# 2023 Universal Registration Document

Including the Annual Financial Report

# Content

# Universal Registration Document

INCLUDING THE ANNUAL FINANCIAL REPORT

2023


AUTORITÉ DES MARCHÉS FINANCIERS

AMF

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*This Universal Registration Document including the Annual Financial Report is a reproduction of the official version which has been prepared in ESEF format and is available on the issuer's website www.airliquide.com.*

**This document is a non-binding "free" translation from French into English and has no legal value other than an informative one. Should there be any difference between the French and the English version, only the text in French language shall be deemed authentic and considered as expressing the exact information published by Air Liquide.**

*A financial and technical glossary is provided at the end of the document – pages 460 to 463.*


VISIT OUR WEBSITE

www.airliquide.com

# MESSAGE FROM BENOÎT POTIER,

## CHAIRMAN OF THE BOARD OF DIRECTORS

**« The future will bring unprecedented opportunities.**

I firmly believe that our Group will seize these opportunities with determination and boldness. »

In a world facing multiple crises, our Group has once again demonstrated exceptional resilience. This has enabled it to distinguish itself through remarkable performance and social commitment. This resilience is built on the many qualities undergirding our business model. It relies above all on the people who make up Air Liquide. I would like to express my immense pride to each and every one of them.

The individual and collective contributions of our employees are all the more admirable given the simultaneous challenges facing our environment, and thus the Group, such as climate change, geopolitical tensions, inflation and rising energy prices. Their commitment has helped us move forward and, thanks to unique innovation capacities, lead the way in many areas, from the energy transition – particularly in the fields of hydrogen and carbon capture – to creating value in healthcare with more personalized solutions, and bolstering our leadership in electronics. At the same time, we have continued to support progress in a wide range of industrial sectors, such as chemicals, glass and food, where our low-carbon solutions are making a difference. We have also paved the way for new markets, such as metal 3D printing or electric batteries.

Another reason for our satisfaction is the efficient and fully operational collaboration between the Board of Directors and the Executive Committee since our new governance structure was introduced in 2022. The partial replacement of the Board of Directors through the appointment of new independent directors strengthened our Group's positive momentum. With the wide-ranging expertise of its members, the collegial nature of its deliberations, and the diverse views and opinions it represents, the Board provides the Group's executive management and Executive Committee with an enlightened and informed view of the economy, the world and its prospects.

The future will undoubtedly be full of challenges as well as unprecedented opportunities. I firmly believe that our Group will seize these opportunities with determination and boldness. Our ability to plan for the future, the commitment of our teams around the world, our close relationship with our customers and patients, and the full confidence of our Shareholders make me more confident than ever. The Board of Directors and I have faith in the Group's ability to grow and progress every day, thanks to the commitment of each and every employee, as we continue to invent the future.

# INTERVIEW WITH FRANÇOIS JACKOW,

## CHIEF EXECUTIVE OFFICER

« **Industry's decarbonization is at the heart of our strategy.**

I am particularly proud of the Group's role as a driving force and the progress we have made toward a low-carbon industry. »

**Air Liquide is half-way through its strategic plan ADVANCE. How would you describe the Group's performance?**

2023 was another year of solid performance for Air Liquide! Once again, this reflects the resilience and quality of our business model, along with our teams' remarkable dedication. Despite the continued complexity of the global environment, all indicators are positive: sales growth increased by +3.7% [(1)], revenue reached 27.61 billion euros, our operating margin increased to reach 18.4%, recurring net profit [(2)] rose by +13.3% [(3)] and investment decisions reached their highest level, amounting to 4.3 billion euros in 2023.

This gives us confidence in our ADVANCE strategy to such an extent that we have decided to go further by doubling our initial ambition for improving the Group's operating margin. In two years, we have almost achieved our initial ambition, which was an increase in operating margin of +160 basis points. Consequently, we are going to double our ambition for the duration of the plan to reach +320 basis points (that is +3.20%) in four years. We are also maintaining our other financial objectives for sales growth and return on capital employed, along with our target in terms of investment decisions.

Likewise, from an extra-financial standpoint, thanks to our numerous decarbonization initiatives, we are confident in our ability to combine growth in our business with a reduction in our $CO_2$ emissions in absolute value from 2025.

In short, I would say that the Group's performance in 2023 confirms the relevance of our ADVANCE strategic plan and our teams' ability to provide our customers with specific solutions with high added value to address their challenges, both now and in the future.

(1) *Change excluding the currency, energy (natural gas and electricity) and significant scope impacts.*
(2) *Recurring net profit excluding exceptional and significant transactions that do not impact operating income recurring.*
(3) *Excluding the impact of foreign exchange rates.*

# « What all our developments have in common is their impact and their contribution to society.

## That is what our innovative approach, which we are constantly developing, is all about. »

**The decarbonization of industry is a hot topic right now and you have announced a number of related projects. How would you assess the Group's action in this area?**

Decarbonization, both ours and that of our customers, is at the heart of our strategy. I strongly believe that the Group can be a driving force in the creation of a low-carbon industry. This challenge is now a global priority and we are having a tangible impact, thanks to our portfolio of technological solutions and services. Our partnerships with industry giants in Europe, where projects are rapidly gaining momentum, are proof of this.

For instance, our agreement with TotalEnergies to provide their Gonfreville refinery in Normandy with renewable and low-carbon hydrogen is an example of the development of a sustainable hydrogen industry to decarbonize the entire industrial basin in Normandy. The renewable hydrogen that will be supplied will be produced by our PEM [4] electrolyzer, Air Liquide Normand'Hy, the largest electrolyzer ever built, and will feature latest-generation equipment manufactured by our Berlin gigafactory, a joint venture with Siemens Energy. In the Netherlands, we are involved in major electrolyzer projects that are supported by the government and we are also going to develop a large-scale $CO_2$ capture unit on our hydrogen plant in Rotterdam. These developments will make a significant contribution to the decarbonization of industry in the Netherlands and neighboring countries.

Things are also gathering pace in the United States. We are thrilled to have been chosen by the American Department of Energy as a strategic partner of six out of seven regional hydrogen hubs. Our solutions are making a difference in Asia as well. In Japan, our autothermal reforming technology has been chosen for a pilot project for the large-scale production of low-carbon hydrogen and ammonia. We are also working with ENEOS, Japan's leading energy company, to develop the low-carbon hydrogen market; this partnership will cover the entire hydrogen value chain.

Although these projects underline hydrogen's key role in decarbonizing the industry, the solution will lie in a combination of different options. As such, we use other technologies to help our customers on their decarbonization journeys, including oxy-combustion, biomethane and carbon capture with our Cryocap™ solution. Indeed, Holcim has chosen this technology; we are going to work with the company to decarbonize their new cement plant in Belgium.

We owe this major and tangible progress to the efficiency of our technologies, our ability to devise and provide innovative solutions for our customers and our ability to bring together key players for large-scale, forward-looking projects. Because today, it is clear that we must work with industry as a whole and with the support of government authorities to collectively develop integrated ecosystems to accelerate the energy transition.

**Innovation is at the heart of the ADVANCE program. What progress has been made in this field?**

Innovation has always been part of our DNA, from technology to the way we act and serve our customers. In practice, this has led to significant progress in growth markets this year, including semiconductors, with investments in new manufacturing centers for advanced materials in Taiwan and South Korea. These new production capacities will support the acceleration in the manufacture of high-tech chips. These chips are vital for next-generation electronics applications in artificial intelligence, the automotive industry and cloud computing [5].

2023 also saw many innovations in terms of mobility. For instance, we launched new joint ventures with Groupe ADP and TotalEnergies that will help accelerate the development of hydrogen, from airport infrastructure to heavy vehicles. But I am also thinking of our industrial customers, be they traditional or positioned in new markets, such as the food, glass and metal industries. We supply them with innovative solutions with a reduced carbon footprint that enable them to reduce their $CO_2$ emissions.

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(4) *Proton Exchange Membrane.*

(5) *Cloud computing involves transferring computer data to remote servers.*

# « There have never been so many opportunities and we must seize them to respond to the world's major challenges. »

Lastly, I would like to mention the healthcare sector, in which we continue to develop our solutions to improve the day-to-day lives of healthcare professionals. We have launched a new service so that hospitals no longer need to manage their supply of medical gases. The aim is to enable staff to focus more on patient care. This approach was inspired by the personalized care pathways for patients treated at home that was launched in 2021 and that we are continuing to develop.

What all these developments have in common is their impact and their contribution to society. That is what our innovative approach, which we are constantly developing, is all about.

**In a few months, France will welcome the world for the Olympic and Paralympic Games Paris 2024. Air Liquide is an Official Supporter of this event for hydrogen. What is the reasoning behind this partnership?**

In addition to the similarities between our values and those of Paris 2024, this is a particularly significant partnership because we can draw on our expertise to provide the event with decarbonized mobility solutions. We are going to provide hydrogen of renewable origin to power several hundred Toyota Mirai cars that will make up part of the Games' official fleet. This is a real source of pride for me and our teams because these cars will contribute to a reduction in carbon emissions during this major sporting event. I firmly believe that this real-world use of hydrogen for mobility at an event of this magnitude will be a powerful force for accelerating the sustainable decarbonization of transport, creating long-term infrastructure and uses beyond Paris 2024. Acting as a champion of climate solutions means providing support for the ambitious environmental objectives of major events like the Olympic and Paralympic Games Paris 2024. I would like to commend the work of our teams, who are committed to ensuring that this partnership is a collective victory!

Lastly, this partnership is about more than just climate – it is also about embodying the values of diversity and inclusion that are so important to us. As such, the Group is supporting at least 6 athletes and para-athletes in their bid to qualify for the Olympic and Paralympic Games Paris 2024. We are very proud to support them and their endeavors and we wish them every success!

**What is your outlook for 2024?**

The world has never faced so many challenges. From sovereignty to security, from climate change to energy independence and demographic shifts, we must contend with this new, uncertain world, just as our customers are doing. As is the case with any challenge, there are opportunities. Indeed, there have never been so many opportunities and we must seize them. We must work together to perform better than ever and ensure we have the means to respond effectively to the major challenges of the energy transition, changing healthcare systems and global competition in high-tech development. As the Group's expertise has never been more pertinent to address global challenges, this is also a unique opportunity to improve existing services and offerings and develop new ones, as we always have, so we can provide the world with tangible and practical solutions. Although the short-term future will undoubtedly have its share of surprises, I feel confident and energized because I know that I can count on truly extraordinary teams. They and I are more committed than ever to serve our customers and patients and, in so doing, provide useful and tangible solutions to create a more sustainable world.

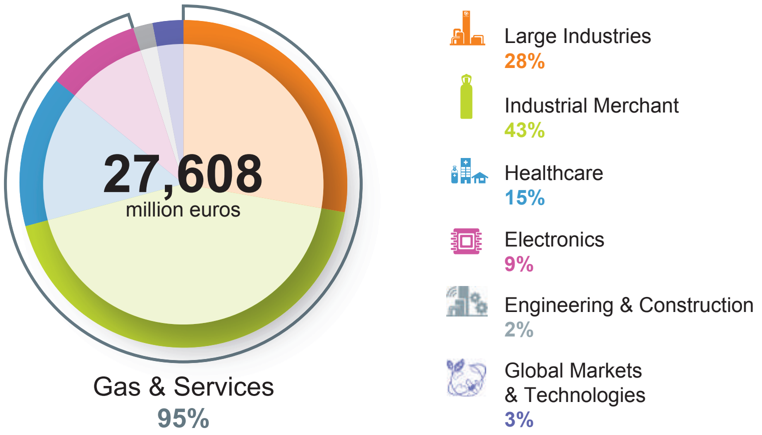
# A GLOBAL PRESENCE

## 2023 GROUP REVENUE BY ACTIVITY

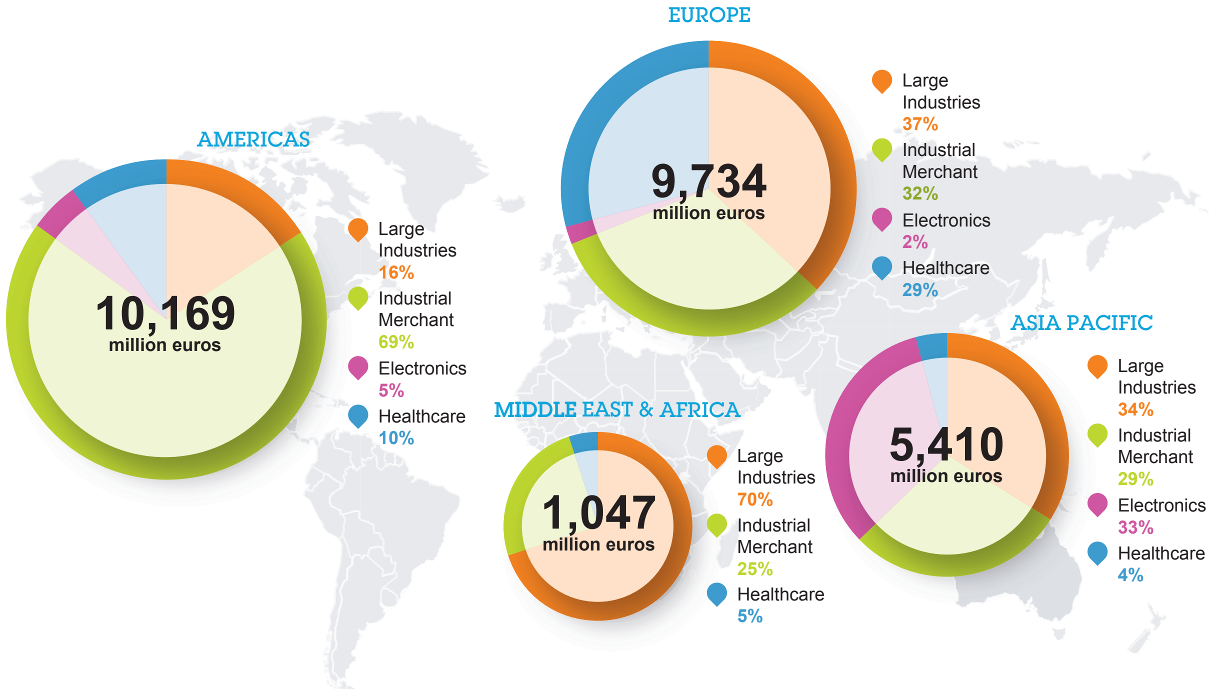
Present in
72 countries (1)

~ 67,800
Employees

A world leader
in gas, technologies
and services
for Industry
and Health




## 2023 GROUP REVENUE BY REGION AND BY ACTIVITY, FOR GAS & SERVICES (G&S)




(1) *Excluding Russia, where the entities are no longer consolidated.*

# A WIDE RANGE OF MARKETS AND A STRONG BUSINESS MODEL

## KEY ELEMENTS BY BUSINESS LINE [a]

### LARGE INDUSTRIES

28% of Group revenues

7,825 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

43% of Group revenues

11,975 million euros

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

### HEALTHCARE

15% of Group revenues

4,077 million euros

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

### ELECTRONICS

9% of Group revenues

2,483 million euros

- Technological solutions with ultra high purity gases and advanced materials
- Long-term contracts for carrier gases, with clauses regarding minimum volumes ("take-or-pay") and indexation on energy costs (and other costs)
- Concentration of the activity in Asia

### ENGINEERING & CONSTRUCTION

2% of Group revenues

390 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

858 million euros

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

*(a) Published data.*

# REGULAR AND SUSTAINED PERFORMANCE

## TSR

**Annual total Shareholder Return for a single registered share**

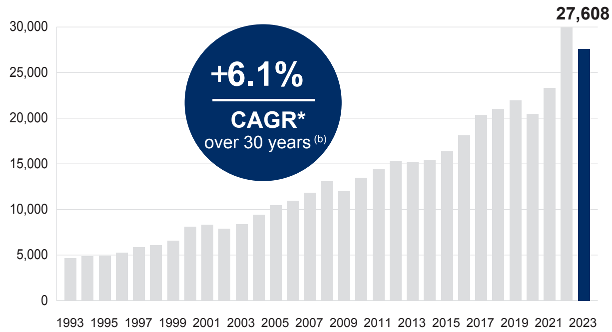
+17.2% **over 5 years (a)**

+12.9% **over 10 years (b)**

(a) *At December 31, 2023, for an invested capital since December 31, 2018.*
(b) *At December 31, 2023, for an invested capital since December 31, 2013.*

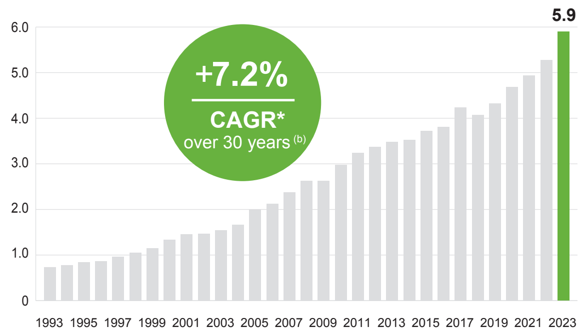
### REVENUE

*(in million euros)*



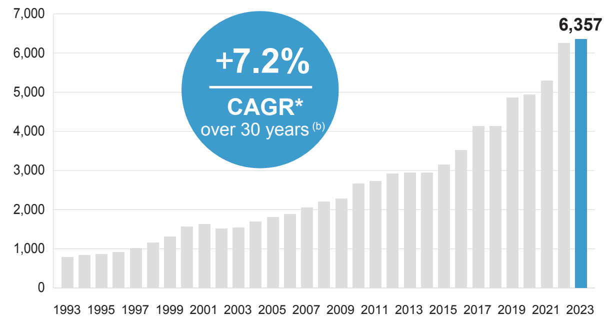

### EPS (a)

*(in euros)*



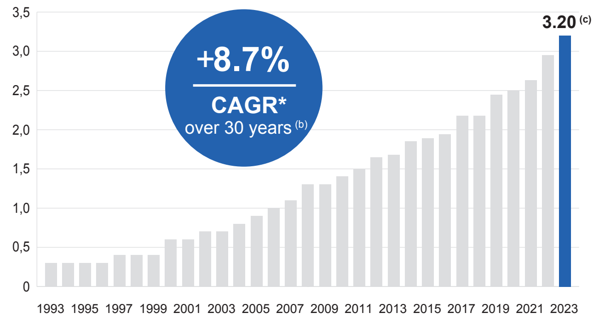

### CASHFLOW

*(in million euros)*



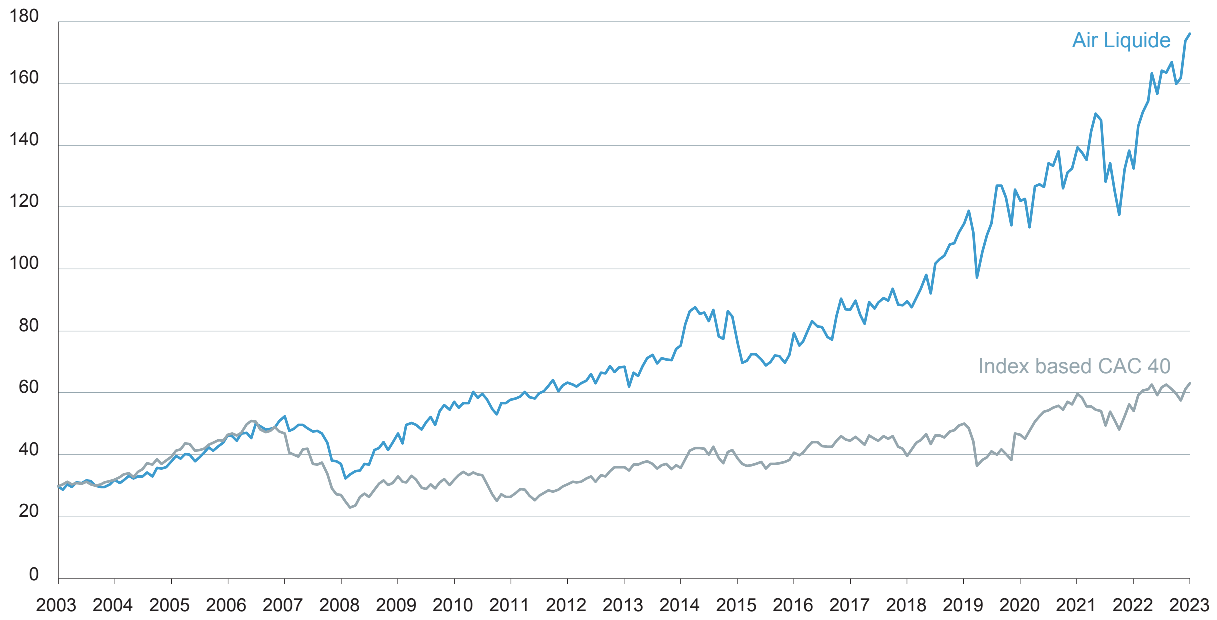

### DIVIDEND (a)

*(in euros per share)*




* *Compound Annual Growth Rate.*
(a) *Adjusted for the 2-for-1 share split in 2007, for attributions of free shares and for a factor of 0.974 reflecting the value of the rights of the capital increase completed in October 2016.*
(b) *Calculated according to prevailing accounting rules over 30 years.*
(c) *Subject to the approval of shareholders during the General Meeting on April 30, 2024.*

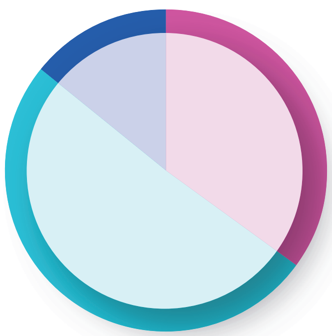
## STOCK MARKET PERFORMANCE




| | | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| **Market Capitalization at December 31** ***(in million euros)*** | | 59,706 | 63,589 | 72,872 | 69,305 | **92,378** |
| Adjusted closing share price [(a)] *(in euros)* | | | | | | |
| | *high* | 115.36 | 129.77 | 141.22 | 150.60 | 179.04 |
| | *low* | 84.63 | 90.20 | 113.36 | 115.70 | 134.66 |
| At December 31 | | 114.73 | 122.05 | 139.38 | 132.40 | 176.12 |
| **Net earnings** [(b)] **– EPS** ***(in euros)*** | | 4.31 | 4.68 | 4.94 | 5.28 | **5.90** |
| **Net Dividend per share** [(b)] **– DPS** ***(in euros)*** | | 2.45 | 2.49 | 2.63 | 2.95 | **3.20** [(c)] |
| Pay-out ratio | | 58% | 55% | 55% | 58% | 56% |
| Dividend yield | | 2.1% | 2.0% | 1.9% | 2.2% | 1.8% |
| Ex-dividend date | | May 11, 2020 | May 17, 2021 | May 16, 2022 | May 15, 2023 | May 20, 2024 |

*(a) Adjusted following current Euronext regulation.*
*(b) Data adjusted for attribution of free shares and capital increase.*
*(c) Dividend 2023, subject to the approval of Shareholders during the General Meeting on April 30, 2024.*

## SHARE OWNERSHIP BREAKDOWN AT DECEMBER 31, 2023



Individual Shareholders
34%

Foreign institutional investors
53%

French institutional investors
13%

Treasury shares
> 0%

# STRATEGIC PLAN FOR 2025

## ADVANCE ///////

### 3 Performance Objectives

**Sales growth**
**+5-6%** [a]

**ROCE** [b]
**>10%**
by 2023
and forward

**$CO_2$ emissions inflection**
Around 2025

Air Liquide

**Financial performance**

and beyond,

**Decarbonizing the planet**

**Unlocking progress via technologies**

**Acting for all**

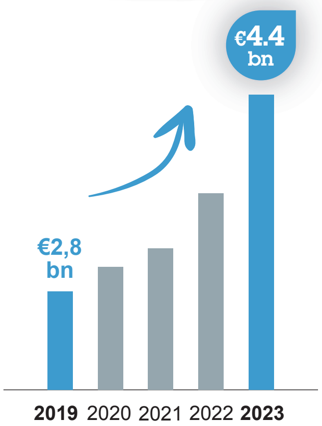
(a) *Group Compound Annual Growth Rate.*
(b) *Recurring ROCE.*

# 2023 FINANCIAL PERFORMANCE

| Comparable Sales Growth | OIR margin (a) | Recurring Net Profit (b) | Cash Flow after WCR (c) | Recurring ROCE (d) |
|---|---|---|---|---|
| +4% | +80 bps | +13% | +13% | 10.6% |

(a) *Improvement of the operating Income Recurring on Sales ratio excluding energy passthrough impact.*
(b) *Excluding exceptional and significant transactions that have no impact on the operating income recurring, excluding FX.*
(c) *Cash Flow from Operations after changes in WCR excluding FX.*
(d) *Recurring ROCE based on Recurring Net Profit.*

## Accelerated Investments to Secure Profitable Growth




Investment Backlog (a)

## Doubling the ADVANCE Margin Improvement Ambition

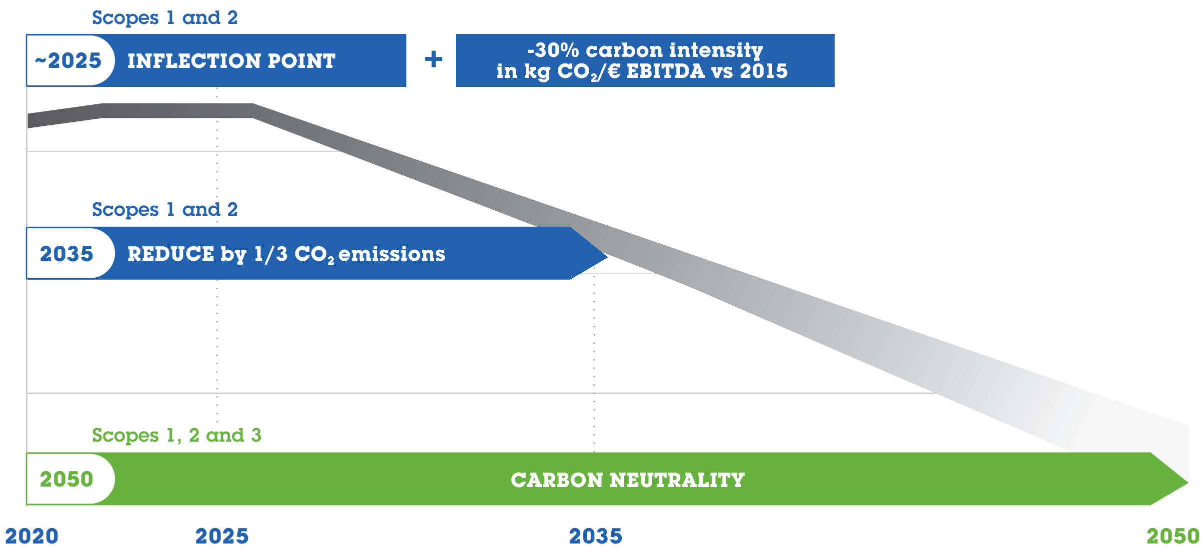
+320 bps over 4 years (b)

×2 vs. initial ambition in March 2022

(a) *Cumulated industrial investment value of projects decided but not yet started. Industrial projects with value > €10m, including asset replacements or efficiency projects, excluding maintenance and safety.*
(b) *Calculated as the sum of yearly OIR margin improvements at the energy price of the previous year; over the period 2022-2025.*

# AMBITIOUS CLIMATE OBJECTIVES

## TOWARDS CARBON NEUTRALITY BY 2050




SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Air Liquide's Scope 1 & 2 $CO_2$ emissions reduction target for 2035 has been **validated** by the Science Based Target (SBTi) initiative as being compliant and in line with climate science.

The Group was the first in its industry to obtain this validation from the SBTi [(a)].

**In 2023, the Group scopes 1 and 2 $CO_2$ emissions [(b)] are down -4.7% compared with 2022 and -4.9% compared with the 2020 baseline.**

The Group's carbon intensity [(c)] stood at 4.9 a -33% decrease compared to 2015, in line with the objective of -30% in 2025.

*(a) See page 323.*
*(b) In tonnes of $CO_2$-equivalent of Scopes 1 and 2, on a "market-based" methodology (see methodology for calculating scopes in paragraph 1.2.4 of the Annual reporting section of Chapter 5 – pages 394 and 395), restated to take into account over a full year from 2020 and each subsequent year, the emissions of the assets which correspond to changes in scope (upwards and downwards) and which have a significant impact on $CO_2$ emissions.*
*(c) In kg $CO_2$-equivalent/euro of operating income before depreciation and amortization and excluding IFRS 16 at 2015 exchange rates on Scopes 1 and 2 of greenhouse gas emissions on a "market-based" methodology (see methodology for calculating scopes in paragraph 1.2.4 of the Annual Reporting section of Chapter 5 – pages 394 and 395, as well as reconciliation in the Performance Indicators paragraph of Chapter 1 – page 62).*

# INNOVATION AND TECHNOLOGIES AT THE HEART OF THE STRATEGY

**309** million euros

**of Innovation spending in 2023**
including more than 100 million dedicated to climate solutions

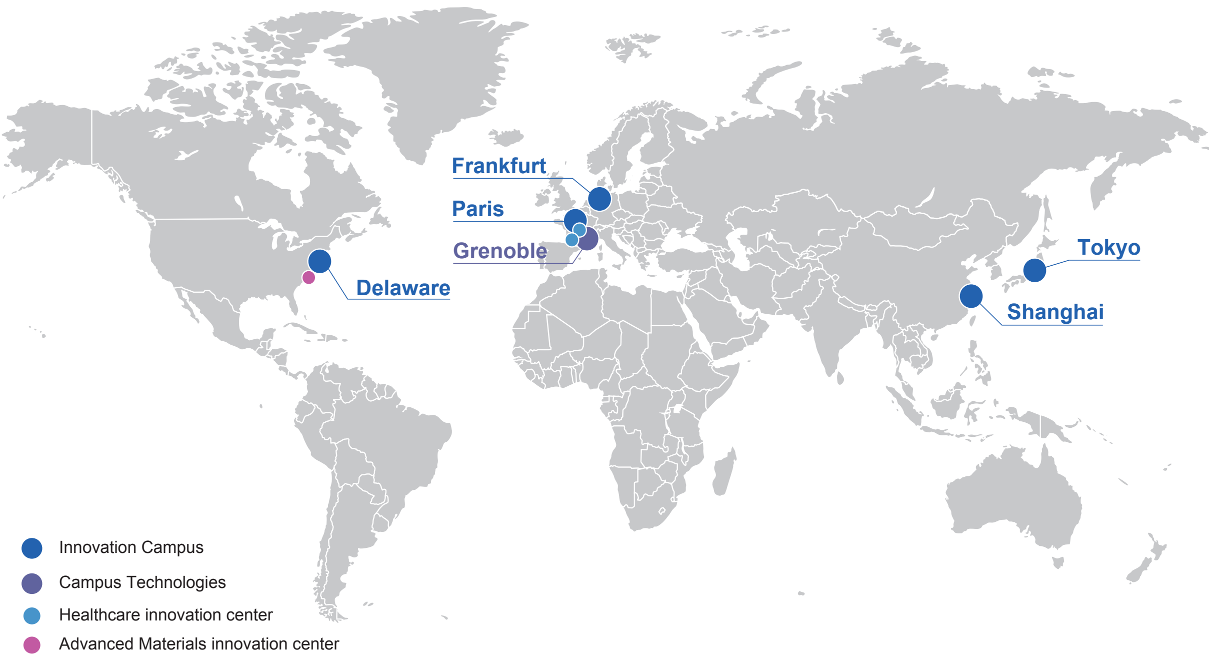
**372**

new patents
filed in 2023

**400**

innovation partnerships
with academics, industrial partners and start-ups

## A GLOBAL INNOVATION ECOSYSTEM



# PREREQUISITES TO ACTION

## SAFETY

### A zero-accident ambition

Safety is the fundamental value of the Air Liquide Group. The commitment to safety is total, visible and supported by unwavering vigilance.

Individuals safety

Road safety

Process safety

## ETHICS

### A program of actions focusing on employees

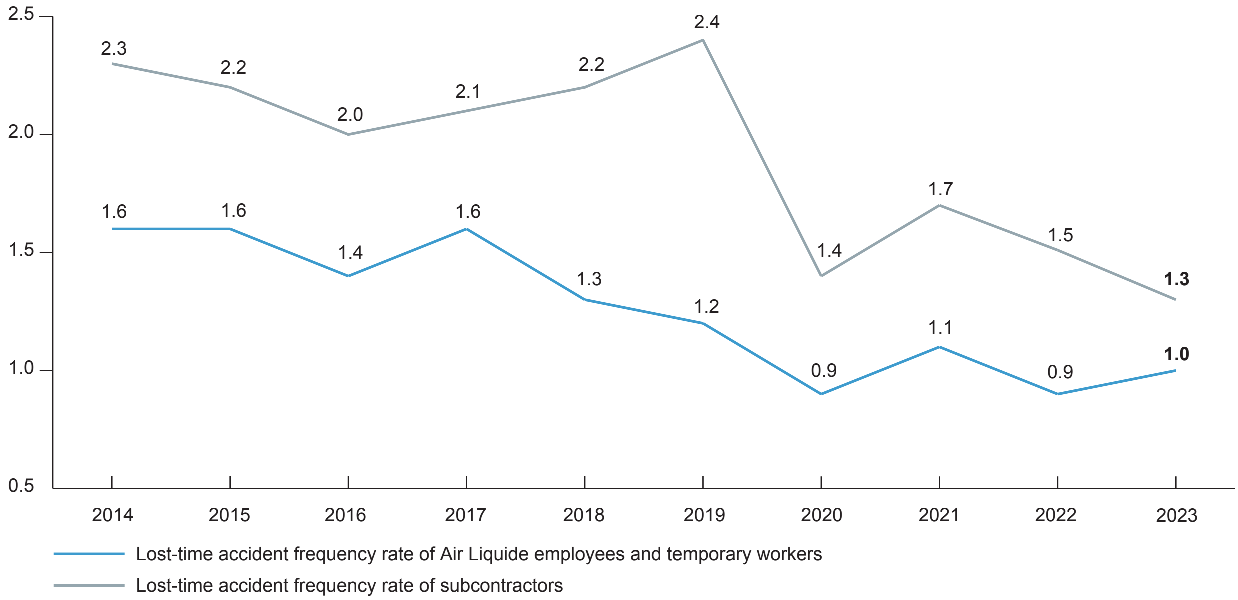
Ensuring integrity and transparency in all our operations.

## HUMAN RIGHTS

### Respect for Human Rights

Respecting and promoting Human Rights in our operations around the world.

LOST-TIME ACCIDENT FREQUENCY RATE OF AIR LIQUIDE EMPLOYEES AND SUBCONTRACTORS (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.*

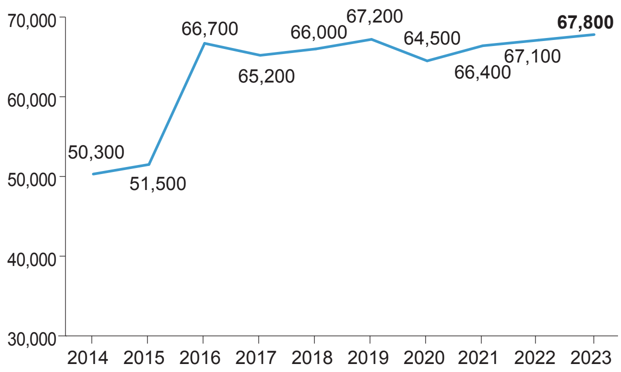
# A STRENGTHENED DIALOG WITH STAKEHOLDERS

## EMPLOYEES

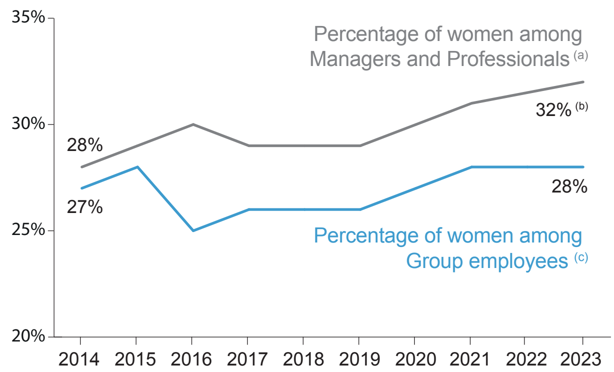
### Objectives and KPIs

Increase the number of women among managers and professionals to **35%** by 2025

GROUP HEADCOUNT




PROPORTION OF WOMEN




## CUSTOMERS

**280,000**

customer/patient feedbacks collected since 2017

**90%**

satisfied or very satisfied Air Liquide customers (d)

Fondation Air Liquide

Several hundreds of employees involved

34 new projects in 2023 benefiting tens of thousands of people

(a) *Including Airgas since 2017.*
(b) *The share of women among "Managers and Professionals" is rounded off in increments of 0.5%.*
(c) *Including Airgas since 2016.*
(d) *Based on customer satisfaction survey feedback (89% in 2022).*

# A COMPANY REWARDED FOR ITS EXTRA-FINANCIAL PERFORMANCE

### CDP

Air Liquide remained a Level A leader in its category, scoring an A- on both climate and Water performance.

### S&P 100

For the second year running, Air Liquide has been included in the DJSI Europe index in recognition of its commitment to social and environmental responsibility.

### FTSE

Air Liquide remains a constituent of the FTSE4Good index series in 2023.

### Ecovadis

In 2023, Air Liquide once again ranks in the top 10% of the best-rated companies.

### MSCI

Air Liquide has maintained its A rating, ranking in the top 26.5% of companies in terms of social responsibility.

### ISS

Air Liquide ranks in the top 10% of companies in the running, earning ISS "Prime" status.

### Moody's ESG Solutions

Air Liquide ranked in the top 3% of assessed companies.

### Sustainalytics

Recognized as "ESG Industry Top Rated", Air Liquide received a "low risk" rating.

*Ratings obtained in 2023.*

# 1 Integrated report

# HISTORY OF THE AIR LIQUIDE GROUP

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

## 1902-1960

### ORIGIN

Air Liquide was born in 1902 from innovation and the encounter between two men: Georges Claude, inventor of an industrial process for the production of oxygen from liquid air, and Paul Delorme, a visionary entrepreneur.

### FIRST INTERNATIONAL DEVELOPMENTS

Gas, by its very nature, is difficult to transport and thus local production is required. This was one of the reasons why Air Liquide set its sites internationally early on, building numerous production units abroad. Development was rapid in Europe (1906), Japan (1907), Canada (1911) and the United States (1916).

### LISTING ON THE STOCK EXCHANGE

The critical role played by Shareholders became evident in the first years of the Company's development. Listed on the Paris Stock Exchange in 1913, the share celebrated its hundredth year of listing in 2013. During these 100 years, Air Liquide has endeavored to forge a strong and privileged relationship with its Shareholders based on exceptional stock market performance, with an average annual increase in its share price of +11.9%.

### REVOLUTIONARY DISTRIBUTION METHODS

In the 1950s Air Liquide put in place new ways to distribute industrial gases.

Storing gas in liquid form in cryogenic tanks allows vast quantities to be transported by road or rail within a radius of approximately 200-250 km from the production site.

By delivering gas to several customers through pipelines, Air Liquide adopted a network strategy for the first time, linking its gas production units to one another. The Group increased its production capacity to meet soaring demand from large industries: firstly, for oxygen in the steel industry, and secondly, for nitrogen in chemicals. This marked the start-up of the Large Industries business.

## 1960-2000

### SPACE INDUSTRY

Convinced of the industrial potential of cryogenics, Jean Delorme, Chairman & CEO of Air Liquide, decided to create a research center dedicated to these technologies. This center was founded in 1962 near Grenoble in France. The first applications were rapidly integrated in the space industry and ever since Air Liquide has been a key partner of the space adventure.

### A TRADITION OF INVENTIONS

The Claude Delorme Research Center, located on the Saclay plateau and now called the Innovation Campus Paris, was created in 1970. The research center's work is focused on enhancing gas production technologies and their applications. It is evidence of the Group's desire to better understand the industrial processes of its customers and develop new gas applications to better satisfy their requirements. Today, the Group also has Innovation Campuses in Europe (Germany, France), North America (USA) and Asia (China, Japan).

### A NEW MARKET: ELECTRONICS

In Japan, the Group began in 1985 to supply ultra-high purity gases to the semiconductor industry: this involves carrier gases, mainly nitrogen, used to transport the specialty gases and keep the chip production tools inert, and specialty gases that are used directly in the manufacturing of semiconductors. In 1987, Air Liquide inaugurated the Tsukuba Research Center in Japan, which is dedicated to the electronics industry.

### MAJOR ACQUISITION

The Group acquired Big Three in the United States in 1986, a Large Industries business with a significant pipeline network along the Gulf Coast.

### EXTENDED OFFERING: HYDROGEN AND STEAM

In addition to oxygen and nitrogen, Air Liquide extended its offering to hydrogen and steam in the 90s. To ensure the success of this new offering, the Group used its business model, which is behind the success of its air gas business, and deployed from the beginning a basin strategy.

### HEALTHCARE

Originally an oxygen supplier to hospitals, Air Liquide became a specialist in the healthcare sector. The Group launched its Home Healthcare business in the 1990' and set up a dedicated network of specialist teams. Medical gases were progressively classified as drugs and manufacturers were required to file market authorizations. The Group also launched research programs in therapeutic gases, used for resuscitation and pain relief.

# 2000-2020

## INTERNATIONAL EXPANSION

The Group invested massively in China in the early 2000s; the country has been a major growth market for industrial gases and Air Liquide entered into numerous air gas contracts.

The Group acquired part of Messer Griesheim's activities in Germany, the United Kingdom and the United States.

## ORGANIZATION BY BUSINESS LINE

The Air Liquide growth drivers for the coming decades are based on changing lifestyles: industrial growth of developing economies, increasing energy needs and environmental challenges, healthcare and high technology. To capture this growth, the Group created a new organizational structure based on four World Business Lines. They combine the technical and operational expertise which are specific to each of the businesses of the Group – Large Industries, Industrial Merchant, Healthcare and Electronics – and centralize the specific market expertise.

Conscious of the strategic dimension of Engineering & Construction capabilities, the Group acquired Lurgi in 2007. This company provides Air Liquide with major proprietary technologies, notably hydrogen and carbon monoxide production units, adding to the Group's historical competencies in cryogenics.

## RESILIENCE IN AN UNPRECEDENTED CRISIS

Affected by a global economic crisis of unprecedented magnitude in 2008 and 2009, the Group focused its efforts on the management of its cash, costs, and investments (capital expenditures). Having tested the solidity of its long-term contracts, Air Liquide demonstrated the relevance and resilience of its business model. In a context of global recession, the Group showed itself to be an exception, posting a stable net profit while preserving the strength of its balance sheet.

## INNOVATION AND HYDROGEN

Innovation is central to Air Liquide's strategy. In 2013, Air Liquide launched two initiatives to promote open innovation: i-LAB (innovation Lab) and ALIAD, the Group's capital venture entity to take minority investments in innovative technology start-ups. In 2014, the Group decided on new investments such as the modernization of the Research Center near Versailles, on the Saclay plateau, and the launch of a technical center of excellence for cryogenic production technologies.

In addition, on a worldwide scale, Air Liquide actively contributes to the development of the hydrogen energy activity by supporting automotive manufacturers launching Fuel Cell Electric Vehicles on the market. Air Liquide contributes to the construction of hydrogen refueling stations (United States, Japan, France, Germany, Belgium, Denmark, the Netherlands, Korea, China, etc.).

## AIRGAS ACQUISITION BY AIR LIQUIDE AND NEOS PROGRAM

On May 23, 2016, Air Liquide completed the acquisition of the American company Airgas and took a new dimension. This acquisition was complementary to the Group's businesses in the United States and enabled Air Liquide to be present across all market segments both upstream of and downstream to the US market; this integration has created significant value.

In addition to the 300 million US dollars of synergies targeted by the Group through this acquisition, Air Liquide believes that the Airgas model, in terms of products, digitization of businesses, and business model, may be applied outside the United States.

With this acquisition, Air Liquide strengthens its position in the United States, the largest industrial gas market worldwide. This market also enjoys the strongest growth among advanced economies.

Following this acquisition Air Liquide published its new mid-term Company program, NEOS, on July 6, 2016. Its strategy for profitable growth over the long term is that of a customer-centric transformation. It is based on operational excellence and the quality of its investments, on open innovation and the network organization already implemented by the Group worldwide.

## CREATION OF THE GLOBAL MARKETS & TECHNOLOGIES BUSINESS

To step up the development of offerings in new markets, the Group created in 2016 the Global Markets & Technologies business, responsible for developing new activities in the field of energy transition and deep tech, by leveraging technologies.

## REFOCUSING ON GAS & SERVICES BUSINESSES

Following the divestiture of its Aqua Lung (diving) and Air Liquide Welding (welding) subsidiaries in 2017, Air Liquide focused on its Gas & Services businesses. After these divestitures, the share of Gas & Services revenue in Group sales increased from 90% in 2015 to 96% in 2018.

## ENERGY TRANSITION AND CLIMATE OBJECTIVES

For many years now, Air Liquide has been committed to sustainable growth aimed, in particular, at limiting its $CO_2$ emissions and those of its customers. On November 30, 2018, Air Liquide announced its climate objectives, in particular a 30% reduction in its carbon intensity between 2015 and 2025, with a global approach that includes its assets, its customers, and its ecosystems. These objectives are the most ambitious in the sector and are in line with the NEOS company program. In this respect, the Global Markets & Technologies activity is stepping up sales to energy transition-related markets, driven by the biomethane sector and the first developments in the hydrogen mobility.

## FINALIZATION OF THE INTEGRATION OF AIRGAS AND STRENGTHENING OF THE GROUP'S EFFICIENCY PROGRAM

At the beginning of 2019, Air Liquide reached its target of 300 million US dollars in synergies, thanks to the integration of Airgas, more than a year before initially planned. With the integration complete, Airgas joined the Group's efficiency program and contributes to increasing the annual target for efficiencies. The Group efficiencies target was initially set at 300 million euros and was revised up, to more than 400 million euros, as of 2019. Moreover, a program aimed at promoting the sharing of the Airgas model has allowed close to 100 Group managers to immerse themselves in Airgas operations, and to step up the sharing of its best practices with other Group regions.

### INCREASING IMPORTANCE OF NEW HYDROGEN MARKETS

In 2019, Air Liquide announced the construction in Canada of the largest Proton Exchange Membrane (PEM) electrolyzer in the world, aimed at producing hydrogen using hydro-power for industry and mobility usages. The Group invested in a hydrogen production and liquefaction unit for the west coast of the United States and worked with its Steel customers to decarbonize steel production using hydrogen.

## 2020-2023

### MOBILIZATION OF THE GROUP AGAINST COVID-19

The Healthcare teams were highly mobilized to cope with the increasing demand for medical oxygen, supply equipment such as ventilators for hospitals, ensure stabilized patients can return home and guarantee chronic patients are continually monitored.

In a context of global health and economic crisis, the Group has once again proven its resilience. This crisis has also highlighted the contribution of the Group's activities to society as well as the commitment of its employees.

### ACT FOR A SUSTAINABLE FUTURE

In March 2021, the Group strengthened all of its sustainable development goals by detailing them around three axes.

First, to ACT for a low-carbon society, in line with the Paris Agreement, by setting a target of carbon neutrality by 2050, with two major intermediate steps: the start of the reduction of its $CO_2$ emissions in absolute value around 2025 and a -33% decrease in its $CO_2$ emissions from Scopes 1 and 2 by 2035 compared to 2020. Air Liquide acted for climate in 2021, by initiating projects and partnerships for the decarbonization of industrial and mobility activities, and by announcing its participation in the largest fund dedicated to clean hydrogen infrastructure. The Group also acquired Sasol air separation units in South Africa and a TotalEnergies steam methane reformer in France while committing to a very significant decrease of their $CO_2$ emissions.

Second, CARE for patients by improving the quality of life of patients with chronic diseases in mature economies and facilitating access to medical oxygen in low- and middle-income countries. Already in place in Senegal, the initiative allows access to medical oxygen to rural communities and its deployment has started in South Africa.

And third, TRUST as the base to engage with employees and to build the best-in-class governance.

### LAUNCH OF THE NEW STRATEGIC PLAN: ADVANCE

In March 2022, Air Liquide presented ADVANCE (see page 38), its new strategic plan for 2025. It placed sustainable development at the heart of its strategy and combined financial and extra-financial performance. With a strong business model which has proven its resilience, with its innovation capacity and its technological know-how, the Group is particularly well positioned to continue its growth trajectory while contributing to respond efficiently to major economic, environmental and societal challenges.

# BUSINESS MODEL

## 1. Prerequisites to action: safety, ethics and the respect of Human Rights

### PREREQUISITES TO ACTION

Before any decisions are made and during the roll-out of its projects, Air Liquide ensures that three key principles are applied as an integral part of its operational excellence, with no exceptions across any of its business areas:

#### SAFETY

**A zero-accident ambition**

Safety is the fundamental value of the Air Liquide Group. The commitment to safety is total, visible and supported by unwavering vigilance.

Individuals safety · Road safety · Process safety

#### ETHICS

**A program of actions focusing on employees**

Ensuring integrity and transparency in all our operations.

#### HUMAN RIGHTS

**Respect for Human Rights**

Respecting and promoting Human Rights in our operations around the world.

### OUR ACTIONS

**Safety**

**Life-Saving Rules** that apply to everyone; compliance is mandatory and monitored.

**Training** in safety "leadership" and risk prevention for employees and partners.

**The IMS** (industrial management system)**, which has been in place for the last 15 years,** is regularly audited and updated for effective and harmonized management of the safety and reliability of Group operations.

**Introduction of the latest on-board vehicle driver assistance technologies** to prevent road risks.

**Ethics**

**Code of Conduct**
- Available in 20 languages,
- Mandatory training for 100% of employees,
- Individual adherence to the Code required annually.

**Dedicated structure:**
- Ethics and Compliance Committee,
- Ethics Officers,
- Control and Compliance Department.

**Mandatory training** in local customs, regulations and Code of Conduct.

ETHICALL · EP ETHICSPOINT

**Whistleblowing systems** enabling all employees to report policy breaches (anonymously if they wish to).

**Human Rights**

Respect for the **fundamental standards**

International Bill of Human Rights.

International Labour Organization Declaration on Fundamental Principles and Rights at Work.

**United Nation** Guiding Principles on Business and Human Rights.

**OECD** Guidelines for Multinational Enterprises.

**Voluntary commitments**

**United Nations** Global Compact.

Continuous improvement and excellence regarding environment, health and safety in the chemicals sector.

Further information on the prerequisites for action is available in:

- Vigilance Plan (Chapter 2): management of safety and Human Rights risks (pages 95 to 110);
- The Extra-financial Performance Declaration (Chapter 5): treatment of safety and ethical risks and description of Air Liquide's Human Rights approach (pages 341 to 343 and 349 to 352).

## 2. Description of the business model

### PROFILE

Inventor of the future, Air Liquide has contributed to the world's development since 1902 thanks to the power of science. Oxygen, hydrogen, nitrogen, etc., these molecules are everywhere today, at the heart of our lives. A world leader in gases, technologies and services for industry and health, the Group creates and develops innovative solutions based on technology and scientific expertise to support industry and health in its march towards progress. It acts on a daily basis for its customers, its patients and beyond to be useful to society. It invents a future where a responsible growth can benefit all, for a sustainable future.

### ADVANCE ///////

Strategic plan for 2025

- **DELIVERING** financial performance
- **DECARBONIZING** the planet
- **UNLOCKING** progress via technologies
- **ACTING** for all

### RESOURCES & ASSETS

**67,800** employees

**> 4 million** of customers and patients

**> 80,000** suppliers

**~ 800,000** Shareholders

**> 400** technological and industrial partnerships

**> 600** production units

**> 20 million** cylinders

**~10,000** trucks

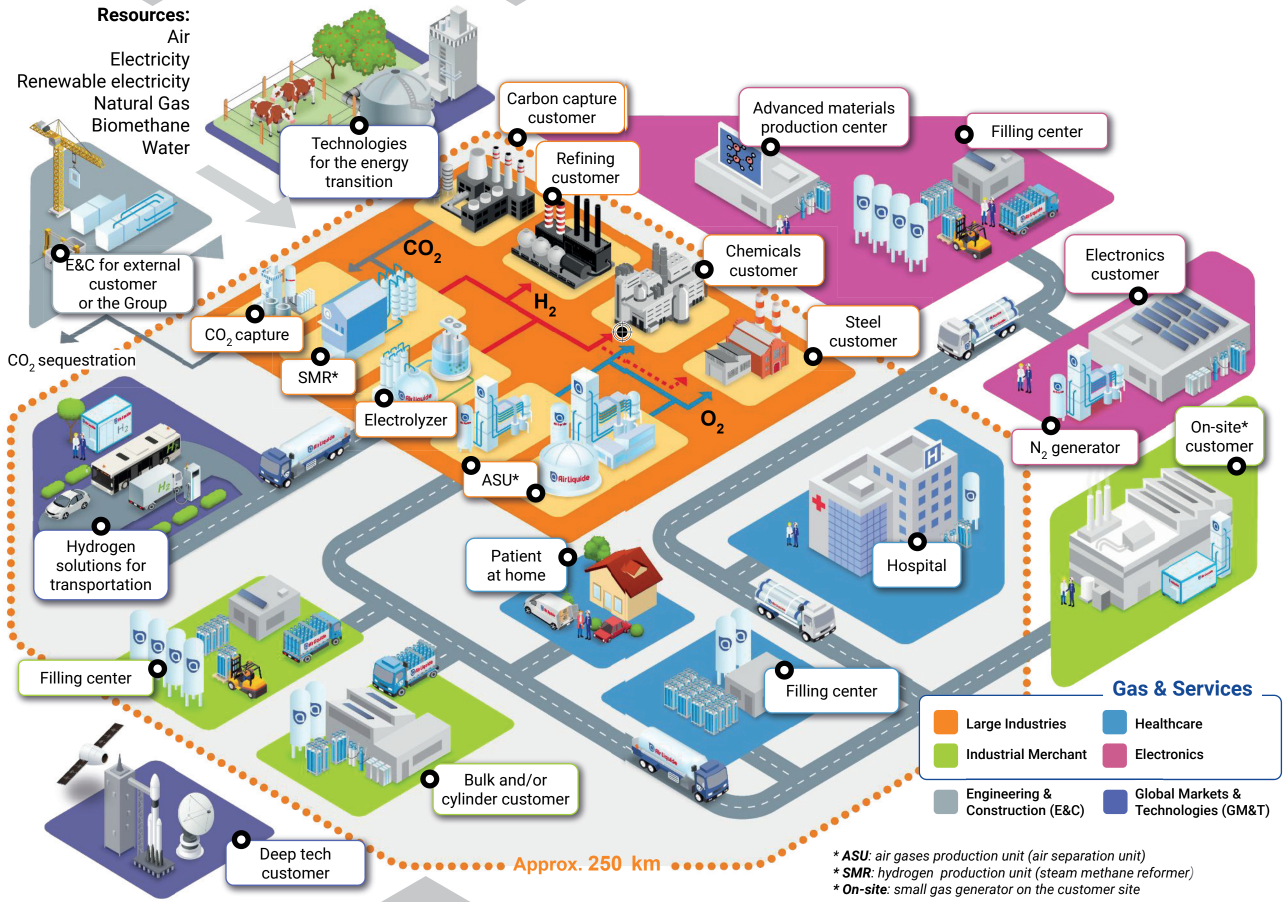
**6** Innovation and Technologies Campuses

**~14,800** patents

**41 TWh** of electricity

**85 TWh** of fuel and feedstock

**89 Mm³** of water consumed




** ASU: air gases production unit (air separation unit)*
** SMR: hydrogen production unit (steam methane reformer)*
** On-site: small gas generator on the customer site*

### VALUE CREATION

#### Financial performance (a)

**Revenue:**
**27.6 billion** euros
**+6.1%** on average over 30 years

**Cash flow (b):**
**6.4 billion** euros
**+7.2%** on average over 30 years

**Adjusted dividend per share:**
**+8.7%** on average over 30 years

#### Environment

- **Carbon neutrality** by 2050
- Carbon trajectory validated by SBTi
- Emission **37.6 Mt** in 2023
  **-4.9%** compared with 2020 baseline (scopes 1 & 2)

#### Society

- **1.0** of accident frequency rate
- **93%** of employee loyalty (c)
- Highest **diversity** in its sector
- **34** new projects supported by the Foundation

### PREREQUISITES TO ACTION

**SAFETY** **ETHICS** **HUMAN RIGHTS**

(a) Data calculated according to prevailing accounting rules over 30 years. Adjusted dividend per share to take into account the two-for-one share split in 2007, for free share attributions and for a factor of 0.974 reflecting the value of the preferential subscription rights of the capital increase completed in October 2016.
(b) Cash flow from operating activities before changes in working capital.
(c) Retention rate of managers and professionals over one year.

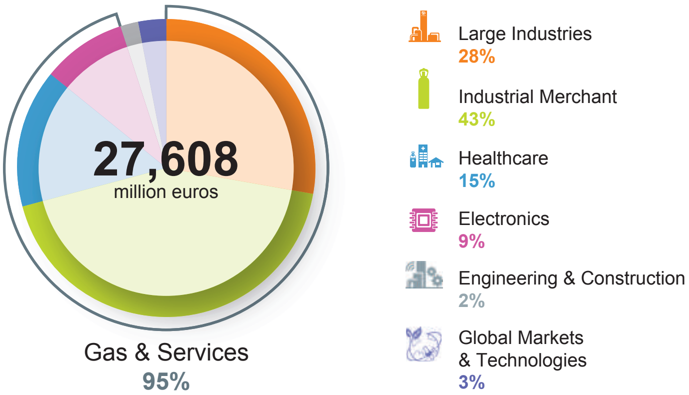
# 3. Description of activities

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 25 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;
- and 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.

2023 GROUP REVENUE BY ACTIVITY

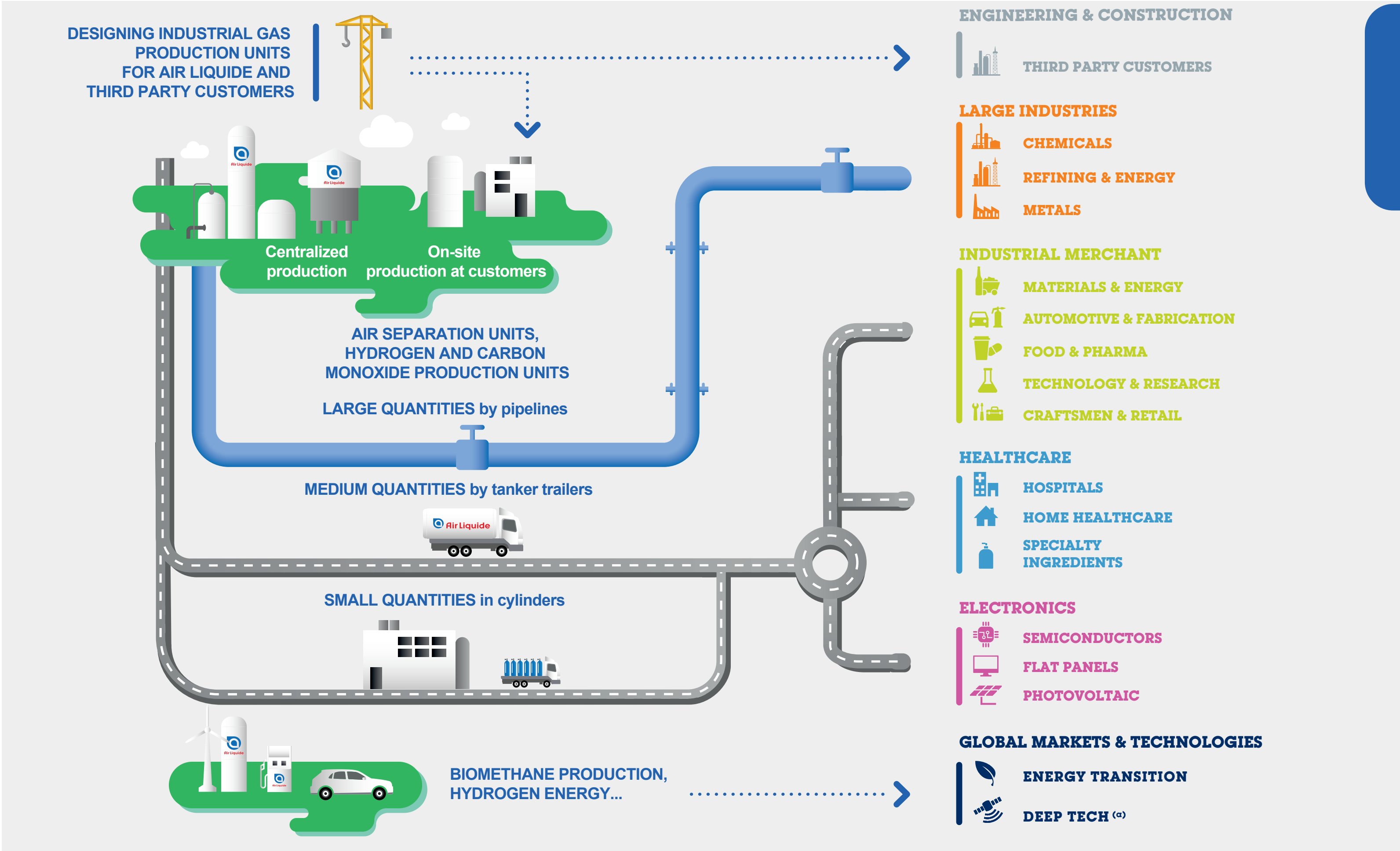



## 3.1. GAS & SERVICES

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

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.

- **Large Industries** supplies industrial gases by operating major production units. It serves customers in the metals, chemicals, refining and energy sectors where high gas volumes call for a dedicated plant or the development of a pipeline network. Large Industries 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, as well as equipment and services mainly used for the production of semiconductors, but also flat screens and photovoltaic panels.




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

## The Strength of Air Liquide's model

In Large Industries, the supply of gas is contracted for a duration of at least 15 years, and includes take-or-pay clauses which guarantee a minimum level of revenue.

Underlying trends for the Healthcare business (longer life expectancy, more sedentary lifestyles, urbanization) ensure growth in demand which is decorrelated from economic cycles.

Industrial Merchant benefits from the broad diversity of its markets, customers, and regions which is the result of strategic targeting and which reinforces the resilience of the business line.

The development of the semiconductor industry with its numerous digital applications is the main source of sales growth in Electronics, an industry presenting a strong momentum.The Group's capacity to innovate enables it to continuously improve its current offerings by integrating new technologies and new ways of working to boost operational excellence. Air Liquide therefore draws on its internal and external innovation ecosystems to develop differentiating solutions for its customers and patients and open up new markets. Innovation contributes to the Group's sustainable growth.

In addition to the Gas & Services businesses, Global Markets & Technologies help place Air Liquide in a pioneering position in new markets and new business models relating to energy transition and deep tech, thus accelerating the learning curve on new social and environmental challenges, and opening up key opportunities for future growth.

Finally, the Engineering & Construction business line is responsible for the design and construction of plants and equipment to meet the various needs of the Group's business lines and third-party customers. Through its Engineering & Construction business line, the Group cultivates, shares and passes on its expertise from one generation to the next, ensuring both the continuity of its know-how and its continuous improvement thanks to the permanent integration of the latest technological advances and their adaptation to new markets.

The solutions offered by the business lines to sustainable development, of today or the future, especially in the energy transition domain, reinforce the Group growth and resilience.

Moreover, through its various World Business Lines, the Group serves more than 4 million customers and patients in a variety of industries and across a wide range of regions, which provides high resistance to economic cycles. These characteristics, which are inherent to the industrial and healthcare gas business, reinforce the strength of the business model.

# Large Industries

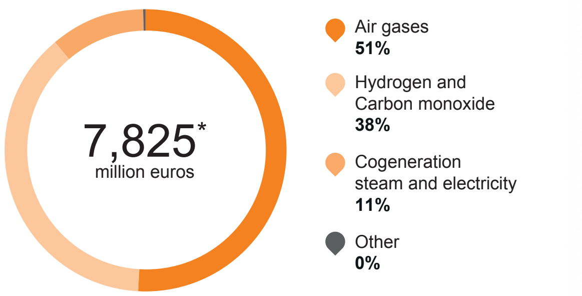
## 1. BUSINESS OVERVIEW, BUSINESS MODEL AND INDUSTRIAL PROCESSES

### a. Business overview

The Large Industries business line supplies gas and energy solutions to customers in the metals, chemicals, refining and energy industries, which are essential for their own core businesses, to improve process efficiency and to make their plants more environmentally friendly. The Large Industries business line provides oxygen, nitrogen, argon, hydrogen and carbon monoxide through its plants and its pipeline network. The Group also operates cogeneration plants to supply customers with steam and electricity.

The world leader in this sector, Air Liquide benefits from dedicated in-house development and engineering teams, differentiating proprietary technologies and rigorous processes for selecting investments and carrying out projects. The largest Large Industries customers are looked after by key account managers who have in-depth knowledge of customers' businesses, as well as of their projects, industrial processes and global structure. This allows Large Industries to maintain close contact with its customers, thus improving the Group's responsiveness and competitiveness in terms of meeting their needs.

2023 LARGE INDUSTRIES REVENUE BY PRODUCT




* *30% of Gas & Services revenue.*

### b. Business model

The supply of gas is generally contracted for 15 years. For certain projects, this can be extended to 20 years and beyond. The signing of new contracts for new industrial customers' sites is a strong predictor of future growth. Within these contracts, the Group guarantees long-term service continuity and a high level of reliability with respect to the gas supply via a high-performing industrial solution. In return, long-term gas supply contracts include guaranteed minimum volumes through take-or-pay clauses, as well as the indexation to variable costs (mainly for electricity and natural gas) and to inflation.

The use of industrial gases is critical for the various industrial processes of Large Industries' customers. As any discontinuity in supply translates into an interruption of the customer's production operations, supply reliability and safety are crucial. However, although vital, gas supply generally represents a very small part of total production cost for the customer.

The Large Industries are at the heart of the energy transition, which creates major growth opportunities with the supply of low-carbon gases as well as new modes of process and solutions for the customers' $CO_2$ emissions reduction.

### c. Large Industries industrial processes

The raw materials necessary for the production of industrial gases vary according to the type of gas and the location of the production unit. The production of oxygen and nitrogen requires air and a large quantity of electricity. Cogeneration units consume natural gas and water. Hydrogen and carbon monoxide production units mainly consume natural gas and little electricity. In 2021, the Group also inaugurated the world's largest electrolysis facility in Canada that uses water and renewable hydroelectricity to produce low-carbon hydrogen. The energy and capital intensity of these industrial processes is generally high.

#### Air gases production (ASU: Air Separation Unit)

An Air Separation Unit (ASU) compresses, liquefies and distills air in order to separate it into its different components: 78% nitrogen, 21% oxygen, 1% argon and noble gases (neon, krypton and xenon). Only certain large ASUs can produce noble gases. The ASUs do not emit directly $CO_2$ but electricity consumption is significant. A simplified diagram of an ASU operation is presented on page 35.

#### Hydrogen and carbon monoxide production through steam reforming (SMR: Steam Methane Reformer)

By steam reforming natural gas, an SMR produces hydrogen and carbon monoxide. The most significant raw material is natural gas; electricity and water consumption is modest. A simplified diagram of hydrogen production by reforming is presented on page 36. Air Liquide has developed a portfolio of $CO_2$ capture solutions adapted to SMR, allowing to very significantly reduce their greenhouse gas emissions.

#### Hydrogen production through electrolysis

Hydrogen production through electrolysis is based on the dissociation of water molecules ($H_2O$) using electricity, to extract hydrogen and oxygen molecules. This process produces hydrogen without using or emitting carbon-based molecules. It can be used to produce low-carbon hydrogen for industry and mobility, as well as for energy storage. A simplified diagram of hydrogen production through electrolysis is presented on page 35.

#### Cogeneration

Cogeneration consists of simultaneously and efficiently producing electricity and steam generally by consuming natural gas and water. The electricity is used by an Air Liquide plant or sold on the local network. The steam is required for certain industrial processes. This type of units directly emits $CO_2$.

### GAS SEPARATION TECHNOLOGIES FOR THE CAPTURE AND USE OF $CO_2$

Air Liquide’s portfolio of technologies also includes separation and gas capture technologies. Based on cryogenic distillation, adsorption, absorption, or separation membranes, these technologies are used to capture the carbon dioxide generated by Air Liquide’s industrial processes and those of its customers. Air Liquide proposes to its customers $CO_2$ capture as a service on a typical Large Industries contract basis. These solutions can be installed, for example, at hydrogen production units, petrochemical facilities, or cement plants. Captured carbon dioxide is then permanently sequestered in a geological storage or used in the customer’s processes, such as the treatment of alkaline water, or used by Industrial Merchant customers, to produce carbonated beverages, to package food in a protective atmosphere, or to prepare welding gas mixtures.

## 2. LARGE INDUSTRIES KEY FIGURES

- > 300 large air separation units;
- > 50 hydrogen and/or carbon monoxide production units;
- > 9,700 km of pipeline networks;
- > 15 cogeneration plants.

## 3. CUSTOMERS AND MARKETS

**The chemicals industry** uses mainly oxygen, hydrogen and carbon monoxide in its manufacturing processes, as well as nitrogen to inert its installations.

**The refining industry** requires hydrogen to desulfurize fuels and crack heavy hydrocarbons. The demand for hydrogen is growing steadily due to more stringent legislation aimed at reducing emissions and the use of increasingly heavier hydrocarbons in fuel production.

**In the metals industry,** Air Liquide supplies large volumes of oxygen to steel producers notably, the use of which improves their energy performance and reduces significantly their $CO_2$ emissions. The majority of new projects are currently located in developing economies. The Group is also partnering with steel industry customers to develop innovative solutions involving renewable or low-carbon hydrogen for Direct Reduced Iron (DRI) production plants and carbon capture technologies.

Numerous industries linked to energy or chemicals use large quantities of oxygen to transform coal, natural gas, or liquid hydrocarbons into syngas for the production of chemical products, synfuel, or electricity.

To meet customer requirements, the supply of large quantities of gas is critical. Air Liquide supplies its customers directly by pipelines from a dedicated plant or different plants linked by a network. Air Liquide has built its pipeline networks progressively over the last 40 years. With a total length of more than 9,700 kilometers (6,000 miles), these networks stretch, for example, across Northern Europe, from Rotterdam through to Dunkirk, and along the Gulf Coast in the United States from Lake Charles (Louisiana) to Corpus Christi (Texas) as well as along the Mississippi river in Louisiana. Many other mid-size local networks have also been built in other significant and fast-developing industrial basins in Germany, Italy, Singapore, and, more recently, China.

### KEY POINTS

The **Large Industries** business line depends on long-term contracts (15 to 20 years) which include take-or-pay clauses, offer considerable visibility of future revenue and protection in the event of a significant fall in customer volume consumption (below the minimum take-or-pay level). Sales prices in Large Industries contracts are indexed, in particular, to energy and inflation costs. The long investment cycle and high capital intensity require a solid balance sheet. The signing of new contracts is a strong predictor of future growth.

Air Liquide is developing a pipeline network strategy in the industrial basins in order to provide customers with greater supply reliability while optimizing operating costs. This strategy allows to mutualize production assets and generate savings, notably on energy, on the overall Air Liquide network as well as for its customers.

By developing its capacity to deliver low-carbon industrial gases to its clients and other Group businesses, by allowing industrial processes decarbonization, and by offering carbon capture as a service, the Large Industries is crucial for the energy transition and the Group's decarbonization strategy.

# Industrial Merchant

## 1. BUSINESS OVERVIEW, BUSINESS MODEL AND SUPPLY MODES

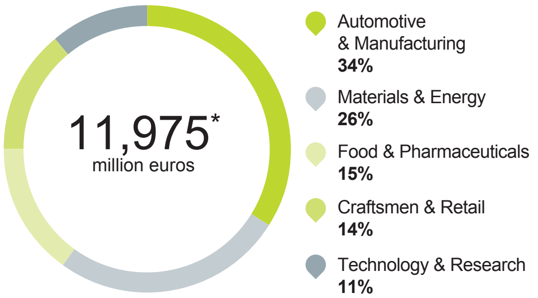
### a. Business overview

The Industrial Merchant business line is, by its nature, a highly local business, which provides more than two million customers with industrial gases, equipment, hardgoods, and associated services.

Industrial Merchant provides gas using the supply mode best adapted to customers' needs: either via a small on-site production unit for customers with major volume requirements, or in liquid form distributed by trucks for medium-scale quantities, or in cylinders for smaller volumes and use on construction sites. Around 95% of Industrial Merchant's customer base is small customers who favor simplicity, flexibility and quality of service: they mainly order cylinder gas and hardgoods.

The Industrial Merchant activity serves a wide variety of markets, often essential to life. It constantly invents new applications for its molecules that address the challenges of energy transition but also the challenges of new uses and markets and that contribute to improving the operational efficiency of its customers. The Industrial Merchant business manages a significant amount of data from the large number of assets used in operations along with the diversity of markets and customers. Digital transformation and data analysis, therefore, play a predominant role in improving operational efficiency, price management, and the quality of the services provided to the customers.

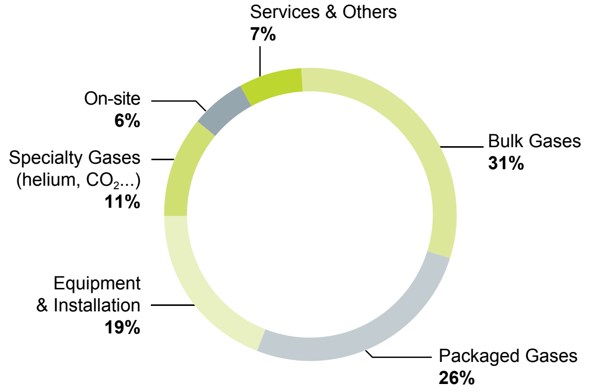
2023 INDUSTRIAL MERCHANT REVENUE BY END-MARKET




* *45% of Gas & Services revenue.*

### b. Business model

A large share of Industrial Merchant sales is covered by contracts with terms of up to five years for cylinders and liquid gas supply and up to 15 years for small on-site gas generators. These contracts generally include gas supply, the reliable and safe delivery of products and the provision by the Group of equipment at customers' sites, the provision of a service, as well as the indexation of the sales price to different variables such as inflation and energy prices. The provision of cylinders or tanks at customers' sites is covered by a fixed monthly fee. The wide range of markets, customers, and regions in which the Group is present reinforces the resilience of this business line.




The Industrial Merchant (IM) business line is integrated in the industrial basins and firmly **grounded in local economic life.** This local base is strengthened by economic constraints which limit the radius of gas distribution to some 250 kilometers around a production site. One of the strengths of Industrial Merchant is to be able to identify high-potential areas and establish a site by developing synergies with Large Industries' network of plants or by investing in dedicated units. While permeating the local economy, the Industrial Merchant business line has expanded its operations internationally in about 60 countries, thus strengthening the business line's resilience. This regional diversity is based on a strategy of targeted investments and the regular optimization of portfolios.

**A permanent focus on geographic density** within the industrial basins is a key success factor thanks to the synergies that this generates, in particular in terms of logistics. In addition to the business development of a basin, the acquisition of local distributors and their portfolio of customers also helps improve this density, in particular in markets that are still fairly fragmented such as the United States and China.

### c. Supply methods

On page 30, the diagram shows the different **supply modes used in Industrial Merchant**. Strong **operational discipline** is applied across the value chain (supply, packaging, distribution) and is an essential part of Air Liquide's integrated model. Coupled with new digital tools including the IBO ("Integrated Bulk Operations"), this allows the Group to optimize the use of its resources in real-time (plants, trucks, energy, etc.) to improve the competitiveness of its products and services for customers and reduce its $CO_2$ emissions. Air Liquide's quest for continuous improvement helps ensure the safety of its employees, customers, and service providers and optimize their costs while offering a seamless customer experience.

## 2. INDUSTRIAL MERCHANT KEY FIGURES

- ~ 33,000 employees;
- ~ 20 million cylinders;
- ~ 10,000 trucks;
- ~ 53,000 cryogenic tanks installed on customers' sites;
- > 1,000 on-site generation units;
- ~ 1,500 filling centers and retail stores.

## 3. CUSTOMERS AND MARKETS

### a. A customer-centric culture

**Customers and markets served by Industrial Merchant** are presented in the drawing on page 30. Industrial Merchant customers vary greatly in terms of size, business and needs, but their common ground is their desire for products and services which facilitate daily activities.

The Group's ambition to provide a seamless customer experience requires listening to customers' needs, providing a diversified and customized offering and an excellent quality of service. To further customer engagement, Air Liquide is working on the rationalization and simplification of its processes to continuously improve the level of its service, focusing on the reliability of its equipment and deliveries and thus the overall efficiency of its supply chain.

Optionality in terms of both product and service offerings as well as transactional channel is also a differentiating characteristic of the Industrial Merchant business line. Thanks in particular to the contributions of Airgas in terms of customer culture and excellence in operational service, Industrial Merchant continues to develop a multi-channel approach to sales which notably includes e-commerce and telesales to better support the uses of its customers.

A MULTI-CHANNEL SALES APPROACH


### DATA AND DIGITAL WORKING FOR THE CUSTOMER AND IMPROVING GROUP PERFORMANCE

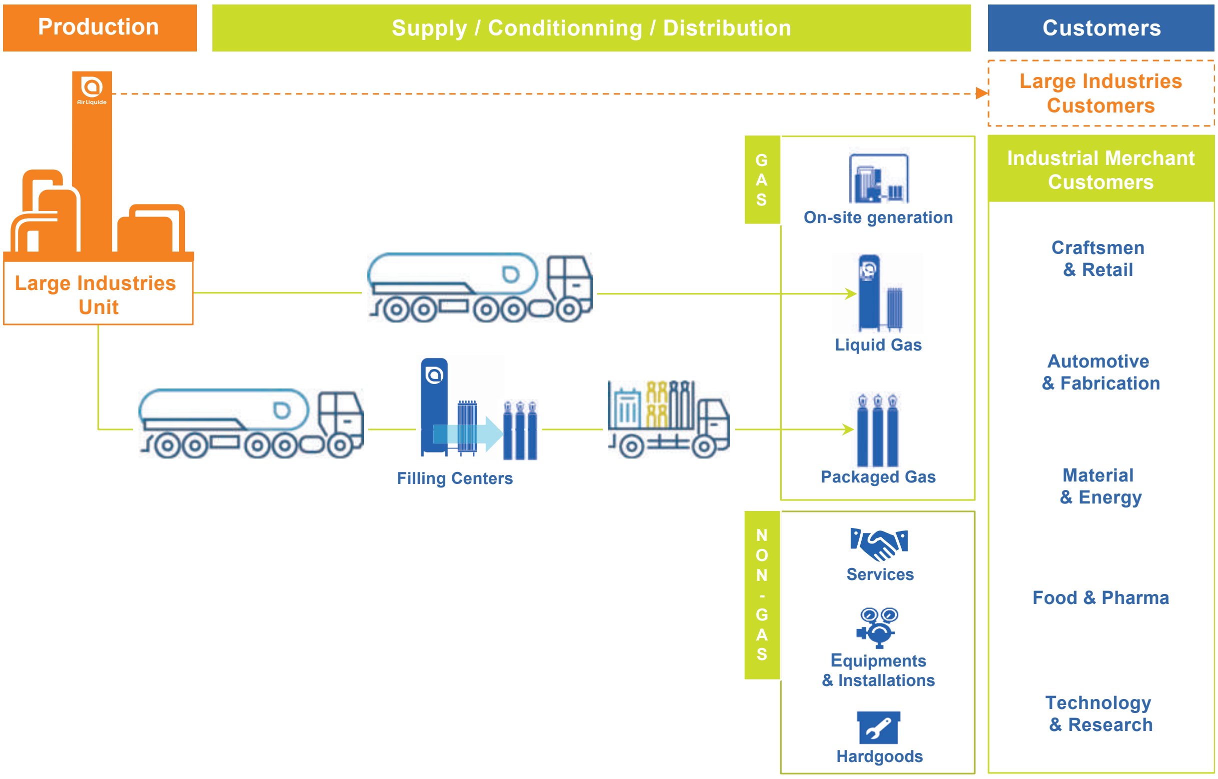
The **Industrial Merchant** business line manages a significant amount of data from the large number of assets used in operations and the diversity of markets and customers. Digital transformation and data analysis, therefore, play a predominant role in improving operational efficiency, the quality of the services provided to the customers, and new offerings. Thanks to this data analysis, the Industrial Merchant teams are able to drive the performance of operations in real-time and optimize price management in a fair and dynamical way depending on markets and costs. The digitalization of assets on customer sites also enables the uploading of utilization data, which is then analyzed to create new services, offerings, or business models.

### b. A strategic positioning on markets with optimized product portfolios

Thanks to their proximity to customers and the Group's presence in a large number of markets, the Industrial Merchant teams foster a large and in-depth knowledge of the latter and of their industrial processes. Moreover, Air Liquide collects a large amount of data from these markets and the economy in general. This allows the Group to identify major trends, assess growth prospects and anticipate future opportunities. By closely analyzing this market data and its value chains, the Group has developed a **selective approach and dynamic market management** to focus its resources on areas of higher potential growth. The diversity of the markets, customers and geographical regions resulting from strategic targeting strengthens the resilience of the business line.

The level of profitability of the Industrial Merchant business line varies according to product and supply mode. **By optimizing this product mix**, the business increases its profitability, captures new volumes and diversifies its customer base.

## SUPPLY MODES




## CUSTOMER MARKETS

Industrial Production → Consumer markets

| | Craftsmen & Retail | Automotive & Fabrication | Technology & Research | Material & Energy | Food & Pharma |
|---|---|---|---|---|---|
| **Description** | Professionals and craftsmen, involved with metal fabrication, heating, construction and repair. | Small to large companies that transform primary materials (metal) into finished products or advanced fabrications. | Advanced technology industries (optoelectronics, electronics manufacturing, space), research centers and analytical labs. | Industries engaged in activities from the extraction of ores and oil to the transformation of raw materials into added-value products. | Companies engaged with food, beverage and pharmaceutical production and processing activities. |
| **Market trends** | Need for simple and flexible products and services.<br>Ease of the customer experience. | Pressure on quality and prices of fabricated products.<br>Development of lightweight materials (composites), new processes (additive manufacturing) and electrification. | Digitalization.<br>Need for smarter products and services, more efficient and more reliable.<br>New gas testing opportunities. | Need for increased productivity.<br>Preservation of climate and natural resources. | Global growing and aging population drives demand. |

## KEY POINTS

The **Industrial Merchant** business line is, by its nature, a highly local business, which provides more than two million customers with industrial gases, equipment, hardgoods and associated services.

**The diversity of markets, customers and regions is the result of strategic targeting and reinforces the resilience of the business line.**

The balanced breakdown between markets related to industrial production and those more consumption-related, the fact that they are often related to sectors essential for the life, coupled with an Industrial Merchant business model which includes a share of fixed income from sales, strengthens the resilience of the business. Thus, about 50% of Industrial Merchant sales are not dependent on the local industrial production of the countries in which the Group is present.

Thanks to the proximity to their customers, in-depth knowledge of their industrial processes and innovation capabilities, Industrial Merchant teams and their experts in gas applications develop new product or services offerings which are a major growth and performance driver.

# Healthcare

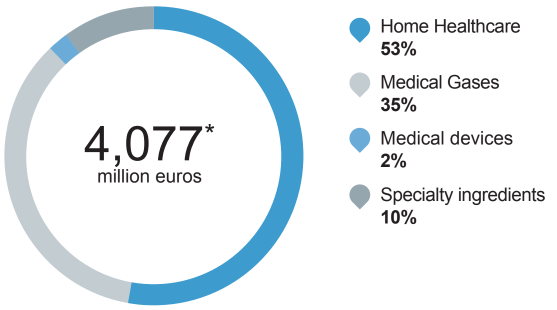
## 1. BUSINESS OVERVIEW AND BUSINESS MODEL

### a. Business overview

The Healthcare business line provides medical gases, home healthcare services, medical equipment, and specialty ingredients. These products and services support patients along the continuum of care, from the hospital to their homes. The Group is committed, alongside patients, healthcare professionals, hospitals, and new places of care, to contributing to making the healthcare system more efficient. Air Liquide is one of the world leaders in this constantly changing business sector and is subject to stringent regulatory requirements as well as multiple stakeholders (patients, doctors, health authorities, and payers).

Actors and decision-makers in the health sector are faced with the double challenge of the increase in the number of patients with chronic diseases and the economic sustainability of health systems. Air Liquide's Healthcare activity intends to be the partner in the transformation of this sector and is committed to bringing ever more value to all stakeholders and thus cooperating in the collective resolution of this challenge. Value-Based Healthcare is defined as the outcomes that matter to the patient relative to the costs of achieving those benefits. In concrete terms, this means for the Healthcare activity the development of a personalized care plan that meet the needs of each patient profile with the objective to make it possible to achieve the outcomes that everyone expects to improve the quality of life. It is also a virtuous approach that allows the Group to effectively adapt its interventions while working to ensure the sustainability of healthcare systems. For medical gases and related services, the aim is to offer solutions that help healthcare professionals daily so that they can devote themselves fully to their medical mission with patients. Today, Air Liquide is reinforcing contractualization of supply security, service offer quality and environmental footprint.

#### 2023 HEALTHCARE REVENUE BY ACTIVITY




* *16% of Gas & Services revenue.*

### b. Business model

The Healthcare activity, in particular, the supply of medical gases to hospitals and other places of care, mainly relies on the gas production capacities of Large Industries and develops its own distribution logistics. Medical gases have a drug designation status which requires market authorization from the country's health authorities. They are subject to specific pharmaceutical traceability and are supplied in gas or liquid form by qualified personnel. The integration of the industrial and Healthcare activities has led to synergies and industrial efficiency.

## 2. HEALTHCARE KEY FIGURES

- ~16,500 employees;
- 35 countries worldwide;
- ~2 million home healthcare patients;
- ~20,000 hospitals and clinics;
- ~140,000 healthcare professionals.

