

# Air Liquide's approach to Sustainable Development

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# What is Sustainable Development?

■ Sustainable Development attempts to unite what have long been considered conflicting objectives:

- ✓ Wealth creation over the long term
- ✓ Consideration for individuals
- ✓ Environmental protection



- Sustainable Development at Air Liquide includes four dimensions:
  - ✓ Responsibility to shareholders
  - ✓ Safety and preservation of the environment
  - ✓ Social and ethical commitment
  - ✓ Innovation and technological progress

*This commitment to Sustainable Development was made in 2002 by Benoît Potier, Chairman and CEO*

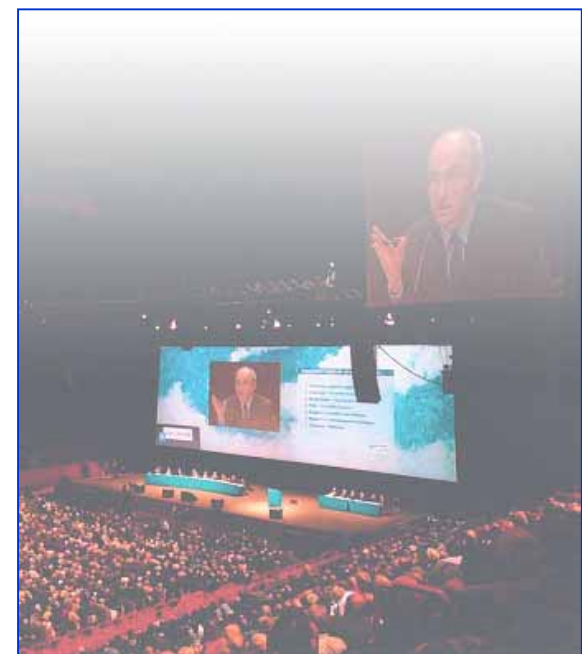
Developing the Company's business performance over the long term and with transparency

- Shareholder loyalty represents an invaluable source of stability and support for the Group's strategy of solid and sustained earnings growth

# 1 - Responsibility to shareholders

Air Liquide's responsibility towards all shareholders, formalized in the Shareholders' Charter, is based on the following four commitments:

- ✓ **Consideration** and respect
- ✓ Listening to and **informing** shareholders, in particular through the Shareholders' Communication Committee
- ✓ Shareholder remuneration and **increased investment value** over the long term
- ✓ **Services** provided by a dedicated "Shareholder Services"

