industrie participates in Linkday, a forum dedicated to people with disabilities which takes place in the Grenoble region. It also participates in EDEW (European Disability Employment Week) by hosting awareness-raising cafés, sensory workshops, initiations to parasports and conferences on its sites. This entity provides a toll-free number to help employees with disabilities in their procedures to gain recognition and adapt their vehicle appropriately.



IN FRANCE, AIR LIQUIDE COLLABORATES WITH AFB TO GIVE A SECOND LIFE TO ITS EQUIPMENT

The Grenoble Technologies Campus has joined forces with Afb, the first adapted enterprise in the IT sector in Europe, for the collection of IT equipment. The equipment is then reconditioned, upgraded and re-marketed by Afb. Thanks to its 160 employees, including 110 workers with disabilities, Afb offers a local social solution which also allows to improve the environmental footprint of Air Liquide’s activities. 253 pieces of equipment were thus reused or recycled in 2021.



In France, in 2021, Air Liquide declared 2.4 million euros spent with disability-inclusive companies. Since 2018, Air Liquide has organized four annual editions of the “STPA Business Meeting” bringing together Air Liquide key players and disability-inclusive companies to promote solidarity procurement. In 2021, the “STPA Business Meeting,” co-hosted with the Handeco association, was held in digital format via presentations and speed-meetings in the context of the covid-19 pandemic. 180 Air Liquide employees and 10 disability-inclusive suppliers took part.

In addition, and for the first time this year, a European Inclusive Procurement Forum brought together nearly 200 Group participants. During this Forum, examples of actions implemented in Germany, Spain and Switzerland were shared to increase awareness of and relations with disability-inclusive companies.

Air Liquide was also present at the “HandiHA” digital trade fair for the third consecutive year. This event provides the opportunity for meetings between contractors and disability-inclusive companies. This year, the Group Procurement Director took part in a roundtable.

AIR LIQUIDE EXTENDS AN INCLUSIVE INITIATIVE TO THE EUROPEAN SCALE

The Europe Procurement Department has implemented an alternative to the rental and upkeep of work clothes, thanks to a partnership with Handeco. Work clothes, which are now purchased, are cleaned by local businesses in the disability sector. After being launched in France at 40 sites, this project is now being rolled out in Spain, Italy, Poland, Portugal as well as in northern countries. Because the clothes are now purchased, they can be selected according to the impact of their life cycle, including the recycling of damaged clothes.

FIGHTING OTHER FORMS OF DISCRIMINATION

The definition and understanding of the different forms of discrimination vary depending on the national or local context. The fight against discrimination must therefore be handled in a manner fitting with these disparities. This is why actions are also taken locally to adapt the procedures implemented by the entities to fight other forms of discrimination.

IN FRANCE, AIR LIQUIDE PROMOTES YOUTH EMPLOYMENT

In 2021, i-Lab, Air Liquide’s foresight laboratory, conducted a social impact study in the industrial basin of the Lower Seine Valley where several of the Group’s sites are located. This study revealed that young people under 30 may be at risk of discrimination in accessing the labor market in this geographic area. To mitigate these risks, Air Liquide contributes to the professional integration of high school dropouts, at the Production School in Le Havre area. The employees share their knowledge and experience with the students of the boiler-making professional certificate (CAP) training program and take them on tours of the industrial sites. During and at the end of the program, Air Liquide helps to integrate students with its service providers who require these types of skills.

In the United States, in order to develop a more inclusive culture, communities in networks called “Business Resource Groups” (BRG) are created to promote diversity, in particular with regards to women, veterans, African-Americans, LGBTQ+, Hispanic and Asian Americans.

The Human Resources Department of Air Liquide US, with the help of the BRGs, has created a “Diversity & Inclusion Learning On Demand Toolkit” offering resources to employees to improve their knowledge about Diversity & Inclusion. This initiative supports efforts to improve behaviors and work methods that promote a culture of inclusion. This toolkit contains topics, in a variety of formats, classified by level of knowledge and target audience, for example :

- Inclusion and Belonging;
- Allyship and Equality;
- Gender Identity;
- Courageous Conversations;
- Walk in my shoes.

IN THE UNITED STATES, AIR LIQUIDE IS RECOGNIZED FOR THE INCLUSION OF LGBTQ+ PEOPLE

In 2021, Air Liquide US received for the second consecutive year the “Best Places to Work for LGBTQ Equality” distinction awarded by the Human Rights Campaign Foundation, which rewards companies that implement policies and procedures that promote equality of LGBTQ+ people at work.



Risks related to well-being at work



The Group ensures that it builds a performance-focused, attractive and collaborative work environment while also safeguarding the health and well-being of employees in the workplace.

To promote well-being in the workplace, focus groups have been created with the aim of improving employees' work-life balance. This approach meets employees' expectations on this subject.

These practices are incorporated into principles co-created with European social partners. In 2019, the Group developed the "Care & Perform" initiative, in partnership with the European Works Council, whose purpose is to prevent psychosocial risks. This initiative led to the drawing up of a charter based on principles of action relating to improvement of organization, workload and the work-life balance of employees. The content of this charter facilitated the signing of company agreements with social partners in order to offer new services to employees. In several European countries, agreements on the right to disconnect and work remotely have been concluded to meet specific needs and support the transition toward new working conditions.

In Italy and France, for example, an employee assistance program was set up in 2021 and offers psychological support by specialized service providers.

More generally, within the context of changes to the Group's organizational models, which were accelerated by the covid-19 pandemic, Air Liquide launched a global project in 2020 called "Next Normal" to build on this shift in working methods.

With this project, entities can provide their employees with:

- a new working framework including team management;
- a structured remote working policy;
- a reorganization of workspaces;
- a framework for rethinking customer and patients interactions.

To facilitate the roll out of the project, Air Liquide developed a reference guide in 2021. First shared with managers, the guide helps the entities to set up new working methods based on the initial global experiences. Working groups were then organized with employees in the entities to validate the undertakings.

With the MyVoice program, Air Liquide strives to offer all employees a successful professional experience, that promotes listening and dialog, at every stage of their career with the Group. Paying close attention to the employee experience is a key factor in attracting, retaining and developing employees.

Each year, following the collection of feedback and precise analysis of the results, targeted actions are launched at different levels in the organization: with managers and their employees to improve team dynamics, at the level of the entities by management teams and at the Group level.



AIR LIQUIDE HOLDS A GLOBAL SPORTS CHALLENGE TO RAISE EMPLOYEE AWARENESS

In June 2021, the Group launched a sports challenge open to all, called "50 million steps together". Each employee was invited to walk 5,000 steps per day for five consecutive days. The objective was to encourage employees to take time for their well-being, as their work-life balance was directly impacted by the fully remote working environment during certain periods of imposed lockdowns. In return, Air Liquide committed to make a donation to a humanitarian organization if the objective of 50 million steps was reached in one month. At the end of the month, the objective was exceeded.

Risks related to care coverage



As part of the sustainability objectives announced in March 2021, Air Liquide’s ambition is to build upon TRUST as a base to engage with employees.

On this occasion, the Group committed to offer a common basis of care coverage to all employees by 2025.

This care coverage will guarantee:

- a life insurance policy with an indemnity equivalent to a year’s salary;
- a health coverage including inpatient and outpatient care;
- a minimum of 14 weeks paid maternity leave.

From May to September 2021, the entities came together by country to assess the gaps in their current coverage and define a gradual plan to upgrade the situation by 2025.

A team dedicated to this commitment has been set up within the Human Resources Department to steer deployment and measure progress within the Group each year.

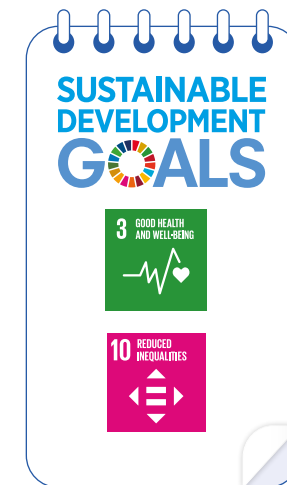


Risks related to the protection of personal data

In May 2018, Air Liquide adopted and had the European data protection authorities approve Binding Corporate Rules (BCR) which embody the Group’s commitment to the protection of personal data. Considering European regulations to be among the most protective in the world, Air Liquide, through the BCR, provides the same level of protection in all of its operating entities.

The BCR provide for:

- the adoption of a personal data protection policy accessible to all on the [Group’s website](#);
- the appointment of a Data Protection Officer (DPO) who relies on a network of more than 150 regional or local Information Protection Coordinators (IPC) distributed throughout the Group (by hub, cluster, activity or operating entity) to steer and coordinate actions to protect personal data;
- the signing of contracts between L’Air Liquide S.A. and its subsidiaries which formalize the commitment of the subsidiaries to the BCR;
- and the deployment of tools such as:
 - records of personal data processing activities,
 - initial employee training and refresher courses on the Code of Conduct given every two years,



- taking into account the protection of personal data by default and from the design stage of the processing,
- risk analyses regarding the protection of personal data,
- various means available to contact the DPO and IPC to allow internal or external natural persons to make a request to exercise their rights and report any personal data protection violations.

Personal data processing identified as the most critical (for example, processing of patients’ personal data) is reviewed annually by internal experts.

In addition, the update of the Group’s Code of Conduct, which will be rolled out in 2022, will include a section devoted to the protection of personal data.

2.4. MONITORING SCHEME OF MEASURES IMPLEMENTED AND THE ASSESSMENT OF THEIR EFFECTIVENESS

Human Resources indicators are consolidated twice a year for all subsidiaries included in the financial consolidation scope. The Human Resources Committee, represented by the Group's largest operational departments, meets six to eight times a year to monitor measures implemented and assess their effectiveness.

Risks related to labor relations

The Group ensures that labor relations are encouraged and, as part of this, 82% of Group employees had access to a dialogue structure in 2021.



Risks related to discrimination

In terms of gender equality, Air Liquide has created its own protocol to define its reporting methods for Human Resources. This protocol includes all the definitions, measurement procedures and collection methods for this information. Each month, the subsidiaries update the indicators in the Group's reporting tool.

GENDER EQUALITY

	2025 Objectives	2019	2020	2021
Share of women among "Managers and Professionals"	35%	29%	30%	31%
Share of women in "Executive positions"	25%	19%	21%	24%

EQUAL PAY

	2019	2020	2021
Professional Equality Index in France ^(a)	85	88.4	86.5
Internal equality index for the Group ^(b)	—	82 ^(c)	—

(a) Index calculated on a 100-point scale for Group companies in France with more than 50 employees.

(b) Index calculated on a 100-point scale for entities with more than 400 employees, representing 61% of the Group's employees.

(c) Result for 2020 calculated in 2021.

Risks related to well-being at work

	2019	2020	2021
Response rate for the annual MyVoice survey	74%	80%	83%

Risks related to care coverage

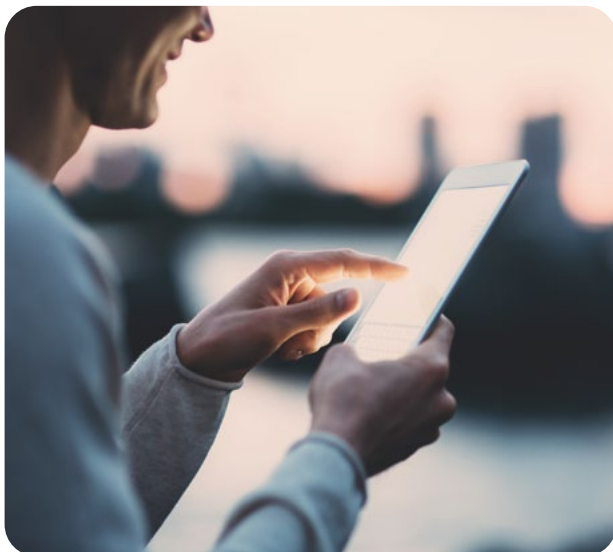
As part of the sustainability objectives announced in March 2021, Air Liquide committed to offer a common basis of care coverage to all employees by 2025. Since this announcement the Group has defined a new indicator to monitor annual progress in the implementation of this commitment.