## 3. CUSTOMERS AND MARKETS

Over the last 20 years, Air Liquide has strengthened a leading healthcare role in Europe, Canada and Australia. The Group also has businesses in the United States (Medical Gases only), South America and certain Asian and African countries. It continues to grow in all regions, in particular depending on the expansion of healthcare systems. As a result, about two thirds of the Healthcare business line's sales are in Europe and about one quarter in the Americas.

The business line provides products and services in four areas:

- **Medical Gases and services**: Air Liquide supplies more than 20,000 hospitals and clinics around the world. Among the main medical gases and their areas of application, Air Liquide provides: medical oxygen ($O_2$) for respiratory diseases or intensive care; a mixture of oxygen and nitrous oxide ($N_2O$) in anesthesia/analgesia; nitric oxide (NO) in intensive care.

  Air Liquide ensures compliance with the strictest safety and quality standards through the installation and maintenance of medical gas distribution networks in hospitals and permanent inventory control.

  Air Liquide's medical gases and services are also used outside hospitals, particularly in proximity care medical centers (outside hospital centers, dentists, dermatologists, etc.), for emergency rescue services and patient transport.

- **Home Healthcare**: Air Liquide cares for 2 million patients in their homes suffering from chronic diseases. Once the diagnosis and treatment are established by a doctor, the long-term treatment requires patient education, implementation of the therapy and its continuous support, and interventions by trained nurses or technicians in person or remotely thanks to the increased use of digital solutions.

  Air Liquide has developed an offering beyond oxygen therapy and helps take care of patients suffering from chronic obstructive pulmonary disease, obstructive sleep apnea, chronic respiratory insufficiency, diabetes, pulmonary arterial hypertension, and Parkinson's disease, providing them with medical devices and associated services for long-term follow-up care;
- **Specialty Ingredients**: for over 80 years, through its subsidiary Seppic, Air Liquide has designed and developed specialty ingredients for the healthcare sector, in particular adjuvants for vaccines, film-coating systems for the pharmaceutical industry as well as a complete range of eco-friendly thickeners, stabilizers, emulsifiers and active ingredients for the cosmetics market;
- **Medical Devices**: Air Liquide has been designing innovative medical devices for nearly 50 years, in particular respirators, for intensive care, transportation and use at home along with equipment for the administration of medical gases and aerosol therapy.

## KEY POINTS

The **Healthcare** business line operates in a constantly evolving world and within a strict regulatory framework. Underlying trends such as aging population, the escalating need for care due to the increase in chronic diseases and the continuing expansion of healthcare systems in developing economies makes the Healthcare activity a major growth driver for the Group.

Air Liquide Healthcare has a unique position in that it is present along the continuum of care and connected to all stakeholders in the healthcare ecosystem (patients, healthcare professionals, hospitals, health authorities, payers) for the treatment of acute diseases (with the supply of medical gases and services in hospitals and other places of care), the treatment of chronic diseases (with Home Healthcare) and in prevention and well-being (with Specialty ingredients).

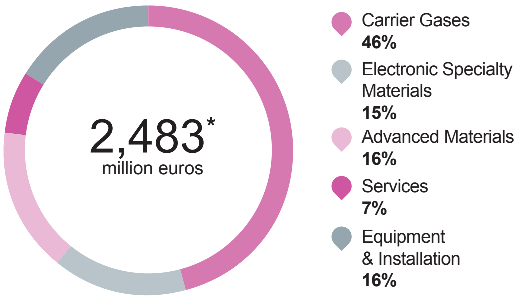
# Electronics

## 1. BUSINESS OVERVIEW AND BUSINESS MODEL

### a. Business overview

Air Liquide provides innovative solutions to the semiconductor, flat panel and photovoltaic markets. To do so, the Electronics business line leverages its expertise, global infrastructure and strategic proximity to key players in these sectors. Electronics customers products respond to increasingly challenging customer demands for improved mobility, connectivity, computing power and energy consumption. These technological advances are possible, thanks to the innovative materials and gases used in semiconductor production.

2023 ELECTRONICS REVENUE BY PRODUCT




* 9% of Gas & Services revenue.

### b. Business model

Air Liquide's Electronics business is based near its customers' production facilities. Its business model is mainly based on long-term contracts for the supply of carrier gases, and constant innovation for the supply of new advanced materials that are necessary to meet the technological challenges of the sector's major players. The business line also supplies equipment for the distribution of gas and chemical products and installs them at its customers' facilities. The Electronics business line works on reducing greenhouse gas emissions associated with electricity consumption for the production of carrier gases and by providing customers with low environmental impact materials which are able to replace some of the more polluting materials currently in use.

## 2. ELECTRONICS KEY FIGURES

- ~4,600 employees;
- ~50,000 cylinders of specialty materials delivered each year;
- ~25,000 items of gas and chemical product distribution equipment installed.

## 3. CUSTOMERS AND MARKETS

The Electronics business line provides a global service to the sector's main players. It is present in Asia (~72%), the USA (~19%) and Europe (~9%). Air Liquide is the market leader in the Electronics business line.

Products and services supplied include:

- **Carrier Gases:** carrier gases (ultra-pure nitrogen, ultra-pure oxygen, argon, hydrogen and helium) supplied by on-site facilities, are intended for the transport of molecules for chip manufacturing and to inert production installations. The need for an uninterrupted supply of ultra-pure carrier gases requires long-term commitments for up to 20 years from customers with the building of production units near their premises or even on the customer's site;
- **Electronic Specialty Materials**: they are used for high volume manufacturing of devices in semiconductor, flat panel and photovoltaic industries;
- **Advanced Materials**: they are key to the processes used in the manufacturing of more advanced chips. The most sophisticated advanced materials are developed in partnership with customers and their ecosystems. These materials are essential for the miniaturization and energy efficiency of the new generation of electronic chips;
- **Equipment & Installation**: the Electronics business line also supplies equipment for the distribution of gas and chemical products and installs them at its customers' facilities;
- **Services**: customers rely on Air Liquide's expertise for the daily management of gases and chemical products on their sites, as well as to provide cutting-edge analytical services to continuously improve their production processes.

### KEY POINTS

The Group's **Electronics** business line consists of five different segments:

- Carrier Gases with a business model based on long-term contracts including minimum volumes guaranteed by take-or-pay type clauses;
- Electronic Specialty Materials which are used for high volume manufacturing of electronic devices;
- Advanced Materials, with a high level of technical expertise and constant innovation;
- Equipment & Installation;
- Services.

## 3.2. GLOBAL MARKETS & TECHNOLOGIES

To accelerate Air Liquide's sustainable growth, the Global Markets & Technologies (GM&T) World Business Unit delivers technological solutions – molecules, equipment and services – to **support the dynamic markets of energy transition and deep tech**.

The GM&T World Business Unit invests in and operates **biomethane** production units to recover agricultural, household or industrial waste as part of a **circular economy approach**. Biomethane can be used to replace natural gas of fossil origin: in grids for domestic use, for heavy mobility (trucks, buses, ships, etc.) or for various industrial applications, in particular the **production of low-carbon hydrogen**.

In **hydrogen**, Air Liquide masters the entire supply chain, from production to storage, to distribution and the development of applications for **industrial markets and heavy-duty mobility**. The Group thus contributes to the wider use of hydrogen as an energy vector. GM&T designs hydrogen refueling stations to support the mobility. To date, the Group has assembled and delivered more than 200 hydrogen refueling stations around the world and is developing technologies and infrastructure required for the use of liquid hydrogen.

For the **maritime industry**, GM&T develops multimodal and sustainable solutions to supply a comprehensive range of gases (air gases, carbon dioxide, helium, hydrogen, krypton, xenon, etc.) and support its customers to decarbonize their operations.

To support **deep tech**, GM&T designs and develops, with its customers and ecosystems, disruptive technologies notably for the launchers, satellites, international research projects and the quantum computing. Through its patented technologies and its expertise in cryogenics, GM&T continues to push the frontiers of science and open up new markets.

- **858 millions euros** of revenue in 2023
- 3 activities: Technologies, Biogas solutions and Maritime
- 26 biomethane production units worldwide, with an annual production capacity of 1.8 TWh
- Over 200 hydrogen refueling stations sold

### KEY POINTS

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

## 3.3. ENGINEERING & CONSTRUCTION

To provide customers with the gases required for their industrial production, Air Liquide engineers have developed **innovative proprietary technologies**. The Group designs and constructs gas production units, from the feasibility study stage through to the delivery of the complete installation, for its own use or for sale to customers who prefer to insource their gas requirements. These units comply with the increasingly strict safety, reliability and competitiveness requirements.

Engineering & Construction development for **industrial gas**, **energy conversion**, gas **purification** and **$CO_2$ capture** technologies, as well as **renewable and low-carbon hydrogen**, enable customers to optimize the use of natural resources.

In particular, Engineering & Construction teams are already offering the customers, particularly in hard-to-abate sectors, a full range of carbon capture proprietary technologies that enable them to decarbonize their operations.

To cover all of the primary industrial markets and manage its production costs, the Engineering & Construction business has extensive geographical coverage with engineering centers and manufacturing workshops located mainly in North America, Europe, Asia and the Middle East.

**The Group favors the development of its gas sales business** over equipment sales. Nonetheless, Engineering & Construction has a strategic value for the Group, both internally and externally.

Internally, the **Group** benefits from the strong competencies and engineering resources required for investment projects of its Gas & Services businesses. It provides a high level of **expertise**, crucial to the design of efficient units which specifically respond to the needs of the Group’s Gas & Services customers.

The Engineering & Construction business also serves **third-party customers**, allowing the Group to constantly assess the competitiveness of its own technologies and commercial offering. In particular, Air Liquide is hence able to forge close relations with customers who produce their own gas and better understand their industrial processes and investment projects. In certain cases, negotiations initially steered toward the sale of equipment were finalized by the signing of a long-term industrial gas supply contract. As part of this third-party customer business, the strategy consists of favoring research and equipment supply contracts and not tolerating construction risks. Accordingly, Engineering & Construction’s contribution to consolidated revenue (sales to third-party customers) can vary significantly from year to year.

In 2023, published consolidated third-party sales for Engineering & Construction totaled **390 million euros**.

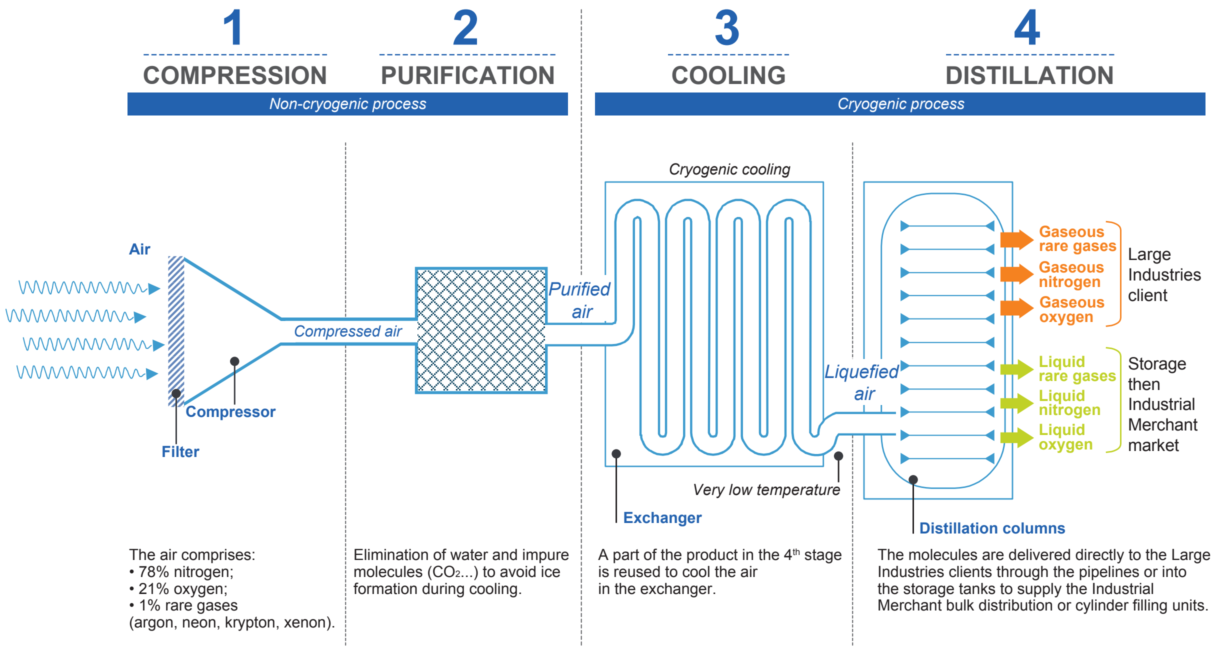
### KEY POINTS

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.

Consolidated Engineering & Construction sales only reflect sales to third parties and do not include internal sales for the needs of the Group or the Gas & Services businesses. In order to cover all the major industrial markets and control its production costs, it has an extensive geographical presence with engineering centers and manufacturing workshops established in particular in North America, Europe, Asia and the Middle East.

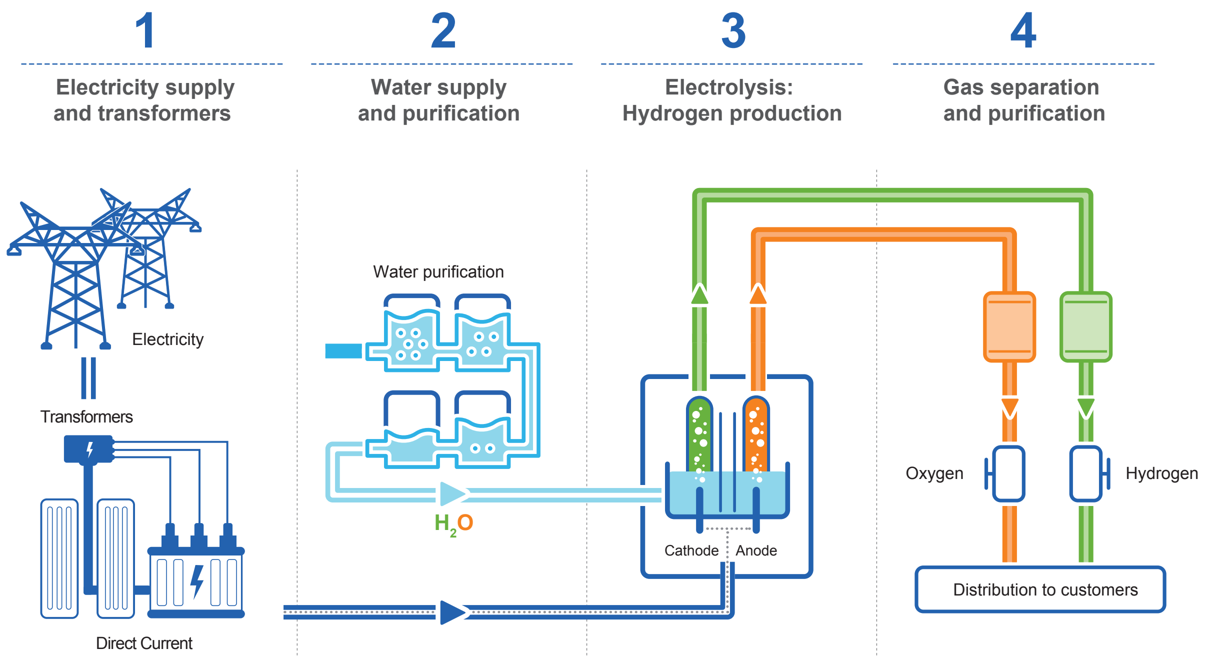
Engineering & Construction masters a large portfolio of processes, the main ones of which are necessary for the operations of Gas & Services businesses and are explained below:

## PRODUCTION OF AIR GASES BY CRYOGENIC DISTILLATION (AIR SEPARATION UNIT)




Engineering & Construction designs and realizes air separation units (ASUs) for the Group and third-party customers. Large Industries, Electronics (for the production of carrier gases) and Industrial Merchant (mainly for on-site units) operate ASUs. These units also produce medical oxygen for the Healthcare activity.

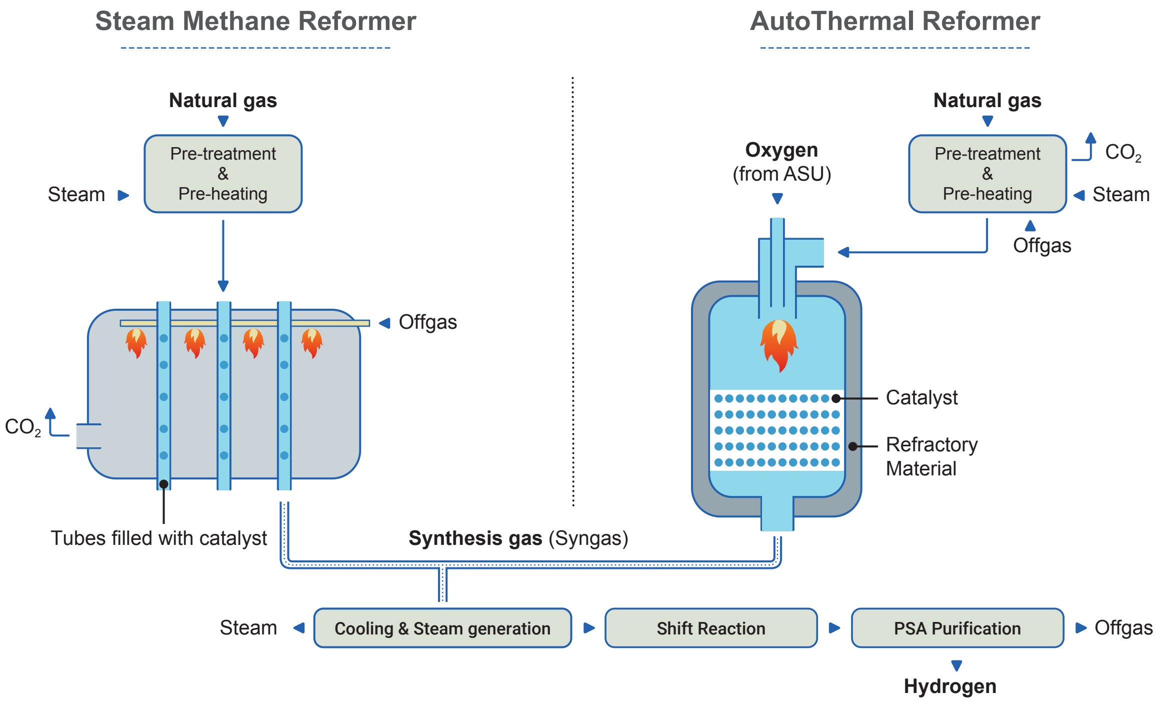
## PRODUCTION OF HYDROGEN BY ELECTROLYSIS




The Engineering & Construction activity masters the engineering of electrolyzers. In the case of PEM (Proton Exchange Membranes) electrolyzers, main equipment is usually provided by the joint venture with Siemens Energy. The Electronics and Industrial Merchant activities have operated more than 40 small electrolyzers for many years. In Large Industries, one large PEM electrolyzers is in service and two are under construction.

## PRODUCTION OF HYDROGEN BY METHANE REFORMING

The two main processes are:



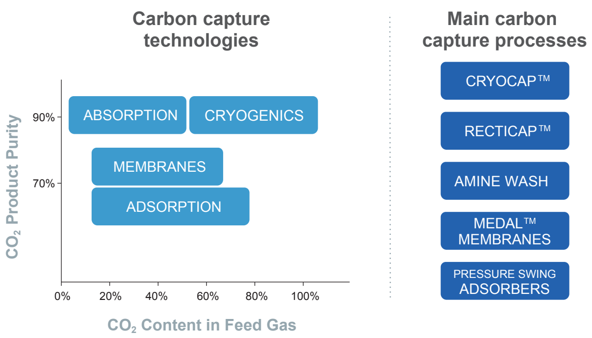

After pre-treatment to remove certain impurities, the natural gas (or biogas) is pre-heated and mixed with steam. In the case of **steam methane reforming (SMR)**, this mixture passes through catalyst-filled tubes inside a high-temperature reformer to be transformed into syngas (mainly hydrogen, carbon dioxide and monoxide). This syngas is then cooled (producing steam) and directed inside a "shift" reactor which increases the hydrogen content that can then be purified and supplied to the customer. The off-gas is used to heat the reformer. For the production of carbon monoxide (not shown), the cooled synthesis gas is collected and then purified successively by carbon capture and cryogenic distillation processes.

In the case of **autothermal reforming (ATR)**, the synthesis gas is produced in a single high pressure and high temperature reactor. This process requires oxygen. ATR is an efficient solution for the production of very large quantities of hydrogen.

Finally, **POX (Partial OXidation)**, a process similar to ATR but without catalyst, is an efficient solution when the main gas produced is carbon monoxide.

Air Liquide E&C has designed and built numerous SMRs and more than 40 ATRs and POXs for third-party customers. Air Liquide Large Industries has been operating mostly SMRs but also several ATRs and POXs.

## CARBON CAPTURE




Air Liquide masters a **comprehensive portfolio of carbon capture solutions**, based on the different technologies, and operates hydrogen production units equipped with these processes. Carbon capture can be used to decarbonize the Group's units as well as develop carbon capture as a service.

In particular, the **Cryocap™** process, which combines cryogenics with other technologies, makes it possible to efficiently decarbonize the production of hydrogen, steel, chemicals or cement. The Group has been operating an industrial-scale Cryocap™ unit since 2015 and two more are under construction.

# 4. Competition

At a global level, the industrial gases industry comprises three main players: Air Liquide and Linde Plc (Ireland), co-market leaders with sales in excess of 25 billion euros each, and Air Products (United States) with revenue which is more than two times lower. There are also a number of global and regional players, such as Nippon Sanso Holdings (Japan), Air Water (Japan), Messer (Germany), Hangzhou Oxygen Plant Group "Hangyang" (China) and AirPower (China) – formerly Yingde and Baosteel Gases. Finally, numerous smaller-sized players are also present in local markets.

In Large Industries, the customer can choose between self-production and over-the-fence gas supply. Self-production is currently estimated to account for 90% of hydrogen production and 60% of oxygen production globally, although with significant geographical disparities. Companies self-producing gas represent an important market share for the Group to address. In this respect, the potential to convert self-production into over-the-fence supply represents a major growth opportunity for the Large Industries business. The level of self-production varies strongly depending on the geographic region, type of industry or local culture. In advanced economies, the supply of oxygen is largely over-the-fence, while the supply of hydrogen for refining remains primarily in-house. In developing economies, while relatively new, over-the-fence supply is accelerating significantly. Air Liquide and Linde Plc, the world leaders in Large Industries, are in competition with the other major global players and local players.

Industrial Merchant is a local business: transport costs limit the operating area to within 200 to 250 km of a production unit, except for high value-added gases such as argon and helium. This market, which is highly diversified due to the size and activity of its customers, thus includes numerous small and medium-sized local competitors, either by producing and distributing gas or solely distributing gas.

In Healthcare, most gas industry players also supply hospitals with medical oxygen, but few are present in the treatment of chronic diseases at home. In Home Healthcare, Air Liquide is number one in Europe (in number of patients), whereas Linde Plc has a larger presence in the United States. This market remains fragmented in almost all regions with a multitude of small companies and associations. This fragmentation provides bolt-on acquisition opportunities.

In Electronics, a business in which Air Liquide is the leader, six companies play a major role: Air Liquide, Linde Plc, Merck KGaA (Germany), Entegris (United States), Air Products and Nippon Sanso Holdings. In the advanced materials market, Air Liquide is a leader and is considered one of the "first movers" focusing on growing its incumbent position and developing innovative new molecules. The other "first movers" in this specific Electronics market are Merck and Entegris.

In Engineering & Construction, Air Liquide also competes with industrial gas players. In "cryogenic" technologies used for air gas separation, the main competitors are Linde Plc, Hangzhou Oxygen Plant Group "Hangyang" and Air Products. Chinese competitors are gaining ground due to strong demand in their country. In "non-cryogenic" technologies used for producing hydrogen and the chemical conversion of syngas, the largest competitors are Technip Energies (France), Haldor Topsoe (Denmark), Johnson Matthey (United Kingdom) and Linde Plc.

Global Markets & Technologies is growing worldwide, in growth markets such as those relating to the energy transition and deep tech. The competitive landscape varies greatly from market to market, with companies of various sizes, from multinationals to start-ups.

Air Liquide is well positioned to capture new growth opportunities relating to the energy transition, notably low-carbon and renewable hydrogen, thanks to its strategic positioning, operational experience and expertise in key technologies such as electrolysis, $CO_2$ capture and hydrogen liquefaction.

# STRATEGY AND OBJECTIVES

## 1. Ambition

Health, climate, energy, mobility: our world is facing major challenges, even vital ones. Now more than ever, there is an urgent need to invent a sustainable future.

An ambition to invent a sustainable future has driven and guided the way Air Liquide innovates over the last 120 years. Today, its molecules can be found all around us, at the heart of life: in factories, in hospitals, behind smartphone screens and even inside space shuttles.

Inventing a sustainable future means creating and cultivating innovative solutions based on technology and scientific expertise to support industry and healthcare as they march towards progress and a decarbonized world. It means acting on a daily basis for customers and patients in addition to being useful to society as a whole.

Inventing a sustainable future also means creating an original growth model that combines steady and solid financial performance with leading environmental and societal objectives. It means doing business while being responsible.

Because now more than ever, inventing a sustainable future means being open to the needs of everyone and acting in the interest of all.

**Inventing a sustainable future** is the **ambition** of the Air Liquide Group.

### AIR LIQUIDE'S PERFORMANCE OVER 30 YEARS

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 strength of Air Liquide's business model and diversity of business reach in terms of geographies, businesses, end-markets and customers.

- **Revenue:** +6.1% on average per year.
- **Earning per share** [(a)]**:** +7.2% on average per year.
- **Cash flow from operating activities before changes in working capital:** +7.2% on average per year.
- **Dividend per share** [(a) (b)]**:** +8.7% on average per year.
- **Safety - Reduction in the accident frequency rate:** -4.1% on average per year.

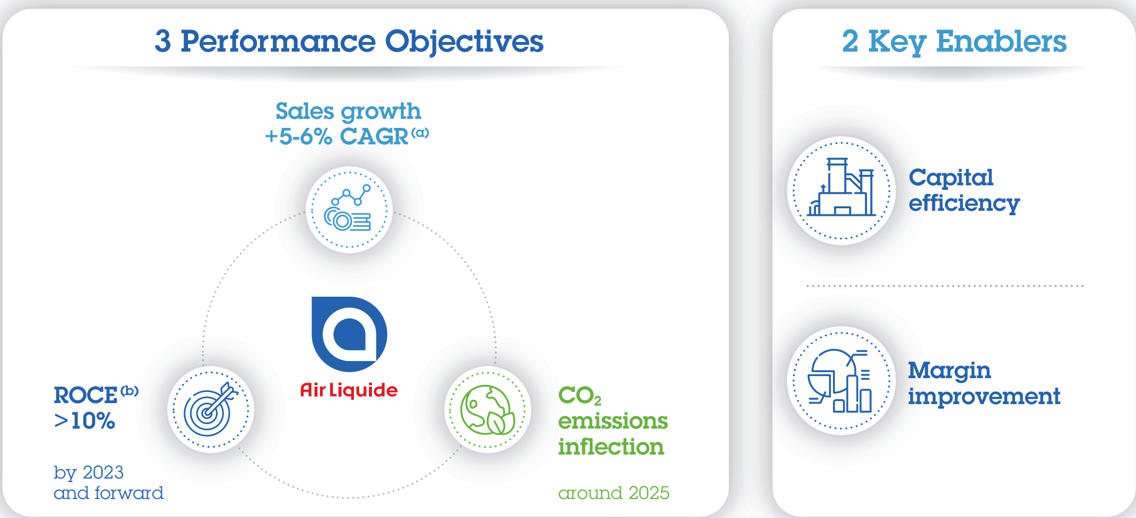
*(a) Adjusted for the two-for-one share split in 2007, for free share attributions and for a factor of 0.974 reflecting the value of the preferential subscription rights of the capital increase completed in October 2016.*
*(b) Subject to the approval of the General Meeting on April 30, 2024.*

## 2. Strategic plan and mid-term objectives

On March 22, 2022, Air Liquide presented **ADVANCE**, its new strategic plan for 2025. It places Sustainable Development at the heart of its strategy and **combines financial and extra-financial performance**. Backed by a business model of proven **resilience**, **innovation** and **technological know-how**, the Group is particularly well positioned to continue its **growth** trajectory while contributing to an efficient response to major economic, environmental and societal challenges.

### 2.1. DELIVER A STRONG PERFORMANCE

With ADVANCE, Air Liquide is taking action today while preparing the future. The Group is rising to an ambitious challenge: maintain its **growth** momentum while pursuing its **$CO_2$ emission reduction** targets and investing in the **markets of the future**.




*(a) Compound Annual Growth Rate (CAGR), Group comparable sales growth.*
*(b) Recurring ROCE based on recurring net profit.*

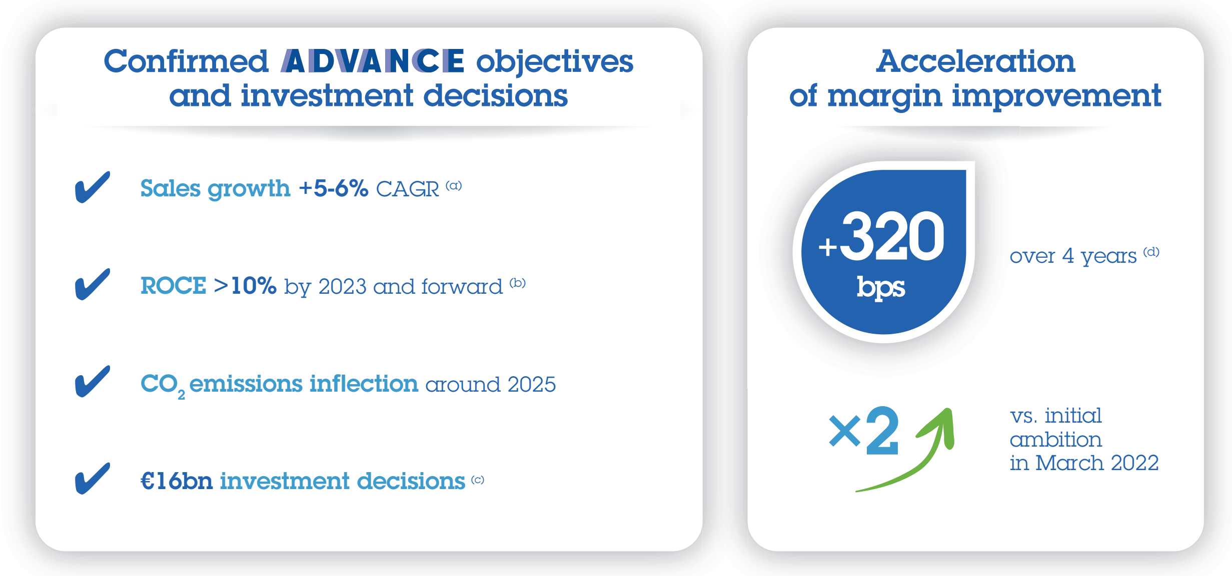
Three objectives define the ambition of the Group when it comes to performance:

- an acceleration in sales **growth** reaching a pace of **+5% to +6% on average per year** [1];
- a return on capital employed (**ROCE** [2]) **of more than 10%** starting from **2023**;
- a **reduction of $CO_2$ emissions in absolute value** starting around **2025**.

To achieve this, the Group will rely on the **optimization of its capital resources** and on the improvement of its **operating margin** by acting on several levers: a dynamic pricing policy, regular efficiency gains and an active portfolio management of the activities.

At the same time, **investment** decisions will be increased to a record level, to reach about **16 billion euros** over the 2022-2025 period, with half of the industrial investments being dedicated to the energy transition [3]. On average, the annual amount of industrial decisions increases by **+45%** [4] compared to the previous strategic plan, "NEOS".

## DOUBLING THE ADVANCE MARGIN IMPROVEMENT AMBITION




*(a) Compound Annual Growth Rate (CAGR), Group comparable sales growth.*
*(b) Recurring ROCE based on Recurring Net Profit.*
*(c) Cumulated industrial and financial investments decisions over 4 years 2022-2025.*
*(d) Sum of annual operating margin improvements in basis points, excluding energy passthrough impact.*

The ambition for **improvement in the margin**, initially expected at +160 basis points over four years [5] (2022-2025) excluding the energy impact, is raised to **+320 basis points** [5] on the same period, which reflects an **acceleration**. This corresponds to **twice the improvement initially planned**.

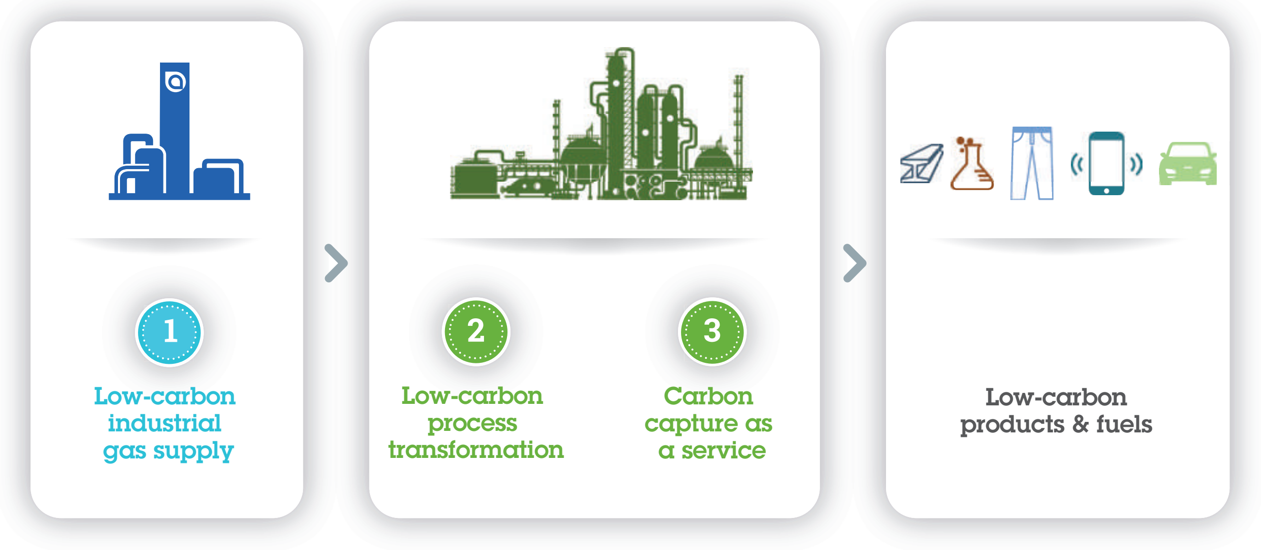
[1] *Compound Annual Growth Rate (CAGR), Group comparable sales growth.*
[2] *Recurring ROCE based on recurring net profit.*
[3] *Industrial investment decisions above 5 million euros.*
[4] *Annual average of industrial investments over the 2022-2025 period compared to the annual average over 2016-2019.*
[5] *Sum of annual operating margin improvements in basis points, excluding energy passthrough impact.*

## 2.2. DECARBONIZE THE PLANET

With ADVANCE, Air Liquide confirms its **leadership in the decarbonization of the industry and in the emergence of a low-carbon society** in which hydrogen and carbon capture play a decisive part.

The reduction of $CO_2$ emissions is a major challenge for large industrial players and for heavy duty mobility. This represents a pool of **opportunities** for Air Liquide.

The Group has a large **portfolio of technological solutions** and services to accompany its Large Industries customers across the world in their path to decarbonization. Notably, this includes the supply of **low-carbon industrial gases**, the **transformation** of its customers' industrial **processes** and **$CO_2$ management**.




**Air Liquide recognizes the climate emergency** and aims to **actively participate in the implementation of the Paris Agreement**, which defines a global framework aimed at limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit it to 1.5°C. As part of its Sustainable Development objectives presented in March 2021, the Group is committed to achieving **carbon neutrality by 2050.** Air Liquide intends to contribute to carbon neutrality by addressing the entire value chain, therefore covering direct emissions (Scope 1), indirect emissions linked to electricity and steam supply (Scope 2), as well as Scope 3 emissions, which include other reported indirect emissions.

Air Liquide's trajectory towards **carbon neutrality in 2050** includes two major intermediate steps in 2025 and 2035:

- to **start reducing** its **absolute $CO_2$** emissions around **2025**;
- to reach a **-33% decrease** of its Scope 1 & 2 $CO_2$ emissions by **2035** compared to 2020.

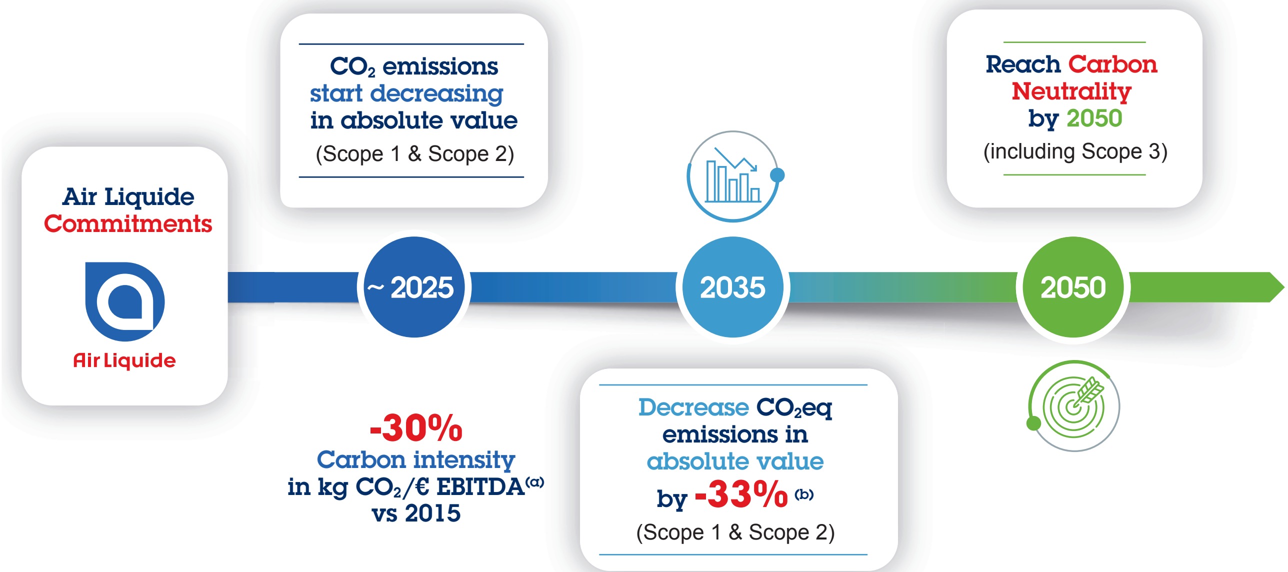
The Group also maintains its objective to reduce by -30% its carbon intensity in kg $CO_2$/€ Ebitda in 2025, compared to 2015, in accordance with a commitment that was made in 2018.

Aware of the importance of contributing to the achievement of carbon neutrality throughout its value chain, in 2022, Air Liquide worked on developing its “Scope 3” emissions reduction strategy. The value of its customer relationships has led the Group to pledge to have 75% of its 50 largest customers committed by 2025 to carbon neutrality and 100% by 2035.

For more information, see pages 319 to 333.

## CLIMATE OBJECTIVES

The timeline below summarizes the Group's decarbonization objectives:




(a) *In kg $CO_2$ equivalent/euro of operating income before depreciation and amortization and excluding IFRS 16 at 2015 exchange rates for Scopes 1 and 2 of greenhouse gas emissions using a "market-based methodology" (see methodology for calculating scopes in paragraph 1.2.4 of the Annual Reporting section of Chapter 5 – pages 394 and 395, as well as reconciliation in the Performance Indicators paragraph of Chapter 1 – page 62).*

(b) *In tonnes of $CO_2$ equivalent of Scopes 1 and 2, using a "market-based" methodology (see scopes definition in paragraph 1.1.1 page 320 of the Extra-financial Performance Declaration, see methodology for calculating scopes in paragraph 1.2.4 of the Annual reporting section of Chapter 5 – pages 394 and 395), restated to take into account over a full year from 2020 and each subsequent year, the emissions of the assets which correspond to changes in scope (upwards and downwards) and which have a significant impact on $CO_2$ emissions.*

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Air Liquide's Scope 1 & 2 $CO_2$ emissions reduction target for 2035 has been **validated by the Science Based Targets** (SBTi) initiative as being **compliant and in line with climate science** [a]. The Group was the first in its industry to obtain this validation from the SBTi.

(a) *Air Liquide announced its greenhouse gas emission reduction objectives for Scopes 1 and 2 in March 2021 on a 2020 baseline. Following the acquisition of the Sasol air separation units in South Africa on June 24, 2021, Air Liquide submitted to SBTi a target on a 2021 baseline in order to integrate this significant change in scope (see page 323).*

## ASSETS AND CLIMATE RISKS

The main Group assets that impact the $CO_2$ footprint are:

- **>400 large Air Gas** production **Units**, oxygen and nitrogen in particular, which do not generate direct emissions but require electricity. The $CO_2$ emissions linked to this electricity are accounted for in Scope 2,
- **>50 large hydrogen** production **units**, which consume Natural Gas and emit $CO_2$ accounted for in Scope 1.

- In the Large Industries business, each air gas or hydrogen production unit is linked to a **long-term customer contract**, lasting **15 to 20 years** and assets are amortized over the duration of the contract. Hence, the the risk of impairment is limited.
- Industrial gases are **used in most industries** today and will be even more so during the energy transition due to the fact they are **at the heart of industry decarbonization solutions**. Demand will increasingly turn to low-carbon gases, in line with changing regulations.
- **Solutions have already been implemented to decarbonize existing** production **units**:
  - for **air gases** (Scope 2 emissions) mainly by using **low-carbon electricity**: the deployment of actions in the 10 countries with the greatest potential will significantly reduce Scope 2 emissions. Since 2018, Air Liquide has already signed 20 renewable power purchase agreements for more than 3 TWh/year. More than 95% of air separation units are already electrified and do not require any specific investment for the transition;
  - for **hydrogen** production units using methane reforming (Scope 1 emissions), **by capturing $CO_2$**. Air Liquide masters a **complete portfolio of proprietary technologies** for capturing $CO_2$. The Group was recently selected for financing via European funds for two carbon capture projects on SMRs. The decarbonization of the Group's **10 largest SMRs** will **reduce Scope 1 emissions by more than 40%**.

  The demand for **low-carbon gases at a higher price** is growing and allows to **remunerate the necessary investment for the decarbonization** of assets, in particular for the production of hydrogen, as well as any potential overcosts linked to the supply of renewable electricity. In addition, financing programs in the form of subsidies or tax credits are also being implemented in Europe and in the United States in order to support, during a transition period, the decarbonization of existing industrial assets and new production units.
- **Energy costs** (electricity for air gases and natural gas for reforming units) and **those related to $CO_2$ emissions** (e.g. ETS scheme in Europe) are **re-invoiced to the customer** in the frame of a long-term contract (15 years or more). The Group also applies this business model to the supply of low-carbon gas, so **Air Liquide does not bear significant risks associated with energy and $CO_2$ costs.**
- A **client** supplied in hydrogen by the Group is therefore facing an **arbitration** between:
  - bear the **cost of $CO_2$**; or
  - **buy low-carbon hydrogen from Air Liquide, the price of which includes the return on investment in a $CO_2$ capture unit** as well as operating and storage costs. **The higher the value of $CO_2$, the more the customer will be encouraged to choose the supply of low-carbon hydrogen**, which will also contribute to the **achievement of its own decarbonization objectives. A high carbon price is therefore favorable to accelerating the decarbonization of the Group assets**. The sensitivity study shows that, depending on the geography and the context, a **price starting from 80 to 200 euros per tonne of $CO_2$** encourages the customer **to decide toward the supply of low-carbon hydrogen.** This $CO_2$ value can be explicit or integrated into regulatory obligations on the carbon footprint of end products.
- Any **new investment** decision by Air Liquide now includes the constraint of **reducing $CO_2$ emissions, in line with the Group's decarbonization objectives.** The share of **electrolyzers** among hydrogen production units should therefore increase in the coming years. In 2023, Air Liquide has inaugurated the Electrolyzer manufacturing workshop built within the frame of the joint venture with Siemens Energy and has announced the decision to invest on a 200 MW electrolyzer.
- Air Liquide is implementing a certain number of actions to **take physical risks into account**. They are reviewed during investment decisions, then taken into account during unit conception and covered by Group's insurances. Air Liquide carried out a study in 2023 aimed at consolidating and improving the physical risk management process according to 2 high-emission scenarios leading to a global warming of +2.7°C and +4.4°C by 2100.

The potential impacts of the **risk related to the energy transition** as well as physical risks were analyzed as part of the closing of the Group's financial statements (see note 31 to the Consolidated financial statements – page 282) and **no significant impact was identified**, **mainly for the reasons mentioned above**. The energy transition is above all a **growth opportunity for Air Liquide, as the Group has the technologies to decarbonize the assets of its industrial customers**.

## 2.3. TECHNOLOGICAL INNOVATION TO OPEN NEW MARKETS

With ADVANCE, Air Liquide aims to contribute to the development of key sectors for the future, where it intends to reinforce its positions, leveraging on innovation and technology, two major assets of the Group.

The Group will focus on five key sectors of the future:

**Electronics**, where the revolutions in regards to digital, data and artificial intelligence represent a real development opportunity and will strengthen the Group's leadership position;

**Healthcare**, in which Air Liquide's value-based approach, which improves quality of life for the patient at the best cost for the health system, responds to major societal issues;

**Industrial Merchant**, whose growth is driven by environmental challenges and by new usages, notably digital;

**Deep Tech**, including space, extreme cryogenics and quantum computing;

**Hydrogen mobility**, and notably heavy duty mobility: a very high potential market, where Air Liquide has a leading position and in which low-carbon hydrogen will play a key role.

### HYDROGEN OBJECTIVES FOR INDUSTRY AND MOBILITY

The Group is deeply convinced that **hydrogen will play a major role in the energy transition**. Hydrogen offers 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. This is why in these new hydrogen markets, **the Group masters the whole value chain for industry and mobility** which includes the sourcing of low-carbon energies and renewables, the production of hydrogen, packaging by compression and liquefaction, delivery by truck and pipelines along with storage and distribution to the end customers. 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 $CO_2$ and hydrogen liquefaction.

The Group has confirmed the commitments made during the Sustainability Day in 2021 and will develop hydrogen as quickly as the ecosystem allows. Air Liquide plans to **invest 8 billion euros** in the field of low-carbon and renewable hydrogen and to **triple its sales from 2 to 6 billion euros before 2035.** In addition, in **2030** the **electrolysis** capacities in operation or under construction will reach **3 GW**.

## 2.4. ACTING FOR ALL

In the context of ADVANCE, Air Liquide aims to include the perspective of its direct stakeholders, as well as those of Society at large.

Concretely, this means:

fostering **employee engagement** and the development of their skills through the implementation of new ways of working in a safe, inclusive and collaborative environment;

reinforcing its **customer-centric culture**, to better acknowledge, anticipate and support their needs, and by continuing the profound transformation already underway to better serve the **patients;**

always going further in the quality of the privileged relationship Air Liquide nurtures with its **Shareholders**, with a regular and attractive remuneration that rewards loyalty;

acting as a committed corporate citizen concerned with the **general interest**, where the Group's contribution can make a difference, in particular by taking action in communities, or for example by developing initiatives to promote access to medical oxygen.

### SOCIAL AND SOCIETAL OBJECTIVES

The Group's commitment to society is reflected in particular by a “zero accident” safety ambition and by the implementation of actions to achieve the following objectives:

- **35% of women** among **managers and professionals** by **2025;**
- **100%** of employees will benefit from a common basis of **care coverage** by **2025**;
- **100%** of employees will have the opportunity to engage **in local initiatives** to support communities by **2025.**

# 3. Strategy governance

## 3.1. ORGANIZATION

Various internal structures contribute to the definition and implementation of the Group's strategy. Their roles are presented in Chapter 2 "Risk factors and control environment", page 71.

Regular meetings are chaired by the CEO or by the Senior Vice President in charge of the Strategy depending on the subjects in order to review the Group's strategy, major investments and policies. The Executive Committee meets very regularly to review the strategy and its implementation.

Moreover, monthly meetings of the Group Performance Steering Committee are held to establish investment budgets and action plans to undertake or amend in order to achieve the annual or multi-annual objectives.

Investments are validated through the Resources and Investment Committees (RIC), the operation of which is described on page 46 of this chapter.

Taking environmental and societal challenges into account is an integral part of the Group's strategy. The Sustainable Development Department, which reports to a Vice President, member of the Executive Committee, thus contributes to the development of the strategy and defines the specific measures to be included in the Company program. Moreover, this Vice President takes part with a sustainable development focus in meetings related to strategy and some RICs.

## 3.2. INVESTMENT PROCESS

The Group's steady long-term growth is largely due to its ability to invest in new projects each year. Investment projects in the industrial gas business are spread throughout the world, highly capital intensive and supported by long-term contracts, in particular for Large Industries and Electronics. Air Liquide has thus tailored its financing to the nature of its projects, based on the diversification of financing sources, the prudent management of the balance sheet and innovative financing methods. This financing policy is fundamental for the Group's continued development.

The Group's investments reflect its growth strategy. They can be classified into two categories:

- industrial investments, which bolster organic growth and guarantee the efficiency, replacement, maintenance and safety of installations;
- financial investments, which strengthen existing positions or accelerate penetration into a new region or business segment through the bolt-on acquisition of companies or assets already in operation, as well as new technologies.

The nature of industrial investments differs from one World Business Line to another: from gas production units for Large Industries and Electronics, to filling centers, logistics equipment, storage facilities, medical devices and management systems for Industrial Merchant, Electronics and Healthcare. The nature of investments is also highly varied within Global Markets & Technologies. Capital intensity varies greatly from one business to another.

### CLIMATE AND INVESTMENT DECISIONS

According to the Air Liquide business model, the growth of activities requires investments in new production units. Thus, achieving decarbonization objectives necessarily involves aligning investment plans with the decarbonization trajectory. The investment process is now accompanied by the allocation and monitoring of an annual "$CO_2$ budget" allocated to the Group's operations, in order to pilot the trajectory. Air Liquide has set up processes to measure and control its $CO_2$ emissions on a quarterly basis.

Moreover, for all its projects, for all geographies, even those without a current price for $CO_2$, Air Liquide **includes a carbon price in its investment decision process**. A **sensitivity study** to this aspect is performed with various values including **a reference price of 50 euros per tonne**, the **local current price and a high value of 100 euros per tonne, or more**, chosen in function of the geography and context. The study allows to assess the economic cost of greenhouse gas emissions and consequences on the project, even in the case of a strong carbon price increase in the long term. The analysis **ensures the robustness and sustainability of the customer project, the $CO_2$ cost being contractually invoiced to the client.** This analysis also makes it possible to validate the relevance and viability of the investment solution planned by Air Liquide and to propose low-carbon technological solutions.

### 3.2.1. Capital intensity

Capital intensity is the ratio of capital required to generate one euro of supplementary revenue when projects or businesses reach maturity. This capital is either invested in industrial assets (production units, storage facilities, logistics equipment, etc.), or used as working capital to finance the development of the activities.

Capital intensity varies significantly from one business to another:

- Large Industries:
  - air gas production has a capital intensity of around 3. It varies with the trend in electricity prices,
  - hydrogen production has a capital intensity of between 1 and 2, due to the high proportion of natural gas or electricity (in the case of electrolyzers) in the cost of sales. This capital intensity, therefore, varies with the changes in natural gas and electricity prices;
- Industrial Merchant capital intensity to launch the business in a new market is between 1.5 and 2;
- Electronics has an average capital intensity between 2.5 and 3;
- in Healthcare, capital intensity, excluding acquisitions, is around 1 depending on the product mix.

The Group's capital intensity, therefore, continues to vary depending on the business mix, project type and prices of raw materials. It is much higher for renewal and efficiency investments.

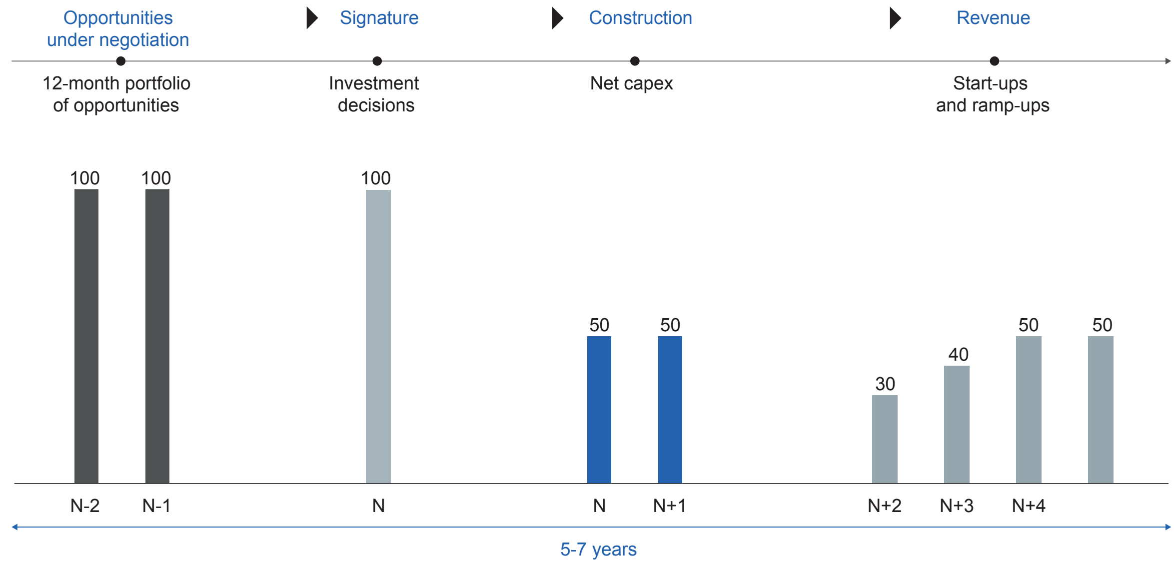
Whatever the capital intensity, any project must enable the Group to achieve its Return On Capital Employed (ROCE) objective over the long term. Therefore, for the same level of return on investment, the operating margin (OIR to revenue ratio) of a project will depend on the capital intensity of the activity in which the project is carried out.

### 3.2.2. The theoretical lifespan of gas production unit contracts

Long-term development is one of the key characteristics of the Industrial Gas business. It is particularly evident in the investment cycle, where there is approximately a five-year span between the study of a new construction project for a Large Industries customer and the first corresponding industrial gas sales. Investment cycles in other business lines are generally shorter.

Monitoring the lifespan of these projects is essential to anticipating the Group's future growth. The chart below provides details of each stage of this process based on the example of a Large Industries contract.

#### INVESTMENT CYCLE OF A LARGE INDUSTRIES CONTRACT

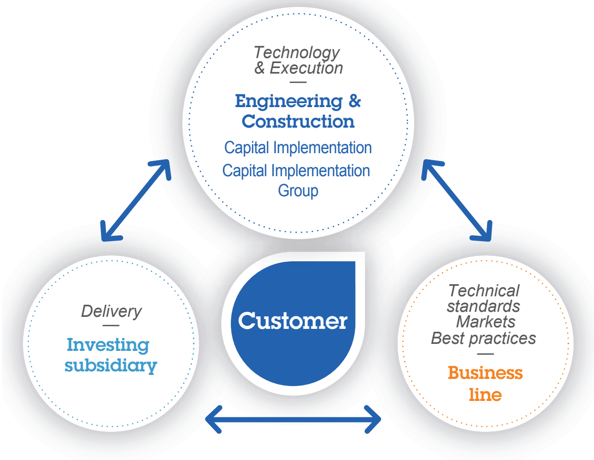



*Applying a theoretical capital intensity of 2, an investment of 100 million euros in a new project should generate 50 million euros of sales per annum, when fully ramped-up.*

- **Opportunities and Negotiation phase**: the project is included in the portfolio of investment opportunities and enters into the development process. Projects exceeding 5 million euros of investment for Large Industries and exceeding 3 million euros for other business lines are monitored within the portfolio of potential opportunities and split between those for which a decision is expected within 12 months and those for which the investment decision will take more than one year. Projects are then discussed and negotiated with the customer. Projects can be removed from the portfolio for several reasons:
  1. the contract is signed, it is removed from the portfolio and therefore becomes an investment decision;
  2. the project is abandoned by the customer;
  3. the customer decides against an over-the-fence gas supply or the project is awarded to a competitor;
  4. the project is delayed beyond 12 months: it is removed from the 12-month portfolio but remains in the long-term portfolio.
- **Signature phase**: the two parties reach an agreement. The signing of a long-term contract represents an investment decision validated by the internal governance bodies. The project is removed from the portfolio of investment opportunities and is registered in current investments.
- **Construction phase**: the construction of the unit generally takes around 24 months and sometimes up to 36 months depending on the size of the project. This is the capital expenditure period. The project remains in current investments.
- **Revenue phase**:
  1. commissioning: this corresponds to the start-up of the unit. Sales reflect the needs of the customer with a guaranteed minimum volume at the take-or-pay level, guaranteeing minimum profitability from the beginning of the contract;
  2. ramp-up: this is the unit's ramp-up phase. Over the course of the contract term, volumes increase above the take-or-pay level to the nominal amount defined in the contract. Nominal capital intensity is achieved only at the end of this phase.

### 3.2.3. Governance of major growth projects

Three Air Liquide entities are at the heart of major growth projects, from development through to its execution.




The business line involved ensures the global customer relationship is monitored, provides the required know-how and ensures the overall consistency of the project, in terms of both contract and technical standards. It is also responsible for good internal governance practices.

The local subsidiary proposes the project and, once the contract has been signed, carries the investment on its balance sheet. It is then responsible for operations, customer relations and the project's financial profitability.

Engineering & Construction provides the technologies and guarantees that they are competitive, both overall and specifically for each project thanks to a good industrial architecture solution. Engineering & Construction is responsible for the plant supply and works with local Capital Implementation teams (CI within the hubs) which are responsible for executing the project. The local CI team is supported by a dedicated CIG (Capital Implementation Group) composed of experts.

Potential projects are identified well in advance, based on good market knowledge and a strong local presence. The first stage includes selecting the opportunities in which the Group would like to invest both commercial and technical resources, in line with its global strategy. This selection process is followed by a series of validation stages.

During the development stage, the project is submitted for the approval of the geographic region on which it depends. At the Group level, three major bodies validate the relevance of the project: the RIC (Resources & Investment Committee – see below) which is responsible for assessing and validating investment requests, the ERC (Engineering Risk Committee) which is responsible for assessing technical and execution risk, as well as the E-Enrisk (Energy and Emissions Risks Committee) in charge of taking into account aspects related to energy and the environment.

Once the project has been decided on by Air Liquide and signed with the customer, it is executed by a team composed of representatives of the investing subsidiary and Engineering & Construction, under the supervision of the geographic hub.

During the start-up of a unit, project management is the responsibility of the local operational teams, under strict standards to ensure the site's security and integrity. The operational management of the unit is carried out by the local subsidiary, and the Group and hub's Operations Control monitors its financial performance.

## ROLE OF THE RESOURCES & INVESTMENT COMMITTEE (RIC)

The purpose of these Resources and Investments Committees (RIC) is to assess and approve requests for investments that have been submitted, as well as medium and long-term contractual commitments and Human Resources requirements that may arise therefrom.

They meet regularly (usually once a month) for each hub (Americas, Europe, Asia Pacific, and Middle-East & Africa) and each World Business Unit (Healthcare, Engineering & Construction, Innovation and Development Division (IDD), Headquarters).

Each Committee meeting is chaired by a member of the Executive Committee in charge of the hub or of the World Business Unit involved and brings together managers of the region and business line concerned by the investment, as well as representatives of the Group Finance Department (who have a veto right), Engineering & Construction, and the Capital Implementation Group (CIG).

The Committee's decisions are reviewed by the CEO:

The decision is based on a rigorous assessment of individual projects as well as each project's expected profitability. The following criteria are systematically reviewed:

- the location of the project: the analysis will take into account whether the project is based in an industrial basin with high potential, whether it is connected to an existing pipeline network, or whether it is in an isolated location;
- the competitiveness of the customer's site: based on size, production processes and particularly their environmental footprint, cost of raw materials and access to markets;
- customer risk;
- the green house gases emissions as well as their economic impact and solutions for reducing emissions;
- the adequacy of the project with the Group's environmental objectives, including alignment with the decarbonization trajectory;
- the other sustainable development criteria, such as water consumption, biodiversity and relations with local communities;
- the physical risks related to climate change;
- exposure to the risk of corruption;
- contract clauses;
- end products and the stability of future demand for these products;
- quality and risk related to the technical solution;
- country risk: evaluated on a case-by-case basis and can lead to changes in the financing policy and its supplementary insurance cover.

Following approval by the RIC and signing with the customer, the project is transferred to the investment backlog.

## INVESTMENT CYCLE DEFINITIONS

**Investment opportunities at the end of the period**

Cumulative value of investment opportunities taken into account by the Group for a decision within the next 12 months. Industrial projects generating revenue of more than 5 million euros for Large Industries and more than 3 million euros for other business lines, including replacement assets and efficiency projects.

**Decisions during the period**

Cumulative value of industrial and financial investment decisions. Growth and non-growth industrial projects, including the renewal of assets, efficiency projects, maintenance and security, as well as financial decisions (acquisitions).

**Investments backlog at the end of the period** [(a)]

Cumulative value of investments for projects that have been decided but not yet started up. Industrial projects of more than 10 million euros, including the renewal of assets and efficiency projects.

**Sales backlog**

Cumulative value of forecast annual revenue, generated by current investments at the end of the period, fully ramped-up.

*(a) Different from construction in progress (see note 12.1 to the Consolidated Financial Statements – page 253) without threshold or business criteria.*

## 3.3. FINANCING

The financing policy is regularly reviewed to provide the best possible support to the Group's development and take into account changes in financial market conditions while respecting a credit profile in line with Standard & Poor's, Moody's and Scope Ratings long-term minimum "A" category rating.

The Air Liquide Group applies the following principles of prudence:

- diversifying financing sources and spreading of debt maturities in order to minimize refinancing risk;
- backing commercial paper issues with confirmed credit facilities;
- hedging interest rate risk to ensure visibility of financing costs, in line with long-term investment decisions;
- funding investments in the currency of the operating cash flows, to ensure a natural currency hedging;
- a permanent centralization of funding and excess cash through Air Liquide Finance, a wholly-owned entity of L'Air Liquide S.A.

Furthermore, the Air Liquide Group, as part of its growth strategy combining financial and extra-financial performance, is turning to the opportunities offered by the finance market in terms of responsible and sustainable financial instruments.

### 3.3.1. Diversifying and securing financing sources

Air Liquide diversifies its financing sources by accessing various debt markets: commercial paper, bonds and banks.

For its short-term financing, Air Liquide uses the short-term commercial paper market, in France, in the form of short-term negotiable securities (NeuCP) through two programs of up to an outstanding maximum of 3 billion euros each, and in the United States through a US Commercial Paper program (USCP) of up to an outstanding maximum of 2 billion US dollars.

For its long-term financing, Air Liquide has a Euro Medium Term Note (EMTN) program to issue long-term bonds of up to an outstanding maximum amount of 12 billion euros. This program allows, in particular, for bonds to be issued in the principal currencies (euro, US dollar, Japanese yen) as well as in other currencies (Chinese renminbi, Swiss franc and pound sterling). Air Liquide can also issue private placements.

In line with its environmental and social objectives, Air Liquide has established a Sustainable Financing Framework to cover the following instruments to finance sustainable projects intended to have a clear benefit to the environment and society. This Framework is aligned with the Sustainability Bond Guidelines 2018 (SBG), the Green Bond Principles 2018 (GBP), the Social Bond Principles 2020 (SBP) overseen by the International Capital Markets Association (ICMA), as well as the Social Loan Principles 2021 and the Green Loan Principles 2021 overseen by the Loan Market Association (LMA).

The Group also raises funds through bank debt (loans and credit facilities).

To avoid liquidity risk relating to the renewal of funding at maturity, and in accordance with the Group's internal policy, the Group limits its short-term debt maturities to an amount that is covered from its core banks by committed credit facilities, syndicated or bilateral.

### 3.3.2. Centralization of cash and funding, excess cash and hedging

To benefit from economies of scale and facilitate capital markets financing (bonds and commercial paper), the Group uses a dedicated subsidiary, Air Liquide Finance. This subsidiary centralizes the vast majority of the Group's financing transactions. It hedges currency, interest rate and commodities risk for the Group's subsidiaries in those countries where it is permitted by law.

In the countries where local regulations allow it, Air Liquide Finance also centralizes cash flow balances through direct or indirect daily cash pooling of these outstanding balances or through intra-group loans and borrowings. When daily international cash concentration is not possible, there exist, nonetheless, local cash poolings which allow periodic intercompany loans to Air Liquide Finance.

Due to the currency matching within Air Liquide Finance, resulting from the currency hedging of intra-group loans and borrowings, these internal financing transactions do not generate a foreign exchange risk for the Group.

Air Liquide Finance, which centralizes the Group's financial hedging transactions, complies with EMIR requirements (European Market Infrastructure Regulation) relating to its status as a non-financial counterparty (NFC-). Following the definitions brought by EMIR REFIT and according to its status "NFC-", Air Liquide Finance transferred from 2021 the responsibility for reporting derivatives to its counterparties.

Furthermore, in certain specific cases (e.g. regulatory constraints, high country risk, joint ventures, etc.), the Group may limit its risk through adapted management, by setting up specific financing in the local banking market, and by using credit risk insurance.

### 3.3.3. Staggering debt maturity

To minimize the refinancing risk related to debt maturity schedules, the Group spreads maturities over several years.

Debt maturity schedules are regularly reviewed by Finance Department and Executive Management during Finance Committee.

Refinancing risk is also reduced by the regularity of the cash flow generated from Group activities.

### 3.3.4. Use of bank guarantees

Group subsidiaries require from time to time bank guarantees, mostly in favor of Healthcare, Engineering & Construction and Global Markets & Technologies clients, either during the tender period (bid bond), or after contract award, during contract execution until the end of the warranty period (advance payment bond, performance bond and warranty bond).

The most common bank guarantees are advance payment bonds and performance bonds and are extended to customers to secure contractual performance.

In the Group's ordinary course of business, certain subsidiaries are required to provide financial payment guarantees to secure rental or insurance obligations.

The projects, for which these guarantees are granted, are regularly reviewed by management and are subject to approval by the Board of Directors for guarantees which exceed 100 million euros. When guarantee payment calls become probable, the necessary provisions are recorded in the Consolidated Financial Statements.

## 3.4. INNOVATION

The **Innovation and Development Division** (IDD) drives the innovation strategy and its execution for the Group's Hubs and Operations, with the strong support of the World Business Lines. It contributes to the operational excellence and future growth of the Group by creating new profitable and sustainable offers in both its traditional and new businesses. It is responsible for imagining, designing, developing and incubating new solutions until they are brought to market, particularly when it comes to offers with high technological content.

The Innovation and Development Division relies both on its Innovation Campuses and its Campus Technologies, gathering the experts of its internal ecosystem, on its partnerships with external innovation ecosystems, as well as on the engineering centers of the Group. Sales to end customers contribute to the industrialization of innovations.

The investment decisions and resources relating to innovation rely on the **Group's governance bodies (Resources and Investment Committee – RIC, Risk Committee);** their roles are described on page 87 of the present Universal Registration Document.

**Research & Development** projects are managed by the R&D Program directors and driven by the World Business Lines in order to ensure the alignment of the projects with business strategies and to anticipate the industrialization and rollout phases. The implementation of R&D projects for a cluster (group of countries), in line with the World Business Lines strategy, and the annual meetings with clusters, are also helping to improve customer proximity and reduce the time to market of innovations.

Furthermore, **Technology Roadmaps (TRM)** dedicated in particular to the Hydrogen Energy, Global Markets & Technologies, Engineering & Construction and Digital & IT have been defined and are coordinated by the Innovation and Development Division's Chief Technology Officer, working hand in hand with R&D and the business lines. Structured around the project maturity scale, these roadmaps constitute the steering tool of the Group's technology innovation strategy. The **First-of-its-Kind Committee (FOIK),** created specifically to assess the risks related to industrial demonstration projects, carried out for the first time by the Group, and to the implementation of innovative technologies on commercial units, meets every month. The digital projects in development phase, prior to deployment (Minimum Viable Product – MVP) are subject to technological validation by the Corporate teams and are presented to the RIC.

The innovation strategy is also regularly reviewed by the Group's **Executive Committee** and the **Board of Directors.**

# PERFORMANCE

Unless otherwise stated, all **variations in revenue outlined below are on a comparable basis**, excluding currency, energy (natural gas and electricity) and significant scope impacts.

## 1. Key figures

| *(in millions of euros)* | FY 2022 | FY 2023 | 2023/2022 published change | 2023/2022 comparable change [(a)] |
|---|---|---|---|---|
| **Total Revenue** | **29,934** | **27,608** | **-7.8%** | **+3.7%** |
| *Of which Gas & Services* | *28,573* | *26,360* | *-7.7%* | *+4.2%* |
| Operating Income Recurring (OIR) | 4,862 | 5,068 | +4.2% | +11.4% |
| Group OIR Margin | 16.2% | 18.4% | +220 bps | |
| *Variation excluding energy impact [(b)]* | | | *+80 bps* | |
| Other Non-Recurring Operating Income and Expenses | (571) | (497) | | |
| Net Profit (Group Share) | 2,759 | 3,078 | +11.6% | |
| Net Profit Recurring (Group share) [(c)] | 3,162 | 3,320 | +5.0% | |
| *Variation excluding currency impact* | | | *+13.3%* | |
| **Net earnings per share** *(in euros)* | **5.28** | **5.90** | **+11.7%** | |
| **Dividend per Share** *(in euros)* | **2.95** | **3.20** [(d)] | **+8.5%** | |
| Cash flow from operating activities before changes in working capital | 6,255 | 6,357 | +1.6% | |
| Net cash flows from operating activities | 5,810 | 6,263 | +7.8% | |
| *Variation excluding currency impact* | | | *+12.8%* | |
| Industrial capital expenditure | 3,273 | 3,393 | +3.7% | |
| Net Debt | €10.3 bn | €9.2 bn | | |
| Net Debt to Equity ratio | 41.8% | 36.8% | | |
| Return on Capital Employed after tax - ROCE | 9.1% | 9.8% | +70 bps | |
| **Recurring ROCE** [(e)] | **10.3%** | **10.6%** | **+30 bps** | |

*(a) Change excluding the currency, energy (natural gas and electricity) and significant scope impacts, see reconciliation in Performance indicators paragraph – page 61.*
*(b) See reconciliation in Performance indicators paragraph – page 61.*
*(c) Excluding exceptional and significant transactions that have no impact on the operating income recurring, see reconciliation in Performance indicators paragraph – page 62.*
*(d) Dividend proposed to shareholders for the fiscal year 2023.*
*(e) Based on the recurring net profit, see reconciliation in Performance indicators paragraph – page 63.*

# 2. Income statement

## REVENUE

| Revenue *(in millions of euros)* | FY 2022 | FY 2023 | 2023/2022 published change | 2023/2022 comparable change |
|---|---|---|---|---|
| Gas & Services | 28,573 | 26,360 | -7.7% | +4.2% |
| Engineering & Construction | 474 | 390 | -17.7% | -15.6% |
| Global Markets & Technologies | 887 | 858 | -3.3% | -1.0% |
| **TOTAL REVENUE** | **29,934** | **27,608** | **-7.8%** | **+3.7%** |

| Revenue by Quarter *(in millions of euros)* | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 |
|---|---|---|---|---|
| Gas & Services | 6,893 | 6,512 | 6,483 | 6,472 |
| Engineering & Construction | 87 | 93 | 110 | 100 |
| Global Markets & Technologies | 194 | 201 | 218 | 245 |
| **TOTAL REVENUE** | **7,174** | **6,806** | **6,811** | **6,817** |
| **2023/2022 Group published change** | **+4.2%** | **-7.0%** | **-17.4%** | **-8.9%** |
| **2023/2022 Group comparable change** | **+6.2%** | **+3.8%** | **+1.5%** | **+3.7%** |
| **2023/2022 Gas & Services comparable change** | **+6.7%** | **+4.1%** | **+1.7%** | **+4.6%** |

### Group

**Group** revenue for 2023 totaled **27,608 million euros**, posting comparable growth of **+3.7%** over 2022.

Sales in the **Global Markets & Technologies** activity were down by **-1.0%** on a comparable basis and posted organic growth of **+9.7%**, excluding the impact of divestitures finalized in the 4th quarter 2022. Consolidated revenue from **Engineering & Construction** was down **-15.6%**. This excludes activities carried out as part of internal projects for Large Industries and Electronics, which are growing.

The Group's **revenue as published** was down **-7.8%**, impacted by unfavorable energy (-7.6%) and currency (-4.2%) impacts, the significant perimeter impact being slightly positive at +0.3%. The latter corresponds to the re-invoicing of energy consumed by the 16 units taken-over in 2021 in South Africa, less the impact of the deconsolidation of businesses in Russia. The favorable impact on 2023 comparable sales growth of hyperinflation [1] in Argentina is estimated at approximately +0.6%.

### Gas & Services

**Gas & Services** revenue totaled **26,360 million euros** in 2023, an increase on a comparable basis of **+4.2%**.

The two growth drivers for 2023 were the **Industrial Merchant** business, with sales up **+8.5%**, benefiting from a **price impact** that remained high **(+8.4%)** and resilient volumes, and the **Healthcare** business **(+8.4%)**, bolstered by the dynamic development of Home Healthcare and the increase in the prices of medical gases in an inflationary environment. Revenue from **Large Industries** was down **-1.8%** over the year: following a low point in the 4th quarter 2022 and a rebound in the 1st quarter 2023, demand stabilized at a relatively low level. Sales in **Electronics** increased by **+2.4%** in 2023, following growth of +16% in 2022, the sharp drop in demand from memory manufacturers having impacted sales from the 2nd quarter.

**Revenue as published** in the Gas & Services business was down **-7.7%**, penalized by negative energy (-8.0%) and currency (-4.2%) impacts, while the significant scope effect was slightly positive at +0.3%.

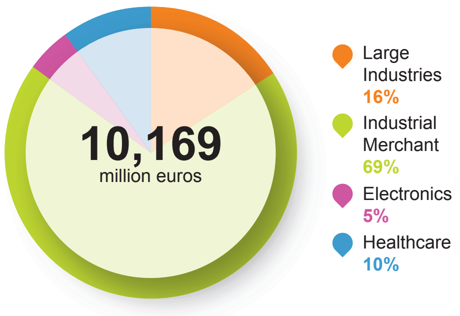
(1) *Hyperinflation in Argentina: Estimation calculated by capping the price increase in 2023 at 26% (an average annual level of 26% over 3 years corresponds to the definition of hyperinflation).*

| Revenue by geography and business line<br>*(in millions of euros)* | FY 2022 | FY 2023 | 2023/2022 published change | 2023/2022 comparable change |
|---|---|---|---|---|
| Americas | 10,680 | 10,169 | -4.8% | +5.1% |
| Europe | 11,390 | 9,734 | -14.5% | +4.2% |
| Asia-Pacific | 5,608 | 5,410 | -3.5% | +1.8% |
| Middle East & Africa | 895 | 1,047 | +17.1% | +7.0% |
| **GAS & SERVICES REVENUE** | **28,573** | **26,360** | **-7.7%** | **+4.2%** |
| Large Industries | 10,525 | 7,825 | -25.7% | -1.8% |
| Industrial Merchant | 11,567 | 11,975 | +3.5% | +8.5% |
| Healthcare | 3,923 | 4,077 | +3.9% | +8.4% |
| Electronics | 2,558 | 2,483 | -2.9% | +2.4% |

## Americas

Gas & Services revenue in the Americas totaled **10,169 million euros** in 2023, up by **+5.1%**. Large Industries sales (-2.2%) were impacted by customer turnarounds and relatively low demand. The Industrial Merchant business posted strong growth of +6.7%, boosted by a high price impact (+6.3%) and slightly positive volumes. In Healthcare, the rise in prices in proximity care in the United States and the dynamism of the business in South America contributed to the strong increase in sales (+14.2%). Electronics revenue was down by -2.8% in a context of slowing demand from memory manufacturers impacting sales of materials.

### AMERICAS GAS & SERVICES 2023 REVENUE




- Sales in **Large Industries** were down **-2.2%** in 2023, impacted in particular by customer turnarounds and the divestiture of the activity in Trinidad and Tobago. Business was also marked by relatively low demand, in particular from customers in the Steel industry. Oxygen volumes for Chemicals in the United States increased slightly in the 4th quarter, supported notably by the start-up of a new unit.
- In **Industrial Merchant**, the significant increase in sales of **+6.7%** in 2023 was supported by a strong **price impact** of **+6.3%**, in an inflationary context albeit slightly slowing sequentially (+5.2% in the 4th quarter). Volumes were up slightly over the year. They increased in the 1st half-year, in particular those of bulk gases. In the 2nd half of the year, hardgoods volumes were down but gas volumes remained resilient. They benefited from the demand increase in particular in the Construction, Research, Energy and Aeronautics sectors.
- In **Healthcare**, sales increased sharply, by **+14.2%** in 2023. The main drivers of this growth were price increase in proximity care in the United States, the development of sleep apnea treatment in Canada in the 1st half-year and the dynamism of the Medical Gases and Home Healthcare businesses in Latin America.
- Revenue from **Electronics** was down **-2.8%** over the year. Sales of specialty and advanced materials were strongly impacted by the memory manufacturer production slowdown. Carrier gas revenue growth was solid, driven by the start-up of new units. Sales of Equipment and Installations were up, particularly in the 4th quarter.

## AMERICAS

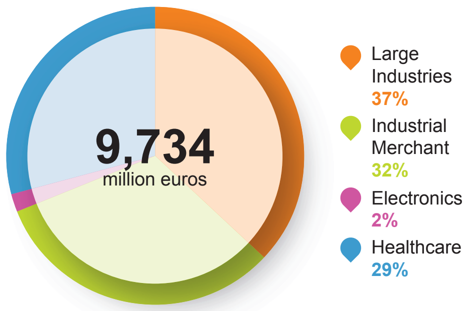
- Through an investment of **more than 140 million euros**, Air Liquide announced that it will establish in Bécancour (Canada), a platform supplying low-carbon industrial gases. In addition to the **PEM* electrolyzer** already in operation, the new infrastructure will include a **new air separation unit producing renewable oxygen and nitrogen** and a local pipeline network. This new unit is part of the industrial and port zone's decarbonization initiative. It will mostly supply **customers manufacturing battery components for electric vehicles** via long term contracts.
- Air Liquide is a partner **in a record six out of seven regional Clean Hydrogen Hubs** announced by the **U.S.** government to accelerate **low-carbon hydrogen** development.
- Air Liquide and **Trillium Energy Solutions**, a leading supplier of sustainable fueling infrastructure in the U.S., have signed a **Memorandum of Understanding** (MoU) to pursue the development of the heavy-duty **hydrogen** fueling market in the **U.S.** The ambition through this partnership is to initially support the development of **150 tonnes per day** of hydrogen production and the **refueling infrastructure** capable of supplying **more than 2,000 heavy-duty vehicles**.

* *PEM: Proton Exchange Membrane.*

## Europe

Revenue in Europe was up **+4.2%** in 2023 and totaled **9,734 million euros**. Large Industries sales were slightly down (-0.9%) in a context of weak demand from customers in the Chemicals and Steel industries. Revenue from the Industrial Merchant business rose sharply, by +12.3%, driven by a price impact of +14.0% and resilient volumes excluding helium and liquefied $CO_2$. Healthcare sales increased by +5.8%, benefiting from the dynamism of Home Healthcare and the increase in medical gas prices in an inflationary context.

### EUROPE GAS & SERVICES 2023 REVENUE




- Revenue from **Large Industries** was slightly down **(-0.9%)** over 2023. In the 1st quarter of 2023, demand strengthened in a context of decreasing energy prices and following a sharp drop in volumes in the 2nd half of 2022 due to the record increase in energy prices. Demand from Chemicals and Steel customers then stabilized at a low level until the end of the year. Sales of cogeneration units were down in 2023, penalized by lower electricity prices than in 2022. Hydrogen volumes for Refining increased compared to 2022, particularly in the 4th quarter.
- In the **Industrial Merchant** business, sales growth remained extremely strong at **+12.3%**, bolstered by a **price impact** of **+14.0%**, in addition to the increase of +23.6% in 2022. This price impact gradually eased over the year, reaching +8.4% in the 4th quarter. Volumes excluding helium and liquefied $CO_2$, whose supply has been tight for several months, remained resilient, particularly in the Automotive, Manufacturing and Metallurgy markets.
- Revenue from **Healthcare** increased by **+5.8%** in 2023. Diabetes and sleep apnea treatments were the main contributors to the strong growth in Home Healthcare sales. Growth in Medical Gas revenue was driven by rising prices in an inflationary context. Sales of specialty ingredients and equipment also increased.

### EUROPE

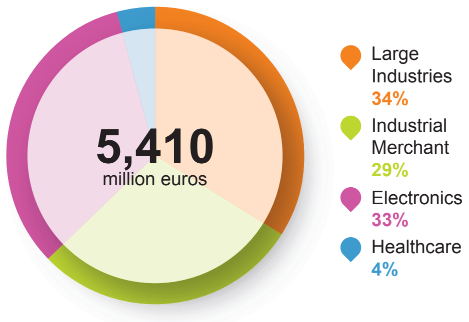
- On the occasion of the signing of a Memorandum of Understanding to supply the **TotalEnergies** refinery in Gonfreville, Normandy, France, with **renewable and low-carbon hydrogen**, Air Liquide announced an investment of over **400 million euros** for the construction of its **Normand'Hy electrolyzer**. With a capacity of **200 MW**, it will be the largest PEM* electrolyzer ever built and will integrate equipment manufactured by the joint-venture between Air Liquide and Siemens Energy. Connected to the Air Liquide local hydrogen network, this electrolyzer will contribute to the **decarbonization of the industry and transportation**. Normand'Hy was recognized as an **Important Project of Common European Interest** (IPCEI) by the European Commission and received **support from the French State for an amount of 190 million euros**.
- Air Liquide and Vattenfall signed a **new Power Purchase Agreement (PPA)** for **115 MW of renewable** installed power capacity. This second PPA of such scale in **Benelux**, significantly expands **Air Liquide's overall renewable power supply in the region. It reaffirms Air Liquide's commitment to lead the way in decarbonizing the European industry** while **lowering its own carbon footprint**, in line with its Sustainable Development objectives.
- Air Liquide has announced that it will build, own and operate a **world-scale carbon capture unit** in the industrial basin of **Rotterdam** in the Netherlands, leveraging its **proprietary Cryocap™ technology**. The new unit will be installed at the Group's major hydrogen production plant located in the port of Rotterdam and will be connected to **Porthos**, one of Europe's largest carbon capture and storage infrastructure aiming at **significantly reducing $CO_2$ emissions** in this large industrial basin.
- Air Liquide and Holcim signed a Memorandum of Understanding regarding a **decarbonization project of the new Holcim cement factory** in **Belgium**. It will use oxy-combustion as well as Air Liquide's innovative proprietary technology **Cryocap™** for carbon capture. The joint funding application has been **awarded by the Innovation Fund of the European Union**.

* *PEM: Proton Exchange Membrane.*

## Asia-Pacific

Revenue for the Asia Pacific region in 2023 rose by **+1.8%**, to total **5,410 million euros**. The Large Industries business (-5.5%) was impacted by weak demand and customer turnarounds. Sales in the Industrial Merchant business were up sharply, by +9.9%, driven by a high price impact at +7.3% and by an increase in volumes, in China in particular. Growth in Electronics was +2.2% over the year: very dynamic in the 1st quarter, it was then impacted by lower demand from memory manufacturers and a very high basis of comparison in 2022.

### ASIA-PACIFIC GAS & SERVICES 2023 REVENUE




- Sales in **Large Industries** were down by **-5.5%** over the year. They were penalized by weak demand in the region, particularly in air gases for the Steel industry in Japan, and in Chemicals. Customer turnarounds in China also impacted sales.
- **Industrial Merchant** revenue was up sharply by **+9.9%** in 2023. The **price impact** stood at a very high level of **+7.3%**, with particularly strong price increases in Japan and Australia. In China, following a wave of covid-19 at the start of the year, volumes rose sharply from March until the end of the year. The Manufacturing and Technology sectors supported the increase in volumes in the region, as well as new gas supply contracts for the production of battery materials.
- Sales in the **Electronics** business were up by **+2.2%** in 2023. Following a double-digit increase in the 1st quarter, revenue slowed to a low point (-5.2%) in the 3rd quarter, before reaching a level stable compared to the 4th quarter of 2022 by the end of the year. This evolution is explained by the sharp decline in production by memory manufacturers, which directly affected the volumes of specialty and advanced materials, and by a high basis of comparison, with sales growth having hit +18% in 2022. In addition, growth in carrier gas sales continued, driven by the start-up of new units.

### ASIA-PACIFIC

- Air Liquide and **ENEOS** Corporation, Japan's leading energy company, have signed a **Memorandum of Understanding (MoU)** to collaborate on accelerating the development of **low-carbon hydrogen in Japan** and contribute to the **energy transition**. This partnership intends to capitalize on **ENEOS' strong energy infrastructure and market presence in Japan** as well as on Air Liquide's **expertise** across the entire hydrogen value chain - from production, liquefaction, transport, storage and distribution to usages - as well as mastery of Carbon Capture.
- Air Liquide is investing around **60 million euros** in **China** to **revamp two Air Separation Units (ASUs)** so they can run on electrical power instead of steam produced from coal. This will allow to **significantly reduce the $CO_2$ emissions**. This investment comes within the context of the renewal of a long-term industrial gases supply contract with **Tianjin Bohua Yongli Chemical Industry Co., Ltd** ("YLC").