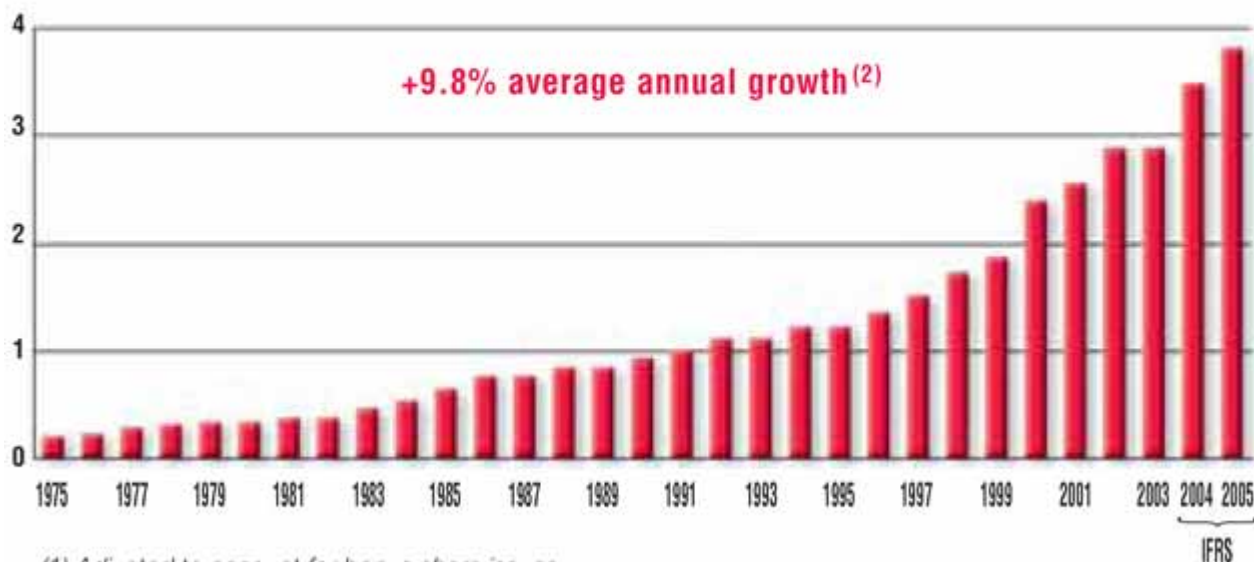


# 1 - Responsibility to shareholders

- Air Liquide is committed to regularly publishing clear, transparent financial information for the benefit of all shareholders.
- **Transparent** corporate governance is one of the Group's responsibility to shareholders
- In 2002 and 2006, Air Liquide was awarded the « **Crystal Prize** » for the transparency and quality of its financial information

# 1-Responsibility to shareholders

## Dividend per share adjusted<sup>(1)</sup> in euros



(1) Adjusted to account for bonus share issues.

(2) Data calculated over 30 years using accounting standards in force at the time. As of January 1, 2005, standards have changed. These new standards were used for financial years 2004 and 2005.

## ■ Objective :

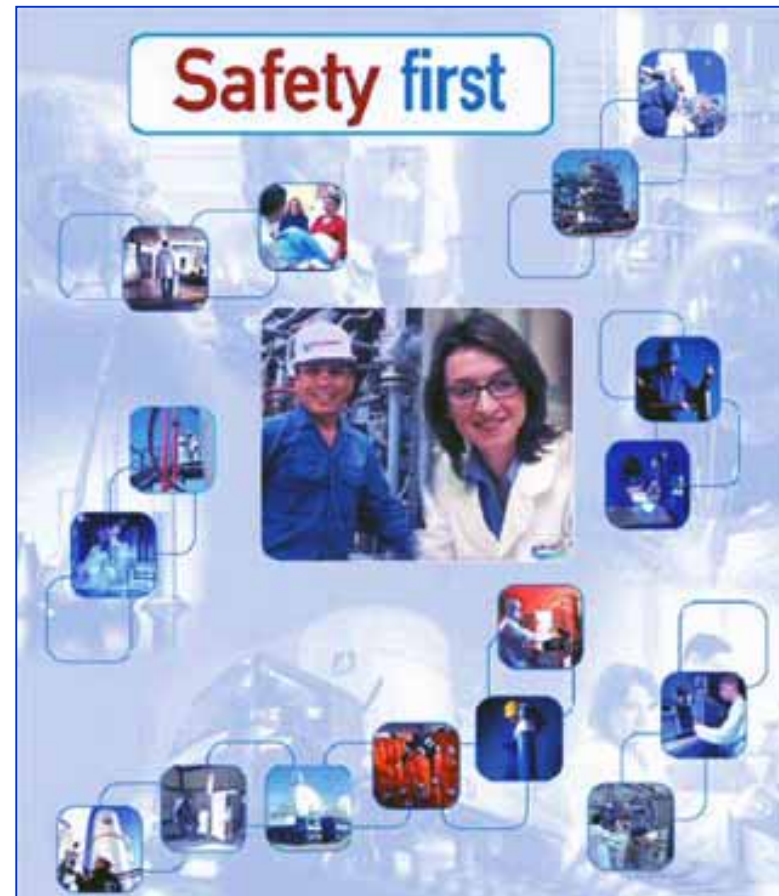
In the last ten years, the growth in value of a portfolio of Air Liquide shares has increased by +12.0 % a year, including reinvested dividend, bonus shares and loyalty bonuses to registered shareholders. The Group's objective is to follow this long-term and transparent policy of comprehensive remuneration for shareholders in order to ensure regular growth in the value of their investment

