

Information on the remuneration of the Executive Officers

Pursuant to the AFEP/MEDEF Code

At its meeting on February 13, 2019, the Board of Directors of Air Liquide adopted the components of remuneration of the Executive Officers.

1. 2018 fiscal year

The components of the Benoît Potier's remuneration are part of the remuneration policy, as determined by the Board of Directors on February 14, 2018 and **approved by the Shareholders during the Shareholders' Meeting on May 16, 2019** (13th resolution).

This policy is in line with the policy introduced in 2017, after the **acquisition of Airgas, which was a major, transforming event for the Group**. It reflects the increased level of responsibility of the Group's senior executive and is adapted to the Group's new context, remains competitive and is an incentive to promote the Group's performance over the medium to long-term, in compliance with the Company's interests and the interests of all the stakeholders.

The policy provides a balance of the fixed remuneration/variable remuneration/elements of long-term incentives ("LTI") of approximately 25%/35%/40%, the elements subject to performance conditions thus representing approximately 75%. A target objective is determined for each quantifiable criteria. A greater relative weight is given to the quantifiable criteria as compared to the qualitative criteria. A weighting is now given to each of the qualitative criteria.

With regard to the LTI, following remarks made by certain shareholders, the Board now applies the principle of proration on the basis of actual presence at the Group for any Executive Officer, in the event of a departure⁽¹⁾ between the initial allocation and the expiry of the period of assessment of the performance conditions. As before, no allocation is granted in the year of departure.

In the Group's new context following the acquisition of Airgas, it had also been decided to reposition the remuneration of the Chairman and Chief Executive Officer for 2017/2018, subject to a good performance, a successful integration of Airgas and the achievement of the Airgas synergies in line with the forecasts for the end of 2017. Since the conditions for this repositioning have been achieved, in accordance with the principles approved by the Shareholders' Meeting, the total annual target remuneration for 2018 has increased by +5.2% as compared to 2017. As announced, **this repositioning is now finalised**.

1.1. Variable remuneration of the Chairman and Chief Executive Officer

The principles and criteria for the variable remuneration, as decided upon by the Board of Directors on February 14, 2018 were approved by the Annual Shareholders' Meeting on May 16, 2018 (13th resolution). The Board of Directors on February 13, 2019 assessed the performance of the Executive Officer in 2018.

The criteria for the variable remuneration, their weighting and their rate of achievement are detailed in the summary table on page 4.

¹ A departure for reasons other than a resignation or removal from office for serious cause, which continue to result in the loss of the LTI

1.1.1. (Quantifiable) financial criteria

The variable remuneration for 2018 is based on **three financial criteria**: increase in recurring earnings per share (hereinafter “**recurring EPS**”), Return on Capital Employed after tax (hereinafter “**ROCE**”), growth in **consolidated revenue**. These criteria are detailed in the summary table (page 4).

The increase in EPS criterion makes it possible to take into account **all the items in the income statement**. The criterion of the ROCE, which makes it possible to measure the return on capital employed, is relevant for a **highly capital-intensive industry**. The criterion of an increase in sales reflects the **momentum in the activity**.

These three criteria – revenue, EPS and ROCE – reflect the **balance achieved each year between profitable growth and return on investment**.

The criteria of ROCE and growth in revenue are part of the four objectives in the NEOS strategic plan.

For each criterion, the Board of Directors of February 14, 2018 had defined a target objective. The **objectives were exacting** and were **completely consistent with the trajectory of the NEOS Company Program** which targets, for the period 2016-2020, an average annualised **growth in Group revenue** of **+6% to +8%** (including a scope impact linked to the consolidation of Airgas corresponding to +2% as an annualised average) and a **return on capital employed (ROCE) of more than 10% in 2021-2022**.

For each financial criterion, a formula adopted by the Board makes it possible to calculate the amount of the variable remuneration due (within a maximum limit) by taking into account, on the basis of the consolidated financial statements for the fiscal year, the value achieved for the criterion as compared to the target objective set. Thus, in the event of a performance that exceeds the objective set, the value of the variable part is adjusted upward within the maximum limit set for each criterion. **In the event of a performance that is below the lower limit set for each objective, the variable remuneration corresponding to this criterion is equal to zero.**

The **objectives are not made public for confidentiality reasons**. Nevertheless, the rate of achievement of each objective for the variable remuneration (as a percentage of the fixed remuneration and as a percentage of the target variable remuneration allocated to that criterion) is communicated in the summary table on page 4.

The results for **2018** were **above the target for the recurring EPS and revenue criteria and slightly below the target for the ROCE** (see summary table on page 4).