## Middle East and Africa

Revenue in the Middle East & Africa region increased by **+7.0%** to **1,047 million euros** in 2023. All business lines grew. The sales growth in air gases in South Africa and Egypt explained the solid performance of **Large Industries**. In **Industrial Merchant**, a very high **price impact** of **+9.9%** and rising volumes made it possible to achieve strong sales growth, despite the impact of the divestiture of businesses in the Middle East. In **Healthcare** the main drivers of dynamic sales growth were a solid price impact, the development of Home Healthcare in Saudi Arabia and strong activity in South Africa supported by the contribution of an acquisition.

### MIDDLE EAST AND AFRICA

- In 2023, **Air Liquide and Sasol** have signed new Power Purchase Agreements (**PPAs**) with wind and solar energy suppliers to provide **renewable power** to Sasol's Secunda site, in South Africa, where Air Liquide operates the largest oxygen production site in the world. **All these PPAs** announced in 2022 and 2023 represent a **total installed renewable power capacity of 580 MW**. For Air Liquide, these contracts will contribute to the **targeted reduction by 30% to 40% of the $CO_2$ emissions** associated with oxygen production in Secunda by 2031.

## Engineering & Construction

Consolidated revenue from Engineering & Construction totaled **390 million euros** in 2023, down by **-15.6%**. Consolidated revenue excludes activities carried out as part of internal projects for Large Industries and Electronics, which are growing.

**Order intake** amounted to **1,511 million euros** for **Group projects and third-party customers** and hence **exceeded 1 billion euros for the third consecutive year**. For the Group, these include Air Separation Units, an industrial-scale pilot ammonia cracking unit, a Cryocap[TM] $CO_2$ capture unit and a large PEM electrolyzer (200 MW). Order intake for third-party customers includes large units for the production and liquefaction of hydrogen and air gases.

### ENGINEERING & CONSTRUCTION

- On November 8th, 2023, Air Liquide and **Siemens Energy** officially inaugurated their joint venture **gigafactory** in Berlin. The mass production of PEM* electrolyzer components will allow the production of **low-carbon hydrogen** at industrial scale and **competitive cost**, and foster an innovative European ecosystem. The state-of-the-art gigafactory will ramp-up to an **annual production capacity of 3 GW by 2025**. With two global leading companies in their field combining their expertises, this French-German partnership plays a pivotal role in the emergence of a sustainable hydrogen economy needed to forge the energy transition.
- Air Liquide, through its Engineering & Construction business, will work with **KBR** to offer **low-carbon ammonia technological production solutions** integrating its Autothermal Reforming (**ATR**) technology. Air Liquide is a world leader in ATR technology, one of the most suitable solutions for large-scale production of low-carbon hydrogen ($H_2$), which is then combined with nitrogen ($N_2$) to produce low-carbon ammonia ($NH_3$). The solutions provided with KBR, the world leader in ammonia technology, will also contribute to the **development of a global low-carbon hydrogen market** as, when transformed into ammonia, hydrogen can be easily **transported over long distances**.
- Air Liquide announced the construction of an **industrial scale ammonia ($NH_3$) cracking pilot plant** in the port of Antwerp, **Belgium**. When transformed into ammonia, hydrogen can be easily transported over long distances. Using innovative technology, this plant will make it possible to convert, with an optimized carbon footprint, **ammonia into hydrogen**.

* *PEM: Proton Exchange Membrane.*

## Global Markets & Technologies

Global Markets & Technologies revenue for 2023 was down by **-1.0%** compared to 2022, at **858 million euros**. **Organic growth** reached **+9.7%**, excluding the divestitures of the mobility biogas distribution and the manufacture of small cryogenic tank businesses in the 4th quarter 2022. Hydrogen mobility posted very dynamic growth, boosted by the ramp-up of a hydrogen liquefier in the United States. The increase in sales of technological equipment, in particular Turbo-Braytons, partially offset the decline in sales in the Biogas business, dragged down by lower energy prices.

**Order intake** for Group projects and third-party customers amounted to **926 million euros**, up **+5.8%** compared to 2022. This notably included orders for equipment for biogas processing, for advanced research laboratories, and for the electronics industry, as well as Turbo-Brayton LNG reliquefaction units, and hydrogen refueling stations.

### GLOBAL MARKETS & TECHNOLOGIES

- Air Liquide and **Groupe ADP** announced the creation of **Hydrogen Airport**, the first **engineering and consulting joint venture** specializing in supporting airports **integrating hydrogen** projects within their infrastructures.
- Air Liquide and **TotalEnergies** announced the creation of the equally owned **joint venture TEAL**, to develop a **network of hydrogen stations**, geared towards **heavy-duty vehicles** on **major European road corridors**. This initiative will help facilitate access to hydrogen, enabling the development of its use for goods transportation and further strengthening the hydrogen sector.
- With the **inauguration** in June 2023 of Air Liquide's high-pressure hydrogen refueling station in Fos-sur-Mer (Marseille, France) and **Iveco Group's readiness to deliver hydrogen trucks**, the two companies are paving the way for hydrogen **long-haul mobility in Europe**.
- In May 2023, **Future Proof Shipping** (FPS) inaugurated **the first hydrogen-powered river container ship**. "$H_2$ Barge 1" carries cargo between the port of Rotterdam (Belgium) and the Antwerp region (Belgium) for sports equipment manufacturer Nike. Air Liquide contributed actively to this project through the **supply of hydrogen and the development of a specific storage system**.

## OPERATING INCOME RECURRING

**Operating income recurring before depreciation and amortization** totaled **7,550 million euros**, an increase of +3.0% as published and **+8.5% excluding the currency impact** compared with 2022. **Purchases** were down **-16.2% excluding the currency impact**, mainly due to the decrease in energy prices, in particular natural gas, following the sharp increase in 2022. **Personnel costs** increased by **+6.5% excluding currency impacts** in a context of continued inflation. **Other operating income and expenses** increased by **+5.8% excluding the currency impact** and included in particular an increase in maintenance costs.

The **efficiencies** [(2)] amounted to **466 million euros** in 2023, a sharp increase of **+23.2%** compared with 2022 and significantly above the annual target of 400 million euros. **Industrial efficiencies** represented more than 60% of efficiencies. They included energy efficiency and production optimization projects in Large Industries and supply chain improvements in Industrial Merchant. The Group's **digital transformation** continued: in Large Industries with the contribution of remote operation centers (Smart Innovative Operations, SIO), in Industrial Merchant and in Healthcare with the implementation of tools to optimize delivery routes for bulk gases and, increasingly, for cylinders. The continued implementation of **shared service centers** also contributed to efficiencies. In addition, the cross-functional program of **continuous improvement** actively supported the development of efficiencies, in particular through a digital platform that has already facilitated the replication of more than 200 projects. Efficiencies are one of the three levers for improving performance, with price management, particularly in Industrial Merchant, and dynamic management of the asset portfolio.

**Depreciation and amortization** amounted to **2,482 million euros**, up **+4.1% excluding the currency impact**, reflecting the impact of the start-up of new units.

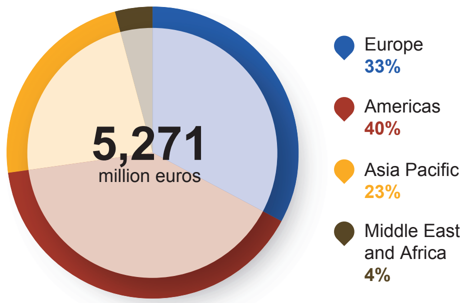
The Group's **operating income recurring (OIR)** reached **5,068 million euros** in 2023, an increase of +4.2% as published. It increased by **+11.4% on a comparable basis**, which is significantly higher than the comparable sales growth of +3.7%, highlighting a strong leverage effect.

The **operating margin (OIR over revenue)** as published stood at 18.4%, up +220 basis points compared to 2022. Indeed, energy costs, which are contractually passed through to Large Industries customers, decreased significantly in 2023, following the drop in prices after the sharp increase in 2022. This reduced published sales, without affecting operating income recurring, and thus created an accretive effect on the published margin as a percentage of sales.

**Excluding the energy impact, the operating margin improved very significantly by +80 basis points**. Thus, the sum of improvements in the operating margin excluding energy impact in **2022 and 2023** reached **+150 basis points** and compares to the +160 basis points expected over the 4-year period of the ADVANCE plan. Consequently, the **ambition for improvement in the margin** excluding the energy impact of the **ADVANCE strategic plan** is **raised to +320 basis points over 4 years**, which reflects an **acceleration**. This corresponds to **twice the improvement initially planned**. Hence, +170 basis points of improvement are expected for the remaining 2 years of the ADVANCE plan.

### Gas & Services

#### GAS & SERVICES 2023 OPERATING INCOME RECURRING




The Gas & Services operating income recurring totaled **5,271 million euros**, representing an increase of +4.1% compared with 2022 and up **+10.8% on a comparable basis**. The **operating margin** stood at 20.0% as published, a sharp increase of **+70 basis points excluding the energy impact**.

The **price** increase of **+8.4%** in **Industrial Merchant** in 2023 followed the record increase of +14.7% in 2022, demonstrating the Group's ability to quickly transfer the rise in costs in an inflationary environment. Prices were also up in Large Industries, Electronics and Healthcare, in all regions.

| Gas & Services Operating margin [(a)] | FY 2022 | FY 2023 | 2023/2022 excluding energy impact |
|---|---|---|---|
| Americas | 19.5% | 20.9% | +60 bps |
| Europe | 13.8% | 17.7% | +90 bps |
| Asia-Pacific | 21.2% | 22.4% | +150 bps |
| Middle East & Africa | 23.6% | 20.0% | -350 bps |
| **TOTAL** | **17.7%** | **20.0%** | **+70 bps** |

*(a) Operating income recurring/revenue as published.*

Operating income recurring for the **Americas** reached **2,125 million euros** in 2023. **Excluding the energy impact**, the operating margin grew by **+60 basis points** compared with 2022. The Industrial Merchant business contributed significantly to this improvement, as did the Healthcare business, albeit to a lesser extent. Higher prices and significant efficiency gains, particularly in the United States, were the main drivers of margin growth.

Operating income recurring for **Europe** totaled **1,723 million euros**. **Excluding the energy impact**, the operating margin saw a **+90 basis points** increase compared with 2022. The Industrial Merchant business made a major contribution, with an increase in prices and high efficiency gains supporting the rise in the operating margin. The efficiencies generated in other businesses also contributed to the improvement of the margin.

(2) *See definition in Performance indicators paragraph – page 63.*

In **Asia Pacific**, operating income recurring stood at **1,214 million euros**. **Excluding the energy impact**, the operating margin saw a growth of **+150 basis points** compared with 2022. The margin increased in all businesses and in particular in the Industrial Merchant business, where the increase in prices and the high level of efficiencies contributed significantly to the improvement of the margin. The Large Industries business margin benefited from the payment of an indemnity by a customer.

Operating income recurring for the **Middle East and Africa** reached **209 million euros**. **Excluding the energy impact**, the operating margin was down by **-350 basis points** compared with 2022. In accordance with the Large Industries business model, the introduction of re-invoicing to the customer for the costs of the energy consumed by the 16 air separation units acquired at the Secunda site in South Africa had a highly dilutive effect on the margin [(3)]. Excluding this re-invoicing, the operating margin increased.

## Engineering & Construction

Operating income recurring for **Engineering & Construction** was **43 million euros** in 2023. The operating margin stood at **11.1%**. It amounted to 9.3% in 2022.

## Global Markets & Technologies

Operating income recurring for the **Global Markets & Technologies** business stood at **143 million euros** in 2023. The operating margin reached **16.7%**, a sharp increase of **+410 basis points** compared with 2022. This performance was notably boosted by the increase in volumes of hydrogen for mobility in the United States.

## Corporate Costs and Research & Development

**Corporate costs and Research & Development expenses** stood at **389 million euros**, up +9.4% compared with 2022, due particularly to the increase in personnel expenses, the development of research and the strengthening of IT security.

## NET PROFIT

**Other operating income and expenses** showed a net balance of **-497 million euros** in 2023 compared with -571 million in 2022. Other operating income amounted to 242 million euros and mainly included the sale of the Group's stake in Hydrogenics in the 1st half-year. Other operating expenses amounted to -739 million euros and included exceptional items, with no impact on cash, following a strategic review that led to the impairment of certain assets in several countries. They also included the impairment of assets held for sale (with no impact on cash) and restructuring costs in several countries and businesses.

**Financial income and expenses** amounted to **-416 million euros**, compared with -386 million euros in 2022. This included a **net cost of debt** of **-266 million euros**, down sharply by **-19.5% excluding currency impact**, mainly due to the decrease in average outstanding debt and thanks to the exceptional proceeds generated by the early redemption of bonds in U.S. dollars in the 1st half-year and in euros in the 2nd half-year. The **average net cost of debt** at **3.4%**, was up compared with 3.0% in 2022, mainly due to the increase in factoring costs, which are directly related to the rise in interest rates. Furthermore, the average net cost of debt does not include the exceptional income related to the early redemption of bonds. **Other financial income and expenses** stood at **-151 million euros** compared with -98 million euros in 2022. This sharp increase is due to a provision for interest on arrears and the impact of the increase in interest rates on pension obligations.

The **tax expense** amounted to **972 million euros** in 2023, hence an effective tax rate of **23.4%**, a sharp decrease compared with 25.7% in 2022. Indeed, in 2023, the Group benefited from a reduced tax rate applicable to the capital gain on the divestiture of the Group's stake in Hydrogenics and the recognition of tax credits in Italy, whereas the effective tax rate was higher in 2022, impacted by significant non-recurring and non-taxable items [(4)].

The **share of profit of associates** amounted to **5 million euros**. The share of **minority interests** in net profit totaled **110 million euros**, down -23.9%, mainly due to the impairment of an intangible asset in a company with minorities and the purchase of minority interests.

**Net profit (Group share)** stood at **3,078 million euros** in 2023, showing strong growth of **+11.6%** as published and an increase of **+21.0% excluding the currency impact**. It exceeded 3 billion euros for the first time. **Net profit recurring (Group share)** [(5)] is obtained by excluding the proceeds from the sale of the Group's stake in Hydrogenics, the impairment of assets held for sale and those of other assets identified in particular following a strategic business review, as well as the restructuring costs of the Home Healthcare business in France. It stood at **3,320 million euros**, up by +5.0%, and **+13.3% excluding currency impact**, compared with 2022 net profit recurring (Group share).

**Net earnings per share**, stood at **5.90 euros** and were up **+11.7%** as published compared with 2022, in line with the increase in net profit (Group share). The **average number of outstanding shares** used for the calculation of 2023 net earnings per share was **522,110,068**.

### CHANGE IN THE NUMBER OF SHARES

| | FY 2022 | FY 2023 |
|---|---|---|
| **Average number of outstanding shares** | **522,069,020** | **522,110,068** |

## DIVIDEND

At the General Meeting on April 30, 2024, the payment of a dividend of **3.20 euros per share** will be proposed to shareholders for the 2023 fiscal year, representing an increase of **+8.5%** compared with the previous year. The total estimated pay-out taking into account share repurchases, share cancellations and the exercising of stock-options would amount to **1,723 million euros**, representing a **pay-out ratio of 56%** of the published net profit. The ex-dividend date has been set for May 20, 2024, and the payment is scheduled for May 22, 2024. Moreover, a **free share attribution**, on the basis of one free share for every 10 shares held, as well as the application of a loyalty bonus, are planned for June 2024.

(3) *For more information, see explanation in Performance indicators paragraph – page 61.*
(4) *Mainly non-deductible provisions on activities in Russia, and non-taxable capital gains relating to the takeover of a joint activity in Asia.*
(5) *See definition and reconciliation in Performance indicators paragraph – page 62.*

# 3. 2023 Cash Flow and Balance Sheet

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| **Cash flow from operating activities before changes in working capital** | **6,255** | **6,357** |
| Changes in working capital | (397) | (154) |
| Other cash items | (48) | 60 |
| **Net cash flows from operating activities** | **5,810** | **6,263** |
| Dividends | (1,487) | (1,667) |
| Industrial capital expenditure | (3,273) | (3,393) |
| Other financing operations | 31 | 314 |
| Transactions with minority shareholders | (4) | (142) |
| Proceeds from issues of share capital | 38 | 129 |
| Purchase of treasury shares | (192) | (82) |
| Lease liabilities repayments and net interests paid on lease liabilities | (283) | (280) |
| Impact of exchange rate changes and net indebtedness of newly consolidated companies & restatement of net finance costs | (454) | (102) |
| **Change in net debt** | **187** | **1,041** |
| Net debt as of December 31 | (10,261) | (9,221) |
| **DEBT TO EQUITY RATIO AS OF DECEMBER 31** | **41.8%** | **36.8%** |

## NET CASH FLOW FROM OPERATING ACTIVITIES AND CHANGES IN WORKING CAPITAL REQUIREMENT

**Cash flows from operating activities before changes in working capital** amounted **to 6,357 million euros**, up +1.6% as published and **+6.6% excluding the currency impact**. This corresponds to a high level of 23.0% of sales, an improvement of +40 basis points compared with 2022 excluding the energy impact.

**Working Capital Requirement (WCR)** rose by **154 million euros** compared with December 31, 2022, impacted notably by the decrease in energy prices generating an important decrease in the accounts payable, days payable outstanding remaining stable.

**Net cash flow from operating activities after changes in working capital requirement** amounted to **6,263 million euros**, a strong increase of +7.8% compared with 2022 and **+12.8% excluding the currency impact**.

## CAPITAL EXPENDITURE

| *(in millions of euros)* | Industrial Investments | Financial Investments [(a)] | Total capital expenditures [(a)] |
|---|---|---|---|
| 2019 | 2,636 | 568 | 3,205 |
| 2020 | 2,630 | 145 | 2,775 |
| 2021 | 2,917 | 696 | 3,613 |
| 2022 | 3,273 | 140 | 3,413 |
| **2023** | **3,393** | **245** | **3,638** |

(a) *Including transactions with minority shareholders.*

**Capital expenditure** was very high in 2023 at **3,638 million euros**, including transactions with minority shareholders.

**Industrial capital expenditure** amounted to **3,393 million euros**, compared with 3,273 million euros in 2022, an increase of +3.7% and +8.6% excluding the currency impact, reflecting dynamic project development activity. For the Gas & Services business, this expenditure totaled 3,152 million euros with the corresponding geographical breakdown presented in the table below.

| | Gas & Services | | | | |
|---|---|---|---|---|---|
| *(in millions of euros)* | Europe | Americas | Asia Pacific | Middle East and Africa | Total |
| 2022 | 972 | 979 | 866 | 150 | 2,967 |
| **2023** | **1,113** | **1,059** | **835** | **145** | **3,152** |

**Financial investments** amounted to **245 million euros** in 2023 and comprised the acquisition of 14 entities with limited size, essentially in the Industrial Merchant and Healthcare business lines. They also included 142 million euros of transactions with minority shareholders and in particular the acquisition of minority shares in a subsidiary in the Middle East.

**Proceeds from the sale of assets** reached **403 million euros** in 2023 and reflected a dynamic management of the portfolio. They mainly included the sale of the Group's stake in Hydrogenics and the divestiture of the Large Industries business in Trinidad and Tobago.

**Net capital expenditure** [(1)] totaled **3,221 million euros**, stable compared with 2022.

(1) *Including transactions with minority shareholders and dividends received from equity affiliates.*

### NET DEBT

**Net debt** at December 31, 2023, amounted to **9,221 million euros**, a decrease of 1,040 million euros compared with December 31, 2022. Indeed, cash flows from operating activities after changes in working capital allowed to reduce the net debt after the payment of over 3.4 billion euros in industrial investments and 1.6 billion euros in dividends. The net debt-to-equity ratio stood at 36.8%, highlighting the strength of cash flows.

### ROCE

The return on capital employed after tax (ROCE) was 9.8% in 2023. The **recurring ROCE** [(2)] stood at **10.6 %**, an improvement compared to 10.3% in 2022 and **aligned with the ADVANCE strategic plan's double-digit objective**.

## 4. Investment cycle and financing

### INVESTMENTS

#### Investment decisions and investment backlog

| (in billions of euros) | Industrial Investment decisions | Financial investment decisions (acquisitions) | Total investment decisions |
|---|---|---|---|
| 2019 | 3.2 | 0.6 | 3.7 |
| 2020 | 3.0 | 0.1 | 3.2 |
| 2021 | 3.0 | 0.6 | 3.6 |
| 2022 | 3.9 | 0.1 | 4.0 |
| **2023** | **4.2** | **0.1** | **4.3** |

**Industrial and financial investment decisions** reached a **record level** of **4.3 billion euros** in 2023, up sharply from 4.0 billion euros in 2022.

**Industrial investment decisions** amounted to **4,189 million euros**, thereby exceeding 4 billion euros for the first time, and compared to 3,861 million euros in 2022.

- In **Large Industries**, they included in particular **three major projects** related to the **energy transition** in dynamic industrial areas. A new production unit is being built in Canada to supply manufacturers of battery materials with renewable air gases. In France, the first large electrolyzer (200 MW) will produce low-carbon and renewable hydrogen. In the 4th quarter, the Group decided to invest in a Cryocap™ $CO_2$ capture unit in the Netherlands to decarbonize one of the Group's largest hydrogen production units and meet the needs of customers in the Benelux network. This unit will be connected to Porthos, one of the largest carbon capture and storage infrastructures in Europe.
- Development of the **Electronics** business continued in 2023 with investments in carrier gas production units in Asia, Europe and America, including one large unit. Decisions also concerned the investment in a new advanced materials production site in Asia.
- In **Industrial Merchant**, for the 3rd consecutive year, investment decisions included around 50 small on-sites, to serve customers in secondary Electronics or with applications related to the energy transition, such as the production of battery materials.
- Investments in the **Healthcare** business included distribution equipment to support the growth of medical gas sales, particularly in South Africa and Spain. They also included investments in new innovative cylinders and efficiency projects.
- Within the **Global Markets & Technologies** business, the development of hydrogen mobility continued, in particular in China, Korea and Europe, with investment decisions in hydrogen filling centers and their logistics chain. The biomethane activity also continued to grow and a new investment in a production unit in the United States was decided in the 4th quarter.

**Financial investment decisions** totaled **94 million euros** in 2023 compared with 112 million euros in 2022. They included the acquisition of small distributors in the **Industrial Merchant** business in the United States, Canada, Italy, India and China. These acquisitions will contribute to growth and also strengthen the density of the Group's local presence, thus increasing the efficiency of its activities. Decisions also included the acquisition of companies in **Home Healthcare** in Benelux and Sweden, and in **Hydrogen mobility** in Germany. These financial investment decisions did not include 142 million euros of transactions with minority shareholders and in particular the acquisition of minority shares in a subsidiary in the Middle East.

The **investment backlog** hit a record high of **4.4 billion euros** in 2023, a sharp increase from 3.5 billion euros in 2022. Its composition is balanced between **Large Industries** and **Electronics**. In **Asia**, ongoing projects mainly concern the Electronics business. The **Americas** and **Europe** saw similar levels of investment, with projects in Large Industries and Electronics.

#### INVESTMENTS

- In 2023, Air Liquide set a **new record** by signing **62 new small on-site production units** in the **Industrial Merchant** and **Electronics** businesses. This growth reflects the increased demand for these solutions, and illustrates our capacity to meet customers' needs. These units offer real advantages: a continuous, reliable supply of gas, adapted to each client's production needs and helping to reduce carbon emissions.

(2) See definition and reconciliation in Performance indicators paragraph – page 63.

## Start-ups

The main start-ups in 2023 concerned production units in Large Industries and Electronics. In **Large Industries**, several Air Separation Units were started up in Europe and the United States, with in particular the commissioning at the end of the year of a major unit connected to the Group's pipeline network in the Gulf Coast. In **Electronics**, it was mainly carrier gas production units that were started up in Asia, the United States and Germany. In the **Global Markets & Technologies** activity, the Group's first biomethane unit in China was commissioned in the 3rd quarter of 2023.

The **additional contribution to sales** of unit start-ups and ramp-ups totaled **267 million euros** in 2023. Electronics was the main contributor in Asia, while in the Americas and Europe it was Large Industries. Hydrogen mobility benefited from the ramp-up of a major hydrogen production and liquefaction unit in the United States.

The **additional contribution to 2024 sales** of unit start-ups and ramp-ups is expected to be between **270 and 290 million euros**.

## Investment opportunities

The **portfolio of 12-month investment opportunities** remained high, at **3.4 billion euros** at the end of 2023. This reflects the dynamism of the development of projects in line with the **energy transition**, which represented **more than 40% of the portfolio**, particularly in Europe and the United States. Opportunities in **Electronics** are now spread across Asia, Europe and the United States and are no longer predominantly located in Asia. The portfolio of opportunities beyond 12 months is at a very high level and includes major projects related to the energy transition in Europe and North America.

# 2023 FINANCING

## "A" Category financial rating confirmed

Since 2023, Scope Ratings, the leading European credit rating agency, is one of the rating agencies that evaluate Air Liquide. Air Liquide is thus rated by three rating agencies, Standard & Poor's, Moody's and Scope Ratings. The long-term ratings from **Standard & Poor's and Scope Ratings are "A"** and from **Moody's is "A2"**. Moreover, the short-term ratings are "A1" for Standard & Poor's, "S-1" for Scope Ratings and "P1" for Moody's. Standard & Poor's confirmed its ratings on December 15, 2023 and gave them a stable outlook. Moody's confirmed its long-term and short-term rating on September 29, 2023 and gave them a stable outlook.

### FINANCIAL RATING AGENCY

- **Scope Ratings**, **Europe's first credit rating agency**, assigned a **"A" issuer** rate to Air Liquide, as well as a **"A"** rating for its **senior unsecured debt** and an **"S-1" short-term** rate for all debt instruments issued by Air Liquide SA and Air Liquide Finance. The outlook associated with the issuer rating is positive.

## Diversifying and securing financial sources

As of December 31, 2023, **Group financing through capital markets** accounted for **85% of the Group's total debt**, for a **total amount of outstanding bonds of 8.9 billion euros** including all types of bonds, and 0.4 billion euros of commercial paper.

The **total amount of credit facilities** was **increased to 3.8 billion euros**. The syndicated credit facility covers an unchanged amount of **2.5 billion euros** and matures in December 2025. Since 2019, this facility includes an indexation mechanism of financial costs on three of the Group's CSR targets in the areas of carbon intensity, gender diversity, and safety.

### Issues and redemptions

In September 2023, the Group **issued a private placement** for an amount of **20 billion Japanese yen** (128 million euros equivalent) under the EMTN program, maturing in 8 years. At the end of 2023, **outstanding bonds** issued under the **EMTN program** amounted to **6.6 billion euros** (nominal amount).

As part of optimizing the management of its debt and cash surpluses, Air Liquide Finance proceeded in 2023 to several **early bonds** redemption:

- in March 2023, for a total of **383 million U.S. dollars** (nominal amount), following a Tender Offering process for two series of bonds in U.S. dollars, the first maturing in 2026 and the second in 2046;
- in November 2023, for a total of **236 million euros** (nominal amount), following a Tender Offering process for two series of bonds maturing in 2024 and a series of bonds maturing in 2025.

In addition, three **bond issues** were **repaid** at maturity in March and September 2023 for a total of **1,112 million euros equivalent**.

### Sustainable financing

Within the context of its project to build two low-carbon hydrogen production units in the Shanghai Chemical Industrial Park (SCIP), a subsidiary of Air Liquide signed a **bilateral Green Loan of 500 million RMB** (around 67 million euros). This green credit is in line with the **principles common to the green taxonomies of China and the European Union**, which define strict criteria for the production of hydrogen with an emission threshold for low-carbon hydrogen.

This Green Loan is the first granted in the world to finance low-carbon hydrogen production respecting the principles common to the green taxonomies of China and the European Union ("China-EU Common Ground Taxonomy").

### Net Debt by currency as of December 31, 2023

| | December 31, 2022 | December 31, 2023 |
|---|---|---|
| Euro | 46% | 52% |
| US Dollar | 37% | 30% |
| Japanese Yen | 3% | 3% |
| Chinese Renminbi | 1% | 1% |
| Taiwanese Dollar | 4% | 5% |
| Others | 9% | 9% |

Investments are generally funded in the currency in which the cash flows are generated, creating a natural currency hedge. In 2023, net debt decreased in U.S. dollar and increased in euro and in Taiwanese dollar. The share of dollar in total net debt decreased in favor of these currencies.

## Centralization of cash and funding

In 2023, Air Liquide Finance continued to pool the cash balances of Group entities.

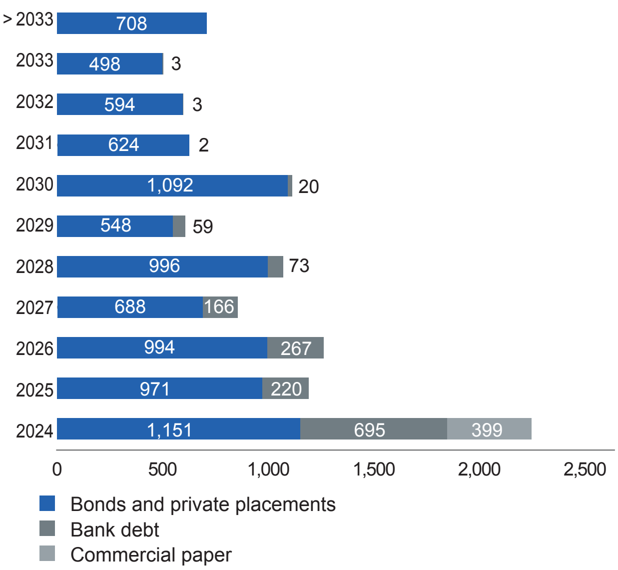
On December 31, 2023, Air Liquide Finance had granted to Group subsidiaries, directly or indirectly, the equivalent of 12.3 billion euros in loans and received 3.1 billion euros in excess cash as deposits from them. These transactions were denominated in 24 currencies (mainly the euro, U.S. dollar, Japanese yen, Canadian dollar, Chinese renminbi, Singapore dollar, British pound). Approximately 400 subsidiaries are included in the Group cash pooling, directly or indirectly (including subsidiaries where cash pooling is carried out locally before being centralized at Air Liquide Finance).

## Debt maturity and schedule

The **average of the Group's debt maturity** was **5.5 years** at December 31, 2023, decreasing compared with December 31, 2022 (5.9 years). Due to the generation of net cash flow in 2023, bond issues reached maturity without the need for refinancing and early repayments of bonds were made possible.

Finally, the single largest annual maturity represents approximately 12% of total debt and the debt maturing in the next 12 months is less than 2.3 billion euros.

### DEBT MATURITY SCHEDULE




# 5. Performance indicators

Performance indicators used by the Group that are not directly defined in the financial statements have been prepared in accordance with the AMF position 2015-12 about alternative performance measures.

The performance indicators are the following:

- Currency, energy and significant scope impacts;
- Comparable sales change and comparable operating income recurring change;
- Operating margin and operating margin excluding energy;
- Reported and restated $CO_2$ emissions;
- Operating income recurring before depreciation and amortization excluding IFRS16 at 2015 exchange rate to calculate the carbon intensity;
- Recurring net profit Group share;
- Recurring net profit excluding currency effect;
- Net profit excluding IFRS16;
- Net profit recurring excluding IFRS16;
- Efficiencies;
- Return on Capital Employed (ROCE);
- Recurring ROCE.

### DEFINITION OF CURRENCY, ENERGY AND SIGNIFICANT SCOPE IMPACTS

Since industrial and medical gases are rarely exported, the impact of currency fluctuations on activity levels and results is limited to euro translation impacts with respect to the financial statements of subsidiaries located outside the euro zone. **The currency effect** is calculated based on the aggregates for the period converted at the exchange rate for the previous period.

In addition, the Group passes on variations in the cost of energy (electricity and natural gas) to its customers via indexed invoicing integrated into their medium and long-term contracts. This indexing can lead to significant variations in sales (mainly in the Large Industries Business Line) from one period to another depending on fluctuations in prices on the energy market.

An **energy impact** is calculated based on the sales of each of the main subsidiaries in Large Industries. Their consolidation allows the determination of the energy impact for the Group as a whole. The foreign exchange rate used is the average annual exchange rate for the year N-1. Thus, at the subsidiary level, the following formula provides the energy impact, calculated for natural gas and electricity respectively:

Energy impact = Share of sales indexed to energy year (N-1) x (Average energy price in year (N) - Average energy price in year (N-1))

This indexation effect of electricity and natural gas does not impact the operating income recurring.

**The significant scope effect** corresponds to the impact on sales of all acquisitions or disposals of a significant size for the Group. These changes in scope of consolidation are determined:

- for acquisitions during the period, by deducting from the aggregates for the period the contribution of the acquisition;
- for acquisitions during the previous period, by deducting from the aggregates for the period the contribution of the acquisition between January 1 of the current period and the anniversary date of the acquisition;
- for disposals during the period, by deducting from the aggregates for the previous period the contribution of the disposed entity as of the anniversary date of the disposal;
- for disposals during the previous period, by deducting from the aggregates for the previous period the contribution of the disposed entity.

Note: exceptionally, the acquisition of Sasol production units in 2021 had an impact in 2 steps on Group sales. After the acquisition of the assets in July 2021 (1st step), devices were installed on the units in 2022 in order to measure the energy consumed which, from October 2022 (2nd step), could be re-invoiced to the customer according to the standard Large Industries contractual frame. For the sake of transparency in financial communication, sales related to energy consumed and contractually re-invoiced to the customer are identified within the significant scope and are therefore excluded from the comparable growth. This element has thus been accounted for in the significant scope during 12 months from October 2022.

## CALCULATION OF PERFORMANCE INDICATORS (YEAR)

### Comparable sales change and comparable operating income recurring change

Comparable changes for sales and operating income recurring **exclude the currency, energy and significant scope impacts described above**.

| *(in millions of euros)* | FY 2023 | FY 2023/2022 Published Growth | Currency impact | Natural gas impact | Electricity impact | Significant scope impact | FY 2023/2022 Comparable Growth |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| Group | 27,608 | -7.8% | (1,255) | (1,765) | (503) | 97 | +3.7% |
| *Impacts in %* | | | *-4.2%* | *-5.9%* | *-1.7%* | *+0.3%* | |
| Gas & Services | 26,360 | -7.7% | (1,225) | (1,765) | (503) | 97 | +4.2% |
| *Impacts in %* | | | *-4.2%* | *-6.2%* | *-1.8%* | *+0.3%* | |
| **Operating Income Recurring** | | | | | | | |
| Group | 5,068 | +4.2% | (318) | — | — | (25) | +11.4% |
| *Impacts in %* | | | *-6.6%* | — | — | *-0.6%* | |
| Gas & Services | 5,271 | +4.1% | (311) | — | — | (24) | +10.8% |
| *Impacts in %* | | | *-6.2%* | — | — | *-0.5%* | |

### Operating margin and operating margin excluding energy

The operating margin is the ratio of the operating income recurring divided by revenue. The operating margin excluding the energy impact corresponds to operating income recurring (which is not impacted in absolute value by the energy costs contractually re-invoiced to Large Industries customers) divided by revenue restated for the energy impact to which the corresponding currency impact is attached. The ratio of operating income recurring divided by revenue (whether restated or not for the energy impact) is calculated with a one decimal place rounded number. The variation between 2 periods is calculated as the difference between these rounded ratios, which can result in positive or negative differences compared to a more precise calculation, due to rounding.

| | | FY 2023 | Natural gas impact [(a)] | Electricity impact [(a)] | FY 2023, excluding energy impact |
|---|---|---|---|---|---|
| **Revenue** | Group | 27,608 | (1,776) | (514) | 29,898 |
| | Gas & Services | 26,360 | (1,776) | (514) | 28,650 |
| **Operating Income Recurring** | Group | 5,068 | | | 5,068 |
| | Gas & Services | 5,271 | | | 5,271 |
| **Operating Margin** | **Group** | **18.4%** | | | **17.0%** |
| | **Gas & Services** | **20.0%** | | | **18.4%** |

*(a) Including the currency impact linked to the considered energy impact.*

## Reported and restated $CO_2$ emissions

| *(in thousands of metric tonnes of $CO_2$-eq.)* | FY 2020 | FY 2022 | FY 2023 | 2023/2020 change | 2023/2022 change |
|---|---|---|---|---|---|
| Scope 1: total direct greenhouse gas emissions (GHG) [(a)] | 15,345 | 16,273 | 16,107 | +4.9% | -1.1% |
| Scope 2: total indirect greenhouse gas emissions (GHG) [(a)] | 17,184 | 23,033 | 21,510 | +25.2% | -6.6% |
| **Total emissions as reported [(a)]** | **32,529** | **39,306** | **37,617** | **+15.6%** | **-4.3%** |
| **Total restated emissions [(b)]** | **39,564** | **39,464** | **37,617** | **-4.9%** | **-4.7%** |

*(a) "Market based", actual Group emissions including changes in scope having an impact (upward and downward) on $CO_2$ emissions during the year from the effective date.*
*(b) "Market based", restated to take into account over a full year from 2020 and each subsequent year, the emissions of the assets which correspond to changes in scope and which have a significant impact (upwards and downwards) on $CO_2$ emissions.*

## Operating income recurring before depreciation and amortization excluding IFRS 16 at 2015 exchange rate to calculate the carbon intensity

| *(in millions of euros and thousand of tonnes)* | 2015 | 2023 | 2023/2015 change |
|---|---|---|---|
| **(A) Operating income recurring before depreciation and amortization** | **4,033** | **7,550** | |
| (B) Currency impact (2015) [(a)] | | (361) | |
| (C) IFRS 16 Impact [(b)] | | 260 | |
| **(A) - (B) - (C) = (D) EBITDA used for carbon intensity calculation** | **4,033** | **7,651** | |
| (E) $CO_2$-equivalent emissions (Scopes 1 + 2 [(c)]) in thousands of tonnes | 29,413 | 37,617 | |
| **Carbon intensity (E) / (D)** | **7.3** | **4.9** | **-33%** |

*(a) At 2015 exchange rate for countries in hyperinflationary context, their EBITDA being converted at 2023 rate.*
*(b) The IFRS 16 impact on operating income recurring before depreciation and amortization includes the neutralization of rental expenses, which are then reintegrated into depreciation and amortization and other financial expenses booked in relation to IFRS 16.*
*(c) Scope 2 emissions calculated from the specific supplies (market-based): the Group hence adopted the methodology recommended by the GHG Protocol.*

## Recurring net profit Group share and recurring net profit Group share excluding currency impact

The recurring net profit Group share corresponds to the net profit Group share excluding exceptional and significant transactions that have no impact on the operating income recurring.

| | FY 2022 | FY 2023 | 2023/2022 variation |
|---|---|---|---|
| **(A) Net profit (Group share) - As Published** | **2,758.8** | **3,078.0** | **+11.6%** |
| (B) Exceptional and significant transactions after-tax with no impact on OIR | | | |
| ■ Exceptional provisions on industrial assets in Russia and other related costs | (575.6) | | |
| ■ Exceptional income related to joint-venture take-over in Asia Pacific | 205.5 | | |
| ■ Provision for risks in Engineering & Construction activity | (32.8) | | |
| ■ Sales of Group stake in Hydrogenics | | 159.4 | |
| ■ Impairment of assets held for sale and of other assets identified in particular following a strategic review | | (345.7) | |
| ■ Restructuring costs of Home Healthcare activity in France | | (55.7) | |
| **(A) - (B) = Net profit recurring (Group share)** | **3,161.7** | **3,320.0** | **+5.0%** |
| (C) Currency impact | | (262.0) | |
| **(A) - (B) - (C) = Net profit recurring (Group share) excluding currency impact** | | **3,582.0** | **+13.3%** |

## Net profit excluding IFRS 16 and net profit recurring excluding IFRS 16

### Net profit excluding IFRS 16:

| | FY 2022 | FY 2023 |
|---|---|---|
| **(A) Net Profit as Published** | **2,903.9** | **3,188.4** |
| (B) = IFRS 16 Impact [(a)] | (15.6) | (17.8) |
| **(A) - (B) = Net profit excluding IFRS 16** | **2,919.5** | **3,206.2** |

*(a) The IFRS 16 impact includes the reintegration of leasing expenses less depreciation and other financial expenses booked in relation to IFRS 16.*

**Net profit recurring excluding IFRS 16:**

| | FY 2022 | FY 2023 |
|---|---|---|
| **(A) Net profit as Published** | **2,903.9** | **3,188.4** |
| (B) Exceptional and significant transactions after-tax with no impact on OIR | (402.9) | (266.1) |
| **(A) - (B) = Net profit recurring** | **3,306.8** | **3,454.5** |
| (C) IFRS 16 Impact [(a)] | (15.6) | (17.8) |
| **(A) - (B) - (C) = Net profit recurring excluding IFRS16** | **3,322.4** | **3,472.3** |

(a) *The IFRS 16 impact includes the reintegration of leasing expenses less depreciation and other financial expenses booked in relation to IFRS 16.*

## Efficiencies

**Efficiencies** represent a sustainable cost reduction resulting from an action plan on a specific project. Efficiencies are identified and managed on a per project basis. Each project is followed by a team composed in alignment with the nature of the project (purchasing, operations, human resources...).

## Return on capital employed – ROCE

Return on capital employed after tax is calculated based on the Group's consolidated Financial Statements, by applying the following ratio for the period in question.

For the numerator: net profit excluding IFRS16 - net finance costs after taxes for the period in question.
For the denominator: the average of (total shareholders' equity excluding IFRS16 + net debt) at the end of the past three half-years.

| *(in millions of euros)* | | FY 2022 (a) | H1 20223 (b) | FY 2023 (c) | ROCE Calculation |
|---|---|---|---|---|---|
| **Numerator** (c) | Net profit excluding IFRS16 | | | 3,206.2 | 3,206.2 |
| | Net Finance costs | | | (265.5) | (265.5) |
| | Effective Tax Rate [(a)] | | | 23.6% | |
| | Net Finance costs after tax | | | (202.9) | (202.9) |
| | **Net profit - Net financial costs after tax** | | | **3,409.1** | **3,409.1** |
| **Denominator** ((a)+(b)+(c))/3 | Total Equity excluding IFRS16 | 24,628.5 | 24,110.1 | 25,117.5 | 24,618.7 |
| | Net Debt | 10,261.3 | 10,550.4 | 9,220.8 | 10,010.8 |
| | **Average of (total equity + net debt)** | **34,889.8** | **34,660.5** | **34,338.3** | **34,629.5** |
| **ROCE** | | | | | **9.8%** |

(a) *Excluding non-recurring tax impact.*

## Recurring ROCE

The recurring ROCE is calculated in the same manner as the ROCE using the recurring net profit excluding IFRS 16 for the numerator.

| *(in millions of euros)* | | FY 2022 (a) | H1 20223 (b) | FY 2023 (c) | Recurring ROCE Calculation |
|---|---|---|---|---|---|
| **Numerator** (c) | Net profit recurring excluding IFRS16 | | | 3,472.2 | 3,472.3 |
| | Net Finance costs | | | (265.5) | (265.5) |
| | Effective Tax Rate [(a)] | | | 23.6% | |
| | Net Finance costs after tax | | | (202.9) | (202.9) |
| | **Recurring net profit excluding IFRS16 - Net financial costs after tax** | | | **3,675.1** | **3,675.2** |
| **Denominator** ((a)+(b)+(c))/3 | Total Equity Excluding IFRS16 | 24,628.5 | 24,110.1 | 25,117.5 | 24,618.7 |
| | Net Debt | 10,261.3 | 10,550.4 | 9,220.8 | 10,010.8 |
| | **Average of (total equity + net debt)** | **34,889.8** | **34,660.5** | **34,338.3** | **34,629.5** |
| **Recurring ROCE** | | | | | **10.6%** |

(a) *Excluding non-recurring tax impact.*

# 6. Extra-financial performance

**ADVANCE**, the Group's strategic plan 2022-2025 announced in March 2022, places sustainable development at the heart of the strategy and **combines financial and extra-financial performance**.

The extra-financial indicators monitored by the Group as part of the ADVANCE strategic plan are detailed in the Integrated Report included below (Chapter 1).

The Extra-financial Performance Declaration is presented in Chapter 5 of this Universal Registration Document. Cross-reference tables which show the relationships between the recommendations from TCFD/ISSB and GRI and the Air Liquide various initiatives and actions taken by Air Liquide are available in Chapter 5 of the present Universal Registration Document – pages 366 to 369.

## 6.1. ENVIRONMENT

To achieve its objective of decarbonizing its activities, Air Liquide has adopted procedures to measure and control its $CO_2$ emissions on a quarterly basis. To each geographical zone is allocated an annual carbon budget, and each new project is assessed against the Group's overall decarbonization trajectory.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Air Liquide's Scope 1 & 2 $CO_2$ emissions reduction target for 2035 has been **validated by the Science Based Targets** (SBTi) initiative as being **compliant and in line with climate science** [a]. The Group was the first in its industry to obtain this validation from the SBTi.

[a] *Air Liquide announced its greenhouse gas emission reduction objectives for Scopes 1 and 2 in March 2021 on a 2020 baseline. Following the acquisition of the Sasol air separation units in South Africa on June 24, 2021, Air Liquide submitted to SBTi a target on a 2021 baseline in order to integrate this significant change in scope (see page 323).*

The Group's **Scopes 1 and 2 $CO_2$ emissions** in 2023 totaled **37.6 million tonnes of $CO_2$ equivalent** [1]. They were down **-4.7% compared with 2022** and **-4.9% compared with the 2020 baseline**. In a context of soft demand from Large Industries customers, the Group's main actions driving this improvement were the **increase of voluntary low-carbon energy supplies** and to a lesser extent the **energy efficiency projects**. This decrease of emissions was however slightly penalized by a deterioration in the electricity networks carbon footprint [2], especially in Europe.

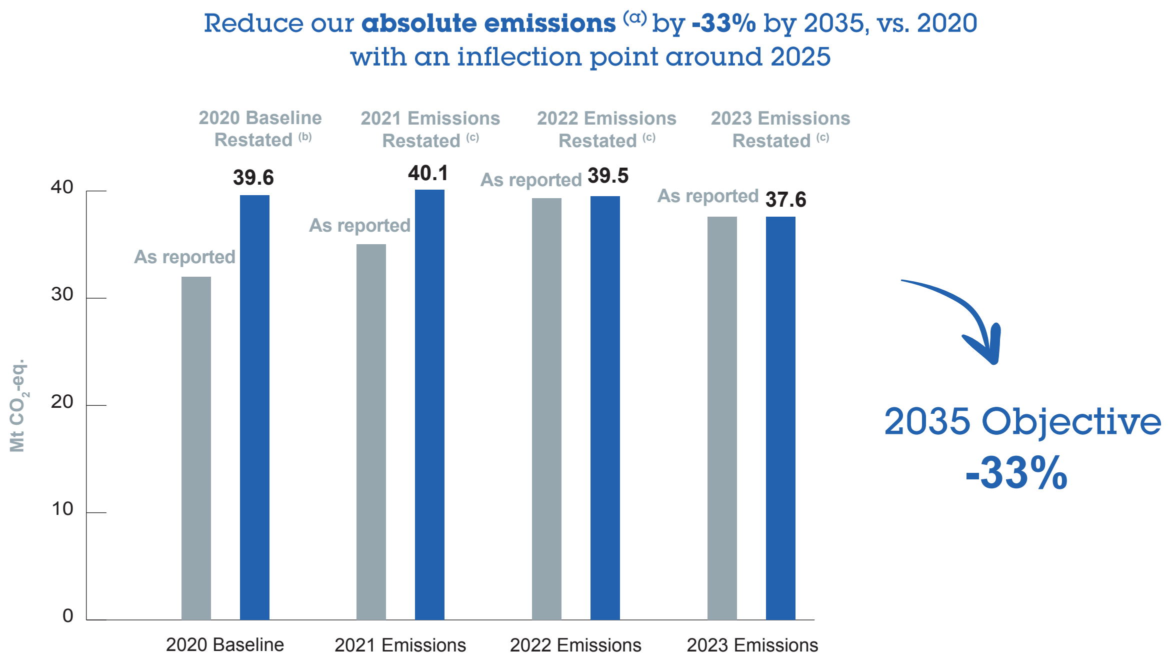
Actions performed in 2023 will contribute to the reduction of $CO_2$ emissions in the coming years. Thus, in order to **accelerate the decarbonization of its production units**, the Group announced in 2023 the signature of long-term **power purchase agreements (PPAs)**, for more than **1.5 TWh per year** aiming to reduce its annual emissions of $CO_2$ by **around -1.2 million tonnes**. Air Liquide also decided on the construction of a large scale (200 MW) PEM **electrolyzer**, on the installation of a **carbon capture** unit on one of the Group's largest hydrogen production units and on an industrial scale ammonia cracking pilot plant to further develop its low-carbon hydrogen production portfolio of solutions. These projects will contribute to the decarbonization of the Group's assets after the commissioning of these renewable electricity sources and the start-up of the production units.

With these achievements, Air Liquide is confident to achieve its ADVANCE **near term goal of emissions inflection in 2025**.

The Group also offers efficient solutions to **decarbonize its customers production plant** and actively participates in their deployment. Hence, the European Commission granted subsidies to two new carbon capture projects in Germany and in Belgium which use Air Liquide solutions. This will allow the Group's clients in the cement and lime sectors to decrease their $CO_2$ emissions by -2.6 million tonnes per year. In addition, Air Liquide actively contributes to the **decarbonization of mobility**, in particular through joint ventures dedicated to hydrogen distribution in Europe and Asia.

[1] *In metric tonnes of Scopes 1 and 2 $CO_2$-equivalent, "market based", restated to take into account over a full year from 2020 and each subsequent year, the emissions of the assets which correspond to changes in scope and which have a significant impact (upwards and downwards) on $CO_2$ emissions.*
[2] *Electrical grid residual emission factors. Note that the calculation of Scope 2 emissions from electrical network consumption is based on available data and therefore from the previous year, in this case 2022 for 2023 emissions.*

The evolutions of greenhouse gas emissions in absolute value are presented in the following graphics.




*(a) All absolute emissions figures in million tonnes of $CO_2$-equivalent Scopes 1 and 2 emissions, using a "market-based" methodology, (see methodology for calculating scopes in paragraph 1.2.4 of the Annual Reporting section of Chapter 5 – pages 394 and 395).*

*(b) 2020 baseline restated to take into account over the full year the emissions of the assets which correspond to changes in scope (upwards and downwards) and which have a significant impact on $CO_2$ emissions.*

*(c) Emissions restated to take into account over a full year from 2020 and each subsequent year, the emissions of the assets which correspond to changes in scope (upwards and downwards) and which have a significant impact on $CO_2$ emissions.*

## SUSTAINABLE DEVELOPMENT

- Air Liquide's commitments taken in 2022 regarding **biodiversity** have been recognized and validated by the **Act4nature International** initiative:
  - to **develop and implement an aggregated biodiversity KPI** by 2025, allowing the Group to monitor and communicate on its biodiversity performance;
  - to **reinforce its biodiversity assessment criteria** into the investment process for **all new projects** by 2024;
  - to **raise awareness** amongst employees on biodiversity;
  - to reaffirm the Group's **climate** and **water** ambition.
- Air Liquide signed its **first** long-term **virtual power purchase agreement (VPPA)** with **Statkraft**, the largest renewable energy producer in Europe. Thus, Air Liquide is innovating for the decarbonization and sustainable development of the Group. This contract will contribute to **reducing Air Liquide's $CO_2$ emissions by 38,000 tonnes per year**. The renewable energy will be produced by newly installed wind turbines in **Poland**.

## 6.2. SOCIETY

On the social aspect, safety is a priority. Initiatives have been undertaken to raise awareness and to prevent accidents with a "zero accident" ambition. Furthermore, the **lost-time accident frequency rate** [3] stood at **1.0** in 2023.

The share of **employees benefiting from a common basis of care coverage** reached **78%**, showing a sharp increase compared to 34% in 2021, in line with the objective of offering coverage to all employees by 2025. The gender equality indicator improved again in 2023 and stood at a rate of **32% of women among managers and professionals**. Moreover, **73%** of the Group's employees now have the opportunity to engage in local initiatives to support communities as part of the **Citizen at Work** initiative, an increase compared to 43% in 2022.

Finally, the Access Oxygen program pursues its development. **Over 2 million people** have been facilitated with access to **medical oxygen** in **low and moderate income countries**, a +16% increase compared to 2022.

*(3) Lost-time frequency rate for Group employees and temporary workers. Number of accidents with at least one day's absence from work per million hours worked.*

# 7. Innovation

## 7.1. FOCUSING ON GROWTH MARKETS IDENTIFIED IN ADVANCE

The **Group's innovation spending** amounted to **309 million euros in 2023**. Innovation spending corresponds to the OECD definition, namely research and development, market launch and marketing expenses for new offerings and products.

This **amount, which has been stable over the past three years**, illustrates the Group's commitment to develop and maintain a portfolio of innovations on the growth markets identified in ADVANCE, the Group's strategic plan for 2025, enhancing its **operational excellence** and **sustainability objectives**.

In 2023, **3,900 employees** work in entities dedicated to innovation, contributing to the development and marketing of new offers and products.

**309 million euros**
including more than 100 million dedicated to Climate Solutions

**372**
new patents

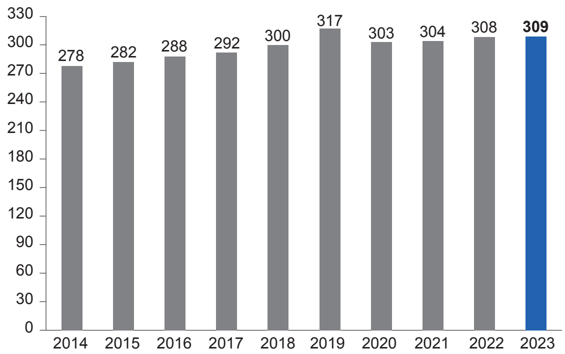
**400 partnerships**
with academics, industrials and start-ups

*2023 figures*

**Innovation and technologies are a driving force of ADVANCE**, contributing to the Group's **profitable and sustainable growth** and to the opening of **new markets**. They generate **new opportunities for the future**, thanks to employees' expertise and their ability to develop and market innovative solutions that meet the needs of customers and patients.

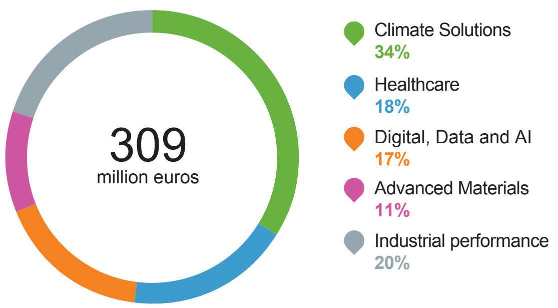
Within ADVANCE, innovation efforts continued, focusing on **climate solutions, digital, data and artificial intelligence (AI) for the transformation of industry and healthcare**, **advanced materials in electronics and deep tech** to gain **impact** and encourage the **replication** of offerings.

### INNOVATION SPENDING IN 2023




■ *Innovation spending (in millions of euros)* [(a)]

*(a) Perimeter effect from 2020 related to the divestiture of Schülke.*




Patented inventions contribute to the Group's competitiveness and differentiation of its offerings, and illustrate its capacity for technological innovations. With **372 new inventions** filed as first patent applications in 2023 in several geographies, Air Liquide is the **leading applicant for new patents in its industry**. Within its portfolio of climate technology solutions, Air Liquide had more than **450 international hydrogen patent families** and around **500 international patent families on carbon capture and storage** in 2023. Air Liquide's global portfolio is made up of **14,800 patent applications and patents**.

## 7.2. CONTRIBUTING TO PROFITABLE SHORT-TERM GROWTH WHILE PREPARING FOR THE GROUP'S FUTURE

Air Liquide's innovation strategy is part of an **open ecosystem** and relies on its **Innovation Campuses** (Paris, Frankfurt, Shanghai, Tokyo and Delaware) and its **Campus Technologies Grenoble**, and on around **400 partnerships** with academics, industrial partners and start-ups to **co-develop innovative solutions and accelerate their time-to-market**.

In 2023, Air Liquide has signed three new contracts as part of its **Scientific Challenge**:

- with **Purdue University** in the United States, for the **development of algorithms to facilitate data sharing** in order to reduce $CO_2$ emissions in industrial basins;

- with the **University of Porto** in Portugal, to **produce methane as an energy vector**, using $CO_2$ captured on industrial sites and low-carbon hydrogen;
- with the **Polytechnic University of Milan** in Italy, to develop a new technological solution **to efficiently power the Steam Methane Reforming process** and to produce low-carbon hydrogen while reducing energy consumption and $CO_2$ emissions.

In the field of mobility, **Air Liquide and TotalEnergies** have announced the creation of a 50/50 joint venture to **develop a network of more than 100 hydrogen refueling stations for heavy-duty trucks** on major European roads (in France, Benelux and Germany). This initiative will ease access to hydrogen, thereby enabling its use in freight transport and strengthening the hydrogen industry. The joint venture will invest in, build and operate these stations, as well as supplying and selling hydrogen on the market.

The Group also innovates with **impact start-ups through ALIAD**, its venture capital by taking minority stakes in innovative technology start-ups. Since its creation in 2013, ALIAD has invested in **40 start-ups and more than 25 million euros** have been invested in **impact start-ups** since 2020, including 15 million euros in the field of energy transition. In 2023, ALIAD invested in **Distran**, a start-up specialized in industrial inspection, which markets an offering based on ultrasound cameras (using Acoustic Leak Imaging) to locate and quantify gas leaks remotely. This contributes to the **safety of people and installations, and to improve reliability and operational performance**. Air Liquide also has a **deep tech start-up accelerator, Accelair**, located at the heart of its Innovation Campus Paris, offering a range of customized facilities including offices and secure, equipped, individualized testing laboratories, as well as personalized support for start-ups from the Group's experts.

### 7.2.1. Climate solutions

The innovation capacity and technological know-how of Air Liquide's teams enable the Group to offer **cleaner and more sustainable solutions** to reduce its own emissions and those of its industrial customers, and are helping to meet the Group's objective to be carbon neutral by 2050 (see page 40).

With 60 years of unique expertise across the hydrogen value chain, Air Liquide is working to **decarbonize industry and heavy mobility worldwide**. In 2023, **Air Liquide and Siemens Energy** inaugurated an **electrolyzer gigafactory** in Berlin, Germany, which will enable the **large-scale production of low-carbon hydrogen** and promote the emergence of an innovative European ecosystem. At the same time, the two Groups have signed a **development agreement** to competitively produce the next generation of electrolyzers.

In France, the hydrogen refueling station network is expanding, with **eight new-generation hydrogen refueling stations sold by the Group** in 2023 to HysetCo, a pioneer in hydrogen mobility, which will be able to refuel around **600 vehicles a day** in the Paris area. Four new-generation stations have also been sold in Germany and South Korea.

Air Liquide continues to develop and implement a **liquid hydrogen distribution chain**, which has significant advantages for **heavy-duty mobility**. In collaboration with H2FLY, the first piloted electric flight powered by liquid hydrogen took place in 2023 in Slovenia. The Group **designed, manufactured and integrated a liquid hydrogen tank** and the technologies required to maintain the hydrogen cryogenically at -253°C on board. This enabled the aircraft to double its maximum range.

Air Liquide also announced the enhancement of its hydrogen solutions' portfolio, using **ammonia conversion into hydrogen with new cracking technology**. An **innovative industrial scale pilot unit** in the Port of Antwerp (Belgium) will be operational in 2024. Ammonia, composed of hydrogen and nitrogen, can be produced with a low carbon footprint and easily transported over long distances. End users can convert it to hydrogen locally, contributing to the **decarbonization of industry and mobility**.

**Carbon capture and sequestration** (CCS) is an efficient technology for capturing the large volumes of $CO_2$ emitted by the sectors that are the highest emitters and hard to abate, thereby reducing short- and mid-term emissions. With its **innovative proprietary carbon capture technology**, Cryocap™, Air Liquide is contributing to the decarbonization of its industrial customers' activities, particularly in the cement and lime sectors, with **five projects financed** by the European Innovation Fund in 2023.

### 7.2.2. Digital, data and AI to transform industry and healthcare

| **3.5 billion** data points collected each day at Air Liquide sites worldwide | **More than 500 projects** using data and AI |
| --- | --- |

To **optimize its own energy consumption**, Air Liquide integrates **innovative digital solutions** into its offerings, enabling a better customer, patient and employee experience, while fostering **operational excellence**.

With eight operational centers managing more than 200 plants remotely all around the world, the **Smart & Innovative Operations** (SIO) program relies on cutting-edge data analysis and predictive maintenance technologies to **improve the reliability of gas production plants** while optimizing their energy consumption. The **Integrated Bulk Operations program** (IBO) which aims to optimize the end-to-end liquid gas supply chain by digitally connecting assets – from production sites to delivery trucks to tanks on customers' sites – continued its development in 2023, **collecting and analyzing data to improve the customer experience, operational performance and reduce $CO_2$ emissions** across the supply chain.

Digital is also a powerful tool for home Healthcare activity and allows to accelerate the **Value-Based Healthcare approach** (see page 31). Based on the analysis of monitoring data from thousands of **patients living with sleep apnea** and their profile, an algorithm can **predict the risk of non-adherence** of a patient equipped with a connected device, enabling to set up the **most appropriate personalized support** for this patient profile. Then, the use of a digital solutions such as *kairin*, combining a patient application designed to encourage their involvement, and a platform promoting exchanges between Air Liquide and healthcare professionals, is made available to **improve the quality of life of patients** with a chronic disease. In 2023, **22,000 patients** living with sleep apnea have been able to start benefiting from personalized support, particularly in Europe, South Korea, Brazil and Australia. In 2023, **more than 125,000 patients** suffering from chronic pathologies in seven countries (in Europe and South Korea) have been using the digital channels developed by Air Liquide.

### 7.2.3. Advanced materials in Electronics

Air Liquide continues to develop its offer of **advanced materials with unique properties**, marketed under the enScribe™ brand, while respecting the highest quality standards of the semiconductor industry. In 2023, the use of enScribe™ range materials allowed etching at a nano-scale, **avoiding the emission of 162,000 tonnes of $CO_2$ equivalent**. To meet the challenges of **reducing the carbon footprint in the manufacture of integrated circuits**, Air Liquide is participating in the **Sustainable Semiconductor Technologies and Systems** (SSTS) program, created as part of an Apple initiative and led by IMEC. The Electronics and Innovation teams based at the Innovation Campuses Tokyo and Delaware collaborate closely with the IMEC's teams in order to develop low $eCO_2$ etching processes that are proven on IMEC's state-of-art equipment.

### 7.2.4. Deep tech

JT60-SA, the world's largest superconducting **tokamak** (an experimental machine designed to harness the energy of fusion), co-funded by the European Union and Japan, went operational in December 2023. Air Liquide **designed, manufactured and installed the cryogenic equipment** needed to operate all the magnets at a temperature of -269°C, in collaboration with CEA-Irig, and thus advance **knowledge in the field of nuclear fusion to harness this low-carbon energy in the future**.

# OUTLOOK

In 2023, Air Liquide achieved **a solid performance**, highlighting **the resilience and quality of its business model** as well as the **mobilization and agility of its teams** in a complex and changing macroeconomic and geopolitical environment. The Group's performance was characterized by an **increase in sales** on a comparable basis, **a further improvement in its operating margin** excluding the energy impact and an **accelerating investment momentum**, particularly in decarbonization projects.

In particular, the Group has practically reached, **in two years**, the margin ambition targeted for 2025 as part of its ADVANCE strategic plan. As a consequence, it is **announcing today a doubling of its initial ambition**.

Air Liquide also confirms its ADVANCE financial objectives, related to sales growth on a comparable basis and Return on Capital Employed, as well as its investment decision ambition. In addition, on the extra-financial level, the many decarbonization initiatives give the Group confidence in its objective to combine growth in its business with a reduction in its $CO_2$ emissions in absolute value from 2025.

**Revenue reached 27.61 billion euros, an increase of +3.7% on a comparable basis** in 2023. On a published basis, it stood at -7.8%, due to the drop in energy prices - energy costs being contractually passed through to Large Industries customers - as well as negative currency impacts. The **Gas & Services** business, which represented 95% of the Group's revenue, was up +4.2% on a comparable basis. Within this activity, **all regions saw growth**, in particular the **Americas** and **Europe**, driven notably by **Industrial Merchant** and **Healthcare**.

In line with its **ADVANCE** strategic plan, Air Liquide continued to improve its operational performance. The Group generated record efficiencies of **466 million euros**, **up +23%** despite an inflationary context unfavorable to savings on procurement, and continued the dynamic management of its business portfolio. Its ability to provide its customers with value-added offerings allows it to adjust its prices in Industrial Merchant. As a result, the **operating margin** increased further, by **+80 basis points** in 2023 excluding the energy impact, and therefore the sum of improvements in the operating margin excluding energy impact in **2022 and 2023** reached **+150 basis points**. Having practically reached its margin target halfway through ADVANCE which was at +160 basis points, **Air Liquide now aims for a +320 basis points increase, twice its initial ambition, over the duration of the plan**.

Net profit (Group share) amounted to 3.08 billion euros, up +11.6% as published. **Net profit recurring** [1] increased by **+13.3% excluding the currency impact**. Cash flow [2] grew by +12.8% excluding the currency impact. The balance sheet is strong with a net debt to equity ratio of 36.8%. At 10.6% at end-December, recurring ROCE [3] remained well above 10%, in line with the objectives of ADVANCE, despite the increase in investments. Reflecting Air Liquide's confidence in the future, the **dividend** that will be submitted to the shareholders' vote in April amounts to **3.20 euros per share**, i.e. an increase of **+8.5%**. In addition, a **free share attribution** is scheduled for June 2024, on the basis of one share for every 10 shares held.

The **investment dynamic** of the Group is accelerating, supported in particular by its projects in the energy transition and electronics. The backlog is historically high at 4.4 billion euros. Investment decisions reached a record level of 4.3 billion euros in 2023.

**In 2024, Air Liquide is confident in its ability to further increase its operating margin and to deliver growth in Net profit recurring, at constant exchange rates [4].**

*(1) Net profit recurring excluding exceptional and significant transactions that have no impact on the operating income recurring, see reconciliation in the Performance indicators paragraph – page 62.*
*(2) Cash Flow from Operations after changes in working capital requirement.*
*(3) Based on Net profit recurring, see reconciliation in the Performance indicators paragraph – page 63.*
*(4) Operating margin excluding energy passthrough impact. Net profit recurring excluding exceptional and significant transactions that have no impact on the operating income recurring.*


# 2 Risk factors and control environment

# INTRODUCTION

Chapter 2 below covers the description of the risk factors and related management measures referred to in article 16 of Regulation (EU) 2017/1129 dated June 14, 2017 (“Prospectus Regulation III”), as well as the Vigilance Plan pursuant to article L. 225-102-4 of the French Commercial Code.

Moreover, the Extra-financial Performance Declaration (EFPD), as defined by article L. 22-10-36 of the French Commercial Code and published in Chapter 5 of this Universal Registration Document – page 318, presents the main extra-financial risks associated with the Group’s businesses.

This Universal Registration Document is committed to complying with the various principles governing Prospectus Regulation III, the Vigilance Plan and the EFPD in the following manner:

- **material** risk factors which are **specific to the issuer,** after taking into account the related management measures (net risks, Prospectus Regulation III), are presented in the “Risk factors and management measures” section of this chapter of the Universal Registration Document – page 72;
- the mapping **of risks relating to the duty of vigilance** complements the Company’s mapping by identifying risks that the Company could pose to individuals (in terms of the respect of human rights and fundamental freedoms, health and safety), and to the environment. The most pertinent risks are identified in order to be addressed as a matter of priority through the drafting of prevention, mitigation or remedial measures (“Vigilance Plan” section of this chapter – page 90);
- the EFPD presents the Group’s **main extra-financial risks** and associated mitigation policies. Some of these risks, which meet the requirements of Prospectus Regulation III, are included in the “Risk factors and management measures” section of this chapter.

# RISK FACTORS AND MANAGEMENT MEASURES

The Group identifies the risk factors to which it is exposed using a formal risk management approach. This presentation of risk factors and related management measures is based on the reference framework of the internal control and risk management system, developed under the supervision of the French financial markets authority (AMF). It was prepared with contributions from several departments (particularly Finance, Sustainable Development, Group Control and Compliance, Legal, Safety and Industrial Systems).

The risks presented below, at the date of this Universal Registration Document, are the risks that the Group considers may have a significant negative impact on its business, results, outlook, or reputation, should they occur. The list of these risks is, however, not exhaustive and other risks, unknown at the date of this document, could occur and have a negative effect on the Group’s business.

As part of its risk management approach, the Group is committed to regularly assessing the risks and reducing the likelihood that they will occur or their potential impact by implementing internal control and risk management procedures, as well as formalized and specific action plans. These procedures, as well as the Group’s codes and policies, are included in a global reference manual, called the **BlueBook**, which is the cornerstone of the Group’s internal control system and risk management.

## Impacts related to the military conflict between Russia and Ukraine

Due to the changing geopolitical context and local constraints, the Group’s businesses in Russia are no longer controlled nor consolidated since September 1, 2022.

Nevertheless, at this time Air Liquide remains the owner of non-consolidated securities. As a result, the Company may bear any risks related to its status as a shareholder. Air Liquide continues to take steps to transfer its activities in Russia in the form of a MBO (Management Buy-out), which has been the subject of a letter of intent. However, the project has not yet been approved by the Russian authorities, which is a necessary step before it can be finalized.

Risk factors are presented below as net risks (taking into account management measures already implemented) and divided into categories according to their nature. In each category, the most significant risk factors are presented first (in bold).

Although the risk categories have not been listed in order of importance, the two most significant specific risks for the Air Liquide Group are both related to its business: these are industrial risks and industrial investment-related risks.

| Risk categories | Risk factors |
|---|---|
| Business-related risks | **Industrial risks** |
| | **Industrial investment-related risks** |
| | **Energy sourcing-related risks** |
| | Risks relating to the design and construction of production units |
| | Innovation-related risks |
| | Human Resources management-related risks |
| | Customer risks |
| Financial risks | **Counterparty and liquidity risks** |
| | Foreign exchange risks |
| | Interest rate risks |
| | Tax risks |
| Digital risks | **Digital risks** |
| Environmental and societal risks | **Climate risks: greenhouse gas emissions** |
| | Climate risks: physical impact on operations |
| | Water management risk |
| | Societal risks (discrimination-related) |
| Geopolitical, regulatory and legal risks | **Geopolitical risks** |
| | Regulatory and legal risks |

# 1. Business-related risks

The industrial gas business is characterized by a significant technology content (both in the design phase and the construction of production units), local production units, high capital intensity, and substantial energy requirements.

Various risks are associated with these characteristics. They are mitigated by various factors, including primarily the diversity of industries and customers served by the Group, the multiple gas applications that it offers them, as well as the large number of geographies in which it operates. In addition, a significant share of business is subject to contracts, a strict investment project authorization and management process, and a tailored energy policy.

## 1.1. INDUSTRIAL RISKS

### Identification and description of risks

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.

Over and above the usual risks inherent in all industrial activities, Air Liquide's businesses entail more specific risks relating to:

- products: the intrinsic properties of industrial gases manufactured, transformed or packaged by the Group classifies them in the dangerous materials category; the use of these industrial gases requires specific means of control and protection in order to prevent risks such as:
  - anoxia, associated with inert gases,
  - over-oxygenation or fires, associated with oxygen and oxygen mixtures or flammable gases,
  - the toxicity associated with certain specialty gases;
- processes and their operation:
  - 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 in particular in the production of hydrogen, are particularly exposed to risks of burns, fire or explosions,
  - in addition, pressure is central to the Group's processes. Pressurized equipment must be designed with safety devices which limit the risk of accidents caused by an uncontrolled increase of pressure,
  - for some of these processes, the constantly growing needs of the Group's customers may require the use of increasingly large equipment or capacity: in certain cases, additional safety measures have to be implemented to prevent the level of risk from increasing,
  - lastly, the energy transition is driving the Group to deploy new technologies, such as PEM (Proton Exchange Membrane) electrolyzers, carbon capture equipment, autothermal reforming (ATR) equipment. Each of these technologies undergoes a prior in-depth risk analysis in order to define the most appropriate control and protection elements, in close collaboration with the partners that may be involved in the manufacturing of this equipment;
- logistics and transportation: each year, delivery vehicles, sales staff and technicians travel hundreds of millions of kilometers. Non-compliance with traffic regulations or the lack of regular maintenance of vehicles would expose drivers and third parties to increased risks of accidents. In addition, industrial sites use a lot of motorized lifting equipment, which presents specific risks (collision, falling cylinders, etc.). Training and certification are thus required to operate them;
- engineering and construction: industrial risks are factored in and must commence 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;

- delivery reliability: the Group is exposed to 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;
- any failure to comply with specific standards and regulations, in particular in healthcare, with the risk of non-compliance of products and services provided to customers and patients.

### Risk management measures

Safety is a fundamental value for the Group and the "zero accidents, on every site, in every region, in every unit" ambition remains a key priority.

The Group is therefore committed to efficiently and under all circumstances reducing the exposure of its employees, subcontractors, suppliers, customers and patients to professional and industrial risks.

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

To manage these risks, the Group has an Industrial Management System (IMS) that covers all Air Liquide's businesses. The IMS is based on:

- the accountability of the departments of the various Group entities for the implementation of this system;
- the issue of key management and organizational procedures that aim to ensure:
  - compliance with standards and regulations,
  - competence management (training, qualifications if necessary, etc.),
  - process risk management,
  - occupational health, safety and environmental management,
  - road safety management,
  - industrial emergency management,
  - management of change,
  - management of maintenance,
  - control of products and services from providers,
  - management of installation projects,
  - product development management,
  - management of production and service provision,
  - incident reporting and investigation,
  - management of industrial audits,
  - deployment of shared technical standards within the 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, under the supervision of a member of the Executive Committee, supervise and control the implementation of the IMS, by notably relying on:

- 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 production unit to prevent any accidents due to a construction defect;
- technical audits to ensure the compliance of operations with Group rules.

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

## 1.2. INDUSTRIAL INVESTMENT-RELATED RISKS

### Identification and description of risks

The Group may be exposed to risks related to its industrial investments. The profitability of each investment project can be affected by different factors, related on the one hand to strategic aspects of the project, namely geographical location, assessment of the local context including the economic environment (inflation), customer quality and the competitiveness of its site and the environmental or societal impact of the project; and on the other hand to the proper control of the execution of the project, which includes in particular the relevance of the design, the maturity of the cost estimate, and lastly the quality and respect of construction deadlines and budgets.

Moreover, in new emerging markets such as those related to energy transition, the Group may be exposed, in addition to the above-mentioned risks, to risks related to the degree of maturity of certain technologies and the speed at which these new markets will grow.

### Risk management measures

The BlueBook's Operations control policy sets out the control principles for the Group's industrial investments, the implementation of which is set out in the investment decisions procedure. The latter includes in particular:

- a detailed process, within the Resources and Investment Committees (described in paragraph 3 of the Strategy and objectives section of Chapter 1 – page 46), for the review and approval of investment requests based on strict assessment criteria that include in particular medium-term contractual commitments, as well as consideration of the environmental impact of projects;
- control of investment decisions through the specific follow-up of authorizations granted as well as contributions expected and seen during the initial years. In addition, the subsidiaries are obliged to report (above certain thresholds) all budget overruns and implement corrective action plans aimed at ensuring the profitability of the investments concerned; they are supported by teams of experts ("Group Capital Implementation" teams) in order to secure good preparation and execution, in particular for the largest projects;
- more in-depth analysis of the profitability of certain major investments (comparative analysis prior and subsequent to completion).

## 1.3. ENERGY SOURCING-RELATED RISKS

### Identification and description of risks

Electricity and natural gas are the main raw materials used by production units. Their availability is thus essential to the Group. When the local market permits, Group subsidiaries secure the energy sourcing through medium-to long-term supply commitments and competitive bidding scenarios with local suppliers with the objective of achieving the most reliable and competitive energy costs, with a low-carbon footprint, available on the market.

Risks to which the Group is exposed when sourcing energy and raw materials relate to:

- the supply of energy and raw materials (access and reliability, in particular counterparty risk, etc.);
- volumes (non-compliance with obligations and commitments on volumes, etc.);
- prices (volatility, competitiveness, etc.);
- compliance with current regulations (market transparency rules, Sapin 2 Law, etc.);
- changes in local regulations on energy and its deregulation;
- their carbon footprint.

Financial risk relating to raw materials is described in note 25.1 to the consolidated financial statements on page 278.

Moreover, and in addition to energy and raw materials, the Group may be temporarily exposed to supply shortages for certain molecules which are only produced at a limited number of sites, in particular with worldwide reach, such as helium and rare gases.

### Risk management measures

Due to the geographic spread of Group activities, its supply contracts are diversified.

The management of exposure to specific energy-sourcing risks is described in the Group's Energy management policy and is based on two principles:

- energy purchasing must exclusively cover internal production needs ("own-use");
- entities pass on energy cost fluctuations to their customers via indexed invoicing integrated into their long-term gas supply contracts (15 years and more). The risks of supplier shortages/ default are also covered by Force Majeure clauses in customer contracts.

The Group works to maintain these principles in the context of the supply of low-carbon industrial gases produced from renewable energy (for which new risks must be taken into account: long-term commitment, fixed price, intermittency, management of environmental certificates, etc.).

The "E-Enrisk" Group Energy & Emissions Risk Management Committee reviews the energy sourcing strategies of the entities, examines the most significant commitments submitted to it and ensures that commitments made are consistent with the Group's climate strategy (both upstream of investment decisions and for existing assets).

The composition of the "E-Enrisk" Committee is detailed in paragraph 5 of this chapter Monitoring of control systems page 88.

Moreover, risks relating to the sourcing of certain molecules produced at a limited number of sites with worldwide reach are managed by a strategy of diversifying sources, storing molecules and securing procurement through long-term contracts.

## 1.4. RISKS RELATING TO THE DESIGN AND CONSTRUCTION OF PRODUCTION UNITS

### Identification and description of risks

Air Liquide's engineering team designs and builds production units worldwide which are primarily intended for Group investments, but also for third-party customers.

As these projects generally extend over several years, they are exposed, at their various stages, to risks relating to design, purchasing, transport or construction and more generally the overall quality, schedule and costs. Risks relating to these projects are often greater during the construction phase, in particular for turnkey projects:

- the quality and delivery times for critical equipment, on the one hand, and on-site construction costs and deadlines on the other may give rise to project start-up setbacks and impact project profitability;
- unexpected technical difficulties may also arise, in particular when a new innovative process is implemented;
- certain projects are located in regions of the world that may be a source of political or economic risks.

### Risk management measures

Engineering and project management teams have implemented a risk management system for the development and execution of all its projects (of varying size and complexity and which use different types of technology), which is described in the document specific to this activity, the "Playbook".

This system relies in particular on an Engineering Risk Committee and an Execution Review Board for the project management part. It aims to ensure a good risk assessment throughout the life of the projects as well as the implementation of appropriate management measures:

- during the development stage: by identifying potential threats (but also opportunities) that may have an impact on the project's objectives during the forthcoming execution stage, thus allowing adequate decisions to be made;
- during the execution stage: by continuing to regularly assess and mitigate already-identified risks which could change, occur or disappear, but also by identifying and dealing with any new threats which could have an impact on the contractual commitments (suppliers and third parties), technical integrity or performance of the project right through until its completion.

## 1.5. INNOVATION-RELATED RISKS

### 1.5.1. Technology-related risks

### Identification and description of risks

The Group operates in a fast-moving environment, with the emergence of new products, new players, new business models and new technologies, thus creating a strong need for technological developments in its main markets, such as hydrogen energy or even healthcare. These changes may impact the Group's activities or its position in a market. The Group's growth possibilities, therefore, depend on its ability to respond to this change over time.

In terms of digital technologies, the Group is facing remarkable transformation challenges with possible impacts on its business model, its organization and, ultimately, its competitiveness. The risk to which the Group is exposed is linked in particular to the rapid increase in the nature and volume, availability, security and quality of data, whether from customers and patients or its own assets.

### Risk management measures

The Group has introduced a dedicated structure to roll out its innovation strategy which focuses on two objectives: contributing to its operational excellence and long-term performance, based on new offerings, technologies and services. The Innovation and Development Division (IDD) therefore steers the innovation strategy on behalf of the Group's hubs, World Business Lines and operations, and contributes to the Group's sustainable growth.

Drawing on continuous reflection regarding new technologies and new markets, the IDD is responsible for imagining, developing and incubating new solutions through to their launch on the market, in particular when related to offerings with major technological content, all while maximizing their impact and facilitating replication across all of the Group's businesses and geographies. To do this, it relies in particular on the strong exploration capacity of the Group's R&D, its organization as close as possible to its customers with six Campuses on three continents, and its integration in innovation ecosystems.

The Group continually adapts its innovative approach and invests each year in Research & Development and digital technology. In recent years, it has strengthened its open innovation approach, in particular with the signing of long-term joint development agreements with key partners, regarding:

- the energy transition and preservation of the planet (a significant portion of the innovation spend is allocated to the elaboration of new processes which consume less energy and allow $CO_2$ emissions to be reduced);
- healthcare;
- digital, data and artificial intelligence;
- deep tech (disruptive technologies): cryogenic equipment, space exploration, etc.

Five Innovation Campuses and one Technologies Campus, located across the globe, aim to create a connected network which is open to its innovation partners – universities and technology institutes, suppliers, customers and start-ups; the Group thus relies on an ecosystem made up of more than 400 external partners.

The Group has put in place a robust innovation governance process, from idea to market. In particular, it reviews initiatives whose results are not at the expected level (see paragraph 3.4 of the Strategy and objectives section in Chapter 1 – page 48), and prioritizes initiatives with the highest impact each year.

The Group is introducing digital solutions, data and artificial intelligence into its internal operations and as part of its offerings, to improve efficiency and in particular help steer its industrial activities with greater speed and agility. For example, the rollout of Smart & Innovative Operations Centers which facilitate the remote management of production at its sites, by drawing on predictive data analysis and artificial intelligence is one illustration of this. Moreover, the rollout of the Integrated Bulk Operations digitization program, aimed at digitizing the liquid products supply chain, provides Industrial Merchant customers around the world with access to a service that guarantees greater reliability and safety, while improving the Group's efficiency and reducing its carbon footprint.

### 1.5.2. Intellectual property-related risks

#### Identification and description of risks

The global environment shows particular interest in intellectual property as well as, in certain jurisdictions, greater attention to the protection of trade secrets. The Group's business is not significantly dependent on technologies patented by third parties; it relies mainly on technologies, processes, designs and software developed internally, in particular by its Innovation, Digital & IT, Engineering & Construction teams, its World Business Lines, and Operations teams. Innovation is also increasingly achieved in partnership with third parties; the Group develops certain innovative businesses through partnerships, buying shares in innovative entities, or acquisitions.

Limitations on the Group's ability to protect, retain or enforce its intellectual property rights, including its trade secrets, could result in a loss of revenue and any competitive advantage that the Group holds. Third parties may also be able to develop an independent technology similar to that of Air Liquide without infringing its intellectual property rights or having access to its trade secrets, which could harm the Group's financial position or profitability.

Air Liquide, through its technologies, processes, designs and software, always makes sure to respect the intellectual property rights of others. If a third party claims otherwise and in the event of litigation, regardless of the merits, such claims generally result in significant legal costs, including potential damage to the Group's reputation. Risks may also arise in the treatment of third parties confidential information, including trade secrets, in the Group's day-to-day operational activities or in the context of collaborations.

#### Risk management measures

Governance relating to intellectual property and related risk management principles are set out in the Group Policy and procedures aimed at:

- ensuring the protection of the Group's intellectual assets, by protecting the Group's inventions, designs, brands and software;
- ensuring that Air Liquide complies with all valid intellectual property rights of third parties in all its areas of activity;
- in the case of partnerships and collaborations with third parties, supporting stakeholders within the Group to manage risks related to intellectual property;
- raising awareness among employees of the risks relating to intellectual property.

To this end, the Group relies on an Intellectual Property Department whose employees are based at the Group's head office and in the main geographic regions.

To the Group's knowledge, there are no legal or arbitration proceedings relating to intellectual property, either current or threatened, which may have or have had, in the past 12 months, significant impacts on the Group's financial situation or profitability.

## 1.6. HUMAN RESOURCES MANAGEMENT RELATED RISKS

#### Identification and description of risks

The long-term performance of the Air Liquide Group is driven, in particular, by the quality of its employees, their skills and their commitment.

In its businesses, the Group aims to:

- attract and maintain the required skills at the right time and in the right place, in particular in markets where the Group is expanding its activities, or in geographies where the employment market is strained;
- monitor and ensure the availability of technical and, if necessary, certified skills to guarantee the continuity of the Group's activities;
- develop skills, in particular with the digitization of its businesses and the emergence of new skills (data science and artificial intelligence, etc.) and new professions (Hydrogen).

The corresponding risks would arise, in particular, from shortcomings in:

- the level or quality of training;
- the management of careers and opportunities; and
- the recognition of performances and contributions, in particular in certain areas of expertise.

In addition to risks relating to skills management, psycho-social risks may also affect the health and level of commitment of Group employees, particularly in the recent context of accelerated development of remote working.

Furthermore, Air Liquide contributes to economic and social growth in the 72 countries [(1)] where it operates through its technical, industrial, medical and economic activities. The Group, therefore, identifies and applies the applicable laws and regulations, in particular in terms of working conditions and freedom of association.

