

Voting bulletin: Air Liquide SA

As part of our fiduciary duty, BlackRock’s Investment Stewardship team (BIS) advocates for sound corporate governance and business practices that are aligned with long-term sustainable financial performance. This objective underpins all our engagements and votes at company meetings.

We engage company leadership on key topics emphasizing governance practices including management of environmental and social factors that potentially have material economic, operational or reputational ramifications for the company.

We determine our [engagement priorities](#) based on our observation of market developments and emerging governance themes, and evolve them year over year as necessary. The BIS team’s key engagement priorities include:

1. Board quality
2. Environmental risks and opportunities
3. Corporate strategy and capital allocation
4. Compensation that promotes long-termism
5. Human capital management

Our approach to investment stewardship is grounded in an expectation that the board will oversee and advise management, influencing management’s approach to key business issues. When effective corporate governance is lacking, we believe that voting against the responsible director(s) is often the most impactful action a shareholder can take.

We are committed to enhancing the transparency of our stewardship practices. Where we believe it will help to understand our voting decisions at shareholder meetings, we will publish a Voting Bulletin explaining the rationale for how we have voted on select resolutions, and (where relevant) provide information around our engagement with the issuer.

Company	Air Liquide SA
Market	France
Meeting Date	5 th May 2020
Key Resolutions	<p>Item 5: Re-elect Brian Gilvary as Director</p> <p>Item 6: Elect Anette Bronder as Director</p> <p>Item 7: Elect Kim Ann Mink as Director</p>
Board Recommendation	<p>Item 5: FOR</p> <p>Item 6: FOR</p> <p>Item 7: FOR</p>
BlackRockVote	BIS voted AGAINST the re-election of Brian Gilvary for the company’s lack of progress on climate-related reporting in alignment with the TCFD recommendations. We

supported the elections of both Anette Bronder and Kim Ann Mink as they are new to the company's board.

Overview

BlackRock has been advocating for enhanced company disclosure of material environmental and social risks for several years. We assess company actions and disclosures in tandem with our direct engagements with company leadership to ascertain whether they are properly managing and overseeing material risks within their business and adequately planning for the future.

As we describe in our commentaries on [our Approach to Engagement on Climate Risk](#) and [Emissions, Engagement, and Transition to a Low-Carbon Economy](#), we believe better disclosures will contribute to improved market-level data, better engagements with shareholders, and more informed voting decisions aligned with long-term value creation.

In our engagements with companies on managing climate-related risks and opportunities and adapting to the energy transition, we are mindful of both the need for an acceleration of the market's approach to disclosure, and the challenges inherent to that task. We recognize that producing comprehensive disclosures requires a significant investment in resources and time on the part of a company. We also recognize that each company is unique, starting from its own baseline, with its own capacities and limitations. We seek to achieve a balance between recognizing a company's current position, while encouraging the appropriate urgency in advancing reporting and the practices underlying it.

Climate Risk

Air Liquide SA (Air Liquide) provides gases-related technologies and services; the company is listed in France.

As a fiduciary on behalf of our clients, BIS has engaged with Air Liquide's board and management team over the past several years on a range of governance and material sustainability topics, including climate-related disclosures. In November 2017 we wrote a letter to Air Liquide's CEO and Lead Independent Director asking the company to closely review the Task Force on Climate-related Financial Disclosures (TCFD) framework and to consider reporting in alignment with their recommendations.¹

Since our 2017 letter to the company, Air Liquide has made a number of commitments to address climate-related risks. The company has established a target to reduce carbon intensity by 30% between 2015 and 2025 and has committed to developing low-carbon solutions. While the company's 2019 climate-related disclosures provide useful insights on these efforts, its limited progress in explicitly aligning its reporting with the TCFD recommendations falls short of our expectation of large carbon emitters with a previous history of engagement with BIS on the topic.

We do not believe that Air Liquide's brief reference to the TCFD framework included in the Universal Registration Document 2019² (which is similar in substance to the company's statement in the preceding 2018 Reference Document) demonstrates sufficient progress towards aligning its climate-related disclosure with the TCFD recommendations.

¹ In Q4 2017, we sent letters to the CEOs and General Counsels at over 100 of the most carbon-intensive companies globally in BlackRock's equity portfolio. We asked them to review the TCFD's recommendations and consider reporting in alignment with them, and to engage with us so we can better understand the changes in reporting that might be necessary for them to achieve alignment and any obstacles the company anticipates.

² Page 68, Universal Registration Document 2019 <https://www.airliquide.com/sites/airliquide.com/files/2020/03/10/air-liquide-2019-universal-registration-document-1.pdf>.

Rationale for BlackRock vote

Item 5: Re-elect Brian Gilvary as Director (AGAINST)

In line with our approach of holding directors accountable when a company is not effectively addressing a material issue, we voted against the election of Brian Gilvary for lack of progress in relation to climate-risk reporting. Mr. Gilvary is the only independent non-executive director up for re-election at the 2020 annual general meeting (AGM) as the company has a staggered board. Additionally, no members of the company's Environment and Society Committee are up for shareholder considerations at this year's AGM.

Mr. Gilvary serves as CFO of BP plc and non-executive director of both Air Liquide SA and Barclays plc at the time of the AGM. While we would ordinarily consider his status as over-committed based on [our voting guidelines](#), Mr. Gilvary will retire from the board of BP plc in June 2020.³ As such, our vote against Mr. Gilvary was not determined by his service on other boards.

Items 6 and 7: Elect Anette Bronder and Kim Ann Mink as Directors (FOR)

We voted in favour of Anette Bronder and Kim Ann Mink. They are new board members; therefore, we do not hold them accountable for the company's lack of progress on climate-related disclosures.

BIS voted in favour of all other management proposals.

We will continue to engage with the company on its governance practices and reporting on material factors that may impact shareholder value. Absent progress on climate-related disclosures in alignment with the TCFD recommendations, we will signal our concerns by voting against other directors, including members of Air Liquide's Environment and Society Committee, who have had responsibility for such oversight.

³ Please see: <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/bp-chief-financial-officer-brian-gilvary-to-retire-and-be-succeeded-by-murray-auchincloss.html>