Safety for people  
and assets

**« Safety is, and will remain,  
our highest priority »**

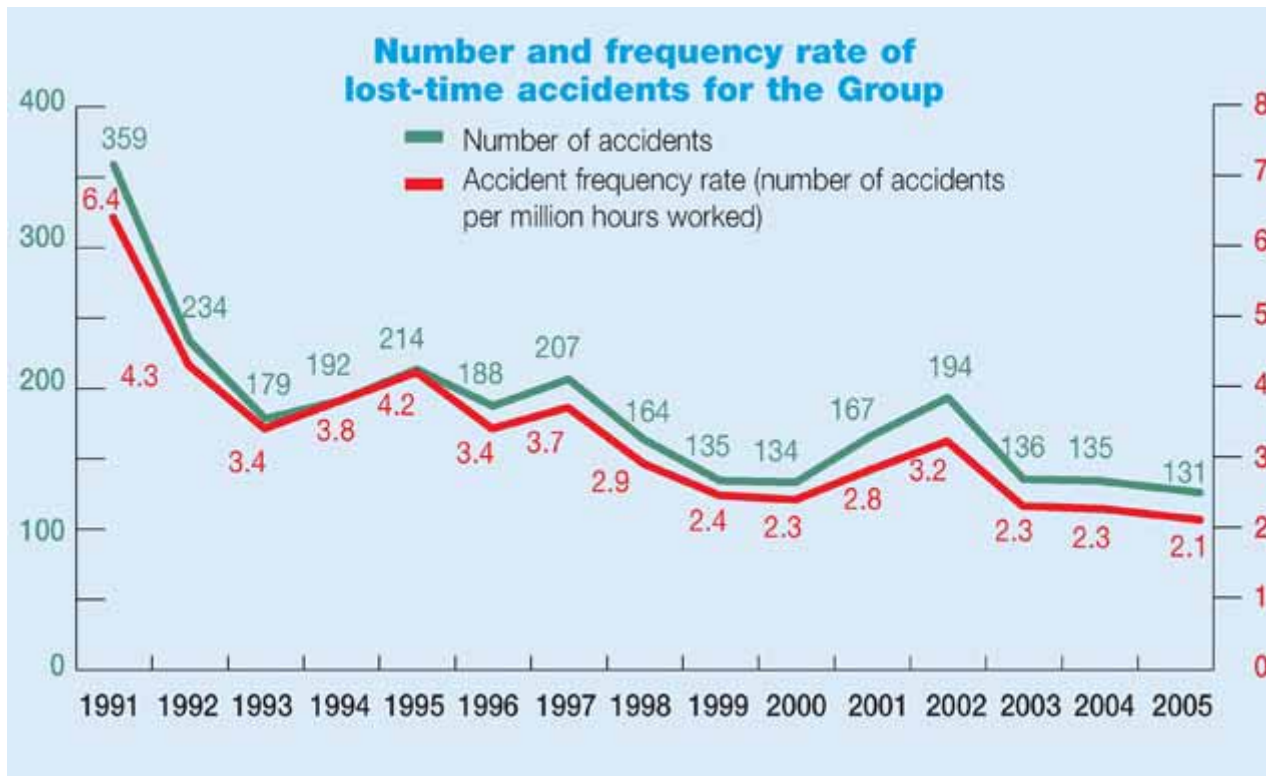
***Benoît Potier***

In every site, in every region and in  
every entity, our objective every year  
is to achieve zero accidents



## 2 - Safety and preservation of the environment

- Safety is a genuine strength at Air Liquide. In fifteen years, the Group has cut its by 3 the accident frequency rate.