### Risk management measures

The Group is committed to identifying, attracting and developing the necessary scientific, technical and digital skills required for its growth, the efficient working of its operations and innovation. The Human Resources policy defines the main rules, together with the roles and responsibilities of the different parties in their implementation, with respect to, among others:

- acquisition and sustainability of the necessary skills. Training is provided under the Air Liquide University brand with, in particular, reinforced e-learning courses followed by more than 48,805 users in 2023 in a wide range of domains (ethics and anti-corruption, industrial safety, competition law, digital security, management, sustainable development, etc.). In 2023, Air Liquide continued to roll out Workday, its new Human Resources management tool. Training is therefore mainly managed in Workday Learning for most geographies;
- support for employees in their individual development throughout their careers, notably through Workday Talent, the new career and skills management tool;
- changes in working methods within the Group. The organization of work must therefore not only meet the demands and expectations of today's employees and of Air Liquide, but also those of tomorrow, while being based on the Group's fundamentals. The result of a co-creation bringing together more than 700 employees, the Group thus deployed its BeActEngage model, which allows its employees to develop in a safe, ethical and engaging environment to deliver long-term performance;
- measuring and recognizing the performance and contributions of all employees. In addition to employee remuneration and loyalty policies (regular capital increases reserved for employees), specific provisions aimed at promoting and sustaining certain skills, such as inventor and innovator recognition programs, the technical expertise development scheme (Technical Community Leaders) in a wide range of fields such as industrial operations, industrial safety and digital.

More generally, the Group ensures the building of a performance-focused, attractive and collaborative professional environment while also safeguarding the health and well-being of Group employees in their workplace. The measurement and monitoring of the commitment of employees are carried out using an employee feedback tool called "My Voice". Operations and support functions use the results from My Voice to define and implement tailored action plans.

The growth in working from home has increased the use of digital tools to ensure business continuity. Employees' adjustment to this new way of working was facilitated by the existence of a digital and collaborative environment that had already been rolled out within the Group several years ago, as well as the development of virtual training courses covering remote working and team management. In this context of changing organizational models, the Group has rolled out a global project called "Next Normal", to support the transformation of work organization.

## 1.7. CUSTOMER RISKS

### Identification and description of risks

The primary customer risk is the risk of bankruptcy or closure of a customer's production site. More generally, the business of some of the Group's customers may be interrupted following natural or man-made disasters, including those resulting from changes in weather conditions, pandemics, climate change, or following major political events.

The amount of operating receivables as well as provisions for doubtful receivables are shown in note 17 "Trade receivables" to the consolidated financial statements on page 257.

### Risk management measures

The diversity of the Group's geographic presence across 72 countries [(1)], as well as the industries and sectors in which it works, helps distributing customer risk. The Group's entities serve a very large number of customers (more than two million worldwide) in a broad range of industries: chemicals, steel, metals, refining, food, pharmaceuticals, automotive, healthcare, electronics, photovoltaics, research laboratories, etc.

The Group's largest customer represents less than 2% of revenue, the Group's top 10 customers represent around 12% of sales and the top 50 customers represent around 30% of sales.

A significant part of the Industrial Gas business is covered by customer contracts, with commitment periods specific to the relevant business line:

- the Large Industries business and a third of the Electronics business mainly rely on 15- to 20-year take-or-pay secured contracts, ensuring a guaranteed minimum revenue and offering strong future cash flow predictability;
- the contracts in the Industrial Merchant business, generally with a duration of one to five years, also include services relating to storage and cylinders over the lifetime of the supply contract;
- in the Healthcare business, positions vary between health systems, with certain countries awarding one to five-year contracts on a regional and pathology basis following invitations to tender.

Finally, the impact on the Group of the risks of customer business interruption following major climatic or political events is limited by the wide diversity of countries in which it operates. This impact can be offset by the necessary recourse to gases or equipment manufactured by the Group in critical situations. Gases are needed to secure industrial or chemical facilities (inert gases), maintain local industrial activity (essential to industrial processes) or even sustain life (medical gases and equipment). The Group's businesses are therefore often protected or prioritized depending on the situation.

(1) *Excluding Russia, where the entities are no longer consolidated following the loss of control on September 1, 2022.*

# 2. Financial risks

The Group's financial policy sets out the management principles for the financial risks to which its business is exposed. In this context, the Group has defined and regularly reviews the terms of the financial procedures which forbid speculative transactions notably on financial instruments.

Financial decision-making governance is the responsibility of the two Finance Committees (Strategic Finance Committee and Operational Finance Committee), with the former considering issues relating to the financing strategy and the latter dealing with the practical methods of its implementation.

## 2.1. COUNTERPARTY AND LIQUIDITY RISKS

### Identification and description of risks

Counterparty risk primarily relates to trade receivables, outstanding amounts on short-term investments and derivative hedging instruments, and to credit facilities contracted with each bank.

Trade receivables risks relate to receivables on the balance sheet that may remain unpaid in the long term, in particular in the event of the financial hardship of a customer.

Short term Investment and deposit risk is mainly related to short-term deposits in the event that one of the Group's key banks defaults and, to a lesser extent, an impairment loss due to the use of monetary funds for a portion of the portfolio.

Hedging derivative risk relates to the positive market value of transactions which would be lost in the event of the default of one or more counterparties, and the need to substitute new hedges under potentially less favorable conditions.

Finally, the main risk related to credit facilities is that the facility is unavailable in the case of a drawdown.

Note 25.1 to the consolidated financial statements describes counterparty and liquidity risk for the year ended December 31, 2023 (page 276).

Notes 17.1 and 17.2 to the consolidated financial statements provide a breakdown of trade and other operating receivables and provisions for doubtful receivables on page 257.

### Risk management measures

With industrial projects and acquisition transactions, customer counterparty risk is one of the key elements assessed by the Resources and Investments Committees.

For long-term contracts, an assessment of a potential customer's credit profile is carried out before any contact is made. This assessment is then taken into account in the payment terms proposed to customers.

For the Group's major customers (in 2023, 169 customers, generating around 40% of sales), counterparty risk is monitored on a monthly basis using ratings provided by financial rating agencies, or via an internal financial rating when an explicit published rating does not exist. The actual structure of contracts, in particular for Large Industries and Electronics, reduces risks in that these medium to long-term contracts include safeguarding clauses for the Group.

In certain cases (mainly Europe and the United States), the risk of losses on certain trade receivables is transferred to the banks through non-recourse factoring programs.

Moreover, to reduce risks relating to the default of a financial counterparty, the Group has adopted a conservative approach to its short-term investments and only works with leading banks and financial institutions rated at least A or A2 by Standard & Poor's or Moody's, over the long term, except in exceptional and justified circumstances.

Investments must therefore be made with key banks (i.e. leading banks selected according to their financing resources, their geographical and product coverage, ESG performance, as well as their financial stability), with maturities of less than three months, be highly liquid and have low volatility. The ratings of key banks and risk indicators available on the markets are monitored on a daily basis using real-time financial information services.

Cash pooling with the help of international cash pooling (a daily leveling system towards Air Liquide Finance) and the policy of annual extraction of subsidiaries' dividends also helps limit the amount of local cash in each country.

To minimize the risk relating to the market value of hedging derivatives used to manage currency and interest rate risk and that of fluctuations in raw material and energy prices, the Group works with its key banks on one hand, while also ensuring it diversifies its transactions. These transactions are governed by Framework contracts (*Fédération Bancaire Française* or International Swaps and Derivatives Association contracts). The Group has decided not to use a collateralization mechanism due to the low average duration of these derivatives and the cash fluctuations that may result from margin call mechanisms.

Lastly, in terms of financing, to ensure its development and independence, the Group sees that it has permanent liquidity, i.e. sufficient financing capacities with a wide and diversified panel of key banks and money and bond markets, including a responsible and sustainable financing framework (Sustainable Financing Framework making it possible to issue green bonds) that is available at any time and at the lowest cost.

## 2.2. FOREIGN EXCHANGE RISKS

### Identification and description of risks

The Group, due to its international presence, is naturally exposed to foreign currency fluctuations with, on one hand, a transaction risk and, on the other hand, a risk relating to the translation of its financial statements into euros (the Group's reporting currency).

Foreign exchange transaction risk relates, on one hand, to the foreign currency commercial cash flows of operating entities and, on the other hand, cash flows arising from royalties, technical support and dividends.

Translation risk relates to the publication of the Group's financial statements in euros from the entities' financial statements in local currencies, without an impact on the profitability of the Group's businesses.

Note 24.5 to the consolidated financial statements presents net debt by currency on page 273 and note 25.1 to the consolidated financial statements on pages 274 to 278 describes the foreign exchange risk management process, as well as the derivative hedging instruments used and sensitivity to foreign currency exchange rates.

### Risk management measures

Since industrial and medical gases are not transported over long distances, most products are manufactured in the country where they are sold. The Group considers that its activities and its profitability have a low level of exposure to currency fluctuations.

The Group has nevertheless defined methods for hedging its main foreign exchange risks, whether this is borne by the holding companies or the operating entities, in terms of authorized hedging instruments, the decision process and the execution of transactions.

These measures are supplemented by management rules adapted to local circumstances, which are aimed at ensuring compliance and security of transactions and optimizing management.

The application of this financial policy is controlled by the Finance Department. The majority of transactions are executed directly on a centralized basis with the subsidiaries and over-the-counter markets, which is completed by consolidated reports provided by various Group entities on a monthly or quarterly basis, depending on the type of risk.

The activities are managed on the basis of highly separated duties, using a multilateral negotiation platform, cash management software, and a communication platform linked to the international banking communication network “SWIFT”. An independent auditor was commissioned in 2021 to conduct an annual assessment of the Group’s level of compliance with the Swift Customer Security Program. The assessment showed that the ecosystem and internal security procedures are in line with Swift requirements.

Furthermore, the Group provides a natural hedge and reduces its exposure to exchange rate fluctuations by raising debt in the currency of the cash flows generated to repay the debt. Thus, financing is raised either in local currency or, when sales contracts are indexed in euros or US dollars, in hard currencies (EUR or USD).

## 2.3. INTEREST RATE RISKS

### Identification and description of risks

The interest rate risk is mainly linked to the fluctuation of future cash flows on debt when the rate is variable.

In addition, in the case of a significant increase in interest rates upon future renewals of bonds, the Group may find itself obliged to devote a more significant portion of cash flows from its operational activities to service its debt.

Note 24.3 to the consolidated financial statements – page 271 – presents the fixed-rate portion of debt and note 25.1 to the consolidated financial statements – pages 274 to 278 – describes the sensitivity of the Group’s financial expenses to interest rate fluctuations and the interest rate repricing schedule for fixed-rate debt and interest rate risk hedging instruments.

### Risk management measures

The Group’s strategy is to maintain, over a medium to long-term period, a majority of total debt at fixed rates, notably by using firm or option hedges.

Centralized interest rate hedging methods have also been defined for each major currency in which debt is held (in particular EUR, USD, JPY, and CNY, which represent around 85% of total net debt) including:

- the selection of authorized tools, in particular swaps and interest rate options;
- hedging decision processes;
- methods of executing transactions.

For debt in other currencies, rules have been defined in order to ensure that the transactions initiated to hedge interest rate risk are consistent with Group objectives.

Moreover, pre-hedging transactions for future highly probable issues are regularly implemented to protect the Group against an increase in interest rates.

With few exceptions, all interest rate transactions are centrally processed by Air Liquide Finance, and regularly valued using both internally designed tools and an independent specialized firm.

## 2.4. TAX RISKS

### Identification and description of risks

The Group is exposed to tax risk in certain countries, due to changes in applicable regulations, which may have an impact on its activities or its results. This risk may arise from:

- unfavorable changes in local or international regulations;
- challenges in the application of current regulations or standards;
- errors when completing tax returns;
- regular audits by tax authorities which could lead to disagreements over the interpretation of facts.

### Risk management measures

As far as tax is concerned, the Group focuses on complying with laws and regulations. Modifications of laws and regulations are followed and monitored by its Tax Department and its local Finance Departments.

The Group’s tax Charter supports its ambition to remain a leader in its sector by acting in a responsible manner, consistent with the Group’s long-term growth strategy. Air Liquide has defined the following principles which govern its tax policy, in line with article L. 22-10-36 of the French Commercial Code:

- Group entities must respect the laws and regulations in force, as well as the international standards that affect it such as those of the Organisation for Economic Co-operation and Development (OECD), in particular on transfer prices;
- Group entities ensure that tax returns and payments are completed in compliance with local regulations. They complete the required tax returns according to the jurisdictions in which the Group operates;
- the Group is committed to acting with integrity in all tax-related matters. It aims to operate in a transparent manner and build constructive, long-term relationships with the tax authorities;
- the Group deals with tax-related matters by banning tax havens and does not make use of shell corporations without economic or commercial substance;
- the Group protects value for its Shareholders by taking measures to minimize double taxation phenomena. Furthermore, it acts to minimize fiscal risk. Its tax strategy is in line with the Group’s strategy and complies with the Code of Conduct.

#### Tax policy followed by the Group

Air Liquide applies a tax compliance and transparency policy, guaranteed by the presence of qualified and dedicated teams of tax experts who are up to date with the latest tax reforms and respect the Group’s values. The Group is committed to acting with integrity in all tax-related matters. In the countries where it operates, the Group maintains transparent, constructive and long-term relationships with the tax authorities, providing them with the information they need within a reasonable period of time. L’Air Liquide S.A., on its own behalf and on behalf of its integrated French subsidiaries, is the first company to sign the “Fiscal Partnership” with the French tax authorities. By signing this partnership in March 2019, L’Air Liquide S.A. and its subsidiaries have entered a trust-based, transparent relationship with the French tax authorities. This commitment continues without interruption.

The Group ensures that its operations comply with tax regulations, so that it pays an appropriate amount of tax according to the place where the value of its business activity is created, without artificially transferring value within low-tax jurisdictions.

The Group does not use opaque structures or entities in tax havens and does not withhold useful information from the tax authorities. It does not use structures that lack economic or commercial substance.

It applies the arm's length principle to transfer pricing and does not use transfer pricing as a tax planning tool. As the Group's organizational structure is decentralized, its intra-group transactions are very limited and do not represent more than 15% of total sales. The Group applies an intra-group cash flow policy that complies with the OECD principles.

Air Liquide complies with the "Country-by-Country Reporting" (CBCR) obligations.

#### Organization and governance of the tax function

The subsidiaries' tax affairs are the responsibility of their Finance Departments. Due to their size, some subsidiaries have a specialized Tax Department reporting to the Finance Department, such as in France, the United States, Germany, China, Canada, Italy, Benelux and Spain. In some cases, a geographic hub Tax Department reporting to the hub's Finance Department has been set up to coordinate taxation in several countries, such as in South-East Asia and Africa/Middle East.

All these country or regional Tax Departments have a functional link with the Group's Tax Department, which is based at the Head Office. The latter coordinates the network of tax teams, in particular through regular meetings to identify significant issues, provide the appropriate technical support and the necessary guidance. As the Group's businesses make it a significant contributor to the tax revenues of the countries in which it operates, and since the Group is faced with a high number of taxes and duties, and certain countries have unstable tax regimes, the Tax Departments conduct a tax watch.

The Group Tax Department is part of the Group's Finance Department. It maintains links with the various financial, legal and other organizations in order to keep abreast of the Group's operations. It participates in the Finance Committee, an internal Group committee, to ensure the tax position complies with the Tax Charter. The Department presents the Group's main tax risks to the Audit and Accounts Committee at least once a year. In addition, given the importance of the negotiations underway at the OECD to develop the so-called Pillar 1 and Pillar 2 rules, the Group's Tax Department joined since 2021 the OECD working groups and will participate constructively in this work for as long as necessary.

# 3. Digital risks

## 3.1. DIGITAL RISKS

### Identification and description of risks

The Group's activities, expertise and, more generally, its relations with all the stakeholders (suppliers, customers, banks, communities of experts, etc.) depend on increasingly dematerialized and digitized operations. These operations are based on information systems and interdependent communication networks to be secured to preserve their integrity, availability, security and confidentiality of data, sometimes subject to specific regulations. Given the Group's global markets, industrial sites and the still significant level of cyber threats, this risk is considered high for Air Liquide and addressed accordingly by the organization.

### Risk management measures

The Digital Security Policy describes the digital security issues, sets the basic rules governing the handling of associated risks, and outlines the roles and responsibilities in this area. It is accompanied by:

- codes outlining principles to be respected by users and IT administrators;
- procedures describing, in particular, how to secure data and applications, detect and deal with incidents.

The Digital Security Department, attached to the General Control and Compliance Department, defines the main areas of focus in a multi-year operational program, and specifies the short-term action plans, in the light of a risk analysis updated annually. It coordinates them in collaboration with the Digital & IT teams, among others, and deploys them by relying on dedicated resources in the hubs, clusters, World Business Lines and World Business Units. The main lines of work revolve around:

- risk prevention and awareness raising for employees regarding issues such as fraud and the theft of personal and confidential data, with teaching tools such as e-learning courses on information protection (notably personal or sensitive data) or the use of IT tools and phishing campaigns (with a focus on employees who have been repeatedly tricked). Risk prevention measures in the event of remote working have been strengthened, in particular in the management of remote access to IT systems;
- protection of critical applications, of the most sensitive information, of industrial assets, as well as taking digital security into account from the project design phase, as an intrinsic dimension of any digital solution;
- monitoring of digital threats, information leaks and major cyber incidents that could affect the Group's activities: this involves penetration testing (which is increasingly automated), the implementation of a system to report information leaks as well as monitoring of Group applications that are exposed on the Internet;
- implementing regulatory compliance for the organization using specific projects or programs such as respecting the General Data Protection Regulation (GDPR); for the latter, a framework agreement was drafted governing sharing of personal data within the Group, and a mechanism for the handling and processing of complaints was introduced; now deployed in all businesses and geographies, annual controls (supplemented by occasional audits) ensure its sustainability. Other regulations have also required specific local action plans (for example the "Personal Information Protection Law" in China);
- the Group's resilience through the department in charge of incident detection/reaction, crisis simulation exercises (at the base and hub levels), and implementation of a business continuity plan in the event of an interruption of IT systems.

# 4. Environmental and societal risks

## 4.1. ENVIRONMENTAL RISKS

### 4.1.1. Climate risks: greenhouse gas emissions

#### Identification and description of risks

Air Liquide's business model is based on the outsourcing of the industrial gas needs of its customers who often emit greenhouse gases themselves, in particular in the metals, chemicals and refining industries. This outsourcing is justified by Air Liquide's expertise which allows them to optimize the energy consumption of production tools and favor low-carbon energy procurement. However, it leads to the transfer of a portion of the customer's greenhouse gas emissions to the Group.

Nearly 85% of Air Liquide's large production units are Air Separation Units (ASU), which do not use any combustion processes and therefore do not emit $CO_2$. The only raw material they use is air, with the energy required to separate the air being consumed almost exclusively in the form of electricity. Electricity used by the Group to power these units generate $CO_2$ emissions at electricity suppliers; such emissions are classified as indirect emissions (Scope 2).

The Group's two other main $CO_2$-emitting activities are hydrogen production by steam reforming and co-generation. These account for nearly 15% of large production units and use combustion processes emitting $CO_2$, known as direct emissions (Scope 1).

In this respect, the climate risk (greenhouse gas emissions) is closely linked to the implementation by public authorities of greenhouse gas emission reduction policies such as, for example, the introduction of a carbon price or more stringent regulations, that may impact:

- either the Group's plants (direct impact on the operational scope), resulting in increased production costs, which by contract would be transferred to the customers, and the need for new investments;
- or those of its suppliers, resulting in suppliers price increases;
- or customers (indirect impact on the value chain), impacting for instance their market, processes and industrial gases needs.

Air Liquide is present in regions across the globe that have implemented or are in the process of implementing greenhouse gas emissions trading schemes. If the share of emissions covered by free allowances decreases, the Group may be required to introduce compensatory measures. It should be noted that long-term contracts foresee a transfer of $CO_2$ costs to customers.

#### Risk management measures

To reinforce the climate objectives announced in November 2018 which set the framework under which the Group takes active measures for the climate in its operations, with its customers and ecosystems by offering low-carbon solutions, Air Liquide announced new sustainable development objectives on March 23, 2021. In line with the Paris Agreement, and to face the urgency of taking climate change and energy transition into account, Air Liquide has shown its commitment by setting itself the ambition of achieving carbon neutrality by 2050, with two major intermediate milestones:

- the start of reduction of absolute $CO_2$ emissions around 2025;
- a -33% reduction in Scopes 1 and 2 $CO_2$ emissions [(1)] by 2035, compared with a "market-base" 2020 Scopes 1 and 2 baseline [(2)].

The objective of reducing carbon intensity by -30% by 2025 relative to 2015 emissions [(3)] has been maintained.

A Climate Policy published in the BlueBook in 2022 aims to consolidate the principles governing Climate risk management within the Group, as well as across the entire value chain.

The monitoring and achievement of the Group's climate objectives are based on:

- the internal greenhouse gas emission monitoring procedure, which sets out the monitoring of current greenhouse gas emission regulatory obligations with which the Group must comply; the methodology for calculating Scopes 1 and 2 emissions, as well as the reporting scope and frequency;
- integration of the monitoring of the $CO_2$ trajectory performance in the Group's management process, in particular the budget process, which now includes the allocation of a carbon budget to the various geographies, as well as quarterly monitoring by geography and business line at the Executive Committee level;
- a review of investment decisions, taking climate factors – and in particular a $CO_2$ price – into consideration, along with an analysis of the opportunities and risks associated with energy transition. For all its projects, for all geographies, and even those without a current official price for $CO_2$, Air Liquide integrates a $CO_2$ price sensitivity study into its investment decision process.The Group's investment policy described in the BlueBook requires this analysis to be carried out using a price of €50 per ton of $CO_2$, the current local price, as well as a high value of €100 or more per ton, chosen according to geography and context;
- the roll out of the "Climate Champions" network and the regular review of the decarbonization plan of each cluster (group of countries);
- the assumption of the introduction, in the regions in which the Group operates, of public policies aimed at stepping up the transition toward a low-carbon economy that is in line with a "well below 2°C" trajectory, validated in 2022 by SBTi (Science Based Targets Initiative).

In addition, access to renewable energy is a key factor in the management of the Group's climate risk.

Finally, information regarding the European Union (EU) "Taxonomy Regulation" is available in section 5 of the Extra-Financial Performance Declaration section of Chapter 5 – page 355.

*(1) In metric tonnes of $CO_2$-equivalent, restated, from 2020 and each subsequent year, to include the emissions of the assets for the full year, taking into account (upwards and downwards) changes in scope having a significant impact on $CO_2$ emissions.*
*(2) Scopes calculation methodology explained in paragraph 1.2.4 of the Annual Reporting section of Chapter 5 – pages 394 and 395.*
*(3) In kg $CO_2$-equivalent/euro of Operating income recurring before depreciation and amortization at 2015 exchange rates and excluding IFRS 16 for greenhouse gas emissions Scopes 1 and 2 reported using the "market-based" methodology (see methodology of the Scopes calculations in paragraph 1.2.4 in the Annual Reporting section of Chapter 5 – pages 394 and 395 – and reconciliation in Performance indicators paragraph of Chapter 1 – page 62).*

### 4.1.2. Climate risks: physical impact on Operations

#### Identification and description of risks

Air Liquide operates in certain regions of the world exposed to changes (in severity or frequency) in exceptional meteorological phenomena due to climate change. These phenomena can slow down or interrupt the Group's operations or make them more expensive. Its suppliers and customers are also confronted with this same issue.

These can be broken down into:

- acute risks triggered by events such as natural disasters, the frequency and severity of which are increasing: storms, hurricanes, flooding, etc. These risks may relate to Air Liquide sites located near the coast for example, or in regions affected by hurricanes (the US Gulf Coast, South Asia, etc.);
- chronic risks related to more long-term changes in climate models and rising temperatures: rising sea levels, chronic heat waves in certain regions, changes in rainfall patterns and an increase in their variability, the disappearance of certain resources, etc.

#### Risk management measures

Physical risks (water availability, frequency of extreme events, etc.) are appraised during the review of investment requests, in the same way as financial criteria, to ensure that the associated risk management measures are adapted, for example in the design of equipment.

In addition, Group operations that are regularly exposed to the acute risks described above have risk management systems in place aimed at adopting suitable preventive operational measures and managing these crises by, first and foremost, protecting individuals and the production facilities in close cooperation with customers. These systems are regularly updated and improved.

Chronic risks are taken into account, particularly in the design of production units, in the same way, and to the same extent as their energy efficiency and carbon footprint.

In 2023, Air Liquide carried out a study to identify the risks linked to the physical impacts of climate change according to two high-emission scenarios (SSP2-4.5 used as "business as usual" leading to +2.7°C by 2100 and the SSP-5.8 or "worst case scenario" leading to +4.4°C by 2100) and to consolidate and improve the physical risk management process. In 2024, this study will be continued in order to refine the analysis.

Physical risks and the risks of greenhouse gas emissions are also taken into account in the preparation of the financial statements (note 31 - page 282).

### 4.1.3. Water management risk

#### Identification and description of risks

The Group depends on water for its activities. Its water consumption is related to the loss of water by evaporation in the process of cooling rotating machines, particularly for the production of air gases, or its use as a raw material for the manufacturing of products such as hydrogen.

Air Liquide pays particular attention to water management, especially in areas of water stress. The main water management risk for Air Liquide's activities is the possible unavailability of water which could result in a slowdown or shutdown of a production unit.

#### Risk management measures

To manage the risks associated with water withdrawal and use, a water management policy has been published in the BlueBook in 2021.

This policy identifies the impact of Air Liquide's activities on water availability. The policy defines the principles of risk management based on a specific assessment of the situation at each site. Finally, it describes the actions to be implemented to ensure appropriate water management.

In 2023, following the rollout of the water management policy, Air Liquide focused on the following objective, defined for the Group in 2021: implementing a documented water management plan by 2025 aimed at reducing water withdrawal and use risks for water-intensive operations in areas of high water stress.

## 4.2. SOCIETAL RISKS (DISCRIMINATION-RELATED RISKS)

#### Identification and description of risks

Air Liquide operates businesses in a large number of countries with different cultures. It is therefore exposed to discrimination risks related among other things to gender mix (gender disparity, particularly in technical and expert professions), diversity (skin color, ethnic origin, religion, sexual orientation, age, disability, etc.).

#### Risk management measures

The Group's Principles of Action and the Code of Conduct reaffirm the Group's values and, more specifically, a culture based on diversity, openness, transparency, respect for others and the rejection of all forms of discrimination. These values are also included in the Human Resources policy and must be promoted by all Group employees, with the support of Human Resources, through awareness-raising, training and alert tools and the monitoring of progress indicators.

Moreover, for several years, Air Liquide has been a signatory of the United Nations Global Compact, for which one of the principles aims to contribute to the elimination of all forms of discrimination in respect of employment and occupation.

To this end, actions are regularly taken to promote gender mix (for example to increase the number of women among managers and professionals to 35% by 2025), nationality mix (Air Liquide's senior executives are now of 34 different nationalities), and inclusion (in particular, the review of the policy relating to employees with disabilities). Details of the Group's actions are indicated in paragraph 2.3 of the Extra-Financial Performance Declaration in Chapter 5 – pages 346 to 349.

# 5. Geopolitical, regulatory and legal risks

## 5.1. GEOPOLITICAL RISKS

### Identification and description of risks

Considering the changing international climate, including increasing tensions between (or within) some countries and the persistence of terrorist threats, the Group may be exposed in certain countries to economic or financial risks, as well as to risks affecting the safety of its employees (on-site or during business travel) and the security of its facilities.

### Risk management measures

When investment requests are reviewed, the geopolitical context of a project (in both safety and economic terms) is part of the criteria examined before any approval: country risk is thus assessed on a case-by-case basis and may lead to adjustments to financing strategy and supplementary insurance cover, or even the rejection of the project.

Moreover, all countries in which the Group operates are subject to monitoring and regular analysis of the geopolitical context.

Finally, the Safety and Industrial System Department uses awareness-raising and training tools to protect employees, travelers and expatriates who are potentially exposed in certain geographies or when traveling for business: e-learnings, interventions from experts on certain specific risks (health, hygiene, pollution, kidnapping, etc.). Other measures are also implemented locally to secure products and sites that are most exposed to an external threat.

## 5.2. REGULATORY AND LEGAL RISKS

### 5.2.1. Risks of non-compliance with laws and regulations

### Identification and description of risks

In all the countries where the Group operates, its entities are exposed to the risk of non-compliance with laws and regulations. In an increasingly complex context due to a continuously rising number of standards, they must monitor changes to the legal and regulatory framework notably in terms of the specificities of the businesses that they conduct.

The Healthcare business line, in particular, is subject to specific regulations for the products that it sells (medical devices, drugs), the research activities that it carries out, and for the processing of patients' personal healthcare data.

The Group must face, in all regions in which it operates, the risks of non-compliance with:

- competition law;
- provisions aimed at combating corruption;
- international sanctions;
- regulations restricting exports of certain products or relating to destinations under sanctions;
- regulations on the transfer of personal data (see paragraph 3.1. Digital risks of this section – page 80);
- the duty of vigilance.

Group entities are also exposed to the risk of non-compliance with contractual obligations (of their own or those of their contractual counterparties).

Liabilities and contingent liabilities related to disputes are described in notes 22 and 30 of the consolidated financial statements – pages 262 and 282.

### Risk management measures

Changes to legal and regulatory requirements are monitored with particular vigilance and are accompanied by the implementation of procedures aimed at improving teams' knowledge of these changes and related risks and providing them with tools to ensure compliance with obligations in the following fields, through:

- Group Codes on how to behave in order to comply with competition laws, accompanied by surprise audits and training that includes e-learning;
- a corruption prevention program in which General Management and management are closely involved; this program relies in particular on the mapping of corruption risks, the updated Code of Conduct, a full set of training and awareness-raising actions for those exposed to corruption-related risks, a third-party assessment mechanism, accounting controls and a whistleblowing system. This program is regularly updated to take into account new regulatory and legal requirements under the coordination of the Group's Ethics Officer, who relies on a network of ethics correspondents and the support of the Operational Departments in the hubs and businesses; it is regularly audited;
- a guidance document for export control and international sanctions, as well as a tool and procedures for verifying third parties; particular attention is dedicated to compliance with international sanctions against Russia, and the associated import/export control regimes;
- various contract guides (for Large Industries, Industrial Merchant, Electronics, Engineering & Construction and Financing) and Codes of Good Practices (for Healthcare);
- the establishment of a specific department to deal with the legal challenges of the law on the duty of vigilance.

To the Group's knowledge, there are no governmental, legal or arbitration proceedings, either current or threatened, which may have or have had, in the past 12 months, significant impacts on the Group's financial situation or profitability.

# CONTROL ENVIRONMENT

This section describes the key elements of the control and risk management environment instituted by the Company.

## 1. Organization

The Group is organized and based on a consistent Group strategy. It is supported by a method of management which centers on mid-term objectives that are categorized by business, as well as a steering process for activities based on annual budgetary objectives, which are further categorized down to the individual plan level. As part of the ADVANCE corporate program, the Group continued to rely on a network organization that promotes communication and shortens decision-making circuits.

The organization breaks down into:

- hubs which ensure the presence and representation of the Group in the main global regions. With the Base (L'Air Liquide S.A. head office), they are responsible for defining the Group's operational strategy and its global performance. They accommodate the representatives of the Corporate functions and World Business Lines who ensure that the Group strategy is properly implemented locally;
- entities, grouped in clusters (groups of countries) for better pooling of resources, which provide operational management of their activities and implement the Group strategy in those countries where the Group has a presence;
- the World Business Lines, which:
  - with the hubs and Strategy Department, prepare the medium-term strategic goals for the businesses they represent,
  - have responsibility for strategic marketing, the transformation of their respective businesses, industrial policy and the suitability of skills in their specific areas of business;
- the World Business Units specific to certain businesses (Global Markets & Technologies, Engineering & Construction);
- the Innovation and Development Division (IDD), which brings together all the research and innovation resources, technology development, Digital & IT (La Digital Factory, ALIZENT, network infrastructure and more), the Intellectual Property Department, the venture capital structure ALIAD and the Global Markets & Technologies (GM&T) World Business Unit (WBU) mentioned above.

This organization also includes the Corporate functions, which notably comprise the three key control departments that report to General Management:

- the Finance Department, which is responsible for:
  - the reliability of accounting and financial information,
  - the Group's financial and tax risk management,
  - the drafting of Group objectives and monitoring of performance by operations control, based on financial data prepared by the accounting teams, analysis conducted by the financial teams of the various entities as well as certain operational data;
- the Group Control and Compliance Department, which:
  - provides expertise and assistance to entities in their risk management approach (see below) and builds a Group synthesis,
  - helps Group entities ensure compliance with and promotion of both the Group's ethical values, particularly through training and awareness-raising measures and the treatment of fraud and deviations (all these measures, organizations, and tools are presented in detail in the Extra-financial Performance Declaration – page 318), as well as compliance with duty of vigilance measures and with international trade regulations,
  - verifies the effective application of internal control and risk management procedures through audits carried out according to a defined program presented to the Group's Audit and Accounts Committee. This program, developed and based on the risk analysis, is regularly monitored by the Audit and Accounts Committee in liaison with the Environment and Society Committee (for environmental and societal issues). Audit reports are systematically supplemented by corrective action plans, which are supervised by a member of the Executive Committee. These reports, as well as subsequent follow-up reports, are the subject of various communications and periodic discussions with the Statutory Auditors,
  - provides guidance to Group entities, through the Digital Security Department, which reports directly to the Group Control and Compliance Department, on the identification and protection of their data, systems and digital applications (definition of rules, rollout expertise and advice, control of proper implementation);
- the Legal Department, which identifies legal risks, issues internal guidelines and Codes, and then oversees their proper implementation. It monitors the development of the main disputes. It manages insurance.

Moreover, the Group has an ethics whistleblowing system covering all its entities, enabling any deviations from the Group Code of Conduct or applicable legislation to be reported anonymously to an independent external service provider. This system is open to all the Group's internal and external stakeholders (customers, patients, suppliers, subcontractors and their staff, local communities, facilitators, etc.).

All alerts recorded are treated confidentially under the supervision of the Group Ethics Officer. This system is an alternative solution to the usual process for reporting incidents within the entities through managers and the Human Resources teams. It helps to accelerate the processing of reports received, and thus to minimize their potential impact on individuals and the organization. The principle of whistleblower protection is guaranteed by the Group and reiterated in the Code of Conduct. No sanctions or retaliatory measures are allowed against any person who lodges an alert in good faith.

The description of the whistleblowing system and details of the indicators relating to the reports and alerts received are available in paragraph 3 of the Extra-financial Performance Declaration of Chapter 5 – page 350.

Finally, this organization relies on a framework of authorizations and delegations:

- to members of the Executive Committee and certain departments and services in order to define their commitment and payment powers for commercial transactions (sales or purchasing);
- to certain executives in charge of entities or sites in France in particular, in order to ensure the prevention and management of industrial risks in terms of hygiene and safety;
- to certain financial executives, in order to ensure the security of transactions and financial flows.

The managers of the various Group subsidiaries exercise their duties under the control of the Boards of Directors and in accordance with laws and regulations applicable in the countries where they operate.

# 2. Risk management

To ensure the continued development of its activities, the Group must actively pursue an approach to prevent and manage the risks (especially industrial and financial risks) to which it is exposed.

In terms of the Group's business activities, industrial risk management must essentially focus on prioritizing safety and security while maintaining a permanent focus on the reliability of facilities.

Financial risk management requires strict control over investments, combined with prudent and rigorous practices regarding the accounting and financial aspects of the activities.

The Group's formal risk management approach aims to ensure:

- the regular identification of the different forms of risk (industrial, financial and other) encountered by the Group during the pursuit of business activities, which are assessed according to both potential impact and probability of occurrence;
- the assessment of the level of maturity of the management of each risk based on a common scale with respect to the quality of policies, organizational structures, processes and controls in place;
- the progress of the main corrective action plans undertaken to mitigate these risks, by focusing monitoring activities on a limited number of priorities.

This three-phase risk management process (mapping, maturity level assessment, mitigation plans) covers more than 90% of consolidated Group revenue.

The Risk Management Department within the Group Control and Compliance Department leads this approach using:

- resources dedicated by the hubs, World Business Units and World Business Lines to manage the approach in their respective scopes of responsibility (under the supervision of the Boards of Directors of the entities concerned) and to provide a summary thereof;
- the work of members of the Risk Committee that it coordinates (described paragraph 5 of this section – page 87).

The Audit and Accounts Committee reviews Group risk management based on presentations covering:

- the progress of the approach (on an annual basis);
- each major risk management system based on a multi-year program structured according to the challenges;
- internal audit summaries of these risk management systems.

Environmental and societal risks are reviewed by the Environment and Society Committee (three meetings per year), which also meets once a year in a joint session with the Audit Committee. During this joint session, the two Committees may review the trajectory of climate objectives.

In order to have a broader approach, each year, the Risk Management Department presents a hypothetical identification and positioning of emerging risks at a Risk Committee meeting. A review is also performed on the timing of the emergence of these risks, and the necessary anticipatory actions are suggested. According to the International Risk Governance Council (IRGC), an emerging risk is a new risk or an existing risk that could materialize in a new context or in a context not yet known. An emerging risk is potentially impactful but its characteristics are not yet fully identified.

Finally, an annual summary of risk management actions undertaken by the Group is presented to the Board of Directors; each year it validates the Audit and Accounts Committee's provisional program which is presented to it beforehand, as well as a list of subjects of strategic interest or with particular relevance that will be presented in a more specific manner.

# 3. Internal control

In addition to the Principles of Action (https://www.airliquide.com/sustainable-development/ethics/groups-principles-action), which reaffirm the Group's values with particular reference to stakeholders (shareholders, suppliers and customers, employees, etc.), the Group's policies, Codes, and procedures are grouped together in a Global Procedures Manual, the BlueBook, which is available to employees on the Intranet. The BlueBook constitutes a set of internal control and risk management documents, which must be implemented by each entity included in the Group's consolidated financial statements.

The BlueBook is the cornerstone of the Group's internal control system, which aims to ensure that:

- the Group's activities and the conduct of its employees:
  - comply with laws and regulations, internal standards and applicable best practices,
  - comply with the objectives defined by the Company, especially in terms of risk prevention and management policies,
  - contribute to safeguarding the Group's assets;
- all financial and accounting information communicated either internally or externally gives a true and fair view of the situation and activity of the Group and complies with prevailing standards.

Under the guidance of the Group Internal Control Department, awareness-raising and training actions on internal control issues are regularly carried out, in particular through participation in the virtual training campuses offered by Air Liquide University twice a year. These are structured around eight themes: management & leadership, sales & marketing, operational excellence, innovation, digital & information systems, inclusion & diversity, climate & energy transition and HR professionals.

Generally, the Group's internal control system should help better master its activities, the efficiency of its operations and the efficient use of its resources. It also aims to prevent errors and frauds.

As with other "assurance systems", it cannot provide an absolute guarantee that the Group's objectives will be met.

In 2023, the Group pursued the actions undertaken in previous years, with all material Group entities and shared service platforms (representing over 90% of consolidated Group revenue), reviewing the appropriateness of their internal control system in relation to the Reference Framework for internal control and risk management systems. These entities also implemented actions aimed at improving their control system in terms of annual guidelines defined at the beginning of the year by the hubs and World Business Units, the Group Control and Compliance Department and the Finance Department. The latter two together organize these improvement measures and report on their progress to the Group's General Management then to the Audit and Accounts Committee.

Audits are coordinated by the Group Control and Compliance Department and the Statutory Auditors, based on a joint work program, to verify the assessments of the internal control processes and the correct implementation of key operating controls.

Finally, cases of fraud are systematically reported to the Group's Ethics Officer, analyzed together with Internal Control in order to identify measures to strengthen the system to be implemented, and are investigated when deemed necessary. They are regularly brought to the attention of General Management, the Ethics and Compliance Committee and the Audit and Accounts Committee.

# 4. Financial and accounting information

In order to guarantee the quality and reliability of financial and accounting information produced, the Group primarily relies on a set of accounting principles and standards, as well as a consistent accounting and management reporting system and feeds both the Group statutory consolidation process and the management analysis that is under the responsibility of independent departments, which report to the Finance Department.

The Group accounting manual, which includes the Group financial policy, defines the accounting rules and principles as well as the consolidation methods applicable and states the formats applicable for reporting financial and accounting information. This manual is regularly updated by the Finance Department in accordance with amendments to IFRS or their interpretations.

Management and accounting reports are each prepared under the responsibility of independent but interactive departments that follow identical methods and principles:

- this independence allows for the enhancement of information and analysis through the use of complementary indicators and data, particularly those which are specific to each business;
- the fact that these bodies are interactive provides for better control of the reliability of information through the systematic and regular reconciliation of data.

The reports primarily include:

- monthly management reporting, known as the "Monthly Flash Report", that provides information on revenue and the main financial indicators: income statement, cash flow from operating activities, net debt and the amount of investments authorized and committed;
- quarterly reporting, known as the "Management Control Report", which provides details of the primary items of the income statement, balance sheet and cash flow statement;
- a quarterly "variance" analysis report to assess the various components of the change in operating income recurring.

These three documents are compiled by each management entity according to a predefined yearly timetable. They are systematically accompanied by comments on activities drawn up under the supervision of the entity's Chief Executive Officer, and are consolidated at Group level with a breakdown for each hub and business:

- quarterly reporting for accounting consolidation is compiled by each reporting entity which, in addition, must provide (on a semi-annual basis) information on off-balance sheet commitments that include in particular:
  - energy purchasing,
  - financial guarantees and deposits,
  - all other contractual commitments.

Accounting consolidation statements and monthly reporting are escalated to the Central Consolidation Department. This department prepares the consolidated data and works in conjunction with the Operations Control Department, whose duty it is to analyze and comment on the results, identify and explain any differences with respect to forecasts, and update said forecasts. Meetings are organized each month with the heads of hubs and clusters (groups of countries) to clarify these analyses.

As part of the scope of the monthly Group Performance Steering Committee, a rolling forecast for the rest of the current year is systematically presented by the Finance Department, in order to identify, when applicable, any differences with respect to yearly targets and take the necessary steps.

Through regular controls, the Finance Department ensures the effective application of accounting methods and principles in the various Group entities. The most complex accounting standards, particularly those relating to employee benefits (IAS 19), methods of consolidation (IFRS 10/11), the classification of major Large Industries' contracts and methods for recognizing revenue (IFRS 15/16), derivative financial instruments (IAS 32, IFRS 7, IFRS 9) as well as the implementation of new standards are subject to greater support and tighter controls or to direct treatment by the Finance Department.

It also relies on audits carried out by the Group Control and Compliance Department, with which it has regular contact.

The Group takes into account climate risks in its closing assumptions and incorporates their potential impact in its financial statements. In particular, climate risks are taken into account when carrying out closing procedures, in particular the analysis of the useful lives of property, plant and equipment used for calculation of depreciation and amortization, the review of the estimates and assumptions concerning assets' impairment tests, and the risk assessment to determine the amount of provisions for contingencies and losses.

The quality and reliability of financial and accounting information is also based on high-performance transactional systems (such as Enterprise Resource Planning – ERP), coupled with modern and secure Group consolidation and Business Intelligence tools. These tools enable financial and operational data to be analyzed, made available and displayed to all employees and management.

The project, which aims to further harmonize ERPs, continues on the basis of the definition of an accounting and financial framework tailored to the various Group businesses.

# 5. Monitoring of control systems

The Board of Directors exercises its control over Group management based on the various quarterly activity reports it receives from General Management and the work of the Audit and Accounts Committee, according to the methods and principles described (reports, debriefings, etc.) – paragraph 10.1 of the Governance section in Chapter 3 on pages 146 to 149.

General Management exercises its control over risk management, in particular through regular meetings organized around the Chief Executive Officer.

It also relies on existing reports and:

- Executive Committee meetings, with, in particular, debriefings from the Safety and Industrial System Department regarding Group performance in terms of security and the progress of current actions;
- work carried out by the Finance Department, and the Group Control and Compliance Department;
- recommendations made by various Group Committees set up to ensure enhanced management of certain commitments and significant stakes (the role and members of these Committees are described below).

These control measures are enhanced by the involvement of operational departments and the Executive Committee in the implementation and follow-up of actions needed to improve and strengthen the quality of internal controls.

## THE RISK COMMITTEE

The purpose of this Committee is to provide support and expertise to the hubs, World Business Units and World Business Lines which must implement and coordinate the risk management approach in their respective scopes of responsibility.

It brings together the following Corporate functions: Group Control and Compliance, Legal, Finance, Communication, Safety and Industrial Systems, Human Resources and Sustainable Development Departments as well as a representative from Operations.

It meets twice a year and is chaired by the Chief Executive Officer (CEO), in the presence of the General Secretary and the Director of Strategy. The objectives of these meetings are to report on the progress of priority actions to mitigate major risks, to draw up a summary of risk management and to define Group orientations. The Committee also examines certain strategic risks more closely.

## THE FINANCE COMMITTEES

The purpose of the **Strategic Finance Committee** is to verify the effective application of the Group's financial policy, to approve financial management proposals and suggestions that have been submitted and to approve the rules governing the Group's financial policy, which are subjected to regular review.

It brings together the Group Chief Financial Officer, the Deputy Chief Financial Officer, the Group Financing and Treasury Director, and the Corporate Finance Director, who meet under the authority of the Chief Executive Officer (CEO).

The Committee meets at least three times a year and upon request, if necessary.

The purpose of the **Operational Finance Committee** is to make day-to-day decisions concerning the financial management of the Group, to propose structuring transactions to the Strategic Finance Committee and to ensure their implementation after approval.

It brings together the Group Chief Financial Officer, the Deputy Chief Financial Officer, the Group Finance and Treasury Director, and the Corporate Finance Director, assisted by a Committee Secretary.

The Committee meets every four to six weeks, and the minutes of these meetings are sent to the Chief Executive Officer (CEO).

## THE RESOURCES & INVESTMENT COMMITTEES (RIC)

The purpose of these Committees is to assess and approve requests for investments, medium- and long-term contractual commitments, Human Resources requirements that may arise therefrom, as well as the environmental footprint and societal impacts of these projects. In line with the Group's commitment within the framework of its sustainability objectives announced in March 2021, the importance of environmental and societal criteria has been reinforced, with particular attention paid to the carbon impact of investment decisions.

They meet regularly (usually once a month) for each hub and each World Business Unit.

Each Committee meeting is chaired by a member of the Executive Committee in charge of the hub or of the World Business Unit involved and brings together managers of the region and business line concerned by the investment, as well as representatives of the Group Finance Department (who have a veto right), Engineering & Construction, and the Capital Implementation Group (CIG).

The Committee's decisions are reviewed by General Management.

## THE ETHICS AND COMPLIANCE COMMITTEE

With regard to ethics, the purpose of this Committee is to supervise the Group's ethics program (monitoring of actions undertaken to prevent corruption and deviations from the Code of Conduct, proposing short- and medium-term orientations) and to recommend sanctions in case of significant deviation.

In the more general area of compliance, this Committee oversees compliance issues that are not activity specific, such as competition law, export controls, duty of vigilance and the protection of personal data.

It brings together the Group Control and Compliance, Legal, Sustainable Development, and Human Resources Departments as well as a representative of operational functions; it meets at least twice per year and more often when required.

## THE DIGITAL SECURITY COMMITTEE

This Committee is responsible for validating the strategic directions for digital security and for ensuring the operational progress of certain Group projects (industrial IT, digital innovation, monitoring of leaks of sensitive information, etc.).

It brings together the Directors in charge of Digital & IT, Digital Security and Group Control and Compliance, as well as a representative from Operations and, if necessary, other Corporate and Operational Departments. It is held every two months, under the chairmanship of a member of the Executive Committee.

## THE INDUSTRIAL AND SAFETY COMMITTEE

The purpose of this Committee is to supervise the management of industrial risks, and to monitor the advancement of the main actions for progress.

It is composed of the heads of the five Industrial Departments of the World Business Lines, the Group Head of Safety, a representative of the Engineering & Construction World Business Unit and a representative of the Global Markets & Technologies World Business Unit. It meets six to eight times per year under the chairmanship of a member of the Executive Committee.

## THE E-ENRISK COMMITTEE

The purpose of this Committee is to review and provide guidance and recommendations on energy and climate strategies implemented by Group entities.

Each month, it brings together the Member of the Executive Committee overseeing the Large Industries World Business Line and the Group's Strategy function, the Vice President in charge of the World Business Line Large Industries, the Director of Energy and the Director of Markets and Energy Transition of the Large Industries World Business Line, the Group Finance and Treasury Director, the Director of Accounting Organization and Methods, the Director of Sustainable Development, the Director of Group Investments and the Director of Energy Transition Strategy for the Hydrogen Energy World Business Line. Meeting minutes are sent to all Executive Committee members.

# OTHER COVERAGE SYSTEMS

The Group covers its main risks through international insurance programs with leading insurers. This concerns in particular damage to property, civil and environmental liability, cyber risk, civil liability of corporate officers, etc. The two largest programs are detailed below.

## 1. Property damage and business interruption

Group property and business interruption are covered by property and casualty insurance policies underwritten in each country in which the Group operates. Almost all of these policies are integrated into an international program.

These policies, which are generally of the “All Risks” form, cover fire, lightning, water damage, explosions, vandalism, impact, machinery breakdown, theft and, depending on the country and in limited amounts, natural disasters.

Business interruption following a claim for damage is covered by insurance for most production sites under these same policies. The coverage period for business interruption is 6 to 24 months. Deductible amounts are correlated to the activity of the sites. Insurers conduct regular visits at the main industrial sites for risk prevention purposes.

## 2. Civil liability

In terms of civil liability, the subsidiaries have local liability policies that cover damage to third parties due to their activities (operational risk) and their products (product risk). The amount insured for each subsidiary in its policy depends notably on the amount of its revenue and on its activities.

In addition to local policies, the Group has comprehensive coverage for damage to third parties covering all of its activities in the form of umbrella insurance taken out in France, which covers both the Company and its subsidiaries. The Group’s insurance policy also covers adverse impacts on the environment, ecological harm and environmental damage.

The coverage amount underwritten exceeds 500 million euros. Coverage is built on several overlapping insurance lines. Each line has been underwritten for a given amount with several insurers sharing the risk. Beyond the first line, the upper lines pick up the excess risk from the lower lines.

## 3. Captive reinsurance

A portion of property damage and business interruption risk is kept by the Group via a captive reinsurance company, which also participates among other things in the coverage of the Group’s civil liabilities as well as in the coverage of goods transported.

This captive reinsurance company covers, for the 2023 fiscal year, claims of up to a maximum of 54 million euros with sub-limits per claim adapted to the nature of the claim. Beyond these amounts, risks are transferred to third-party insurers. Their management is entrusted to a captive manager approved by the competent authorities.

# VIGILANCE PLAN

## 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 issuing a Vigilance Plan, whose content is disclosed below, and which presents the various measures implemented for each stake: human rights and fundamental freedoms (paragraph 2, page 96), the health and safety of individuals (paragraph 3, page 103), and the environment (paragraph 4, page 111). As specific measures apply to the management of suppliers and subcontractors, the risks, procedures and measures implemented in this regard are set out in paragraph 5, page 120. Two measures, risk mapping (paragraph 1, page 95) and the setup of a whistleblowing system and alerts' collection and treatment (paragraph 6, page 124), apply transversally to all three stakes and are presented independently to facilitate their reading. The effective implementation report for the year 2023 is integrated into the Vigilance Plan, in particular through the overview of the year and of key indicators (page 93), operational illustrations and monitoring schemes.

**Air Liquide strives to invent a sustainable future.** Through the engagement, innovation capacity and technological know-how of its 67,800 employees in 72 countries [(1)], Air Liquide is particularly well positioned to continue its growth trajectory while contributing to an efficient response to major economic, environmental and societal challenges.

BREAKDOWN OF EMPLOYEES BY GEOGRAPHY


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

### GOVERNANCE OF THE STEERING OF THE DUTY OF VIGILANCE

The Duty of Vigilance and Societal Responsibility Department oversees the implementation of Air Liquide's vigilance approach. It is part of the Group Control and Compliance Department, which is supervised by the Group General Secretary, member of the Executive Committee. The Duty of Vigilance and Societal Responsibility Department is responsible for coordinating (i) the implementation of due diligence processes to guide the various departments involved and (ii) drafting the Vigilance Plan to better meet the expectations of the Group's stakeholders.

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

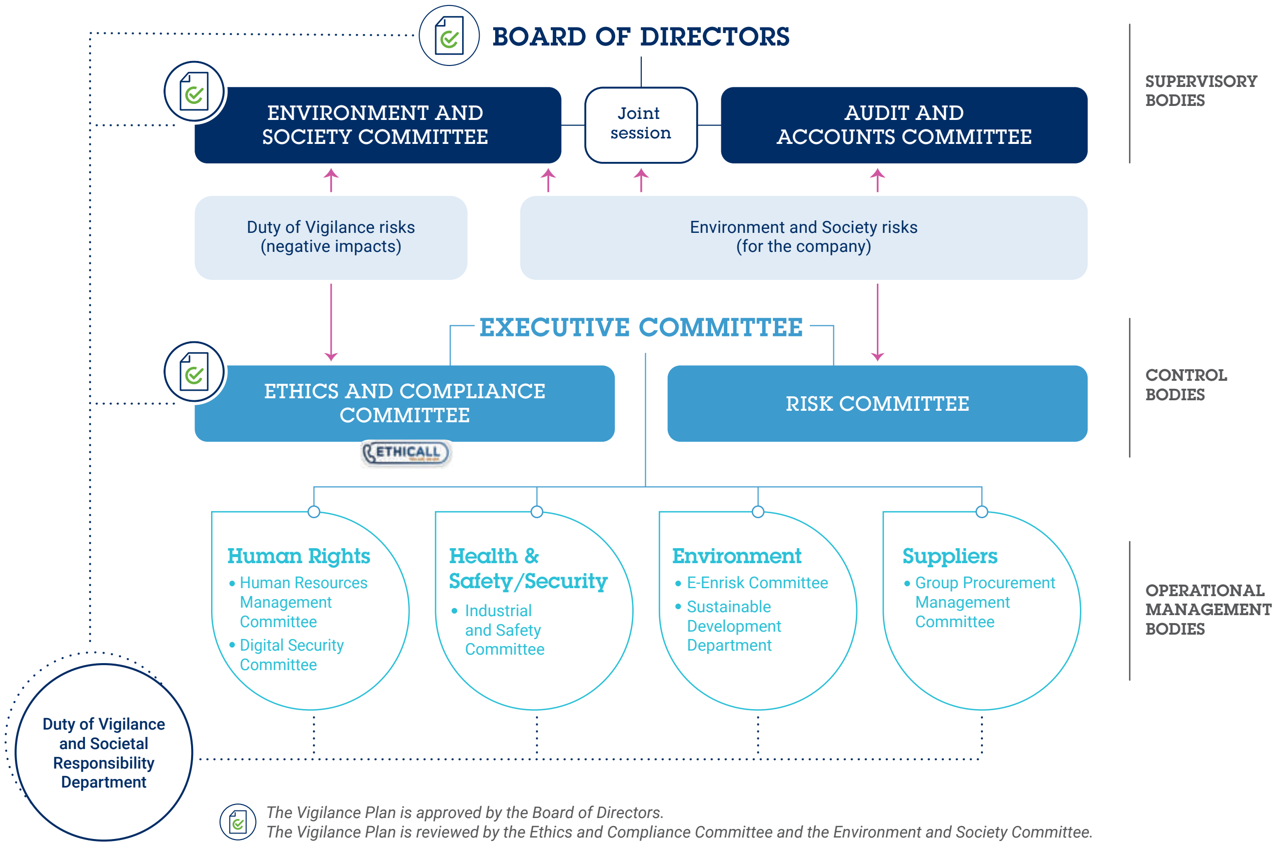
The departments responsible for duty of vigilance stakes (Human Resources, Digital Security, Safety and Industrial System, Sustainable Development, Procurement) have their own internal management bodies, including operational representatives. These bodies meet regularly to monitor the actions implemented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

The Ethics and Compliance Committee is the internal control body for the duty of vigilance. It brings together the Heads of Group Control and Compliance, Sustainable Development, Legal, and two members of the Group Executive Committee: the Vice President, Group Human Resources and the Vice President, Europe Industries hub representing the operational functions. The Committee meets at least twice a year and more often if necessary. In 2023, it continued to review the progress of stakes relating to the duty of vigilance.

The Environment and Society Committee is one of the Board of Directors' specialized committees dedicated to societal and environmental responsibility issues. It includes three members and meets at least three times a year. In 2023, it continued to supervise the rollout of the Vigilance Plan.

(1) *Excluding Russia, where the entities are no longer consolidated following the loss of control on September 1, 2022.*

The Vigilance Plan is reviewed by the Ethics and Compliance Committee and the Environment and Society Committee before its approval by the Board of Directors.




## REFERENCE FRAMEWORK

Air Liquide adheres to the highest standards in conducting its business, and is particularly committed to respecting human and labor rights and to protecting the environment. These commitments are set out in the Principles of Action shared with all employees and are available on the Group's website (https://www.airliquide.com/sustainable-development/ethics/groups-principles-action). Air Liquide is committed to its customers and patients, Shareholders, employees, local communities, suppliers and business partners. The Group is also committed to environmental protection and sustainable development.

To supplement these Principles of Action, the Group has also adopted a Code of Conduct. It is available on the Air Liquide website in 28 languages (https://www.airliquide.com/sustainable-development/ethics). 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 (e.g. safety and security, equality, diversity and the prevention of harassment and the protection of personal data);
- **"Acting with Integrity and Transparency"** which illustrates 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 affirms the commitments of the Group and its employees to protect the environment and human rights and about their contribution to the community.

This Code provides employees with a framework for reflection and tools to adopt the expected behaviors. Internally, the Code of Conduct is shared through various communication methods (information meetings, posters, articles, etc.). An annual e-learning dedicated to the Code of Conduct must be followed by all Group employees. Each year, the topics addressed are renewed. In 2023, the module covered topics related to the prevention of harassment and discrimination, gifts, invitations and conflicts of interest, and human rights. 98% of employees took part in this training. During the e-learning, each employee renews their adherence to the Code of Conduct and their commitment to comply with its provisions on an annual basis.

## INITIATIVES IN FAVOR OF THE DUTY OF VIGILANCE

In 2021, Air Liquide announced its Sustainable Development program to **ACT FOR A SUSTAINABLE FUTURE,** structured around three pillars:

- **Acting for a low-carbon society;**
- **Acting for health;**
- **Acting as a trusted partner.**

Presented in 2022, **ADVANCE,** the strategic plan for the 2022-2025 period, places sustainable development at the heart of Air Liquide's strategy making it its license to operate. The Group's growth model is now based on the principle of a global performance that combines **economic performance and sustainability**. Among the four priorities of the strategic plan, Air Liquide affirms its commitment to decarbonize the planet and act for all.

The Sustainable Development program and ADVANCE contribute to the prevention and mitigation of the risks identified in the mapping (paragraph 1, page 95) and are more fully described in this Vigilance Plan (in particular in paragraphs 2.2.3, 2.4.3 and 4.1.3, pages 98, 102, 114).

Air Liquide adheres to several initiatives contributing to the duty of vigilance stakes. Since 2014, the Group has been committed to the corporate responsibility initiative of the United Nations Global Compact and its Ten Principles in the areas of human rights, labour, the environment and anti-corruption. Every year, Air Liquide issues a Letter of Commitment, signed by the Chief Executive Officer, as well as a Communication on Progress with respect to the strategic and operational implementation of these Ten Principles, which is available on the UN Global Compact website (https://www.unglobalcompact.org/what-is-gc/participants/39281). Within the Global Compact France local network, Air Liquide participates in the human rights working group which allows its members, of all sizes and from all sectors, to share experiences and expertise on the management of human rights risks.

The Group is also a signatory of the Responsible Care® Global Charter, an initiative of the International Council of Chemical Associations (ICCA, https://icca-chem.org/wp-content/uploads/2020/09/Signatories-of-RC-Global-Charter.pdf) which aims to improve global performance in the chemical industry in terms of health, safety and the protection of the environment. As such, two Air Liquide employees are members of the Responsible Care Committee of France Chimie. The purpose of this committee is to engage companies in the chemical sector in concrete and operational initiatives related to sustainable development, particularly in the areas of sustainable procurement, well-being at work, energy management and product safety.

Air Liquide also takes part in several initiatives, such as associations or working groups, relating to a specific stake contributing to the duty of vigilance.

Since 2021, the Group has been a member of the multisector association Businesses for human rights (*Entreprises pour les droits de l'Homme*, https://www.e-dh.org/en), which brings together 26 French companies operating internationally. This association aims to be a forum for reflection and exchange of best practices for a better understanding and integration of human rights issues in the policies and practices of companies.

With respect to the environment, and more specifically to climate change, Air Liquide is involved in several initiatives at different levels. The Group is a member of the association Enterprises for the Environment (EpE, https://www.epe-asso.org/) and is a signatory of the French Business Climate Pledge (https://frenchbusinessclimatepledge.fr/). Air Liquide also contributed to the Assessing Low Carbon Transition® initiative (ACT, https://actinitiative.org/) with the aim of developing tools to evaluate low-carbon strategies in the chemical sector. Furthermore, in 2019 the Group joined the Science Based Targets initiative (SBTi), a label created by a coalition of players committed to environmental issues. Air Liquide continues the dialog with the SBTi and other stakeholders, in order to contribute to the development of methodologies for the chemicals and industrial gases sector, and to adequately represent the value of its actions in favor of the climate, both in terms of its own emissions and the resulting environmental benefits for its customers.

The Group is a member of the French Observatory for Sustainable Procurement (ObsAR, https://www.obsar.asso.fr/). Air Liquide has been part of the working group on climate change launched by ObsAR since 2021, and monitors its work with a view to continuous improvement.

Lastly, through its activities, its engagement and its environmental and societal actions, the Group 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 due diligence measures implemented to mitigate the salient risks identified, described in paragraphs 2, 3 and 4, pages 96, 103 and 111, are associated with the corresponding SDGs.

## OVERVIEW OF 2023

No new salient risks were identified in 2023 for the Group's activities during the annual review of the risk mapping. The summary table of these risks is presented on page 96.

In terms of human rights, the commitments of Air Liquide and its employees are set out in its Code of Conduct and on its website (https://www.airliquide.com/sustainable-development/human-rights). At the end of 2023, 78% of employees of the Group are covered by the common basis of care coverage, which guarantees a life insurance, health coverage as well as a minimum of 14 weeks paid maternity leave. This year, significant progress was made by different geographies, notably Europe, Asia-Pacific and Americas, to reach the objective of 100% employee coverage by 2025. 2023 also marks the signature of an amendment to the European Works Council founding agreement after more than a year of meetings and exchanges of opinions. This amendment integrates the best practices in favor of social dialog developed within the instance. Finally, Air Liquide rolls out its HandivAirsity roadmap for the inclusion of employees with disabilities, notably in France where the Disability agreement is being implemented over the 2023-2025 period. The objective of this agreement is to increase the direct employment rate of people with disabilities to 6% by the end of 2025, compared to 4.46% in 2022.

Safety and security are fundamental values of Air Liquide. The Group's preventive measures for subcontractor's safety at work are reflected in the -16% decrease in the number of lost-time accidents for this population in 2023. This year, the behavior of Air Liquide's drivers and its subcontractors was honored in several geographies. The rollout of the road safety program continued and approximately 60% of the heavy vehicles fleet is now equipped with technology to assist or protect drivers. In terms of security, the Group launched a systemic review of incidents in 2023 to better understand the type, frequency and level of impact on its operations.

As part of the prevention of environmental risks, Air Liquide led in 2023 a study to assess the vulnerability of the Group's activities to climate risks related to the physical impact. This study identified the main perils relevant at the Group level, which include high temperatures, drought and fires. Mitigation plans will be drawn up, if necessary, at vulnerable sites. Air Liquide also continues the rollout of its water management objectives. In 2023, a part of the 76 water-intensive sites in areas of high water stress was audited and integrated in the water risk management processes. Moreover, the technical standard for the sustainable monitoring and control of industrial wastewater is being rolled out since September 2023.

In 2023, the methodology for identifying Sustainability-Critical Suppliers was reviewed to remove dependency of suppliers on Air Liquide from the criteria, because this risk is taken into account individually during supplier qualification. In addition, the Group has strengthened its expectations towards its suppliers by updating the Supplier's Code of Conduct. In particular, it includes additional articles on conflict minerals and the whistleblowing system. As part of the "Procure to Neutrality" climate roadmap, the Group Procurement Department launched a specific training module for buyers in 2023 so that they can engage suppliers on actions to measure their greenhouse gas emissions, climate objectives and the reduction of their impacts. 45% of the buyers completed this module

The ethics whistleblowing system, Ethicall, available for all of Air Liquide's stakeholders, enables a rapid and structured handling of alerts and an objective and confidential treatment. The Group Whistleblowing Policy defines the alerts treatment process and the principles for the protection of whistleblowers. Urgent situations in terms of health, safety or security, or the most serious accidents are treated through an internal reporting process in order to ensure a rapid treatment depending on the severity. 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.

## OVERVIEW OF KEY INDICATORS

| | Objectives | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| **Human Rights and Fundamental Freedoms** | | | | |
| **Risks related to labor relations** | | | | |
| Share of employees with access to a dialog structure | — | 82% | 86% | 87% |
| **Risks related to discrimination** | | | | |
| Share of women among "Managers and Professionals" [(a)] | 35% in 2025 | 31% | 31.5% | 32.0% |
| Share of women in Executive positions | 25% in 2025 | 24% | 24.8% | 24.7% |
| Internal equality index for the Group [(b)] | — | 75 [(c)] | 77 [(d)] | — |
| **Risks related to the transformation of the work environment** | | | | |
| Response rate for the annual My Voice survey | — | 83% | 77% | 81% |
| **Risks related to disparities in care coverage** | | | | |
| Share of employees benefiting from the common basis of care coverage [(e)] | 100% in 2025 | 34% | 42% | 78% |
| **Risks related to the violation of personal data protection** | | | | |
| Maturity assessment for personal data protection [(f)] | — | 2.74 | 3.01 | 3.20 |
| **Health and safety of individuals** | | | | |
| **Risks related to worker safety** | | | | |
| Lost-time accident frequency rate [(g)] of Air Liquide employees and temporary workers | — | 1.1 | 0.9 | 1.0 |
| Lost-time accident frequency rate [(g)] of subcontractors | — | 1.6 | 1.5 | 1.3 |
| **Risks related to road safety** | | | | |
| Frequency of preventable serious accidents with injuries [(h)] | — | 0.021 | 0.023 | 0.026 |
| **Environment** | | | | |
| **Risks related to climate** | | | | |
| Restated Scope 1 and 2 $CO_2$ emissions [(i)] *(in thousands of metric tonnes)* | -33% in 2035 compared to 2020 | 40,085 | 39,464 | 37,617 |
| *(change in %)* | | 1.3% | -0.3% | -4.9% |
| Carbon intensity [(j)] | -30% in 2025 compared to 2015 (7.3) | 5.5 | 5.5 | 4.9 |
| *(change in %)* | | -24% | -25% | -33% |
| Share of the 50 most important customers committed to carbon neutrality by 2050 | 75% in 2025<br>100% in 2035 | — | — | 74% |
| **Risks related to water management** | | | | |
| Annual gross water withdrawal (estimates in millions of $m^3$) | — | 950 | 973 | 944 |
| Annual net water consumption (estimate in millions of $m^3$) | — | 82 | 91 | 89 |
| **Suppliers and subcontractors** | | | | |
| Number of Sustainability-Critical Suppliers | — | 1,007 | 1,177 | 1,076 |
| Number of Sustainability-Critical Suppliers that have a valid score [(k)] | — | 814 | 922 | 769 |
| **Whistleblowing system** | | | | |
| Number of alerts reported in the whistleblowing system | — | 192 | 287 | 443 |
| Share of these alerts on discrimination and moral harassment | — | 51% | 45% | 41% |
| Share of these alerts on health, safety and environment | — | 9% | 9% | 8% |
| Requests for the exercise of rights or reports of violations of personal data | — | 56 | 50 | 124 |

(a) *The share of women among "Managers and Professionals" is rounded off in increments of 0.5%.*
(b) *Index calculated on a 100-point scale for Group entities with more than 200 employees.*
(c) *Results for 2021 calculated in 2022 on a scope representing 74% of the Group's workforce.*
(d) *Results for 2022 calculated in 2023 on a scope representing 81% of the Group's workforce.*
(e) *Share of employees benefiting from the three social benefits (life insurance, health coverage, maternity leave).*
(f) *The maturity of the responses to the self-assessment questionnaire is assessed on a four-point scale.*
(g) *Number of accidents with at least one day's absence per million hours worked.*
(h) *Per million km driven by trucks of over 3.5 metric tonnes.*
(i) *2021 and following years emissions restated to include in each year's emissions figures the emissions of the assets for the full year, taking into account (upwards and downwards) changes in scope that have had a significant impact on $CO_2$ emissions, in order to provide comparable figures with the restated 2020 baseline.*
(j) *In kg $CO_2$-equivalent/euro of Operating income recurring before depreciation and amortization and excluding IFRS 16 at 2015 exchange rates for Scopes 1 and 2 of greenhouse gas emissions using the "market-based" methodology (see methodology for calculating scopes in paragraph 4.1.2, page 113, and the reconciliation in Performance indicators paragraph of Chapter 1, page 62).*
(k) *Not all suppliers are reassessed every year because their score is valid for one to five years.*

# 1. Risk mapping – Methodology for the assessment of the Group's operations

The risk mapping methodology for the duty of vigilance across the scope of Air Liquide's activities is based on principles advocated by international standards: 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. The risk mapping for Air Liquide's suppliers and subcontractors is subject to a specific methodology (paragraph 5.1, page 120). These two mappings are complementary to the Group's risk management approach (page 72). The procedures for identifying risks for Air Liquide and for the duty of vigilance are interconnected insofar as some of the salient risks, namely those that have the most severe negative impacts for people or the environment, may correspond to material risks for the Group. Thus, in terms of human rights, the risks related to the discrimination of people are identified as societal risks for the Group (page 82). Industrial risks for Air Liquide (page 73) may have negative impacts on people, the most salient of which are identified in the duty of vigilance mapping. The environmental risks relating to the risks of greenhouse gas emissions resulting from its activities, the physical impact of weather phenomena due to climate change, and risks related to water management are identified as having potential negative impacts on both the environment and people, as well as the Group (page 81).

With regard to the salient risks falling within the scope of the duty of vigilance, the first step is to define a risk universe by identifying the potential negative impacts that Air Liquide's activities could cause to people and the environment. The Duty of Vigilance and Societal Responsibility Department determined this risk universe, in collaboration with the functions responsible for duty of vigilance stakes:

- by referring to the internationally recognized human rights in the International Bill of Rights and the International Labour Organization (ILO) fundamental conventions;
- by structuring issues related to human rights and fundamental freedoms and the health and safety of persons around types of potentially affected individuals: Air Liquide employees, external staff present on its sites (e.g. employees of subcontractors), local and neighboring communities, customers and their employees, patients, consumers and end-users, Shareholders and lastly, other third parties such as road users; and
- by giving indications on the potential materialization of each risk identified.

The risk universe used in the risk mapping for the duty of vigilance covers the following human rights issues:

- fundamental rights and principles at work: freedom of association and the right to collective bargaining, elimination of forced or compulsory labor, abolition of child labor, elimination of discrimination in respect of employment and occupation (e.g. women representation, equal pay), a safe and healthy work environment;
- other rights at work: work organization, wages and benefits, well-being and quality of life at work (e.g. absence of violence and moral or sexual harassment, transformation of the work environment), respect for privacy, provision of facilities (e.g. dining areas, restrooms, housing);
- the rights of local communities, including indigenous peoples: access to natural resources (e.g. water), land acquisition, lease and use (e.g. property rights and free, prior and informed consent), health, safety and security of local communities.

The second step consists of periodically analyzing and prioritizing all 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 with regard to two analytical prisms: Air Liquide's activities and the countries in which the Group operates. Two analysis criteria determine the salient nature of the risks:

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

The analysis of these two criteria is supplemented by monitoring (e.g. public indicators, external stakeholder assessments) to take into account possible aggravating factors that may increase the risks in certain countries or business sectors. This assessment also considers the most vulnerable groups of individuals: women, children and young people, indigenous peoples, migrant workers, people with disabilities, LGBTQ+ people, ethnic, religious or cultural minorities.

The risk mapping exercise for the duty of vigilance across the scope of the Group's activities is reviewed annually and updated as necessary. This mapping relies on previously completed exercises and in particular, a collaborative approach to identifying salient risks with employee representatives of L'Air Liquide S.A., the adaptation to the German Supply Chain Act, and the identification of specific risks related to Electronics and Engineering & Construction activities and to Seppic.

In 2023, the review of the risk mapping results for the duty of vigilance did not reveal any new salient risks. Forced and child labor are taken into account during the analysis but were not identified as salient risks on the overall scope of Air Liquide's activities.

The table below presents a summary of the salient risks and individuals and ecosystems potentially affected across the scope of the Group's activities in 2023.

| Duty of vigilance stakes | Salient risks | Potentially affected individuals or ecosystems |
|---|---|---|
| **Human rights and fundamental freedoms** | Labor relations | Air Liquide employees |
| | Discrimination | |
| | Disparities in care coverage | |
| | Transformation of the work environment | |
| | Violation of personal data protection | Air Liquide employees, patients, Shareholders |
| **Health and safety of individuals** | Worker safety (protection against work-related accidents) | Air Liquide employees and subcontractors |
| | Process safety | Air Liquide employees, subcontractors, local and neighboring communities |
| | Road safety | Air Liquide employees, subcontractors, roadside communities, third parties |
| | Product safety | Air Liquide employees and customers, patients and end users |
| | Security of individuals (protection against external threats, in particular malicious acts) | Air Liquide employees, subcontractors, external on-site visitors, neighboring communities, customers, suppliers and Shareholders |
| **Environment** | Climate – greenhouse gas emissions, physical impact | Ecosystems, Air Liquide employees, local and neighboring communities |
| | Water management – withdrawal and consumption, quality | Ecosystems, local and neighboring communities |

These salient risks, the assessment procedures, mitigation and prevention measures and the associated monitoring scheme are detailed in paragraphs 2, 3 and 4, pages 96, 103 and 111.

# 2. Human rights and fundamental freedoms

Air Liquide is committed to respecting and promoting 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 rights. Air Liquide shares the principles laid down in the International Bill of Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles on Business and Human Rights as well as the OECD Guidelines for Multinational Enterprises. These promote an ethical and responsible approach by companies in their activities by encouraging the implementation of human rights due diligence procedures. Moreover, the commitments of Air Liquide and its employees to human rights are affirmed in its Code of Conduct and on its website (https://www.airliquide.com/sustainable-development/human-rights).

Paragraphs 2.1 to 2.4, pages 96-102, address risks for employees, which are managed by the Human Resources functions. The Group Human Resources Department, under the direct supervision of a member of the Executive Committee, determines the strategy deployed by the operational departments. The Human Resources Management Committee, comprising the Group's largest operational departments, meets approximately six times a year to monitor measures implemented and assess their effectiveness.

Paragraph 2.5, page 102, deals with the risks related to personal data protection for employees, patients and Shareholders and details the associated governance. The Data Protection Officer and the Group's Digital Security Department rely on a network of 150 correspondents for the operational implementation of personal data protection actions. The Digital Security Committee and the Ethics and Compliance Committee oversee activities related to personal data protection.

## 2.1. RISKS RELATED TO LABOR RELATIONS

8 DECENT WORK AND ECONOMIC GROWTH
17 PARTNERSHIPS FOR THE GOALS

### 2.1.1. Description of salient risks

Air Liquide contributes to economic and social growth in the 72 countries [(1)] where it operates through its technical, industrial, medical and economic activities. Aware of the disparities between countries in the risks related to labor relations, the Group identifies the applicable laws and regulations locally, in particular with regard to working conditions and freedom of association.

### 2.1.2. Regular assessment procedures

One of the pillars of Air Liquide's Human Resources strategy aims to create an engaging employee experience based in particular on open, continuous and constructive social dialog between employees, social partners and Management.

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 dialog structure with the management is reported by the entities. Formal dialog structures (e.g. employee representative bodies), equivalent informal structures, or other forms of direct dialog with the management of the entity are taken into account in this assessment.

(1) *Excluding Russia, where the entities are no longer consolidated following the loss of control on September 1, 2022.*

### 2.1.3. Appropriate actions to mitigate risks and prevent severe impacts

Air Liquide is committed to meaningful labor relations in all of its subsidiaries. This comes in different forms according to local regulations. Air Liquide uses in particular information, consultation and negotiation processes with employees or social partners, depending on the local context. The Group or the entities also organize information meetings open to all employees to present the results, strategy or any other matters that concern them and to answer their questions. For example, in 2023, at Group level, the Sustainable Development Day was an opportunity to inform employees about the Group's strategy and results for 2022 during various online sessions.

In Europe, the European Works Council of Air Liquide has 29 employee representatives from 12 countries. It was renewed in 2021 for a term of four years. In 2023, two plenary meetings were held under the chairwomanship of a member of the Executive Committee. In addition, the Council Board, composed of five members elected in plenary session, met twice to be informed of and discuss several transnational projects and topics of interest to employees in Europe, in accordance with the founding agreement of the European Works Council.

In the first half of 2023, the Board, enlarged to include French representatives at the European Works Council, held exceptional meetings relating to the Group project for the transformation of Human Resources processes and organization. The purpose of these meetings was to prepare the information-consultation process concerning the reorganization of Human Resources business services centers in France. Further to the consultation process on the Group project in 2022, the European Works Council, in plenary, delivered an opinion in 2023 on the project in France, while dialog continued at local level in accordance with applicable laws.

In 2023, the following topics, among others, were presented and discussed at European Works Council meetings thanks to the support and direct participation of the relevant internal stakeholders:

- the "Know Our Safety Risks" initiative;
- hydrogen mobility projects;
- the remote and operation and optimization SIO centers (Smart and Innovative Operations);
- R&D results and vision;
- Human Resources transformation project;
- monitoring of Care & Perform initiatives (paragraph 2.3.3, page 101);
- results of the My Voice engagement survey;
- learning organization;
- digital security.

Every year, the Chairwoman of the European Works Council issues a report on various topics relating to the Group's businesses. The Group's annual results, and more specifically those in Europe and the results related to extra-financial performance (e.g. safety, reliability, staff turnover rate, training, diversity) have been presented to the European Works Council.

In 2023, after more than a year of meetings and exchanges of opinions at the level of the European Works Council and its Board, an amendment to the Council founding agreement was voted and signed at the November plenary session. This latest amendment integrates the best practices in favor of social dialog developed within the body through the joint recognition by Management and employee representatives of the value of effective labor relations.

The progress of the 2022 Vigilance Plan was presented at the plenary meeting of the European Works Council in 2023, as well as at the employee representation bodies of the Group in France and of L'Air Liquide S.A.

#### IN ARGENTINA, AIR LIQUIDE ACTS FOR SOCIAL DIALOG IN VARIOUS FORMS

In Argentina, Air Liquide implements various social dialog actions structured by a labor relations manager for the Latin America cluster (group of countries). In addition to annual negotiations with trade unions taking place at the national level, Air Liquide Argentina deploys two initiatives to better inform employees and listen to their needs:

- communication with employees is based on several channels ensuring optimal coverage. In addition to the use of the Intranet portal for wide distribution or sending emails to a target population, Air Liquide Argentina has 26 communication ambassadors at the various sites in the country. These ambassadors are local and privileged points of contact for everyday matters. They also meet with the Human Resources Department once a month to report information and the needs of employees on the sites;
- Air Liquide Argentina has created an Employee Assistance Program, that allows its employees to consult an expert on any psychological, economic, legal or social issues. In addition, this program makes it possible to organize regular Wellness Talks on subjects relating to well-being.

### 2.1.4. Monitoring of measures implemented and the assessment of their effectiveness

The Group ensures that labor relations are encouraged and, as part of this, 87% of Group employees had access to a dialog structure in 2023.

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| Share of employees with access to a dialog structure | 82% | 86% | 87% |

## 2.2. RISKS RELATED TO DISCRIMINATION

### 2.2.1. Description of salient risks

Air Liquide carries out activities with high technological content in a large number of countries with different cultures. Risks related to different types of discrimination, including with regard to gender diversity (gender disparity, in particular in technical or expert occupations), disability, race, origin, religion, sexual orientation and gender identity or age could affect the Group's employees.

### 2.2.2. Regular assessment procedures

One of the pillars of Air Liquide's Human Resources strategy aims to create an engaging employee experience, in particular by fostering Inclusion and Diversity. The latter, sources of strength and drivers of innovation and performance, are among the priorities of the Group's Human Resources policy. Inclusion and Diversity are fundamental elements of the organization, in terms of both businesses and employees, and drive Air Liquide's long-term performance.

To prevent risks related to discrimination, Air Liquide promotes a culture of inclusion, diversity and equal opportunities in career development and does **not tolerate any form of discrimination**.

Defined at Group level, the Inclusion and Diversity roadmap (paragraph 2.2.3, page 98) guides Air Liquide's strategy and is applied locally in its subsidiaries. At Group level, the objectives are to increase diversity within the managerial population and to improve the balance between women and men in order to ensure the availability of talents everywhere Air Liquide operates. At entity level, the objective is to have teams who represent the country in which they operate. Each entity is responsible for assessing the situation and implementing action plans specific to their country of operations and its legal framework.

### Gender equal pay

Each year, Air Liquide assesses the gender pay gap in France and at Group level.

In France, in accordance with the law of September 5, 2018 known as the "loi Avenir professionnel", Air Liquide calculates a Professional Equality Index for the 22 companies with 50 or more employees, based on five indicators defined by law. This index is presented to the relevant Social and Economic Committee and declared to the French administration. In 2023, the weighted average Professional Equality Index for all 22 companies was 86.7/100 and that of L'Air Liquide S.A. reached 89/100. The slight decline in the latter index is exclusively due to the circumstantial effect of the pre-retirement leave taken by two members of the governing body.

At Group level, Air Liquide assesses the gender pay gap in entities with more than 200 employees using an internal equality index adapted to its international presence. It makes it possible to identify the gaps in certain entities, to then analyze them and undertake action plans if necessary. This index is calculated on the basis of the weighting of four criteria:

- pay gap, using the median fixed and variable salary, per job grade;
- fixed and variable wage increase gap, per job grade;
- percentage of employees having received a salary increase after a maternity leave;
- gender diversity among the 10 highest remunerations.

## 2.2.3. Appropriate actions to mitigate risks and prevent severe impacts

A team within the Group's Human Resources Department is responsible for determining the Inclusion and Diversity roadmap and for coordinating related projects and initiatives at the global level. This roadmap is based on three pillars, detailed below:

- tracking objectives for all entities;
- mitigating bias in talent discussions and improving Human Resources processes;
- promoting a culture of inclusion.

### Tracking objectives for all entities

With its Sustainable Development program and its ADVANCE strategic plan for the 2022-2025 period, Air Liquide affirms its ambition to act for all and its commitment to promoting Inclusion and Diversity. The first pillar of Air Liquide's Inclusion and Diversity roadmap is thus tracking objectives for all entities. As Air Liquide's activities are based on technical and expert occupations, in which there are disparities between women and men, the Group has defined objectives for gender diversity. In this respect, 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.

### 2025 OBJECTIVES

Air Liquide's objectives for 2025 are:

- reach a 35% share of women in the "Managers and Professionals" population;
- reach a 25% share of women in Executive positions.

### THE INNOVATION AND DEVELOPMENT DIVISION LAUNCHES THE M[ ]RE INITIATIVE TO ACHIEVE ITS GENDER DIVERSITY GOALS

Launched in April 2023, M[ ]RE is the new gender diversity program of the Innovation and Development Division (IDD), contributing to the Group's objective for women among "Managers and Professionals". It is based on three main actions:

- equal opportunities recruitment: every manager ensures hiring as many men as women. The application of this principle takes into account the specificities of each market and is framed in a medium to long-term perspective;
- the cooptation program: each employee is encouraged to recommend external profiles to the Group, and can benefit from a doubled cooptation bonus for hiring a female profile, in compliance with the rules in force in their entity;
- the TomorroW program: a set of initiatives dedicated to women at the beginning of their careers to support their professional development and facilitate their access to a first management position.

As part of the TomorroW program, 80 mentoring relations have been formed, and meetings organized with Group entity managers. Moreover, two webinars on the theme of personal development have been offered in 2023 to all employees on the topics of "Women in Leadership" and "Challenging inappropriate conversations at work".

Each hub, business and entity implements its own roadmap and action plans promoting Inclusion and Diversity, taking the local context and regulations into consideration. Thus, other diversity objectives, such as nationality, disability and ethnic origin, are monitored at local level. By way of illustration, in France, on a scope covering around 6,000 employees, Air Liquide and the trade unions have signed a sixth company agreement in favor of the employment of people with disabilities from 2023 until 2025. Its objective aims to strengthen the actions already carried out to increase the direct employment rate to 6% by the end of 2025. In 2022, this rate, calculated in April 2023, was 4.46%.

### Mitigating bias and improving Human Resources processes

The Group provides guidance that helps entities achieve their Inclusion and Diversity objectives throughout the employee journey (recruitment, career management, wages and benefits, professional development, etc.). Moreover, the deployment of the new Human Resources management tool launched in 2022 ensures that talent and performance management processes are standardized and fair, thereby limiting the risks of discrimination. The Human Resources functions in each hub and business analyze processes and practices to identify potential biases and implement corrective measures ("nudges") to limit these biases. Thus, during the regular reviews of talents with high potential, Air Liquide takes the diversity of profiles into account, with the aim of continuing to increase diversity in the Group's key positions.

### Promoting a culture of inclusion

Promoting a culture of inclusion contributes to a sustainable approach to diversity. Numerous global and local initiatives are underway to support inclusion at Air Liquide.

Firstly, the Group promotes awareness-raising and training for its employees. The annual training on the Code of Conduct, mandatory for all employees, regularly includes modules related to the prevention of discrimination and harassment. In addition, the Group makes training resources on Inclusion and Diversity issues available permanently, such as the "#ILoveLearning" self-service package (e.g. "Bias in decision-making") and e-learnings.

Every year, Air Liquide organizes a Diversity Awareness Month, during which Inclusion and Diversity are promoted in several awareness-raising sessions open to all employees. This event addresses the topics of cognitive biases and their mitigation and offers sessions dedicated to different forms of diversity (e.g. cultural, generational and gender diversity, disability and LGBTQ+ people). In 2023, these sessions brought together nearly 660 employees. During this Diversity Awareness Month, employees participating in the third edition of the Movement for Inclusion, a program designed to conduct experiments over several months to introduce new practices to promote inclusion in their entities, shared the results and lessons of the 30 or so projects conducted in 2023.