	2025 Objectives	2021
Share of employees benefiting from the common basis of care coverage ^(a)	100%	34%

(a) Share of employees benefiting from the three social benefits (life insurance, health coverage, maternity leave).

Risks related to the protection of personal data

Since May 2018, regular processes have been measuring the volume of requests to exercise rights and of possible personal data violations and the contractual adherence of Group entities to BCR. The system for recording requests to exercise rights and reporting any personal data protection violations is presented in chapter 6 on the alert mechanism.



In order to measure the level of maturity of the Group's entities with regard to the protection of personal data, a self-assessment questionnaire is gradually being rolled out within the Group. Most European entities started this process in 2021. It will be extended to the rest of the European entities and to IT, R&D and Engineering & Construction activities in 2022 and finally to the Americas, Asia Pacific, and Middle East and Africa hubs in 2023. This questionnaire covers:

- the existence of a BCR adherence contract;
- the presence of a local representative of the DPO (the local IPC or another person in the event of a specific obligation linked to the legislation of the country);
- the existence of the records of personal data processing activities;
- employee training;
- protection analyses by design and by default, risk analyses;
- the process for exercising rights and reporting possible data breaches;
- contractual clauses with third parties (in particular with subcontractors to which Air Liquide entrusts the processing of personal data on its behalf).

The questionnaires are reviewed and checked by the regional IPC and the DPO. The maturity of entities is assessed on a four-point scale and aggregated at the Group level.

Activities related to the protection of personal data as well as the results of these various measures are presented to the Digital Security Committee, to the Ethics and Compliance Committee, and to the Audit and Accounts Committee of the Board of Directors.

Finally, audits on the protection of personal data are carried out by the Group's Internal Audit department as part of the internal audit plan or at the request of the DPO.

	2019	2020	2021
Exercise of rights and alleged violations of personal data	57	34	56
Number of subsidiaries adhering to the BCR ^(a)	—	351 of 399	341 ^(b) of 375
Maturity assessment ^(c)	—	—	2.74
Number of audits carried out	7	4	2

(a) The number of subsidiaries adhering to the BCR is measured in relation to the number of subsidiaries concerned, that is to say the subsidiaries with employees. Their number varies each year depending on changes in the Group's scope.
 (b) This number of subsidiaries adhering to the BCR represents 98% of the Group's employees.
 (c) The questionnaire is rolled out gradually since 2021. Maturity is assessed on a four-point scale.

3

HEALTH AND SAFETY/ SECURITY

Safety is our license
to operate

- > 3.1. Risk mapping
- > 3.2. Regular assessment procedures
- > 3.3. Appropriate action to mitigate risks or prevent severe impacts
- > 3.4. Monitoring scheme of measures implemented and the assessment of their effectiveness

Safety and security are fundamental values for the Group and the “zero accidents, on every site, in every region, in every entity” ambition remains a key priority. The Group, as a responsible industry player, is therefore committed to efficiently and under all circumstances reducing the exposure of its employees, contractors, customers, patients and suppliers to professional and industrial risks. This ambition was reaffirmed when the strengthened sustainability objectives were announced in March 2021.

The safety results for the past 30 plus years illustrate the long-term effectiveness of the Group's actions in this area.

3.1. RISK MAPPING

Industrial risks are linked to the various industrial products, processes and distribution methods implemented by the Group. They are distributed over a large number of local production sites.

Risks related to worker safety

Over and above the usual risks inherent in all industrial activities, Air Liquide's businesses entail more specific risks that may affect individuals. Industrial processes and road transport lead to employee exposure to the corresponding risks which are **described in the following paragraphs**.

In addition, industrial sites use a lot of motorized lifting gear which present specific risks in connection with handling (collision, falling packages, etc.). Training and qualification are thus required to operate them.

Risks related to process safety

Industrial risks must be factored in at the design phase of future installations. During the construction phase, the lack of a strict accident prevention framework would affect the coordination among the various stakeholders and expose teams to risks of accidents.

Cryogenics is used to separate gases by distillation, store them and transport them. This very low temperature technique is connected with a risk of cryogenic burns from liquefied gases.

Likewise, high temperature techniques, which are used for instance in the production of hydrogen, particularly expose those involved to risks of fire or explosions.

In addition, pressure is central to the Group's processes. Pressurized equipment is designed with safety devices, which limit the risk of accidents caused by an uncontrolled increase of pressure.



Risks related to road safety

Each year, delivery vehicles, sales staff and technicians travel hundreds of millions of kilometers. Non-compliance with the traffic regulations or the lack of regular maintenance of vehicles would expose drivers and third parties to increased risks of accidents.

Risks related to product safety

The intrinsic properties of industrial and medical gases manufactured, transformed or packaged by the Group classify them in the hazardous materials category. Their use is safe provided that good practices and recommendations are complied with.

Beyond the risks inherent to the intrinsic properties of gases, other risks must also be considered, such as:

- the risk of faults in the systems supplying gas to customers, which could lead to a disruption to supply, in terms of quality or volumes, which could notably have an impact on a patient's health;
- the risk of possible failure to comply with specific standards and regulations, in particular in Healthcare, with the risk of non-compliance of products and services provided to patients.



Risks related to the security of individuals

Risks related to the security of individuals are mainly triggered by business travel: security risks during trips to foreign countries, but also public health risks in certain countries affected by "rare diseases" or with medical and hospital infrastructure that is considered "at risk".

In tangible terms, these risks concern all forms of travel and are related, for example:

- before departure, to the lack of information regarding a destination country and the best practices to be implemented;
- upon arrival, to recommendations relating to how to recognize the host and to means of transport;
- during the trip, to the choice of accommodation and means of transport;
- to health (and food safety) recommendations which vary according to regions;
- to physical security recommendations which vary according to the country and its political and social context;
- to information regarding the available means for seeking medical advice, a consultation, hospitalization, or even a medical evacuation.

The same approach was therefore used for those traveling during the global public health crisis due to the covid-19 pandemic: information, guidance, travel recommendations and measures adjusted for each individual and each country.

The Group's duty to protect its employees is also applied in the same way to stakeholders (service providers and subcontractors) when they intervene at the request of Air Liquide, regardless of the country.

Overall, the **risk level of each country** is decided on by the Security Department. It is based on the official rating of five countries (France, the United Kingdom, Canada, the United States and Australia), coupled with an assessment by the global security service provider for the Group. The occurrence of serious or repetitive events results in a review of the country's risk level. The final validation of this level is the responsibility of the country manager. In 2021, for the countries in which Air Liquide is present, three are classified as very high risk (Nigeria, Mali and Burkina Faso) and twelve are high risk. The others are split between moderate and low risk.

Finally, the **protection of sites** against malicious attacks contributes to the protection of the individuals who work at these sites, as well as that of local residents and customers. Any intrusion at a site, regardless of the motive (simple theft or an act of terrorism), creates a disturbance or major damage that will have an impact on the work of employees. Depending on the nature of the offense, the act committed may also have an impact on the safety of local residents, or customers who may suffer delivery problems.



3.2. REGULAR ASSESSMENT PROCEDURES

To assess and manage these risks, the Group has an Industrial Management System (IMS), which operates based on:

- the accountability of the departments of the various Group entities for the effective implementation of this system;
- the issue of key management and organizational procedures that aim to ensure:
 - compliance with standards and regulations,
 - design management,
 - industrial risk management,
 - hygiene, health and environmental management,
 - management of road safety,
 - management of skills (training, qualifications if necessary, and more),
 - the management of operating and maintenance procedures,
 - the management of industrial procurement,
 - change management,
 - the analysis and treatment of incidents and accidents,
 - the dissemination of shared technical standards within Group entities.

The IMS document base is continuously updated and enriched.

The Safety and Industrial System Department and the Industrial Departments of the World Business Lines supervise and control the implementation of the IMS, by notably relying on:

- the presentation of various dashboards designed to monitor performance in terms of safety;
- process audits to verify the implementation conditions and compliance of operations with IMS requirements;
- thorough safety reviews prior to the start-up of any new facility to prevent any accidents due to a construction defect;
- technical audits to ensure the compliance of operations with Group rules.

This regular assessment of industrial risks that may affect individuals covers all Group activities in all geographic regions. The frequency of these assessments is adapted to each subject: for example, monthly safety performance reviews or an annual review of technical audits. Other subjects require that assessments be carried out at specially adapted intervals, as for example in the case of the covid-19 pandemic.

The Industrial Management System, IMS, institutionalizes the methodical “Plan – Do – Check – Act” approach which is particularly essential in terms of safety of industrial processes.

The efforts made to carry out risk assessments are bearing fruit and the lessons learned from incidents are being used to strengthen the safety barriers of the installations, thus preventing recurrent incidents.

In terms of the **security** of industrial and commercial facilities, regular visits are carried out on site. The purpose of these visits is to ensure the correct application of the processes set out in the document base. They are carried out in each region, at the initiative of the local entity or the geographic area concerned, and sometimes with the participation of the Security Department. A report is drawn up after each country visit and sent to the entity.

Given the limitation of international travel to exceptional situations, on-site security visits in 2021 were postponed to a future period. However, a remote security visit process has been developed to maintain this important time of sharing despite the current context. This supports the actions of the entity security managers in the field. Based on feasibility tests carried out by the Security Department in France and Russia, the entities are now able to carry out these remote visits themselves, which will continue and supplement the system of on-site visits.



3.3. APPROPRIATE ACTION TO MITIGATE RISKS OR PREVENT SEVERE IMPACTS



Risks related to worker safety

Air Liquide relies on continuous actions to raise the awareness of its teams through specific training in the awareness and the mitigation of industrial risks that may affect individuals. Not only are all employees trained in relation to risks relating to their own business line, they are also, more generally, trained in the Group's safety culture.

Since their creation in 2013, Air Liquide is committed to ensuring that its **Life-Saving Rules** are complied with at each site and at all times. The interpretation and meaning of each rule is widely shared. Non-compliance with one of the Life-Saving Rules is a serious violation, which, depending on the circumstance, may lead to sanctions.

In addition, each employee working on an industrial site receives specific training and qualification courses and is equipped with personal protective equipment allowing them to perform their tasks in the best conditions. Collective protective equipment is also installed in the various workshops, if necessary.

As identified in the mapping, two risks involve particularly high exposure for individuals: those related to **process safety** and **road safety**. Targeted action plans have been introduced for each of these risks more than 10 years ago, and certain measures were further reinforced about five years ago.

Risks related to process safety

The safety of industrial processes is a complex issue as, although rare, incidents can lead to very serious consequences with multiple fatalities. In order to ensure that operations efficiently take this risk into account, Air Liquide has introduced specific action plans, the purpose of which are to control the most serious risks relating to production processes. They have been assigned the necessary resources (expertise and budgets) and follow a roadmap. Their progress is regularly monitored by the Group's Executive Management.



IN FRANCE, AIR LIQUIDE COLLABORATES TO ENSURE BETTER MANAGEMENT OF INDUSTRIAL RISKS

In 2021, the UPSIDE-Boucles de Rouen association was created by HAROPA Port, fourteen manufacturers from the Lower Seine Valley basin and France Chimie Normandie, chaired by an employee of Air Liquide France Industrie (ALFI). This person also chairs this new association which aims to improve communication with elected officials and residents concerning risks and industrial safety and thus promote good reflexes in the event of an industrial accident. The association strives to strengthen collaboration between companies to manage industrial risks and pool resources, for instance to purchase firefighting equipment.



IN EUROPE, AIR LIQUIDE ORGANIZES THE SAFETY AWARDS

The 11th European Safety Awards ceremony was held in December 2021. Following on from the 2020 edition, this 2021 edition highlights certain initiatives already deployed by European entities to strengthen the safety culture toward customers and patients, contractors and, internally, employees, in order to promote replication.