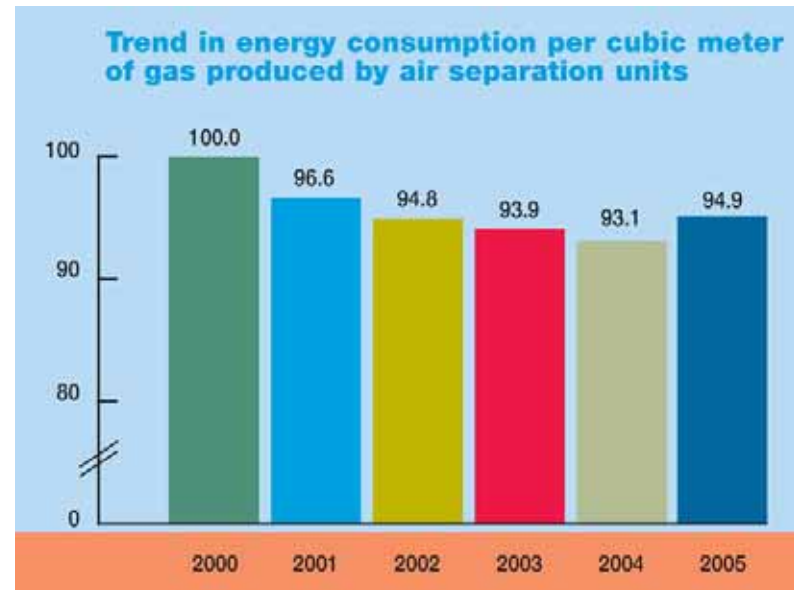


### ■ Preservation of the environment

#### ✓ In the Group's operations

Managing energy at air separation units

Over 80% of the Group's large production plants are air separation units: they only consume electricity



There is no combustion in these units:  
we speak of **units « without chimneys »**

### ■ Preservation of the environment in the Group's operations

#### ■ Objective:

##### Energy management at air separation units

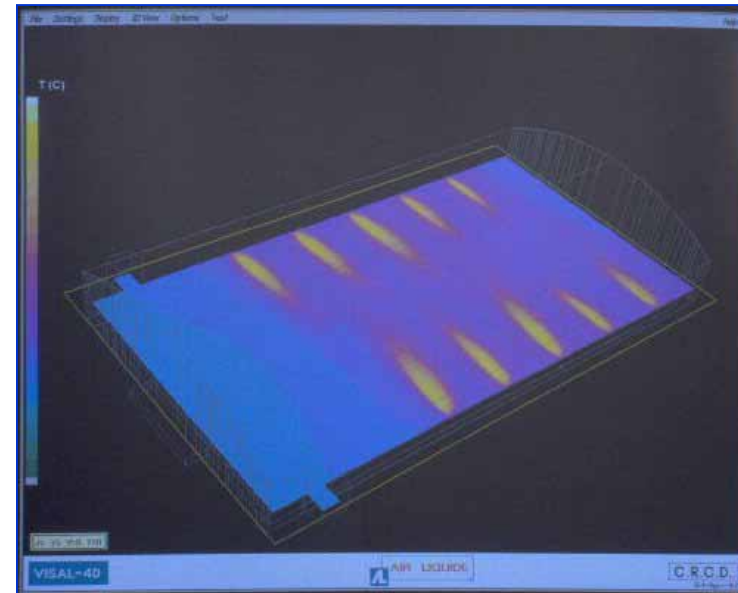
The Group's objective, for 2009, is to reduce (compare to 2004) annual world consumption of electricity by air separation units, at constant perimeter, by at least 400 GWh, or the equivalent of the annual domestic consumption of electricity of a city of 180,000 people

### ✓ At customer sites

#### Examples:

Pure oxygen combustion considerably reduces nitrogen oxide emissions, which are responsible for acid rain

Using hydrogen to reduce fuel sulfur content: every year, the emission into the atmosphere of 600,000 tonnes of sulfur oxides is avoided thanks to hydrogen supplied by Air Liquide, which is greater than all the sulfur oxides emission of a country like France.