At local level, the entities also develop training materials adapted to their business and context. For example, the Human Resources Department of Air Liquide U.S. has created a Diversity & Inclusion toolbox ("D&I Learning On Demand Toolkit") containing topics, in a variety of formats, classified by level of knowledge and target audience.

Secondly, Air Liquide encourages and implements initiatives that aim to share experiences and support the professional and personal development of employees in a culture of inclusion. These may be promotion actions, programs for the managerial population, mentoring or networks and communities of interest for different groups.

At Group level, the "**Inspiring Air Liquide Women**" project highlights the paths of women working within the Group from all walks of life, all geographies and all professional backgrounds to inspire other female employees, with the aim of encouraging them **to dare to achieve their ambition and objectives** both personally and professionally. "Inspiring Air Liquide Women" is a way to celebrate the many female achievements within the Group. These stories of 120 women from 43 different nationalities were published on a dedicated website (https://inspiringwomen.airliquide.com/about) to celebrate Air Liquide's 120th anniversary.

### IN ASIA PACIFIC, AIR LIQUIDE SUPPORTS MANAGERS TO PROMOTE GENDER DIVERSITY

In 2023, the "I Advance Women Managers & Professionals" initiative was launched in Asia Pacific to support managers towards the achievement of gender diversity objectives by 2025. Men and women employees committed to diversity led interactive workshops to work directly with 600 managers on barriers and obstacles to gender diversity. At the end of the sessions, they made individual commitments and set up an action plan to remove these barriers. In addition to awareness-raising, this initiative aims to generate individual responsibility in creating an inclusive environment where everyone thrives. Furthermore, the hub Asia Pacific, has created and made available to the operational entities a catalog of resources and actions in favor of Inclusion and Diversity, based on previous experience.

HandivAirsity
OUR DIFFERENCES MAKE OUR PERFORMANCE

At European level, the HandivAirsity initiative aims to encourage diversity by integrating people with disabilities in teams. The slogan "Our differences make our performance", carries a strong conviction which is fully in line with the Inclusion and Diversity roadmap of Air Liquide. The Group is committed to researching and implementing solutions allowing for the successful inclusion of people with disabilities throughout their professional career.

Air Liquide makes organizational and material adjustments, reviewed in case of change, to adapt the working situation to the disability, such as:

- schedule adjustments, additional remote working and workload adjustment;
- ergonomic studies and specific equipment and tools;
- adaptations to facilitate access to work premises;
- specific training and individual support services;
- transportation and moving assistance.

Furthermore, the Group raises awareness of its employees about the inclusion of disabilities in order to facilitate the recruitment, welcoming and professional integration of workers with disabilities in the company.

In France, the deployment of HandivAirsity rests on a network of key players: the National Disability Mission, in charge of coordinating the implementation of the Disability policy and supporting entities, and referents who notably coordinate a network of ambassadors. Each French subsidiary organizes an annual activity plan to inform its employees and fight against prejudice, in particular during the European Disability Employment Week (EDEW) or the DuoDay [(2)]. In addition, managers in France attended a specific training in 2023 for a successful inclusion of people with disabilities within teams, to remove barriers to recruitment and to support them in their questions. Now ambassadors to their peers, they contribute through their testimonials to mobilizing everyone around inclusion.

(2) *The DuoDay is a day during which an entity welcomes a person with a disability, who is paired with a volunteer employee.*

### IN FRANCE, AIR LIQUIDE ORGANIZES A ONE-DAY SEMINAR TO UNITE KEY PLAYERS AROUND THE 2023 HANDIVAIRSITY ROADMAP

In order to implement the Group's commitments and objectives in France in terms of inclusion of employees with disabilities, a one-day seminar was held in June 2023, with the following objectives:

- uniting all stakeholders around this corporate project of inclusion, by giving vision and visibility to the roadmap for France;
- reconstituting and boosting an inter-entity team that shares lessons, experiences and best practices;
- working together to develop efficient interactions within the organization.

70 participants, all responsible for the rollout of the Disability roadmap within their entities (Human Resources Directors, Referents, Ambassadors, Recruitment Managers, Communication Managers, etc.) thus took part in workshops, attended inspirational testimonials and plenary presentations.

Locally, the entities implement initiatives to promote a culture of inclusion. This is particularly the case in the United States, where communities in networks known as "Business Resource Groups" (BRGs) have been created for women, veterans, African-Americans, LGBTQ+ people, Hispanic and Asian Americans.

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

In 2023, Air Liquide United States received for the fourth 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. The Group is committed to ensuring the well-being of all its employees and will therefore continue, like employees in the United States, to promote a culture of Inclusion and Diversity.

### 2.2.4. Monitoring of measures implemented and the assessment of their effectiveness

In terms of gender equality, Air Liquide has created its own procedure to define its reporting methods for Human Resources indicators. This procedure includes all of 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 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Share of women among "Managers and Professionals" (a) | **35%** | 31% | 31.5% | 32.0% |
| Share of women in Executive positions | **25%** | 24% | 24.8% | 24.7% |

(a) *The share of women among "Managers and Professionals" is rounded off in increments of 0.5%.*

#### Gender equal pay

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| Professional Equality Index in France (a) | 86.5 | 90.5 | 86.7 |
| Internal equality index for the Group (b) | 75 (c) | 77 (d) | — |

(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 Group entities with more than 200 employees.*
(c) *Results for 2021 calculated in 2022 on a scope representing 74% of the Group's workforce.*
(d) *Results for 2022 calculated in 2023 on a scope representing 81% of the Group's workforce.*

The result of the 2022 internal equality index for the Group, calculated in 2023, was 77/100 for a coverage of 81% of the Group's workforce, whereas the result of the 2021 index was 75/100 for a scope covering 74% of the workforce. An improvement actions are rolled out on a yearly basis:

- part of the "Merit Increase" budget was allocated to filling wages gaps;
- awareness workshops on the index criteria were organized for the Human Resources functions and the managers.

## 2.3. RISKS RELATED TO THE TRANSFORMATION OF THE WORK ENVIRONMENT

### 2.3.1. Description of salient risks

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.

### 2.3.2. Regular assessment procedures

Employee engagement is one of Human Resources' priorities. Air Liquide is conducting a program to **measure engagement**, My Voice, which aims to improve the experience and well-being of employees. It is based on a simple concept: listen, understand and act. Each year, the Group sends a questionnaire to all employees, asking about their experience at Air Liquide in order to better understand their expectations, identify and implement appropriate actions and thus significantly improve their engagement.

The questionnaire addresses around 20 topics and allows comments to be made. The questions relate to several dimensions of the employee experience, both at the personal level (e.g. work-life balance, inclusion, respect, empowerment, career and development opportunities) and the functioning of the organization (e.g. safety, continuous improvement, procedures, decision-making and team collaboration). The responses are anonymized to ensure that employees are free to express their thoughts. Results are collected in real time, aggregated and analyzed by means of a shared system for the entire Group. Once the survey is completed, each manager has access to their team's results – if the thresholds guaranteeing the confidentiality of the responses are reached – to help them in their mission and enable them to share the results with their team.

### 2.3.3. Appropriate actions to mitigate risks and prevent severe impacts

One of the pillars of Air Liquide's Human Resources strategy aims to create an engaging employee experience. The Group thus strives to pursue the transformation, in particular through continuous feedback (My Voice), to foster greater mental health at work and to adapt to new ways of working whilst maintaining a sense of belonging.

With the My Voice 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. In 2023, the survey period took place in September, instead of April in previous years. At the end of 2023, the process of identifying and deploying actions based on the results of the survey was therefore still ongoing, both at the level of team managers and at higher levels within the Group.

In 2019, the Group partnered with the European Works Council to develop the "Care and Perform" initiative, whose purpose is to prevent psychosocial risks. This initiative led to the drawing up of a charter based on principles co-constructed with the European social partners 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 have been concluded to meet specific needs and support the transition toward new working conditions, in particular on the right to disconnect and remote working.

More generally, within the context of changes to organizational models and ways of working, the Group launched a global project in 2020 called "Next Normal" to support this shift in working methods.With this project, the entities can provide their employees with:

- a working framework including team management;
- a structured remote working policy;
- reorganization of workspaces;
- a framework for rethinking customer and patient interactions;
- a new framework for a responsible travel policy at Air Liquide.

To facilitate the rollout 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 experiments. Working groups were then organized with employees in the entities to validate the commitments. As part of the "Next Normal" project, the European Works Council drafted a reference document in 2022 sharing in particular guidelines for social dialog in European entities and New Design of Offices attention points.

### 2.3.4. Monitoring of measures implemented and the assessment of their effectiveness

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| Response rate for the annual My Voice survey | 83% | 77% | 81% |

Since its launch, the My Voice program has confirmed Air Liquide's strengths which contribute to employee engagement and identified opportunities, particularly in a demanding and dynamic international and economic context, in order to provide appropriate responses as quickly as possible (paragraph 2.3.3, page 101).

## 2.4. RISKS RELATED TO DISPARITIES IN CARE COVERAGE

### 2.4.1. Description of salient risks

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

### 2.4.2. Regular assessment procedures

The risks are linked to Air Liquide's presence in 72 countries [3] with a **variety of social protection systems**.

In 2020, a project was launched within the Human Resources Department to organize a survey among its correspondents in all the entities. The 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 decided to offer a common basis of care coverage to employees.

(3) *Excluding Russia, where the entities are no longer consolidated following the loss of control on September 1, 2022.*

### 2.4.3. Appropriate actions to mitigate risks and prevent severe impacts

**2025 OBJECTIVE**

With its Sustainable Development program and its ADVANCE strategic plan for the 2022-2025 period, Air Liquide affirms its ambition to act for all by committing to offer a common basis of care coverage for 100% of employees by 2025. This care coverage guarantees:

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

From May to September 2021, entities were grouped by country so that gaps in their current coverage could be assessed and a plan could be devised to phase in upgrades by 2025.

A special team was set up within the Human Resources Department to oversee the plan's rollout and measure progress within the Group on an annual basis. In addition, in 2022, each hub has drawn up a 2023-2025 roadmap to achieve the objective.

### 2.4.4. Monitoring of measures implemented and the assessment of their effectiveness

Since the announcement of its commitment in 2021, the Group has defined a new indicator to monitor the annual progress in its implementation.

| | 2025 objective | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Share of employees benefiting from the common basis of care coverage [(a)] | **100%** | 34% | 42% | 78% |

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

In 2023, the proportion of employees benefiting from the common basis of care coverage program was 78%, thanks to the progress made in particular with regards to:

- the life insurance coverage in the Asia Pacific and Europe hubs;
- maternity leave in the Americas hub; and
- health coverage in the Europe hub.

## 2.5. RISKS RELATED TO THE VIOLATION OF PERSONAL DATA PROTECTION

### 2.5.1. Description of salient risks

Personal data can be used dishonestly in order to violate the privacy, rights and property of individuals, or for purposes of discrimination. The people most likely to be exposed to these risks in the context of Air Liquide's activities are the 2 million home healthcare patients treated by Air Liquide, the 800,000 individual Shareholders and the 67,800 Group employees.

### 2.5.2. Regular assessment procedures

The level of risk of **violation 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 assessment 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 assessed include in particular:

- the nature of the personal data (e.g. patient health data, asset and financial data of Shareholders, family or financial data of employees);
- the purposes of personal data processing activities;
- 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.

### 2.5.3. Appropriate actions to mitigate risks and prevent severe impacts

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 (https://www.airliquide.com/sites/airliquide.com/files/2021/05/04/air-liquide-bcr-global-privacy-policy.pdf);
- the appointment of a Data Protection Officer (DPO) who relies on a network of more than 150 regional or local Information Protection Coordinators (IPC) spread throughout the Group (by hub, cluster – group of countries – business 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 rollout of tools such as:
  - records of personal data processing activities,
  - initial employee training accompanied every two years by a reminder during training sessions on the Code of Conduct,
  - 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 as specified in the Group's personal data protection policy (Rule no. 6) or to report any personal data protection violations (paragraph 6.2.2, page 125).

Personal data processing identified as having the greatest impact on people (for example, processing of patients' personal data) are reviewed annually by internal experts.

### 2.5.4. Monitoring of measures implemented and the assessment of their effectiveness

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 the Binding Corporate Rules (BCR).

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 completed by each Group entity employing more than four people. This questionnaire covers:

- the existence of a BCR adherence contract;
- the presence of a local representative of the Data Protection Officer – DPO – (the local Information Protection Coordinator – IPC – or another person in case of a specific obligation deriving from a country's legislation);
- the existence of the records of personal data processing activities;
- employee training;
- protection analyses by design and by default and risk analyses;
- the process for exercising rights and reporting possible data violations;
- contractual clauses with third parties (in particular with subcontractors to which Air Liquide entrusts the processing of personal data on its behalf);
- requests for access to personal data by State authorities or security services.

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

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

Lastly, the Group's Internal Audit Department includes the protection of personal data in the planned audits of entities or conducts audits specific to the protection of personal data as part of the internal audit plan or at the request of the DPO.

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| Exercise of rights and alleged violations of personal data | 56 | 50 | 124 (a) |
| Number of subsidiaries adhering to the BCR (b) | 341 of 375 | 342 of 379 | 380 of 385 (c) |
| Maturity assessment (d) | 2.74 | 3.01 | 3.20 |
| Number of audits carried out | 2 | 7 | 3 (e) |

*(a) The number of people exercising their rights has increased significantly in the Americas with the growing awareness of their rights by people in the Americas.*
*(b) The number of subsidiaries adhering to the Binding Corporate Rules (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.*
*(c) The number of subsidiaries adhering to the BCR in 2023 represents 98% of the Group's employees.*
*(d) The maturity of the responses to the self-assessment questionnaire is assessed on a four-point scale.*
*(e) Three audits specific to personal data protection.*

# 3. Health and Safety/Security

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH

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, subcontractors, customers, patients, suppliers and local communities to professional, industrial and health risks.

Safety and security refer to the measures and practices implemented to preserve the life, health and physical integrity of individuals. Safety is achieved by controlling industrial process, road, occupational and product risks. Security is achieved by protecting sites and operations, notably against malicious acts, and by controlling business travel.

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

## 3.1. A FRAMEWORK FOR SAFE AND RELIABLE OPERATIONS

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

To assess and manage these risks, the Group has an Industrial Management System (IMS), which is applicable in all Air Liquide subsidiaries. The IMS is based on:

- the accountability of the departments of the various Group subsidiaries for the implementation of this system;
- issuance of key organizational and management procedures relating respectively to:
  - compliance with standards and regulations,
  - competence management (training, qualifications if necessary, and more),
  - process risk management,
  - occupational health, safety and environmental management,
  - road safety management,
  - industrial emergency management,
  - management of change,
  - management of maintenance,
  - control of products and services from providers,
  - management of installation projects,
  - management of product development,
  - management of production and service provision,
  - incident reporting and investigation,

- management of industrial audits,
- integration of shared technical standards within the Group subsidiaries.

The IMS is fueled by years of experience and designed with a constant concern for the safety of the Group's employees, subcontractors, customers, patients, suppliers and the communities in which Air Liquide operates. The IMS document library aims to document the Group's knowledge and requirements to ensure the safe and reliable operation of its industrial processes. It is continuously updated and enriched.

As the Group's businesses grow, the level of requirements of its customers increases and Air Liquide's commitment to societal responsibility is strengthened, new challenges and opportunities arise. Thus, building on the experience acquired, a project was carried out to adapt the IMS. While maintaining the strong fundamentals established since 2005, the procedure was simplified, roles and responsibilities made clearer and governance strengthened, making the IMS easier to apply to daily operations and therefore even more effective.

The Safety and Industrial System Department and the Industrial Departments of the World Business Lines, under the supervision of a member of the Executive Committee, supervise and control the implementation of the IMS, by notably relying on:

- 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 production unit to prevent any accidents due to a construction defect;
- technical audits to ensure the compliance of operations with Group rules.

A regular assessment of industrial risks that may affect individuals covers all Group activities in all geographies. The frequency of these assessments is adapted to each subject: for example, monthly safety performance reviews or an annual review of technical audits. Other topics require assessments at an ad hoc pace.

The Industrial Management System, IMS, institutionalizes the methodical "Plan – Do – Check – Act" approach which is essential for process safety. 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 the recurrence of incidents.

The IMS defines the industrial audit process, its governance and its implementation. This audit process makes it possible to periodically analyze and assess the compliance of the activities of each subsidiary with its own industrial management system, the effectiveness of this system and its compliance with the Group's Industrial Management System. Following an industrial audit, action plans are implemented based on the opportunities for improvement identified, and best practices are shared.

Subsidiaries regularly report all safety and security events in the Group's reporting tool. Each month, every event reported is reviewed by a team of experts. The most serious events are analyzed in detail, the corrective action plan is reviewed and approved at the appropriate management level, and lessons learned are shared with Group entities 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 the 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.

## 3.2. RISKS RELATED TO WORKER SAFETY

### 3.2.1. Description of salient risks

Beyond the usual risks inherent in all industrial activities, Air Liquide's businesses entail more specific risks that may affect individuals. Industrial processes notably expose employees and subcontractors to the corresponding risks (paragraph 3.3, page 106). Road transport, a major activity for transporting products to customers, results in the exposure of drivers (employees or subcontractors) and third parties to the risk of road accidents (paragraph 3.4, page 107).

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

### 3.2.2. Regular assessment procedures

A Job Hazard Analysis ensures a safe workplace for all, with the implementation of prevention measures adapted to the configuration of the work environment and the needs of employees. Thus, each job was subject to risk analysis in accordance with the following steps:

- identification of risks related to the tasks to be performed;
- assessment of their severity and the probability of occurrence;
- identification of critical points; and finally,
- identification and implementation of prevention measures.

Work habits, poor postures, access routes, etc., are also taken into account in these analyses.

In the course of its activities, Air Liquide may use subcontractors. In this event, the Group ensures that the level of safety requirements and rigor applicable to subcontractors is equivalent to that expected of the Group's employees. To this end, the Group includes a description of its security requirements in the contracts it signs with subcontractors. New suppliers are subject to a technical assessment covering, in particular, safety and reliability issues.

### 3.2.3. Appropriate actions to mitigate risks and prevent severe impacts

Air Liquide relies on continuous actions to raise the awareness of its teams through specific training related to the knowledge and the mitigation of industrial risks that may affect individuals. Each employee working on an industrial site receives training and qualification courses specific to their job 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.

Safety is a collective commitment and everyone's responsibility. 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. Everyone working for Air Liquide, whether an employee or subcontractor, must know these rules, follow them and always intervene if there is a risk of unsafe behavior or conditions. The interpretation and meaning of each rule is widely shared within the Group and with subcontractors. The Life-Saving Rules are in force in all countries and translated into at least ten languages. The Safety and Industrial System Department provides entities with various communication, awareness-raising and training materials. Failure to comply with the Life-Saving Rules by any person working at an Air Liquide site is a serious act that may result in appropriate disciplinary measures, up to and including exclusion.


1. I do not work under the influence of drugs and/or alcohol.
2. I do not smoke outside designated smoking areas.
3. I wear the Personal Protective Equipment required for the job.
4. I wear an ambient gas detector when required.
5. I never enter a confined space without authorization.
6. I work with a valid Safe Work Permit.
7. I apply isolation procedures before working on potentially energized systems.
8. I do not disable an Element Important for Safety (EIS) without authorization and compensatory measures.
9. I wear fall-prevention equipment when working at heights.
10. I do not walk under suspended loads.
11. I secure the load on vehicles.
12. I always wear a seat belt when I am in a moving vehicle.

## IN EUROPE, AIR LIQUIDE ORGANIZES THE SAFETY AWARDS

The 13th European Safety Awards ceremony was held in November 2023. Previous editions made it possible to take a major step forward in improving the Group's safety culture. This 2023 edition of the "European Safety Awards" was an opportunity to focus on knowledge and understanding of safety risks, a necessary prerequisite in Air Liquide's safety culture. The "Safer together" theme enabled further work on raising awareness of security risks, as part of a proactive prevention approach, and highlighted certain initiatives deployed by European entities on the knowledge and management of safety risks among customers and patients, subcontractors and employees.

When Air Liquide uses subcontractors as part of its activities, the contracts include safety clauses and the Group communicates to the subcontractors the safety values, standards and regulations in force that must be respected. Safety instructions are widely shared, understandable and detailed in the organization of work with subcontractors, who are supervised during the execution of services. Finally, Air Liquide assesses the safety performance of subcontractors once the task has been completed and encourages sharing in the form of feedback.

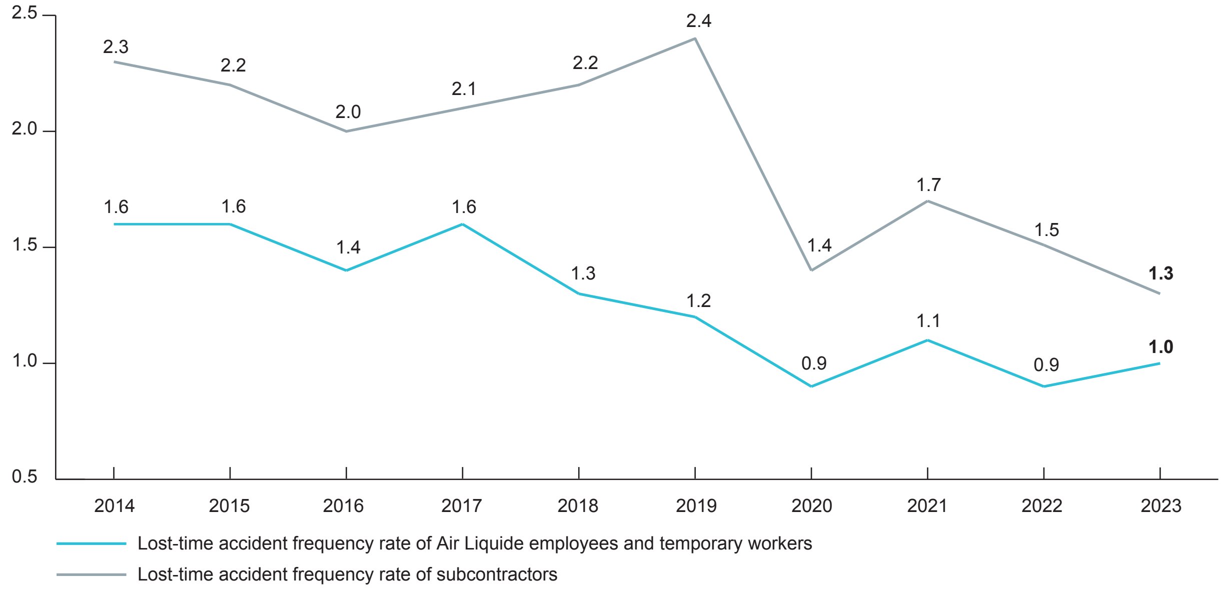
## PRIVILEGED MOMENTS TO MEET SUBCONTRACTORS IN POLAND

Each year, Air Liquide Poland organizes a Safety Week in September. This is an additional opportunity to meet the subcontractors, carriers and the main customers with whom the Group works on a daily basis. This makes it possible to instill a different dynamic on the subject of safety, which is part of the regular training programs. This week was punctuated by numerous activities, including the simulation of a fall from height and the extinguishing of a simulated fire, a simulation of working at height, another one using virtual reality glasses to simulate driving under the influence of alcohol and drugs, and consultations with a physiotherapist. This approach ensures that safety, a fundamental value of Air Liquide, is shared with its business partners, because only together can this safety culture benefit everyone.

### 3.2.4. Monitoring of measures implemented and the assessment of their effectiveness

The lost-time accident frequency rate is one of the safety performance review indicators. As illustrated in the chart below, this frequency rate has steadily improved over the years for Air Liquide employees and subcontractors.

LOST-TIME ACCIDENT FREQUENCY RATE [(a)] OF AIR LIQUIDE EMPLOYEES AND SUBCONTRACTORS




*(a) Number of accidents with at least one day's absence per million hours worked.*

The lost-time accident frequency rate of Air Liquide employees and temporary workers slightly increased by +4% and tends towards 1.0 at the end of 2023, compared to 0.9 at the end of 2022.

The Group has made and will continue to make every effort to analyze the accidents that have occurred in order to learn from them and thus prevent them from happening again. To achieve a significant and lasting reduction in lost-time accidents, Air Liquide must remain vigilant at all times, continue to raise awareness and take all preventive actions to reinforce the safety culture within its teams.

With regard to subcontractors, over the long term, the lost-time accident frequency rate has improved. In 2023, the number of lost-time accidents of subcontractors decreased by -16% significantly reducing the corresponding frequency rate. However, efforts still need to be made to further reduce the number of accidents for subcontracted operators and drivers and thus achieve a level of safety performance similar to the one of the Group employees.

Air Liquide is aware that managing risks for subcontractors is a challenge: the subcontractor management process includes several phases involving different stakeholders and their "market profile" may create unfavorable conditions (e.g. a high driver turnover rate, a limited choice of subcontractors, a weak local safety culture). In order to improve the safety performance of its subcontractors, the Group identified the main areas of work in 2020 (types of contracts, business lines, geographies, etc.) and best practices (internally and thanks to external benchmarks), and improvement actions are gradually being implemented (paragraph 3.2.3, page 104).

## 3.3. RISKS RELATED TO PROCESS SAFETY

### 3.3.1. Description of salient risks

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.

Based on the risk prevention work carried out by Air Liquide for many years, the salient risks related to industrial processes are:

- exposure to hazardous energy sources, fluids and emissions, such as electricity, pressure, steam, hot water, high or very low temperatures;
- fires resulting, in particular, from flammable products and materials or electrical installations; and
- exposure of people to dust and hazardous chemicals through inhalation, ingestion or skin contact.

### 3.3.2. Regular assessment procedures

Like all production (primary production and packaging), distribution and research activities, the Group and its subcontractors are exposed to risks related to process safety.

Risks related to process safety are analyzed using various methods, in particular the HAZOP (HAZard and OPerability analysis) methodology. A multidisciplinary team contributes to the comprehensiveness of the identification of credible scenarios that could lead to a critical situation, taking into account the unwanted events identified through the analyses of process and HSE (Health Safety Environment) risks. On this basis, each Group subsidiary is required to implement measures to prevent the risks identified at each of its industrial sites.

In addition to generic risks, each subsidiary, under the supervision of its Managing Director, regularly identifies specific risks related to its production and packaging activities. The objective is to identify the hazards globally and for each facility, in order to assess the risks and implement the necessary preventive measures.

### 3.3.3. Appropriate actions to mitigate risks and prevent severe impacts

Process safety 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 is to control the most severe risks relating to industrial processes. They have been assigned the necessary resources (expertise and budgets) and follow a roadmap.

#### Management of industrial emergencies

In the event of an emergency, the primary responsibility of the entity's Managing Director is to analyze its nature, assess both the severity of the situation and the potential impacts on the basis of the risks previously identified, and take all necessary measures to ensure the safety of people. A 24/7 on-call system receives emergency calls and contacts the people responsible for setting up an appropriate response at local level.

A business continuity plan adapted to each entity describes the previously defined sequence of actions that will allow the continuation or restoration of operational functions, IT resources, networks and facilities in the event of an unexpected disruption to the service. The aim of this plan is to protect people and property and to limit the impact of the disruption on the entity's activities.

Exercises are regularly carried out on a variety of scenarios, and the results and lessons learned are documented, thus informing the business continuity plan.

#### AN INTERNAL OPERATION PLAN RETHOUGHT AT CASTRES' SITE (FRANCE) THANKS TO NEW TECHNOLOGIES

Being well prepared for emergencies is essential in order to react appropriately and limit the impacts. An Internal Operation Plan (IOP) that is regularly updated is key in anticipating such incidents. In Seppic Castres, a upper-tier Seveso site, this IOP is tested at least once a year during an exercise carried out jointly with firefighters. Each month, Seppic's second response team, which supports firefighters, undergoes on-site training, thus putting into practice one of the scenarios provided for in the IOP. In 2023, the site rethought its IOP to make it even more operational by taking advantage of the availability of new tools and technologies (e.g. semi-automatic staff counting solution before the assembly point, mobile weather station, communication screens, skills matrix for training the Seppic response team).

### 3.3.4. Monitoring of measures implemented and the assessment of their effectiveness

As with the safety of employees and subcontractors, the subsidiaries regularly report all events related to process safety in the Group's reporting tool. Each month, every event reported is reviewed by a team of industrial processes experts. The most serious events are analyzed in detail, presented to the Industrial and Safety Committee (paragraph 3.1, page 103), and lessons learned are shared with Group entities that could be potentially affected by similar situations.

The progress of specific action plans aimed at bringing the most serious risks related to industrial processes under control is regularly monitored by the Group's General Management.

The industrial process risk management process is subject to regular audits by the Group's Industrial Audit Department.

## 3.4. RISKS RELATED TO ROAD SAFETY

### 3.4.1. Description of salient risks

Air Liquide delivers products to its customers and patients by road in 72 countries [(1)]. Each year, delivery vehicles, sales staff and technicians travel hundreds of millions of kilometers. Non-compliance with traffic regulations or the lack of regular maintenance of vehicles would expose drivers and third parties to increased risks of accidents.

### 3.4.2. Regular assessment procedures

Air Liquide relies on a structured program to mitigate risks on the road. This program was strengthened in 2020 by the update of the internal requirements procedure. Operations are assessed and audited regularly to ensure compliance with this procedure.

### 3.4.3. Appropriate actions to mitigate risks and prevent severe impacts

The road safety program is based on several mitigation and prevention actions, the main ones being:

- 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 60% of the vehicles are already equipped, and the aim is to reach 80% in the coming years;
- regularly raising awareness among professional and occasional drivers on safe behavior on the road;
- developing the role of master 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 master drivers actively contribute to forging the driver's safety mindset and participate in improving training and qualification processes.

(1) *Excluding Russia, where the entities are no longer consolidated following the loss of control on September 1, 2022.*

### AIR LIQUIDE INDONESIA RELIES ON TECHNOLOGY TO REDUCE CASES OF FATIGUE WHILE DRIVING

Fatigue and distraction are the main factors in road accidents. The system deployed in the South-East Asia cluster (group of countries) makes it possible to collect, visualize and analyze the behavior of each driver. Close collaboration between drivers, master drivers and managers is the key to success. The combination of these technological elements with the sharing of best practices between the entities in the road-related risk prevention program has enabled Air Liquide Indonesia to significantly improve road safety. In addition to technology, root cause analysis and driver well-being are key elements of this progress.

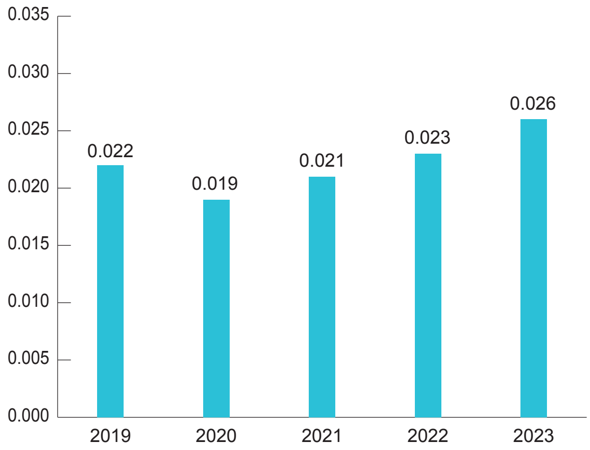
### IN AMERICA, AIR LIQUIDE HONORS ITS DRIVERS AND PROMOTES ROAD SAFETY

In the United States, Airgas organizes the National Driver Recognition Week each year. This campaign encourages management and teams to show their recognition of the work done by Airgas drivers by honoring them locally. It promotes the continuous efforts of drivers to deliver products to customers safely and on time and their overall contribution to the safety of roads and highways. Drivers are committed to giving prevention advice and reminding everyone of their responsibilities on the road. These behaviors reinforce the message of the Air Liquide Group program: “Together, make the roads safer because we care.”

In 2023, Air Liquide Argentina organized its road safety week with the support of its management, Procurement and Logistics Departments, commercial activities, master drivers and managers from all its carriers. Throughout the week, the webinars and activities organized involved employees, subcontractors and drivers. The week ended with a moment of recognition for the best drivers of the transport partners, with their families present. The best suggestions for improvement raised during this week will be taken up and implemented in all Latin American countries from 2024.

### 3.4.4. Monitoring of measures implemented and the assessment of their effectiveness

#### ROAD SAFETY: FREQUENCY OF PREVENTABLE SERIOUS ACCIDENTS WITH INJURIES [(a)]




*(a) Per million km driven by trucks of over 3.5 metric tonnes.*

With regard to risks related to road safety, the year 2023 shows a slight decline in performance compared to the previous year It was marked by the death of a truck employee driver in a road accident. In addition, several accidents involving an Air Liquide vehicle, unfortunately resulted in the death of third parties.

The analysis of road accidents in recent years has highlighted certain recurring causes, such as fatigue or distraction while driving. Air Liquide's 2021-2025 program seeking to implement digital driving assistance and fatigue prevention technologies is being pursued as well as its support for changes in driving behavior in all the geographies where the Group operates. These initiatives are gradually improving transport safety on the road.

## 3.5. RISKS RELATED TO PRODUCT SAFETY

### 3.5.1. Description of salient risks

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 and patients, 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.

### 3.5.2. Regular assessment procedures

The regulatory watch process integrated in the Industrial Management System (IMS) in place in each Air Liquide subsidiary (paragraph 3.1, page 103) ensures product compliance with any regulatory changes applicable to them.

Likewise, the IMS procedure on the management of product development includes the analysis of associated risks, from the moment the products are designed, including the need for them to be used safely.

### 3.5.3. Appropriate actions to mitigate risks and prevent severe impacts

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 shoulder 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.

### 3.5.4. Monitoring of measures implemented and the assessment of their effectiveness

Air Liquide customers are invited to report to the Group Customer Service any incidents related to the use of Air Liquide's products.

In the context of Healthcare activities, specific processes such as pharmacovigilance (for products with drug status) and materiovigilance (for products with Medical Device status) are defined to ensure the reporting of incidents concerning these products from healthcare professionals or patients:

- the purpose of pharmacovigilance is to monitor, assess, prevent and manage the risk of adverse effects resulting from the use of drugs. The system set up within Air Liquide Santé International has global coverage and thus makes it possible to constantly monitor and assess the benefit/risk ratio of medical gases. As pharmacovigilance is a science that is highly regulated by the health authorities, Air Liquide Santé International also conducts a regulatory watch. This activity aims to identify and analyze the applicable texts (laws, best practices, etc.) in order to ensure these operations are conducted in compliance with the defined standards;
- the purpose of materiovigilance is to avoid the (re)occurrence of incidents and risks of serious incidents involving medical devices, by taking appropriate preventive and/or corrective measures. Air Liquide has specialized teams in its subsidiaries to analyze and deal with any event or risk of incident occurring during the use of medical devices or reported by manufacturers or health authorities. These specialists assess the risk and systematically inform the supplier and health authorities when necessary, while remaining in contact with the various stakeholders until the closure of the alert.

## 3.6. RISKS RELATED TO THE SECURITY OF INDIVIDUALS

The security of individuals is one of the Group's priorities. It embodies the Group's fundamental principle of responsibility. The security teams have a duty to relay this principle. This is an alignment with the Group's values that promote the overall integration of employees and external stakeholders such as customers, suppliers and subcontractors, visitors, as well as neighboring communities or Shareholders.

### 3.6.1. Description of salient risks

In addition to endogenous risks, i.e. those generated by its own activity (occupational accidents, industrial accidents, etc.), the Group may also be faced with widespread exogenous risks (not generated by its own activity and which come from outside).

The exposure of employees and the external stakeholders mentioned above to these threats may take the form of verbal or physical assault, theft, or even minor or major crises (e.g. the military conflict between Russia and Ukraine, the indirect consequences of the Israeli-Palestinian armed conflict). Therefore, it is essential for Air Liquide to properly identify these risks and threats, to analyze and understand them and to put in place security systems that protect employees, whether they are at their usual workplace or they are traveling to a high-risk country.

The generic mapping of risks related to the security of individuals is based on three types:

- political and security risk;
- risk related to terrorism;
- risk related to criminality.

### 3.6.2. Regular assessment procedures

The Group is attentive to the geopolitical environment of the countries in which it operates. This is an important criterion in investment decisions. A good understanding of the environments in which the Group operates enables it to adopt a security posture in accordance with its requirements and its duty to protect.

The Group Security Department establishes a classification of security risks for the countries in which its employees work and travel. It is based in particular 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. On a scale of four risk levels, it enables the Group to determine and implement the appropriate level of security measures corresponding to the level of threat identified. The occurrence of serious or repetitive events results in the review of a country's risk level. The country manager must approve the level of security risk determined for the country.

In 2023, for the countries in which Air Liquide is present, four are classified as very high risk (Burkina Faso, Mali, Nigeria and Ukraine) and ten are high risk. The others are split between moderate and low risk.

In parallel with this classification, Air Liquide sets up a threat monitoring. The ability to collect, sort and analyze information makes it possible to understand the specific environments in which employees work by identifying threats and anticipating possible incidents, crises or changes in the structural or economic environment of the countries in which the Group operates. Where necessary, Air Liquide updates the security and travel rules to limit the exposure of its employees and adopts conservative security postures to protect those most exposed.

In certain unavoidable circumstances, employees may face illegal or criminal acts. It is important to detect, analyze and understand these in order to better protect employees and reduce the risk of occurrence. In 2023, the Group launched a systemic review of incidents in order to better understand the type, frequency and level of impact on its operations.

In all its subsidiaries, the Group has security officers who are regularly trained to adopt the appropriate security posture and implement the security measures that protect employees.

### 3.6.3. Appropriate actions to mitigate risks and prevent severe impacts

Based on the risk assessment, the Group Security Department defines and coordinates the implementation of appropriate measures to limit employee exposure to potential negative impacts during a crisis or incident. It has a range of measures that can be deployed, depending on the level of risk identified, in all subsidiaries to protect employees and the external stakeholders listed above:

- active and passive security systems across all sites. The fundamentals of our site protection policy include secure fencing, a controlled access process, an adapted security and surveillance system, and finally, the means to intervene and respond in the event of an intrusion;
- security reviews systematically carried out by the Security Officers to ensure the proper level of protection of employees and sites;
- crisis management and business continuity processes to deal with crisis environments and limit the impact on both employees and organizations;
- an analysis of the most serious incidents carried out by the Group Security Department in collaboration with the local entities to adapt the security rules. Surveillance camera systems are set up to record the most critical points of a site and the recordings are viewed after the event in order to understand the origin of potential intrusions;
- a series of measures intended to protect travelers, throughout their travel:
  - security awareness training for employees traveling to the most risky countries in order to inform them of potential threats and the measures to be applied,
  - all travel reservations to very high-risk or high-risk country are subject to a validation process by an employee's manager, then by the Security Officer of the geography in question, who may even prohibit the trip,
  - sending of alerts to travelers to make them aware of the most important incidents when they are away,
  - a dedicated application available to travelers for them to inform them of imminent threats and thus be rescued as quickly as possible;
- e-learning training in collaboration with Human Resources to familiarize employees with new environments. Socio-cultural differences are important elements of integration that must be understood and assimilated and which allow for better multicultural integration.

In very high-risk countries, these security measures are strengthened.

More generally and as part of a responsible approach, the Group interacts with some of the most disadvantaged surrounding communities by implementing actions to benefit them. In some townships, such as in Brazil or South Africa, local jobs are offered to integrate these communities and reduce the risk of malicious acts, while promoting their integration.

The security function at Air Liquide is fundamentally part of a logic of goodwill through its positioning of anticipation, prevention and protection. The Group Security Department acts as a player aware of the duty of vigilance and respect for the Group's values in its day-to-day work.

### 3.6.4. Monitoring of measures implemented and the assessment of their effectiveness

The Group has an incident reporting system which, depending on the level of severity, triggers a review process for these incidents. In a singular way, this system makes it possible to understand the origin of malicious acts and to act locally on the security rules in place to protect employees and third parties.

A security review system enables assessment of the level of protection of a subsidiary in terms of security according to the level of threat in a country and its sensitivity level. This classification makes it possible to assess whether the security systems are properly deployed in the subsidiaries in order to guarantee the appropriate level of protection for employees and subcontractors.

These systems are monitored by the Regional Security Officers and the Group Security Director. They make it possible to adapt the security posture according to specific events or crises.

# 4. Environment

The Group Sustainable Development Department, under the direct supervision of a member of the Executive Committee, defines the Group's strategy on environmental issues. It ensures the rollout of the latter and the definition and monitoring of the associated key performance indicators. It is also responsible for internal and external sustainable development communication in order to highlight the Group's achievements, as well as regulatory communication for extra-financial information.

In addition to the Group's global Sustainable Development approach, employees have volunteered to implement local initiatives within their entities. Known as the "Sustainability Ambassadors", more than 600 members present in the Group's various geographies contribute to raising employee awareness, finding solutions to protect the environment and sharing best practices.

### SUSTAINABILITY AMBASSADORS ACT FOR SUSTAINABLE DEVELOPMENT

Throughout the year and around the world, initiatives were organized by the voluntary network of Sustainability Ambassadors to promote sustainable development, raise awareness and encourage action on these environmental issues. For example:

- promoting sustainable development: competition for the best sustainable development initiatives in Latin America, calculation of the carbon footprint, participation in workshops to reduce one's daily environmental footprint in Europe;
- raising awareness: participation in external and internal conferences, such as the "Sustainability Talk" on Taiwan island;
- taking action: waste collection in France and Asia, tree planting activities in Canada, organization of a "Sustainable Development Week" in several geographies and initiatives to recycle waste in Singapore.

## 4.1. RISKS RELATED TO CLIMATE


### 4.1.1. Description of salient risks

As a responsible company, Air Liquide recognizes the importance and urgency of addressing climate issues. The Group intends to contribute to carbon neutrality by addressing the entire value chain, covering direct greenhouse gas emissions (Scope 1), indirect emissions linked to the supply of electricity and steam (Scope 2) as well as emissions of Scope 3, where other indirect emissions are reported.

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, of which the sixth was published in 2021, 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 compared with pre-industrial levels, and by continuing efforts to limit it to 1.5°C. 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.

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:

- 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.

The transition towards a carbon-neutral economy encourages the Group to introduce new technologies and develop new markets. These changes, which mainly involve the creation of new jobs or the upgrading of existing ones, mean that employees' skills need to be upgraded in order to maintain their employability.

#### Climate risks related to the physical impact

Air Liquide operates in certain regions of the world exposed to changes (in severity and/or frequency) in exceptional meteorological phenomena due to climate change. These phenomena can have a negative impact on people, which can be broken down into:

- acute risks triggered by events such as natural disasters (storms, hurricanes, floods, etc.), whose frequency and severity are increasing, and which could endanger employees or neighboring communities when sites are damaged, particularly those located near the coast or in areas that may be affected by hurricanes (the Gulf Coast, North America, South Asia, etc.);
- chronic risks related to longer-term changes in climate models and rising temperatures that could lead to a deterioration in the working conditions of employees in certain geographies (chronic heat waves in certain regions, changes in rainfall patterns and increase in their variability, unavailability of certain resources, etc.).

### 4.1.2. Regular assessment procedures

#### Climate risks related to Greenhouse Gas (GHG) emissions

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

# SCOPES OF GREENHOUSE GAS EMISSIONS FOR AIR LIQUIDE

**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.**

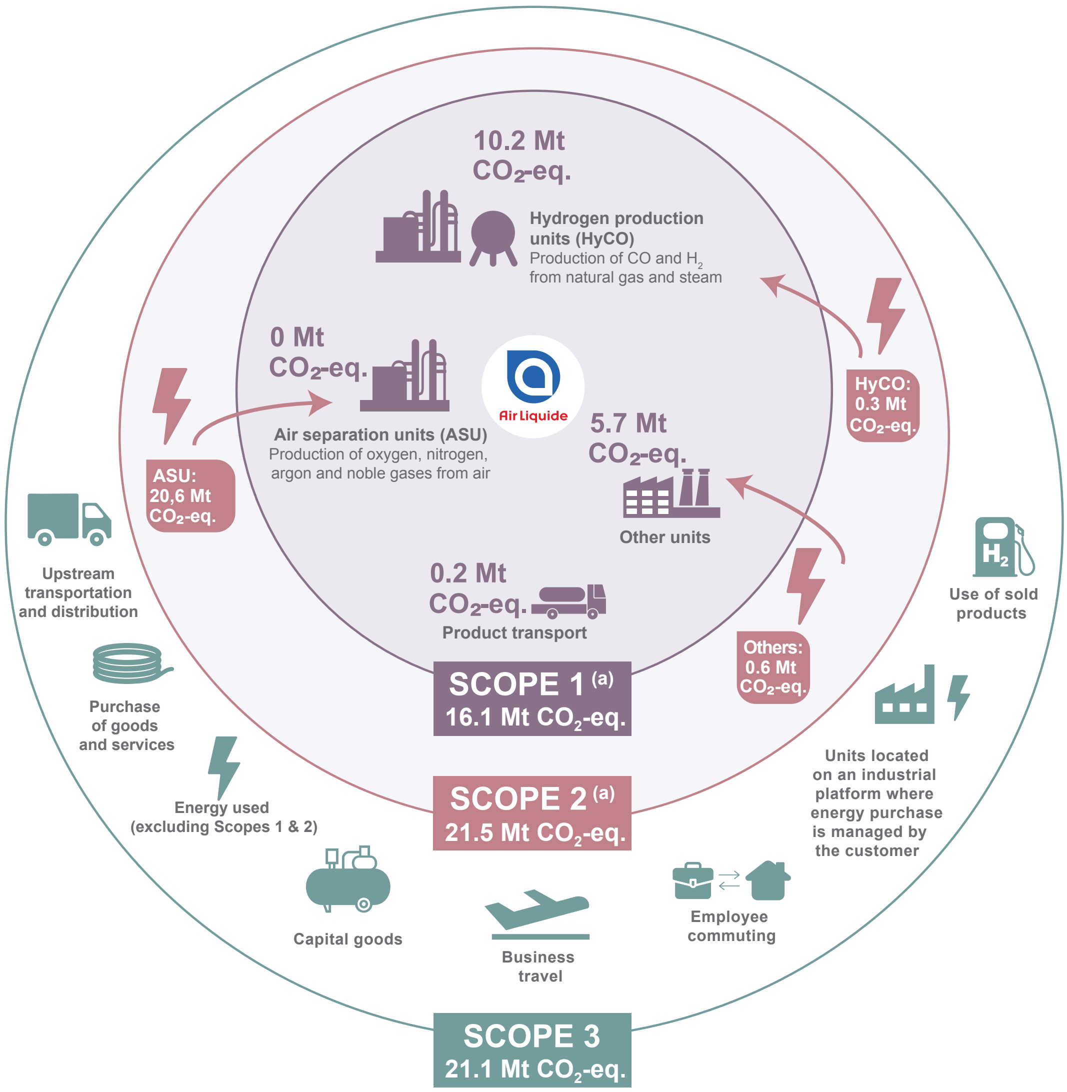
Air Liquide's GHG emissions balance sheet takes into account the 6 greenhouse gases highlighted by the Kyoto Protocol and is carried out in accordance with the GHG Protocol's carbon accounting method proposed by the World Resource Institute and the World Business Council for Sustainable Development.

GREENHOUSE GAS PROTOCOL

**SCOPE 1** **Direct emissions** generated by all emission sources owned or controlled by Air Liquide.

**SCOPE 2** **Indirect emissions** related to the production of electricity or steam purchased outside the Group.

**SCOPE 3** **Other indirect emissions** related to the life cycle of products sold by Air Liquide.




The data presented have been rounded up to the tenth.

(a) *Reported emissions in millions of tonnes of $CO_2$-equivalent using the "market-based" methodology (see methodology for calculating scopes in paragraph 4.1.2 – page 113). Reporting takes into account a minimum of 95% of the Group's Scope 1 and 2 emissions. Reporting is subject to a continuous improvement process.*

### *Scope 1*

Air Liquide's direct greenhouse gas (GHG) emissions result mainly from hydrogen production by methane reforming and co-generation of steam and electricity. These activities account for nearly 15% of the Group's large production units and use combustion processes emitting $CO_2$. 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. Air Liquide also records direct emissions from the combustion of fuel in its truck fleet, as well as gas losses in its $CO_2$ and nitrous oxide production units.

### *Scope 2*

Almost 85% of Air Liquide's large production units are Air Separation Units, which use air as the sole raw material and do not use any combustion processes. Therefore, they do not emit greenhouse gases directly. The energy needed to run them, almost exclusively electricity, generates GHG at electricity suppliers' level. Scope 2 totals the indirect GHG emissions generated by the production of electricity and steam purchased outside the Group. Air Liquide adopts a "market-based" reporting for its Scope 2, directly related to supply contracts, recommended by the GHG Protocol [1]. Hence, 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*

The Group reports other indirect GHG emissions under Scope 3 (categories 1, 2, 3, 4, 6, 7, 10, 11 and 13 of the GHG Protocol [2]) 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, 9, 12 and 15).

### *Assessing employee competencies to maintain employability*

As part of the development by Air Liquide of key solutions for energy transition, two branches of activities are the most exposed to the emerging need for employees to have additional competencies to maintain their employability: Engineering & Construction (E&C), where new technologies must be mastered (electrolysis, $CO_2$ capture and liquefaction) and Large Industries, where these technologies will be deployed and operated.

E&C periodically carries out an assessment of technical competencies, putting into perspective the business skills of employees in the technical fields with the needs identified to support E&C's projected activity. The World Business Unit then determines action plans per area of expertise and per operation center to meet the development needs of key competencies.

Within Large Industries, three professions are particularly exposed to a substantial change in their competences:

- production and maintenance teams on sites, impacted by the digitalization 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, which enable in particular energy consumption and purchasing to be optimized;
- sales teams impacted by the development of the Group's offerings in particular of key solutions for energy transition;
- teams in charge of energy management in a context of increased purchases of renewable energy.

### Climate risks related to the physical impact

Climate risks related to the physical impact are assessed during the review of investment requests, in the same way as financial criteria, to ensure that the associated risk management measures are adapted, for example, in the design of equipment.

These risks are already taken into account, especially in (i) the water management policy (paragraph 4.2.3, page 119), which addresses, among other things, water-related risks for production units for which this risk is proven, and (ii) Business Continuity Plans that ensure the resilience of operations in the event of disruption, including extreme climatic events.

In 2021 and 2022, Air Liquide experts conducted a preliminary assessment based on the scientific literature. In 2023, the Group conducted a study with a consulting firm to assess the vulnerability of the Group's activities to climate risks related to physical impact. More specifically, this study made it possible to:

- select two climate scenarios developed by the IPCC: SSP2-4.5, used as "business as usual" leading to +2.7°C by 2100, and the SSP5-8.5 scenario, used as the "worst case scenario" leading to +4.4°C by 2100. The time horizon of 2040 was used because it corresponds to the lifetime of the majority of assets invested and operated by Air Liquide;
- define the universe of climate risks related to the physical impact. To this end, a series of interviews with Air Liquide's Industrial Departments was carried out to identify the most significant risks in the short, medium and long term;
- analyze the exposure of the Group's sites according to their location on the basis of the two scenarios and thus identify those likely to be exposed to the risks identified by 2040;
- analyze the vulnerability of exposed sites by determining the main operational impacts for each of these sites.

Based on this study, the main perils identified as relevant at Group level include high temperatures, drought and fires. Mitigation plans will be drawn up, if necessary, at vulnerable sites. In 2024, this study will serve as the basis to deploy the corresponding risk management process.

## 4.1.3. Appropriate actions to mitigate risks and prevent severe impacts

### Climate policy and procedures

The Climate Policy, available in the BlueBook, consolidates the principles governing the Group's climate risk management, covering the entire value chain.

The monitoring and achievement of the Group's climate objectives rely on:

- the internal greenhouse gas emission monitoring procedure, which sets out the monitoring of regulatory obligations in force in this area with which the Group must comply, the standardized methodologies for calculating Scopes 1 and 2 emissions, as well as the reporting scope and frequency;

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(1) *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.*

(2) *The definition of the different Scope 3 categories by the Greenhouse Gas Protocol is available here: https://ghgprotocol.org/scope-3-technical-calculation-guidance*

- integration of the monitoring of the $CO_2$ trajectory in the Group's management process, in particular the budget process, which now includes the allocation of a carbon budget to the various geographies, as well as quarterly monitoring per geography and per business line at the Executive Committee level;
- the Energy & Emissions risk management Group Committee "E-Enrisk" reviews the energy sourcing strategies of entities, examines the most significant commitments submitted to it and ensures that the commitments made are coherent with the Group's climate strategy (both upstream of investments decisions and for existing assets). Each month, it brings together the member of the Executive Committee overseeing the Large Industries World Business Line and the Group's Strategy function, the Large Industries Vice President, the Large Industries Director of Markets and Energy Transition, the Director of Energy, the Group Finance and Treasury Director, the Director of Accounting Organization and Methods, the Director of Sustainable Development, the Director of Group Investments and the Director of Energy Transition Strategy for the Hydrogen Energy World Business Line.
- the review of investment decisions, taking into account climate aspects, in particular a $CO_2$ price, as well as an analysis of the opportunities and risks related to the climate transition. For all its projects, for all geographies, even those without a current official price for $CO_2$, Air Liquide also integrates a $CO_2$ price sensitivity study into its investment decision process. The Group's investment policy, as described in the BlueBook, requires that this sensitivity study be carried out using a price of 50 euros per metric tonne of $CO_2$, the current local price, as well as a high value of at least 100 euros per metric tonne depending on the geography and the context;
- the rollout of the Climate Champions network and the annual review of the clusters' (groups of countries) decarbonization plans. The Climate Champions, contact points of the Sustainable Development Department, are responsible for managing the Group's $CO_2$ emissions reduction objectives in the various clusters (groups of countries). They coordinate the development of a roadmap that defines all the operational measures required to achieve the objectives below. They are responsible for monitoring the indicators, the rollout of projects and reporting on progress. Decarbonization plans define the projects to be implemented to contribute to the Group's climate objectives, such as the purchase of renewable energy, carbon capture at hydrogen production units using methane reforming, and energy efficiency or vehicle fleet conversion programs;
- the assumption of the implementation, in the geographies in which the Group operates, of public policies aimed at stepping up the transition toward a low-carbon economy that are in line with a "well below 2°C" trajectory.

The potential impact on local communities due to the massive development of renewable energies (paragraph 4.1.1, page 111) is reviewed on a case by case and ad hoc bases, depending on sources and contractual structures of renewable energy sourcing. As Air Liquide scales up its sourcing of renewable energy, the process will be further embedded in the relevant sourcing guidelines, in particular when sourcing from new built assets.

### Group's Climate Objectives

With its Sustainable Development program and its ADVANCE strategic plan for the 2022-2025 period, Air Liquide affirms its ambition to decarbonize the planet. This approach integrates the Group's activities through three complementary axes:

- taking action on assets by committing to reduce the carbon impact of production, distribution and service activities;
- taking action with customers by innovating for a cleaner industry;
- taking action for ecosystems by contributing to the emergence of a low-carbon society.

## ASSETS: REDUCING THE CARBON IMPACT OF ITS PRODUCTION, DISTRIBUTION AND SERVICE ACTIVITIES

### CLIMATE OBJECTIVES: SCOPES 1 AND 2 EMISSIONS

In line with the Paris Agreement, and to address the urgency of taking climate change and the energy transition into account, Air Liquide sets itself the ambition to **achieve carbon neutrality by 2050**, with two major intermediate milestones:

- the start of the reduction of absolute $CO_2$ emissions [(3)] around 2025;
- a -33% reduction in its Scopes 1 and 2 $CO_2$ emissions by 2035, compared to the 2020 baseline [(4)].

The Science Based Targets initiative (SBTi) validated Air Liquide's target to reduce its Scope 1 & 2 emissions by 2035 in May 2022 as compliant with a well below 2°C trajectory [(5)]. The Group was the first in its industry to obtain validation from the SBTi.

To date, there is no 1.5°C sector trajectory for the chemicals sector in general or for industrial gases in particular. Nevertheless, Air Liquide has developed its climate objectives on the basis of various studies, including those of the IPCC, in particular the 1.5°C report and those of the International Energy Agency, including the Net Zero roadmap, published in May 2021, which presents levers and a trajectory for the industrial sector similar to that of the Group strategy.

Furthermore, the Group also maintains its existing objective, announced in 2018, to reduce its carbon intensity [(6)] by -30% by 2025, on the basis of 2015 emissions.

The three levers identified by the Group in order to reduce the carbon footprint of its assets are based on Air Liquide's technological and operational expertise. They also rely on the implementation of public policies and regulatory frameworks allowing, in particular, the rapid and massive development of decarbonized energies, which determine the speed at which these levers can be mobilized.

*(3) $CO_2$ emissions should be understood as greenhouse gas emissions converted in $CO_2$-equivalent.*

*(4) In metric tonnes of $CO_2$-equivalent for Scopes 1 and 2, using the "market-based" methodology (see methodology for calculating scopes in paragraph 4.1.2 – page 113), restated, from 2020 and each subsequent year, to include the emissions of the assets for the full year, taking into account (upwards and downwards) changes in scope having a significant impact on $CO_2$ emissions.*

*(5) Air Liquide announced its greenhouse gas emission reduction targets for Scopes 1 and 2 in March 2021 on a 2020 baseline. Following the acquisition of the Sasol Air Separation Units in South Africa on June 24, 2021, Air Liquide submitted to SBTi a -35% target by 2035 on a 2021 baseline in order to integrate this significant change in scope and the full rollout of "market-based" reporting.*

*(6) In kg $CO_2$-equivalent/euro of Operating income recurring before depreciation and amortization and excluding IFRS 16 at 2015 exchange rates for Scopes 1 and 2 of greenhouse gas emissions using the "market-based" methodology (see methodology for calculating scopes in paragraph 4.1.2 – page 113, and the reconciliation in Performance indicators paragraph of Chapter 1 – page 62).*

**Lever 1: sourcing low-carbon energy.**

Air Liquide's ambition to achieving carbon neutrality associated with its assets is usually supported by the sourcing of low-carbon electricity to power the Air Separation Units. Hydrogen production units using methane reforming can be adapted to operate on renewable natural gas.

To reduce its indirect emissions related to energy purchases (Scope 2 emissions), Air Liquide adopts a proactive approach to purchase renewable and low-carbon electricity using several approaches depending on local conditions allowing access to renewable energy. The main one is the conclusion of long-term Power Purchase Agreements (PPA).

However, the Group may purchase certificates such as Guarantees of Origin that may or may not be bundled with power delivery especially when integration of a PPA into the sourcing portfolio is uneasy or, in areas supplied by regulated utilities, through "green tariffs".

### 2023 ILLUSTRATIONS

In 2023, Air Liquide notably signed the following contracts:

- two new Power Purchase Agreements (PPA) with TotalEnergies and its partner Mulilo for the long-term supply of a total capacity of 260 MW of renewable power to Sasol's Secunda site, in South Africa. This is the second set of PPAs signed by Air Liquide and Sasol, after the PPAs announced with Enel Green Power;
- a new PPA with Vattenfall in Benelux for 115 MW of renewable installed power capacity. Contracted over a 15-year period beginning in 2026, the PPA will bring overall renewable power capacity available to Air Liquide to around 270 MW. This capacity will provide energy representing more than 70% of the Group's existing electricity consumption in Benelux. In all, the PPAs signed in the region will enable Air Liquide to reduce emissions related to power production of up to 8.5 million tonnes of $CO_2$ over the duration of the contracts, which is comparable to the emissions generated by over 350,000 Dutch households.

**Lever 2: improving the efficiency of assets.**

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

Air Liquide uses a large fleet of trucks for the supply of industrial gases to its customers. These vehicles contribute, to a lesser extent, to the Group's greenhouse gas emissions. Air Liquide therefore takes targeted actions to reduce logistics-related emissions by leveraging digital resources to optimize deliveries, and by progressively converting its fleet to alternate fuels.

### 2023 ILLUSTRATION

Air Liquide will invest around 60 million euros to revamp two Air Separation Units (ASUs) the Group operates in the Tianjin industrial basin, in China. As part of this modernization plan, Air Liquide will adapt these ASUs so they can run on electrical power instead of steam. This project will avoid the emission of 370,000 tonnes of $CO_2$ per year. This is comparable to the equivalent electricity-related emissions of more than one million Chinese households.

**Lever 3: rolling-out innovative technologies.**

Air Liquide has developed a portfolio of proprietary technologies such as Cryocap™, which allow $CO_2$ to be captured and reused or stored on hydrogen production units using methane reforming units for the production of hydrogen. Capture for $CO_2$ valorization and storage is thus set to play a major role in reducing direct emissions from hydrogen production.

Air Liquide is committed to producing low-carbon hydrogen on an industrial scale and in a sustainable manner. 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 rollout of electrolyzer units therefore plays a critical role to enable the production of low-carbon hydrogen on a large scale for industry and mobility.

### 2023 LLUSTRATIONS

Air Liquide will invest over 400 million euros for the construction of its Normand'Hy electrolyzer, with a capacity of 200 MW, located in Port-Jérôme in Normandy. As part of a Memorandum of Understanding with TotalEnergies, this electrolyzer will deliver to the refinery in Gonfreville, from the second half of 2026, renewable and low-carbon hydrogen equivalent to an electrolysis capacity of 100 MW. TotalEnergies will generate renewable electricity to power the electrolyzer, volume corresponding to the hydrogen delivered. The remaining 100 MW will be dedicated to customers in the Normandy industrial basin, as well as for the development of low-carbon mobility. Air Liquide Normand'Hy will avoid up to 250,000 tons of $CO_2$ emissions per year.

Air Liquide has announced the construction of an industrial scale ammonia ($NH_3$) cracking pilot plant in the port of Antwerp, Belgium. Thus, Air Liquide will further contribute to the development of hydrogen, since ammonia – a molecule composed by hydrogen and nitrogen – can be transported over long distances before being locally reconverted into hydrogen. The innovative pilot plan, which combines a novel efficient process with Air Liquide's proprietary technologies, is planned to be operational in 2024.

## CUSTOMERS: INNOVATING WITH CUSTOMERS FOR A CLEANER INDUSTRY

Air Liquide also continues to provide its customers with 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 $CO_2$ emissions.

### SCOPE 3 COMMITMENT

Aware of the importance of contributing to the achievement of carbon neutrality throughout its value chain, in 2022, Air Liquide worked on developing its Scope 3 greenhouse gas emissions reduction strategy. The importance of the relationship with its customers has led the Group to pledge to have 75% of its 50 largest customers committed to carbon neutrality by 2050 in 2025 and 100% in 2035.

To achieve this ambition, three levers have been identified.

**Lever 1: reducing Air Liquide products' carbon footprint.**

Air Liquide relies on its expertise to offer its customers innovative solutions to support them by outsourcing their needs to pool production assets and thus aim for greater energy efficiency. Air Liquide proposes to install units directly on its customers' sites in order to save on transportation or to provide a new generation of lighter cylinders, and thus reduce transport-related $CO_2$ emissions.

### 2023 ILLUSTRATION

One of the leading companies for Autothermal Reforming (ATR), Air Liquide's technology has been selected for Japan's first demonstration project integrating the production of low-carbon hydrogen and ammonia with carbon capture. It will be owned and operated by INPEX CORPORATION, a Japanese oil & gas exploration and production company. ATR is one of the latest technologies utilized enabling the production of large-scale low-carbon hydrogen. When ATR is combined with carbon capture technology, customers can achieve higher energy efficiency and a simplified single train production process to facilitate carbon capture of up to 99%.

**Lever 2: co-developing innovative processes with customers.**

Air Liquide supports its customers in the fundamental and essential transformation of their industrial processes, in particular in industrial sectors such as metallurgy and chemicals. The Group provides technical innovations to reduce the $CO_2$ emissions associated with the conventional processes used in these sectors by employing new production processes, such as oxy-combustion for cement coupled with $CO_2$ capture, direct reduced iron (DRI unit) combined with submerged arc furnace for steel production, or new uses of materials such as hydrogen.

### 2023 ILLUSTRATION

Air Liquide will build and operate for Verallia, the European leader and the world's third largest producer of glass packaging for beverages and food products, a new generation onsite oxygen production unit in Pescia, Italy. The oxygen produced by this unit will replace the air usually injected into the furnace, thereby allowing to melt the glass by oxy-combustion and to improve the efficiency of the process. In addition, the Group will supply its HeatOx™ proprietary technology to recover the heat emitted by the glass furnace in order to further reduce the amount of energy needed to produce glass. The global solution provided by Air Liquide will contribute to the reduction by -18% of the $CO_2$ emissions (Scope 1 and 2) that Verallia targets for its glass furnace in Pescia.

**Lever 3: developing innovative carbon capture technologies.**

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 $CO_2$ in order to capture them for valorization or storage.

### 2023 ILLUSTRATION

Air Liquide and Holcim have signed a Memorandum of Understanding to pursue a project to decarbonize Holcim's new cement production plant under development in Belgium. Air Liquide intends to build and operate a unit of its innovative and proprietary Cryocap™ Oxy technology to capture and purify up to 95% of the $CO_2$ generated from Holcim's production unit in Obourg. Thanks to Air Liquide's unique carbon capture innovative technology, Holcim will be able to reduce emissions by more than one million tons per year of $CO_2$. The captured $CO_2$ will then be handled through *Antwerp@C $CO_2$ Export Hub* where it will be transported, liquefied and loaded onto $CO_2$ ships for onward permanent and safe offshore storage.

## 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 three levers.

**Lever 1: promoting hydrogen ($H_2$) for energy transition.**

Hydrogen is an essential solution for the energy transition. A competitive and low-carbon solution, it represents tremendous development potential thanks to its many applications in industry, energy and mobility. Deeply convinced that hydrogen will play a major role in the energy transition, the Group intends to be a key player in the emergence of a hydrogen society thanks to its assets, its technologies and its expertise. Air Liquide is in particular one of the founding members of the Hydrogen Council, a unique global initiative that brings together nearly 150 companies in 2023 and aims to define a common ambition for hydrogen as an accelerator for the energy transition. Around 8 billion euros will be invested by the Group in the low-carbon hydrogen value chain by 2035. Hydrogen sales are expected to triple to 6 billion euros by 2035.

### 2023 ILLUSTRATION

In the context of the U.S. government's announcement to support seven regional Clean Hydrogen Hubs to accelerate low-carbon hydrogen development, Air Liquide is a partner in a record six out of the seven Hubs. Air Liquide will bring its expertise along the entire hydrogen value chain and apply its expertise in production, liquefaction, distribution, storage and end-use technologies to meet the specific needs of each region.

**Lever 2: contributing to the development of clean mobility.**

Air Liquide is investing in the production of low-carbon hydrogen from the electrolysis of water, as well as in hydrogen mobility distribution networks. The Group is also developing the biomethane chain from production to filling stations.

### 2023 ILLUSTRATIONS

Air Liquide and Groupe ADP have announced the creation of Hydrogen Airport, the first engineering and consulting joint venture specializing in helping airports integrate hydrogen projects within their infrastructures. The range of services provided covers all the challenges of integrating hydrogen energy. In the framework of this joint venture, Air Liquide brings its expertise in hydrogen, which ranges from the production of renewable or low-carbon hydrogen, to liquefaction, storage, and the distribution of hydrogen for aircraft.

Air Liquide and TotalEnergies have announced their decision to create an equally owned joint venture to develop a network of hydrogen stations, geared towards heavy duty vehicles on major European road corridors. This initiative will help facilitate access to hydrogen, enabling the development of its use for goods transportation and further strengthening the hydrogen sector. The partners aim to deploy more than 100 hydrogen stations on major European roads – in France, Benelux and Germany – in the coming years. Air Liquide will contribute with its expertise in technologies and its mastery of the entire hydrogen value chain.

**Lever 3: contributing to the circular economy through the development and diversification of biomethane.**

Air Liquide is a committed stakeholder across the entire biomethane value chain for sustainable transportation and for the development of the circular economy, 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. In 2023, Air Liquide has 26 biomethane production units worldwide.

### Employee skills and training

Air Liquide has created various training modules open to all employees on the themes of climate change, energy transition and on the Group's Sustainable Development program and decarbonization strategy. Specific training courses were introduced for operational teams to inform employees of the operational rollout of the Group's Sustainable Development program.

### AIR LIQUIDE CONTINUES THE TRAINING PROGRAM ON CLIMATE AND ENERGY TRANSITION

In 2023, Air Liquide University continued to organize the "Climate & Energy Transition" online training. The objective of these sessions is to share the Group's vision and provide knowledge and behaviors that will ensure resilience and safeguard growth opportunities associated with climate and energy transition. Topics addressed cover climate, customers and technology. The sessions are open to all employees and remain available after the event. In 2023, 40 sessions were organized on 17 different topics related to climate and energy transition, with a total of 4,000 connections and around 1,900 participants.

The shift towards a sustainable and carbon neutral economy implies a transformation of skills, in particular marginally in the Engineering & Construction (E&C) branch and in the Large Industries (LI) one (paragraph 4.1.2., page 113). In the Group, cross-functional mobility remains the preferred way to develop rich career paths and strengthen the skillfulness and employability of teams. Hence, following an assessment of E&C technical skills, an Electrolysis product line integrating the entire value chain, from solution definition to project execution, was created in 2021 and integrated employees from other organizations within E&C. In Large Industries, the support of the most exposed professions is mainly based on offering trainings tailored to their needs and the implementation of individuals development plans. For example, a training curriculum is offered to facilitate the digitalization of industrial processes and "Energy Managers" had access to a training on six key skills areas.

### Climate risks related to the physical impact

The Group's operations regularly exposed to the acute risks (paragraph 4.1.1, page 111) have risk management systems aimed at adopting appropriate preventive operational measures and managing these crises by, first, protecting individuals and the production facilities in close cooperation with customers. These systems are regularly updated and improved.

Chronic risks are taken into account, particularly in the design of production units, in the same way, and to the same extent as their energy efficiency and carbon footprint.

## 4.1.4. Monitoring of measures implemented and the assessment of their effectiveness

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

With its Sustainable Development Program announced in 2021, Air Liquide set itself the ambition to reaching carbon neutrality by 2050, and, in the medium term, to reducing its greenhouse gas emissions (Scopes 1 and 2) [7] in absolute value by 2035 by -33% compared to the 2020 baseline, with an inflexion point in around 2025. The Group also maintains its previously announced objective of -30% reduction in carbon intensity by 2025 compared to 2015.

| | | 2020 baseline | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Reported $CO_2$ emissions *(in thousands of metric tonnes of $CO_2$-eq.)* [a] | | 32,529 | 36,364 | 39,306 | 37,617 |
| **Objective 1:** reduce Scopes 1 and 2 $CO_2$ emissions by -33% by 2035 compared to 2020 | Restated $CO_2$ emissions *(in thousands of metric tonnes of $CO_2$-eq.)* [b] | 39,564 | 40,085 | 39,464 | 37,617 |
| | Change in restated $CO_2$ emissions compared to 2020 *(in %)* | — | +1.3% | -0.3% | -4.9% |

*(a) $CO_2$ emissions are reported using the "market-based" methodology (see methodology for calculating scopes in paragraph 4.1.2 of the Vigilance Plan, page 113) and taking into account significant perimeter changes (upwards and downwards) as of their effective date.*

*(b) 2021 and following years emissions restated to include in each year's emissions figures the emissions of the assets for the full year, taking into account (upwards and downwards) changes in scope that have had a significant impact on $CO_2$ emissions, in order to provide comparable figures with the restated 2020 baseline.*

Air Liquide's Scope 1 and 2 $CO_2$ emissions decreased in 2023 compared to the restated 2020 baseline [8], despite growth in the Group's activities and the start-up of production units, particularly in China and the United States. This improvement is the result of the acceleration of renewable electricity purchasing and to a lesser extent, of energy efficiency projects. It is further amplified by lower volumes demanded by certain customers in 2023.

| | | 2015 baseline | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **Objective 2:** reduce carbon intensity [a] by -30% by 2025 compared to 2015 | Carbon intensity [a] | 7.3 | 5.5 | 5.5 | 4.9 [b] |
| | Change in carbon intensity [a] compared to 2015 *(in %)* | — | -24% | -25% | -33% |

*(a) In kg $CO_2$-equivalent/euro of Operating income recurring before depreciation and amortization and excluding IFRS 16 at 2015 exchange rates for Scopes 1 and 2 of greenhouse gas emissions using the "market-based" methodology (see methodology for calculating scopes in paragraph 4.1.2, page 113, and the reconciliation in Performance indicators paragraph of Chapter 1, page 62).*

*(b) Carbon intensity calculated on the basis of reported $CO_2$ emissions for the reporting year, taking into account significant perimeter changes (upwards and downwards) as of their effective date.*

After an increase of carbon intensity [9] in 2021 and in 2022 due to the progressive integration of the new production units acquired from Sasol in South Africa, it decreased in 2023 (-33% compared to 2015). The Group's decarbonization program will continue to be deployed to meet the 2025 objective.

| Scope 3 Commitment | 2025 Objective | 2035 Objective | 2023 |
|---|---|---|---|
| Share of the 50 most important customers committed to carbon neutrality by 2050 | 75% | 100% | 74% |

In order to complete the measurement of progress towards the $CO_2$ emissions reduction objectives, the Group has identified the following key indicators. They track the progress resulting from the actions implemented and described in paragraph 4.1.3, page 113.

*[7] In metric tonnes of $CO_2$-equivalent for Scopes 1 and 2, using the "market-based" methodology (see methodology for calculating scopes in paragraph 4.1.2 of the Vigilance Plan – page 113), restated, from 2020 and each subsequent year, to include the emissions of the assets for the full year, taking into account (upwards and downwards) changes in scope having a significant impact on $CO_2$ emissions.*

*[8] $CO_2$ emissions are restated, from 2020 and each subsequent year, to include the emissions of the assets for the full year, taking into account (upwards and downwards) changes in scope having a significant impact on $CO_2$ emissions.*

*[9] In kg $CO_2$-equivalent/euro of Operating income recurring before depreciation and amortization and excluding IFRS 16 at 2015 exchange rates for Scopes 1 and 2 of greenhouse gas emissions using the "market-based" methodology (see methodology for calculating scopes in paragraph 4.1.2, page 113, and the reconciliation in Performance indicators paragraph of Chapter 1 – page 62).*

| Indicators | | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Share of renewable electricity on the total of consumed electricity | | 16.8% | 17.5% | 18.1% |
| Energy efficiency of production units [a] | ASU [b] | 99.9 | 100.3 | 95.6 |
| | HyCO [c] | 98.0 | 95.6 | 96.0 |
| Operated or decided electrolyzer capacity *(in MW)* [d] | | 65 | 83 | 265 |
| 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./ metric tonnes)* | | 269 | 276 | 279 |
| Avoided $CO_2$ emissions by Air Liquide or its customers *(in millions of metric tonnes of $CO_2$-eq.)* [e] | | 15.1 | 13.3 | 12.2 |

(a) *These indicators are calculated on the reference year 2015 (base 100). Efficiency can be affected by reliability, maintenance, number of turnarounds, startups and ramps-ups.*
(b) *ASU: Air Separation Units. The efficiency of ASU is measured by the volume of air gases produced per unit of energy consumed. Produced gases (oxygen, nitrogen, argon) are accounted in $m^3$ of gaseous oxygen equivalent.*
(c) *HyCO: production units for hydrogen and carbon monoxide. Efficiency corresponds to the volume of hydrogen produced per unit of energy consumed.*
(d) *After the revision of the reporting process for small units, the 2021 figure was revised downward in 2022 due to changes in scope and exclusion of units that were previously double counted as well as units that were found to no longer be in operation.*
(e) *These avoided emissions cover only the avoided emissions directly attributable to the optimization of Air Liquide's assets and to the use of Air Liquide's solutions by its direct customers. They do not include avoided emissions induced at the level of end-use.*

## 4.2. RISKS RELATED TO WATER MANAGEMENT

### 4.2.1. Description of salient risks

Air Liquide respects 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 use 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, contaminants content or the temperature, which can induce direct or indirect pollution and damages to ecosystems.

### 4.2.2. Regular assessment procedures

#### Risks related to the withdrawal and use of water

Water consumption is measured by subtracting water discharge 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 the manufacture of products such as hydrogen.

With regard to Air Separation Units (ASU), there are several types of cooling systems:

- 61% of these units have semi-open water circuits, where some of the water evaporates during cooling;
- 32% of these units have open circuits. Water runs through the plant for cooling purposes and all water withdrawn is returned.

  Both types of units require continuous water top-ups for cooling;
- finally, the other units have closed systems, which do not withdraw water from their surrounding environment. The latter no longer consume water after the initial filling.

Air Liquide assesses the risks related to the water consumption of its sites by taking into account their specific data according to their location in relation to a hydrological basin, groundwater or an administrative border. The Group also refers to the "Aqueduct 3.0 Water Risk Atlas", a map produced by the World Resources Institute (WRI) [10] and the "business as usual" climate scenario (IPCC SSP2- 4.5). 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 2022, the results of this assessment have shown that there were 76 [11] water-intensive sites (facilities with water withdrawal greater than 50,000 $m^3$ per year) located in areas of high water stress.

#### 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.

### 4.2.3. Appropriate actions to mitigate risks and prevent serious impacts

#### Water management policy

The water management policy, available in the BlueBook, identifies the impacts of Air Liquide's activities on water availability and quality and defines the principles of risk management based on a precise assessment of the situation of the sites. Finally, it describes the actions required to ensure appropriate water management. Air Liquide's commitment to responsible water management and the summary of its policy are available on its website since 2023 (https://www.airliquide.com/sites/airliquide.com/files/2023-07/air-liquide-water-stewardship.pdf).

(10) *In August 2023, the WRI published a more recent map "Aqueduct 4.0". This update will be used from 2024.*
(11) *Excluding Russia, where the entities are no longer consolidated following the loss of control on September 1, 2022.*

### WATER MANAGEMENT OBJECTIVES

Air Liquide is rolling out this policy focusing on the following objectives, defined for the Group in 2021:

- implementing a documented water management plan by 2025 aimed at reducing risks related to water withdrawal and use for 100% of water-intensive sites in areas of high water stress;
- defining and implementing a Group-wide standard for all operations that goes beyond existing local processes and procedures and guarantees that the quality of discharged water will meet or exceed applicable local criteria.

The action plans to achieve these objectives progressed in 2023, and in particular:

- a part of the 76 [12] water-intensive sites in areas of high water stress was audited, and was integrated in the water risk management process;
- in September 2023, the technical standard for the regular monitoring and control of industrial wastewater, drafted by Air Liquide experts, was published; its rollout is underway. The standardization of the industrial wastewater discharge quality monitoring is thus reinforced across all of the Group's activities. No body of water or associated habitat were significantly affected by water discharge or water runoff from the Group's units in 2023.

**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.

Air Liquide's "Essential Small Molecules" (mainly $O_2$, $O_3$ and $CO_2$) play a fundamental role in drinking water and wastewater treatment processes. These gases are key to balance mineral levels in desalination of water plants or to eliminate pollutants from surface drinking water. For industrial players 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.

#### 4.2.4. Monitoring of measures implemented and the assessment of their effectiveness

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| Annual water withdrawal *(estimate in millions of $m^3$)* [(a)] | 950 | 973 | 944 |
| Annual water consumption *(estimate in millions of $m^3$)* [(b)] | 82 | 91 | 89 |

*(a) Gross withdrawal.*
*(b) Net water consumption, calculated as the difference between the water withdrawn and the water returned to the source.*

In 2023, Air Liquide withdrew 944 million $m^3$ of water from various sources. 88% was provided by customers, 4% came from freshwater sources such as rivers or lakes, 2% from municipal sources and the remaining 6% from various different sources. En 2023, the Group returned 855 million $m^3$ of this water. Air Liquide thus consumed 89 million $m^3$, a -2% decrease compared to 2022, mostly related to the rollout of good water management practices.

In 2023, more than 87% of the water discharged from the Air Liquide facilities has been reused by third parties (typically customers) for their own usage, after treatment if necessary. This usage allowed third parties not to withdraw the corresponding amount of water from the natural environment.

# 5. Suppliers and subcontractors

Air Liquide has more than 80,000 tier-1 suppliers and subcontractors (hereinafter "suppliers"). The Group's largest procurement categories are energy, technical services, gas products, and hardgoods and safety equipment

Two levels of the organization are involved in procurement activities for Air Liquide. The Group Procurement Department and the corresponding functions in the hubs and World Business Units are responsible for the main procurement categories, with the exception of energy purchases. The latter are managed by departments specialized in energy management. The Procurement Department defines the Sustainable Procurement strategy and procedure, revised in 2023. The Sustainable Procurement function coordinates its rollout through the network of Sustainable Procurement correspondents in each hub and World Business Unit.

## 5.1. RISK MAPPING

### 5.1.1. Methodology

The duty of vigilance risk mapping methodology for suppliers is based on identifying the suppliers most exposed to sustainability risks (Sustainability-Critical Suppliers). In 2023, Air Liquide changed its methodology, retaining only three criteria:

- annual spend;
- the risk relating to the nature of the supplier's activity; and
- the risk relating to the supplier's country of operation.

From 2023, the dependency of suppliers on Air Liquide has been removed from the methodology for identifying Sustainability-Critical Suppliers. This criterion constitutes a risk individually taken into account in the analysis of supplier risks during their qualification and throughout the commercial relationship, in accordance with the internal supplier relationship and risk management procedure.

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.

The nature of a supplier's activity depends on its allocation to one of 17 procurement categories, which are subdivided into more than 400 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 three-level scale (severe, high, low).

The risk relating to the supplier's country of operation is assessed based on a weighting of recognized public indicators on 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 (severe, high, low).

[12] *Excluding Russia, where the entities are no longer consolidated following the loss of control on September 1, 2022.*

Suppliers are analyzed on the basis of these three criteria. If a supplier, beyond 200,000 euros of annual spend, presents a combination of risks as indicated in the table below, it is then identified as Sustainability-Critical Supplier and requires the implementation of additional assessment measures or action plans.

| | | Risk relating to the country of operation | | |
|---|---|---|---|---|
| | | **Low** | **High** | **Severe** |
| **Risk relating to the nature of the activity** | **Low** | | | ■ |
| | **High** | | ■ | ■ |
| | **Severe** | ■ | ■ | ■ |

■ *Sustainability-Critical Supplier*

In addition to the criteria set out above, the local Procurement functions are free to determine more stringent criteria, in particular due to specific risks identified, so that other suppliers are selected as Sustainability-Critical Suppliers.

### 5.1.2. Results in 2023

The mapping of supplier-related risks is updated on an annual basis by a working group composed of the Sustainable Procurement Department at Group level and buyers who are specialized by category.

In 2023, based on the methodology described above, 1,076 suppliers were identified as Sustainability-Critical Suppliers. These suppliers represented 2.6 billion euros in expenses in 2023.

The three Procurement categories most exposed in terms of number of suppliers concerned are transportation services, gas products, and energy. The 1,076 Sustainability-Critical Suppliers are spread across all the geographies where the Group operates, as indicated in the table below.

| | Sustainability-Critical Suppliers | | |
|---|---|---|---|
| **Geographies** | **Number** | **%** | ***Spend*** *(in millions of euros)* |
| Asia Pacific | 599 | 56% | 1,024.5 |
| Europe | 171 | 16% | 853.2 |
| Middle East and Africa | 142 | 13% | 329.9 |
| Americas | 164 | 15% | 403.4 |
| **TOTAL** | **1,076** | **100%** | **2,611.0** |

## 5.2. REGULAR ASSESSMENT PROCEDURES

### 5.2.1. Supplier qualification

In addition to the Sustainable Procurement procedure, the supplier relationship and risk management procedure, which applies to all Group entities, aims to maximize the value and minimize the risks of interactions with suppliers, while optimizing the use of the Group's resources. It defines the supplier qualification process, which ensures that the supplier is able to meet Air Liquide's requirements.

In terms of compliance with applicable laws and regulations and integrity (fight against fraud and corruption, respect for human rights and international sanctions, etc.), this procedure requires that a new supplier be subject to preliminary checks before its qualification. These checks are based on the use of Dow Jones databases including in particular international sanction lists and any existing adverse media articles on a supplier. In 2021, Air Liquide specified its method for analyzing the results of these checks in order to make a decision on the qualification of a supplier. In 2023, almost 100% of the new suppliers created in the information system were subject to these preliminary checks.

### 5.2.2. Assessment methodology

The Sustainable Procurement procedure determines the assessment method for Sustainability-Critical Suppliers, which is mainly based on two types of questionnaire:

- from an **external platform** (EcoVadis) specialized in the assessment of CSR (Corporate Social Responsibility) performance which deploys an online questionnaire based on the ISO 26000 standard to assess the CSR commitment of suppliers. The questionnaire assesses suppliers about four main themes: the environment, human rights and working conditions, ethics and the sustainable procurement procedures implemented by suppliers. Suppliers are assessed on the following sustainability criteria:
  - environment: energy consumption and greenhouse gas emissions, water, biodiversity, air pollution, raw materials, chemicals and waste, product use and end-of-life, consumer health and safety, promotion and environmental services,
  - human rights and working conditions: employee health and safety, working conditions, labor relations, career management and training, child labor, forced labor and human trafficking, diversity, equality and inclusion, human rights at external stakeholders,
  - ethics: corruption, anti-competitive practices, responsible information management,
  - sustainable procurement: environmental and social practices of suppliers;
- from Air Liquide, which has created an internal questionnaire, as an alternative 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. It includes 10 questions on the four themes used by the EcoVadis platform.

### 5.2.3. 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:** if the global score is equal to or greater than 45/100 and no theme is rated less than or equal to 20/100, the supplier meets Air Liquide Sustainable Procurement procedure requirements.
  Validity of the score: five years or upon renewal of its contract (whichever comes first).
- **Supplier needing improvement:** global score between 25/100 and 44/100 or when the global score is equal to or greater than 45/100 but one theme is rated less than or equal to 20/100.
  Validity of the score: three years, during which the supplier will implement a corrective action plan.
- **Non-compliant supplier:** overall score less than or equal to 24/100 or refusal by the supplier to complete the assessment.
  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.