1.1.2. (Qualitative) personal criteria

The variable remuneration for 2018 is also based on the following (qualitative) personal criteria:

- **Corporate Social Responsibility** (hereinafter “**CSR**”) :
 - Safety and reliability: continue efforts to improve safety in terms of the lost time accident frequency rate and vigilance concerning the prevention of road traffic and business related accidents,
 - Deployment of the Corporate Sustainability Program – Definition and communication of the CSR objectives for the Group, in line with the NEOS Program;
- **Organization/Human Resources**: continuation of the policy to develop talent, in particular for the advancement of young managers – Organization of future succession plans;
- **Individual performance**: this criterion responds to the Board of Directors’ desire to keep a part of the variable remuneration subject to the Board’s assessment, in order to take account of the unpredictability of the environment. This may be beneficial to the Executive Officer if the Company is facing an unfavourable environment which was not anticipated at the time the objectives were set, or disadvantageous if the environment ultimately turns out to be more favourable than anticipated.

A **weighting is now given to each of the (qualitative) personal criteria**, as detailed in the summary table below (page 4). A target and a maximum weight is set for each of them.

For **2018**, the performance, concerning the (qualitative) personal objectives, was held to be excellent. The Board of Directors noted the following elements:

- **CSR:**

Safety and reliability:

With regard to safety, 2018 is a somewhat paradoxical year, with:

- a historically low lost time accident frequency rate of 1.29 compared to an average of 1.63 over the last five years. This indicator has dropped significantly;
- unfortunately, several fatal accidents, with three deaths from among Air Liquide's employees and five at subcontractors. They have been analysed in detail at the Group's Executive Committee meetings: special preventative measures have been implemented during the course of the year with regard to road traffic risks, which remain the principal cause of accidents, in particular those which resulted in fatal accidents. Action plans have been rolled out in the relevant operations and geographical areas and an awareness campaign has been carried out throughout the whole Group.

Concerning reliability, the Group's IMS (Industrial Management System) program which was implemented over 10 years ago has profoundly changed the way of working, and has consolidated the management processes for safety, reliability, environmental protection and industrial risk control. Based on the experience acquired, a project was launched in 2018 to adapt the IMS, in order to improve its efficiency and its implementation at all Group entities.

Corporate Sustainability Program:

The Environment and Society Committee, formed in 2017, met on three occasions in 2018 and continued its work and recommendations concerning, in particular, the Climate Objectives which were published on November 30, 2018, the Group's sustainable development issues, the assessment of the environmental and societal risks and the review of the vigilance plan.

Air Liquide has for many years been dedicated to an approach designed to foster responsible growth, aiming in particular to limit its CO₂ emissions and those of its customers. Air Liquide announced its Climate Objectives on November 30, 2018, including in particular the reduction of its carbon intensity by 30% between 2015 and 2025, with a global approach including its assets, customers and the ecosystems. These objectives are the most ambitious in the sector and are in line with the NEOS Company Program. This announcement was the theme for an investor day and the subject of global communication at the Group. A campaign has been launched to roll out the objectives in operations.

Benoît Potier is co-Chairman of the Hydrogen Council. This Council, formed in 2017, brings together more than 50 leaders in the energy, transport and industry sectors to promote hydrogen in order to achieve the climate change objectives, and held, for the first time, a meeting in China.

- **Organization/Human Resources:**

The talent development policy has been pursued. Regular reviews of talent, at the level of our operating clusters (groups of countries) and up to the highest level of the company, have led to a certain number of moves. These reviews have also been implemented at Airgas, where the roll-out of the Group's processes and policies is continuing.

The succession plans for the company's key positions have also been reviewed.

Dedicated reviews with the Executive Committee and the Appointments and Governance Committee have taken place regarding our talent with the greatest potential.

Diversity objectives for 2025 (at both Group and entity levels) have been defined and shared (the proportion of women and of different nationalities in "Executive" positions, the gender mix of teams, etc.), together with objectives to hire young graduates, which is a key factor in the creation of talent pools.

The development program for our technical talent, TCL (Technical Career Leaders), also received particular attention in 2018 with the appointment of two Senior Fellows (the highest form of recognition on the programme), of leading international experts from the Airgas teams and an

improvement in the gender mix with the appointment of the first female Fellow. This programme is an essential factor for innovation, and makes a significant contribution over the long term to ensuring the Group's reliability and safety.

In parallel to our NEOS Customer Experience program, a programme has been launched which focuses on our employees' responsiveness and commitment.

● **Individual performance:**

Individual performance was considered to be excellent. The Group's results are very good in an uncertain economic and geopolitical context. As regards the acquisition of Airgas, the synergies are more than one year ahead of schedule. Moreover, following the acquisition, it can be noted in Airgas teams the expression of a strong feeling that they belonged to the Group and that their career prospects had expanded. Furthermore, Benoît Potier's strong personal commitment to the development of the Hydrogen Energy business was noted.