Risks related to road safety

Air Liquide delivers products to its customers and patients by road in 75 countries. The Group relies on a structured program, reinforced in 2020, to mitigate these risks on the road; the main measures include:



EQUIPPING

vehicles with technologies to assist drivers, to warn them in the event of danger or to protect them in the event of an accident. This is a rapidly changing field and Air Liquide is committed to providing the best technologies possible to its own fleet of vehicles, as well as those of transport professionals working on its behalf. Around half of the vehicles are already equipped, and the aim is to reach 80% in the coming years;

CONTINUOUSLY ASSESS AND AUDIT

compliance by operations with internal requirements set out in the reference frame that was updated in 2020. This reference frame is related to both material and human factors and serves to:

Regularly raise

awareness among professional and occasional drivers on safe behavior on the road,

Develop

the role of expert drivers (in driving and loading/unloading operations) who mentor new drivers and serve as role models within their organization. Identified on the basis of technical criteria, these expert drivers actively contribute to forging the driver's safety mindset and participate in improving training and qualification processes.

The current momentum should lead to further progress, building on the efforts made over the past five years.



IN THE UNITED STATES, AIRGAS EQUIPS THE TRUCKS WITH ON-BOARD CAMERAS

In 2021, Airgas launched a three-year program to gradually equip its entire truck fleet with a camera system aimed toward the road and toward the interior of the cabin. The objective is to quickly correct any risky driving behavior such as using the phone while driving or failing to give way. Support with coaches thus helps drivers recognize the importance of safer driving habits and best practices to improve their performance.

This system also has an advantage for determining liability in the event of an accident: it provides factual information which enables drivers to be exonerated from all liability in the accident, where applicable.

The Group is also attentive to accidents involving third parties on the road where an Air Liquide vehicle could be involved. Equipping vehicles with on-board technologies, such as rearview cameras to reduce blind spots, for example, and making drivers aware of responsible behavior on the road will limit impacts on third parties on the road.

Risks related to product safety

In compliance with regulations in force, each gas storage device is equipped with a label showing, among other things, the name of the product and the associated risks.

In the particular case of gas cylinders, the color of the cylinder is different depending on the main risk of the gas it contains. The safety data sheets present the risks of each of these gases. The cylinders are fitted with a cap protecting the valve which must be operated by hand and whose connections differ depending on the gas in order to avoid any incorrect connection. Their storage is regulated and must be done in a dedicated place.



Risks related to the security of individuals

To reduce travel-related risks, Air Liquide applies a series of measures aimed at protecting those traveling for the duration of their trip:



Fact sheets for the countries with one of the three highest levels of risk summarizing the main recommendations to be aware of before departure; these are regularly updated by the Security Department.

Within each entity and group of entities, a head of security is responsible for updating the country fact sheets and specific recommendations for the subsidiary's employees, expatriates and travelers.

For the duration of their trip, travelers benefit from support from the global service provider who informs them of any local situations, answers any questions and can arrange for medical support (ranging from advice by telephone to medical evacuation by air).

Since the beginning of the **COVID-19 pandemic**, particular care and attention were paid to the Group employees, as well as to service providers acting on behalf of Air Liquide. Since February 2020, a crisis unit has been evaluating the situation on a weekly basis, under the authority of the Group Human Resources Director. Over the months, this unit has drawn up various protocols intended for all the Group entities, and in particular in 2020, at a time when the recommendations of governments were sometimes lacking.

In 2021, due to the diversity of situations by continent and by country, a local approach and recommendations issued directly by the entities have been favored, in compliance with the legislative and regulatory framework of each country, and following the Group's instructions as much as possible.

Finally, an ad hoc organization, supported by the Group's Procurement Department, has for 18 months facilitated the purchase of personal protection masks, and of other necessary products in the context of the entities' activities, to protect employees and thus meet the needs of the subsidiaries.

The **site protection** policy helps protect the employees and service providers who work there, as well as the people living near the industrial sites. This policy relies on a site assessment process, followed by the measurement of the difference between the current level of protection and the required standard and, finally, on the action plan required to reduce these differences. The fundamentals of our site protection policy include secure fencing, a well-managed access process, an adapted security and surveillance system, and finally the means to intervene and respond in the event of an intrusion.

All information regarding the security of employees and sites, as well as the pandemic, can be found on the Security intranet site. This site can be viewed by all employees worldwide.



All travel reservations to a very high risk or high-risk country are subject to a validation process by an employee's managers, then by the Security Officer of the geographic region in question, who may even prohibit the trip.

The reservation tool, which monitors trips, informs the host entities of the arrival of Group employees, and provides, where necessary, updated information.

3.4. MONITORING SCHEME OF MEASURES IMPLEMENTED AND THE ASSESSMENT OF THEIR EFFECTIVENESS

Subsidiaries report all safety and security events as they arise in the Group’s reporting tool. This tool was replaced at the beginning of 2021 by a new tool that improves both the quality of the information reported and the monitoring of corrective action plans.

Each month, every event reported is reviewed by a team of experts. The most serious events are analyzed in detail and lessons learned are shared with Group entities that could be potentially affected by similar situations.

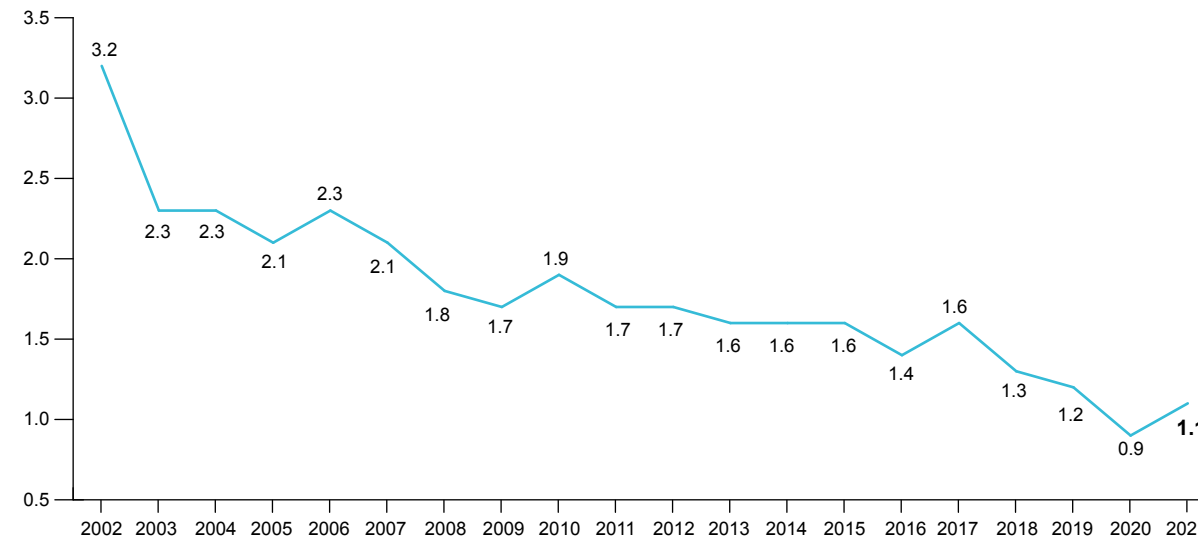
The Industrial and Safety Committee is composed of the heads of the five Industrial Departments of the World Business Lines, the Group Head of Safety, as well as a representative of the Engineering & Construction and Global Markets & Technologies World Business Units. Its purpose is to examine industrial risks and safety performance, as well as monitor the progress of the main improvement measures, in particular those relating to the greatest risks and/or cross-divisional measures. The Committee meets six to eight times a year and is chaired by a member of the Group’s Executive Committee.

The evolution of safety performance of operations and their level of compliance with IMS requirements are regularly monitored by the Executive Committee as well as by the Environment and Society Committee.

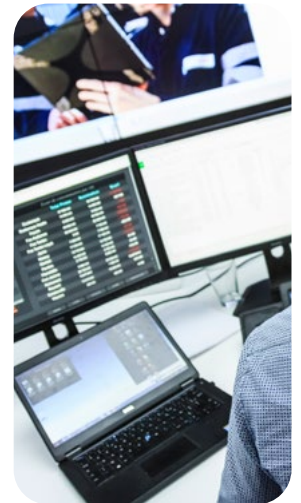
The lost-time accident frequency rate of Air Liquide employees is a safety performance review indicator. As shown in the chart below, this frequency rate has gradually improved over the past twenty years. A sharp drop was observed in 2020 compared to 2019 linked to the different periods of lockdown due to the covid-19 pandemic.

A slight increase appears in 2021 related to the strong pick-up in activity but it remains below the frequency rate of 2019, which was the lowest in 20 years. The evolution of the frequency rate highlights the steady progress in the maturity of teams on the subject of safety as well as the development of a safety culture within.

LOST-TIME ACCIDENT FREQUENCY RATE OF AIR LIQUIDE EMPLOYEES (a) (b)



(a) Number of lost-time accidents with at least one lost day per million hours worked by Group employees.
 (b) Including Airgas since 2017.

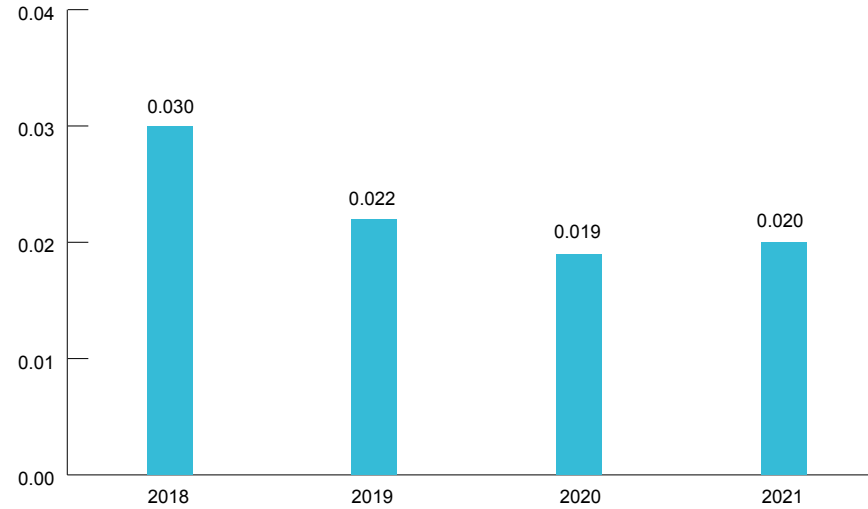


With regard to risks related to road safety, there was a deterioration in performance in 2021 compared to the previous year. The lockdown of people in many regions in 2020 – which temporarily reduced road traffic – had a positive impact on the Group’s road safety performance. However, it should be noted that the frequency rate (number of serious road accidents with injuries, per million kilometers) in 2021 remains lower than in 2019.

In 2021, no Air Liquide employee or contractor died on the road. However, several accidents involving an Air Liquide vehicle, some preventable, unfortunately led to the fatality of third parties.

The analysis of road accidents in recent years has highlighted certain recurring causes, such as fatigue or distraction while driving. This is why Air Liquide has launched key initiatives to support behavioral driving changes and the use of digital technologies to assist driving, which are gradually improving the safety of road transport (page 34). Despite the covid-19 pandemic, the deployment of these initiatives is continuing.

ROAD SAFETY: FREQUENCY OF PREVENTABLE SERIOUS ACCIDENTS WITH INJURIES ^(a)



(a) Per million km driven by truck of over 3.5 tonnes.



4

ENVIRONMENT

Taking actions in our company,
with our partners, for the planet

- > 4.1. Risk mapping
- > 4.2. Regular assessment procedures
- > 4.3. Appropriate action to mitigate risks or prevent severe impacts
- > 4.4. Monitoring scheme of measures implemented and the assessment of their effectiveness

4.1. RISK MAPPING

Climate-related risks

In order to address climate change, Air Liquide takes into account the recommendations of the Intergovernmental Panel on Climate Change (IPCC), as expressed in assessment reports and special reports. The Group intends to play an active role in achieving the targets set out in the Paris Agreement, which defines a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C above pre-industrial levels. The IPCC Special Report “Global Warming of 1.5°C” published in 2018 indicates that achieving the Paris Agreement’s objective of keeping the average temperature rise below 1.5°C requires reaching carbon neutrality, on a global scale, by 2050.