For non-compliant suppliers and suppliers needing improvement, an on-site environmental/social audit may be decided to help define the action plan.

| 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 | | | |

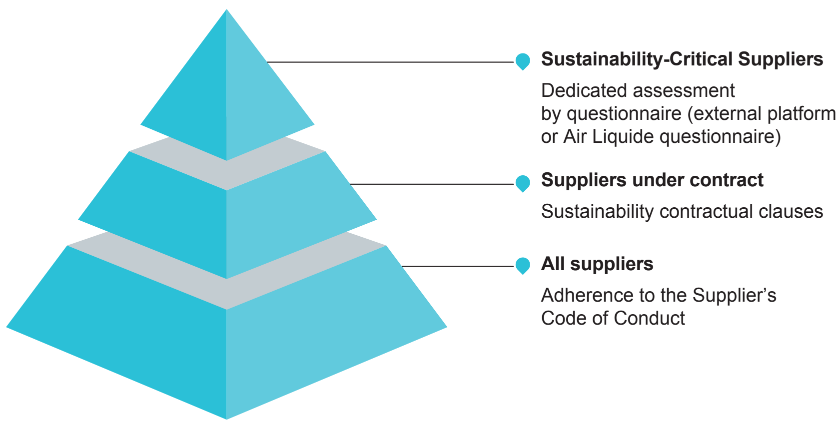
*(a) The environment, ethics, human rights and working conditions, and the sustainable procurement procedures implemented by suppliers.*
*Responsible supplier.*
*Supplier needing improvement.*
*Non-compliant supplier.*

## 5.3. APPROPRIATE ACTIONS TO MITIGATE RISKS AND PREVENT SEVERE IMPACTS

### 5.3.1. 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 expected from all Group employees engaged in Procurement activities;
- the **Supplier's Code of Conduct**, updated in 2023, aims to promote and ensure that all suppliers respect notably human rights, ethics, environmental protection and safety. It is based on the Group's Code of Conduct. The adherence of suppliers to the principles inscribed in the Supplier's Code of Conduct is a prerequisite to all commercial relation for the supply of Air Liquide. The revision aims to align it with new regulatory expectations and changes in practices. In particular, it includes additional articles on conflict minerals and the whistleblowing system. This Code of Conduct is available on the Air Liquide website (https://www.airliquide.com/sustainable-development/sustainable-procurement). Translations are done according to local needs and made available gradually;
- a **sustainability contractual 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.




### 5.3.2. Corrective action plans

The Sustainable Procurement function and the network of Sustainable Procurement correspondents coordinate the implementation of corrective action plans. In accordance with the assessment procedure for Sustainability-Critical Suppliers (paragraph 5.2.2, page 121), 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 training sessions organized by the Sustainable Procurement correspondents on sustainability-related topics.

In some cases, despite all the efforts made by the Procurement teams with the suppliers concerned, the corrective action plans requested are not carried out. When constraints specific to the Group's business so require (e.g. public energy suppliers), the Procurement teams develop ad hoc due diligence measures. Subsequently, the decision to continue with the suppliers concerned is made by local management. These decisions are formalized and monitored.

### 5.3.3. Training

In 2023, Air Liquide organized training sessions to raise awareness among buyers of the Group's Sustainable Procurement approach and of the Procurement climate roadmap (paragraph 5.3.5, page 123). Training courses are organized by subject and by geography. A total of 827 buyers were trained in 2023.

By educating buyers on the importance of sustainability and of its integration into purchasing decisions, Air Liquide can exert influence on supplier behavior. Empowered buyers can effectively communicate expectations and requirements to suppliers, fostering a culture of sustainability. This strategy also promotes long-term partnerships with suppliers committed to ethical and environmentally responsible practices. Ultimately, investing in buyer training yields a more robust and enduring framework for climate strategy in sustainable procurement.

### 5.3.4. Inclusive procurement

In the process of promoting a culture of inclusion, Air Liquide has developed relationships with **disability-inclusive companies**. Through the purchase of goods and services from these specialized companies, Air Liquide contributes to the so-called "indirect" employment of people with disabilities. These suppliers include organizations for the social and professional integration of people with disabilities (ESAT), self-employed workers with disabilities (TIH) as well as adapted enterprises (EA).

In France, Air Liquide declared in 2023 1.9 million euros spent with disability-inclusive companies for the year 2022. The social footprint of these purchases represented 90 jobs created or maintained in 2022 [1].

Each year, in France, Air Liquide organizes a "Forum des Achats Inclusifs" (Inclusive Procurement Forum), bringing together Air Liquide's key players and companies in the disability sector to promote procurement from them. In 2023, this event, co-hosted with the Handeco association, was conducted in a digital and face-to-face format through a round table and testimonials. More than 200 Air Liquide employees took part in this event.

#### AIR LIQUIDE PROMOTES INCLUSIVE PROCUREMENT PLAYERS

During the 2023 Inclusive Procurement Forum, the round table "Air Liquide's social footprint: the men and women behind our contracts with disability-inclusive suppliers" made it possible to demonstrate the benefits of inclusive procurement with companies in the adapted sector for Air Liquide, its suppliers and their employees. This exchange of views illustrated the pride of each of the stakeholders in participating in partnerships that also meet high standards in terms of performance, quality, innovation and agility.

Two testimonials from the Procurement Europe organization and Campus Technologies Grenoble confirmed this growing maturity of inclusive procurement.

In addition, the Air Liquide Inclusive Procurement European Forum was organized for the third time in 2023. Nearly 200 participants – from operations and procurement, as well as suppliers – attended the meeting and round table with the Group Chief Procurement Officer & Transformation and the Europe Chief Procurement Officer. Testimonials from Germany with HPZ (Heilpädagogisches Zentrum) and the United Kingdom with Royal British Legion Industries were shared to raise awareness and promote relationships with companies supporting the inclusion of people with disabilities and workshops in the protected sector in Europe.

### 5.3.5. "Procure to Neutrality", the Procurement climate roadmap

In its strategic plan ADVANCE for the 2022-2025 period, announced in March 2022, Air Liquide reaffirmed its ambition to achieving carbon neutrality by 2050. Procurement has a key role to play in supporting this objective throughout the supply chain of the Group's businesses, in particular:

- by supporting its suppliers in the decarbonization of the goods and services that the Group purchases;
- by helping to reduce the Group's emissions; and
- by contributing to the development of low-carbon solutions offered to its customers.

In 2021, the Group Procurement Department initiated a climate roadmap, "Procure to Neutrality" based on four pillars:

- **measure**: improve the greenhouse gas emission calculation methodology (Scope 3), where relevant and feasible;
- **engage** buyers, with the training of the procurement community; engage suppliers of the Group identified on the basis of a mapping as the most significant in terms of emissions;
- **leverage** Procurement's contributions to reducing Air Liquide's Scopes 1, 2 and 3 emissions;
- **reduce**: define an objective, with the aim of aligning with the Group's carbon neutrality ambition.

Internally, around 78% of the Procurement community has taken part in training sessions since 2022 on key concepts for understanding climate issues, carbon accounting methodologies and greenhouse gas emission reduction objectives. In addition, a specific training module for buyers was launched in 2023 to enable them to engage suppliers in measures to assess greenhouse gas emissions, climate objectives and actions to reduce the carbon footprint of products and services purchased. In 2023, 45% of buyers took this new module.

In 2022, Air Liquide launched an action with those of its suppliers most exposed to risks of greenhouse gas emissions. 75 of them had responded to a questionnaire. Actions continued in 2023 with 34 dedicated meetings organized with suppliers to engage them to undertake actions on the measurement of emissions, climate objectives and the reduction of their impacts.

In addition, in 2023, Air Liquide contributed to the training module on Sustainable Procurement developed by Axa Climate School by sharing a business case study on its $TCO_2$ tool. This tool allows the climate maturity of suppliers and $CO_2$ emissions related to the manufacture, transport and use of equipment to be integrated. This module is integrated into the selection criteria for suppliers of strategic equipment.

(1) *The social footprint is calculated by dividing Air Liquide's purchases from disability-inclusive companies for the reference year by the full-time equivalent of a worker with disabilities (2,000 times the French hourly minimum wage).*

### 5.4. MONITORING 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' assessments, is monitored by the Procurement Department.

In 2023, of the 1,076 Sustainability-Critical Suppliers, the assessment and action plans campaign addressed 560 of them:

- 461 suppliers were invited to answer a questionnaire [(2)]. 361 of them (78%) were assessed (43% by the external platform and 57% by Air Liquide using the internal questionnaire);
- 57 suppliers needing improvement were invited to set up corrective action plans. 56 of them have prepared action plans;
- 42 non-compliant suppliers were invited to set up corrective action plans. All of them prepared and completed action plans.

At the end of the 2023 assessment campaign, 769 of Sustainability-Critical Suppliers had a valid score (paragraph 5.2.2, page 121). Other suppliers are being monitored.

The results of the assessment by the external platform show that the average of the current score is 51/100 for Sustainability-Critical Suppliers. The two themes with the highest scores are human rights and working conditions and the environment, with an average of 54/100. The lowest rating concerns the sustainable procurement procedures implemented by suppliers with an average of 45/100.

| Key indicators | 2023 Objectives | 2023 Results |
|---|---|---|
| Share of Sustainability-Critical Suppliers addressed by the annual assessment campaign who responded | **72%** | 78% |
| Share of suppliers needing improvement who prepared a corrective action plan (annual assessment campaign) | **86%** | 98% |
| Share of non-compliant suppliers who prepared and implemented a corrective action plan | **100%** | 100% |

Following the assessment results and a review of corrective action plans, Air Liquide suspended its sales relationship with two suppliers in 2023.

These performance indicators and their progress report are regularly presented the the Group Procurement Management Committee, which bring together the Hubs and the World Business Units Procurement Directors.

# 6. Whistleblowing system

## 6.1. ETHICS WHISTLEBLOWING SYSTEM

### 6.1.1. Collection and treatment of alerts

Air Liquide's Whistleblowing Policy, updated at the end of 2022, defines the various channels that the whistleblower can use to report a possible violation of the Group's ethics commitments and rules and the process for handling alerts by Air Liquide. Available for all employees in the BlueBook, it is accessible on the Group's website for external stakeholders (https://www.airliquide.com/sustainable-development/ethics). This policy is progressively being cascaded down through local entities in the Group's entities.

The whistleblowing system, EthiCall (https://safecall.co.uk/en/clients/ethicall/), is available for all Group entities and, after consultation with employee representative bodies in France in 2021, for all of its internal and external stakeholders (customers, patients, suppliers, subcontractors and their staff, local communities, facilitators, etc.). Airgas and its subsidiaries also have a similar platform, EthicsPoint (https://secure.ethicspoint.com/domain/media/en/gui/28723/index.html). Air Liquide communicates regularly on these systems to its employees (e.g. via posters, Intranet, reminder in the annual and mandatory e-learning relating to the Code of Conduct, managerial communication, induction training for new hires).

Anyone can report an alert in their own language by telephone or via dedicated websites (alerts are collected by service providers). For employees, these systems come in addition to the usual channels for reporting potential incidents within the entities (line management, Human Resources Department, Ethics Correspondent, Group Ethics Officer). Third parties can also raise their concerns to their contact person within the Group.

Alerts may notably relate to allegations of breaches of the Group's Code of Conduct, of internal policies and procedures or applicable laws, and to any incidents related to human rights, health and safety, or the environment.

The whistleblowing system enables rapid and structured handling of alerts received as well as objective and confidential treatment. Once an alert has been registered, the treatment procedure provides that an acknowledgment of receipt be sent to the whistleblower within seven days after the initial receipt. The competent person within Air Liquide with regard to the category and geographic origin of the alert assesses the admissibility of the alert in accordance with internal procedures and appoints an investigator if necessary. The latter conducts an investigation to determine whether the reported facts are substantiated. They may call on external resources for this investigation. If the facts are substantiated, appropriate corrective measures and remedies are implemented. These measures may include:

- the strengthening of Group policies, controls and processes;
- Human Resources or other type of assistance to the whistleblower;
- individual or collective awareness-raising;
- disciplinary sanctions, up to and including dismissal, in accordance with applicable regulations or legal proceedings where appropriate.

Follow-up and feedback should be provided to the whistleblower during processing and no later than three months from the acknowledgment of receipt of the alert (but as far as possible within two months). In certain justified cases and in certain jurisdictions (for example, due to the nature or complexity of the alert), a longer period may be necessary (but this period should not exceed three additional months).

(2) *Not all suppliers are reassessed every year because their score is valid for one to five years.*

The Group Ethics Officer is responsible for the whistleblowing system and ensures it is compliant in its implementation, and in particular that it is properly disseminated throughout the Group, that alerts are handled appropriately, and that whistleblowers are protected. The most serious cases are reviewed by an Ethics Committee at the relevant hub or World Business Unit level, or by the Group's Ethics and Compliance Committee.

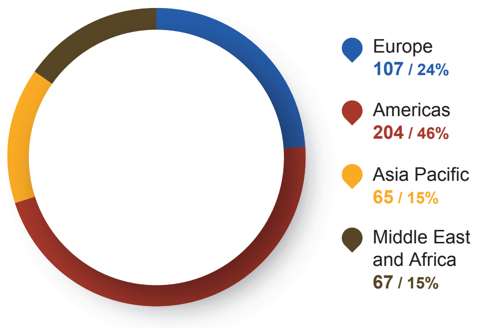
The principles concerning the protection granted to whistleblowers (anonymity of the whistleblower, respect for the confidentiality of the alert treatment, prohibition of any form of retaliation) are affirmed in the Code of Conduct and the Group Whistleblowing Policy. The Group guarantees that any whistleblower who has in good faith reported an ethical breach or misconduct will not be subject to any disciplinary or discriminatory measures or retaliation of any kind.

### 6.1.2. Monitoring of measures implemented and the assessment of their effectiveness

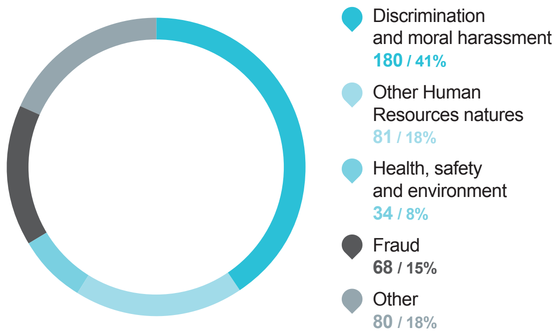
The Group Ethics Officer reports back to the Group Ethics and Compliance Committee and to the Audit and Accounts Committee of the Board of Directors on the main indicators and lessons learned from the whistleblowing system.

In 2023, 443 alerts were reported in the whistleblowing system.

BREAKDOWN OF ALERTS PER GEOGRAPHY
(number / %)




BREAKDOWN OF ALERTS PER NATURE
(number / %)




As of December 31, 2023, 75 alerts were still being processed. 37% of alerts received in 2023 were found to be justified following investigation and led to corrective measure and remediation.

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

## 6.2. ADDITIONAL WHISTLEBLOWING MECHANISMS

### 6.2.1. Safety and security event reporting process

Urgent situations in terms of health, safety or security, or the most serious accidents cannot be processed by the ethics whistleblowing system. The Safety and Industrial System Department has an internal reporting process for security or safety incidents, which makes it possible to inform the management chain and the relevant security or safety managers of the subsidiary, cluster (group of countries), hub and Group very quickly, depending on the severity. 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. Subsidiaries regularly report all safety and security events in the Group's reporting tool.

### 6.2.2. Process for the protection of personal data

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. A form is available on the Air Liquide website (https://contactprivacy.airliquide.com/) to be put in contact with the services in charge of personal data protection. 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 alerts are recorded in a dedicated register. Alleged violations of personal data are systematically analyzed and, if necessary, give rise to changes in management processes.

In addition, in 2023, Air Liquide recorded 124 requests throughout the Group for the exercise of rights or alerts of violations of personal data.

3

# Corporate governance

CORPORATE GOVERNANCE 3
Management and control

This chapter includes, in particular, the elements of the Report on Corporate Governance drawn up on the basis of Ordinance No. 2017-1162 of July 12, 2017 by the Board of Directors at its meeting on February 19, 2024, on the recommendation of the Appointments and Governance Committee and the Remuneration Committee.

Those parts constituting this Report have been prepared on the basis of contributions from several of the Company's corporate functional divisions, including, in particular, the Legal, Financial and Human Resources Departments.

# MANAGEMENT AND CONTROL

## 1. Composition of the Board of Directors

### DIRECTORS CURRENTLY IN OFFICE (AS OF DECEMBER 31, 2023)

| Members of the Board | Changes in 2023 [(a)] | Nationality | Age [(b)] | Gender | Year of first appointment | Years of service on the Board [(b)] | End of current term | Independent Director [(c)] | Number of shares owned as of December 31, 2023 | Board Committees: Audit and Accounts Committee | Board Committees: Appointments and Governance Committee | Board Committees: Remuneration Committee | Board Committees: Environment and Society Committee | Number of directorships in listed companies [(d)] | Experience and expertise |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Benoît POTIER**<br>Chairman of the Board of Directors | | French | 66 | M | 2000 | 19 | 2026 | No | 615,648 | | | | | 1 | Chairman of the Board of Directors<br>In-depth knowledge of the Air Liquide group and its activities in his capacity as former Chairman and Chief Executive Officer |
| **François JACKOW**<br>Chief Executive Officer (CEO) | | French | 54 | M | 2022 | 1 | 2026 | No | 53,591 | | | | | 0 | Chief Executive Officer (CEO)<br>In-depth knowledge of the Air Liquide group and its activities in his capacity as former member of the Executive Committee and Executive Vice President |
| **Xavier HUILLARD**<br>Lead Director | | French | 69 | M | 2017 | 6 | 2025 | Yes | 3,226 | | Chairman | Chairman | | 1 | Executive officer of a major international group and experience in the construction industry |
| **Annette WINKLER** | | German | 64 | F | 2014 | 9 | 2026 | Yes | 2,900 | | Member | | Chairwoman | 1 | Former head of division at a leading German industrial group with international reach, automobile sector |
| **Philippe DUBRULLE**<br>Director representing the employees | | French | 51 | M | 2014 | 9 | 2026 | No | N/A | | | | Member | 0 | Knowledge of the Air Liquide group and its activities as an employee |
| **Kim Ann MINK** | | American | 64 | F | 2020 | 3 | 2024[(e)] | Yes | 550 | | | Member | | 2 | High-level management at large international chemical groups<br>Extensive knowledge of North American markets |
| **Fatima TIGHLALINE**<br>Director representing the employees | | French | 44 | F | 2020 | 3 | 2024[(f)] | No | N/A | | | Member | | 0 | Knowledge of the Air Liquide group and its activities as an employee |
| **Aiman EZZAT** | | French | 62 | M | 2021 | 2 | 2025 | Yes | 550 | Member | | | | 1 | Executive officer of an international group and a former CFO<br>Extensive knowledge of the digital sector and a wide range of industrial sectors |
| **Bertrand DUMAZY** | May 3, 2023<br>Appointment: Member AAC | French | 52 | M | 2021 | 2 | 2025 | Yes | 550 | Member | Member | | | 2 | Executive officer of an international group<br>Knowledge of the industrial and service sectors, experience of digital transformation and change management |
| **Catherine GUILLOUARD** | May 3, 2023<br>Appointment: Member BoD; Chairwoman AAC | French | 58 | F | 2023 | < 1 | 2027 | Yes | 500 | Chairwoman | | | | 2 | Former senior executive of a public transport company and high-level management experience at international groups<br>Experience as Chief Financial Officer |
| **Christina LAW** | May 3, 2023<br>Appointment: Member BoD | Chinese (Hong Kong) | 56 | F | 2023 | < 1 | 2027 | Yes | 500 | | | | | 1 | In-depth knowledge of Asian markets and management experience at major international groups specializing in the healthcare sectors |
| **Alexis PERAKIS-VALAT** | May 3, 2023<br>Appointment Member BoD | French and Greek | 52 | M | 2023 | < 1 | 2027 | Yes | 500 | | | | | 0 | Chief Executive Officer of L'Oréal group's main division, extensive knowledge of consumer markets |
| **Michael H. THAMAN** | May 3, 2023<br>Appointment Member BoD | American | 59 | M | 2023 | < 1 | 2027 | Yes | 500 | | | | | 1 | Former senior executive of the US-based world leader in construction materials<br>Extensive knowledge of North American industrial markets |
| **Monica de VIRGILIIS** | May 3, 2023<br>Appointment: Member BoD. Member ESC | Italian and French | 56 | F | 2023 | < 1 | 2024[(e)] | Yes | 500 | | | | Member | 3 | High-level management in the new technologies sector<br>Founder and Chairwoman of the Chapter Zéro France Association whose objective is to raise directors' awareness of climate issues |

*(a) BoD: Board of Directors; LD: Lead Director; AAC: Audit and Accounts Committee; AGC: Appointments and Governance Committee; RC: Remuneration Committee; ESC: Environment and Society Committee.*
*(b) Number of full years of service as of December 31, 2023. The term of office of Mr Benoît Potier as President of the Management Board (2001-2006) is not taken into account.*
*(c) Pursuant to the decision of the Board of Directors of February 19, 2024; for information regarding independence criteria, please refer to this Universal Registration Document – pages 136 to 138.*
*(d) In accordance with the recommendation of the AFEP/MEDEF Code.*
*(e) Renewal of term proposed to the General Meeting of April 30, 2024.*
*(f) During its plenary session of November 2023, the European Work Council renewed Fatima Tighlaline as Director representing the employees for a term of 4 years, which will expire at the end of the 2028 General Meeting held to approve the financial statements for the fiscal year ending December 31, 2027.*

**SOCIAL AND ECONOMIC COMMITTEE DELEGATE**: Pierre GAC

# 2. Executive Management and Executive Committee as of December 31, 2023

| | |
|---|---|
| **François Jackow**<br>Chief Executive Officer (CEO)<br>Born in 1969 – French | **Marcelo Fioranelli**<br>Vice President<br>Chief Executive Officer of Airgas<br>Born in 1968 – Brazilian |
| **Michael J. Graff**<br>Executive Vice President<br>Supervises the Engineering & Construction activities and chairs the Board of Directors of Group "holdings" in the Americas<br>Born in 1955 – American | **Matthieu Giard**<br>Vice President<br>In charge of Americas hub<br>Born in 1974 – French |
| **Pascal Vinet**<br>Executive Vice President<br>In charge of the Europe Industries and Africa / Middle East / India hubs and the Safety and Industrial Systems function<br>Supervises the Industrial Merchant World Business Line<br>Born in 1962 – French | **Amelia Irion**<br>Vice President<br>Human Resources Vice President<br>Born on 1970 – American and French |
| **François Abrial**<br>Senior Vice President and General Secretary<br>Supervises the Group General Control and Compliance Department, the Group Legal Department, Public and International Affairs, as well as Digital & IT<br>Born in 1962 – French | **Armelle Levieux**<br>Vice President<br>Vice President of Innovation<br>Supervises Research and Development, The Global Markets & Technologies World Business Unit and the Intellectual Property Department<br>Supervises the Electronics and H2 Energy World Business Lines and the H2 Force Initiative<br>Born in 1973 – French |
| **Jean-Marc de Royere**<br>Senior Vice President<br>In charge of societal programs<br>Chairman of the Air Liquide Foundation<br>Born in 1965 – French | **Émilie Mouren-Renouard**<br>Vice President<br>Europe Industries hub Vice President<br>Born in 1979 – French |
| **François Venet**<br>Senior Vice President<br>In charge of the Group Strategy<br>Supervises the Large Industries business line<br>Born in 1962 – French | **Jérôme Pelletan**<br>Vice President<br>Chief Financial Officer<br>Born in 1970 – French |
| **Ronnie Chalmers**<br>Vice President<br>In charge of the Africa / Middle East / India hub<br>Born in 1968 – British | **Diana Schillag**<br>Vice President<br>Europe Healthcare hub Vice President<br>Supervises the Healthcare World Business Line and Sustainable Development and the Group's Procurement function and the Performance Improvement Program<br>Born in 1971 – German |

Ms Fabienne Lecorvaisier left her position has Executive Vice President as of May 4, 2023, it reflects her personal decision to focus on non-executive roles.

# GOVERNANCE – COMPOSITION, FUNCTIONING AND WORK OF THE BOARD OF DIRECTORS AND COMMITTEES

## 1. Corporate Governance Code

The Board of Directors confirmed that, in keeping with the Group's previous practices, the AFEP/MEDEF Code of Corporate Governance for listed companies is the Code to which the Company voluntarily refers. This Code in its updated version is available on the website : https://afep.com/wp-content/uploads/2022/12/Afep_Medef_Code_revision_2022_version_EN_.pdf

The Appointments and Governance Committee and the Remuneration Committee reviewed current practices in the Company with respect to the AFEP/MEDEF Code as amended in December 2022. The Company considers that its practices comply with the recommendations of the AFEP/MEDEF Code and no points appear in the summary table (see below, paragraph "Application of the AFEP/MEDEF Corporate Governance Code: summary table" – page 154) established under the "Apply or Explain" rule provided for by article L. 22-10-10 of the French Commercial Code, and referred to in article 28.1 of the AFEP/MEDEF Code of December 2022.

The Report of the *Haut Comité de gouvernement d'entreprise* (French High Committee on Corporate Governance) of November 2023 and the French financial market authority (*Autorité des Marchés Financiers*) Report on Corporate Governance and the remuneration of Executive Officers of listed companies published in December 2023 were reviewed by each of the concerned Committees, which then made a report to the Board of Directors.

The principles governing the professional ethics of Directors, the diversity policy which applies to the Board of Directors, together with the composition, role and rules of operation of the Board and its Committees are defined in the internal regulations. The internal regulations' updated version is published in full on the Company's website : https://www.airliquide.com/sites/airliquide.com/files/2024-02/internal-regulations-of-the-board-of-directors-2024-02.pdf

## 2. Governance structure: Separation of the functions of Chairman of the Board of Directors and Chief Executive Officer

Air Liquide's governance is historically defined by an effort to remain relevant to the Group's challenges, to respect Shareholders' rights, balance of the powers and best practices.

The governance of L'Air Liquide S.A. is a governance with a Board of Directors with, since June 1, 2022, separation of the functions of Chairman of the Board of Directors from those of Chief Executive Officer.

The Board of Directors' meeting of May 4, 2022, at the close of the General Meeting, acting unanimously and in accordance with the recommendations of the Appointments and Governance Committee, chose to adopt this dissociated mode of governance, effective June 1, 2022, and to appoint Mr François Jackow as the new Chief Executive Officer and renew the duties of Mr Benoît Potier as Chairman of the Board of Directors. On this occasion, the Board of Directors also decided to maintain the position of Lead Director.

### 2.1. Powers of the Chief Executive Officer

As an Executive Officer, the Chief Executive Officer who alone oversees and manages the operations of the Company, is invested with the broadest powers to act in all circumstances in the Company's name subject to certain decisions to be submitted to prior authorization of the Board of Directors as established in the articles of association and described in the internal regulations (see below).

Mr François Jackow is also a Director of L'Air Liquide S.A. In this capacity, he participates in the discussions and deliberations of the Board of Directors.

#### Limits on the powers of the Chief Executive Officer

In accordance with article 13 of the articles of association, decisions subject to the prior authorization or information from the Board of Directors are defined in the internal regulations of the Board of Directors as follows:

In accordance with article 13 of the articles of association, the decisions referred to below are subject to the prior authorization/information from the Board of Directors.

In addition, concerning the "Subsidiaries" (defined as companies controlled by the Company) of the Group (defined as the Company and all its Subsidiaries), the prior authorization/the information from the Board is required in the cases listed hereinafter expressly concerning the Subsidiaries.

a. Sureties, endorsements and guarantees given by the Company for an individual amount in excess of 100 million euros or for an annual cumulative amount in excess of 500 million euros, subject to the specific resolutions taken by the Board of Directors.
b. External sales or contributions (to companies other than majority-controlled companies) concerning the Company and the Subsidiaries:
   - of real estate assets for an individual amount in excess of 80 million euros or for an annual cumulative amount in excess of 150 million euros,
   - of equity investments, either in whole or in part, for an individual amount in excess of 250 million euros or for an annual cumulative amount in excess of 400 million euros,
   - signing of any merger, demerger agreement or agreement for a partial business transfer, for an individual amount in excess of 250 million euros or for an annual cumulative amount in excess of 400 million euros, subject to the specific provisions applicable to the Company as set out below,
   - of lines of business, for an individual amount in excess of 250 million euros or an annual cumulative amount in excess of 400 million euros.

   With regard to the Company, the authorization of the Board of Directors will be required in order to enter into, in the name of the Company, external contributions in kind or partial business transfers, for an individual amount in excess of 250 million euros or for an annual cumulative amount in excess of 400 million euros; the authorization of the Board of Directors will be required in order to enter into, in the name of the Company, any merger, demerger or comparable transaction subject to the regime applicable to mergers and demergers; it is specified that the Board of Directors may delegate to the Chief Executive Officer (or to the Chairman and Chief Executive Officer, as the case may be) the powers to enter into such transactions under the conditions and for the amounts which it will determine.
c. Creation of pledges or security by the Company for an individual amount in excess of 80 million euros or for an annual cumulative amount in excess of 150 million euros.
d. Concerning the Company and the Subsidiaries: (i) commitments to invest in or (ii) acquire equity investments or assets, consisting of immoveable or moveable property, tangible or intangible, which will be listed under "Fixed Assets" on the balance sheet, or to subscribe to share capital increases for an individual amount in excess of 250 million euros or for an annual cumulative amount in excess of 400 million euros.

   The Board will be informed of operations for an individual amount in excess of 250 million euros, involving (i) purchases relating to items that cannot be listed under "Fixed Assets" on the balance sheet, such as electricity or natural gas purchases, and (ii) the sale to third parties of engineering or construction goods or services, such information being provided if possible ex ante, and in any case ex post.

   Approvals of programs for investments by successive "tier" shall be requested from the Board of Directors.
e. Any financing operation concerning the Company or the Subsidiaries for an amount likely to substantially alter the Group's financial structure.
f. Operations likely to substantially alter the Group strategy as determined by the Board of Directors.

It is specified that when the Board of Directors' authorization is required due to one of the overall annual ceilings set in this paragraph being exceeded, the Board of Directors may, if it considers it appropriate, renew its authorization for all or part of the authorized amount initially granted.

Moreover, in the event of a fundamental modification of the Group's information system leading to an investment exceeding an amount of 250 million euros, the Board of Directors will be given prior information.

### 2.2. Duties of the Chairman of the Board of Directors

The Chairman of the Board of Directors organizes and manages the work of the Board of Directors and reports on such work to the General Meeting. He is responsible for calling meetings of the Board of Directors. He sets the dates and agenda for Board meetings, manages the conduct of the meetings themselves and leads their discussions.

The Chairman of the Board of Directors is in charge of the smooth running of the Company's bodies. His role includes ensuring that Directors are able to accomplish their tasks. As part of this, he makes sure that they have all of the available information necessary to accomplish them effectively.

Within a context of continuity, given Mr Benoît Potier's long experience as head of Air Liquide and his in-depth knowledge of the Group, he has been entrusted in 2022 by the Board of Directors, for the duration of the managerial transition, with specific tasks over and above those legally conferred on the Chairman of the Board of Directors.

The Board of Directors, on the recommendation of the Appointments and Governance Committee, recorded that the management transition period was proceeding in an extremely satisfactory manner. In such circumstances, it is envisaged by the Board that the transition will come to an end on the expiry of the term of office of the Chairman of the Board (2026 General Meeting).

The specific tasks of the Chairman of the Board, carried out in consultation with the Chief Executive Officer, described in the internal regulations of the Board of Directors, are as follows:

- the Chairman is involved in major decisions concerning the definition of the Group's overall strategy and organization;
- the Chairman may, at the Chief Executive Officer's request, attend internal meetings with management on these topics in order to shed light on the strategic issues;
- the Chairman may, in close collaboration with the Chief Executive Officer, represent the Group (pursuant to an institutional role) vis-à-vis the public authorities and some strategic partners and/or stakeholders;
- the Chairman may, in close collaboration with the Chief Executive Officer, meet with the principal shareholders on governance matters, in addition to more specific matters, as agreed with the Chief Executive Officer. He shall keep the Chief Executive Officer informed. He monitors the Group's shareholder strategy and continues to chair the Shareholders' Communication Committee;
- the Chairman makes his experience available to the Group and ensures that the Group's values and culture are upheld.

The Chairman attends the meetings of the Appointments and Governance Committee and the Remuneration Committee. He plays an active role in the recruitment of Directors led by the Appointments and Governance Committee. The Chairman reports to the Board on the performance of his responsibilities.

### 2.3. Report on the activities of the Chairman of the Board of Directors

As set out in the internal regulations, the Chairman reported to the Board on the performance of his duties during the past fiscal year, in his capacity as Chairman of the Board of Directors.

During this period and in addition to the traditional duties of a Chairman of the Board of Directors, Mr Benoît Potier:

- participated in numerous events organized by the public authorities at the national and European levels to represent the Group (as part of his institutional representation missions), such as the Franco-German meetings in Evian in September 2023, and the economic meetings in Aix-en-Provence (where Mr Benoît Potier spoke on the subject "Towards an industrial renaissance?") in July 2023;
- participated in the work of organizations dealing with topics relevant to the Group: Mr Benoît Potier co-chairs the National Hydrogen Council, and regularly participates as a member in the meetings of the Hydrogen Council, the ERT (European Round Table), the Strategic Orientation Committee of the Université Paris Saclay and the Asia Business Council. He also took part in a conference at the IEA (International Energy Agency) on the theme "Ensuring an orderly energy transition";
- attended ad hoc meetings with the Chief Executive Officer on the Group's overall strategy and organization;
- participated in the induction of Directors appointed in 2023;
- exchanged with Shareholders during the General Meeting of May 3, 2023: this question-and-answer session remains an important opportunity to exchange views between the Shareholders and the Chairman;
- chaired the three meetings of the Shareholders' Communication Committee, the three dedicated afternoons having enabled rich and in-depth discussions with the Committee's 12 Shareholders;
- as part of the meetings with investors that are organized every year, he also met with four major shareholders in 2023 to discuss governance issues.

## 3. Composition of the Board of Directors

**BOARD OF DIRECTORS as of 12/31/2023**

**14 members**

| INDEPENDENT DIRECTORS (a) | DIRECTORS REPRESENTING THE EMPLOYEES | PARITY (a) PERCENTAGE OF WOMEN | NATIONALITIES | AVERAGE LENGTH OF PRESENCE ON THE BOARD |
|---|---|---|---|---|
| 83% | 2 | 42% | 5 | 4 years |

*(a) Directors representing the employees are not taken into account for the calculation of this percentage.*

As of December 31, 2023, the Board of Directors comprised 14 members: 12 members appointed by the General Meeting, five of whom are foreign nationals (German, American, Italian and Chinese (Hong Kong)) and five are women (i.e. 42%), and two Directors representing the employees.

**Changes to the Board and its committees over the past fiscal year:**

- The terms of office of Ms Siân Herbert Jones, independent Director and Chairwoman of the Audit and Accounts Committee, and Ms Geneviève Berger, independent Director and member of the Environment and Society Committee, expired at the end of the General Meeting of May 3, 2023;
- Following the search for candidates conducted by the Appointments and Governance Committee in accordance with the criteria defined in the diversity policy set out below, the Committee recommended that the Board of Directors propose to the General Meeting of May 3, 2023 the appointment of four new independent Directors, Ms Catherine Guillouard, Ms Christina Law, Mr Alexis Perakis-Valat and Mr Michael H. Thaman and the ratification of the co-option by the Board of February 2023 of one Director, Ms Monica de Virgiliis, to replace Ms Anette Bronder;

- Following these appointments, the Board of Directors decided to appoint Ms Catherine Guillouard as Chairwoman of the Audit Committee and Mr Bertrand Dumazy as a member of this same Committee, as well as Ms Monica de Virgiliis as a member of the Environment and Society Committee.

As indicated in the skills matrix on page 135 and the table on pages 128 to 129, experience in the fields of industry, services, research and innovation, healthcare, chemicals and the construction professions are in particular represented on the Board. The Directors also bring cross-functional skills such as finance, CSR and digital, as well as the vision of managers of large international groups.

Each year, the Board of Directors reviews its composition so that it reflects a diversity of profiles, experience and skills, adapted to the Group's challenges.

In accordance with the AFEP/MEDEF Code, the internal regulations provide for a maximum of four other terms of office as a Director held within French or foreign listed companies for non-executive Directors. This number is reduced to two other terms of office for Company Officers.

Moreover, an obligation to provide information on the terms of office held in other companies, including their participation on the Board Committees of such companies, is provided for non-executive Directors. In this context, the Board of Directors was informed of the appointment of Ms Kim Ann Mink (i) as Chairwoman of the Environment, Safety and Sustainable Development Committee of Eastman Chemical Company (of which she was already a member) as of May 2023 and (ii) as a Director of the unlisted US company Group 14 Technologies from September 2023.

An obligation to ask for the opinion of the Board of Directors (which makes a decision on the recommendation of the Appointments and Governance Committee) before accepting a new corporate office in a listed company is also provided for Company Officers.

## 3.1. DIVERSITY POLICY – SELECTION OF NEW MEMBERS OF THE BOARD OF DIRECTORS

The internal regulations stipulate that:

"The members are chosen for their skills, their integrity, their independence of mind and their determination to take into account the interests of all shareholders."

"**Diversity policy concerning the Board of Directors:** the composition of the Board of Directors, with regard to its members appointed by the General Meeting upon the proposal of the Board of Directors, shall reflect diversity and complementarity of experience, in particular international experience, nationalities, age, gender, cultures and expertise, including a significant number of executive managers or former executive managers; the Board of Directors shall look for persons possessing skills in the following areas: marketing, services, industry, finance, health, research, technology and corporate social responsibility."

The diversity policy which applies to the members of the Board is accompanied by guidelines, which are set forth in the internal regulations which, although not written in stone, also guide the composition of the Board, in particular in terms of the number of Directors appointed by the General Meeting (in principle 10 to 12), the duration of the terms of office (four years, principle of staggering renewals, the proportion of members appointed by the General Meeting in office for more than 12 years cannot exceed one-third), age or the proportion of members who qualify as independent, thus aiming to comply with the recommended principles in terms of good Corporate Governance practices.

The Board of Directors relies upon the work of the Appointments and Governance Committee in order to propose to the General Meeting, any new appointment or renewal of the terms of office of Directors. New independent Directors are appointed according to the steps described below (summarized in the internal regulations of the Board of Directors):

| PROFILE | APPLICATIONS | SELECTION | DECISION |
| --- | --- | --- | --- |
| Definition of the profile sought by the Appointments and Governance Committee with regard to:<br>▪ sought-after skills and experience in accordance with the Board's diversity policy;<br>▪ sought-after professional and personal qualities; and<br>▪ gender parity. | ▪ Profile searches carried out by the Committee, as the case may be, with the help of a recruitment firm.<br>▪ In-depth study by the Committee of the profiles identified.<br>▪ Establishment of a list of potential candidates. | ▪ Discussions within the Committee concerning the candidates: adequacy with the needs identified, verification of the rules of the AFEP/MEDEF Code (multiple offices, independence, etc.).<br>▪ Individual meeting with the Chairman of the Committee, the Chairman of the Board and with each member.<br>▪ Conclusion and recommendation to the Board of Directors. | ▪ Approval by the Board of the draft resolution relating to the appointment of the new Director to be submitted to the General Meeting. |

The Board of Directors considers that compliance with the criteria included in the diversity policy contributes to the quality of its discussions, and that the diversity of its members, particularly in terms of gender, age, nationality and experience, contributes to optimizing results in terms of environmental and societal sustainability.

As of December 31, 2023, the Board of Directors has 14 members following the lastest appointments/ratification made at the General Meeting of May 3, 2023, proposed in application of the diversity policy introduced by the Board.

The expertise and experience provided by each of the Directors making up the Board of Directors can be summarized in the matrix presented below. This matrix, resulting from the work of the Appointments and Governance Committee, presents the individual skills of the Directors, distinguishing between functional skills and sectoral skills. It was adopted by the Board of Directors, on the recommendation of the Appointments and Governance Committee and approved by each member, for the information concerning him/her, with regard to his/her professional career.

| | | Benoît Potier | François Jackow | Xavier Huillard | Annette Winkler | Kim Ann Mink | Aiman Ezzat | Bertrand Dumazy | Christina Law | Michael H. Thaman | Monica de Virgiliis | Alexis Perakis-Valat | Catherine Guillouard | Philippe Dubrulle | Fatima Tighlaline | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Functional skills | International profile | | | | ✓ | ✓ | | | ✓ | ✓ | ✓ | | | | | 36% |
| | Chairman & CEO/ CEO/Senior executives of large international groups | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | 86% |
| | Finance/Audit (a) | | | | | | ✓ | ✓ | | ✓ | | | ✓ | | | 29% |
| | Digital/IT | ✓ | ✓ | | | | ✓ | ✓ | | | | ✓ | ✓ | | | 43% |
| | Cybersecurity | | | | | | ✓ | ✓ | | | | | | | | 14% |
| | CSR | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | | 86% |
| | R&D/Technology/ Innovation | ✓ | ✓ | | | ✓ | | | | ✓ | ✓ | | | ✓ | | 43% |
| | Marketing | | | | ✓ | ✓ | | ✓ | ✓ | | | ✓ | | | | 36% |
| Sectoral skills | Chemicals/ Pharmaceuticals | ✓ | ✓ | | | ✓ | ✓ | ✓ | ✓ | | | ✓ | | ✓ | | 57% |
| | Healthcare | ✓ | ✓ | | | | | | ✓ | | | | | | ✓ | 29% |
| | Electronics | ✓ | ✓ | | | | | ✓ | | | ✓ | | | | | 29% |
| | Services | | | ✓ | | | ✓ | ✓ | | | | | ✓ | | ✓ | 36% |
| | Construction/ Building & Civil Engineering | | | ✓ | ✓ | | | | | ✓ | | | | | | 21% |
| | Transport/ Automobile | | | ✓ | ✓ | | | | | | ✓ | | ✓ | ✓ | | 36% |
| | Consumer markets | | | | ✓ | | | | ✓ | | | ✓ | | | | 21% |
| | Energy | ✓ | ✓ | ✓ | | ✓ | | ✓ | | ✓ | ✓ | | ✓ | | | 57% |

(a) *The decision was made to include only those Directors who were former CFOs, given that the executive officers of large groups all have financial skills, as a result of their positions.*

**Changes to the Board for 2024:**

For 2024, in view of the recent appointments of five Directors and taking into account the provisions of the internal regulations, which stipulate that the number of members is in principle between 10 and 12 (excluding Directors representing the employees), the Board of Directors, on the recommendation of the Appointments and Governance Committee, has decided not to propose any new appointments to the General Meeting of April 30, 2024 and to ask for the renewal of the terms of office of two independent Directors, Ms Kim Ann Mink and Ms Monica de Virgiliis, whose terms of office expire at the end of this Meeting.

If the General Meeting adopts the resolutions proposed to it, the composition of the Board of Directors will remain the same as the composition as of December 31, 2023 (see table above) with 14 members (including 12 appointed by the General Meeting and two Directors representing the employees).

## 3.2. INDEPENDENCE OF BOARD MEMBERS

Based on the full definition of independence set out in the AFEP/MEDEF Code of Corporate Governance, the internal regulations define the criteria applied within the Company to assess the **independence** of a Board member.

"A member of the Board of Directors is independent when he/she has no relationship of any kind with the Company, its Group or its management which may interfere with his/her freedom to exercise his/her judgment.

In this spirit, the criteria which may provide guidance to the Board in order to classify a member as independent will be as follows:

- he/she is not and has never been an employee or member of the Executive Management of the Company;
- he/she does not hold office as Chairman of the Board of Directors, Chief Executive Officer, Chairman or member of the Management Board of a company in which the Chairman of the Board of Directors, the Chief Executive Officer or a Senior Executive Vice President of Air Liquide is a Director or member of the Supervisory Board;
- he/she must not have any business relations with the Air Liquide Group which represent a significant part of the business activities (i) of the company of which the Director is a member of the Executive Management or (ii) of Air Liquide;
- he/she does not have any close family links with the Chief Executive Officer or a Senior Executive Vice President;
- he/she must not have been an auditor of the Company during the previous five years;
- he/she must not have been a member of the Board of Directors (or Supervisory Board) of the Company for more than 12 years."

Every year, an assessment of the independence of the Directors appointed by the General Meeting and, as the case may be, of the candidates for such a position is included on the agenda of the Board. In reliance on the work of the Appointments and Governance Committee, the Board of Directors reviews each of the criteria contained in the Board's internal regulations and in the AFEP/MEDEF Code for assessing the independence of each Director.

The Air Liquide Group is particularly attentive to conflicts of interest and even potential conflicts of interest. To determine whether or not the business relationship is material, for each Director or candidate for these positions, criteria such as the following are examined:

- the percentage of worldwide business volumes between the Air Liquide Group and each group in which an Air Liquide Director (or candidate for the position of Director) holds a corporate office or a management position. The percentage of business volume is assessed for both the Air Liquide Group and each group concerned;
- the economic dependence;
- the exclusivity;
- the participation of the Director in the business relationship.

The Board relies on a summary table of the flows (purchases and sales) that took place during the past fiscal year between the Air Liquide Group and the group within which an Air Liquide Director appointed by the General Meeting (or a candidate proposed for these functions) also holds a corporate office or an executive function – on this point, see the information relating to the positions and functions held by the Directors on pages 155 to 168). Such figures are weighed against the total purchases and sales of each group to measure their significance.

For the 2023 fiscal year, this chart shows that the amounts of sales by the Air Liquide Group to any of the relevant groups or of its purchases from any such groups do not exceed 1% of the total sales or purchases by the Air Liquide Group or by any of the relevant groups.

Beyond the quantitative criteria mentioned above, the qualitative review conducted by the Board of Directors led to the conclusion that neither Air Liquide nor the groups concerned are in a relationship of economic dependence or exclusivity, as these are large international groups with very diversified activities.

In addition, in light of the highly decentralized organization of the Air Liquide Group, its size, the diversity of its businesses, which are, for the most part, extremely local, and its broad geographical presence, the relevant Directors do not become involved in business relations which are conducted, within the Air Liquide Group, entirely by the managers of the relevant hubs, clusters (groups of countries/entities) and of the concerned countries. After a review of each individual situation, the Board concluded that none of the Directors has to exercise a direct or indirect decision-making power in the contractual negotiations leading to the business affairs discussed. If this were not the case, he/she would have to declare a conflict of interest to the Board. This matter would then be addressed in accordance with the ethical rules provided for in the internal regulations.

As a result of the review carried out, it was concluded that no group in which a Director of Air Liquide holds a corporate office or a management position has a significant business relationship with the Air Liquide Group.

The review by the Board of Directors of the individual situation of each Director in light of the criteria required by the AFEP/MEDEF Code for independent status is shown in the following table (situation on December 31, 2023):

| AFEP/MEDEF Criteria | Benoît Potier (C.BoD) | François Jackow (CEO) | Xavier Huillard (LD) | Bertrand Dumazy | Aiman Ezzat | Catherine Guillouard | Christina Law | Kim Ann Mink | Alexis Perakis-Valat | Michael H. Thaman | Monica de Virgiliis | Annette Winkler | Philippe Dubrulle (Director represen-ting the employees) | Fatima Tighlaline (Director represen-ting the employees) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Criterion 1** Employee corporate officer within the previous 5 years | × | × | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | N/A | N/A |
| **Criterion 2** Cross-directorships | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | N/A | N/A |
| **Criterion 3** Significant business relations | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | N/A | N/A |
| **Criterion 4** Family ties | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | N/A | N/A |
| **Criterion 5** Not to have been an auditor of the Company within the previous 5 years | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | N/A | N/A |
| **Criterion 6** Term of office in excess of 12 years | × | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | N/A | N/A |
| **Criterion 7** Status of non-executive corporate officer | ✓ | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| **Criterion 8** Major shareholder status | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

The Board also reviewed the situation of each Director in light of each of the criteria in the internal regulations as set forth above (page 136 of this Universal Registration Document). The criteria used are very largely inspired by the AFEP/MEDEF Code of Corporate Governance. The Board continues to consider, however, that the Company's former employees or officers **cannot be deemed to be independent even if they ceased to hold office more than five years ago.**

Further to the recommendation made by the French financial market authority, a table showing the list of Directors who are considered to be independent in light of the criterion provided for in the internal regulations and the AFEP/MEDEF Code is set out below.

| | As of December 31, 2023 Independence of the Directors appointed by the General Meeting in light of the criteria in the | |
|---|---|---|
| | **Internal regulations** | **AFEP/MEDEF Code** |
| **Benoît Potier** – Chairman of the Board of Directors | No | No |
| **François Jackow** – Chief Executive Officer | No | No |
| **Xavier Huillard** – Lead Director | Yes | Yes |
| **Bertrand Dumazy** | Yes | Yes |
| **Aiman Ezzat** | Yes | Yes |
| **Catherine Guillouard** | Yes | Yes |
| **Christina Law** | Yes | Yes |
| **Kim Ann Mink** | Yes | Yes |
| **Alexis Perakis-Valat** | Yes | Yes |
| **Michael H. Thaman** | Yes | Yes |
| **Monica de Virgiliis** | Yes | Yes |
| **Annette Winkler** | Yes | Yes |
| **Philippe Dubrulle** – Director representing the employees | N/A | N/A |
| **Fatima Tighlaline** – Director representing the employees | N/A | N/A |

The Board therefore deemed that, at the end of the 2023 fiscal year, the following members elected by the General Meeting were independent: Mr Bertrand Dumazy, Mr Aiman Ezzat, Ms Catherine Guillouard, Mr Xavier Huillard, Ms Christina Law, Ms Kim Ann Mink, Mr Alexis Perakis-Valat, Mr Michael H. Thaman, Ms Monica de Virgiliis and Ms Annette Winkler (i.e. **83%** independent Directors). Pursuant to the provisions of the AFEP/MEDEF Code, Mr Philippe Dubrulle and Ms Fatima Tighlaline, Directors representing the employees, were not taken into account when calculating this ratio.

Given the composition of the Board of Directors following the Combined General Meeting of April 30, 2024, subject to the approval of the proposed resolutions concerning the renewal of the terms of office of two independent Directors, the percentage of independent Directors on the Board of Directors would remain 83%.

## 3.3. PROFESSIONAL ETHICS OF DIRECTORS – RIGHTS AND OBLIGATIONS OF DIRECTORS

The internal regulations summarize the main obligations imposed on Directors. The Director represents all the shareholders and shall act in all circumstances in the Company's corporate interest.

Each Director undertakes to meet the obligations imposed upon him/her by the articles of association and the various legal, regulatory or internal Company provisions and, more specifically, the internal rules relating to the prevention of market abuse or the obligations to report transactions in the Company's shares. The Directors are regularly informed by the Company of their obligations in this area. The Company also has an internal procedure for managing inside information. As every year, an internal memo on the prevention of market abuse was sent to the Directors at the beginning of 2024 which outlines in greater detail the applicable legal and regulatory obligations by which they are bound pursuant to the European and national provisions.

Each Director is bound by an obligation of secrecy. The members of the Audit Committee are, in particular, bound by an obligation of confidentiality concerning the information relating to the services performed by the Statutory Auditors, under the conditions laid down by the law.

Each Director shall endeavor to take part in all meetings of the Board and the Committees of which he/she is a member, and attend the General Meetings.

The information required by the AFEP/MEDEF Code concerning the level of individual attendance of the members of the Board of Directors is shown in the following table:

| | Board of Directors | Audit and Accounts Committee | Appointments and Governance Committee | Remuneration Committee | Environment and Society Committee |
|---|---|---|---|---|---|
| **Benoît Potier**<br>Chairman of the Board of Directors | 100% | — | — | — | — |
| **François Jackow**<br>Chief Executive Officer | 100% | — | — | — | — |
| **Xavier Huillard**<br>Lead Director | 100% | — | 100% | 100% | — |
| **Geneviève Berger** (a) | 100% | — | — | — | 100% |
| **Bertrand Dumazy** (b) | 100% | 100% | 100% | — | — |
| **Aiman Ezzat** | 100% | 100% | — | — | — |
| **Catherine Guillouard** (c) (d) | 67% | 100% | — | — | — |
| **Siân Herbert-Jones** (e) | 100% | 100% | — | — | — |
| **Christina Law** (c) | 100% | — | — | — | — |
| **Kim Ann Mink** | 100% | — | — | 100% | — |
| **Alexis Perakis-Valat** (c) | 100% | — | — | — | — |
| **Michael H. Thaman** (c) | 100% | — | — | — | — |
| **Monica de Virgiliis** (f) | 100% | — | — | — | 50% |
| **Annette Winkler** | 100% | — | 100% | — | 100% |
| **Philippe Dubrulle**<br>Director representing the employees | 100% | — | — | — | 100% |
| **Fatima Tighlaline**<br>Director representing the employees | 100% | — | — | 100% | — |
| **TOTAL** | **98%** | **100%** | **100%** | **100%** | **88%** |

*(a) Ms Geneviève Berger attended meetings of the Board of Directors and the Environment and Society Committee until May 2023 (end of her term of office as Director).*
*(b) Mr Bertrand Dumazy attended meetings of the Audit and Accounts Committee from May 2023 (following his appointment as a member of this Committee by the Board of Directors).*
*(c) Ms Catherine Guillouard and Ms Christina Law, and Messrs Alexis Perakis-Valat and Michael H. Thaman attended meetings of the Board of Directors from May 2023 (following their appointment as Directors by the General Meeting).*
*(d) Ms Catherine Guillouard attended meetings of the Audit and Accounts Committee from May 2023 (following her appointment as Chairwoman of this Committee by the Board of Directors).*
*(e) Ms Siân Herbert-Jones attended meetings of the Board of Directors and the Audit and Accounts Committee until May 2023 (end of her term of office as Director).*
*(f) Ms Monica de Virgiliis attended meetings of the Board of Directors from February 2023 (following her co-option by the Board of Directors) and meetings of the Environment and Society Committee from May 2023 (following her appointment as a member of this Committee by the Board of Directors).*

The members of the Audit and Accounts Committee and the Environment and Society Committee also attend an additional joint meeting between these two Committees. In 2023, the attendance rate for this session was 100%. (See information on the joint session between these two Committees – page 149).

Each Director shall keep him/herself informed and devote the time and attention required to perform his/her duties.

Under the Company's articles of association, each Director must hold at least 500 registered shares in the Company. The Director shall inform the Company of the number of shares which he/she holds. This provision does not apply to the Directors representing the employees.

Under the internal regulations:

"The members of the Board of Directors must inform the Board of any situation of conflict of interest, even if it is only potential, with the Company and must refrain from taking part in the discussions and in the vote on the corresponding decision."

This obligation is completed by a formal annual declaration provided to the Company by each Director, attesting the absence of a potential conflict of interest involving him/her.

### Declarations

Pursuant to the declarations made to the Company by each corporate officer, the Company confirms that the corporate officers have no family ties with any other corporate officer and have not been convicted of fraud at any point in at least the the last five years.

No official charge and/or public sanction has been pronounced against them by the statutory or regulatory authorities (including any professional bodies) and they have not been barred by a court from serving as a member of a Supervisory Board, Board of Directors or other management body of an issuer or from taking part in the management or conduct of an issuer's business affairs at any point in at least the last five years. They have no conflicts or potential conflicts of interest with regard to L'Air Liquide S.A.

No arrangement or agreement has been entered into with the major Shareholders, customers, suppliers or other persons, pursuant to which L'Air Liquide S.A.'s corporate officers were selected as such. Such persons have not agreed any restriction on the transfer, within a certain period of time, of their holding in the capital of L'Air Liquide S.A. apart from the rules relating to the prevention of market abuse, the statutory obligation for the members of the Board of Directors who are elected by the General Meeting to hold at least 500 registered shares in the Company throughout the period of their term of office and the shareholding obligations which apply to the Company Officers.

The corporate officers have not been linked to any bankruptcy, receivership or liquidation at any point in at least the last five years.

Finally, the Appointments and Governance Committee, under the management of the Lead Director, currently has the task of preventing potential situations of conflict of interest on the Board.

All the provisions governing Directors' rights and obligations are included in the manual for members of the Board of Directors which is updated once a year.

## 3.4. LEAD DIRECTOR

Pursuant to the terms of article 13 of the articles of association, the Board of Directors is obliged to appoint a Lead Director, as long as the roles of Chairman and Chief Executive Officer are combined. In the event of separation of the functions of Chairman of the Board and Chief Executive Officer, the Board of Directors may also appoint a Lead Director from among the independent members of the Appointments and Governance Committee. The Lead Director remains in office until the end of his or her term of office on the Appointments and Governance Committee.

Mr Xavier Huillard, independent Director, has been Lead Director since May 2022.

### 3.4.1. Roles, responsibilities and powers of the Lead Director

The internal regulations of the Board of Directors:

A) define the responsibilities and powers of the Lead Director as follows:

**“Roles, responsibilities and powers of the Lead Director**

The Lead Director has the following roles, responsibilities and powers:

1. He conducts, upon delegation from the Chairman of the Appointments and Governance Committee when he is not the Committee Chairman himself, the work of the Appointments and Governance Committee concerning the governance tasks entrusted to the Committee, notably for the examination of the choice of general management organization, the review of changes in and application of the rules of Corporate Governance, the preparation of the evaluation of the functioning of the Board, the review of ethical issues, the attention paid to the proper functioning of the governance bodies, in particular in the transmission of the information requested by Independent Directors; on all these points, the Lead Director can formulate all proposals and make any suggestions he considers necessary.

   More specifically, the Lead Director coordinates, within the Committee, the implementation of the procedures aimed at identifying and analyzing potential situations of conflicts of interest on the Board; he draws the attention of the Chairman of the Board of Directors (or the Chairman and Chief Executive Officer as the case may be) to potential situations of conflicts of interest identified in this manner.

   He reports on these matters to the Board of Directors.
2. The Lead Director, after receiving the opinion of the Appointments and Governance Committee, may ask the Chairman of the Board of Directors to convene a meeting of the Board of Directors on any specified agenda, at any time and as often as required in the interests of the Company.

   Under the conditions provided for in article IV of these regulations, the Lead Director may also receive a delegation of authority to convene a meeting of the Board of Directors at the request of at least one-third of its members.
3. The Lead Director, after receiving the opinion of the Appointments and Governance Committee, may propose the inclusion of additional points on the agenda for any Board meeting to the Chairman of the Board of Directors.
4. Once a year, the Lead Director calls a meeting of the members of the Board of Directors for a session to be held without the presence of the Group’s Executive Directors (or former Executive Directors) or internal Directors and employee representatives. He organizes and leads the discussions of this annual session which he chairs.
5. The Lead Director reviews the requests made by shareholders with regard to governance and makes sure that they are answered.
6. The Lead Director reports on his activities to the Board of Directors every year.
7. The Lead Director makes sure that a report is made to the shareholders on the governance issues falling within the scope of his responsibilities. A report on his activities is made in the Universal Registration Document.”

B) also provide, without prejudice to the provisions on convening the Board of Directors, which are set forth in the internal regulations of the Board of Directors, that the Lead Director, after receiving the opinion of the Appointments and Governance Committee, may ask the Chairman of the Board of Directors to convene the Board of Directors on a given agenda; this right may be exercised at any time and as often as the Company’s interests may require. The Chairman of the Board of Directors is bound by this request.

The Lead Director may be approached by the other Directors outside of Board of Directors’ meetings as often as they deem necessary and the Directors are regularly asked about the level of dialog with the Lead Director.

### 3.4.2. Report on the activity of the Lead Director

The Lead Director’s activities during fiscal year 2023 related to the following points:

- conducting the work of the Appointments and Governance Committee concerning the governance missions entrusted to it, and in particular:
  - review of the Company’s practices in light of the recommendations of the AFEP/MEDEF Code, the French financial market authority and the *Haut Comité de gouvernement d’entreprise* included in their respective 2023 reports,
  - evaluation of the functioning of the Board and presentation to the Board of Directors in February 2024 of the summary of Directors' assessments. For more details on the evaluation, see page 143,
  - informing the Board of Directors on the regular contacts between the Chairman of the Board of Directors and/or the Chief Executive Officer and Shareholders;
- chairing and leading the meeting of the Board of Directors held at the end of the Board of Directors’ meeting in November 2023, bringing together all the Directors without the presence of the Chairman of the Board of Directors, the Chief Executive Officer, the Directors representing the employees or the employee representative. The Lead Director held discussions with the Chairman of the Board of Directors on the matters raised during this executive session – for more details on the executive session, see page 144);
- regular meetings with the Chairman of the Board of Directors and the Directors, in particular on governance issues;
- presentation to shareholders of the work carried out by the Remuneration Committee, which he chairs, at the General Meeting of May 3, 2023;
- review of the expectations expressed by Shareholders at the General Meeting on May 3, 2023. The Lead Director took note of the conclusions of the meetings organized at the end of 2023 with numerous institutional shareholders to prepare for the General Meeting on April 30, 2024.

He reported to the Board of Directors on his activities in February 2024.

During the 2023 fiscal year, the Lead Director took part in all meetings of the Board (five meetings), the Appointments and Governance Committee (four meetings) and the Remuneration Committee (three meetings), as well as the meeting of the “Shareholder Relations” working group.

# 4. Role and tasks of the Board of Directors

- The Board of Directors determines the orientations of the Company's activities and ensures their implementation, in line with its corporate interest, by taking into account the social and environmental stakes of its activity. Accordingly, it examines and approves, based on proposals from the Company's General Management, the main points of the Group's strategy (in principle three to five year objectives), including the multi-annual strategy orientations concerning corporate social responsibility. It ensures the implementation of these orientations by the General Management.
- The Board of Directors regularly reviews, in connection with the strategy which it has defined, opportunities and the financial, legal, operational, social and environmental risks, together with the measures taken accordingly. It ensures that a system has been implemented for the prevention and detection of corruption and influence peddling.
- Subject to the powers attributed to the General Meetings and within the limit of the corporate purpose, the Board deals with any issue concerning the smooth running of the Company and manages corporate business pursuant to its decisions. The internal regulations stipulate that the specific powers vested in the Board of Directors include, in particular, the choice of Company Officers, the determination of their remuneration and setting of the terms and conditions governing their employment and performance of their duties in accordance with current regulations; the appointment of the Lead Director; the convening of the General Meeting (and determination of the agenda and draft resolutions within this scope); the preparation of the financial statements and Annual Management Report (including the Extra-financial Performance Declaration and the Vigilance Plan) and the Report on Corporate Governance; the definition of the Group's gender policy in leaderships; establishing its proper rules for functioning (formation of Committees, breakdown of Directors' annual remuneration, and more). In addition, the Board of Directors may also decide or authorize simple bond issues.
- The Board also exercises the powers delegated to it by the General Meeting, particularly with regard to the granting of stock options or award of performance shares, issues of marketable securities, share buyback or employee savings programs.
- The Board of Directors ensures that the General Management implements a non-discrimination and diversity policy, notably concerning balanced gender representation within the Group's leaderships. Acting on a proposal by General Management, the Board sets the diversity targets within the leaderships. General Management makes a submission to the Board on how the targets will be implemented, together with an action plan and schedule for completion. General Management reports the results to the Board every year.

  In this context, the Board of Directors, at its meeting in February 2024, on the recommendation of the Appointments and Governance Committee, noted the progress made in 2023 in connection with the targets for 2025, namely 35% women at the managers and professionals level and 25% of executive positions (senior executives) held by women. At this meeting, the Board of Directors also noted the changes made in 2023 within the framework of the objectives set for the Executive Committee for 2026. These objectives, which are incorporated into the non-discrimination and diversity policy, are set out in detail on pages 346, 347 and 373 of this Universal Registration Document and are supplemented by information relating to the manner in which the Company tries to obtain a balanced representation of women and men on this Committee. The results concerning the gender mix with regard to the 10% of positions which carry the most responsibility can also be found on pages 347 and 373.

# 5. Functioning of the Board of Directors

**Informing the Directors:** the internal regulations define the methods for informing the Directors. They specify, in particular, that prior to Board meetings, a file of meeting documentation is sent out to Board members covering the items on the agenda. Files are provided in electronic form on a dedicated platform. The Chief Executive Officer, assisted, if need be, by members of the management teams, presents to the Board of Directors a quarterly report on the Company's management, the draft annual and interim financial statements and the various issues requiring the authorization or opinion of the Board of Directors. For major substantive issues (major projects, M&A, etc.), a very detailed summary is prepared. Any member of the Board of Directors may request any additional information he/she considers necessary. He/she makes such a request to the Chairman of the Board.

Interactions between the non-Executive Directors and the members of the Executive Committee are regular and take place during specific presentations made at meetings of the Board of Directors, particularly during the meeting on strategy or during Committee meetings, as well as outside of these meetings. They also meet with them during training sessions on the activities for which the members of the Executive Committee are responsible.

The Directors may ask to meet members of the Executive Committee at any time.

**Conduct of meetings:** the internal regulations define the frequency of meetings and the rules for convening meetings and for participation by video-conference or telecommunications.

During the meeting, a summary presentation of the items is made, allowing considerable time for exchanges and discussions. The presentations give rise to questions and are followed by discussions. A round-the-table discussion is systematically held concerning the significant points, before moving to vote on the items on the agenda. Detailed written minutes are then sent to the members for their review and comments, before the approval of the Board of Directors at its next meeting.

Pursuant to the provisions of article 14 of the articles of association, the Board of Directors, upon notice from the Chairman of the Board of Directors, may take certain decisions by written consultation of the Directors under the conditions provided for by the regulations in force.

The Statutory Auditors are also heard during the meetings to review the financial statements.

**Specialized Committees of the Board:** the internal regulations define the tasks and operating procedures for the four Board Committees (a description of the missions of the Committees' tasks is provided on pages 147, 150, 152 and 153).

**Training measures:** the internal regulations stipulate that training measures are offered to the Directors relating to the Company's businesses and specific features, in particular by means of site visits or meetings with senior executives, and to the Company's Corporate Social Responsibility challenges (in particular concerning climate issues). In particular, training on the Group's specific accounting, financial, extra-financial and operational aspects, as well as training on aspects related to the Group's risks, are offered to members of the Audit and Accounts Committee.

Each year, the Directors are asked about their training requirements and a training request form is systematically proposed once a year to each Director. It consists of proposals for meetings with the heads of each of the major business lines and main central functions, and site visits. The Directors may ask to meet Executive Committee members or ask for specific training for each business line, activity or geographical zone.

A form is also systematically proposed to new Directors, which is used to draw up a training program adapted to the skills and individual experience of each new Director.

In 2023, the focus was on training for the five new members of the Board of Directors. They received training on topics related in particular to:

- the strategic ADVANCE program, including ESG (Environmental, Societal and Corporate Governance) objectives;
- General Control;
- governance, including the main organizational principles of the Group and its main business lines, with a particular focus on the organization and missions of the Board of Directors and each Committee;
- the Group's various business lines, including Healthcare, Large Industries, Industrial Merchant, Hydrogen and Electronics.

In addition, all members of the Board of Directors took part in:

- a training course conducted by an external consultant on the theme of CSR, during which the changes resulting from the new CSRD regulations (Corporate Sustainability Reporting Directive) were presented, in particular, as well as an update of the information communicated during the previous training on the same topics in December 2022. During this meeting, the topics discussed concerned in particular the main reporting obligations linked to the CSRD and ESG (sustainable investment or environmental, social and governance) with the impacts in terms of governance of the new obligations resulting from the transposition in France of the CSRD. In accordance with the same principle as in 2022, discussions took place at the end of the presentations, in a question and answer format;
- a discussion bringing together all the Directors and Mr Benoît Potier with the central theme being a presentation of the Group and its history.

Further to this, the two Directors representing the employees benefited from specific training, details of which are given below.

# 6. Participation of employee representatives on the Board of Directors

## 6.1. WITH A DELIBERATIVE VOTE

Two Directors representing the employees sit on the Board of Directors: Mr Philippe Dubrulle [1], who is also a member of the Environment and Society Committee, and Ms Fatima Tighlaline [2], who is also a member of the Remuneration Committee.

Mr Philippe Dubrulle and Ms Fatima Tighlaline sit on the Board with a deliberative vote. They are subject to all of the provisions of the internal regulations governing the rights and obligations of the Directors.

Within the scope of the agreement entered into with the various stakeholders and pursuant to the provisions in force within the Group, which apply to all the employees performing duties on Boards of Directors of the Group companies, it was agreed that employee Directors would not receive any remuneration.

### Training of Directors representing the employees

Directors representing the employees may benefit from any training adapted to the exercise of their term of office as Directors, in accordance with the regulations in force. This time is considered as actual working time and remunerated as such. The Board of Directors, pursuant to the applicable legal provisions and the agreement concluded between the various stakeholders on December 10, 2021, defined the amount of time allocated to the Directors representing the employees for (i) the preparation of meetings of the Board of Directors (15 hours/meeting) and of the Committees which they are member of (5 hours/meeting) as well as (ii) training (40 hours/year on a cumulative basis over the length of the term of office).

In addition to the internal training courses organized in particular with members of the Executive Committee on certain specific Group activities and cross-functional skills, the Directors representing the employees benefited from the following external training:

- As part of his first term of office, Mr Philippe Dubrulle attended the training course provided by the Institute of Political Studies of Paris in partnership with the IFA in 2016 and obtained the Company Director certificate. At the end of 2023, he began a training course provided by the Institute of Political Studies of Paris in association with the IDDRI (Institute for Sustainable Development and International Relations) on the ecological transition and the transformation of organizations. This training will continue in the first half of 2024. This training complements the training on sustainable corporate models (organized by Centrale Supelec Exed) attended by Mr Philippe Dubrulle in 2020.
- Ms Fatima Tighlaline completed the training provided by the Institute of Political Studies of Paris in partnership with the IFA in 2021 and obtained the Company Director certificate. Ms Fatima Tighlaline did not request any specific training in 2023 but, at the time of the renewal of her mandate at the end of 2023, indicated her training projects, which will be scheduled later.

(1) *Last reappointed in this position by the France Group committee on December 16, 2021, for a period of four years expiring at the end of the General Meeting called in 2026 on the financial statements for the 2025 fiscal year.*
(2) *Last reappointed in this position by the European Works Council on November 9, 2023, for a period of four years expiring at the end of the 2028 General Meeting called to approve the financial statements for the 2027 fiscal year.*

In 2023, Ms Fatima Tighlaline and Mr Philippe Dubrulle also completed the CSR training course attended by all members of the Board of Directors (for details of this training, please see section 5 – page 142).

### 6.2. WITH AN ADVISORY VOTE

Since the appointment in October 2020 of Ms Fatima Tighlaline as the second Director representing the employees, and under the agreement entered into with the various stakeholders, a sole member of the Social and Economic Council continues to attend Board of Directors' meetings with an advisory vote.

The delegate receives the same documents as those provided to the Directors for these meetings. The delegate is able to express his opinion on the questions discussed during the meetings.

A preparatory meeting, in the presence of a member of the Executive Committee and the Secretary of the Board of Directors, is scheduled before each Board meeting. This preparatory meeting is the opportunity to go through the whole file for the Board meeting with the Directors representing the employees and the Social and Economic Council delegate and to comment on the items on the agenda. It offers the participants the opportunity to raise their questions and make their initial comments.

## 7. Evaluation of the Board of Directors

The internal regulations stipulate that:

> The Board will ensure that an evaluation is carried out periodically of its composition, its organization and its functioning as well as those of its Committees. An update will be made by the Board on this topic once a year and a formal evaluation will be carried out at least every three years. Within the scope of the evaluation of the Board, the Directors will, in particular, be asked to state whether it appears to them to be necessary for the choice of the Company's General Management organization to be re-examined.

### Evaluation process

An evaluation of the organization and functioning of the Board and its Specialized Committees is conducted **every year** under the responsibility of the Chairman of the Appointments and Governance Committee, who also acts as Lead Director. This evaluation is carried out on the basis of a questionnaire sent to the Directors, the wording of which is approved by the Appointments and Governance Committee, alternating between:

- in one year, as part of a **formal evaluation**, a comprehensive evaluation questionnaire sent to the members of the Board of Directors and followed by individual interviews with each member, resulting in a summary document and the adoption of recommendations for action; and
- the following year, a **simplified questionnaire** to which the members respond in writing, in particular to assess the actions implemented in light of the recommendations made during the formal evaluation.

The procedure used for the annual evaluation guarantees the confidentiality of discussions. The questionnaire is sent to all Directors. Each year, the questionnaire contains a question relating to the assessment of the current method of conducting General Management. In this framework, an assessment is also made regarding the roles and actions of the Chief Executive Officer, the Chairman of the Board of Directors and the Lead Director. The Directors are also asked about the composition of the Board of Directors and the current skills and/or those sought for the future, the interaction between the Board and its Committees, onboarding of new members, training of Directors, etc.).

The Board's functioning assessment is the subject of a specific agenda item of the Appointments and Governance Committee to allow members to debate on this matter.

In light of the collegiate nature of the Board, the assessment questionnaire asks members about the dynamics and collective contribution of members to the Board operation. However, the questionnaire also invites the Directors to make an evaluation of the actual, individual contribution of Directors in the work of the Board of Directors. The contribution by each Director is also assessed by the Appointments and Governance Committee and then by the Board of Directors at the time of renewal of the terms of office of Directors and Committee members.

Any useful feedback is made to the members.

### 2023 evaluation

Under the agenda item on the Board's functioning and the debate on this subject, the Board of Directors reviewed the summary of responses to the simplified questionnaire sent to each member at the end of 2023, presented by the Chairman of the Appointments and Governance Committee.

This exercise has in **particular made it possible to measure the level of satisfaction with the actions implemented concerning the points that had been expressed in 2022** as part of the comprehensive formal evaluation, carried out by an external service provider that is independent (of the Company and its executives), under the responsibility of the Chairman of the Appointments and Governance Committee, also acting as Lead Director. The overall summary carried out following the 2023 evaluation presented to the Board of Directors highlighted the following points:

- a high degree of satisfaction with (i) the current composition of the Board of Directors (diversity, competence), its balance and its dynamics, (ii) the succession to General Management and the balance of the separated mode of governance during the transition period, (iii) training, the induction program and onboarding of new members and (iv) interactions with the Executive Committee.

  In response to requests which had been formulated by the members in 2022, the Chief Executive Officer has continued to provide regular updates on the implementation of the strategics objectives, in particular during the Board meeting dedicated to strategy. Updates on topical issues of relevance to the Group's business are also given during Board meetings. In addition, given the appointments of Directors in 2023, the Board has strengthened its international character, in particular by acquiring skills related to knowledge of the Asian and American markets, and its cross-functional skills, including CSR;
- recommendations made on (i) maintaining long-term geographical diversity on the Board, (ii) further fostering interactions between the Board and the Group's high potential employees/talents and (iii) considering a new off-site strategic Board.

# 8. Meeting of the Board of Directors without the presence of the Executive Officers

Pursuant to the provisions of the AFEP/MEDEF Code which recommend that at least one meeting per year is organized without the presence of the Executive Officers, the internal regulations stipulate that:

Once a year, the Lead Director calls a meeting of the members of the Board of Directors for a session to be held without the presence of the Group's Executive Directors (or former Executive Directors) or internal Directors and employee representatives. He organizes and leads the discussions of this annual session which he chairs.

The executive session is held at the close of a Board of Directors meeting for practical purposes and availability of members. In 2023, and in accordance with previous years, the executive session took place following the Board of Directors' meeting in November. During this meeting, members were able in particular to look back at work carried out during the entire fiscal year and discuss the functioning of the Board.

# 9. The Board of Directors' work in 2023

In 2023, the Board of Directors met five times with an effective attendance rate or telephone attendance rate of 98% of its members.

The Board's activities related to the following issues:

## 9.1. DAY-TO-DAY MANAGEMENT OF THE GROUP

Monitoring of the Group's day-to-day management is carried out particularly by:

- regularly reviewing the **progress of business**, quarterly activity reports, the annual and interim parent company and consolidated financial statements in the presence of the Statutory Auditors, which are used to determine the dividend distribution policy;
- reviewing the Group's **financial situation** regularly, and more specifically: financing and debt management strategy and monitoring of the bond program; reviewing forward-planning documents;
- **analyzing the Group's financial and extra-financial performance**, including a regular and detailed review of financial and extra-financial indicators and their changes;
- reviewing **risk mapping** and any changes; monitoring risk management and prevention systems, including a more in-depth review of certain risks based on the work of the Audit and Accounts Committee and the Environment and Society Committee, and reviewing challenges and opportunities;
- ensuring **compliance** tracking and review of the systems implemented for the prevention and detection of corruption and influence peddling, based on the work of the Audit and Accounts Committee;
- reviewing the minutes of the meetings of the four **Committees** (including the minutes of the joint session between the members of the Audit and Accounts Committee and the members of the Environment and Society Committee);
- regularly reviewing **investments** and the portfolio of opportunities, considering social and environmental issues and the corresponding financing capacities; decisions concerning the investments required for the Group's medium-term development, and in particular **investments related to the energy transition in line with the environmental objectives announced by the Group**; reviewing major **renewable energy supply** contracts as part of the implementation of the Group's **climate commitments**;
- reviewing, at each meeting, the follow-up of **acquisitions, disposals and major projects in progress**, taking into account the environmental and societal challenges of the planned operations;
- **portfolio review** decisions;
- the share buyback and cancellation policy and monitoring operations in connection with the Company's share buyback program;
- the decision relating to the capital increase reserved for employees (one operation took place in November 2023);
- the award of performance shares;
- preparing the Annual General Meeting and the Universal Registration Document (calling the General Meeting, agenda, draft resolutions, Annual Management Report, Report on Corporate Governance, Extra-financial Performance Declaration and other reports or sections contained in the Universal Registration Document, which are prepared or approved by the Board of Directors; answers to Shareholders' written questions);
- approval of the Vigilance Plan and its changes in 2023, based on the work of the Ethics and Compliance Committee and the recommendation of the Environment and Society Committee;
- Human Resources issues: monitoring the professional gender equality policy within the company; non-discrimination and diversity policy within governing bodies; reviewing the system for assessing the gender pay gap provided for by the law of September 5, 2018; reviewing the social balance sheet; (bi-annual) consultation of the Social and Economic Committee on strategic orientations; labor relations;
- the annual review of ongoing regulated agreements within the Company and review of the Audit and Accounts Committee's report on the monitoring conducted during the previous fiscal year regarding the implementation of the appraisal procedure in respect of transactions in the ordinary course of business entered into on arm's length terms.

## 9.2. GROUP STRATEGY AND MAIN ORIENTATIONS

Following presentations made in particular by General Management and certain senior executives, the Board of Directors paid close attention to the following in 2023:

- reviewing the results obtained in the implementation of the ADVANCE multi-year strategic plan defining the Group's major strategic orientations by 2025, and placing sustainable development at the heart of the Group's strategy; the updated margin ambition of the strategic plan, communicated when the 2023 results were published;
- reviewing the progress of investments in energy transition projects contributing to the achievement of $CO_2$ emissions reduction objectives announced by the Group; reviewing the Group's societal achievements (particularly in terms of diversity, inclusion, and promotion of employee engagement with local communities);

- a new progress report on the Group's **Hydrogen** activities and achievements during the past year (development and implementation of industrial partnerships, technological developments and innovation, obtaining grants, continued development of investments and strategic projects);
- reviewing the global geopolitical and macroeconomic environment, and analyzing risks and opportunities;
- reviewing the competitive situation;
- continuing the Group's actions in response to changes in the world of work: adaptation of ways of working; talent development and retention.

## 9.3. GOVERNANCE / REMUNERATION

### Composition of the Board and Committees

The Board of Directors, on the recommendation of the Appointments and Governance Committee:

- took decisions relating to changes in the composition of the Board of Directors and its Specialized Committees in 2023. See details in the section "Composition of the Board of Directors", pages 133 to 135 of this Document;
- proposed for 2024, as part of the work carried out in preparation for the General Meeting of April 30, 2024, the renewal of the terms of office of Ms Kim Ann Mink and Ms Monica de Virgiliis expiring at the end of the General Meeting of April 30, 2024 (see individual files on the Directors, pages 160 and 168, and the resolutions proposed to the General Meeting of April 30, Chapter 6, page 423 of this Document).

### Assessment

Details of the Board's work relating to the evaluation of the functioning of the Board of Directors and its Committees are presented in section 7. "Evaluation of the Board of Directors" page 143 of this Universal Registration Document.

### Independence

The work of the Board of Directors concerning the evaluation of the independence of the members of the Board of Directors is detailed in section 3.2. "Independence of Board members", pages 136 to 138 of this Universal Registration Document.

### Remuneration of the corporate officers

The Board of Directors, on the recommendation of the Remuneration Committee:

- assessed the performance of the Executive Officer in respect of the 2023 fiscal year and determined the amount of his remuneration in respect of said fiscal year;
- reviewed the satisfaction of the performance conditions in the 2021 LTI plans, for which the three-year review period expired on December 31, 2023;
- set the formula for distributing the remuneration of Directors for 2023, within the framework of the budget of 1.3 million euros per fiscal year authorized by the General Meeting of May 5, 2020 and proposed the revaluation of the total annual amount of Directors' remuneration to 1.5 million euros for 2024, (see 14th resolution, Chapter 6, page 426 of this Document);
- took note of the work of the Remuneration Committee and determined the remuneration policy for corporate officers (Chief Executive Officer, Chairman of the Board of Directors and Directors), which will be submitted, in separate resolutions, for the approval of Shareholders at the General Meeting of April 30, 2024 (see details in the section on remuneration, pages 203 and following).

### Amendment of the articles of association and internal regulations of the Board of Directors

The Board of Directors, on the recommendation of the Appointments and Governance Committee:

- decided to amend the internal regulations of the Board of Directors in order to clarify the wording of the limitations on the powers of the Chief Executive Officer;
- decided to propose that the General Meeting of April 30, 2024 modify the age limit applicable to a percentage of Directors i.e. that the number of Directors whose age exceeds 72 years (instead of 70 years in the current wording of the articles of association) should not exceed one third of the total number of Directors. It is also proposed to set at 72 years (rather than 70) the age limit for the Chairman of the Board of Directors. The exemption currently provided for by the articles of association in the event of exceptional circumstances, according to which the age limit of the Chairman may be increased to 72 years, upon the discretion of the Board, when the Chairman of the Board of Directors does not also assume the role of Chief Executive Officer, would be deleted (see the resolutions concerned on pages 431 and 432).

### Proposal for the appointment of two Statutory Auditors in charge of certifying sustainability information

On the recommendation of the Audit and Accounts Committee following discussions with the Environment and Society Committee in a joint session of the two Committees, the Board of Directors decided to propose that the General Meeting of April 30, 2024 appoint the college currently in charge of certifying the accounts (PricewaterhouseCoopers Audit and KPMG S.A.) as Statutory Auditors in charge of certifying the Company's sustainability information and issuing the certification report on this information (see Chapter 6, 15th and 16th resolutions – page 427).

# 10. The Committees of the Board of Directors

The Board of Directors has set up four Board Committees: the Audit and Accounts Committee, the Appointments and Governance Committee, the Remuneration Committee and the Environment and Society Committee.

## 10.1. THE AUDIT AND ACCOUNTS COMMITTEE

| 4 MEETINGS IN 2023<br>100% ATTENDANCE | 3<br>MEMBERS | 100%<br>INDEPENDENCE |
|---|---|---|

| Members as of 12/31/2023 | Individual attendance rate in 2023 |
|---|---|
| Catherine Guillouard (Chairwoman) | 100% |
| Aiman Ezzat | 100% |
| Bertrand Dumazy | 100% |

The members of the Audit and Accounts Committee have the necessary financial skills to perform their duties due to their expertise in this area and their professional experience:

- Chairwoman of the Committee since May 3, 2023, Ms Catherine Guillouard brings her solid financial expertise acquired throughout her career in the public sector and as Chief Financial Officer in large international groups. She also brings her knowledge of CSR issues, in particular on the subject of decarbonization;
- Mr Aiman Ezzat has held various management positions within Capgemini's financial services, followed by Group Chief Financial Officer, before being appointed Chief Executive Officer. In addition to his financial expertise, he also has extensive expertise in the fields of digital and cybersecurity;
- Chairman and CEO of Edenred, Mr Bertrand Dumazy has extensive knowledge of digital and cybersecurity, as well as solid financial skills acquired in particular within an investment fund and as Chief Financial Officer in an international group.

The skills of the members are shown in the skills matrix, page 135 and in the Directors' individual files, pages 162 to 164.

## Composition and tasks as defined by the internal regulations

The Committee must be comprised of three to five members of the Board of Directors and at least two-thirds of its members must be independent.

The tasks of the Audit and Accounts Committee as defined by the Board of Directors in the internal regulations are set forth below:

### TASKS

"The purpose of the Committee is to prepare the decisions to be taken by the Board of Directors by examining the following issues and reporting on them to the Board:

**By receiving reports:**

jointly and separately, in order to compare and combine different points of view, from:

- the Finance & Management Control and Legal Divisions;
- the Group Control and Compliance Division;
- the external auditors.

**Concerning the following points:**

- existing organization and procedures in the Group;
- their actual functioning;
- how the financial statements and the accounts are drawn up.

**In order to reach:**

by comparing and combining the points of view collected and using their business judgment based on professional experience, a reasonable judgment concerning:

1. Accounts and accounting principles used (their conformity in relation to the reference standards, a fair and complete reflection of the Group's situation, transparency, readability, consistency over time).
2. Existence and functioning of control organizations and control procedures adapted to the Group, making it possible to identify and manage the risks incurred, including social and environmental risks, relying upon the work of the Environment and Society Committee, and to report on them.
3. Organization of the internal audit function, the plans for assignments and actions in the internal audit field, the findings of these assignments and actions and the recommendations and ensuing measures taken.
4. Choice and renewal of the external auditors, review of the tendering process, opinion on the selection of external auditors and the rotation of audit partners, review of proposed fees, information on the overall fees paid indicating the amount of fees paid for non-audit services.
5. Procedures relating to the preparation and processing of the extra-financial information.