SUMMARY TABLE OF THE VARIABLE REMUNERATION FOR 2018

Indicator	Measure	Target ^(a)		Maximum		Rate of achievement ^(e)		
		As a % of the fixed remuneration	As a % based on 100	As a % of the fixed remuneration	As a % based on 100	As a % of the target remuneration for this criterion	As a % of the fixed remuneration	As a % based on 100
FINANCIAL CRITERIA (QUANTIFIABLES) including:		105	70	122	73	-	108.6	71.8
- Recurring earnings per share (recurring EPS) ^(b)	Increase in recurring EPS	40	26.7	47	28.1	113.1	45.2	30
- Return on capital employed, after tax (ROCE)	Value ^(d)	45	30	52	31.1	94	42.3	28
- Revenue ^(c)	Comparable growth in consolidated revenue	20	13.3	23	13.8	105.5	21.1	14
PERSONAL CRITERIA (QUALITATIVE) including:		45	30	45	27	-	42.8	28.2
- CSR	<ul style="list-style-type: none"> • Safety and reliability: continue efforts to improve safety in terms of the lost time accident frequency rate and vigilance concerning the prevention of road traffic and business-related accidents • Deployment of the Corporate Sustainability Program – Definition and communication of the CSR objectives for the Group, in line with the NEOS program 	15	10	15	9	90	13.5	9
- Organization / Human Resources	Continuation of the policy to develop talent, in particular for the advancement of young managers – Organization of future succession plans	15	10	15	9	95	14.3	9
- Individual performance	Assessment by the Board of Directors, in light in particular of the external environment for the year	15	10	15	9	100	15	10
TOTAL (FINANCIAL AND PERSONAL CRITERIA)		150	100	167	100	-	151	100

(a) The target corresponds to 100% achievement of the performance criterion.

(b) Excluding the foreign exchange impact and significant exceptional items.

(c) Excluding significant scope impact, foreign exchange impact and energy.

(d) As at December 31, 2018.

(e) As per decision of the Board of Directors on February 13, 2019.

Overall, the total amount of the variable remuneration is at the target, up by +2.8% as compared to the variable remuneration for 2017.

As an annualised average, Benoît Potier's variable remuneration has increased by +6.8% over 3 years, by +6.1% over 5 years and by +3.0% over 10 years.

The total amount of the variable remuneration due for the 2018 fiscal year in respect of the term of office will be paid in 2019, after approval of the financial statements by the Annual Shareholders' Meeting it being noted that its payment is conditional on approval by an Annual Shareholders' Meeting of the elements of Benoît Potier's remuneration for 2018, under the conditions provided by article L. 225-100 of the French Commercial Code.

1.2. Total fixed and variable remuneration

The total amount of gross remuneration is therefore as follows:

Amounts in €	B. Potier
Fixed remuneration	1,325,000
Variable remuneration	2,005,653
Total fixed + variable remuneration	3,330,653

Benoît Potier's total fixed and variable remuneration for 2018 is up by +3.3% as compared to 2017.

This variation reflects the last phase of the repositioning of the target remuneration in 2017-2018 in the Group's new context following the acquisition of Airgas, this repositioning being finalised in 2018.

As an annualised average, Benoît Potier's fixed and variable remuneration has increased by +6.6% over 3 years, by +5.1% over 5 years and by +2.9% over 10 years.

The Board of Directors placed on record the benefits in kind paid for the benefit of the executive officer in 2018 which include the use of a company car and the contributions to unemployment insurance for company managers and corporate officers.

It placed on record that the Group paid to third parties, for Benoît Potier, the contributions to the supplementary defined contribution pension plans, to the collective life insurance plan and the additional death and disability benefits plan.

2. 2019 fiscal year

2.1. Remuneration policy applicable to the Chairman and Chief Executive Officer

The remuneration policy which applies to Benoît Potier was determined by the Board of Directors on February 13, 2019, on the recommendation of the Remuneration Committee, in accordance with the principles approved by the Annual Shareholders' Meetings on May 3, 2017 and May 16, 2018. It is **adapted to the Group's context, remains competitive and incorporates incentives which reflect the Group's strategy which is steered towards long-term, profitable growth while acting responsibly in compliance with the Company's interests and the interests of all the stakeholders.**

It is noted that, in 2017, a decision had been made to **progressively change the remuneration policy** for the Chairman and Chief Executive Officer in order to reflect the increased level of the Executive Officer's responsibility following the Group's change in size linked to the acquisition of Airgas. **Since this repositioning was completed in 2018, the Board of Directors decided to maintain the fixed remuneration for 2019 at the same level as for 2018 and thus to stabilise the level of the total target annual remuneration.**

In this context, the structure of the total annual remuneration for 2019 is in line with that for previous fiscal years, some improvements having been made following remarks from shareholders. This structure is as follows:

- A **proportionate balance between the three remuneration components** (fixed, variable and elements of long-term motivation or "LTI") so that, in accordance with recurring practice at Air Liquide:
 - the weight of the **variable remuneration and the LTI, which are subject to performance conditions, continues to represent approximately 75%** of the total annual remuneration;