In this context, as a responsible company, Air Liquide recognizes the importance and urgency of addressing climate issues. Based on these scientific facts, Air Liquide has developed its strategy to achieve carbon neutrality for its operations (Scopes 1 and 2 emissions) by 2050, while helping its customers to reduce their carbon footprint.

The greenhouse gas emissions associated with its activities and exceptional weather-related phenomena due to climate change can impact the environment and people.

CLIMATE RISKS RELATED TO GREENHOUSE GAS (GHG) EMISSIONS

These risks can have the following consequences on people and the environment:

- new competencies may be required of employees in order to maintain their employability, in particular given the implementation of new technologies and the development of new markets;
- the massive development of renewable energies used to reduce GHG emissions may have an impact on local communities;
- due to their consequences on global warming, GHG emissions may have an impact on the environment, in particular on water resources or crop yields.

CLIMATE RISKS RELATED TO THE PHYSICAL IMPACT

Air Liquide operates in certain regions of the world exposed to an increase (in range and/or in frequency) in weather-related phenomena due to climate change. These phenomena can have the following consequences on people:

- the endangering of employees or neighboring communities by sites damaged during extreme climatic events such as floods, fires or hurricanes;
- a deterioration in the working conditions of employees in certain regions due to a change in average temperatures.

Water management-related risks

Air Liquide acknowledges the human right to water and sanitation. Water management in its activities can have two main types of impact on people, related to the withdrawal and consumption of water on the sites where the Group operates, or related to the quality of water returned to ecosystems after usage.

RISKS RELATED TO THE WITHDRAWAL AND CONSUMPTION OF WATER

Impacts associated with water withdrawal may vary depending on the location. Areas where it is difficult to meet human and environmental needs for water due to poor availability, quality or accessibility are called water stress areas. In these areas, conflicts for water between different usages and users may arise.

RISKS RELATED TO THE QUALITY OF WATER RETURNED TO ECOSYSTEMS

The quality and specifications of the water returned to ecosystems are important in assessing the impact of the Group’s operations, either because of the presence of pollutants or contaminants content, or the temperature, which can induce direct or indirect pollution and damages to ecosystems.



4.2. REGULAR ASSESSMENT PROCEDURES

Climate-related risks

GREENHOUSE GAS (GHG) EMISSIONS-RELATED CLIMATE RISKS

The data relating to GHG emissions reported by the entities are consolidated in a centralized tool at Group level to determine Air Liquide's annual carbon footprint.

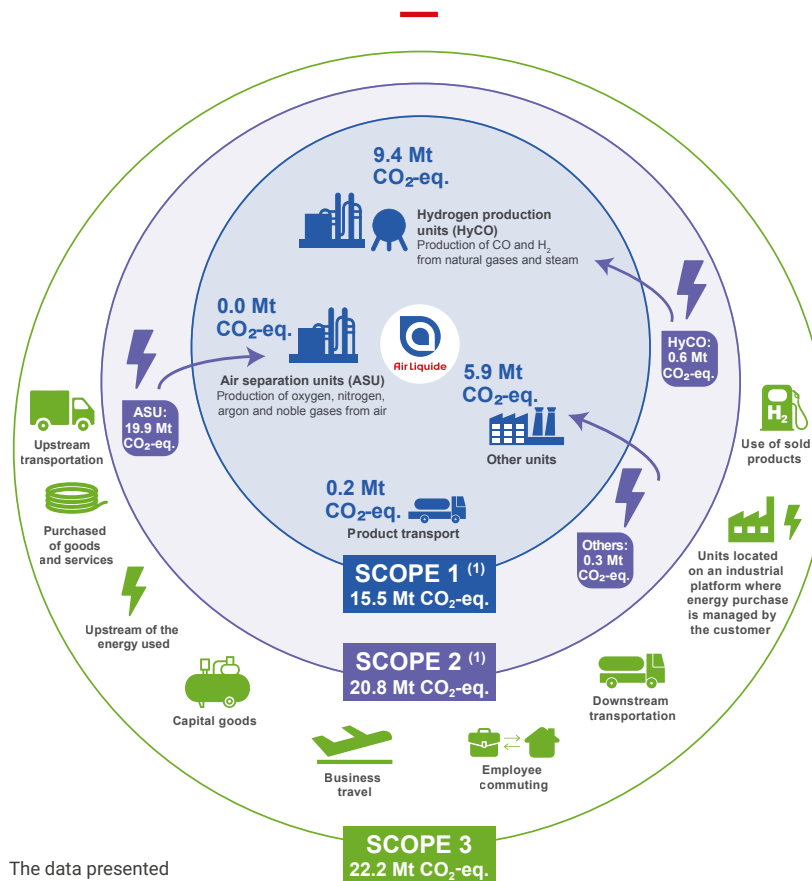
The Greenhouse Gas (GHG) emissions that constitute a company's carbon footprint are categorised according to three perimeters, called "scopes", depending on the origin of the emissions. Air Liquide follows this classification for the management of its carbon footprint.

Air Liquide's GHG emissions balance sheet takes into account the 6 greenhouse gas highlighted by the Kyoto Protocol and is carried out in accordance with the GHG Protocol's carbon accounting method proposed by the World Resource Institute and the World Business Council for Sustainable Development.



- (1) Reported emissions in million of tonnes of CO₂-equivalent using the market-based methodology, restated to include the emissions for the entire year of assets acquired in 2021.
- (2) The Greenhouse Gas Protocol (the organization responsible for developing international standards for calculating carbon footprint, also known as the GHG Protocol) is the most widely used international accounting framework for understanding, quantifying and managing greenhouse gas emissions.
- (3) The definition of the different Scope 3 categories by the Greenhouse Gas Protocol is available [here](#).

SCOPES OF GREENHOUSE GAS EMISSIONS



The data presented have been rounded up to the tenth.

SCOPE 1

Direct emissions generated by all emission sources owned or controlled by Air Liquide.

Air Liquide's direct greenhouse gas (GHG) emissions are mainly carbon dioxide and nitrous oxide emissions, all expressed in tonnes of CO₂-equivalent. For large units, Scope 1 emissions correspond to the difference in carbon content between the natural gas consumed by these units and the carbon content of their products. Reporting takes into account a minimum of 95% of the Group's emissions. Reporting is subject to a continuous improvement process.

SCOPE 2

Indirect emissions related to the production of electricity or steam purchased outside the Group.

Scope 2 totals the indirect GHG emissions generated by the production of electricity and steam purchased outside the Group. These emissions are related to the production of electricity and steam in the various countries where it operates. The reporting takes into account a minimum of 95% of the Group's emissions. The methodology and reporting of the sources of indirect emissions linked to electricity and steam purchases from third parties are subject to a continuous improvement process. Thus, starting in 2021, the Group adopted a market-based reporting for its Scope 2.

Air Liquide has improved the way in which indirect emissions from electricity and steam purchases are recorded, moving from a location-based approach based on the average emission factors of the national network, to a much more precise and specific approach, directly related to supply contracts, called a market-based method. With this approach, the Group has adopted the method of accounting for Scope 2 emissions recommended by the GHG Protocol⁽²⁾. From now on, Air Liquide's initiatives in terms of electricity procurement, in particular the voluntary procurement of renewable electricity, are directly reflected in the reported Scope 2 emissions figures.

SCOPE 3

Other indirect emissions related to the life cycle of products sold by Air Liquide.

The Group reports other indirect GHG emissions under Scope 3 (categories 1, 2, 3, 4, 6, 7, 9, 11 and 13 of the GHG Protocol⁽³⁾), which concern the Gas & Services businesses. The categories not reported represent emissions that are not applicable in Air Liquide's business model (8 and 14), or negligible (5, 12 and 15), or for which the methodology and reporting are in the process of being developed (10).

ASSESSING EMPLOYEE COMPETENCIES TO MAINTAIN EMPLOYABILITY

The assessment focused on the most exposed activities, which are in Engineering & Construction (E&C) and Large Industries:

- Within E&C, the engineering and product line teams are those facing the greatest changes in their competencies. They involve emerging disciplines (electrolysis) or expertise that needs to be strengthened to meet the challenges of energy transition (CO₂ capture and liquefaction, hydrogen liquefaction). These new businesses, combined with the current growth in activity for E&C, represent opportunities for employees positioned in less buoyant business segments.

E&C has pursued its «SPRING» technical competencies assessment exercise in 2020 and will repeat this analysis in 2022. It consists of an assessment of the skills of employees in the technical fields, put into perspective with the needs identified to support E&C's projected activity, in particular with the development of technologies supporting the Group's energy transition strategy. SPRING 2022 exercise will focus on the Electrolysis product line and execution skills (engineering and site activities).

- Three Large Industries professions are particularly exposed to a substantial change in their competencies:
 - production and maintenance teams on sites, impacted by the digitization and automation of industrial processes and by the setting up of Smart and Innovative Operations (SIO) centers in charge of remote control of production sites;

- sales teams are being affected by the challenges of the energy transition, which are reflected in the development of the Group's offerings;
- for the teams in charge of energy management, a 2021-2023 plan has been drawn up to support the development of their competencies in a context of increased purchases of renewable energy. The first two stages were completed in 2021: (i) mapping of skills into six key competencies areas; (ii) identification of needs for competencies development and reinforcement in each geography.

Water management-related risks

RISKS RELATED TO THE WITHDRAWAL AND CONSUMPTION OF WATER

Water consumption is measured by subtracting water return from water withdrawal by the Group in the course of its business. The difference is due to:

- the loss of water through evaporation in the cooling process of rotating machines, particularly for the production of air gases; and
- its use as a raw material for products such as hydrogen.

With regard to the cooling of Air Separation Units, there are several types of cooling systems:

- 54% of these units have semi-open water circuits, where part of the water evaporates during the cooling process;
- 38% of these units have open circuits. Water runs through the plant for cooling purposes but all water withdrawn is returned.

Both types of units require continuous back-up water for cooling;

- finally, the other units have closed systems, which do not withdraw water from their surrounding environment. These consume no water after the initial filling.

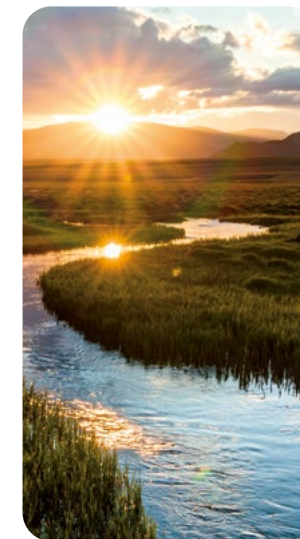
As water is a limited resource and not equally available across all regions, Air Liquide has assessed the risks associated with water consumption at its sites by referring to the "Aqueduct 3.0 Water Risk Atlas" map of the World Resource Institute (WRI) published in August 2019. This assessment takes into account the specific data for each site according to its location in relation to a watershed, groundwater and an administrative boundary.

To carry out this assessment, the Group used the "business as usual" scenario (SSP2 RCP8.5 of the GIEC). Each site is thus identified as belonging to an area of water stress or not (area defined according to the intensity of water conflict). This mapping also includes new units.

In 2021, according to the mapping of the Group's sites and based on the WRI map, 1% of the sites are located in areas considered as arid. For sites located in areas of high water stress, an analysis is underway and will be completed in 2022. It will make it possible to prioritize actions in the most water-intensive operations.

RISKS RELATED TO THE QUALITY OF WATER RETURNED TO ECOSYSTEMS

Measurements and analyses of discharged water, to assess its quality, are carried out at a frequency consistent with and according to the requirements laid down in local regulations.