Nearly 33% of the Group's sales is tied to applications and services that help preserve life and the environment

*Adaptability and motivation are fundamental Air Liquide values*



■ **Adaptability** is achieved through:

- ✓ Continuous **training** and **competency management**
- ✓ Professional and geographical **mobility**
- ✓ A planned approach to **personnel management**
- ✓ The constant emergence of **new job possibilities**

### ■ **Motivation and commitment** are achieved through:

- ✓ **A flexible organization**
- ✓ **Recognition of competencies**
- ✓ **Active communication**
- ✓ **Encouraging employees to share in the company capital**  
(over 60% of the Group's employees own Air Liquide shares)



Our **mission** is to create increasingly diverse **international** teams and career opportunities, to remain **open to the world** and to favor **equality** while striving to achieve a better **balance** in the responsibilities assigned to men and women

### ■ Objectives

#### Diversity

To strengthen the position of women in the Group, in particular through recruitment of engineers and managers. The Group's objective is to increase the hiring of women in this category, from nearly one out of three new hires today to more than two out of five within five years ( 2005-2009).

# 3 - Social and ethical commitment

## ■ Objectives

### Training

To increase training opportunities so that, within five years (by 2009), all employees have the chance to enhance their skills and facilitate their advancement through, on average, at least three training days a year

### Monitoring of performance

On every site, in every region, in every entity, the Group's objective is that 100% of all employees meet their direct supervisor once a year for a performance evaluation interview and meet a manager from the Human Resources Department every three years for a career development interview

- Throughout its history, Air Liquide has been very faithful to its principle of independence from political and non-professional organizations

### **Independence does not stand for indifference**

Wherever it operates, Air Liquide adopts a responsible attitude by complying with the regulations in effect in each country of the world

The actions of **corporate sponsoring** of the Group concern mainly the protection of environment and life and has represented in 2005 more than **1 million €**

### ■ Ethibel Sustainability Index

Since 2005, Air Liquide has been included in this index set up by the Belgian extra-financial rating agency ETHIBEL. This index collects 300 companies in the world that are sustainable development leaders.

### ■ Air Liquide is part of the ASPI Eurozone Index

Air Liquide is one of 120 companies making up the ASPI Eurozone Index set up by Vigeo, an independent agency that rates companies' social responsibility.

These 120 firms were chosen for their sustainable development performance.

# 4 - Innovation and technological progress

Air Liquide owes its very existence to innovation, which is a key value of the Group's culture

- Research & Development is focused on three major areas
  1. Sustainable development (over 50% of the R&D budget):
    - Saving energy
    - Cleaner production
    - Implementing new energy sources:
      - ✓ *Hydrogen, a clean energy carrier*



## 2. Healthcare and hygiene



## 3. Advanced technologies, particularly electronics, space and aeronautics



- Innovation in figures

- ✓ Annual budget:  
**165 million euros**

- ✓ **550 researchers** in **8 research centers** in the United States, Japan, Germany and France

- ✓ Portfolio: over **2,600 protected inventions**

- ✓ **236 new patented innovations** in 2005



### ■ Objective :

To disseminate innovations within the Group and acknowledge innovators. Within five years (2005 à 2009), and in a wide range of fields, our objective is to obtain over **500 new patents**, valid directly in the Group's four main zones of operations: **Europe, the United States, Japan and China**

**In 2005: 103 new patented innovations** in these four zones, in line with the fixed objective.

## ■ An approach that benefits everyone

- ✓ Long-term company performance
- ✓ Safety
- ✓ Saving energy
- ✓ Consideration for individuals
- ✓ Diversity
- ✓ Professional and geographic mobility
- ✓ Teamwork
- ✓ Innovation



These principles, among others, are fundamental aspects of Air Liquide's approach to Sustainable Development