- as part of the balance between the aforementioned three components, a slightly greater weight continues to be given to the LTI. Accordingly, the **fixed remuneration represents approximately 25%, the variable remuneration 35% and the LTI 40% of the total remuneration.**
- **Criteria for the variable remuneration and the LTI:** taking into account remarks made by shareholders, the Board decided, on the recommendation of the Remuneration Committee, to change the performance criteria to which these two remuneration tools are subject with effect from 2019. Accordingly, the **EPS** criterion will henceforth only be taken into account in one remuneration tool: it remains a criterion for the annual **variable remuneration**, but is no longer included in the performance criteria for the LTI. Furthermore, the **ROCE** becomes a criterion for the **long term** remuneration (LTI) as a replacement for the EPS. The revenue criterion is maintained as a criterion for the variable remuneration.
- **Upper limits on the grant of LTI to the Executive Officers:** the Annual Shareholders' Meeting on May 7, 2019 is asked to decide upon the renewal of the authorisations for the grant of stock-options and performance shares. At this time and following remarks from shareholders, the Board of Directors proposes that the Shareholders' Meeting **reduce by one-third** each of the **sub-limits on the grants to the Executive Officers** submitted to the Annual Shareholders' Meeting in order to bring them closer to the historical levels of grants by the Board. Consequently, subject to the approval of the resolutions by the Shareholders' Meeting, the number of stock options granted to the Executive Officers may not exceed 0.2% of the share capital (instead of 0.3% previously) and the number of performance shares granted to the Executive Officers may not exceed 0.1% of the share capital (instead of 0.15% previously). As before, the Board of Directors also sets annual grant limits, which remain significantly below these sub-limits, it being noted that, as stated above, the LTI must represent approximately 40% of the Executive Officer's annual remuneration.
- **The other principles which apply to the annual variable remuneration are unchanged.** Accordingly:
 - the variable part continues to be expressed as a **target variable remuneration** (as a percentage of the fixed part) with a maximum. The total target variable remuneration represents approximately 90% of the total maximum variable remuneration, for a very good performance. Consequently, for a fixed remuneration of 100, the target is 150% and the maximum is 167%;
 - concerning the weighting of the various criteria used (see table on page 8):
 - a **greater relative weight is still given to the quantifiable criteria** as compared to the qualitative criteria,
 - Quantifiable criteria: as before, each quantifiable criterion is given a target weighting (expressed as a percentage of the fixed remuneration) corresponding to a 100% achievement of the target objective set at the start of the year, and a maximum weighting (expressed as a percentage of the fixed remuneration),
 - Qualitative criteria:
 - as in 2018, in order to meet shareholder expectations, a **weighting is given to each of the qualitative criteria**,
 - the qualitative criteria continue to be based, as to two-thirds, on three to four categories or sub-categories of objectives which are defined each year and, as to one-third, on an assessment of the individual performance;
 - the target weighting and the maximum weighting are communicated ex ante; the actual weight of each criterion in determining the variable remuneration due in respect of the fiscal year shall be established in accordance with the performance measured for each criterion in light of the target objective, based on applying a formula for the financial criteria and on the assessment of the Executive Officer's performance by the Board of Directors on the recommendation of the Remuneration Committee for the qualitative criteria. The rate of achievement of the objectives for the variable remuneration, expressed as a percentage of the fixed remuneration and as a percentage of the target variable remuneration for this criterion, will be communicated ex post.
- Finally, the **other principles which apply to the LTI are also unchanged** (the proration of the LTI in the event of the Executive Officer's departure during the period of assessment of the performance

conditions, the level of requirement of the objectives, the rules which are specific to the Executive Officers as described below).

2.2. Implementation for the 2019 remuneration

Applying the principles and objectives noted above, on the recommendation of the Remuneration Committee, the Board of Directors, at its meeting on February 13, 2019, adopted the components of Benoît Potier's remuneration for 2019 as follows:

2.2.1. Fixed remuneration

The fixed remuneration is set at 1,325,000 euros, **identical to that for 2018**. The average annual increase in the fixed remuneration over the last five years is +3.8%.

2.2.2. Variable remuneration

The Board of Directors, on the recommendation of the Remuneration Committee, decided that the criteria for the variable remuneration for 2019 would be as follows:

- **Two quantifiable financial criteria**, which were already included in the criteria for the variable remuneration for 2018:
 - increase in the recurring earnings per share (excluding the impact of foreign exchange and significant exceptional items) (hereinafter "**recurring EPS**");
 - comparable growth in **consolidated revenue** (excluding significant scope impact and the impact of foreign exchange and energy).

The weighting of each criterion is shown in the table on page 8.