Thus, assessment processes for environmental risks are as follows:

- methodology guidelines, such as, assessment charts to regularly review risks according to their probability of occurrence and their potential damage, are provided to operations by the Sustainable Development Department which oversees the analysis process. Environmental risks are therefore assessed locally by the clusters (groups of countries) under the responsibility of their General Managers;
- a summary of each assessment is reviewed by the Risk Committee. It validates guidelines, analyzes decision making and ensures follow-up measures are taken;
- the Environment and Society Committee examines the Group's strategy and commitments in terms of sustainable development and its environmental and societal measures, and reports back to the Board of Directors. It meets at least three times a year, and holds a joint session with the Audit and Accounts Committee once a year.

4.3. APPROPRIATE ACTION TO MITIGATE RISKS OR PREVENT SEVERE IMPACTS

Climate-related risks

ENVIRONMENTAL POLICIES AND PROCEDURES

The procedures relating to the monitoring and reporting of greenhouse gas (GHG) emissions are being drafted following the announcement of the sustainability objectives in March 2021. They will include:

- a reminder of regulatory requirements to which the Group is currently subject in terms of GHG emissions;
- the methodology for calculating Scopes 1, 2 and 3 emissions, as well as the reporting scope and frequency;
- the criteria for reviewing investment decisions, which take into account environmental responsibility criteria, particularly concerning GHG emissions, as well as an analysis of the opportunities and risks related to climate transition. For all its projects, for all geographies, even these without a current price for CO₂, Air Liquide includes in its investment decision process a carbon price of 50 euros per tonne, the local current price and a high value of at least 100 euros per tonne, chosen in function of the geography and context.

GROUP'S CLIMATE OBJECTIVES

As part of the sustainability objectives announced in March 2021, Air Liquide's ambition is to act for a low-carbon society.

In full support of the Paris Agreement, the Group's commitments address the urgency of climate change and energy transition, **targeting carbon neutrality by 2050** with key intermediary milestones in 2025 and 2035:

- **to start reducing its absolute CO₂ emissions around 2025;**
- **to reach a -33% decrease of its Scopes 1 and 2 CO₂ emissions⁽¹⁾ by 2035, compared to the 2020 Scopes 1 and 2 emissions**, calculated according to the market-based method, defined on page 40.

Within this context, the Group also maintains its existing objective, announced in 2018, to **reduce by -30% its carbon intensity⁽²⁾ by 2025, on the basis of 2015 emissions**.



Air Liquide's ambition is to achieve carbon neutrality by 2050



-33% decrease of Scopes 1 and 2 CO₂ emissions by 2035, compared to 2020



-30% reduction of the carbon intensity by 2025 compared to 2015

(1) Reported emissions in tonnes of CO₂-equivalent using the market-based methodology restated to include, from 2020 onwards, the emissions for the entire year of assets acquired after 2020.

(2) In kg CO₂-equivalent/euro of Operating income recurring before depreciation and amortization at the 2015 exchange rate and excluding IFRS 16 for Scopes 1 and 2 reported greenhouse gas emissions according to the market-based methodology (see methodology for scopes calculation on page 40).

To achieve these objectives, the Group has identified five levers to reduce the carbon footprint of its assets detailed below.

In March 2021, Air Liquide raised its climate ambition beyond 2018 announcements, which were based on a -30% carbon intensity reduction objective by 2025 (compared to 2015). This strategy defined in 2018 was based on the determination of levers aimed at decarbonizing assets and associated with quantified objectives.

Given several considerations (takeover of Sasol's Air Separation Units in South Africa in mid-2021 and change in the calculation method of indirect emissions linked to electricity and steam purchases), the objectives associated with the levers determined in 2018 are no longer appropriate to meet the new ambition of reducing absolute CO₂ emissions while maintaining the -30% carbon intensity reduction objective by 2025 (compared to 2015). These objectives are therefore no longer presented as in previous reporting periods.

However, some of the levers identified for asset decarbonization remain relevant and are presented below. The performance of associated indicators and of newly added ones continues to be measured, monitored and reported.

ASSETS: reducing the carbon impact of its production, distribution and service activities

LEVER

1

SOURCING RENEWABLE ELECTRICITY

Air Liquide follows a proactive approach to renewable electricity procurement through direct contracts with producers (PPAs – Power Purchase Agreements). The share of renewable electricity should increase in the coming years as new procurement contracts are expected to be signed regularly.



Air Liquide has signed a long-term PPA with Vattenfall, to purchase a total of 25 MW of offshore wind capacity in the Netherlands. Over the duration of the contract, Air Liquide will source renewable electricity equivalent to 15% of the Group's current consumption for its activities in the Netherlands and it will save up to 750,000 tonnes of CO₂ emissions over the contract duration.

In addition, Air Liquide has signed a long-term PPA with TotalEnergies, through Lampiris its energy supply affiliate in Belgium, for a total capacity of 15 MW of offshore wind electricity in Belgium. Over the duration of the contract, the wind-generated electricity will save up to 270,000 tonnes of CO₂.

LEVER

2

IMPROVING THE ENERGY EFFICIENCY OF THE PRODUCTION UNITS

Air Liquide constantly improves the design of its production units and modernizes them thanks to the innovation efforts of R&D and Engineering & Construction teams in order to improve their energy efficiency and reduce their energy consumption. The Group continues to roll out the Smart Innovative Operations (SIO) program which optimizes energy consumption and procurement through centralized operation centers.



Air Liquide and PAO Severstal, one of the leading steel producers, have signed a new long-term contract for the construction of an air separation unit (ASU) and for the supply of oxygen to the Severstal CherMK site in Russia. This new ASU is characterized by improved energy efficiency. In the framework of the agreement, the two companies have also committed to further reduce CO₂ emissions arising from the oxygen production.



LEVER

3

DEVELOPING INNOVATIVE CARBON CAPTURE TECHNOLOGIES

Air Liquide has developed a portfolio of proprietary technologies such as Cryocap™, which allow CO₂ to be captured and stored on Steam Methane Reformer (SMR) units for the production of hydrogen. Capture for CO₂ valorization and storage is thus set to play a major role in reducing direct emissions from hydrogen production.



Air Liquide is involved in the “Porthos” CO₂ capture and storage (CCS) project in the Rotterdam region, in the Netherlands. This project aims to store an annual amount of 2.5 million tonnes of CO₂ in storage areas under the North Sea, starting in 2024. The Air Liquide site in Rozenburg, in the Rotterdam port area will install a CryoCap™ unit to capture CO₂ partly from hydrogen production facilities.

LEVER

4

INSTALLING ELECTROLYZERS FOR HYDROGEN PRODUCTION

Air Liquide is committed to producing low-carbon hydrogen on an industrial scale. The electrolysis of water is one of the key solutions to produce hydrogen with a minimal carbon footprint, when powered by low-carbon electricity. The installation of electrolyzers units therefore plays a crucial role to enable the production of low-carbon hydrogen on a large scale for industry and mobility.



Air Liquide inaugurated the world's largest PEM (Proton Exchange Membrane) electrolyzer. Supplied with renewable energy, this unit produces up to 8.2 tonnes per day of low-carbon hydrogen in Bécancour, Québec. With this large-scale investment, the Group confirms its long-term commitment to the hydrogen energy markets and its ambition to be a major player in the supply of low-carbon hydrogen.

Air Liquide is planning to build in Oberhausen, Germany, a renewable hydrogen production plant by electrolysis. With a total capacity to reach 30 MW, a first phase of the project is expected to be operational by early 2023 with 20 MW. It will be the first large-scale renewable hydrogen production connected to both existing hydrogen and oxygen pipelines.

LEVER

5

REDUCING THE CARBON FOOTPRINT OF AIR GASES (N₂, O₂, Ar) DELIVERED IN BULK AND IN CYLINDERS, OR PRODUCED ON CUSTOMERS SITES

Air Liquide uses a large fleet of trucks for the supply of industrial gases to its customers. These vehicles contribute to the Group's greenhouse gas (GHG) emissions. Air Liquide therefore takes targeted actions to reduce such emissions by leveraging digital tools to optimize deliveries, and by progressively converting its fleet to alternate fuels.



Air Liquide has signed a contract for the procurement of bio-sourced CO₂ (biomass sector) from a CO₂ capture, purification and liquefaction unit. Located near Brest, in France, this project, close to Air Liquide's local customers, will make it possible to limit the carbon footprint linked to the transport of the molecule, with a reduction of one million kilometers traveled by truck per year, i.e. a reduction of around 900 tonnes of CO₂ emissions.

Present within each cluster (group of countries), Climate Champions are responsible for rolling out the Group's emission reduction objectives. They are the point of contact of the Sustainable Development Department in the clusters (groups of countries). They coordinate the development of a roadmap that defines all the operational measures required to achieve the objectives. They are responsible for monitoring the indicators, the roll-out of projects and reporting on progress.

Beyond reducing the carbon footprint of its own assets, Air Liquide is committed to develop a low-carbon society with its customers and for ecosystems.

CUSTOMERS: innovating with its customers for a cleaner industry

Air Liquide also continues to provide its customers with a broad range of low-carbon solutions to help them reduce their carbon footprint. Drawing on its technological expertise and its capacity for innovation, the Group offers them cleaner and more sustainable solutions to reduce their CO₂ emissions. To achieve this ambition, the following levers have been identified:

LEVER

1

OFFERING LOW-CARBON INDUSTRIAL GASES

In addition to decarbonizing its own assets to supply low-carbon industrial gases, Air Liquide supports its customers in their objectives to reduce their carbon footprint. The Group provides them with its technologies and expertise in energy sourcing, including the takeover of customers' existing oxygen or hydrogen production units in order to decarbonize them.



Air Liquide and Jiangsu Shagang Group have signed a new long-term agreement to build and operate a low-carbon gas plant which will also be the world's largest for the steel industry in Zhangjiagang City, Jiangsu Province, China. Designed to use low-carbon energy, this state of the art plant will allow to significantly reduce CO₂ emissions over time. It will be equipped with the proprietary solution Alive™, an innovation that allows for the storage of up to 60 MW of energy per day and will replace old assets installed on the customer site.

LEVER

2

TRANSFORMING PRODUCTION PROCESSES TO REDUCE THEIR CARBON INTENSITY

Air Liquide brings technical innovations to industrial sectors such as steel and chemicals. In order to reduce the CO₂ emissions associated with conventional processes used in these sectors, a fundamental transformation of the means of production is necessary, using new processes and new raw materials such as hydrogen.



Air Liquide and ArcelorMittal have signed a Memorandum of Understanding to transform the steel production process through the development of innovative solutions. This partnership is the first step towards the creation of a new low-carbon hydrogen and CO₂ capture technologies ecosystem in the industrial basin of Dunkirk, France. The project will reduce yearly CO₂ emissions from ArcelorMittal's steel-making facilities in Dunkirk by 2.85 million tonnes by 2030. Air Liquide will support this strategic initiative through the massive supply of low-carbon hydrogen and the implementation of CO₂ capture technologies.

LEVER

3

OFFERING CARBON CAPTURE AS A SERVICE

Air Liquide's presence in major industrial basins, combined with its expertise in carbon capture and liquefaction technologies allows the Group to contribute to major global initiatives aimed at aggregating large streams of CO₂ in order to capture them for valorization and storage.



The project Kairos@C – jointly developed by Air Liquide and its customer BASF, has been selected for funding by the European Commission through its Innovation Fund, as one of the seven large-scale projects out of more than 300 applications. Located in Antwerp, this project will help avoid 14.2 million tonnes of CO₂ emissions over the first 10 years of operation by combining CO₂ capture, liquefaction, transportation, and storage on a large scale in the North Sea. The project will also be connected to shared CO₂ transport and export infrastructures, including a first-of-its-kind CO₂ liquefaction and export terminal, which will be built under the framework of the consortium Antwerp@C.