**The Committee:**

1. Collects the observations of the Executive Management on these various issues. It hears the Chief Executive Officer or Senior Executive Vice Presidents at the Committee's request or at the request of the persons concerned.
2. Makes recommendations, where applicable, to guarantee the integrity of the financial information preparation process.
3. Monitors the performance by the Statutory Auditors of their engagement.
4. Ensures compliance with the conditions of independence of the Statutory Auditors defined by the applicable regulations and examines every year with the Statutory Auditors the risks with regard to their independence and the safeguard measures taken to attenuate these risks.
5. Makes a recommendation to the Board of Directors on the Statutory Auditors proposed for appointment by the General Meeting, including at the time of renewal of the term of office.
6. Approves the provision by the Statutory Auditors or the members of its network of services other than the certification of the financial statements under the conditions provided for by the internal procedure applicable in this field.
7. Receives the additional Statutory Auditors' Report in accordance with the provisions of article 11 of Regulation (EU) No. 537/2014 of April 16, 2014 and discusses with them the essential questions resulting from the statutory audit of the financial statements which are set out in the additional report.
8. Reports to the Board of Directors on its work, informing it of any problems that may be encountered, observations made to the Executive Management and progress made in relation to these observations."

The Committee meets, in principle, four times a year, and always before the Board meetings during which the annual or interim financial statements are reviewed.

An initial oral report is given to the Board by the Committee Chairwoman. Written minutes of the meeting are transmitted to the Directors. The Committee may ask to convene Group employees. It may meet with the Statutory Auditors or members of the Group Internal Control Department in person. It may call on external experts for assistance.

The Chairman of the Board and the Chief Executive Officer do not attend meetings of the Audit and Accounts Committee.

## The Audit and Accounts Committee's work in 2023

- As part of the work carried out on the review of the financial statements and, more generally, the financial position of the Company and the Group and performance:
  - the Committee reviewed the annual and interim consolidated financial statements and the annual Company financial statements; it took due note of the Company's financial situation, cash flow position and off-balance sheet commitments. During the presentation by the Group Chief Financial Officer, the Committee more particularly analyzed the financial statements (income statement, balance sheet,

cash flow), the provisions, the "Other operating income and expenses" items, taxation, the risk exposure (including societal and environmental risks), in addition to the outlook and accounting options selected. It reviewed the draft presentations on the financial statements for analysts. The Committee also ensured in particular that the specific climate risks were taken into account when preparing financial statements. The Committee also reviewed the procedures relating to the preparation and processing of the Group's extra-financial information;
  - the Committee analyzed the performance, monitored efficiency programs, the Group's financing policy, debt and liquidity management, and investment and divestiture decisions.
- With regard to the Statutory Auditors, the Committee:
  - heard the presentations of the Statutory Auditors underlining the key points of the results and took note of their conclusions;
  - at the beginning of the year, reviewed the amount of fees paid to the Statutory Auditors in respect of the previous fiscal year;
  - was also informed of the non-audit services which were approved in 2023 within the scope of the approval procedure for the Group's non-audit services, which was validated by the Board of Directors;
  - took due note of the contents of the three draft reports issued by the Statutory Auditors, pursuant to the provisions of European Regulation No. 537/2014. The Reports on the statutory accounts and the consolidated financial statements include a description of the principal audit topics and are included in the Universal Registration Document while the third, more detailed report, is intended for the Audit Committee only.
- With regard to risks, the Committee:
  - monitored the management of the risks identified by the Group as part of the monitoring methodology for each type of risk (including the identification of management and control bodies and procedures) and was informed of the appropriate review schedule (annual review or at regular intervals, depending on the type). The Committee heard regular reports on the main assignments carried out by the Group Control and Compliance Department, the corrective actions taken, as well as the Control and Compliance Department's main assignments for the forthcoming fiscal year. The Committee also regularly monitored the process for the rollout of the risk management procedure within the Group;
  - examined the Group's risk mapping and any changes and ensured, at year-end, that all of the risks identified on the risk map and subject to regular review had been examined by the Audit Committee according to the frequency specified. The work program prepared for the 2024 fiscal year is consistent with this approach. It was presented to the Board for discussion. In addition, the Committee discussed topics specifically presented at the Board of Directors meeting;
  - reviewed, in particular, as part of the presentations made to it, the risks related to the Healthcare businesses, the progress of digital protection actions including concerning industrial information systems, cyber crisis management and the governance of major energy transition projects;
  - reviewed the information provided in the Universal Registration Document concerning the internal control and risk management procedures and recommended its approval by the Board of Directors.
- The Committee examined the new obligations relating to the CSRD (Corporate Sustainability Reporting Directive) and formulated a recommendation, following discussions with the Environment and Society Committee in a joint session of the two Committees, on the appointment of the college currently in charge of certifying the accounts as Statutory Auditors in charge of certifying the Company's sustainability information;
- The Committee ensured compliance with the regulations on ethics and the prevention of corruption and influence peddling, notably in the context of the review of the procedures in force within the Group and the monitoring of the actions required by the Sapin 2 Law. The Committee also ensured compliance with competition rules.
- The Audit and Accounts Committee also reviewed the conclusions for 2023 of the application of the assessment procedure for ordinary agreements entered into on arm's length terms. It is noted that, pursuant to the PACTE Law, this procedure provides a methodology for regularly assessing whether the agreements involving L'Air Liquide S.A. that are not qualified as regulated agreements meet or continue to meet the conditions for ordinary agreements entered into on arm's length terms. Application of this procedure during the past fiscal year did not give rise to any reclassification of an ordinary agreement entered into on arm's length terms as a regulated agreement.
- The Committee also reviews on a regular basis the Group's activities relating to advocacy and lobbying and reports on them to the Board of Directors.

Several days prior to each meeting, a file of meeting documentation, available in electronic form, is provided to Committee members on a dedicated platform. Each Committee meeting is preceded by a preparatory meeting attended by the Committee Chairwoman, assisted by the Committee Secretary, the Group Chief Financial Officer and the Group Control and Compliance Director (who also supervises internal audit). In order to prepare the meetings where financial statements are reviewed, the Committee Chairwoman meets with the Statutory Auditors, without the presence of the Company representatives. During the meeting, each presentation made by the Group Chief Financial Officer, Group Control Director, the senior executive specializing in the area under discussion or the Statutory Auditors during the financial statement review meetings is followed by discussion.

An oral and then written report of each meeting is prepared for the Board of Directors.

The Committee Chairwoman receives summaries of the internal audit reports.

In addition, after presentation meetings for the accounts for the fiscal year, the Committee members can meet alone with the Statutory Auditors, without the presence of the Company representatives.

As recommended in the AFEP/MEDEF Code of Corporate Governance, the following measures are taken so that the time during which the financial statements are available to be reviewed is sufficient: preparatory meeting with the Committee Chairwoman more than one week prior to the meeting, as provided for above; files made available to Committee members five to seven days in advance. These measures enable the members to review the financial statements well in advance of the meeting. When compatible with the schedules of the members traveling from abroad, the Committee meetings relating to the financial statements are held the day before the Board meeting.

### Joint session of the Audit and Accounts Committee/Environment and Society Committee

The internal regulations of the Board of Directors provide:

> “Once a year, the members of the Environment and Society Committee and the members of the Audit and Accounts Committee shall meet at a joint session.
>
> At this session, the members of the two Committees shall, in particular, review a summary of the environmental and societal risks examined over the course of the year by the Environment and Society Committee, review the environmental and societal risk-mapping, and jointly review certain specific environmental and societal risks and the associated control procedures, and review the procedures relating to the preparation and processing of the extra-financial information.”

It is noted that an initial joint session of the Audit Committee and the Environment and Society Committee was held for the first time in June 2019. This joint session allows for good interaction between the two Committees, particularly in terms of risk review. The Audit Committee shall review the Group’s risks and related control procedures, including environmental and societal risks, which are examined in detail by the Environment and Society Committee. The joint session thus makes it possible for the members to discuss subjects which concern both the Committees.

The joint session also helps ensure a consistent approach, as reflected in the reconciliation of the financial and extra-financial data in the Integrated Management Report.

At the joint session held in November 2023, the members of the Audit and Accounts Committee and the Environment and Society Committee, in the presence of the Group Chief Financial Officer, the Group General Secretary, who supervises in particular Group Control (including internal audit) and Compliance, and the member of the Executive Committee overseeing sustainable development, paid attention to:

- reviewing the summary of risks reviewed during the fiscal year by the Environment and Society Committee, the mapping of environmental and societal risks (and evolution of the referential) and the procedures for controlling these risks;
- reviewing procedures relating to the preparation and processing of extra-financial information (in particular the processing of social data);
- in-depth reviewing of certain specific environmental and societal risks and in-depth topics, concerning in particular the supply of renewable energy and road safety;
- reviewing the new CSRD (“Corporate Sustainability Reporting Directive”) obligations on the publication of sustainability information by companies and the implementation of these obligations within the Group.

## 10.2. THE APPOINTMENTS AND GOVERNANCE COMMITTEE

| | | |
|---|---|---|
| 4 MEETINGS IN 2023<br>100% ATTENDANCE | 3<br>MEMBERS | 100%<br>INDEPENDENCE |

| Members as of 12/31/2023 | Individual attendance rate in 2023 |
|---|---|
| Xavier Huillard (Chairman) | 100% |
| Annette Winkler | 100% |
| Bertrand Dumazy | 100% |

## Composition and tasks as defined by the internal regulations

The Appointments and Governance Committee must be comprised of three to five members of the Board of Directors and the majority of its members must be independent, according to the assessment made by the Board. The Chairman of the Board of Directors participates in the work and attends Committee meetings. The Chief Executive Officer is involved in the Committee's work. However, they do not attend the deliberations made by this Committee with regard to their own personal cases. The Committee meets at least three times a year.

### TASKS

Pursuant to the internal regulations, the tasks of the Appointments and Governance Committee are as follows:

**"1. Concerning the Board of Directors:**

- make proposals to the Board of Directors for renewal and appointment of Directors. This Committee looks for new members on the basis of its evaluation of the needs and developments expressed by the Board of Directors, and taking into consideration, in particular, the principle of attempting to achieve a balanced composition of the Board of Directors pursuant to the diversity policy described in article III of these internal regulations. The Committee, as part of the procedure that it has organized, selects future independent directors and carries out its own research into potential candidates before approaching them. The main steps included in this procedure are (i) the definition of the profile(s) sought, (ii) the search conducted by the Committee, with assistance from an external recruitment firm, if applicable, (iii) the review of the candidates and (iv) the final selection, notably after individual meetings with the Committee Chair and each member;
- make proposals to the Board of Directors for the creation and composition of Board Committees;
- periodically evaluate the structure, size and composition of the Board of Directors and submit to it recommendations regarding any potential change;
- the Committee periodically reviews the criteria applied by the Board to classify a Director as independent; once a year, it examines, on a case-by-case basis, the situation of each Director or each candidate for the duties of Director in light of the criteria applied and makes proposals to the Board of Directors.

**2. Concerning the Chairman of the Board of Directors and the Chief Executive Officer (or the Chairman and Chief Executive Officer, as the case may be):**

- examine, as necessary and, in particular at the time of expiry of the term of office concerned, the renewal of the terms of office of the Chairman of the Board of Directors and the Chief Executive Officer (or the Chairman and Chief Executive Officer, as the case may be);
- examine the changes in these duties and provide for solutions for their renewal, where applicable;
- examine the succession plan for members of the Company Officers applicable in particular in the case of an unforeseen vacancy;
- examine periodically developments with regard to the Senior Executive Vice Presidents, hear the Chief Executive Officer (or the Chairman and Chief Executive Officer, as the case may be) on the needs and the potential proposals for their replacement;
- more generally, ensure that it is kept informed by the Chief Executive Officer (or the Chairman and Chief Executive Officer, as the case may be) of planned changes in Executive Management resources (and, in particular, the Executive Committee).

**3. Concerning governance:**

- examine, at the time of renewal of the terms of office of the Chairman of the Board of Directors and the Chief Executive Officer (or the Chairman and Chief Executive Officer, as the case may be) or when a request in that respect is made by Directors, notably within the framework of the evaluation of the Board, whether it is appropriate to continue to combine or separate these roles;
- monitor the changes in the rules of Corporate Governance, in particular within the scope of the Code to which the Company refers and inform the Board of Directors of its conclusions; follow up on the application of the rules of Corporate Governance defined by the Board of Directors and make sure of the information given to the shareholders on this topic;
- prepare the evaluation of the way the Board operates provided for by the internal regulations;
- examine issues of ethics that the Audit and Accounts Committee, the Board of Directors or its Chairman may decide to refer to it;
- ensure the proper functioning of the governance bodies and in particular the transmission of information requested by independent Directors;
- assist, at their request, the Chairman of the Board of Directors and the Chief Executive Officer in their dealings with independent Directors, and be the instrument of dialogue aimed at preventing potential situations of conflict on the Board."

The Committee can request the assistance of outside experts if necessary. The Company shall provide the Committee in such a case with the corresponding funding.

The conclusions of Committee meetings are presented by the Committee Chair for discussion and decision-making at the next Board of Directors' meeting.

## The Appointments and Governance Committee's work in 2023

### Concerning the composition of the Board of Directors, Committees and the "Shareholder Relations" Working Group

Each year, the Committee examines the compliance of the composition of the Board of Directors with the rules provided for in the internal regulations. The Committee wonders about the needs of the Board in terms of skills, including with regard to the various subjects relating to CSR. It makes recommendations on the changes in the composition of the Board of Directors that would be desirable in the short and medium term.

- In 2023, the Committee:
  - based on the management of the candidate search procedure, carried out work which led it to recommend that the Board of Directors co-opt a Director (Ms Monica de Virgiliis) to replace Ms Anette Bronder, who left her position, and to propose to the General Meeting of May 3, 2023 (i) the appointment of four new Directors (Ms Catherine Guillouard, Ms Christina Law, Mr Alexis Perakis-Valat and Mr Michael H. Thaman) as well as (ii) the ratification of the co-option of Ms Monica de Virgiliis;

- reviewed the composition of the Committees and the "Shareholder Relations" Working Group. The Committee therefore recommended to the Board of Directors, in the context of the change in the composition of the Board, the appointment of (i) Ms Catherine Guillouard as Chairwoman of the Audit and Accounts Committee, (ii) Mr Bertrand Dumazy as a member of the Audit and accounts Committee and (iii) Ms Monica de Virgiliis as a member of the Environment and Society Committee.

- For 2024, the Committee's work led it to consider that the appointments of Directors made in 2023 completed the requirements in terms of skills at this stage and that the number of Directors was also in line with the provisions of the internal regulations (which stipulate that the number of members is in principle between 10 and 12, excluding Directors representing the employees). As a result, the Committee did not look for new profiles, and recommended that the Board propose to the General Meeting of April 2024 the renewal of the terms of office of two independent Directors, Ms Kim Ann Mink and Ms Monica de Virgiliis, whose terms of office expire at the outcome of this Meeting.
- Following the recent appointment of several independent Directors carried out in accordance with the criteria of the diversity policy for the Board, the Committee updated the draft individual Directors' skills matrix (which distinguishes between functional and sectoral skills) and recommended its adoption to the Board of Directors. This matrix can be found on page 135 of this document.

### Concerning the Chief Executive Officer, the Chairman of the Board of Directors and the management teams

- The Committee reviewed, as it does each year, the specific procedure and scenario envisaged in the event of replacement of the Chairman of the Board of Directors and the Chief Executive Officer in an emergency situation.
- The Committee examined the evolution of the Group's management teams and talents, particularly in the context of future managerial succession plans. The Chief Executive Officer was involved in this work.

  On this occasion, the Committee's discussions on the succession plan for the new Executive Officer, initiated in September 2022, continued and the Committee also initiated discussions on the succession plan for the Chairman of the Board of Directors.

### Proposed amendments to the articles of association relating to the age limit applicable to a percentage of Directors and to the Chairman of the Board of Directors

The Committee examined practices within companies regarding the age limit of Directors. This work led the Committee to recommend that the Board of Directors propose that the General Meeting modify the Company's articles of association i.e. that the number of Directors whose age exceeds **72 years** (instead of 70 years in the current wording of the articles of association) should not exceed **one third of the total number of Directors.** It is also proposed to set the age limit for the Chairman of the Board of Directors at 72, instead of 70 in the current wording.

### Other governance missions

As part of its governance missions, the Committee:

- reviewed the business continuity plan aimed at providing a replacement in the event that any of its members are unable to participate in the General Meeting;
- took note of the information provided by the Directors concerning their terms of office as Directors which are external to the Group;
- discussed, as part of the review of the independence of Board members of the personal situation of each member of the Board of Directors, with regard to the independence criteria defined in the internal regulations and in the AFEP/MEDEF Code. In particular, the Committee examined the existing business relationships between the Group and the groups concerned with regard to each Director. Pursuant to the provisions of the AFEP/MEDEF Code, a table presenting the situation of each Director with regard to each independence criterion is provided on page 137;
- reviewed the level of attendance of each Director at the meetings of the Board of Directors and the Committees, which is shown in the table contained on page 138;
- reviewed the recommendations of the Report of the *Haut Comité de gouvernement d'entreprise* and the French financial market authority (*Autorité des marchés financiers*) Annual Report on Corporate Governance, published in November and December 2023, respectively, and made its recommendations concerning the practices followed by the Company;
- examined the potential deviations of the Group's practices as compared to the AFEP/MEDEF Code – see chart on page 154. No discrepancies were noted by the Committee;
- updated the content of the simplified evaluation questionnaire for the Board of Directors before sending it to the Directors. For more details on the evaluation of the Board of Directors, see section 7 page 143;
- reviewed the means implemented to achieve the gender diversity targets on the Executive Committee in 2023, the information relating to the way in which the Company tries to obtain a balanced representation of women and men on this Committee, as well as the progress made in 2023 in connection with the gender diversity targets for 2025 among managers and professionals and the positions with the highest level of responsibility. The Committee recommended to the Board that the objectives for 2026 concerning the Executive Committee be maintained, namely 30% women by March 1, 2026. The Appointments and Governance Committee also reviewed the results concerning the gender mix with regard to the 10% of positions which carry the most responsibility – for details, see Chapter 5 – pages 346, 347 and 373);
- reviewed the training courses offered to Directors, particularly in terms of CSR, and recommended that the Board (i) approve the training of Mr Philippe Dubrulle, Director representing the employees, member of the Environment and Society Committee, with a view to obtaining the certificate proposed by Sciences Po on the ecological transition and the transformation of organizations and (ii) carry out an update in 2023 to the CSR training followed by members in 2022, in particular to enable them to benefit from the latest regulatory changes concerning CSRD. (See details of training actions on page 142 and pages 142 and 143 for Directors representing the employees);
- examined the draft of this section of the Universal Registration Document, incorporating part of the Report on Corporate Governance and recommended that it be adopted by the Board of Directors.

## 10.3. THE REMUNERATION COMMITTEE

| 3 MEETINGS IN 2023<br>100% ATTENDANCE | 3 MEMBERS including 1 Director representing the employees | 100% INDEPENDENCE [(a)] |
|---|---|---|

| Members as of 12/31/2023 | Individual attendance rate in 2023 |
|---|---|
| Xavier Huillard (Chairman) | 100% |
| Kim Ann Mink | 100% |
| Fatima Tighlaline *(Director representing the employees)* | 100% |

(a) *The Director representing the employees is not taken into account for the calculation of this percentage.*

## Composition and tasks as defined by the internal regulations

The Remuneration Committee must be comprised of three to five members of the Board of Directors and the majority of its members must be independent. The Chairman of the Board of Directors (or the Chairman and CEO, as the case may be) participates in the work and attends the Committee's meetings. The Chief Executive Officer is involved in the Committee's work, particularly when the latter is informed of the remuneration policy for the main non-corporate officers. However, the Chairman of the Board of Directors and the Chief Executive Officer (or the Chairman and CEO, as the case may be), do not attend the deliberations of this Committee relating to their personal cases. The Committee meets at least three times a year.

### TASKS

**Pursuant to the internal regulations, the tasks of the Remuneration Committee are as follows:**

- "examine the performance and all the components of remuneration for the Corporate Officers and make the corresponding recommendations to the Board of Directors (including, in particular, with regard to the determination of the remuneration policy and its application);
- propose, where applicable, the remuneration of the Vice Chairman or Vice Chairmen;
- examine the remuneration and retirement policy applied to Executive Management and in particular to Executive Committee;
- examine the proposals by the Executive Management concerning the granting of stock options, performance shares, and other incentive systems related to the share price to other Group employees and propose their granting to the Board of Directors;
- examine and propose to the Board of Directors the allocation of the fixed annual sum awarded to the Directors set by the General Meeting, in compliance with the legislation relating to the remuneration policy for the corporate officers.

The Committee can request the assistance of outside experts if necessary. The Company shall provide the Committee in such a case with the corresponding funding."

The conclusions of the Remuneration Committee meetings are presented by the Committee Chair for discussion and decision-making at the next Board of Directors' meeting.

## The Remuneration Committee's work in 2023

### Executive remuneration/long-term remuneration components

- Assessment in February 2023 of the performance of the Chairman and CEO (for the period from January 1 to May 31, 2022) and the Chief Executive Officer (for the period from June 1 to December 31, 2022) as well as the level of achievement of the objectives for the variable portion of their remuneration for the 2022 fiscal year and formulation of recommendations to the Board;
- Review of the draft reports and resolutions submitted to the General Meeting of May 3, 2023, concerning the remuneration of the corporate officers (a report containing information on the remuneration of the Company Officers and the Directors and provided for in article L. 22-10-9 I of the French Commercial Code) and the Executive Officers' individual remuneration for 2022;
- Work related to the allocation of performance shares for 2023, in which the Chief Executive Officer was involved concerning the allocation to Group employees (including the Executive Committee);
- Analysis of the 2023 performance related to the short- and long-term remuneration of the Executive Committee, based on the detailed presentation of the Chief Executive Officer;
- Review in February 2024 of the satisfaction of the performance conditions in the 2021 LTI plans, for which the three-year review period expired on December 31, 2023;
- Review and proposal for changes to the remuneration policy for corporate officers to be submitted to the General Meeting of April 30, 2024;
- Review and recommendations to the Board concerning the performance conditions applicable to the 2024 LTI plans (adopted by the Board of Directors in February 2024), including performance criteria similar to those defined for the 2023 LTI plans (linked to ROCE, TSR and the climate objectives);
- Review of the shareholding rules which apply to the Company Officers;
- Preparation of the assessment by the Board of Directors of February 2024 of the level of achievement in 2023 of the performance conditions of the short-term variable remuneration and the pension insurance contract of the Chief Executive Officer;
- Review of the calculation of the remuneration ratios presented in the Universal Registration Document.

### Remuneration of the Directors

- Recommendations concerning to the remuneration policy for Directors presented to the General Meeting of May 3, 2023 and, following the approval of this policy by the General Meeting, recommendation to the Board relating to the formula for distributing the remuneration of Directors (see page 189 to 191);
- Recommendation of the remuneration policy for Directors to be presented to the General Meeting of April 30, 2024, established in keeping with the policy for the 2023 fiscal year. The Committee recommended to the Board of Directors in February 2024 to propose the revision of the total annual remuneration package for Directors to 1.5 million euros (see 14th resolution, Chapter 6, page 426 of this Document).

### Corporate Governance

As part of its work, the Remuneration Committee takes into account the main Shareholders interviews conducted as part of General Meeting preparations and the results of the votes of the previous General Meeting on resolutions relating to remuneration. It analyzes the reports published by the HCGE and AMF and takes their recommendations into account when drawing up the remuneration policy.

The Committee looked at the measures on transparency and communication and issued its recommendations. It reviewed the section below on remuneration, enclosed in the Report on Corporate Governance, and recommended their approval by the Board of Directors.

## 10.4. THE ENVIRONMENT AND SOCIETY COMMITTEE

| 3 MEETINGS<br>88% (a) ATTENDANCE | 3 MEMBERS including 1 Director representing the employees | 100% INDEPENDENCE (b) |
|---|---|---|

| Member | Individual attendance rate |
|---|---|
| Annette Winkler (Chairwoman) | 100% |
| Philippe Dubrulle *(Director representing the employees)* | 100% |
| Monica de Virgiliis | 50% |

(a) *See table page 138.*
(b) *The Director representing the employees is not taken into account for the calculation of this percentage.*

The Environment and Society Committee, which focuses on Corporate Social Responsibility issues, was formed on May 3, 2017.

### Composition and tasks as defined by the internal regulations

The Committee must comprise three to four members of the Board of Directors.

#### TASKS

"The tasks of this Committee are as follows:

- examine, and make recommendation regarding the Group's strategy and commitments in the field of sustainable development;
- monitor the Group's environmental actions (including in particular topics related to air quality, energy consumption, greenhouse gas emissions) and societal actions and their deployment, as well as the actions engaged by the Foundation;
- examine the environmental and societal risks in liaison with the Audit Committee and the impact of environmental and societal issues in terms of investment, performance and image;
- make an annual review of a summary of the extra-financial ratings made with regard to the Group;
- form a reasonable judgment regarding the extra-financial information, including the Extra-financial Performance Declaration."

In principle, the Committee meets three times a year.

It reports on its work to the Board of Directors. The conclusions of the meetings of the Environment and Society Committee are presented by the Committee Chairwoman for discussion and, if applicable, for a decision by the Board of Directors at a later Board meeting. The Committee may be assisted by external experts.

Regular reports are made to the Committee by the member of the Executive Committee in charge of sustainable development on the Group's sustainable development strategy and its implementation, and the progress made.

### The Environment and Society Committee's work in 2023

In accordance with its missions, the Committee's work in 2023 was as follows:

- reviewing the rollout of action plans associated with the Group's sustainable development commitments and monitoring the progress of the various key performance indicators associated with these commitments (including the review of the progress on the water management objectives mentioned in Chapter 5 of this Document (see point 1.3, pages 333 *et seq.*), in particular those of the Group's ACT program ;
- reviewing the progress of the decarbonization plan of each of the Hubs and the governance implemented within the Group for the rollout of its decarbonization plan;
- reviewing the Group's Scope 3 commitments, provided on page 326 of this Document and reviewing the Group's Scope 3 roadmap;
- presenting the Climate Champions and Sustainability Ambassadors networks mentioned on page 332 of this Document;
- reviewing the results of the internal survey on sustainable development launched by the Group and described on page 332 of this Document;
- reviewing the Group's commitments to biodiversity, details of which are provided in Chapter 5 (see point 1.4, page 336 *et seq.*) of this Document;
- reviewing the labor relations implemented within the Group, details of which are provided in Chapter 5 (see point 2.2, page 345) of this Document;
- reviewing the Group's commitment to the common basis of care coverage and monitoring the achievement of the objective, details of which are provided in Chapter 5 (see point 2.2, page 346) of this Document;
- reviewing the Group's internal procedures to ensure the safety of its sites and employees;
- reviewing the Group's Extra-financial Performance Declaration published in this Universal Registration Document following the presentation of the Independent Verifier;
- reviewing the Vigilance Plan published in this Universal Registration Document;
- reviewing the Group's second Sustainability Report prior to its publication in March 2023;
- annual review of the Group's extra-financial ratings;
- monitoring regulatory developments relating to CSRD (Corporate Sustainability Directive).

The work of the Air Liquide Foundation concerning medical research, professional integration and local support was also presented to the Committee.

Meeting documentation is prepared and made available to members in electronic format via a dedicated platform several days before each meeting of the Environment and Society Committee. At the meeting, each presentation made gives rise to discussion. An oral and then written report of each meeting is prepared for the Board of Directors.

Since 2019, in the interests of smooth coordination with the work of the Audit and Accounts Committee, the latter and the Environment and Society Committee meet in joint session once a year. See page 149 of this Document for information on the November 2023 joint session.

## 11. Application of the AFEP/MEDEF Corporate Governance Code: summary table

L'Air Liquide S.A. applies the AFEP/MEDEF Code and regularly reviews the practices in force in the Company with regard to the provisions of the AFEP/MEDEF Code in order to ensure compliance with it.

The Company considers that its practices comply with the recommendations of the AFEP/MEDEF Code.

| AFEP/MEDEF recommendations rejected | L'Air Liquide S.A. practice and justification |
|---|---|
| None | N/A |

## 12. "Shareholder Relations" Working Group

The "Shareholder Relations" Working Group is currently composed of two members: Mr Benoît Potier, Chairman and Mr Xavier Huillard. During the past fiscal year, the tasks of the "Shareholder Relations" Working Group have essentially focused on the shareholder base, Air Liquide's relations with its Shareholders, market expectations and shareholder strategy.

## 13. Attendance by Shareholders at the General Meeting

Pursuant to article L. 22-10-10, 5° of the French Commercial Code, it is specified that the specific terms and conditions relating to the attendance of Shareholders at the General Meeting are set out in articles 5 to 10, 18 and 19 of the Company's articles of association (see pages 441 *et seq.* of this Universal Registration Document).

## 14. Delegations of Authority granted by the General Meeting

Pursuant to article L. 225-37-4, 3° of the French Commercial Code, it is specified that the summary table of the valid delegations of authority granted by the General Meeting in connection with increases in the share capital is set out on page 440 of this Universal Registration Document.

# INFORMATION CONCERNING MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

(as of December 31,2023)

## Benoît POTIER

### Chairman of the Board of Directors

**Nationality:** French
Born on September 3, 1957
**Date of first appointment:** May 2000
**Start of current term:** May 2022
**End of current term:** 2026 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2025)
**Number of shares owned as of December 31, 2023:** 615,648
**Business address:** Air Liquide – 75, quai d'Orsay – 75321 Paris Cedex 07 – France

### Career

A graduate of École centrale de Paris, Benoît Potier joined Air Liquide in 1981 as a Research and Development engineer. After serving as a Project Manager in the Engineering & Construction Division, he was made Vice President of Energy Development in the Large Industries business line. In 1993, he became Director of Strategy & Organization and, in 1994, was put in charge of the Chemicals, Metal & Steel, Oil and Energy Markets. He was made an Executive Vice President of Air Liquide in 1995 with additional responsibilities over the Engineering & Construction Division and the Large Industries operations in Europe. Benoît Potier was appointed Chief Executive in 1997. He was appointed to the Board of Directors in 2000 and became Chairman of the Management Board in November 2001. He was Chairman and Chief Executive Officer of L'Air Liquide S.A. from May 2006 to May 2022. Benoît Potier brought about an in-depth transformation of the Air Liquide group, which more than doubled in size during his term of office, while its capitalization was multiplied by five. He consolidated the Group's international expansion, notably through the acquisition and integration of Airgas in 2016, and positioned it at the heart of tomorrow's markets – healthcare, digital and the energy and environmental transition, including notably hydrogen. Benoît Potier has been Chairman of the Board of Directors since June 1, 2022 and, as part of his duties, supports the management transition. He represents Air Liquide within organizations that work on subjects of particular relevance to the Group, with a focus on sustainable development and the energy transition, and more specifically hydrogen.

### Positions and activities held during the 2023 fiscal year

**Functions within the Air Liquide Group**

- **Chairman of the Board of Directors:** L'Air Liquide S.A. (since June 1, 2022)

**Positions or activities outside the Air Liquide Group**

- **Member of the Supervisory Board:** Siemens AG* (member of the Appointments Committee)
- **Member:** The Hydrogen Council (since June 1, 2022)
- **Co-Chair:** Conseil National de l'Hydrogène (since January 11, 2021)
- **Member:** European Round Table of Industrialists (ERT)
- **Member:** Asia Business Council
- **Member of the Strategic Orientation Committee:** Paris-Saclay University
- **Member:** Singapore International Advisory Panel on Energy (since January 1, 2021)
- **Member of the Advisory Board:** Temasek European Advisory Panel (since January 1, 2022)

### Positions and activities held during the last five years and that have expired

**2022**

- **Chairman and Chief Executive Officer:** L'Air Liquide S.A.* (until May 31, 2022)
- **Chairman and Chief Executive Officer:** Air Liquide International (until June 24, 2022), Air Liquide International Corporation (ALIC) (until July 21, 2022)
- **Director:** American Air Liquide Holdings, Inc. (until June 22, 2022)
- **Director:** The Hydrogen Company (until December 31, 2022)
- **Director:** Air Liquide Foundation (until November 17, 2022)
- **Co-Chair:** The Hydrogen Council (until June 1, 2022)

**2021**

- **Director:** Danone* (Chair of the Engagements Committee; member of the Governance Committee) (until April 29, 2021)

**2019**

- **Director:** CentraleSupélec (until September 2019), Association nationale des sociétés par actions (ANSA) (until April 2019)
- **Member of the Board:** Association française des entreprises privées (AFEP) (until May 2019)

**2018**

- **Chairman:** European Round Table (ERT) (until May 2018)

* *Listed company.*

## François JACKOW

### Director – Chief Executive Officer

**Nationality:** French
Born on June 12, 1969
**Date of first appointment:** May 2022
**Start of current term:** May 2022
**End of current term:** 2026 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2025)
**Number of shares owned as of December 31, 2023:** 53,591
**Business address:** Air Liquide – 75, quai d'Orsay – 75321 Paris Cedex 07 – France

### Career

François Jackow has a dual scientific and managerial education acquired in France and in the United States. A graduate from the École normale supérieure of Paris, he also holds a Master's degree in Chemistry from Harvard University in the United States and an MBA from the Collège des ingénieurs. He joined the Air Liquide Group in 1993. After a very international career started in the United States and in the Netherlands, which led him to successively hold responsibilities in sales, marketing, and engineering & construction, François Jackow worked for two years alongside Benoît Potier, Chief Executive of the Group at that time. In 2002, he was appointed Vice President of Innovation, supervising Research & Development activities as well as Advanced Technologies for the Group. Starting 2007, he undertakes the responsibility of Chief Executive Officer for Air Liquide Japan, based in Tokyo, before being appointed Group Vice President of the Large Industries Business Line in 2011. In 2014, François Jackow joined the Executive Committee and was designated as the Group's Strategy Vice President. In this role, he oversees the development of the NEOS strategic plan and contributes to the Airgas acquisition in 2016. A member of the Executive Committee, François Jackow has been the Group's Executive Vice President supervising notably Europe Industries, Europe Healthcare as well as the Africa, Middle East & India hubs, also in charge of the Healthcare World Business Line, the Innovation & Technologies, Digital & IT functions also reported to him, as well as the Customer Division, which he created in 2014. François Jackow was appointed as a Director by the General Meeting of shareholders of May 4, 2022. Since June 1, 2022, he has been Chief Executive Officer of L'Air Liquide S.A. As such, he leads in particular the ADVANCE strategic plan that is structured around four priorities : (i) delivering a strong financial performance, (ii) decarbonizing the planet and affirming the Group's leading role in the decarbonization of industry and the advent of a low-carbon society, (iii) technological innovation to open up new markets, and (iv) acting for all, by integrating the interests not only of its direct stakeholders, but also those of society as a whole.

### Positions and activities held during the 2023 fiscal year

**Functions within the Air Liquide Group**

- **Director:** L'Air Liquide S.A.* (since May 4, 2022)
- **Chief Executive Officer:** L'Air Liquide S.A.* (since June 1, 2022)
- **Chairman and Chief Executive Officer:** Air Liquide International (since June 24, 2022); Air Liquide International Corporation (since July 21, 2022)
- **Director:** American Air Liquide Holdings (since June 22, 2022); The Hydrogen Company (since June 27, 2022)
- **Director:** Air Liquide Foundation

**Positions or activities outside the Air Liquide Group**

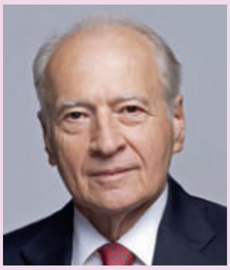
- **Member of the Management Committee:** Atelier de Constructions Mécaniques de la Marne (ACMM)

### Positions and activities held during the last five years and that have expired

**2022**

- **Executive Vice President**: L'Air Liquide S.A.* (until May 31, 2022)
- **Chairman of the Board of Directors and Director:** Air Liquide Santé International (until October 7, 2022)

* *Listed company.*



## Xavier HUILLARD

### Lead Director – Chairman of the Remuneration Committee – Chairman of the Appointments and Governance Committee

**Nationality:** French
Born on June 27, 1954
**Date of first appointment:** May 2017
**Start of current term:** May 2021
**End of current term:** 2025 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2024)
**Number of shares owned as of December 31, 2023:** 3,226 and 14,670 usufruct shares
**Business address:** VINCI – Bâtiment JAVA – 1973 Boulevard de la Défense CS 10268 – 92757 Nanterre Cedex – France

### Career

Xavier Huillard is a graduate of the École polytechnique and the École nationale des ponts et chaussées. He has spent most of his working life in the construction industry in France and abroad. He joined Sogea in December 1996 as Deputy Chief Executive Officer in charge of international activities and specific projects, and then became its Chairman and Chief Executive Officer in 1998. He was appointed Deputy General Manager of VINCI, a world leader in concessions, energy and construction, in March 1998 and was Chairman of VINCI Construction from 2000 to 2002. He was appointed Senior Executive Vice President of VINCI and was Chairman and Chief Executive Officer of VINCI Energies from 2002 to 2004, then Chairman of VINCI Energies from 2004 to 2005. Xavier Huillard became Director and Chief Executive Officer of VINCI in 2006. He has been appointed Chairman of the Board of Directors and Chief Executive Officer of VINCI since May 6, 2010. He was Chairman of the Institut de l'Entreprise from January 2011 to January 2017, of which Xavier Huillard is today Honorary Chairman. Through the VINCI Group's foundations and endowment funds, in collaboration with charitable associations, Xavier Huillard also supports projects that help to strengthen social ties and promote the return to employment of individuals suffering from exclusion.

### Positions and activities held during the 2023 fiscal year

**Functions within the Air Liquide Group**

- **Director:** L'Air Liquide S.A.* (Lead Director since May 4, 2022; member of the Remuneration Committee since May 2017 and Chairman of this Committee since May 2018; member of the Appointments and Governance Committee since May 2020 and Chairman of this Committee since May 4, 2022)

**Positions or activities outside the Air Liquide Group**

- **Chairman and Chief Executive Officer:** VINCI*
- **Chairman:** VINCI Concessions SAS
- **Chairman of the Supervisory Board:** VINCI Deutschland GmbH
- **Permanent representative** of VINCI on the Board of Directors of VINCI Energies, and on the endowment fund La Fabrique de la Cité
- **Permanent representative** of Snel on the Board of Directors of ASF
- **Permanent representative** of VINCI Autoroutes on the Board of Directors of Cofiroute
- **Chairman:** Fondation d'entreprise VINCI de la Cité (supporting social and professional integration initiatives)
- **Director:** Kansai Airports
- **Honorary Chairman:** Institut de l'entreprise
- **Director:** Association Aurore (public interest association against precariousness and exclusion)
- **Director**: Cobra Servicios, Comunicaciones y Energia SLU (Spain) (since December 2021) (applied industrial engineering sector and specialized services)
- **Director and Chairman:** Pierre Lamoure Institute (since November, 2019)

### Positions and activities held during the last five years and that have expired

**2020**

- **Permanent representative** of VINCI on the Board of Directors of Aéroports de Paris* (member of the Remuneration, Appointment and Governance Committee) (until December 2020)

**2019**

- **Vice President:** Aurore Association (until December 2019)

* *Listed company.*
*N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 136 to 138.*

## Annette WINKLER

**Independent Director – Environment and Society Committee Chairwoman – Member of the Appointments and Governance Committee**

**Nationality:** German
Born on September 27, 1959
**Date of first appointment:** May 2014
**Start of current term:** May 2022
**End of current term:** 2026 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2025)
**Number of shares owned as of December 31, 2023:** 2,900
**Business address:** Villa Kayser – Uhlbacher Strasse 7 – 70329 Stuttgart – Germany

### Career

Doctor in Economics from the University of Frankfurt (Germany), Annette Winkler became the Managing Shareholder of a medium-sized construction company. In 1995, she joined the Mercedes-Benz group, where she held a variety of positions and in particular that of Senior Director/Head Public Relations and Communications. After spending two years as Head of the Mercedes-Benz sales and service outlet in Braunschweig, she became Chief Executive Officer of DaimlerChrysler Belgium and Luxembourg (1999-2005), then Vice President of Global Business Management & Wholesale Europe (2006-2010). Vice President of Daimler AG since 2010, she was Chief Executive Officer of Smart (with overall responsibility for the brand, also in charge of the smart factory in Lorraine), until 2018.

### Positions and activities held during the 2023 fiscal year

**Functions within the Air Liquide Group**

- **Director:** L'Air Liquide S.A.* (member of the Remuneration Committee from May 2015 to May 2020; member of the Appointments and Governance Committee since May 2017; Chairwoman of the Environment and Society Committee since May 2020)

**Positions or activities outside the Air Liquide Group**

- **Director:** Renault S.A.* (Chairwoman of the Strategy and Sustainable Development Committee since January 2020); Renault S.A.S.

### Positions and activities held during the last five years and that have expired

**2020**

- **Member of the Counsel for Foreign Economic Affairs** of the German Ministry for Economics (until March 2020)

**2019**

- **Member of the Supervisory Board:** Mercedes-Benz South Africa (until June 2019)

**2018**

- **Vice President:** Daimler AG*, head of Smart (until September 2018)

* Listed company.
*N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 136 to 138.*

## Philippe DUBRULLE

**Director representing the employees – Member of the Environment and Society Committee**

**Nationality:** French

Born on June 23, 1972

**Date of first appointment by the Group Committee in France:** June 2014

**Start of current term:** May 2022

**End of current term:** 2026 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2025)

**Business address:** Air Liquide Advanced Technologies – 2, rue de Clémencière – 38360 Sassenage – France

### Career

An engineering graduate from École Supérieure de l'Énergie et des Matériaux, Philippe Dubrulle has held various positions as an engineer within international companies of the aeronautical sector and as Product Manager and International Sales Manager at European and world level within airflight companies. He joined Air Liquide Group in 2008. Based in Sassenage, he is an employee of the subsidiary Air Liquide Advanced Technologies. After being Transformation Projects Manager of the subsidiary, he has been, since December 1, 2023, its Director of Transformation and Sustainable Development. Philippe Dubrulle was appointed as the Director representing the employees by the Group Committee in France on June 18, 2014, his office was renewed by that same Committee for the second time, at its plenary session on December 16, 2021. A Member of the French Institute of Directors, he has been a Certified Company Director – ASC France since November 2016.

### Positions and activities held during the 2023 fiscal year

**Functions within the Air Liquide Group**

- **Director:** L' Air Liquide S.A.* (member of the Environment and Society Committee since May 2017)
- **Director of Transformation and Sustainable Development**: Air Liquide Advanced Technologies

### Positions and activities held during the last five years and that have expired

–

* *Listed company.*

## Kim Ann MINK

### Independent Director – Member of the Remuneration Committee

**Nationality:** American
Born on December 4, 1959
**Date of first appointment:** May 2020
**Start of current term:** May 2020
**End of current term:** 2024 (a) (General Meeting to approve the financial statements for the fiscal year ending December 31, 2023)
**Number of shares owned as of December 31, 2023:** 550
**Business address:** 36 Popjoy Lane – Glenmoore PA 19343 – United States

## Career

An American citizen, Kim Ann Mink holds a bachelor's degree in Chemistry from Hamilton College and a Ph.D. in Analytical Chemistry from Duke University, and is a graduate of the Executive Management Program at the Wharton School of the University of Pennsylvania. Dr. Mink spent most of her career in leading international groups in the chemical sector, where she held increasing managerial positions (including in particular the responsibility for the Marketing function). She joined Innophos in 2015 as President and CEO and was named Chairman in 2017. Prior to joining Innophos, she served in senior executive positions at the Dow Chemical Company since 2009, most recently as business president of Elastomers, Electrical and Telecommunications. She had previously served for more than 20 years at the Rohm and Haas Company (which was acquired by Dow Chemical) where she held roles of increasing responsibility, including corporate vice president and general manager for the Ion Exchange Resins business.

## Positions and activities held during the 2023 fiscal year

**Functions within the Air Liquide Group**

- **Director:** L'Air Liquide S.A.* (member of the Remuneration Committee since September 2021)

**Positions or activities outside the Air Liquide Group**

- **Director:** Eastman Chemical Company* (member of the Audit Committee; member of the Finance Committee; Chair of the Environmental, Safety and Sustainability Committee)
- **Director:** Avient Corp.* (formerly PolyOne Corp.*) (member of the Audit Committee; member of the Environmental, Health and Safety Committee)
- **Director**: Group 14 Technologies (since September 2023)
- **Member**: Board of Advisors, Raj & Kamla Gupta Governance Institute, Drexel University LeBow College of Business

## Positions and activities held during the last five years and that have expired

**2020**

- **Chairman and Chief Executive Officer:** Innophos* (until February 7, 2020)

*(a) Renewal of term proposed to the General Meeting of April 30, 2024.*
** Listed company.*
*N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 136 to 138.*

## Fatima TIGHLALINE

**Director representing the employees – Member of the Remuneration Committee**

**Nationality:** French
Born on November 14, 1979
**Date of the first appointment by the European Work Council:** October 2020
**Start of current mandate:** October 2020
**End of current term:** 2024 [(a)] (General Meeting to approve the financial statements for the fiscal year ending December 31, 2023)
**Business address:** VitalAire France – 10 bis, rue du Moulin Vert – 94400 Vitry-sur-Seine – France

### Career

With a technology degree in Business and Administrative Management from Evreux Technology University (IUT) and a degree in Modern Languages from Paris New Sorbonne University, Fatima Tighlaline joined the Group in 2002 as a treasury accountant. She continued her career in the Rare Gases and Helium Department, and then at Air Liquide Santé France in the Procurement Department. In March 2020, she joined VitalAire (a subsidiary specializing in Home Healthcare services) as manager of the Île-de-France planning team. Pursuant to article L. 225-27-1-II of the French Commercial Code and article 11 of the Company's articles of association, Fatima Tighlaline was appointed Director representing the employees and member of L'Air Liquide S.A.'s Board of Directors by the European Works' Council on October 1, 2020. Her office was renewed by that same Committee for the second time, at its plenary session in November 2023, for a new period of four years as from the 2024 General Meeting. She has been a Certified Company Director – IFA Sciences Po since December 2021.

### Positions and activities held during the 2023 fiscal year

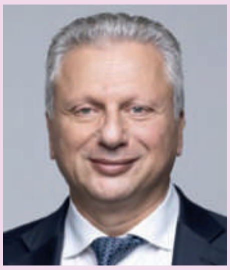
**Functions within the Air Liquide Group**

- **Director:** L'Air Liquide S.A.* (member of the Remuneration Committee since May 4, 2022)
- **Head of the Île-de-France respiratory planning team:** VitalAire France

### Positions and activities held during the last five years and that have expired

–

*(a) During its plenary session of November 2023, the European Work Council renewed Fatima Tighlaline as Director representing the employees for a term of four years, which will expire at the end of the 2028 General Meeting held to approve the financial statements for the fiscal year ending December 31, 2027.*
** Listed company.*



## Aiman EZZAT

### Independant Director – Member of the Audit and Accounts Committee

**Nationality:** French
Born on May 22, 1961
**Date of first appointment:** May 2021
**Start of current term:** May 2021
**End of current term:** 2025 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2024)
**Number of shares owned as of December 31, 2023:** 550
**Business address:** CAPGEMINI SE – 11, rue de Tilsitt – 75017 Paris – France

### Career

Holder of a MSc (Master of Sciences) in chemical engineering from École Supérieure de Chimie, Physique et Électronique de Lyon (France) and an MBA from the Anderson School of Management (UCLA), Aiman Ezzat joined the Capgemini group in 1991, at Capgemini Consulting (now Capgemini Invent) where, in particular, he held the position of Global Head of Oil & Gas and Chemicals practice. Between 2000 and 2004, he managed the international operations of Genpact Headstrong Capital Markets, a consulting firm specializing in the technology used in the financial services sector, with clients based in Asia, North America and Europe. He then joined Capgemini, where he was appointed Deputy Director of Strategy in 2005, and then held several management positions: Chief Operating Officer (2007-2008) and Chief Executive Officer, Financial Services Global Business Unit (2008-2012), Chief Financial Officer (2012-2018) and then group Chief Operating Officer in 2018. He has been Chief Executive Officer of Capgemini, global leader in consulting, IT services and digital transformation, expert in cybersecurity, since 2020. He manages the strategy of the Capgemini group, based on technology and innovation, and has developed offers for corporate transformation toward sustainability, in particular in the field of energy transition. In September 2021, he was named the “Best European CEO” for the technology and software category in the “2021 All Europe Executive Team” Institutional Investor annual ranking.

### Positions and activities held during the 2023 fiscal year

**Functions within the Air Liquide Group**

- **Director:** L’Air Liquide S.A.* (member of the Audit and Accounts Committee since May 4, 2022)

**Positions or activities outside the Air Liquide Group**

- **Chief Executive Officer and Director:** Capgemini SE* (since May 2020) (member of the Strategy and CSR Committee)
- **Chairman:** Capgemini Service SAS (since May 2020); Capgemini Latin America SAS (since May 2020); Sogeti France 2005 SAS (since May 2018); Capgemini 2023 (since May 2023)
- **Chairman and Chief Executive Officer:** Capgemini North America, Inc. (USA) (since May 2020)
- **Chairman of the Board of Directors:** Capgemini America, Inc. (USA) (since May 2020)
- **Chairman of the Supervisory Board:** Capgemini NV (Netherlands) (since November 2020)
- **Director:** Purpose Global PBC (United States) (since April 2020); Capgemini International BV (Netherlands) (since May 2020); Capgemini Technology Services India Limited (since January 2021)

### Positions and activities held during the last five years and that have expired

**2021**

- **Chairman:** Altran Technologies SAS (until June 2021)

**2020**

- **Senior Executive Vice President:** Capgemini SE.* (until May 2020)
- **Director:** Sogeti UK Ltd. (United Kingdom) (until July 2020); Capgemini Espana S.L. (Spain) (until July 2020); Capgemini Solutions Canada Inc. (Canada) (until June 2020); Capgemini Technologies LLC (United States) (until June 2020); Capgemini UK Plc (United Kingdom) (until July 2020); Capgemini (Hangzhou) Co. Ltd. (China) (until November 2020); Restaurant Application Development International (United States) (until June 2020); Radi Holding LLC (United States) (until June 2020)
- **Member of the Supervisory Board:** Sogeti Nederland BV (Netherlands) (until November 2020)

**2019**

- **Director:** Capgemini Singapore PTE Ltd (Singapore) (until November 2019); Capgemini Hong Kong Ltd (China) (until October 2019); Capgemini Canada Inc. (Canada) (until March 2019); Gestion Capgemini Quebec Inc. (Canada) (until March 2019); Capgemini Australia PTY Ltd (Australia) (until April 2019); Sogeti Sverige AB (Sweden) (until June 2019); Sogeti Sverige MITT AB (Sweden) (until November 2019); CGS Holding (United Kingdom) (until February 2019)

**2018**

- **Director:** Capgemini Italia S.P.A. (USA) (until April 2018); Capgemini Brasil S.A. (Brazil) (until April 2018); Capgemini Asia Pacific PTE Ltd (Singapore) (until March 2018)

* *Listed company.*
*N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 136 to 138.*

## Bertrand DUMAZY

**Independent Director – Member of the Appointments and Governance Committee – Member of the Audit and Accounts Committee**

**Nationality:** French
Born on July 10, 1971
**Date of first appointment:** May 2021
**Start of current term:** May 2021
**End of current term:** 2025 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2024)
**Number of shares owned as of December 31, 2023:** 550
**Business address**: EDENRED – 14-16, boulevard Garibaldi – 92130 Issy-les-Moulineaux – France

### Career

Bertrand Dumazy is a graduate of ESCP Europe and holds an MBA with distinction from Harvard Business School. He started his career in 1994 as a consultant with Bain & Company, first in Paris and later in Los Angeles. He then worked as an Investment Director of BC Partners in 1999. In 2002, he joined the Neopost group. Initially Head of Marketing and Strategy, he was appointed Chairman and Chief Executive Officer (CEO) of Neopost France in 2005 and then Executive Vice President, Finance for the Neopost group in 2008. In 2011, he became President and CEO of Deutsch, a world leader in high-performance connectors, a position held until the group was acquired by TE Connectivity. In 2012, he joined Materis as Executive Vice President then CEO and eventually President and CEO of the group, renamed Cromology (construction specialty materials). Chairman and CEO of the Edenred group since 2015, he has led its digital transformation as well as the restructuring of its client offer, with a key focus on cybersecurity, and led Edenred's “Next Frontier” 2019-2022 strategic plan which received from KPMG/EIM the top prize in the “Responsible Strategic Plan” category.

### Positions and activities held during the 2023 fiscal year

**Functions within the Air Liquide Group**

- **Director:** L’Air Liquide S.A.* (member of the Appointments and Governance Committee since May 2022; member of the Audit and Account Committee since May 2023)

**Positions or activities outside the Air Liquide Group**

- **Chairman and Chief Executive Officer:** Edenred SE*
- **Director:** Neoen SA* (producer of renewable energy) – France (Chairman of the Appointments and Remuneration Committee)

### Positions and activities held during the last five years and that have expired

**2021**

- **Director:** Terreal SAS – France (until April, 28 2021)
- **Chairman of the Supervisory Board:** Union Tank Eckstein GmbH & Co. KG – Germany (an Edenred group company) (until April 28, 2021)
- **Chairman:** PWCE Participations SAS – France (an Edenred group company)

* *Listed company.*
*N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 136 to 138.*

## Catherine GUILLOUARD

### Independent Director – Audit and Accounts Committee Chairwoman

**Nationality:** French
Born on January 23,1965
**Date of first appointment:** May 2023
**Start of current term:** May 2023
**End of current term:** 2027 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2026)
**Number of shares owned as of December 31, 2023:** 500
**Business address:** Ingenico – 13 rue Pagès – 92150 Suresnes – France

## Career

Catherine Guillouard is a graduate of the Institute of Political Studies of Paris and the École Nationale d'Administration (1991/93), and holds a PhD of European laws (Panthéon-Sorbonne). She began her career in 1993 at the Ministry of Economy in the French Treasury, working for the department in charge of the Africa – CFA zone and later in the Banking Affairs Department. She joined Air France in 1997 as IPO Senior Project Manager. She was subsequently appointed Deputy Vice-President Finance Controlling in 1999, Senior Vice-President of Flight Operations in 2001, Senior Vice-President of Human Resources in 2003 and Chief Financial Officer in December 2005. In September 2007, she joined Eutelsat as Chief Financial Officer and member of the Group Executive Committee. Catherine Guillouard joined Rexel in April 2013 as Chief Financial Officer and between May 2014 and February 2017 she was Deputy Chief Executive Officer of Rexel. Between 2015 and 2019, she was Director and member of the Strategy, Investment and Technology Committee of Engie. Between August 2017 and September 2022, she was Chairwoman and Chief Executive Officer of RATP Group, one of the leading urban transportation operators in the world, where she launched a major investment and transformation plan and implemented the public transportation decarbonation plan. She was appointed as Chairwoman of Ingenico, a leading electronic payment services company, in October 2022.

## Positions and activities held during the 2023 fiscal year

**Functions within the Air Liquide Group**

- **Director:** L'Air Liquide S.A.* (since May 2023) (Audit and Account Committee Chairwoman since May 2023)

**Positions or activities outside the Air Liquide Group**

- **Director:** Airbus SE* (since April 2016) (Audit Committee Chairwoman since April 2019; member of the Ethics, Compliance & Sustainability Committee)
- **Member of the Supervisory Board**: KPN* (until April 2023) (member of the Strategy & Organization Committee and Audit Committee Chairwoman until April 2023)
- **Chairwoman**: Ingenico (since October 2022)
- **Director**: Lottomatica* (since october 2022) (member of the ESG Committee since May 2023)

## Positions and activities held during the last five years and that have expired

**2022**

- **Chairwoman and CEO:** RATP (from August 2017 to September 2022)
- **Chairwoman of the Supervisory Board:** RATP DEV (from 2017 to September 2022)

**2021**

- **Vice-Chairwoman of the Supervisory Board:** SYSTRA (from 2017 to 2021)

**2019**

- **Director:** Engie* (from April 2015 to May 2019) (member of the Strategy, Investment and Technology Committee)

* *Listed company.*
*N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 136 to 138.*

## Christina LAW

### Independent Director

**Nationality:** Chinese (Hong Kong)
Born on January 17,1967
**Date of first appointment:** May 2023
**Start of current term:** May 2023
**End of current term:** 2027 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2026)
**Number of shares owned as of December 31, 2023:** 500
**Business address:** 43 Holland Park, Singapore 249487

## Career

Christina Law is a graduate of University of Hong Kong with a Bachelor in Social Science, Major in Economics and Political Sciences, and holds a Master of Business Administration from INSEAD. She started her career in 1988 at Shell Hong Kong as an Oil Analyst before being promoted as Manager in the Chemical Division. After completing her Master degree in France, she joined Procter & Gamble where she held various marketing leadership positions first in Switzerland then in Singapore as Marketing Director responsible for the Asia Pacific region. In 2005, she joined Johnson and Johnson, the world's largest and most broadly based healthcare company. Based in Singapore, she held a number of senior executive positions, including Regional Director of Baby Care, Country Manager of Singapore, Vice President Beauty Care Asia Pacific and later as Vice President Neutrogena Worldwide. From 2012 to 2019, she worked in General Mills Inc, a leading global manufacturer and marketer of branded consumer foods, first as Region President for Asia, Middle East, Africa and subsequently as Group President leading all of Asia and Latin America region. Since 2019, she has been CEO of Raintree Group of Companies. Christina Law is a Board Director of Novo Nordisk, a global healthcare company leading in developing medicines against diabetes and other serious chronic diseases, since March 2022. She is also a Board Director of INSEAD since 2016.

## Positions and activities held during the 2023 fiscal year

**Functions within the Air Liquide Group**

- **Director:** L'Air Liquide S.A.* (since May 2023)

**Positions or activities outside the Air Liquide Group**

- **Director:** Novo Nordisk* (since March 2022) (Member of the Audit Committee)
- **Director**: Greenfields Dairy (since 2021)
- **Chief Executive Officer and Director:** Raintree Group Limited and Raintree Investment Pte Ltd. (since 2019)
- **Director**: INSEAD Business School (since 2016) (Member of Nomination and Remuneration Committee)

## Positions and activities held during the last five years and that have expired

**2019**

- **Group President, Asia and Latin America:** General Mills* (until 2019)

* *Listed company.*
*N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 136 to 138.*

## Alexis PERAKIS-VALAT

### Independent Director

**Nationality:** French and Greek
Born on July 3, 1971
**Date of first appointment:** May 2023
**Start of current term:** May 2023
**End of current term:** 2027 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2026)
**Number of shares owned as of December 31, 2023:** 500
**Professional address:** L'Oréal – 41 rue Martre – 92110 Clichy – France

### Career

A graduate of HEC, Alexis Perakis-Valat joined L'Oréal, the world's leading cosmetics group, in 1994 as Product Manager. He became Marketing Director of L'Oréal Paris and then held various strategic positions within the group in Europe and the United States: General Manager Garnier/Maybelline Belgium from 1999 to 2001, General Manager of L'Oréal Paris Spain from 2001 to 2003, General Manager of SoftSheen-Carson in the United States from 2003 to 2005, General Manager of L'Oréal Germany from 2005 to 2009. He took over as General Manager Europe for the Consumer Products Division in 2009, and, in September 2010, he was appointed Chief Executive Officer of L'Oréal in China, based in Shanghai. In 2013, his responsibilities were extended to include the whole of Asia Pacific and he became a member of the group's Executive Committee. Since September 1, 2016, Alexis Perakis-Valat has been President of the Consumer Products Division, a major division of L'Oreal. He is involved in the major transformations that reinforce L'Oréal's leadership, notably in three key areas; digital, environmental & social responsibility, and development of the distribution channels.

### Positions and activities held during the 2023 fiscal year

**Functions within the Air Liquide Group**

- **Director:** L'Air Liquide S.A.* (since May 2023)

**Positions or activities outside the Air Liquide Group**

- **President of the Consumer Products Division and Member of the Executive Committee** L'Oréal* (since 2016)

### Positions and activities held during the last five years and that have expired

–

* Listed company.
*N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 136 to 138.*

## Michael H. THAMAN

**Independent Director**

**Nationality:** American
Born on March 5, 1964
**Date of first appointment:** May 2023
**Start of current term:** May 2023
**End of current term:** 2027 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2026)
**Number of shares owned as of December 31, 2023:** 500
**Business address:** 27 Broadway, Suite A – Toledo OH 43604 United States

### Career

Michael H. Thaman is a graduate of Princeton University with a Bachelor of Science in Electrical Engineering and Computer Science. He began his career in 1986 with Mercer Management Consulting, where he became Vice President in the New York office. In 1992, Michael H. Thaman began his nearly 30 year career with Owens Corning, a global building and industrial materials leader (manufacturing and selling insulation and roofing products, fiberglass composite materials and innovative and sustainable solutions for construction), where he held a variety of senior leadership positions including VP and President, Engineered Pipe Systems from 1997 to 1998 and Exterior Systems Business from 1999 to 2000, and Senior VP and Chief Financial Officer from 2000 to 2007. From 2007 to 2019, Michael H. Thaman served as Chairman and Chief Executive Officer of Owens Corning, and was Executive Chairman from 2002-2020, a period during which Owens Corning became one of the top-rated US companies on ESG criteria. Michael H. Thaman has been a Director of NextEra Energy, a major US based utility company, from 2003 to 2014, a decade during which the company developed a clean energy growth strategy.

### Positions and activities held during the 2023 fiscal year

**Functions within the Air Liquide Group**

- **Director:** L'Air Liquide S.A.* (since May 2023)

**Positions or activities outside the Air Liquide Group**

- **Director:** Sherwin-Williams* (since May 2017) (Member of the Compensation and Management Development Committee)
- **Director**: Kohler Co. (since May 2014)
- **Director:** UL Solutions Inc. (since May 2021)

### Positions and activities held during the last five years and that have expired

**2020**

- **Chairman and Chief Executive Officer (from 2007 to 2019) and Executive Chairman (2002-2020)**: Owens Corning*
- **Chief Executive Officer**: UBQ Materials (2020)

* *Listed company.*
*N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 136 to 138.*

## Monica de VIRGILIIS

### Independent Director – Member of the Environment and Society Committee

**Nationality:** Italian and French
Born on July 20, 1967
**Date of first appointment:** May 2023
**Start of current term:** May 2023
**End of current term:** 2024 [(a)] (General Meeting to approve the financial statements for the fiscal year ending December 31, 2023)
**Number of shares owned as of December 31, 2023:** 500
**Business address:** SNAM S.p.A. – Piazza Santa Barbara, 7, 20097 San Donato Milanese MI, Italy

### Career

Monica de Virgiliis graduated from the Polytechnic of Turin with a degree in electronic engineering. She started her career in 1993 at Magneti Marelli (Fiat Group) as a production engineer. In 1996, she joined the CEA in Italy, where she was in charge of developing partnerships with Italian companies. In 2001, she began a 15-year career at STMicroelectronics, a leading international semiconductor group based in Geneva, where she held various managerial positions, including General Manager of the wireless multimedia division, and ultimately Corporate Director of Strategy and Development. In 2015-2016, Monica de Virgiliis was Managing Director of the Industrial Microcontroller Division of Infineon, a German semiconductor group based in Munich. Throughout her career in the field of new technologies, Monica de Virgiliis has alternated between operational and strategic positions on a global scale and has played a key role in the transformation of business models in markets highly impacted by digitalization. In 2017, Monica de Virgiliis decided to apply her technological skills to energy transition. She was Director of Strategy at CEA (Commissariat à l'Energie Atomique et aux Energies Alternatives) in Paris from 2017 to 2019. In 2019, in collaboration with the World Economic Forum, she founded Chapter Zero France, a non-profit association aiming to raise awareness of climate issues among non-executive directors, of which she is Chair.

### Positions and activities held during the 2023 fiscal year

**Functions within the Air Liquide Group**

- **Director:** L'Air Liquide S.A.* (since May 2023) (Member of the Environment and Society Committee since May 2023)

**Positions or activities outside the Air Liquide Group**

- **Chairwoman:** SNAM* (since April, 2022) (Member of the Board since 2016)
- **Member of the Supervisory Board:** ASM International* (since 2020 [(b)]) (Member of the Audit Committee)
- **Director**: Georg Fischer* (since April 2023) (Member ofthe Audit Committee)

### Positions and activities held during the last five years and that have expired

**2022**

- **Director:** SARAS* (Member of the Audit Committee) (from 2021 to 2022)

**2021**

- **Director:** GEODIS (Member of the Audit Committee) (from 2018 to 2021)
- **Director:** Prysmian Group (Chair of the Appointments, Remuneration and Sustainability Committee) (from 2015 to 2021)

**2019**

- **Remuneration Committee Chairwoman**: SNAM* (from 2016 to 2019)

*(a) Renewal of term proposed to the General Meeting of April 30, 2024.*
*(b) Until May 2024, as Ms Monica de Virgiliis already announced her decision not to seek a second term as Supervisory Board member of ASM. The appointment of her successor has been published in December 2023.*
** Listed company.*
*N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 136 to 138.*

# REMUNERATION OF L'AIR LIQUIDE S.A. CORPORATE OFFICERS

This section includes a complete description of the components of remuneration for the corporate officers of L'Air Liquide S.A., including the following components on which the General Meeting of April 30, 2024, is invited to vote:

- with regard to the Chief Executive Officer: the components which make up the total remuneration and the benefits of all kinds paid during 2023 or awarded in respect of 2023. These components are described on pages 192 to 201 of this Universal Registration Document and are the subject of the 8th resolution proposed to the General Meeting [(1)];
- with regard to the Chairman of the Board of Directors: the components which make up the total remuneration and the benefits of all kinds paid during 2023 or awarded in respect of 2023. These components are described on page 202 of this Universal Registration Document and are the subject of the 9th resolution proposed to the General Meeting [(1)];
- with regard to the Chief Executive Officer, the Chairman of the Board of Directors and the Directors of L'Air Liquide S.A.: the components of remuneration presented in the Report on Corporate Governance pursuant to article L. 22-10-9 I of the French Commercial Code. These components are described on pages 172 to 191 of this Universal Registration Document and are the subject of the 10th resolution proposed to the General Meeting [(2)];
- with regard to all the corporate officers of L'Air Liquide S.A.: the remuneration policy applicable to corporate officers, which is presented on pages 203 to 211 of this Universal Registration Document and which is the subject of:
  - the 11th resolution for the part relating to the Chief Executive Officer (concerning Mr François Jackow),
  - the 12th resolution for the part relating to the Chairman of the Board of Directors (concerning Mr Benoît Potier), and
  - the 13th resolution for the part relating to the Directors [(3)].

The resolutions proposed to the General Meeting of April 30, 2024 are contained in Chapter 6 of this Universal Registration Document.

The information presented in this section also takes into account the provisions of the AFEP/MEDEF Corporate Governance Code for listed companies as interpreted by the *Haut Comité de gouvernement d'entreprise* (Application Guide to the AFEP/MEDEF Code (for which the last updated version was published in June 2022); Activity Report of the *Haut Comité de gouvernement d'entreprise* published in November 2023) and the AMF recommendations included in the AMF Guide for preparing Universal Registration Documents and in the AMF report on corporate governance and executive compensation of listed companies published in December 2023. For a summary of the application of the AFEP/MEDEF Code, see the table in the Report on Corporate Governance, on page 154 of this Universal Registration Document.

In accordance with the AFEP/MEDEF Code, the remuneration components of the Company Officers are made public after the Board meeting during which they are approved.

*(1) Pursuant to article L. 22-10-34 II of the French Commercial Code.*
*(2) Pursuant to article L. 22-10-34 I of the French Commercial Code.*
*(3) Pursuant to article L. 22-10-8 II of the French Commercial Code.*

These remuneration components of the corporate officers are presented below as follows:

# 1. Summary of the remuneration of Company Officers

Table 1 below presents a summary of all remuneration components paid to the Company Officers with regard to the 2022 and 2023 fiscal years. They are then more fully described in the following tables.

TABLE 1. SUMMARY OF REMUNERATION, OPTIONS AND PERFORMANCE SHARES GRANTED TO COMPANY OFFICERS

| *(in thousands of euros, rounded off)* | 2022 [(b)] | 2023 |
|---|---|---|
| **François Jackow – Chief Executive Officer:** | | |
| Remuneration granted in respect of the fiscal year (see breakdown in Table 2, paragraph 2.1.1) [(a)] | 1,562 | 2,589 |
| Value of stock options granted during the fiscal year (see breakdown in Table 4, paragraph 2.1.2) | — | — |
| Value of performance shares granted during the fiscal year (see breakdown in Table 6, paragraph 2.1.2) | 962 | 1,649 |
| **TOTAL** | **2,524** | **4,238** |

*(a) Including benefits in kind.*
*(b) Prorata temporis amounts for the period from June 1 to December 31, 2022.*

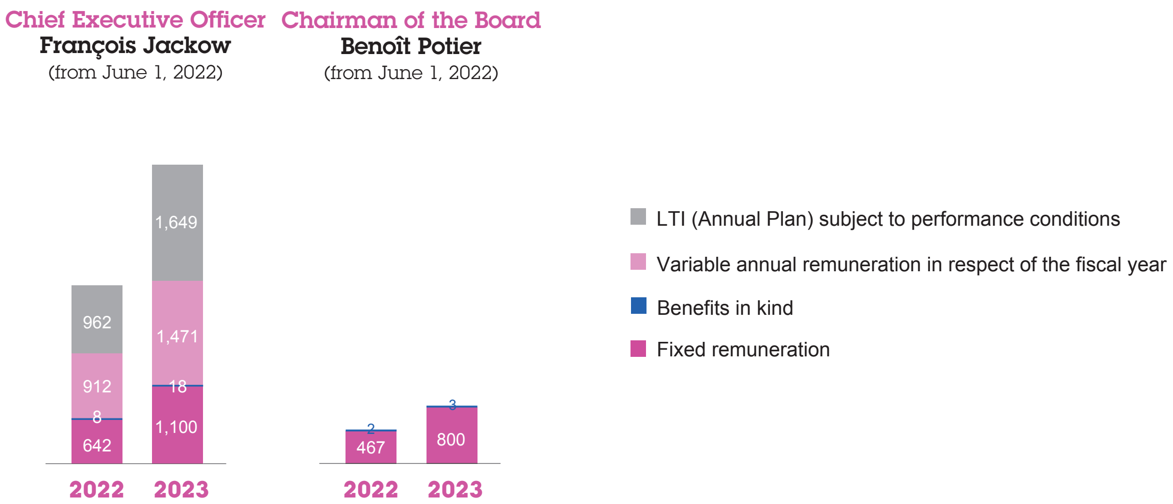
| *(in thousands of euros, rounded off)* | 2022 [(b)] | 2023 |
|---|---|---|
| **Benoît Potier – Chairman of the Board:** | | |
| Remuneration granted in respect of the fiscal year (see breakdown in Table 2, paragraph 2.2.) [(a)] | 468 | 803 |
| Value of stock options granted during the fiscal year (Table 4, paragraph 2.2.3) | — | — |
| Value of performance shares granted during the fiscal year (Table 6, paragraph 2.2.3) | — | — |
| **TOTAL** | **468** | **803** |

*(a) Only fixed remuneration and benefits in kind.*
*(b) Prorata temporis amounts for the period from June 1 to December 31, 2022.*
*NB: in respect of Mr Benoît Potier's previous term of office as Chairman and CEO, the Company also paid contributions in 2023 for the period from January 1, 2022 to May 31, 2022 (due to a one-year delay between the period in question and the payment):*
- *in respect of the collective life insurance contract (91,897 euros); and*
- *under the collective pension policy, in the amount of 141,667 euros (divided between a payment to the insurer and a payment to Mr Benoît Potier to cover social security contributions and taxes due on payments made to the insurer).*

*These are the last payments made by the Company under these plans.*

## BREAKDOWN OF THE REMUNERATION OF COMPANY OFFICERS:

*(in thousands of euros, rounded off)*




*NB: Prorata temporis amounts for the period from June 1 to December 31, 2022.*

# 2. Remuneration of Company Officers (including information mentioned in article L. 22-10-9 I of the French Commercial Code)

The **remuneration policy** applicable to the Chief Executive Officer and the Chairman of the Board of Directors in respect of their terms of office as decided by the Board of Directors on February 15, 2023 and presented in the Company's 2022 Universal Registration Document (pages 227 to 236) was **approved by the Ordinary General Meeting of May 3, 2023** (in resolutions 15 to 17). This General Meeting also approved the information relating to the remuneration of the Chairman and CEO (for the period from January 1, 2022 to May 31, 2022), the Chief Executive Officer (for the period from June 1, 2022 to December 31, 2022) and the Directors, presented in the Report on Corporate Governance included in the 2022 Universal Registration Document [(1)] (14th resolution).

In 2023, the structure and principles applicable to the remuneration of Company Officers were in line with the previous fiscal year.

### *Concerning the Chief Executive Officer:*

In accordance with the remuneration policy approved in 2023, the main elements of the **remuneration of the Chief Executive Officer** are as follows:

- In accordance with a recurring practice at Air Liquide, the **fixed remuneration** represents approximately **25%**, the **target variable remuneration** approximately **35%** and the long-term incentive (hereafter "**LTI**") granted approximately **40%** of the total annual remuneration. Accordingly, the weight of the variable remuneration and the LTI, which are subject to performance conditions, represents approximately 75% of this total.

  The collective pension insurance contract with individual and optional subscription and the termination indemnity are also subject to performance conditions.

  The performance conditions, which are described below, reflect the **Group's ambition to achieve profitable growth over the long term** by combining financial and extra-financial performance.
- **Variable remuneration:**
  - the variable part is expressed as a **target** variable remuneration and as a **maximum** (as a % of the fixed remuneration). For the quantifiable criteria, the target variable remuneration corresponds to an achievement of 100% of the target objective set at the start of the year. The target objectives fixed are demanding and are completely consistent with the trajectory of the ADVANCE company program,
  - a **greater relative weight is given to the quantifiable criteria** as compared to the qualitative criteria,
  - a **weighting is allocated to each of the qualitative criteria;**
- **LTI (long-term remuneration components):**
  - **all the LTI** (solely performance shares in 2023) **granted to the Executive Officers are subject to performance conditions calculated over a period of three years**. Since 2020, the LTI plans have included a performance condition linked to the Group's climate objectives in addition to the ROCE and TSR criteria;
  - limits on the grants to Executive Officers: in accordance with the authorizations given by the General Meeting on May 4, 2022, the number of performance shares granted to the Executive Officers may not exceed 0.1% of the share capital and the number of stock options, if any, may not exceed 0.2% of the share capital. The Board of Directors also sets annual limits for the grants, which remain well below these sub-limits, it being noted that, as stated above, the LTI must represent approximately 40% of the total target annual remuneration for the Executive Officer;
  - the other principles which apply to the LTI are also unchanged (**proration of the LTI** in the event of the Executive Officer's departure during the period of assessment of the performance conditions, no allocation at the time of departure, the level of requirement of the objectives, the rules which apply to the Executive Officers as described on pages 178 to 179).

The Chief Executive Officer does not receive any remuneration in his capacity as Director.

### *Concerning the Chairman of the Board of Directors:*

The main components of the separate **remuneration policy for the Chairman of the Board of Directors**, approved in 2023, are as follows:

- the Chairman of the Board receives only fixed remuneration, to the exclusion of any variable and long-term remuneration (notably LTI) and any exceptional remuneration;
- the Chairman of the Board does not receive any remuneration as a Director.

The elements of remuneration for Company Officers, as determined by the Board of Directors pursuant to the remuneration policy approved by the General Meeting on May 3, 2023, are described below.

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(1) *Information listed in article L. 22-10-9 I of the French Commercial Code.*

## 2.1. REMUNERATION OF THE CHIEF EXECUTIVE OFFICER

### 2.1.1. SHORT-TERM BENEFITS

The gross annual remuneration before tax of the Chief Executive Officer [(2)], including benefits in kind, is indicated in Table 2 below:

#### TABLE 2. SUMMARY OF THE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

| *(in thousands of euros, rounded off)* | For information, reminder of previous years: 2022 [(b)] Amounts awarded | Amounts paid | 2023 Amounts awarded | Amounts paid |
|---|---|---|---|---|
| **François Jackow – Chief Executive Officer [(a)]** | | | | |
| Fixed remuneration | 642 | 642 | 1,100 | 1,100 |
| *including remuneration in respect of his term of office as Director* | — | — | — | — |
| Variable annual remuneration | 912 | 0 | 1,471 | 912 |
| Benefits in kind | 8 | 8 | 18 | 18 |
| **TOTAL** | **1,562** | **650** | 2,589 | 2,031 |

*(a) During the 2023 fiscal year, the Company also paid contributions to external organizations for the benefit of Mr François Jackow in respect of defined contribution pension plans (19,939 euros), the collective life insurance scheme (12,634 euros) and the collective healthcare cost plan (414 euros), i.e. a total of 32,987 euros. In 2024, the Company will also pay contributions (in respect of fiscal year 2023) under the collective pension insurance policy, in the amount of 341,231 euros (split between a payment to the insurer and a payment to Mr François Jackow to cover social security contributions and taxes due on payments made to the insurer). Details of these plans are set forth below.*

*(b) Amounts prorata temporis for the period June 1 to December 31, 2022.*

Within the fixed remuneration and variable remuneration in respect of 2023, after recording by the Board of Directors on February 19, 2024 the achievement of the criteria for the variable remuneration in respect of the 2023 fiscal year, the fixed remuneration represents 43% and the variable remuneration represents 57% [(3)].

### A. Fixed remuneration for 2023

In accordance with the remuneration policy established by the Board of Directors on February 15, 2023 and approved by the General Meeting on May 3, 2023, the fixed remuneration was determined taking into account the level of responsibilities, experience in general management duties and market practices.

As announced, the 2023 annual fixed remuneration of the Chief Executive Officer amounts to **1,100,000 euros**.

### B. Variable remuneration for 2023

The principles and criteria for the variable remuneration of the Chief Executive Officer, as decided upon by the Board of Directors on February 15, 2023, were approved by the General Meeting on May 3, 2023 (15th resolution).

On the proposal of the Remuneration Committee, the Board of Directors on February 19, 2024 assessed the 2023 performance of the Executive Officer over the period.

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

### Quantifiable financial criteria

In accordance with the remuneration policy approved by the General Meeting of May 3, 2023, the variable portion for 2023 is based on two financial criteria: increase in recurring net earnings (excluding exceptional and significant transactions which do not impact operating income recurring) excluding currency impact, per share (hereinafter "**recurring EPS**") and comparable growth in consolidated **revenue** (excluding significant scope impact and the impact of currency and energy). Details of these criteria are contained in the summary table below (page 176).

The increase in the recurring EPS criterion 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. These two criteria, growth in revenue and the recurring EPS, reflect the Group's ambition to achieve profitable growth. Moreover, the achievement of the efficiency objectives contributes to the increase in the recurring EPS.

For each criterion, the Board of Directors had defined a target objective. The target objectives were exacting and were completely consistent with the trajectory of the main objectives of the ADVANCE company program.

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 achievement of each performance condition is assessed without any set-off between criteria.

Furthermore, according to this formula, the **rate of achievement** of each objective is calculated **linearly** as follows:

- an initial linear gradient between the lower limit of the objective, corresponding to the trigger threshold (0% below this threshold) and the target (corresponding to a 100% achievement of the objective);
- a second linear gradient between the target (100%) and the maximum achievement level (125% of the target).

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 176.

The quantifiable criteria objectives were achieved at 94.7%.

*(2) The Chief Executive Officer does not receive any remuneration from Group companies other than L'Air Liquide S.A.*

*(3) At the target the fixed remuneration represents 45% and the variable remuneration 55%.*

### Qualitative personal criteria

Pursuant to the remuneration policy approved by the General Meeting on May 3, 2023, the variable remuneration for 2023 is also based on qualitative personal criteria. These are as follows:

- **CSR: ESG objectives published by the Group on Sustainability Day on March 23, 2021 and which are an integral part of the ADVANCE strategic program (communicated on March 22, 2022):**
  - Safety and reliability: continue efforts to improve safety (lost-time accident frequency rate, road traffic accidents and job-related accidents),
  - Rollout of action plans linked to the Group's new sustainability objectives; Progress made on the various key indicators and alignment with the 2025 trajectory linked to these new objectives;
- **Organization/Human Resources** (talent development, management succession plans, diversity policy);
- **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 unfavorable environment which was not anticipated at the time the objectives were set, or disadvantageous if the environment ultimately turns out to be more favorable than anticipated.

A target weighting and a maximum weighting are set for each qualitative criterion.

For 2023, after a detailed analysis by the Remuneration Committee of the achievements for the fiscal year, the Board of Directors noted the following elements concerning each of the personal criteria:

#### *CSR:*

Performance was considered very good:

- **Safety and reliability**

  In 2023, the number of lost-time accidents for Group employees remained closed to that for 2022 (128 compared to 123), and remains at a historically low level of accidents compared to earlier years, excluding the Covid-19 pandemic in 2020 (138 lost-time accidents for Group employees in 2021; 158 in 2019). Based on the actual hours worked, the lost-time accident frequency rate for Group employees stood at 0.98 in 2023, which is close to the rate of 0.94 achieved in 2022. This is the first time that the Group has maintained this lost-time accident frequency rate for Group employees below 1 for two consecutive years: this confirms the durability of this positive performance. By way of comparison, the average value of this lost-time accident frequency rate for the gas industry in Europe stood at 1.82 in 2022; the Air Liquide Group is therefore posting a significantly better performance. A very significant reduction can be observed in the number of accidents involving subcontractors compared to 2022 (-16%), bringing the lost-time accident frequency rate for subcontractors down from 1.53 in 2022 to 1.25 in 2023, which represents a substantial improvement and the best performance ever achieved by the Group for this category.

  Overall, 45 fewer people (whether employees or subcontractors) were injured (as a result of accidents, whether with or without lost time) in connection with Group activities in 2023, by comparison with 2022, which reflects the tangible improvement in the Group's Safety performance.

  Despite these encouraging results, 2023 was nevertheless marked by the death of a driver (an Air Liquide employee in China) in a road traffic accident, leading us, as in 2022, to qualify the overall assessment of performance in this respect. For the record, 2022 had been marked by the death of a subcontracted driver. Overall, taking into consideration third party deaths in road traffic accidents involving an Air Liquide vehicle (which have been systematically monitored since 2015), the number of deaths linked to the Group's activity for 2023 is the lowest recorded for the last seven years.

  During the course of 2023, Mr François Jackow systematically stressed the importance of safety in his oral presentations, notably at the Group Management Meeting in October 2023 but also during each of his numerous site visits in Operations.

  In terms of Safety action plans, he is building on previous programs, stressing the need to remain focused in order to bring them to a successful conclusion, before launching other major projects. He therefore continued to supervise, both personally and together with all the Executive Committee members, the progress of the IMS (Industrial Management System) Streamlining program, the revised procedures for which were fully rolled out to all Clusters in December 2023.

  Mr François Jackow also provides unwavering support for the roll-out of the Group's road Safety program that was launched several years ago, regularly stressing the importance of Road Safety in Air Liquide Operations, e.g., in the video of his New Year wishes circulated throughout the Group in January 2023.

  Finally, in addition to these large-scale programs, an action aimed at improving the understanding of the 24 major safety risks was initiated in March 2023, in order to enhance the safety culture among Air Liquide employees: videos to raise awareness of each of these risks are gradually being prepared and circulated throughout the Group; they explain the risk in an informative manner and summarize the main preventive measures. This initiative has received strong support from Mr François Jackow and will continue in 2024.

- **Rollout of action plans linked to the Group's new sustainability objectives; Progress made on the various key indicators and alignment with the 2025 trajectory linked to these new objectives**

  In line with the Sustainability objectives announced in March 2021 and reiterated in the ADVANCE plan communicated in March 2022, François Jackow continues to place sustainability issues at the heart of the Group's development strategy, integrating financial and extra-financial performance. Considerable progress has been made in 2023, regarding each of the commitments in the ACT program, which was recognized in 2023 by the fact that rating agencies placed the Group in the top industry quartile.

  - **ACT for the Climate**

  Mr François Jackow's ambition is to make Air Liquide the leader in climate solutions.

  He actively promotes Air Liquide's ability to provide immediate, tangible solutions to the major challenge of decarbonizing the industry, both internally and with external stakeholders.

  Internally, this is reflected in governance and monitoring, with, for example, the introduction in 2023 of a committee set up to review strategic environmental issues, under his leadership. The processes for monitoring and managing $CO_2$ emissions are fully implemented, and the Group's $CO_2$ emissions are reported and consolidated on a quarterly basis. Alignment with these budgets and the impact of activities on the 2025 Carbon trajectory are analyzed and presented to the Executive Committee on a regular basis.

Externally, Mr François Jackow engages stakeholders (customers, partners, government authorities, etc.) to decarbonize the planet. The acceleration of low-carbon energy transition projects is visible. It is illustrated, for example, by electrolyzer projects to supply customers with low-carbon hydrogen (the inauguration in Berlin, together with Siemens Energy and the German and French authorities, the Normand'Hy project with TotalEnergies, and in Japan with INPEX, etc.). Thanks to the Cryocap™ technology for $CO_2$ capture, Air Liquide enables these customers to decarbonize their production plants, such as the Holcim cement plant in Belgium. Concerning transport, a JV has been signed with TotalEnergies to develop a network of hydrogen stations to decarbonize heavy duty vehicles. Considerable progress has been made in terms of renewable energy with, for example, the signature of three PPAs in South Africa, and the first long-term PPA in China.

In terms of reducing $CO_2$ emissions, the Group therefore confirms its trajectory for reaching the inflection point by 2025.

In addition to decarbonization, Mr François Jackow's governance and his sustainability ambition have enabled the Group to make significant progress concerning water management and biodiversity, and this work was recognized by the Act4nature initiative in 2023.

– **ACT for Health:**

The Group's objective in mature countries is to improve the quality of life of patients living at home with chronic diseases. In this sector, the Healthcare teams have continued to develop personalized care plans that are tailored to comply with local regulations. The proportion of patients who benefited from these plans increased significantly over the fiscal year.