Following remarks made by shareholders, the Remuneration Committee carried out a detailed review of the criteria for the variable remuneration and the LTI and made its recommendations. Based on this, the Board considered that the ROCE is more a long-term indicator and that it is more appropriate to include it as a performance criterion for the LTI. Consequently, the Board decided that the ROCE would no longer be included in the criteria for the annual variable remuneration.

The criterion of an increase in the **recurring EPS** makes it possible to take into account **all the items in the income statement**. The criterion of an **increase in sales** reflects the **momentum of the activity**. The two criteria, growth in revenue and the recurring EPS, reflect the Group's ambition to achieve profitable growth. Moreover, the **NEOS Company program** also incorporates **efficiency objectives**, the achievement of which contributes to the increase in the recurring EPS.

For each criterion, the Board of Directors has defined a target objective, which is not made public for confidentiality reasons.

The **target objectives set are demanding**. They are **completely consistent with the trajectory of the NEOS Company program** which aims, for the period 2016-2020, at an average annualised **growth in Group revenue** of **+6% to +8%**, including a scope impact linked to the consolidation of Airgas corresponding to +2% as an annualised average.

For each financial criterion, a formula adopted by the Board makes it possible to calculate the amount of the variable remuneration due (within a maximum limit) by taking into account, on the basis of the consolidated financial statements for the fiscal year, the value achieved for the criterion as compared to the target objective set. Thus, in the event of a performance that exceeds the objective set, the value of the variable part is adjusted upward within the maximum limit set for each criterion. **In the event of a performance that is below the lower limit set for each objective, the fraction of the variable remuneration corresponding to this criterion is equal to zero.**

- **(Qualitative) personal criteria**, a weighting being allocated to each of them. They are detailed in the table on page 8 and relate:
 - as to one-third, to **Corporate Social Responsibility** (hereinafter "**CSR**"),
 - as to one-third, to **organization and to Human resources**;

- as to one-third, to **individual performance**. This criterion responds to the Board of Directors' desire to keep a part of the variable remuneration subject to the Board's assessment, in order to take account of the unpredictability of the environment. This may be beneficial to the Executive Officer if the Company is facing an unfavourable environment which was not anticipated at the time the objectives were set, or disadvantageous if the environment ultimately turns out to be more favourable than anticipated.

An identical target and maximum weight is set for each qualitative criteria.

The summary table below provides details of the criteria for the variable remuneration, together with the target and maximum weights for each element.

SUMMARY TABLE OF THE VARIABLE REMUNERATION FOR 2019

Indicator	Target ^(a)		Maximum	
	As a % of the fixed remuneration	As a % based on 100	As a % of the fixed remuneration	As a % based on 100
FINANCIAL CRITERIA (QUANTIFIABLE) including:	105	70	122	73
Increase in recurring earnings per share (recurring EPS) ^(b)	75	50	87	52
Comparable growth in consolidated revenue ^(c)	30	20	35	21
PERSONAL CRITERIA (QUALITATIVE) including:	45	30	45	27
CSR:				
- Safety and reliability: continue efforts to improve safety (lost time accident frequency rate, road traffic accidents and job-related accidents)	15	10	15	9
- Continue the roll-out of the sustainable development strategy (implementation of the Group's Climate Objectives – Air Liquide Foundation – Diversity)				
Organization / Human Resources (talent development, succession plans)	15	10	15	9
Individual performance: assessment by the Board of Directors, notably in light of the external environment for the year	15	10	15	9
TOTAL (FINANCIAL AND PERSONAL CRITERIA)	150	100	167	100

(a) The target corresponds to 100% achievement of the performance criterion.

(b) Excluding the foreign exchange impact and significant exceptional items. Excluding the effect of applying the IFRS 16 standard as from January 1, 2019.

(c) Excluding significant scope impact, foreign exchange impact and energy.

The total amount of the variable remuneration due for the 2019 fiscal year in respect of the term of office will be paid in 2020, after approval of the financial statements by the Annual Shareholders' Meeting, it being noted that its payment is conditional on the approval by an Annual Shareholders' Meeting of the elements of Benoît Potier's remuneration for 2019, under the conditions provided by article L. 225-100 of the French Commercial Code.

2.2.3. Long-term remuneration components

The following principles were adopted by the Board of Directors on February 13, 2019 for the allocation programmed for the autumn of 2019:

- The Board confirmed that, according to the principle adopted in 2016, the award of performance shares and options to the Executive Officer and the changes therein over time will be assessed in terms of the IFRS value (and not in terms of the volumes granted), for all stock option and performance share plans combined.

For 2019, the Board of Directors intends to grant to Benoît Potier LTI representing an IFRS value of approximately 2.25 million euros, which is **stable by comparison with the 2018 grant**, representing 40.4% of the total target remuneration for 2019, in accordance with the remuneration policy.