ECOSYSTEMS: contributing to the emergence of a low-carbon society

Air Liquide contributes to the development of a low-carbon society. To this end, the Group develops hydrogen and biomethane for industrial and mobility applications. These developments are expected to play a key role in the fight against climate change. The Group has therefore identified the following levers:

LEVER

1

PROMOTING HYDROGEN FOR CLEAN MOBILITY

Air Liquide invests in low-carbon hydrogen production as well as in distribution networks for clean mobility in order to support the transition to a low-carbon society. Air Liquide is notably a founding member of the Hydrogen Council, a global initiative bringing together 123 companies, in 2021, that promote hydrogen as a key solution for the energy transition.



Air Liquide contributes to the progress of hydrogen mobility in China. The Group supplied and installed 8 hydrogen dispenser units for the Daxing station in Beijing, China. With a capacity of 4.8 tonnes, this station can refuel 600 hydrogen fuel cell vehicles (cargo van, garbage truck and bus) per day, making it the largest in the world in terms of refueling capacity. The Daxing hydrogen station is part of the 200,000 square-meter Beijing International Hydrogen Energy Demonstration Zone, which aims to build an innovation ecosystem that integrates research & development, test and production related to hydrogen energy.

LEVER

2

EXPANDING CIRCULAR ECONOMY

Air Liquide is a committed stakeholder across the entire biomethane value chain for sustainable transportation, from biogas supply and purification for the production of biomethane (which can be directly injected into the gas network), to distribution to the final customers.



Air Liquide is accelerating its biomethane activities in the United States by building its largest biomethane production unit in the world. Located in Rockford, Illinois, the production unit will be operational in 2024, and will have a capacity of 380 GWh per year, which represents the largest biomethane production capacity for the Group. The biomethane from this unit will be supplied for clean mobility and industrial customers consumption.



Water management-related risks

WATER MANAGEMENT POLICY



To manage the risks associated with water withdrawal and consumption as well as the quality of the water returned to ecosystems, a water management policy was published in the BlueBook ⁽¹⁾ in 2021. It will be rolled out throughout the Group in 2022. It identifies the impacts of Air Liquide's activity on the availability and quality of water. The policy defines the principles of risk management based on a thorough assessment of the situation at each site. Finally, it describes the actions to be implemented to ensure appropriate water management.

Group objectives for water management have been defined for 2021. They include:

- implementing a documented management plan by 2025 aimed at reducing water withdrawal and usage risks for water-intensive operations in high water stress areas;
- defining and implementing a Group-wide standard for all operations, that goes beyond existing local processes and procedures, to ensure that the quality of discharged water meets or exceeds applicable local criteria.

ORGANIZATIONAL STRUCTURE AND REPORTING TOOL

Air Liquide has a network of water experts who are the dedicated contact point for all questions relating to water and its usage and who verify the data (sampling, discharge, quality). In 2021, the Group rolled out a new reporting tool to improve data collection and accuracy. Finally, following the work of a dedicated working group, Air Liquide will strengthen the process to steer water management on sites, monitoring of usage and the quality of water returned to ecosystems.

WATER TREATMENT SOLUTIONS

Air Liquide provides its customers with efficient and easy-to-implement solutions for water treatment to face environmental challenges especially in the fight against water stress and scarcity.

Oxygen (O₂), ozone (O₃), and carbon dioxide (CO₂) play a fundamental role in drinking water and wastewater treatment processes. These gases are key to balance mineral levels in water desalination plants, or to eliminate pollutants from surface drinking water. For industrial companies seeking technologies to treat and recycle water, these molecules help boost the removal of organic pollution from wastewater and to avoid corrosion or clogging in cooling systems.

Employee commitment and training

DEDICATED INTERNAL STRUCTURE

To support the Group's Sustainable Development approach, a network has been created by volunteer employees called "Climate Ambassadors". Members undertake to organize local initiatives, raise employee awareness, propose solutions that contribute to sustainable development and share best practices within their entity. At the end of 2021, the Group had 450 Climate Ambassadors present in the various regions of the Group, compared to 250 in 2020, which demonstrates the growing interest of employees in these issues. The role of these ambassadors will be extended in 2022 to cover all sustainable development issues.

Their actions are relayed on a dedicated Intranet site where general information on sustainable development and the Group's strategy in this area is also available, including the sustainability objectives announced in March 2021, educational videos and press articles.



THE CLIMATE AMBASSADORS OF ARGENTINA ORGANIZE A SUSTAINABLE DEVELOPMENT MONTH

In order to present the Group's sustainability objectives and raise employee awareness, Argentina's Climate Ambassadors organized a "Sustainable Development Month" in July 2021, which brought together more than 250 participants. After a webinar presenting the Group's objectives, a challenge was launched, providing information and smaller challenges associated with each of the pillars of these objectives. Actions were focused on reducing plastic waste, employee health and cognitive bias. A closing workshop was organized to discuss the results of the challenge and interact with the participants.

(1) The BlueBook is Air Liquide's reference manual, which gathers the Group's codes, policies and procedures and forms the basis for the Group's internal control system.

EMPLOYEE TRAINING

In order to train employees on the sustainability objectives announced by the Group in March 2021, modules have been created by Air Liquide University on the themes of energy transition, innovation and circular economy. The Group has set up a training course on the energy transition, including webinars on the causes and consequences of climate change and on Air Liquide's decarbonization strategy. The training sessions are open to all employees. They can also access the recordings available on the Air Liquide University digital platform. Specific training courses were introduced for operational teams to inform employees of the Group's sustainability objectives and their operational rollout.

In response to the climate risks associated with greenhouse gas emissions, and the emerging need for employees to have additional competencies to maintain their employability, initiatives have been launched, particularly in Engineering & Construction (E&C) and Large Industries business lines, to support them in the transition to new technologies and the development of new markets:

- in E&C, an Electrolysis product line integrating the entire value chain, from solution definition to project execution, was created in 2021. It has integrated nearly 30 employees from other organizations within E&C. Cross-functional mobility remains the preferred way to develop rich career paths and strengthen the flexibility and employability of teams;

- in Large Industries, actions have been taken according to the type of profession concerned:

- for operations and maintenance: a training curriculum for site operations managers has been rolled out in 2020-2021 to support the digitization of industrial processes (maintenance, reliability, safety) and the evolution of their functions,
- for the sales teams: the training curriculum is updated several times a year and rolled out to strengthen the teams' skills. The implementation of individual development plans is planned for 2022,
- for energy management teams, two priority actions are being deployed: (i) the implementation of individual development plans; (ii) the development of a training offer on six key competencies areas for Energy managers primarily, but also for Air Liquide management, sales teams and all Group teams exposed to these changes.



AIR LIQUIDE OFFERS A CLIMATE AND ENERGY TRANSITION ON-BOARDING PROGRAM

In 2021, Air Liquide created a Climate and Energy Transition On-boarding program, consisting of six modules. Relayed by Air Liquide University, this program was aimed more specifically at employees involved in investment decisions and at the sales teams. The first three modules entitled "In a Nutshell" dealt with the Group's Climate Objectives, customers and technologies and were open to other Group employees. The other three modules, reserved for the priority target audience and entitled "How-to", focused on practical issues for the employees concerned, around investments, customer interactions, and low-carbon industrial gases. Around 1,400 employees attended the program.

4.4. MONITORING SCHEME OF MEASURES IMPLEMENTED AND THE ASSESSMENT OF THEIR EFFECTIVENESS

The results of risk mitigation actions are regularly monitored by the Sustainable Development Department.

Climate-related risks

As part of the sustainability objectives announced in March 2021, Air Liquide has committed to reaching carbon neutrality by 2050, and in the medium term, to reducing its greenhouse gas emissions (Scopes 1 and 2) ⁽¹⁾ in absolute value by 2035 by -33% compared to the 2020 baseline. The Group also maintains its previously announced objective of -30% reduction in carbon intensity by 2025 compared to 2015.

	2020	2021
Reported CO ₂ emissions (in thousands of tonnes of CO ₂ -eq.) ^(a)	32,529	36,364
Objective 1: reduce Scopes 1 and 2 CO ₂ emissions by -33% by 2035 compared to 2020 ^(b)	Baseline (in thousands of tonnes of CO ₂ -eq.)	
	39,202	39,584
	(variation in %)	+0.97%

(a) Reported emissions using the market-based methodology including newly acquired assets as of the acquisition date.

(b) Reported emissions using the market-based methodology restated to include, from 2020 onwards, the emissions for the entire year of assets acquired after 2020. Thus, the variation in these restated emissions reflects the actual change in the Group's emissions at comparable scope.

The Group's total CO₂-equivalent emissions, compared to the restated 2020 baseline, remained stable (<+1% increase), despite the strong growth in Group's activity. This reflects the strong commitment by the Group to manage its CO₂ trajectory and the associated actions which are under deployment.

	Baseline 2015	2019	2020	2021	
Objective 2: reduce carbon intensity ^(a) by -30% by 2025 compared to 2015	Carbon intensity ^(a)	7.3	5.5	5.2	5.5 ^(b)
	(variation in %)	—	-24%	-29%	-24%

(a) In kg CO₂-equivalent/euro of Operating income recurring before depreciation and amortization at the 2015 exchange rate and excluding IFRS 16 for Scope 1 and 2 reported greenhouse gas emissions using the market-based methodology (see methodology for scopes calculation on page 40).

(b) Carbon intensity calculated on the basis of reported CO₂ emissions for the reporting period including newly acquired assets as of the acquisition date, in particular Sasol's Air Separation Units (ASU) acquired on June 24, 2021.

Following the takeover of the Sasol Air Separation Units in South Africa on June 24, 2021, Air Liquide's carbon intensity ⁽²⁾ increases in 2021 compared to 2020. However, given the Group's ambitious decarbonization plan, and that relating to the integration of the Sasol units, the objective of -30% reduction in carbon intensity by 2025 (5.1 kg CO₂-eq./euro using the market-based methodology) compared to the 2015 (7.3) baseline is not compromised.

(1) Reported emissions in tonnes of CO₂-equivalent using the market-based methodology restated to include, from 2020 onwards, the emissions for the entire year of assets acquired after 2020.

(2) In kg CO₂-equivalent/euro of Operating income recurring before depreciation and amortization at the 2015 exchange rate and excluding IFRS 16 for Scopes 1 and 2 reported greenhouse gas emissions using the market-based methodology (see methodology for scopes calculation on page 40).

In order to complete the measurement of progress towards the CO₂ emissions reduction objectives, the Group has identified the following key indicators. They track the progress resulting from the actions implemented and described on pages 43 to 45.

Indicators	2019	2020	2021	
Share of renewable electricity on the total of consumed electricity	20.8%	21.6%	16.8% ^(a)	
Energy efficiency of production units ^(b)	ASU ^(c)	101.6	100.5	99.9
	HyCO ^(d)	100.1	99.9	98.0
Installed or decided electrolyzer capacity (in MW)	—	—	88	
Carbon footprint of air gases (N ₂ , O ₂ and Ar) delivered in bulk, cylinders or On-Site products by Industrial Merchant business line (in kg CO ₂ -eq./tonnes)	282	289	269	
Avoided CO ₂ emissions by Air Liquide or its customers (in millions of tonnes of CO ₂ -eq.) ^(e)	16.8	14.8	15.1	

(a) This calculation incorporates the electricity and steam consumption of Sasol's Air Separation Units acquired on June 24, 2021 (large volumes) originated from South-African energy mix including a significant part of coal-fired electricity.

(b) These indicators are calculated on the reference year 2015 (base 100). Efficiency can be affected by reliability, maintenance, turnaround, number of startups and ramps ups.

(c) ASU: Air Separation Units. The efficiency corresponds to the volume of air gases produced per unit of consumed energy. The gases produced (oxygen, nitrogen, argon) are accounted for in m³ of gaseous oxygen equivalent.

(d) HyCO: production units for hydrogen and carbon monoxide. The efficiency corresponds to the hydrogen volume produced per unit of consumed energy.

(e) These avoided emissions only cover the avoided emissions directly attributable to the optimization of Air Liquide's assets and to the use of Air Liquide's solution by its direct customers, excluding avoided emissions induced at the level of end uses.

Water management-related risks

In 2021, Air Liquide withdrew 950 million m³ of water from various sources. 87% came from customers, 6% came from freshwater sources such as rivers or lakes, 2% from municipal supply and the remaining 5% from various other sources. The Group returned 91% of this water and the Group's actual consumption was 82 million m³.

	2019	2020	2021
Annual water withdrawal (estimate in millions of m ³) ^(a)	270	257	950
Annual water consumption (estimate in millions of m ³) ^(b)	94	90	82

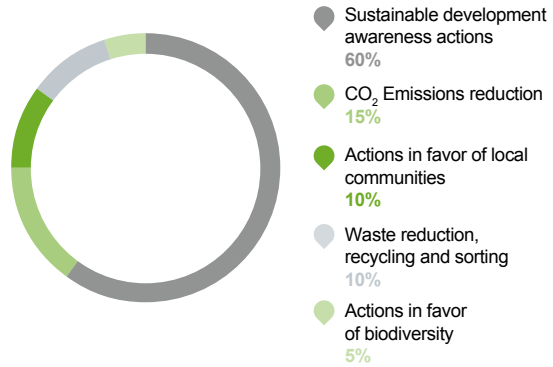
(a) Gross withdrawal.

(b) Net water consumption.

In 2021, the implementation of a new reporting tool and the introduction of new data collection criteria, have made it possible to increase the scope of measurement to include more water withdrawal sources at customer sites. This water is used in facilities with open cooling circuits in which the water withdrawn is returned to customers. Consequently, although the reported quantities of water withdrawn and returned to the source have increased, the net water consumption, which is more accurately measured thanks to the improved means, has decreased by -9% compared with previous year. These continuous improvements reflects the Group's continued stewardship in water management.

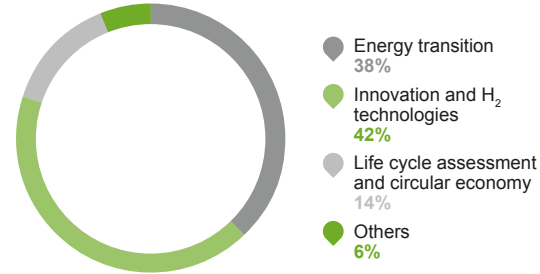
Employee commitment and training

TYPES OF INITIATIVES IN 2021



Actions carried out by the Climate Ambassadors community are regularly followed-up. Since the creation of this collective, their initiatives have been recorded and communicated at the Group level in order to be replicated.

TRAININGS IN 2021



In 2021, the Group continued to raise employee awareness of the various actions undertaken in favor of sustainable development (presentation of the sustainability objectives, challenges of the energy transition, actions available to employees to contribute to sustainability, etc.).



5

SUPPLIERS AND SUBCONTRACTORS

Sustainable procurement:
accompanying our suppliers
towards better performance

- > 5.1. Risk mapping
- > 5.2. Regular assessment procedures
- > 5.3. Appropriate action to mitigate risks or prevent severe impacts
- > 5.4. Monitoring scheme of measures implemented and the assessment of their effectiveness

Air Liquide has several tens of thousands of tier-1 suppliers and subcontractors (hereinafter “suppliers”). The Group’s largest procurement categories are energy, equipment and technical services.

Two levels of the organization are involved in procurement activities in the Air Liquide Group. The Group Procurement Department and the corresponding functions in the hubs are responsible for the main procurement categories, with the exception of energy purchases. The latter are managed by departments specialized in energy management. The Group Procurement Department drew up a sustainable procurement procedure in 2012, and amends it regularly ⁽¹⁾ to take into account any regulatory changes and the Group’s ambitions ⁽²⁾.

5.1. RISK MAPPING

Methodology

The risk mapping of Human Rights and fundamental freedoms, health and safety of individuals, and the environment for Air Liquide suppliers is based on the suppliers most exposed to these risks being identified. For this purpose, four criteria are used:

- 1 ● Air Liquide current spend with the supplier
- 2 ● The risk relating to the nature of the supplier’s activity
- 3 ● The risk relating to the supplier’s country of operation
- 4 ● The supplier’s dependency on Air Liquide

1 The amount of annual spend is used to prioritize the suppliers and systematically include in the identification of Sustainability-Critical Suppliers those on whom the Group spends more than 200,000 euros per year.

2 The nature of a supplier’s activity depends on its allocation to one of 17 procurement categories, which are subdivided into 429 procurement sub-categories. For a more precise methodology, each procurement sub-category is allocated a global sustainability risk level, which includes in particular the environment, human rights and working conditions, on a six-level scale (severe, medium high, high, medium low, low, very low).

3 The risk relating to the supplier’s country of operation is assessed based on a weighting of recognized public indicators in terms of the environment (e.g. Environmental Performance Index, EPI), the health and social situation (e.g. Human Development Index, HDI) and human rights (e.g. Global Slavery Index, ITUC Global Rights Index), on a three-level scale (high risk, risk, no risk).

4 The dependency of suppliers on Air Liquide is also an important criterion. For example, a decrease in Air Liquide’s activity with a supplier could have a social impact on the jobs of its employees.

The combination of the four selected criteria leads to the identification of Sustainability-Critical Suppliers. This identification allows for setting priorities to implement assessment and improvement measures. In addition to the referenced criteria above, the procurement functions in the geographies are free to define more stringent conditions, based on local specificities, to identify other Sustainability-Critical Suppliers.

(1) The last update of this procedure dates from 2019.

(2) The sustainable procurement procedure is being gradually rolled out to energy purchasing since 2020.

In 2021:
1,007
Sustainability-Critical
Suppliers

19%
of the Group's
spend

		Assessment criteria				
		1 Annual spend	2 Nature of activity	3 Country of operation	4 Dependency	Sustainability- Critical Suppliers
RISKS	> €200K	Severe		All	Regardless of the supplier dependency ratio	Systematically selected
		High and medium and high		High risk and risk		
		High and medium and high		No risk	> 25%	
		Medium low, low and very low		All		
	< €200K	All		All	Regardless of the supplier dependency ratio	According to the assessment of the local procurement functions based on more stringent criteria



2021 Results

The mapping of supplier-related risks is updated on an annual basis by a working group composed of the function in charge of sustainable procurement at Group level, buyers who are specialized by category, and experts from the external platform.

In 2021, based on the methodology described above, 1,007 suppliers were identified as being the most exposed to a sustainability risk. Nine other suppliers were identified as Sustainability-Critical Suppliers but were excluded following the termination of commercial relations.

These 1,007 suppliers represent approximately 19% of the Group's spend in 2020. The three most exposed procurement categories are electricity supply, transport services and respiratory equipment, and account for 87% of annual spend with Sustainability-Critical Suppliers.

5.2. REGULAR ASSESSMENT PROCEDURES

Assessment methodology

The evaluation of Sustainability-Critical Suppliers is mainly carried out using two kinds of questionnaires:

- by an **external platform specialized** in the assessment of CSR performance (in 2021, EcoVadis) which deploys an online questionnaire based on the ISO 26000 standard to assess the commitment of suppliers in terms of CSR. The main themes covered in this questionnaire include the environment, ethics, human rights and working conditions, and the sustainable procurement procedures implemented by suppliers; or
- by Air Liquide, which created an **internal questionnaire** in 2019, as a supplement to the solution offered by the external platform. This questionnaire is sent to Sustainability-Critical Suppliers selected for the assessment campaign who refused to reply to the questionnaire sent by the external platform.

Assessment results

Answers provided in the questionnaires and supporting documentation produced by the suppliers are assessed by the experts from the EcoVadis external platform or by Air Liquide buyers, on a scale of 100 points. The score obtained reflects the supplier’s CSR performance.

According to the results of the assessment, suppliers can be considered as a:

- Responsible supplier: score greater than or equal to 45/100.** The supplier meets Air Liquide sustainable performance requirements.
Validity of the score: five years or upon renewal of its contract (whichever comes first);
- Supplier needing improvement: score between 25/100 and 44/100 or when the supplier has one theme rated ≤20.**
Validity of the score: three years, during which the supplier will implement a corrective action plan. An on-site environmental/social audit may be decided to help define the action plan;

- Non-compliant supplier: score less than or equal to 24/100.**

Validity of the score: one year. A corrective action plan is required in the month following its rating and must be implemented before the supplier’s reassessment 12 months after its rating.

The Sustainability-Critical Suppliers’ assessment procedures provide for a CSR audit, performed by an independent third party, of suppliers which are non-compliant twice in a row. In 2021, and for the first time since 2016, two suppliers were assessed as non-compliant twice in a row.

Assessment of a Sustainability-Critical Supplier (score out of 100)	Supplier score for each of the 4 themes ^(a) assessed	Overall supplier score		
		≥ 45	between 25 and 44	≤ 24
If all themes obtain a score > 20		■	■	■
If one theme obtains a score ≤ 20		■	■	■

(a) The environment, ethics, human rights and working conditions, and the sustainable procurement procedures implemented by suppliers.

- Responsible supplier
- Supplier needing improvement
- Non-compliant supplier

5.3. APPROPRIATE ACTION TO MITIGATE RISKS OR PREVENT SEVERE IMPACTS

Procedures

In order to mitigate risks or prevent severe impacts relating to the duty of vigilance, Air Liquide rolls out all elements of the sustainable procurement procedure, including in particular the following prevention measures:

- application of the **Procurement Code of Conduct**, which is available in 11 languages, is mandatory for all Group employees engaged in Procurement activities;
- the **Supplier's Code of Conduct**, which is available in 14 languages, aims to promote and ensure compliance by all suppliers of practices relating to human rights, the protection of the environment and safety. This code is publicly available on the [Air Liquide website](#);
- a **CSR commitment clause** (covering compliance with the Supplier's Code of Conduct, safety, and the environment) is included in the contract templates with suppliers, including those for framework agreements.

Corrective action plans

A dedicated sustainable procurement function, within the Procurement Department, coordinates the implementation of corrective action plans through a network of sustainable procurement correspondents present in each hub and business line.

In accordance with the evaluation procedure for Sustainability-Critical Suppliers described in paragraph 5.2, suppliers needing improvement and non-compliant suppliers must establish a corrective action plan.

Depending on the size of the company or the type of actions to be rolled out, these plans can be established in different ways, for example:

- on the basis of the improvement areas identified during the assessment on the external platform or in the internal questionnaire;
- through participation of the suppliers in internal training courses on CSR-related topics.

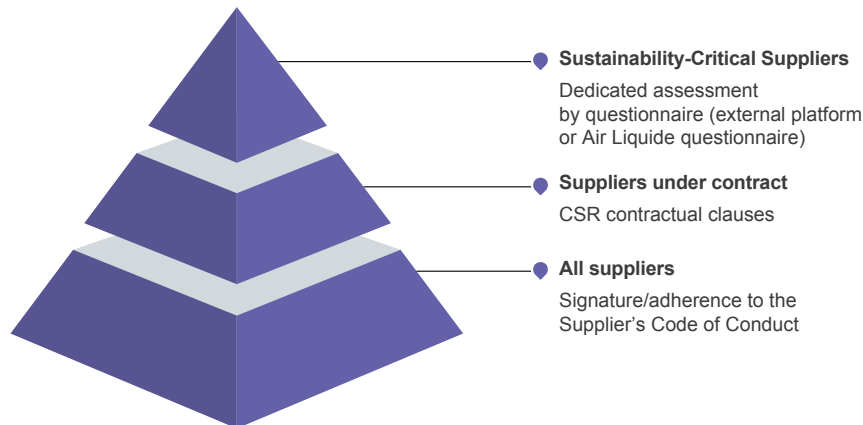
Training

In 2021, Air Liquide organized training sessions in English, Chinese, French and Russian to raise awareness among buyers and suppliers of the Group's Sustainable Procurement approach and thus strengthen its roll out throughout the organization. Training courses are organized by subject and by region.