- All the stock options and performance shares granted are subject to **performance conditions** that apply to both the stock option and performance share plans and are calculated over a period of **three years**. The performance conditions, which apply to the plans decided upon in the autumn, are set by the Board of Directors at the start of the year, at the February meeting, in order to comply with a reference period of three full years.
- Following remarks made by shareholders, the Remuneration Committee carried out a detailed review of the criteria for the annual variable remuneration and the LTI and made its recommendations. Based on this, the Board considered that the **ROCE** is more a **long-term** indicator and that it is more appropriate to include it as a performance criterion for the LTI. Consequently, the Board decided that the EPS would no longer be included in the criteria for the LTI but would continue to be a criterion for the annual variable remuneration.

In a highly capital-intensive industry, profitable long-term growth requires constant attention to be paid to each investment decision and to the competitiveness of every transaction. The ROCE criterion thus makes it possible to measure the return on capital employed and constitutes a key indicator with regard to Air Liquide's activity.

The total shareholder return (AL TSR and relative TSR) is maintained as a second performance criterion for the LTI. It makes it possible to promote the alignment of the Executive Officer's interests with the interests of the shareholders.

The **demanding objectives** set for each performance condition are made public ex post, at the end of the Board Meeting in the month of February following the end of the three fiscal years during which the performance has to be achieved. The rate of achievement for the performance conditions and the percentage of stock options/performance shares acquired are also published at the end of this Board Meeting.

Performance conditions

As a consequence of the above, the performance conditions which apply to all the beneficiaries of the stock option and performance share plans which will be allocated in 2019 have been determined by the Board of Directors on February 13, 2019. The number of stock options which can be exercised out of the total number of options which will be allocated, together with the number of performance shares definitively allocated pursuant to the 2019 Plans will depend:

- (i) **for 60% of the stock options/performance shares granted**, on the rate of achievement of an objective, set by the Board, consisting of the Return on capital employed after tax (ROCE²) recorded at the end of the 2021 fiscal year.

At the objective set, the grant is 100%, then decreases on a straight-line basis, to a **lower limit** below which there will be no grant. This lower limit corresponds to a ROCE level which is **200 bps less** than the objective set, which provides a degree of flexibility, making it possible to take advantage of external growth opportunities.

The objective has been set within the **trajectory of the NEOS Company Program** which aims at a ROCE of more than 10% in 2021-2022.

- (ii) **for 40% of the stock options/performance shares granted**,

- for 50% of the stock options/performance shares referred to in sub-paragraph (ii): on an objective of total return for the shareholder set by the Board, defined as the average annual growth rate of an investment in Air Liquide shares, reinvested dividends, for fiscal years 2019, 2020 and 2021 ("**AL TSR**"). The objective of absolute TSR is set in accordance with historic performances. At the objective set, the grant is 100%, then decreases on a straight-line basis, to a lower limit,

² The Return on capital employed after tax ("ROCE") will be calculated as follows: ((Net profit after tax before deduction of minority interests – net cost of debt after taxes) for the period 2021)/weighted average of (shareholders' equity + minority interests + net indebtedness) at the end of the three last semesters (H2 2021, H1 2021 and H2 2020)), these aggregates being adjusted for the impact of the currency variation as compared to the exchange rate for 2018 and for the application of the new IFRS 16 standard.

- for 50% of the stock options/performance shares referred to in sub-paragraph (ii): on the rate of total shareholder return from an investment in Air Liquide shares, reinvested dividends – sourced from Bloomberg (“**B TSR**”), as compared to the **CAC 40 TSR index, reinvested dividends (sourced from Bloomberg)**, for fiscal years 2019, 2020 and 2021.

The rate of achievement will be **0%**, if the average of the Air Liquide TSR is lower than the average of the CAC 40 TSR, 50% if it is equal to the average of the CAC 40 TSR and 100%, if it is at least higher than 2% of the average of the CAC 40 TSR on the basis of a straight-line change. Any grant for a performance lower than the average of the CAC 40 TSR is impossible.

The rate of achievement of the performance conditions will be recorded by the Board at the time when the financial statements are adopted for the 2021 fiscal year.

Rules specific to the Executive Officers

In the context of the renewal of the authorisations for the grant of stock options and performance shares, the Board of Directors proposes that the Shareholders’ Meeting **reduce by one-third** each of the **sub-limits on the grants to the Executive Officers** submitted to the Annual Shareholders’ Meeting in order to bring them closer to the historical levels of grants by the Board. Consequently, subject to the approval of the resolutions by the Annual Shareholders’ Meeting on May 7, 2019, the number of stock options granted to the Executive Officers may not exceed 0.2% of the share capital (instead of 0.3% previously) and the number of performance shares granted to the Executive Officers may not exceed 0.1% of the share capital (instead of 0.15% previously).

The other rules specific to the Executive Officers are unchanged compared to 2018:

- **Shareholding and share ownership obligations:** on the recommendation of the Remuneration Committee, the Board defined the shareholding obligations resulting from Articles L. 225-185 and L. 225-197-1 of the French Commercial Code applicable to the shares resulting from the exercise of stock options and performance shares respectively as from September 28, 2015. They lead to the obligation, for Benoît Potier, to hold, in registered form, until the termination of his duties, a minimum quantity of shares corresponding to 50% of the capital gain on acquisition net of social security charges and tax resulting from each exercise of stock options/each definitive award of performance shares.

This percentage will be lowered to 5%, as soon as the quantity of shares held by the Executive Officer represents an amount equal to at least three times the gross annual fixed remuneration of the Executive Officer concerned.

In addition, the internal rule defined by the Board of Directors since 2008, pursuant to which the Chairman and Chief Executive Officer must hold in a registered share account a number of shares equivalent to twice his gross annual fixed remuneration remains in effect. This obligation will remain in force until it is exceeded by the effect of the aforementioned rules resulting from the French Commercial Code. The number of shares required to be held is assessed as of January 1st and July 1st of each year.

- **Condition of presence:** loss of the stock options/rights to the performance shares in the process of being acquired, in the event of resignation or removal from office for serious cause.
- **Principle of proration** on the basis of the actual presence of the Executive Officer, in the event of a departure during the period of assessment of the performance conditions. This principle will apply (i) only to the Executive Officers, (ii) in all cases of a departure for a reason other than resignation or removal from office for serious cause. Accordingly, in practice, the total allocation rate (after applying the performance conditions) will be reduced on a prorated basis to the number of months’ actual presence of the Executive Officer at the Group during the period of assessment of the performance criteria. In addition, no grant will be made to an Executive Officer in the year of his departure, in accordance with the AFEP/MEDEF Code.

3. Achievement of the performance conditions under the 2016 stock option and performance share plan

3.1. Recording of the achievement of the performance conditions under the November 29, 2016 stock option and performance share plans (annual plans)

The Board of Directors of L' Air Liquide, at its meeting on November 29, 2016, decided the annual performance share and stock option plans for 2016.

On the basis of the financial statements adopted for the 2018 fiscal year submitted for the approval of the Annual Shareholders' Meeting on May 7, 2019, the Board of Directors recorded, at its meeting on February 13, 2019, the rate of achievement of the performance conditions which apply to all the stock options and performance shares awarded to any beneficiary under the November 29, 2016 stock option and performance share plans.

The annual 2016 plans provided that the number of stock options which could effectively be exercised in respect of the total number of stock options granted, together with the number of performance shares definitively awarded, would depend on the rate of achievement of the following objectives:

(i) for 65% of the stock options/performance shares granted, an objective of the average of the annual rate of growth in the **Recurring EPS excluding the impact of foreign exchange** and exceptional items for the fiscal years 2016, 2017 and 2018 set at +8% (a) in order to be able to exercise all the stock options and (b) in order for all the shares to be awarded, and then decreasing on a straight-line basis to 0% growth.

In order to take account of the impact of the Airgas acquisition and its financing, the following principle had been adopted:

- to calculate the Recurring EPS on the basis of 2016 pro forma financial statements, making it possible to take into account comparable data for the periods concerned (2016, 2017, 2018),
- to increase the objective of the average of the annual rate of growth over this period. This objective, which was previously +5% per year, had thus been set at a level of growth included within the bracket of +6% to +10% per year, i.e. +8%.

The Board of Directors recorded that the average of the annual rate of growth of the recurring EPS over the aforementioned period amounted to +8.05%, i.e. an objective achieved as to 100%;

(ii) for 35% of the stock options/performance shares granted, an objective of shareholder return:

- for 50% of the stock options/performance shares referred to in sub-paragraph (ii): an objective defined as the average annual growth rate of an investment in Air Liquide shares for the fiscal years 2016, 2017 and 2018 ("AL TSR"), set at 8% (a) in order to be able to exercise all the stock options and (b) in order for all the shares to be awarded, and then decreasing on a straight-line basis to 4%.

The Board of Directors recorded that this growth, over the aforementioned period, amounted to 5.6% per annum, i.e. an objective achieved as to 40%,

- for 50% of the stock options/performance shares referred to in sub-paragraph (ii): the rate of total shareholder return from an investment in Air Liquide shares, reinvested dividends – sourced from Bloomberg ("B TSR"), as compared to a reference index made up:
 - as to half by the CAC 40 index, reinvested dividends (sourced from Bloomberg), and
 - as to half by the total shareholder return of the companies in the industrial gas sector – Peers, reinvested dividends (sourced from Bloomberg),
 - in respect of the fiscal years 2016, 2017 and 2018.

The objective with regard to the relative part of TSR was based on the average of the two indexes. The rate of achievement of the performance conditions was 0% if Air Liquide TSR was lower than the average of the two indexes, 50% if it was equal to the average of the two indexes and 100% if it was more than 3% higher than the average of the two indexes, on the basis of a straight-line change. Any grant for a performance lower than the average of the two indexes was impossible.