Some training courses cover, in particular, the commitments of new suppliers, the implementation of corrective action plans, the internal assessment questionnaire, as well as socially inclusive procurement. For buyers, these training modules also present the consistency between Sustainable Procurement and Group strategy, explain the challenges of the Sustainable Procurement approach and position it as a source of value creation. A total of 282 buyers and 100 suppliers were trained in 2021.

The Observatory for Sustainable Procurement

Air Liquide also takes part in collaborative and multi-sector initiatives for sustainable procurement, in particular as a member of the French Observatory for Sustainable Procurement ([ObsAR](#)). In 2018, the association created a working group around the issues presented by the Law on the duty of vigilance for procurement functions, following which a White Paper entitled "Implementing adapted measures to manage the duty of vigilance for suppliers and subcontractors", offering best practices, methods and tools was published. Since 2021, Air Liquide has been part of the working group on climate change launched by ObsAR.



5.4. MONITORING SCHEME OF MEASURES IMPLEMENTED AND THE ASSESSMENT OF THEIR EFFECTIVENESS

The implementation of the sustainable procurement procedure, and in particular the results of the Sustainability-Critical Suppliers' evaluations, is monitored by the Procurement Department. A steering committee, composed of the Group's sustainable procurement function and each of its regional correspondents, meets once a quarter to review the progress made in terms of objectives set by the Group.

In 2021, the assessment campaign addressed 42% ⁽¹⁾ of the 1,007 Sustainability-Critical Suppliers:

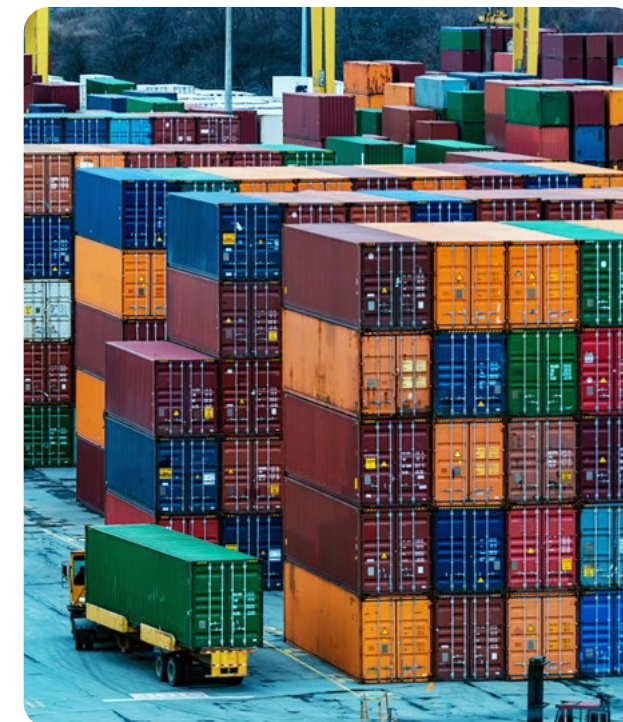
- 249 suppliers were assessed (57% by the external platform and 43% by Air Liquide using an internal questionnaire);
- 105 non-compliant suppliers or needing improvement have prepared corrective action plans.

At the end of the 2021 assessment campaign, 83% of Sustainability-Critical Suppliers had a valid score (i.e. not requiring a reassessment, see page 55).

	2021 Objectives	2021
LEVER 1: share of Sustainability-Critical Suppliers addressed by the annual assessment campaign who responded	73%	83%
LEVER 2: share of suppliers needing improvement who prepared a corrective action plan (annual assessment campaign)	64%	82%
LEVER 3: share of non-compliant suppliers who prepared and implemented a corrective action plan	90%	100%

Following the assessment results and a review of corrective action plans, Air Liquide suspended its sales relationship with four suppliers during 2021.

These performance indicators and their progress report were presented in September 2021 during the Group Procurement Board meetings, which bring together the operational directors supervising the regions' Procurement Departments.



(1) As the score of suppliers is valid for 1 to 5 years, not all of them are reassessed every year.

6

ALERT MECHANISM

You call, we act!

- > 6.1. Collection of reports
- > 6.2. Monitoring scheme of measures implemented and the assessment of their effectiveness

6.1. COLLECTION OF REPORTS

Since 2015, the Group has had an alert mechanism across all of its entities: [EthiCall](#) for all Group companies excluding Airgas, [EthicsPoint](#) for Airgas and its subsidiaries, allowing all employees and external service providers (service providers carrying out a long-term assignment on an Air Liquide site) to file an alert.

This alert may cover:

- behavior or situations that breach the Group's health and safety commitments;
- serious Human Rights violations;
- behavior or situations that breach the Group's environmental commitments;
- deviations from the Code of Conduct.

The reporting categories, in particular forms of harassment, discrimination, violation of Human Rights or the environment, have been specified to take into account the requirements of the duty of vigilance. They facilitate analysis and processing without restricting the free expression of the whistleblower.

Regular communication (e.g. via posters, Intranet, reminders during annual and mandatory e-learning courses on the Code of Conduct, management communication, on-boarding sessions for new employees) ensures that all employees are familiar with the alert mechanism and can easily file an alert in their own language either by telephone or through the provider's dedicated website.



The Group guarantees that any whistleblower who reports an event in good faith will not be sanctioned and will not suffer any retaliatory measures. These principles concerning the protections granted to whistleblowers (possibility of filing an alert in their own language in writing or by telephone, anonymously or not, respect for confidentiality, protection against any form of retaliation) are reaffirmed in the updated Code of Conduct published at the end of 2021 as well as on the EthiCall platform.

All alerts are processed confidentially and within a reasonable period of time, usually less than two months. Alerts are processed by internal teams according to their nature and their geographical origin. Employees responsible for processing the alerts may call upon external resources if necessary. The results of the alert's investigation, the corrective measures and the possible sanctions envisaged are reviewed by a body independent of the entity from which the alert originated. The most serious cases are reviewed by an Ethics Committee at the relevant hub or business line level, or by the Group's Ethics and Compliance Committee.

This system complements other means of reporting incidents within the entities (managers, Human Resources Department, Legal Department, etc.). It enables alerts to be processed quickly and in a structured manner, thus minimizing their potential impact on individuals and the Group's organization.

At the end of 2021, the Group extended access to the EthiCall whistleblowing system to all internal and external stakeholders, after consulting employee representative bodies in France.

The reporting process for the most serious safety and security accidents ensures that the relevant management and heads of safety and security within the subsidiary, cluster (group of countries), hub and Group (according to the level of severity) are rapidly informed of these incidents. A crisis management and incident monitoring process is therefore implemented to ensure the best care of any victims, secure the situation and establish an investigation team which is both qualified and adapted to the incident.

For personal data, Air Liquide has deployed specific tools to collect requests for the exercise of rights and to report possible violations of personal data. In addition, Air Liquide has signed a contract with a company responsible for finding and reporting personal data that is illegitimately accessible via the Internet. These requests and reports are recorded in a dedicated register.

6.2. MONITORING SCHEME OF MEASURES IMPLEMENTED AND THE ASSESSMENT OF THEIR EFFECTIVENESS

The alert mechanism is supervised by the Group Ethics Officer who ensures a compliant implementation, in particular that it is properly disseminated throughout the Group, that alerts are processed appropriately, and that whistleblowers are protected. The Group Ethics Officer reports back to the Group Ethics and Compliance Committee and to the Audit and Accounts Committee of the Board of Directors on the main indicators and lessons learned from this system.

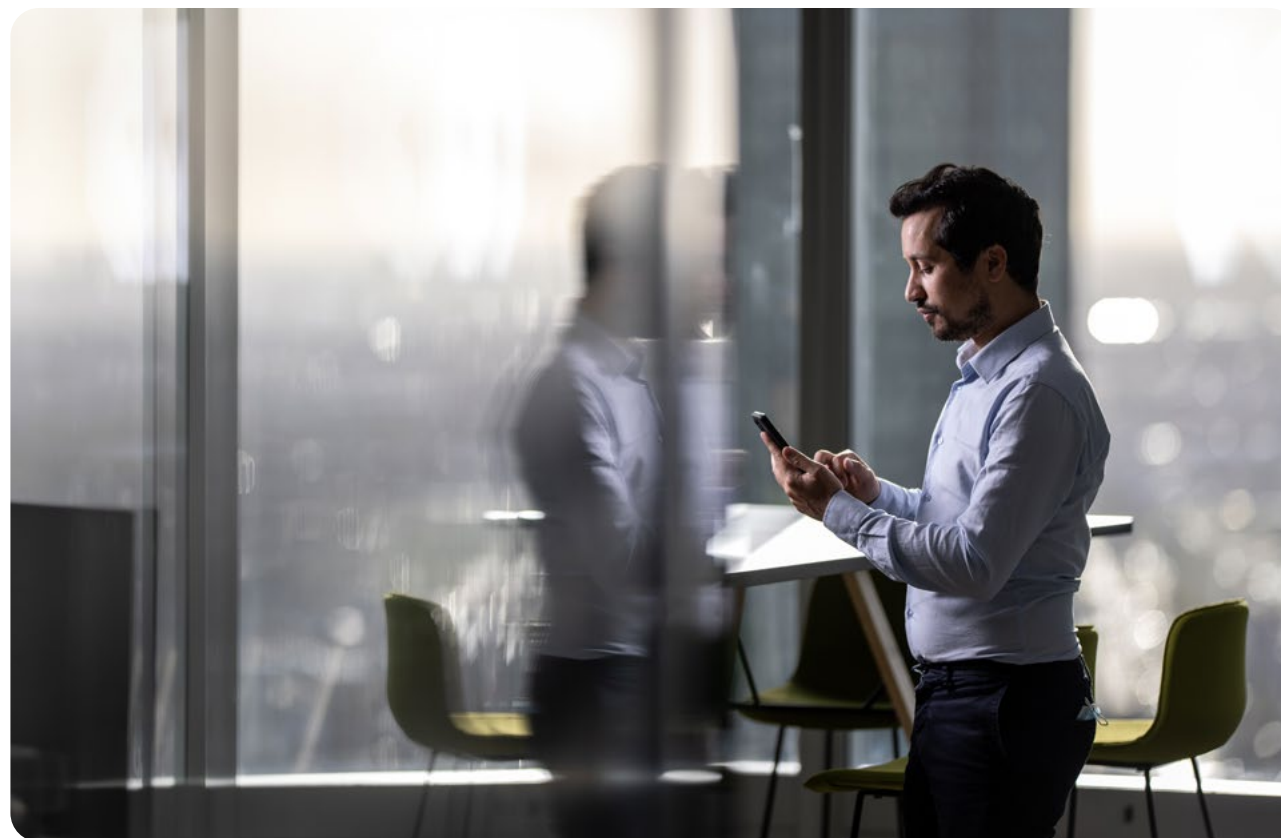
In 2021, 192 alerts were reported in the alert mechanism, and in particular:

- **discrimination and moral harassment: 97 cases;**
- **health, safety, and environmental violations: 17 cases.**

37% of alerts were found to be justified following investigation and led to sanctions and corrective measures.

A presentation of the alert mechanism and its main results is shared each year with the employee representatives of L'Air Liquide S.A.

In 2021, Air Liquide recorded **56 requests for the exercise of rights or reports of violations of personal data.**





Your questions and suggestions are welcome,
get in touch with us:

contact.vigilance@airliquide.com

Air Liquide - Company established for the study and application of processes
developed by Georges Claude with issued capital of €2,614,100,703.50

Photos credits: Getty, iStock, Adrien Daste, Bertrand Holsnyder, Constant Formé-Bècherat,
John Hyrniuk, ZHAOWEI, Karen Kriebel, Pau Hana Productions, Utopikphoto, Pierre-Emmanuel
Rastoin, zhongguo, Toyota Motor North America, Daniel Ingold, Shaunl.

Design and production: Ruban Blanc.

Follow us



www.airliquide.com



[@AirLiquideGroup](https://twitter.com/AirLiquideGroup)



[Air Liquide Corp](https://www.youtube.com/AirLiquideCorp)



[linkedin.com/company/
airliquide](https://www.linkedin.com/company/airliquide)