The rate of return for Air Liquide over the aforementioned period is 8.33%. That of the CAC 40 index over the same period is 4.4% and that of the companies in the business sector amounts to 10.8%. Consequently, the difference between the rate of return for Air Liquide and the average rate of return for the CAC 40 and Peers indices amounts to 0.73%, i.e. an objective achieved as to 62.13%.

Accordingly, the Board of Directors recorded that the rate of achievement of the performance conditions for the November 29, 2016 stock option plan and the November 29, 2016 share performance plan amounts to 82.87%.

3.2. Recording of the achievement of the performance conditions under the July 29, 2016 performance share plans (Airgas Plans)

The Board of Directors, at its meeting on July 29, 2016, decided to make a specific grant of performance shares intended to show the Company's recognition for the work carried out by all the teams who contributed to the successful completion of the Airgas acquisition.

For each of these "Airgas" Plans ("France" Plan and "World" Plan), the Board adopted performance conditions calculated over three fiscal years and identical to those used for the November 29, 2016 stock option and performance share plans (see description above).

On the basis of the financial statements for the 2018 fiscal year submitted for the approval of the Annual Shareholders' Meeting of May 7, 2019, the Board of Directors on February 13, 2019 recorded the rate of achievement of the **performance conditions**, which apply to the whole of the performance shares granted to any beneficiary and which were determined at the time of the grant of the July 29, 2016 **Airgas performance share plans**. This rate amounts to **82.87%**.

Pursuant to the decision of the Board of Directors on July 27, 2017, specifically for Benoît Potier, an additional performance condition was added, based on the rate of achievement of the synergies after the Airgas acquisition. The achievement of this additional performance condition will be recorded by the Board which will approve the 2019 financial statements, the definitive award to Benoît Potier being postponed accordingly.

3.3. Number of stock options and performance shares granted to Benoît Potier under the 2016 Plans

The number of stock options and performance shares granted under the 2016 Plans has been adjusted for the 2016 capital increase and the 2017 free share attribution and amounted after adjustment to 66,161 stock options, 19,626 performance shares under the 2016 annual Plan and to 22,647 performance shares under the Airgas Plan of July 29, 2016.

After taking into account the rate of achievement of performance conditions, the definitive number of stock options and performance shares is: 54,827 stock options and 16,264 performance shares under the Annual Plan. The number of performance shares under the July 29, 2016 Airgas Plan will be communicated after the recording, by the Board of Directors which will approve the 2019 financial statements, of the additional performance condition applying specifically to Benoît Potier³.

4. Regulated agreements and commitments concerning Benoît Potier

In accordance with French law, the Board of Directors carried out the annual re-examination of the agreements and commitments entered into and authorised during previous financial years which continued to be performed during the last financial year. These agreements concern the defined contribution and defined benefit pension plans/termination indemnity/death and disability benefit/life insurance plans applicable to Benoît Potier. On the recommendation of the Remuneration Committee, the Board of Directors decided to maintain the current authorisations in force for Benoît Potier.

³ Pursuant to the decision of the Board of Directors on July 27, 2017, specifically for Benoît Potier, an additional performance condition was added, based on the rate of achievement of the synergies after the Airgas acquisition. The achievement of this additional performance condition will be recorded by the Board which will approve the 2019 financial statements, the definitive award to Benoît Potier being postponed accordingly.

Concerning the defined benefit pension plan, for the period from the renewal of the office as Chairman and Chief Executive Officer on May 16, 2018 to the end of the fiscal year, the Board of Directors recorded, on February 13, 2019, that the performance condition had been 100% achieved with an increase of 1%, corresponding to a potential acquisition of an additional 1% of the reference remuneration for the relevant year. Moreover, if amendments are made to the regulations governing this plan, the Board of Directors might have to amend the existing defined benefit pension plan or put an alternative system in place. This alternative system, if implemented, would be subject to performance conditions in accordance with the AFEP/MEDEF Code.

The Statutory Auditors' special report on regulated agreements and commitments will be included in the 2018 reference document.

5. Say on Pay ex post

The Board of Directors adopted the draft resolutions and the summary tables showing the elements of remuneration due or allocated to Benoît Potier, Chairman and Chief Executive Officer, in respect of 2018, which will be put to the advisory vote of the shareholders at the Annual Shareholders' Meeting on May 7, 2019.

6. Say on Pay ex ante

In accordance with Article L.225-37-2 of the French Commercial Code, the Board of Directors adopted the principles and criteria for determination, distribution and allocation of the fixed, variable and exceptional elements of the total remuneration and the benefits of all kinds that may be granted to the Executive Officers which will be submitted for approval by the Annual Shareholders' Meeting.