In low and middle-income countries, the objective is to facilitate access to medical oxygen for an increasing number of people. Once again, thanks to new projects, notably in Africa, the number of people benefiting from the "Access Oxygen" program increased over the fiscal year.

– **ACT for the whole of Society:**

Air Liquide is continuing its efforts to build on the achievements of 2022 in terms of gender diversity within the population of Managers and Professionals, the introduction of a common basis of care coverage and, finally, the Citizen at Work program.

The programs to increase gender diversity within the population of Managers and Professionals continued, with a share of 32% of female employees, up compared to the results at the end of 2022 (31.5%), thus bringing it closer to the target for 2025, even if a slowdown in the rate of increase can be noted.

On the other hand, the generalization of a common basic social welfare cover for all employees and the roll-out of the Citizen at Work program, allowing employees to participate in social or societal projects during their working hours, saw considerable progress throughout the fiscal year and is currently ahead of the 2025 roadmap. Roll-out of care coverage at the end of 2023 reached 78%, compared to 42% at the end of 2022. The objective of 100% cover for all Group employees by 2025 is thus maintained and considered to be attainable. The Citizen at Work program has, in turn, been rolled out to 73% of Group employees by the end of 2023, compared to a roll-out of 43% at the end of 2022.

The action and progress described above confirm that, thanks to a structured and proactive implementation of the objectives set, the Group is well-positioned with regard to the various pillars of the ACT commitments, in line with the 2025 trajectory for these new objectives.

***Organization and Human Resources:***

Performance was considered very good:

This assessment is based on three elements: the implementation of a new management team, Talent management and an ambitious diversity and inclusion policy that delivers results.

- **Implementation of a new management team**

  The implementation on September 1, 2023 of a new organization of the Executive Committee, in order to prepare for the future by benefiting from all the expertise and experience of a strong team with complementary skills, has been a major achievement. This new division of roles and responsibilities ensures that the experience of each of the 14 members is fully utilized.

  In line with the Group's Talent management policy, and with a view to long term and continuity, this new division of roles and responsibilities means that part of the team can extend the scope of their remit thanks to the experience brought in by some of its members. Six members of the Executive Committee have taken up new positions within the team as a whole (Mr François Abrial, Group General Secretary, Mr Ronnie Chalmers, Chief Executive Officer of the Asia-Pacific Hub, Mr Matthieu Giard, Chief Executive Officer of the Americas Hub, Ms Armelle LEVIEUX, Vice President of Innovation, overseeing the Hydrogen Energy and Electronics World Business Lines, Ms Émilie Mouren-Renouard, Chief Executive Officer of the Europe Industries Hub and Ms Amelia Irion, Human Resources Vice President). These new responsibilities have been closely monitored by Mr François Jackow in terms of the organization and quality of the transfer of roles and responsibilities and the setting of objectives.

- **Talent management**

  The Group's talent development policy continued as before, with regular reviews at the level of the operational clusters right up to the Executive Committee. Thanks to these exercises, a detailed review of the most promising international talents has been carried out with the Appointments and Governance Committee in the second half of 2023. Special focus was placed on international development opportunities and development programs including executive mentoring.

  With this in mind, Mr François Jackow promoted, over the course of the year, a major worldwide reorganization of the Human Resources function, notably involving the roll-out of a unified information system and the introduction of an expert Talent management team at each of the Hubs. Talent identification and performance management have been greatly facilitated and improved as a result.

  Finally, with regard to Talent management, 2023 marks the $20^{th}$ anniversary of the "Technical Community Leaders" program which identifies, recognizes and develops Group experts. Mr François Jackow took a personal interest in this event, which brought together over 2,000 employees from all over the world, and hosted a round table discussion with inventors and fellow Group experts.

- **Promoting the diversity and inclusion policy**

  Thanks to his frequent travel within the Group and his systematic meetings with the teams and Talents, Mr François Jackow has been able to actively promote the importance and value of an ambitious inclusion and diversity policy. By way of illustration, he was personally involved, on March 8, as the keynote speaker at a round table to mark the publication of the book "120 Inspiring Women". The event was held in an auditorium attended by European employees and was broadcast live to all Group entities, thus demonstrating the Chief Executive Officer's commitment to an issue that is key for Air Liquide. A stand was also set up at the Annual General Meeting to inform shareholders about this initiative.

In his capacity as Chief Executive Officer, he has put the issue of diversity on the agenda for Executive Committee meetings, notably to review the targets for gender diversity and the inclusion policy. François Jackow has expressed a firm commitment concerning the policy for the inclusion of disabled workers, notably at the various events organized during Disability Week.

Finally, Mr François Jackow wishes to maintain high-quality social dialog within the Group. By way of illustration, in France, he called a meeting with the French Representative Trade Unions, on March 17, 2023, to discuss current issues and challenges facing Air Liquide in a climate of mutual trust. In China, close to 4,000 employees took part in a virtual town hall to talk with Mr François Jackow.

***Individual performance:***

The Chief Executive Officer's individual performance is considered remarkable. Despite the difficult macroeconomic and geopolitical context in 2023, Mr François Jackow steered the Group with energy and agility, which enabled him to distinguish himself throughout the fiscal year (notably marked by a substantial increase in the share price, demonstrating the excellent alignment of Group strategy with the expectations of shareholders and stakeholders in an uncertain climate). In 2023, François Jackow also prepared the Group for future transformations and challenges.

## SUMMARY TABLE OF THE VARIABLE REMUNERATION FOR 2023

| | Approved elements by the General Meeting in 2023: | | | | Achievement [d] | | | |
|---|---|---|---|---|---|---|---|---|
| | Target [a] | | Maximum | | | | | |
| **Indicator** | *As a % of the fixed remuneration* | *As a % based on a 100* | *As a % of the fixed remuneration* | *As a % based on a 100* | *As a % of the target remuneration for this criterion* | *As a % of the fixed remuneration* | *As a % based on 100* | *In thousands of euros (rounded off)* |
| **Quantifiable financial criteria including:** | **84** | **70** | **105** | **70** | **113** | **95** | **71** | **1,042** |
| Increase in recurring net earnings [b] excluding the foreign exchange impact per share (recurring EPS) | 60 | 50 | 75 | 50 | 125 | 75 | 56 | 825 |
| Comparable growth in consolidated revenue [c] | 24 | 20 | 30 | 20 | 82 | 20 | 15 | 217 |
| **Qualitative personal criteria including:** | **36** | **30** | **45** | **30** | **108** | **39** | **29** | **429** |
| **CSR**:<br>■ Safety and reliability: continue efforts to improve safety (lost time accident frequency rate, road traffic accidents and job-related accidents)<br>■ Roll-out of the action plans relating to the Group's new sustainable development objectives; Progress made concerning the various key indicators [e] and harmonization with the 2025 trajectory for these new objectives | 12 | 10 | 15 | 10 | 105 | 13 | 9 | 139 |
| **Organization/Human Resources** (talents development, management succession plans, diversity policy) | 12 | 10 | 15 | 10 | 105 | 13 | 9 | 139 |
| **Individual performance**: assessment by the Board of Directors, notably in light of the external environment for the year | 12 | 10 | 15 | 10 | 115 | 14 | 10 | 152 |
| **TOTAL (FINANCIAL AND PERSONAL CRITERIA)** | **120** | **100** | **150** | **100** | **111** | **134** | **100** | **1,471** |

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

*(b) Excluding significant and exceptional transactions that do not impact the operating income recurring. The calculation is based on the 2023 recurring net profit (Group share) excluding the foreign exchange impact (as compared to 2022), reconciled in Chapter 1 – page 62 of this 2023 Universal Registration Document.*

*(c) Excluding significant scope impact, foreign exchange impact and energy. See reconciliation in Chapter 1 – page 61 of this 2023 Universal Registration Document.*

*(d) As per decision of the Board of Directors on February 19, 2024. Figures are rounded to nearest unit.*

*(e) Key indicators including those required to measure $CO_2$ emissions for the year are disclosed in the Extra-financial Performance Declaration (see Chapter 5 of this Universal Registration Document).*

In total, the amount of the variable part of the remuneration is above target and amounts to 1,471,067 euros.

The total amount of the variable remuneration due for the 2023 fiscal year will be paid in 2024, after approval of the financial statements by the General Meeting, it being noted that its payment is conditional on the approval by a General Meeting of the components of remuneration paid during or awarded in respect of the 2023 fiscal year to Mr François Jackow.

### C. Total fixed and variable remuneration for 2023 – Changes

For the reasons set out above, the remuneration of Mr François Jackow as Chief Executive Officer is slightly down compared to the 2022 remuneration on an annualized basis.

### D. Other components of annual remuneration

By decision of the Board of Directors of February 15, 2023, Mr François Jackow benefits from the components of remuneration defined below, which are included in the remuneration policy approved by the General Meeting of May 3, 2023 (15th resolution), in line with the 2022 remuneration policy:

#### *Death and disability benefits and healthcare cost plan*

In 2023, Mr François Jackow continued to benefit from the supplementary "incapacity, invalidity, death" benefits plan, unified as from January 1, 2015, covering all personnel and corporate officers who are duly authorized to benefit from such scheme. Mr François Jackow also benefited from the healthcare cost plan covering all employees.

The supplementary "incapacity, invalidity, death" benefits plan provides in particular for:

- the grant to the beneficiaries:
  - of additional daily indemnities in the event of incapacity and a disability annuity set, all benefits combined, at a maximum annual amount of 519 322 euros, and
  - of a death benefit, the maximum amount of which is set at 120 times the PASS (annual social security limit) in the event of an accident.

  The insurance contract entered into with the insurer specifies the limits of the incapacity/disability and death benefits for the same insured party;
- the payment in full, by the Company, of the contributions calculated as a percentage of the Reference Remuneration which is capped at:
  - 16 times the PASS for the incapacity and disability cover, and
  - 24 times the PASS for the death cover.

The contribution rate for 2023 amounts to 1.28% of the Reference Remuneration up to 16 PASS and to 1.03% between 16 and 24 PASS. These contributions are deductible from the corporate income tax base, are subject to the social levy at a rate of 8%, and are excluded from the basis for assessment of the social security contributions, within the limit of an amount equal to the sum of 6% of the PASS and 1.5% of the remuneration, taken into account within the limit of 12% of the PASS.

The contributions paid by L'Air Liquide S.A. in 2023 for the benefit of Mr François Jackow amounted to 12,634 euros in respect of the life insurance scheme and 414 euros in respect of the healthcare cost plan (i.e. a total of 13,048 euros) and are also indicated in the notes to Table 2 (see page 173).

#### *Benefits in kind*

The benefits in kind paid to the Executive Officer in 2023 include the use of a company car and contributions in respect of the social security scheme for company directors.

## 2.1.2. LTI: OPTIONS AND PERFORMANCE SHARES

### A. 2023 performance share plan (plan dated September 28, 2023)

#### 1. Principles of grant for 2023

For the Chief Executive Officer, the grant for 2023 forms part of the 2023 remuneration policy defined by the Board of Directors on February 15, 2023 and approved by the General Meeting on May 3, 2023.

The allocation of LTI to Mr François Jackow in 2023 in his capacity as Chief Executive Officer represents an IFRS valuation of **1,649,284 euros.**

The Board of Directors of September 2023 decided, in accordance with the general market trend and in line with its practice since 2019, to grant performance shares only to all beneficiaries, in order to simplify and standardize the LTI scheme.

#### 2. Performance conditions of the 2023 plans

**All the performance shares granted to any beneficiary are subject to performance conditions which are calculated over three years.** The performance conditions were 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.

**For reasons of confidentiality, the exact objectives set for each performance condition will be made public ex post, at the end of the Board of Directors' meeting at the time when the financial statements are adopted for the 2025 fiscal year. The results achieved, the rate of achievement of the performance conditions and the percentage of performance shares vested will also be published at the end of this meeting.** The percentage of performance shares definitively awarded may in no event exceed 100% of the initial grant. The achievement of each performance condition will be assessed **without any set-off between criteria.**

In keeping with the Group's responsible growth approach, the 2023 performance share plans incorporate, as they did in 2022, **a performance condition linked to the Group's climate objectives.**

Accordingly, the number of performance shares definitively awarded pursuant to the 2023 Plans will depend:

(i) **for 50% of the performance shares granted**, on the rate of achievement of a target, set by the Board, comprising the after-tax Return on Capital Employed (recurring **ROCE**) [(4)] recorded at the end of the 2025 fiscal year.

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

  The objective was set in line with the ROCE objective announced by the Company, i.e. more than 10% at the end of 2025.

(ii) **for 40% of the performance shares granted:**

  - for 50% of the performance shares referred to in sub-paragraph (ii): on an objective of Total Shareholder Return set by the Board, defined as the average annual growth rate of an investment in Air Liquide shares, dividends reinvested, for the 2023, 2024 and 2025 fiscal years (**"AL TSR"**). The objective of an absolute TSR is set in accordance with historic performances. At the objective set, the grant is 100% and then decreases on a straight-line basis to a lower limit below which there will be no award,

(4) *For the purposes hereof, the Return on Capital Employed after tax is calculated as follows: ((recurring net profit after tax before deduction of minority interests – cost of net debt after taxes) for the period 2025)/(weighted average of (shareholders' equity + minority interests + net debt) at the end of the last three half years (H2 2025, H1 2025, H2 2024)).*

– for 50% of the performance shares referred to in sub-paragraph (ii): on the rate of Total Shareholder Return from an investment in Air Liquide shares, dividends reinvested – source: Bloomberg (**"B TSR"**), as compared to the CAC 40 TSR index, dividends reinvested (source: Bloomberg) for the 2023, 2024 and 2025 fiscal years.

  The rate of achievement will be 0%, if the average of the Air Liquide TSR over three years 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 2% higher than 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 TSR criteria make it possible to align the Company's performance with Shareholders' expectation of steady profits;

(iii) **for 10% of the performance shares granted,** on **the change in the Group's absolute $CO_2$ emissions** over the period 2023-2025 in line with objective for a shift in 2025 in accordance with the climate objectives announced by the Group on March 23, 2021 (ACT for a sustainable future), as follows:

Comparison of the Air Liquide Group's $CO_2$ emissions for the year 2025, expressed in millions of metric tonnes, with those same emissions for the year 2022, the 2022 basis of comparison being adjusted to take account of any possible perimeter impacts (the possible takeover of existing units at the Group's customers or companies, asset or company disposals over the 2023-2025 period), on a 12-month pro-forma basis, in line with the method used to monitor the carbon trajectory as communicated by the Group.

For the purposes hereof, the greenhouse gas emissions include direct emissions (Scope 1) and indirect emissions (Scope 2). These emissions are accounted for as "market based" [5].

DIAGRAM SHOWING THE PERFORMANCE CONDITIONS APPLICABLE TO THE PERFORMANCE SHARES IN 2023

| | 40% TSR over 3 years | | 10% $CO_2$ emissions reduction |
|---|---|---|---|
| 50% ROCE | 50% AL TSR | 50% B TSR (AL TSR/CAC 40 TSR) | — |

### 3. Rules applicable to Executive Officers

In accordance with the remuneration policy, the grant to the Executive Officer is examined by the Remuneration Committee at the same time as the allocation to Group employees and is decided by the Board of Directors.

The grant of performance shares was examined in light of the total amount of the Executive Officer's annual remuneration, taking into account several external market surveys and ensuring that the interests of the Shareholders are respected.

Before the grant, it was verified that the conditions provided for in article L. 22-10-60 of the French Commercial Code, which aims at involving all staff in France in the Company's performance, are satisfied. Therefore, in 2023, over 98% of all the employees in the Company and in the Group's French entities are covered by an incentive plan or a special or voluntary profit-sharing plan.

#### *Limits on the grants to Executive Officers*

Within the scope of the sub-limits authorized by the General Meeting for 38 months, the Board of Directors sets lower annual limits for the grants to the Executive Officers, expressed (i) as a percentage of the share capital and (ii) as a multiple of their remuneration, in accordance with the recommendations of the AFEP/MEDEF Code.

The limits set by the Board of Directors for 2023 are identical to those for 2022 and are as follows (no subscription option having been attributed in 2023):

(i) the total number of performance shares granted in 2023 to the Executive Officer cannot give rise to a number of shares exceeding 0.012% of the share capital (it being understood that an allocation sub-limit of 0.1% of the share capital for 38 months was set by the General Meeting on May 4, 2022);

(ii) the total aggregate IFRS value of the performance shares granted to the Executive Officer cannot exceed approximately 1.5 times the amount of the Executive Officer's maximum gross annual remuneration (fixed + variable maximum), it being noted that the performance shares granted represent approximately 40% of the total target annual remuneration.

#### *Maintaining the proration principle*

Pursuant to the decision made by the Board on February 15, 2023 and the policy approved by the General Meeting on May 3, 2023, the 2023 grant of LTI to the Executive Officer remains subject to the principle of a pro-rata calculation.

In practice, if the Executive Officer leaves the Group for a reason other than his resignation or removal from office for serious cause [6], the total allocation rate (after applying the performance conditions) would be reduced pro rata for the duration of actual presence of the Executive Officer within the Group during the period of assessment of the performance criteria. Furthermore, no grant is made to the Executive Officer at the time of this departure, in accordance with the AFEP/MEDEF Code.

The Executive Officer will remain subject to all the provisions of the plans and, more specifically, those relating to the duration of the vesting, lock-up and holding periods in respect of the shares and stock options granted.

#### *Shareholding and share ownership obligations*

**Shareholding obligation pursuant to the French Commercial Code**

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, as follows:

For each stock option/performance share plan granted to Company Officers with effect from September 28, 2015, the Company Officers shall hold, in registered form, until the termination of their duties, a minimum quantity of shares

(5) *See definition of scopes in paragraph 1.1.1 of the Extra-financial Performance Declaration – page 320, and scope calculation methodology in paragraph 1.2.4 of the Annual reporting section of Chapter 5 – pages 394 and 395.*
(6) *Situations which will result in the loss of the LTI.*

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.

However, this percentage will be lowered to 5%, as soon as the quantity of shares held by the Company Officer resulting from the exercise of stock options or the definitive award of performance shares represents a minimum amount equal to at least three times the Company Officer's gross annual fixed remuneration.

This rule is regularly reviewed by the Board at the time of each grant. In 2023, the Board of Directors decided to maintain this rule in identical form.

These lock-up obligations have been applicable to Mr François Jackow in his capacity as Chief Executive Officer since the 2022 performance share plan.

**Additional share ownership obligation – Recommendation made by the AFEP/MEDEF Code**

The Board of Directors' meeting of February 15, 2022 defined, as an extension of the internal rule defined by the Board since 2008, the shareholding rule according to which the Company Officers must hold, in a registered share account, a number of shares equivalent to twice his gross annual fixed remuneration for the Chief Executive Officer or the Chairman of the Board of Directors and one time the gross annual fixed remuneration for a Senior Executive Vice President. This obligation will remain in force until it is exceeded by the effect of the rules resulting from the French Commercial Code. The number of shares required to be held is assessed as of January 1 and July 1 of each year.

The application of this rule for Mr François Jackow will be assessed within four years of his appointment as Chief Executive Officer, i.e. from July 1, 2026.

Recommendations encouraging the ownership of a minimum number of Company shares equivalent to 0.5 times their gross fixed annual remuneration, have also been made to members of the Executive Committee since 2009.

### *Other rules applicable to the Company Officers*

- Restriction on the exercise of stock options and the sale of performance shares during the "black-out periods" prior to the publication of the financial statements. These abstention periods open 30 days before the announcement of the annual and half-year consolidated results and 15 calendar days prior to the publication of the quarterly financial information. They end on the date of publication of the information at close of business.
- Commitment not to carry out hedging transactions with regard to the risk concerning the performance shares awarded/shares arising from the exercise of options, throughout the length of their term of office.

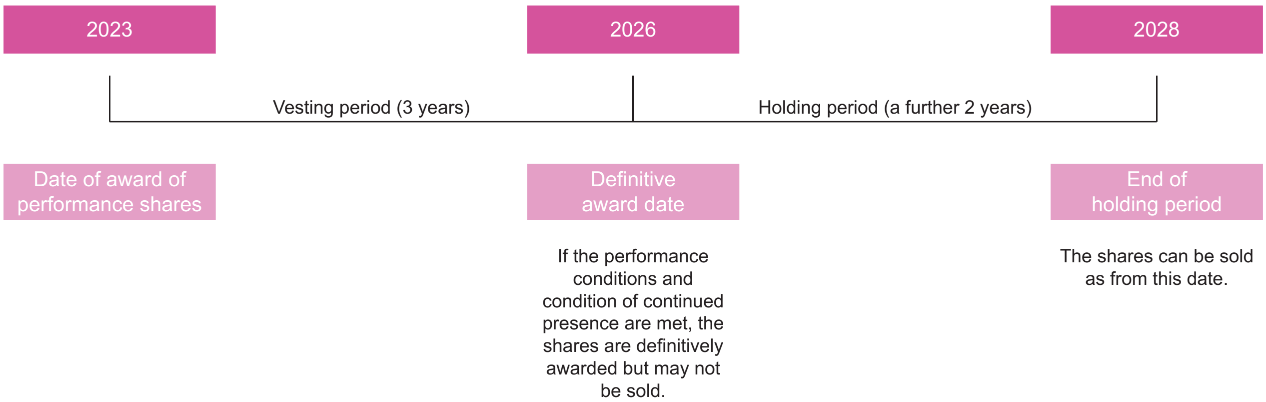
## B. Grants to the Chief Executive Officer within the scope of the September 28, 2023 performance share plans

### Plan Regulations

The grant to the Chief Executive Officer is governed by the September 28, 2023 "France" performance share plan which applies to all the beneficiaries in France. This plan contains:

- a three-year vesting period;
- followed by a two-year holding period during which the shares cannot be sold.

DIAGRAM OF THE PERFORMANCE SHARE MECHANISM – 2023 PLAN (FRANCE)




Continued presence in the Company is a condition under the plan in order to qualify for performance shares at the end of the vesting period, the loss of rights for the Chief Executive Officer occurring in the event of resignation or removal from office for serious cause.

The Chief Executive Officer is also subject to additional conditions as described above.

### Volume

The table below shows the number and value of the performance shares awarded to Mr François Jackow on September 28, 2023 in compliance with the authorization given to the Board of Directors by the General Meeting of May 4, 2022 (21st resolution).

### TABLE 6. PERFORMANCE SHARES AWARDED DURING THE 2023 FISCAL YEAR TO THE CHIEF EXECUTIVE OFFICER

| | Plan grant date | Number of performance shares awarded | Value of the performance shares (pursuant to IFRS 2) [(a)] *(in euros)* | Definitive award date | Availability date | Performance conditions |
|---|---|---|---|---|---|---|
| **François Jackow** in his position as Chief Executive Officer | 09/28/2023 | 12,050 | 1,649,284 | 09/28/2026 | 09/28/2028 | Three performance conditions calculated over three years:<br>■ ROCE<br>■ TSR, including an element of relative comparison<br>■ Climate Objectives |

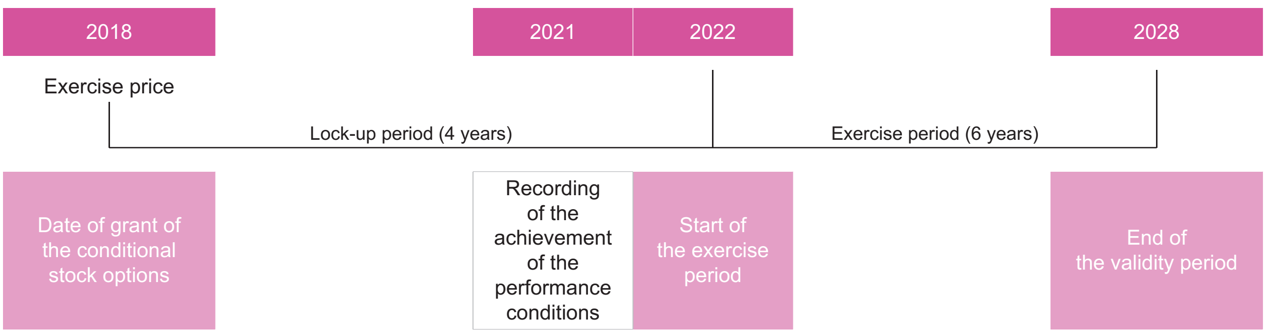
*(a) As of September 28, 2023.*

The performance shares awarded to Mr François Jackow on September 28, 2023 as Chief Executive Officer represent 0.0023% of the number of shares comprising the share capital. This award is made by the Company to the exclusion of any other Group company.

## C. Options exercised/remaining to be exercised in 2023 by the Chief Executive Officer – Performance shares that became available in 2023 [(7)]

### Stock option plan mechanism

As the Board of Directors has not granted share subscription options since 2018, the chart below illustrates previous plans (the 2018 Plan in this example).




### TABLE 4. STOCK OPTIONS GRANTED DURING THE FISCAL YEAR TO THE CHIEF EXECUTIVE OFFICER

Not applicable (no stock options granted in 2023).

### TABLE 5. SHARE SUBSCRIPTION OPTIONS EXERCISED DURING THE 2023 FISCAL YEAR BY THE CHIEF EXECUTIVE OFFICER

| | Plan grant date | Number of options exercised during the fiscal year | Exercise price [(a)] *(in euros)* |
|---|---|---|---|
| **François Jackow** [(b)] | N/A | 0 | N/A |

*(a) Exercise price on the date of exercise.*
*(b) Stock options previously granted to Mr François Jackow as an employee.*

### TOTAL ADJUSTED STOCK OPTIONS REMAINING TO BE EXERCISED BY THE CHIEF EXECUTIVE OFFICER AS AT DECEMBER 31, 2023

| | Total number of outstanding adjusted options | Average price *(in euros)* |
|---|---|---|
| **François Jackow** [(a)] | 8,644 | 76.15 |

*(a) Stock options previously granted to Mr François Jackow as an employee.*

### TABLE 7. PERFORMANCE SHARES THAT BECAME AVAILABLE DURING THE 2023 FISCAL YEAR FOR THE CHIEF EXECUTIVE OFFICER

| | Plan grant date | Number of shares that became available during the fiscal year |
|---|---|---|
| **François Jackow** [(a)] | 09/25/2018 | 2,027 |

*(a) Performance shares previously granted to Mr François Jackow as an employee.*

(7) *For informational purposes.*

### D. Recording of the achievement of the performance conditions under the September 29, 2021 performance share plans [8]

On the basis of the financial statements for the 2023 fiscal year submitted for the approval of the General Meeting of April 30, 2024, the Board of Directors on February 19, 2024, recorded the rate of achievement of the performance conditions, which apply to the whole of the performance shares awarded to any beneficiary and were determined at the time of the grant of the September 29, 2021 performance share plans.

As in 2020, the Board decided to grant only performance shares to any beneficiaries, for reasons of simplification and homogenization.

**The 2021 annual plans** provided that the number of performance shares definitively awarded would depend on the rate of achievement of the following objectives:

(i) for 50% of the performance shares granted, on the rate of achievement of a target, set by the Board, comprising the after-tax Return on Capital Employed (ROCE) recorded at the end of the 2023 fiscal year.

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

The objective was set in line with the ROCE announced by the Company of over 10% by the end of 2023.

The level of recurring ROCE for the aforementioned period was 10.60%, i.e. an objective achieved at 100%;

(ii) for 40% of the performance shares granted:

- for 50% of the performance shares referred to in sub-paragraph (ii): an objective of Total Shareholder Return ("AL TSR") set by the Board, defined as the average annual growth rate of an investment in Air Liquide shares, dividends reinvested, for the 2021, 2022 and 2023 fiscal years. At the objective of AL TSR ≥ 6%, the grant of shares is 100%, and then decreases on a straight-line basis to +2%.
  This growth, over the aforementioned period, amounted to 13.65% per year, i.e. a target achieved at 100%,
- for 50% of the performance shares referred to in sub-paragraph (ii): the rate of Total Shareholder Return from an investment in Air Liquide shares, dividends reinvested – source: Bloomberg ("B TSR"), as compared to the CAC 40 TSR index, dividends reinvested (source: Bloomberg) for the 2021, 2022 and 2023 fiscal years.
  The applicable formula provided that the rate of achievement of this performance condition was (i) 0% if the three-year average Air Liquide TSR was lower than the average CAC 40 TSR, (ii) 50% if the average Air Liquide TSR was equal to the average CAC 40 TSR, and (iii) 100% if the average Air Liquide TSR was at least 2% higher than the average 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 was impossible.
  The rate of return for Air Liquide over the aforementioned period is 16.21%. That of the CAC 40 index over the same period is 15.09%. This gives the difference between the average rate of return for Air Liquide and the average rate of return for the CAC 40 as 1.12%, i.e. an objective achieved at 78.06%;

(iii) for 10% of the performance shares granted, the reduction in Air Liquide's carbon intensity, defined as the following ratio, recorded as at December 31, 2023: Greenhouse gas emissions of the Air Liquide Group for the year 2023 in kg-equivalent $CO_2$/2023 EBITDA (calculated at constant exchange rates on the basis of the 2015 foreign exchange rates) expressed in euros [9]. For the purposes hereof, the greenhouse gas emissions include direct emissions (Scope 1) and indirect emissions (Scope 2). These emissions are accounted for as "location based".

The objective was determined within the trajectory of the Group's Climate Objectives announced at the end of 2018 which aim to reduce the carbon intensity by -30% between 2015 and 2025.

The achievement rate was set at 0% for carbon intensity above 4.7, 50% for carbon intensity equal to 4.6 and 100% for carbon intensity less than or equal to 4.5, based on a linear progression from 0% to 100% between each of those bounds.

The ratio recorded as at December 31, 2023 was 3.88, i.e. a target achieved at 100%.

Consequently, the Board of Directors recorded that the rate of achievement of the performance conditions for the September 29, 2021 performance share plans amounts to 95.61%.

## 2.1.3. LONG-TERM COMMITMENTS

### A. Company pension and similar benefit obligations

In accordance with the remuneration policy decided by the Board of Directors of February 15, 2023 and approved by the General Meeting of May 3, 2023 (15th resolution), Mr François Jackow benefits, in addition to the mandatory basic and supplementary pension plans (Agirc-Arrco) to which he is, or has been, affiliated, from various supplementary pension plans set up by L'Air Liquide S.A.

#### 1. Mandatory company retirement savings plan (PERO)

Mr François Jackow continued to benefit in 2023 from the supplementary defined-contribution pension plan (from which he benefited previously as an employee, then as Chief Executive Officer from his appointment in 2022) applicable to all employees and Company Officers duly authorized to benefit from that plan.

This plan is financed by contributions paid equally by the employer and the beneficiary on the portion of remuneration not exceeding eight times the annual social security limit (PASS).

These contributions are assessed on bracket 1 (e.g. bracket A) (the portion of remuneration that is less than one PASS) at a rate of 2.30%, and on bracket 2 (e.g. brackets B and C) (those portions of remuneration amounting, respectively, to between one PASS and eight times the PASS) at a rate of 6.45%, and are distributed in the following manner: 50% borne by the Company and 50% borne by the beneficiary.

Furthermore, they are deductible from the corporate income tax base, are subject to the social levy at the rate of 16%, and are excluded from the basis for assessment of the social security contributions, within the limit of the higher of the following two values: 5% of the PASS or 5% of the remuneration taken into account within the limit of five times the PASS.

For information purposes, the contributions paid by the Company in 2023 to the third party responsible for managing the aforementioned supplementary defined contribution pension plan, in favor of Mr François Jackow, amounted to 10,437 euros.

(8) *For informational purposes.*
(9) *The effect of the SASOL acquisition is excluded from the calculation.*

Mr François Jackow's pension entitlements under this plan:

- may be applied for, at the earliest, when he has claimed his pension entitlements under the French general social security scheme;
- are estimated, as at December 31, 2023 at 13 083 euros gross per year. This amount takes into account the contributions paid by the Company for the benefit of Mr François Jackow in his capacity as an employee and then as Chief Executive Officer.

### 2. "Senior executive" defined contribution pension plan

Pursuant to articles L. 911-1 and L. 911-2 of the French Social Security Code, and in accordance with article L. 242-1, paragraphs 6 and 7 of the same Code, L'Air Liquide S.A. set up a defined contribution pension plan for the benefit of the senior executives, defined by reference to a collective bargaining agreement coefficient, and of corporate officers who have at least one year's length of service.

In 2023, Mr François Jackow continued to benefit from this defined contribution pension plan (from which he had already benefited as a senior executive, then as Chief Executive Officer since 2022).

For information purposes, the contributions paid by the Company in 2023 to Mr François Jackow amounted to 9,502 euros.

Mr François Jackow's pension entitlements under this defined contribution plan implemented for the benefit of senior executives:

- may be applied for, at the earliest, when he has claimed his pension entitlements under the French general social security scheme;
- are financed by annual contributions paid in their entirety by the Company. These contributions were set at 2.7% of the portion of remuneration that is lower than eight times the PASS. Furthermore, they are subject to the same tax and social security treatment as those paid under the PERO set up for the benefit of all the staff (see above);
- are estimated, as at December 31, 2023 at 27,081 euros gross per year.

### 3. Collective pension insurance contract with individual and optional subscription

In 2023, Mr François Jackow continued to benefit from a collective pension insurance contract with individual and optional subscription (known as "article 82 of the French Tax Code") for the portion of his Reference remuneration [fixed portion + target variable portion] exceeding eight PASS. This collective pension insurance contract replaces the supplementary pension plan applicable under certain conditions to the Group's senior executives but not applicable to corporate officers, and from which Mr François Jackow benefited prior to his appointment as Chief Executive Officer.

Application of this mechanism to the Chief Executive Officer was determined taking into account the overall balance of his remuneration and the market conditions, and for the Company represents, for the same efficiency for the beneficiary, a 31% lower cost to the Company than that which would result from implementing a new supplementary pension plan with defined vested benefits under article L. 137-11-2 of the French Social Security Code.

In this scheme, the amount paid by the Company is split between a payment to the insurer and a payment to Mr François Jackow intended to cover the social security contributions and taxes due on the payments made to the insurer. This amount is paid in arrears every year after recording the performance conditions associated with this pension plan, for the period until the end of the executive office. These contributions are deductible from the corporate income tax base and are subject to social security contributions.

Mr François Jackow cannot apply for the entitlements under this pension insurance contract in the form of capital and/or life annuity before the age at which he becomes entitled to claim his pension entitlements under the French general social security scheme.

This supplementary pension plan for the fraction of remuneration exceeding 8 PASS is entirely subject to performance conditions. The gross annual amount of payments is approximately 14.10% of the target annual fixed and variable remuneration for 2023, subject to the achievement of performance conditions: the total amount to be paid in respect of a fiscal year depends on the average annual difference (measured on each fiscal year) between the after-tax Return on Capital Employed (ROCE [10]) and the Weighted Average Cost of Capital (WACC) (measured on the basis of the book value of equity), calculated (on the basis of the consolidated financial statements certified and approved by the General Meeting) over the last three fiscal years preceding the said fiscal year.

The performance coefficient applied to the nominal amount pursuant to the collective pension insurance contract will be determined as shown in the table below, with a growth of the increase per linear segments between each of the thresholds between 100 bps and 300 bps inclusive:

| Average of the annual gaps (ROCE – WACC) over three years in bps [a] | Performance coefficient applied to the nominal amount |
|---|---|
| ≥ 300 | 100% |
| 250 | 66% |
| 200 | 50% |
| 100 | 25% |
| < 100 | 0% |

*(a) bps: basis points.*

Compliance with the conditions set forth above is verified on an annual basis, before the Ordinary General Meeting convened to approve the financial statements for the last completed fiscal year, by the Board of Directors.

In respect of 2023, the Board of Directors on February 19, 2024 took note of the 100% achievement of the performance conditions. Accordingly, the amount to be paid in 2024 in respect of fiscal year 2023 under the pension scheme with individual and optional subscription, will amount overall to 341,231 euros (split, in accordance with the remuneration policy approved by the General Meeting of May 3, 2023, between a payment of 170,615 euros (gross) to the insurer in the form of an insurance premium, and a payment of 170,615 euros (gross) to Mr François Jackow intended to cover the social security contributions and taxes due on the payments made to the insurer).

(10) *In application of the policy approved by the General Meeting of May 3, 2023, this is the recurring ROCE "excluding major acquisitions", i.e. acquisitions representing more than 5% of capital employed.*

Consequently, in respect of this fiscal year, as part of the collective pension insurance contract with individual and optional subscription:

- the total amount paid corresponds to around 14.10% of the target annual fixed and variable remuneration for 2023;
- in the event of a conversion of the capital paid to the insurer into a life annuity, Mr François Jackow's rights under this scheme are estimated, at December 31, 2023, and including the payment to be made in 2024 in respect of the 2023 fiscal year, at 6 825 euros gross per year.

## B. Commitments relating to termination of duties

The commitments related to the termination of duties granted to Mr François Jackow since his appointment as Chief Executive Officer on June 1, 2022, continued in the 2023 fiscal year. The mechanisms described below were included in the remuneration policy for the Chief Executive Officer decided by the Board of Directors on February 15, 2023 and approved by the General Meeting of May 3, 2023 (15th resolution).

### 1. Termination indemnity

Mr François Jackow, who unilaterally terminated his employment contract as of his appointment as Chief Executive Officer, benefits from a termination indemnity, subject to very strict triggering conditions.

The main terms of the termination indemnity applicable to Mr François Jackow are as follows:

- only the cases of forced departure of Mr François Jackow from his term of office as Chief Executive Officer (removal from office, request for resignation) related to a change of strategy or a change in control (in the latter case, the termination indemnity is due, if the departure occurs within six months of the change of control) may give rise to an indemnity;
- the amount of the indemnity in any of these cases is set at 24 months of annual gross fixed and variable remuneration actually paid (24 months of fixed remuneration + last two annual variable remuneration amounts actually paid) on the date of termination of his duties (subject to the exceptions described below and in paragraph B.2). As an exception to this rule, in the event of departure during the course of the 2023 or 2024 fiscal years, for the calculation of the indemnity of 24 months of fixed and variable remuneration, the following will be taken into account: the target variable remuneration awarded in the absence of variable remuneration paid in respect of a fiscal year (for each fiscal year concerned), and the annual fixed remuneration of the ongoing fiscal year and that of the previous fiscal year;
- the amount of the indemnity due decreases gradually as Mr François Jackow, in his capacity as Chief Executive Officer, approaches the age limit defined in the Company's articles of association; in the event of a forced departure in the 24 months preceding the date of departure due to the age limit set by the articles of association, the amount of the indemnity due will be capped at the number of months' gross remuneration separating the date of forced departure from the date when he reaches such age limit; in any event, no indemnity shall be paid should the beneficiary claim his pension entitlements on the date of his forced departure;
- the right to payment of the indemnity is subject to the achievement of the performance conditions, the proportion of the indemnity due decreasing depending on the rate of achievement of such conditions (see below for details of the performance conditions).

#### *Performance conditions applicable to the termination indemnity*

The payment of the termination indemnity concerning Mr François Jackow is subject to compliance, duly acknowledged by the Board of Directors at the time of or subsequent to the termination of his duties, with conditions related to the beneficiary's performance assessed in light of the Company's performance, defined as of today as follows:

Entitlement to the indemnity referred to above shall depend on, and the amount of the indemnity paid will be adjusted on the basis of, the average of the annual gap (measured on each fiscal year) between the Return on Capital Employed after tax (ROCE) and the Weighted Average Cost of Capital (WACC) (measured on the basis of the book value of equity), calculated (on the basis of the certified consolidated financial statements, approved by the General Meeting) with respect to the last three fiscal years prior to the fiscal year during which the departure occurs.

Given the fundamental importance, in the highly capital-intensive industrial gas industry, of the management and control of investment processes, this gap makes it possible to measure the regular creation of value over the three years prior to the departure.

The proportion of the indemnity due will be established as indicated in the table below, with an increase in the indemnity by straight-line segments between each of the thresholds between 100 bps and 300 bps inclusive:

| Average of the annual gaps (ROCE – WACC) over three years in bps [(a)] | Proportion of indemnity due |
|---|---|
| ≥ 300 | 100% |
| 250 | 66% |
| 200 | 50% |
| 100 | 25% |
| < 100 | 0% |

(a) *bps: basis points.*

### 2. Indemnity relating to a non-competition commitment

As Chief Executive Officer, Mr François Jackow benefits from a non-competition indemnity in exchange for his commitment not to serve, directly or indirectly, a business competing with that of the Group, for a period of two years from the date of termination of his term of office.

This mechanism was put in place in 2022, when Mr François Jackow was appointed Chief Executive Officer, in order to protect the Company's legitimate interests.

The amount of this indemnity, payable monthly, would be equal to one year of gross annual fixed and variable remuneration received by the Chief Executive Officer (excluding sums received in respect of long-term variable remuneration), **wherein the aggregated termination indemnity and non-competition indemnity are capped at 24 months of annual gross fixed and variable remuneration** of the Chief Executive Officer on the date of termination of his term of office.

Payment of the non-competition indemnity shall not apply from the moment the Chief Executive Officer exercises his pension entitlements. In any event, no indemnity shall be paid beyond age 65.

**The Board of Directors reserves the right to fully or partially waive the non-competition commitment** upon the departure of the Chief Executive Officer, in which case no indemnity will be owed.

### 3. Unemployment insurance for company managers and corporate officers

As a Company Officer and in view of the fact that he decided to terminate his employment contract as from his appointment as Chief Executive Officer, Mr François Jackow benefits from the unemployment insurance for company managers and corporate officers taken out by the Company.

The contributions paid by the Company under this scheme are included in Mr François Jackow's remuneration as benefits in kind.

TABLE 8 – PAGE 213, TABLE 9 – PAGE 214 AND TABLE 10 – PAGE 216

TABLE 11.

The table shown below presents a summary of the commitments relating to the termination of the duties of the Executive Officer, as set out above.

| Executive Officer | Employment contract | Supplementary pension plan (see details above) | Indemnities or benefits due or that may be due on termination or a change of duties (see details above) | Indemnity relating to a non-compete clause |
|---|---|---|---|---|
| **François Jackow**<br>Chief Executive Officer<br>Start date of term of office: 2022<br>End date of term of office: May 2026 | NO | Collective pension insurance contract with individual and optional subscription: YES<br>Mandatory company pension savings plan (formerly defined contribution pension plan): YES<br>Defined contribution pension plan for senior managers and executives: YES | Termination indemnity: YES<br>■ Applicable in the event of a forced departure related to a change of strategy or control;<br>■ Maximum amount of 24 months of gross fixed and variable remuneration;<br>■ Subject to performance conditions;<br>■ Reduction as he approaches the age limit in the articles of association, exclusion if the beneficiary claims his pension entitlements on the date of forced departure. | YES<br>■ Amount equal to one year of gross annual fixed and variable remuneration;<br>■ Cumulative termination indemnity and non-competition indemnity capped at 24 months of gross annual fixed and variable remuneration at the date of termination of duties;<br>■ Exclusion if the person concerned claims his/her pension rights. No indemnity may be paid beyond the age of 65;<br>■ The Board of Directors reserves the right to waive all or part of the non-competition commitment upon the departure of the Chief Executive Officer. |

*N.B.: the stock options and the performance shares are lost in the event of a resignation or removal from office for serious cause during the vesting period. In other cases of departure, the principle of proration applies depending on the Executive Officer's actual presence in the Group during the period of assessment of the performance conditions – see page 178.*

## 2.2. REMUNERATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The gross annual remuneration before tax of the Chairman of the Board of Directors [11], including benefits in kind, is indicated in Table 2 below:

TABLE 2. SUMMARY OF THE REMUNERATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

| | For information, reminder of previous years: 2022 | | 2023 | |
|---|---|---|---|---|
| *(in thousands of euros, rounded off)* | Amounts awarded | Amounts paid | Amounts awarded | Amounts paid |
| **Benoît Potier – Chairman of the Board [a]** | | | | |
| Fixed remuneration | 467 | 467 | 800 | 800 |
| *including remuneration in respect of his term of office as Director* | — | — | — | — |
| Variable annual remuneration | — | — | — | — |
| Benefits in kind | 2 | 2 | 3 | 3 |
| **TOTAL** | **468** | **468** | **803** | **803** |

*(a) During the 2023 fiscal year, the Company also paid contributions to external organizations for the benefit of Mr Benoît Potier (in his capacity as Chairman of the Board of Directors) in respect of the collective life insurance scheme (12,634 euros). This plan is detailed below. For the residual amounts paid in 2023 to Mr Benoît Potier as Chairman and CEO, see note to Table 1.*

Pursuant to the provisions of the AFEP/MEDEF Code (article 26-2) and in accordance with the policy approved by the General Meeting of May 3, 2023, the Chairman under the separate governance mode was awarded only fixed remuneration, excluding any variable remuneration, LTI or any exceptional remuneration.

### 2.2.1. Fixed remuneration

The fixed remuneration takes into account in particular the specific role of the Chairman of the Board of Directors in the context of managerial succession and the missions that the Board of Directors wished to entrust to Mr Benoît Potier for the duration of the transition in order to benefit from his experience, in-depth knowledge of the Group and its businesses, its Shareholders and stakeholders and its strategic challenges.

In accordance with the policy approved by the General Meeting of May 3, 2023, the amount of the 2023 annual fixed remuneration of Mr Benoît Potier amounts to 800,000 euros.

### 2.2.2. Other components of annual remuneration

Mr Benoît Potier exercised his rights to a mandatory pension as from the end of his duties as Chief Executive Officer in 2022, as well as his vested rights under the various supplementary pension schemes set up within the Company. Since the final residual payments made in 2023 under the collective pension insurance contract with individual and optional subscription and the life insurance contract, which had been set up for the benefit of Mr Benoît Potier in his capacity as Chairman and CEO (see Table 1), no further amounts are owed by the Company in this respect to Mr Benoît Potier.

***Death and disability benefits plan***

In 2023, Mr Benoît Potier continued to benefit from the supplementary "incapacity, invalidity, death" benefits plan, unified as from January 1, 2015, covering all personnel and corporate officers who are duly authorized to benefit from such scheme, solely for the death benefit component. This system was incorporated into the 2023 remuneration policy for the Chairman of the Board of Directors by decision of the Board of Directors of February 15, 2023, which was approved by the General Meeting of May 3, 2023 (16th resolution).

This unified pension plan provides, in particular, for life insurance:

- the granting to beneficiaries of a death benefit, the maximum amount of which is set at 120 times the PASS in the event of an accident.

The life insurance contract entered into with the insurer specifies the limits of the benefits for the same insured party:

- full coverage by the Company of contributions calculated as a percentage of the Reference Remuneration, which is capped at 24 times the PASS for the death benefit.

The contribution rate for 2023 amounts to 1.28% of the Reference Remuneration up to 16 PASS and to 1.03% between 16 and 24 PASS. These contributions are deductible from the corporate income tax base, are subject to the social levy at a rate of 8%, and are excluded from the basis for assessment of the social security contributions, within the limit of an amount equal to the sum of 6% of the PASS and 1.5% of the remuneration taken into account within the limit of 12% of the PASS.

The contribution paid by L'Air Liquide S.A. in 2023 in respect of the life insurance scheme for the benefit of Mr Benoît Potier amounted to 12,634 euros and this amount is also disclosed in the notes to Table 2 above.

***Benefits in kind***

The Chairman of the Board of Directors has a company car as a benefit in kind.

### 2.2.3. Options and performance shares previously granted to Mr Benoît Potier in respect of his previous term of office as Chairman and CEO

Pursuant to the provisions of the AFEP/MEDEF Code, due to the end of his term of office as Chairman and CEO in 2022, **Mr Benoît Potier no longer benefits from LTI allocations**.

It should be noted that, in agreement with Mr Benoît Potier and in accordance with best governance practices, the Board, at its meeting of February 15, 2022, decided to apply the **principle of prorating** to Mr Benoît Potier on the occasion of the termination of his term of office as Chairman and CEO on May 31, 2022. The **LTI granted to Mr Benoît Potier in 2021** (last grant of which he was a beneficiary) were prorated (as for the 2020 grant), the definitive grant being thus reduced by -52.9%.

[11] *The Chairman of the Board of Directors does not receive any remuneration from Group companies other than L'Air Liquide S.A.*

**Mr Benoît Potier remains subject to the shareholding and share ownership obligations** for shares and options resulting from plans prior to 2022, awarded to him in his previous capacity as Chairman and CEO, and remains bound by the other rules applicable to Company Officers relating in particular to hedging transactions.

### Shareholding obligation pursuant to the French Commercial Code

The shareholding obligations defined by the Board of Directors in accordance with articles L. 225-185 and L. 225-197-1 of the French Commercial Code continue to apply to Mr Benoît Potier, for subscription options and performance shares granted to him in respect of his previous term of office as Chairman and CEO from September 28, 2015 until the 2021 performance share plan.

Furthermore, the previous obligations to hold shares resulting from the exercise of stock options, decided by the Board of Directors on May 9, 2007, which apply with effect from the grant of stock options on May 9, 2007 for Mr Benoît Potier, remain in force with regard to the relevant stock option plans, up until the September 22, 2014 stock option plan inclusive.

The application of this rule was reported to the Board of Directors on February 19, 2024.

### Additional share ownership obligation – Recommendation made by the AFEP/MEDEF Code

Mr Benoît Potier also continues to be subject to the shareholding rule defined by the Board of Directors for Company Officers, in accordance with an internal regulation defined by the Board of February 15, 2022, extending the rule established by the Board since 2008, according to which the Chairman of the Board of Directors must hold in registered form a number of shares equivalent to twice his gross annual fixed remuneration. This obligation will remain in force until it is exceeded by the effect of the rules resulting from the French Commercial Code. The number of shares required to be held is assessed as of January 1 and July 1 of each year. The Board noted that the valuation of the shares held by Mr Benoît Potier as at January 1 and July 1, 2023 was much greater than the amount required and concluded that the shareholding obligation was complied with by the Company Officer.

### Other rules applicable to the Company Officers

- Restriction on the exercise of stock options and the sale of performance shares during the “black-out periods” prior to the publication of the financial statements. These abstention periods open 30 days before the announcement of the annual and half-year consolidated results and 15 calendar days prior to the publication of the quarterly financial information. They end on the date of publication of the information at close of business.
- Commitment not to carry out hedging transactions with regard to the risk concerning the performance shares awarded/shares arising from the exercise of options, throughout the length of their term of office. Mr Benoît Potier remains bound by this commitment for the subscription options and performance shares granted to him under his previous term of office as Chairman and CEO until the 2021 performance share plan.

#### TABLE 6. PERFORMANCE SHARES GRANTED DURING THE 2023 FISCAL YEAR TO THE CHAIRMAN OF THE BOARD OF DIRECTORS

Not applicable (no performance shares granted in 2023).

### Options exercised/remaining to be exercised in 2023 by the Chairman of the Board of Directors – Performance shares that became available in 2023

#### TABLE 4. OPTIONS GRANTED DURING THE FISCAL YEAR TO THE CHAIRMAN OF THE BOARD OF DIRECTORS

Not applicable (no stock options granted in 2023).

#### TABLE 5. SHARE SUBSCRIPTION OPTIONS EXERCISED DURING THE 2023 FISCAL YEAR BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

| | Plan grant date | Number of options exercised during the fiscal year | Exercise price [(a)] *(in euros)* |
|---|---|---|---|
| **Benoît Potier** | N/A | 0 | N/A |

*(a) Exercise price on the date of exercise.*

#### TOTAL ADJUSTED OPTIONS REMAINING TO BE EXERCISED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS AT DECEMBER 31, 2023

| | Total number of outstanding adjusted options | Average price *(in euros)* |
|---|---|---|
| **Benoît Potier** | 305,455 | 74.07 |

*For more details on the adjusted number of stock options by plan, see table page 214.*

#### TABLE 8 – PAGE 213 AND TABLE 10 – PAGE 216 [(12)]

(12) *For informational purposes.*

## 2.3. REMUNERATION RATIOS – ANNUAL CHANGE IN REMUNERATION, PERFORMANCE AND RATIOS

Pursuant to article L. 22-10-9 of the French Commercial Code, the ratios between the level of remuneration of the Chief Executive Officer, Chairman of the Board of Directors (and of the Chairman and CEO for the period of exercise of this mandate) and the average and median [13] remunerations of L'Air Liquide S.A.'s employees are disclosed below, as well as, where applicable, their annual change and the change in the Company's performances and in the average remuneration of the Company's employees over the five most recent fiscal years. To take into account the comments of certain investors along with the AMF and the Haut Comité de gouvernement d'entreprise (French High Committee on corporate governance), the following table includes a comparison (since the 2021 Universal Registration Document) with the "whole of France" consolidated scope. This scope represents more than 95% of the employees present in France.

It is reminded that in order to comply with the spirit of the AFEP guidelines, to allow a relevant comparison with employees, and ensure continuity in the information communicated in successive Universal Registration Documents, the remuneration in respect of 2022 of the Chairman and CEO (who held these positions until May 31, 2022), as well as of the Chief Executive Officer and the Chairman of the Board of Directors (who held these positions from June 1, 2022) have been annualized.

### REMUNERATION RATIOS (a)

| Chairman and Chief Executive Officer (Benoît Potier, from May 10, 2006 to May 31, 2022) | 2018 | 2019 | 2020 (g) | 2021 (g) | 2022 (b) (e) (g) | 2023 |
|---|---|---|---|---|---|---|
| Remuneration ratio compared to the Company employees average (d) | 50 | 50 | 40 | 40 | 29 | N/A |
| *N/N-1 change in %* | *0.0%* | *0.0%* | *-20.0%* | *-1.4%* | *-27.1%* | *N/A* |
| Remuneration ratio compared to the Company employees median (d) | 73 | 73 | 57 | 58 | 42 | N/A |
| *N/N-1 change in %* | *1.4%* | *0.0%* | *-21.9%* | *0.4%* | *-26.3%* | *N/A* |
| Remuneration ratio compared to the Group employees average in France (f) | | 95 | 76 | 77 | 59 | N/A |
| *N/N-1 change in %* | | *N/A* | *-20.0%* | *1.7%* | *-24.2%* | *N/A* |

| Chief Executive Officer (François Jackow) | 2018 | 2019 | 2020 | 2021 | 2022 (b) (e) (h) | 2023 (c) |
|---|---|---|---|---|---|---|
| Remuneration ratio compared to the Company employees average (d) | N/A | N/A | N/A | N/A | 34 | 32 |
| *N/N-1 change in %* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *-5.6%* |
| Remuneration ratio compared to the Company employees median (d) | N/A | N/A | N/A | N/A | 50 | 43 |
| *N/N-1 change in %* | *N/A* | *N/A* | *N/A* | *N/A* | | *-12.7%* |
| Remuneration ratio compared to the Group employees average in France (f) | N/A | N/A | N/A | N/A | 68 | 62 |
| *N/N-1 change in %* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *-9.3%* |

| Chairman of the Board (Benoît Potier) | 2018 | 2019 | 2020 | 2021 | 2022 (b) (e) | 2023 (c) |
|---|---|---|---|---|---|---|
| Remuneration ratio compared to the Company employees average (d) | N/A | N/A | N/A | N/A | 6 | 6 |
| *N/N-1 change in %* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *0.0%* |
| Remuneration ratio compared to the Company employees median (d) | N/A | N/A | N/A | N/A | 9 | 8 |
| *N/N-1 change in %* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *-11.1%* |
| Remuneration ratio compared to the Group employees average in France (f) | N/A | N/A | N/A | N/A | 13 | 12 |
| *N/N-1 change in %* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *-7.7%* |

(a) *Per the AFEP guidelines, the remuneration is presented in respect of the year in question.*
***The remuneration taken into account includes:***
*For Company Officers and employees:*
*Base salary, variable remuneration in respect of the year (paid in year N+1), benefits in kind, attribution of performance shares/stock options valued in accordance with IFRS at their attribution date. For the Company Officers, these elements and the corresponding amounts due or awarded in respect of 2023 are contained on pages 192 to 198 and 202 of the Universal Registration Document.*
***The following items are excluded from the remuneration:***
*For employees:*
*Individual bonuses (seniority bonuses, study bursary, vacation, accommodation, transportation, etc.), profit-sharing bonus, incentives, and employer's contribution on profit-sharing/incentives.*
*For Company Officers and employees, post-employment benefits, and notably the pension and similar commitments have not been taken into account in the calculations. For the Chief Executive Officer, these elements are presented on pages 199 to 201. The only amount that will be paid directly to Mr François Jackow in 2024 in respect of 2023 relates to the collective pension insurance contract. This amount stands at 170,615 euros and is intended to cover the social security contributions and taxes due on the payments made to the insurer pursuant to the collective pension insurance contract. Taking this amount into consideration, the ratios for 2023 for the Company amount to 33 (remuneration ratio compared to the employee average) and 45 (remuneration ratio compared to the employee median), and to 65 for the whole of France scope (remuneration ratio compared to the employee average in France), i.e. a low impact.*

(13) *On a full-time equivalent basis.*

(b) *The data for 2022, which had been presented as an estimate, based on the nominal/target variable component in the 2022 Universal Registration Document, has been updated.*
(c) *The data for 2023 are presented as an estimate, based on the nominal/target variable component (value of variable components in respect of 2023 not known for the entire scope of the Company at the date of publication). The final ratios based on the variable remunerations paid in respect of 2023 will be published in the 2024 Universal Registration Document.*
(d) *L'Air Liquide S.A. is the listed company, which has more than 1,000 employees (Head Office, R&D, Innovation, and European Projects). The calculation takes into account employees continuously in post over two consecutive years from 2018 to 2023.*
(e) *On an annual basis.*
(f) *The scope of the Group in France represents more than 95% of the Group's employees present in France (representing more than 12 000 employees). The calculation takes into account employees continuously in post over two consecutive years from 2018 to 2023.*
(g) *The ratios are presented after taking into account the proration of LTI grants under the 2020 and 2021 plans for Mr Benoît Potier and the absence of grant for Mr Benoît Potier since 2022 (year of departure).*
(h) *Allocation of LTI to the Chief Executive Officer on an annualized basis in 2022.*

## COMPARATIVE CHANGES IN REMUNERATION [14] AND PERFORMANCES

| | 2019/2018 | 2020/2019 | 2021/2020 | 2022/2021 (a) (b) | 2023/2022 (a) (b) (c) | CAGR (e) 5 years 2018-2023 (b) (c) |
|---|---|---|---|---|---|---|
| Chief Executive Officer | N/A | N/A | N/A | N/A | -5.6 % | N/A |
| Chairman of the Board of Directors | N/A | N/A | N/A | N/A | 0.0 % | N/A |
| Chairman and CEO | 1.1% | -18.5% (g) | -0.4% (g) | -22.0% (g) | N/A | N/A |
| Company employee average | 1.5% | 1.9% | 1.9% | 6.9% | 0.0 % | 3.0% |

| | 2019/2018 | 2020/2019 | 2021/2020 | 2022/2021 | 2023/2022 | CAGR (e) 5 years 2018-2023 |
|---|---|---|---|---|---|---|
| Published growth in revenue | 4.3% | -6.5% | 13.9% | 28.3% | -7.8% | 5.6% |
| Comparable growth in revenue (d) | 3.2% | -1.3% | 8.2% | 7.0% | 3.7% | N/A |
| Published growth in net profit (Group share) | 6.1% | 8.6% | 5.6% | 7.3% | 11.6% | 7.8% |
| Growth in net profit recurring (Group share) (f) | 11.1% | 1.5% | 9.9% | 22.9% | 5.0% | 10.4% |

(a) *The data for 2022, which had been presented as an estimate, based on the nominal/target variable component in the 2022 Universal Registration Document, has been updated.*
(b) *On an annual basis for 2022.*
(c) *The data for 2023 is presented as an estimate, based on the nominal/target variable component (value of variable components in respect of 2023 not known for the entire scope of the Company at the date of publication).*
(d) *See page 61 of this 2023 Universal Registration Document.*
(e) *CAGR: Compound Annual Growth Rate.*
(f) *See page 62 of this 2023 Universal Registration Document and reconciliations respectively on page 69 of the 2018 Reference Document, page 61 of the 2019 Universal Registration Document, page 57 of the 2020 Universal Registration Document, page 58 of the 2021 Universal Registration Document and page 62 of the 2022 Universal Registration Document.*
(g) *The ratios are presented after taking into account the proration of LTI grants under the 2020 and 2021 plans for Mr Benoît Potier and the absence of grant for Mr Benoît Potier since 2022 (year of departure).*

[14] *See definition on the preceding page.*

# 3. Remuneration of the non-executive Directors (including information mentioned in article L. 22-10-9 I of the French Commercial Code)

The remuneration referred to below is paid to the non-executive Directors pursuant to article L. 22-10-14 of the French Commercial Code. Remuneration of non-Executive Directors in respect of the 2023 fiscal year was calculated according to the remuneration policy approved by the General Meeting on May 3, 2023 (17th resolution) and outlined in the 2022 Universal Registration Document (on pages 235 and 236 of the document for these Directors).

## 3.1. REMUNERATION IN RESPECT OF 2021, 2022 AND 2023

TABLE 3. REMUNERATION RECEIVED BY THE GROUP'S NON-EXECUTIVE AND NON-EMPLOYEE CORPORATE OFFICERS

| *(in euros)* | | Amounts paid in 2022 in respect of 2021 | Amounts paid in 2023 in respect of 2022 | Amounts paid in 2024 in respect of 2023 |
|---|---|---|---|---|
| **Thierry Peugeot** [(a)] | **Total** | **29,333** | **—** | **—** |
| | *% fixed remuneration* | *28* | — | — |
| | *% variable remuneration* | *72* | — | — |
| **Jean-Paul Agon** [(b) (c)] | **Total** | **141,500** | **60,167** | **—** |
| | *% fixed remuneration* | *42* | *44* | — |
| | *% variable remuneration* | *58* | *56* | — |
| **Siân Herbert-Jones** [(d) (e)] | **Total** | **95,500** | **90,000** | **28,833** |
| | *% fixed remuneration* | *42* | *44* | *46* |
| | *% variable remuneration* | *58* | *56* | *54* |
| **Sin Leng Low** [(c)] | **Total** | **81,500** | **29,833** | **—** |
| | *% fixed remuneration* | *25* | *28* | — |
| | *% variable remuneration* | *75* | *72* | — |
| **Annette Winkler** [(f)] | **Total** | **151,000** | **136,500** | **130,500** |
| | *% fixed remuneration* | *26* | *29* | *31* |
| | *% variable remuneration* | *74* | *71* | *69* |
| **Geneviève Berger** [(e)] | **Total** | **87,500** | **83,500** | **29,833** |
| | *% fixed remuneration* | *23* | *24* | *28* |
| | *% variable remuneration* | *77* | *76* | *72* |
| **Brian Gilvary** [(g)] | **Total** | **64,000** | **—** | **—** |
| | *% fixed remuneration* | *23* | — | — |
| | *% variable remuneration* | *77* | — | — |
| **Xavier Huillard** [(h)] | **Total** | **121,500** | **124,833** | **122,500** |
| | *% fixed remuneration* | *33* | *43* | *49* |
| | *% variable remuneration* | *67* | *57* | *51* |
| **Anette Bronder** [(i)] | **Total** | **71,000** | **88,000** | **—** |
| | *% fixed remuneration* | *28* | *23* | — |
| | *% variable remuneration* | *72* | *77* | — |
| **Kim Ann Mink** | **Total** | **59,000** | **91,000** | **101,000** |
| | *% fixed remuneration* | *34* | *22* | *20* |
| | *% variable remuneration* | *66* | *78* | *80* |
| **Pierre Breber** [(j) (k)] | **Total** | **22,667** | **—** | **—** |
| | *% fixed remuneration* | *51* | — | — |
| | *% variable remuneration* | *49* | — | — |
| **Bertrand Dumazy** [(j)] | **Total** | **29,833** | **61,000** | **83,500** |
| | *% fixed remuneration* | *45* | *33* | *24* |
| | *% variable remuneration* | *55* | *67* | *76* |
| **Aiman Ezzat** [(j)] | **Total** | **29,833** | **65,500** | **70,000** |
| | *% fixed remuneration* | *45* | *31* | *29* |
| | *% variable remuneration* | *55* | *69* | *71* |
| **Monica de Virgiliis** [(l)] | **Total** | **—** | **—** | **49,333** |
| | *% fixed remuneration* | — | — | *37* |
| | *% variable remuneration* | — | — | *63* |

| | | | | |
|---|---|---|---|---|
| **Catherine Guillouard** [(m) (d)] | **Total** | **—** | **—** | **57,333** |
| | *% fixed remuneration* | — | — | *49* |
| | *% variable remuneration* | — | — | *51* |
| **Christina Law** [(m)] | **Total** | **—** | **—** | **59,833** |
| | *% fixed remuneration* | — | — | *22* |
| | *% variable remuneration* | — | — | *78* |
| **Alexis Perakis-Valat** [(m)] | **Total** | **—** | **—** | **29,833** |
| | *% fixed remuneration* | — | — | *45* |
| | *% variable remuneration* | — | — | *55* |
| **Michael H. Thaman** [(m)] | **Total** | **—** | **—** | **59,833** |
| | *% fixed remuneration* | — | — | *22* |
| | *% variable remuneration* | — | — | *78* |
| **TOTAL** | | **984,166** | **830,333** | **822,331** |

*(a) Term of office ended on May 4, 2021.*
*(b) The indicated amounts include additional remuneration for acting as Chair of the Appointments and Governance Committee (10,000 euros from 2017 to 2020 and 20,000 euros as of 2021) and additional remuneration of 20,000 euros (calculated pro rata in 2022 for the period from January to May 2022) for acting as Lead Director.*
*(c) Term of office ended on May 4, 2022.*
*(d) The indicated amounts include additional remuneration of 20,000 euros for acting as Chair of the Audit and Accounts Committee (calculated pro rata for the period January to May 2023).*
*(e) Term of office ended on May 3, 2023.*
*(f) The indicated amounts include additional remuneration of 20,000 euros for acting as Chair of the Environment and Society Committee since May 2020.*
*(g) Term of office ended (by resignation) on September 15, 2021.*
*(h) The indicated amounts include additional remuneration of 20,000 euros for acting as Chair of the Remuneration Committee and additional remuneration of 20,000 euros (calculated pro rata for the period from May to December, 2022) for acting as Lead Director since May 2022.*
*(i) Term of office ended (by resignation) on January 3, 2023.*
*(j) Term of office started on May 4, 2021.*
*(k) Term of office ended (by resignation) on November 26, 2021.*
*(l) Term of office started on February 15, 2023 following the co-option by the Board of Directors.*
*(m) Term of office started on May 3, 2023.*

The non-executive Directors did not receive any remuneration other than that mentioned in the above table.

In accordance with the remuneration policy last approved by the General Meeting of May 2023, the Chief Executive Officer and the Chairman of the Board of Directors did not receive any remuneration in respect of their office as Directors.

Within the scope of the agreement entered into with the various stakeholders and pursuant to the provisions in force at the Group, which apply to all employees who serve on the Boards of Directors of Group companies, it was agreed that the employee Directors would not receive any remuneration for their office as Director [(1)].

## 3.2. CRITERIA

The maximum amount of the sum to be allocated in total to the members of the Board of Directors was set by the General Meeting on May 5, 2020 at 1.3 million euros per fiscal year (12th resolution).

As per the remuneration policy approved by the General Meeting on May 3, 2023, the formula for allocating Directors' remuneration seeks to ensure pay is competitive with international peers to attract the best and most suitable talent and expertise, in accordance with the Board's diversity policy.

It comprises fixed remuneration and variable remuneration based on lump-sum amounts per meeting, thereby taking into account the actual participation of each Director in the work of the Board and its Committees/working group, as well as a fixed amount per trip for Directors traveling from abroad. In 2023, the amount allocated for intercontinental travel was readjusted to take into account market trends and maintain the competitiveness of the remuneration of foreign Directors. The variable remuneration for participation at the Board and Committee meetings is more important than the fixed remuneration.

The fixed remuneration allocated to Committee Chairmen is harmonized, with their duties representing a substantially comparable workload, along with the amount of remuneration allocated for attendance at each Committee meeting. Remote participation in meetings is remunerated in the same way as face-to-face attendance in order to take into account the quality of the means of communication which allows members connecting by videoconference to participate in meetings and take part in discussions under qualitative conditions equivalent to physical meetings. While it does not alter the preference of the Board and its members to attend meetings in person where possible, it recognizes the advances in communication technologies.

For **2023**, the amounts used break down as follows:

### 3.2.1. Fixed remuneration (for an entire fiscal year)

- Each member receives fixed annual remuneration set at 20,000 euros.
- The Chairs of the Audit and Accounts Committee, the Appointments and Governance Committee, the Remuneration Committee and the Environment and Society Committee receive additional fixed annual remuneration of 20,000 euros.
- The Lead Director receives additional fixed annual remuneration of 20,000 euros.

*(1) Mr Philippe Dubrulle receives remuneration pursuant to his employment contract with Air Liquide Advanced Technologies. Ms Fatima Tighlaline receives remuneration pursuant to her employment contract with VitalAire.*

### 3.2.2. Variable remuneration

Attendance at the various meetings is remunerated as follows:

| | |
|---|---|
| ■ a meeting of the Board of Directors | 5,500 euros |
| ■ a meeting of the Audit and Accounts Committee | 4,500 euros |
| ■ a meeting of the Appointments and Governance Committee | 4,500 euros |
| ■ a meeting of the Remuneration Committee | 4,500 euros |
| ■ a meeting of the Environment and Society Committee | 4,500 euros |
| ■ a joint session of the Audit Committee and the Environment and Society Committee | 4,500 euros |
| ■ a meeting of the “Shareholder Relations” Working Group | 3,500 euros |
| ■ one trip for a non-resident: | |
| – in Europe | 3,000 euros |
| – Intercontinental | 10,000 euros |

Travel expenses incurred by non-French residents at the time of their trips to meetings are reimbursed by the Company.

# 4. Elements of the 2023 remuneration of the Company Officers on which the General Meeting of April 30, 2024 is invited to vote (pursuant to article L. 22-10-34 II of the French Commercial Code)

## 4.1. ELEMENTS OF THE CHIEF EXECUTIVE OFFICER'S REMUNERATION FOR 2023

### ELEMENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING OR AWARDED IN RESPECT OF THE 2023 FISCAL YEAR TO MR FRANÇOIS JACKOW AND ON WHICH THE GENERAL MEETING OF APRIL 30, 2024 IS INVITED TO VOTE:

| | Amounts in respect of the past fiscal year or accounting valuation | Comments |
|---|---|---|
| **Fixed remuneration** | **€ 1,100,000** | In accordance with the remuneration policy established by the Board of Directors on February 15, 2023 and approved by the General Meeting on May 3, 2023, the fixed remuneration was determined taking into account the level of responsibilities, experience in general management duties and market practices.<br>As announced, the 2023 annual fixed remuneration of the Chief Executive Officer amounts to **1,100,000 euros**. |
| **Annual variable remuneration** | **€ 1,471,067** | **Variable remuneration in respect of 2023:**<br>The target variable remuneration is equal to 120% of the fixed remuneration.<br>The variable remuneration is limited to 150% of the fixed remuneration.<br>The target variable remuneration is linked in 2023:<br>■ for 84% of the fixed remuneration (with a maximum of 105% of the fixed remuneration), to two quantifiable financial criteria which are based on: (i) for 60% (a max. of 75%) of the fixed remuneration, an objective of an increase in recurring net earnings [(a)] excluding foreign exchange impact per share (hereinafter the "recurring EPS"); (ii) for 24% (a max. of 30%) of the fixed remuneration, an objective of comparable growth in consolidated revenue [(b)].<br>For each criterion, the Board of Directors had defined a target objective. The target objectives were exacting and were completely consistent with the trajectory of the main objectives of the company program.<br>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.<br>The achievement of each performance condition is assessed without any set-off between criteria.<br>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 hereafter;<br>■ for 36% of the fixed portion (with a maximum of 45%), to qualitative personal criteria related: (i) for one third, to Corporate Social Responsibility (hereinafter "CSR") (Safety and reliability: continue efforts to improve safety (frequency rate of accidents with lost time, road accidents and job-related accidents)/Rollout of action plans related to the Group's new sustainability objectives; progress made on the various key indicators and alignment with the 2025 trajectory linked to these new objectives); (ii) for one third, to the Organization / Human Resources (talent development, managerial succession plans, diversity policy); (iii) for 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 unfavorable environment which was not anticipated at the time the objectives were set, or disadvantageous if the environment ultimately turns out to be more favorable than anticipated.) |

*(a) Excluding significant and exceptional transactions that do not impact the operating income recurring. The calculation is based on the 2023 recurring net profit (Group share) excluding the foreign exchange impact (compared to 2022).*
*(b) Excluding significant scope impact, foreign exchange impact and energy.*

| Amounts in respect of the past fiscal year or accounting valuation | Comments |
|---|---|
| | **Assessment for 2023:**<br>The quantifiable criteria objectives were achieved at 94.7%.<br>The amount of the variable remuneration relating to the financial criteria is as follows:<br>■ **Recurring EPS:** 75.0% of the fixed remuneration, representing 125.0% of the target remuneration for this criterion;<br>■ **Revenue:** 19.7% of the fixed remuneration, representing 82.2% of the target remuneration for this criterion.<br>The amount of the variable remuneration relating to the qualitative criteria is as follows:<br>■ **CSR:** 12.6% of the fixed remuneration, representing 105.0% of the target remuneration for this criterion;<br>■ **Organization/Human Resources:** 12.6% of the fixed remuneration, representing 105.0% of the target remuneration for this criterion;<br>■ **Individual performance:** 13.8% of the fixed remuneration, representing 115.0% of the target remuneration for this criterion.<br>The amount of the variable remuneration relating to the personal objectives is thus 39.0% of the fixed remuneration, representing 108.3% of the target remuneration for the personal objectives.<br>The Board of Directors noted the following elements:<br>**CSR:**<br>Performance was considered very good:<br>■ **Safety and reliability:**<br>In 2023, the number of lost-time accidents for Group employees remained closed to that for 2022 (128 compared to 123), and remains at a historically low level of accidents compared to earlier years, excluding the Covid-19 pandemic in 2020 (138 lost-time accidents for Group employees in 2021; 158 in 2019). Based on the actual hours worked, the lost-time accident frequency rate for Group employees stood at 0.98 in 2023, which is close to the rate of 0.94 achieved in 2022. This is the first time that the Group has maintained this lost-time accident frequency rate for Group employees below 1 for two consecutive years: this confirms the durability of this positive performance. By way of comparison, the average value of this lost-time accident frequency rate for the gas industry in Europe stood at 1.82 in 2022; the Air Liquide Group is therefore posting a significantly better performance. A very significant reduction can be observed in the number of accidents involving subcontractors compared to 2022 (-16%), bringing the lost-time accident frequency rate for subcontractors down from 1.53 in 2022 to 1.25 in 2023, which represents a substantial improvement and the best performance ever achieved by the Group for this category.<br>Overall, 45 fewer people (whether employees or subcontractors) were injured (as a result of accidents, whether with or without lost time) in connection with Group activities in 2023, by comparison with 2022, which reflects the tangible improvement in the Group’s Safety performance.<br>Despite these encouraging results, 2023 was nevertheless marked by the death of a driver (an Air Liquide employee in China) in a road traffic accident, leading us, as in 2022, to qualify the overall assessment of performance in this respect. For the record, 2022 had been marked by the death of a subcontracted driver. Overall, taking into consideration third party deaths in road traffic accidents involving an Air Liquide vehicle (which have been systematically monitored since 2015), the number of deaths linked to the Group’s activity for 2023 is the lowest recorded for the last seven years.<br>During the course of 2023, Mr François Jackow systematically stressed the importance of safety in his oral presentations, notably at the Group Management Meeting in October 2023 but also during each of his numerous site visits in Operations.<br>In terms of Safety action plans, he is building on previous programs, stressing the need to remain focused in order to bring them to a successful conclusion, before launching other major projects. He therefore continued to supervise, both personally and together with all the Executive Committee members, the progress of the IMS (Industrial Management System) Streamlining program, the revised procedures for which were fully rolled out to all Clusters in December 2023.<br>Mr François Jackow also provides unwavering support for the roll-out of the Group’s road Safety program that was launched several years ago, regularly stressing the importance of Road Safety in Air Liquide Operations, e.g., in the video of his New Year wishes circulated throughout the Group in January 2023. |

| Amounts in respect of the past fiscal year or accounting valuation | Comments |
|---|---|
| | Finally, in addition to these large-scale programs, an action aimed at improving the understanding of the 24 major safety risks was initiated in March 2023, in order to enhance the safety culture among Air Liquide employees: videos to raise awareness of each of these risks are gradually being prepared and circulated throughout the Group; they explain the risk in an informative manner and summarize the main preventive measures. This initiative has received strong support from Mr François Jackow and will continue in 2024.<br>■ **Rollout of action plans linked to the Group's new sustainability objectives; Progress made on the various key indicators and alignment with the 2025 trajectory linked to these new objectives**<br>In line with the Sustainability objectives announced in March 2021 and reiterated in the ADVANCE plan communicated in March 2022, François Jackow continues to place sustainability issues at the heart of the Group's development strategy, integrating financial and extra-financial performance. Considerable progress has been made in 2023, regarding each of the commitments in the ACT program, which was recognized in 2023 by the fact that rating agencies placed the Group in the top industry quartile.<br>– **ACT for the Climate**<br>Mr François Jackow's ambition is to make Air Liquide the leader in climate solutions.<br>He actively promotes Air Liquide's ability to provide immediate, tangible solutions to the major challenge of decarbonizing the industry, both internally and with external stakeholders.<br>Internally, this is reflected in governance and monitoring, with, for example, the introduction in 2023 of a committee set up to review strategic environmental issues, under his leadership. The processes for monitoring and managing $CO_2$ emissions are fully implemented, and the Group's $CO_2$ emissions are reported and consolidated on a quarterly basis. Alignment with these budgets and the impact of activities on the 2025 Carbon trajectory are analyzed and presented to the Executive Committee on a regular basis.<br>Externally, Mr François Jackow engages stakeholders (customers, partners, government authorities, etc.) to decarbonize the planet. The acceleration of low-carbon energy transition projects is visible. It is illustrated, for example, by electrolyzer projects to supply customers with low-carbon hydrogen (the inauguration in Berlin, together with Siemens Energy and the German and French authorities, the Normand'Hy project with TotalEnergies, and in Japan with INPEX, etc.). Thanks to the Cryocap™ technology for $CO_2$ capture, Air Liquide enables these customers to decarbonize their production plants, such as the Holcim cement plant in Belgium. Concerning transport, a JV has been signed with TotalEnergies to develop a network of hydrogen stations to decarbonize heavy duty vehicles. Considerable progress has been made in terms of renewable energy with, for example, the signature of three PPAs in South Africa, and the first long-term PPA in China.<br>In terms of reducing $CO_2$ emissions, the Group therefore confirms its trajectory for reaching the inflection point by 2025.<br>In addition to decarbonization, Mr François Jackow's governance and his sustainability ambition have enabled the Group to make significant progress concerning water management and biodiversity, and this work was recognized by the Act4nature initiative in 2023.<br>– **ACT for Health:**<br>The Group's objective in mature countries is to improve the quality of life of patients living at home with chronic diseases. In this sector, the Healthcare teams have continued to develop personalized care plans that are tailored to comply with local regulations. The proportion of patients who benefited from these plans increased significantly over the fiscal year.<br>In low and middle-income countries, the objective is to facilitate access to medical oxygen for an increasing number of people. Once again, thanks to new projects, notably in Africa, the number of people benefiting from the "Access Oxygen" program increased over the fiscal year. |

| Amounts in respect of the past fiscal year or accounting valuation | Comments |
|---|---|
| | – **ACT for the whole of Society:**<br>Air Liquide is continuing its efforts to build on the achievements of 2022 in terms of gender diversity within the population of Managers and Professionals, the introduction of a common basis of care coverage and, finally, the Citizen at Work program.<br>The programs to increase gender diversity within the population of Managers and Professionals continued, with a share of 32%of female employees, up compared to the results at the end of 2022 (31.5%), thus bringing it closer to the target for 2025, even if a slowdown in the rate of increase can be noted.<br>On the other hand, the generalization of a common basic social welfare cover for all employees and the roll-out of the Citizen at Work program, allowing employees to participate in social or societal projects during their working hours, saw considerable progress throughout the fiscal year and is currently ahead of the 2025 roadmap. Roll-out of care coverage at the end of 2023 reached 78%, compared to 42% at the end of 2022. The objective of 100% cover for all Group employees by 2025 is thus maintained and considered to be attainable. The Citizen at Work program has, in turn, been rolled out to 73% of Group employees by the end of 2023, compared to a roll-out of 43% at the end of 2022.<br>The action and progress described above confirm that, thanks to a structured and proactive implementation of the objectives set, the Group is well-positioned with regard to the various pillars of the ACT commitments, in line with the 2025 trajectory for these new objectives.<br>**Organization and Human Resources:**<br>Performance was considered very good:<br>This assessment is based on three elements: the implementation of a new management team, Talent management and an ambitious diversity and inclusion policy that delivers results.<br>■ **Implementation of a new management team**<br>The implementation on September 1, 2023 of a new organization of the Executive Committee, in order to prepare for the future by benefiting from all the expertise and experience of a strong team with complementary skills, has been a major achievement. This new division of roles and responsibilities ensures that the experience of each of the 14 members is fully utilized.<br>In line with the Group's Talent management policy, and with a view to long term and continuity, this new division of roles and responsibilities means that part of the team can extend the scope of their remit thanks to the experience brought in by some of its members. Six members of the Executive Committee have taken up new positions within the team as a whole (Mr François Abrial, Group General Secretary, Mr Ronnie Chalmers, Chief Executive Officer of the Asia-Pacific Hub, Mr Matthieu Giard, Chief Executive Officer of the Americas Hub, Ms Armelle LEVIEUX, Vice President of Innovation, overseeing the Hydrogen Energy and Electronics World Business Lines, Ms Émilie Mouren-Renouard, Chief Executive Officer of the Europe Industries Hub and Ms Amelia Irion, Human Resources Vice President). These new responsibilities have been closely monitored by Mr François Jackow in terms of the organization and quality of the transfer of roles and responsibilities and the setting of objectives.<br>■ **Talent management**<br>The Group's talent development policy continued as before, with regular reviews at the level of the operational clusters right up to the Executive Committee. Thanks to these exercises, a detailed review of the most promising international talents has been carried out with the Appointments and Governance Committee in the second half of 2023. Special focus was placed on international development opportunities and development programs including executive mentoring.<br>With this in mind, Mr François Jackow promoted, over the course of the year, a major worldwide reorganization of the Human Resources function, notably involving the roll-out of a unified information system and the introduction of an expert Talent management team at each of the Hubs. Talent identification and performance management have been greatly facilitated and improved as a result.<br>Finally, with regard to Talent management, 2023 marks the 20th anniversary of the "Technical Community Leaders" program which identifies, recognizes and develops Group experts. Mr François Jackow took a personal interest in this event, which brought together over 2,000 employees from all over the world, and hosted a round table discussion with inventors and fellow Group experts. |

| | Amounts in respect of the past fiscal year or accounting valuation | Comments |
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| | | ■ **Promoting the diversity and inclusion policy**<br>Thanks to his frequent travel within the Group and his systematic meetings with the teams and Talents, Mr François Jackow has been able to actively promote the importance and value of an ambitious inclusion and diversity policy. By way of illustration, he was personally involved, on March 8, as the keynote speaker at a round table to mark the publication of the book “120 Inspiring Women”. The event was held in an auditorium attended by European employees and was broadcast live to all Group entities, thus demonstrating the Chief Executive Officer’s commitment to an issue that is key for Air Liquide. A stand was also set up at the Annual General Meeting to inform shareholders about this initiative.<br>In his capacity as Chief Executive Officer, he has put the issue of diversity on the agenda for Executive Committee meetings, notably to review the targets for gender diversity and the inclusion policy. Mr François Jackow has expressed a firm commitment concerning the policy for the inclusion of disabled workers, notably at the various events organized during Disability Week.<br>Finally, Mr François Jackow wishes to maintain high-quality social dialog within the Group. By way of illustration, in France, he called a meeting with the French Representative Trade Unions, on March 17, 2023, to discuss current issues and challenges facing Air Liquide in a climate of mutual trust. In China, close to 4,000 employees took part in a virtual town hall to talk with Mr François Jackow.<br>**Individual performance:**<br>The Chief Executive Officer’s individual performance is considered remarkable. Despite the difficult macroeconomic and geopolitical context in 2023, Mr François Jackow steered the Group with energy and agility, which enabled him to distinguish himself throughout the fiscal year (notably marked by a substantial increase in the share price, demonstrating the excellent alignment of Group strategy with the expectations of shareholders and stakeholders in an uncertain climate). In 2023, François Jackow also prepared the Group for future transformations and challenges. |
| | | In total, the amount of the variable part of the remuneration is above the target and amounts to 1,471,067 euros.<br>The total amount of the variable remuneration due for the 2023 fiscal year will be paid in 2024, after approval of the financial statements by the General Meeting, it being noted that its payment is conditional on the approval by a General Meeting of the components of remuneration paid during or awarded in respect of the 2023 fiscal year to Mr François Jackow, as Chief Executive Officer. |
| There is no deferred variable annual remuneration mechanism, multi-annual variable remuneration mechanism or exceptional remuneration. | | |

<table>
<tr><th></th><th>Amounts in respect of the past fiscal year or accounting valuation</th><th>Comments</th></tr>
<tr><td>Stock options, performance shares or any other long-term incentive</td><td>0 stock option<br><br>12,050 performance shares<br><br>Accounting valuation of the performance shares (pursuant to IFRS 2 norm): € 1,649,284</td><td>September 28, 2023 plan (performance shares)<br>Principles of grant for 2023<br>For the Chief Executive Officer, the grant for 2023 forms part of the 2023 remuneration policy defined by the Board of Directors on February 15, 2023 and approved by the General Meeting on May 3, 2023.<br>The allocation of LTI to Mr François Jackow in 2023 in his capacity as Chief Executive Officer represents an IFRS valuation of 1,649,284 euros.<br>The Board of Directors of September 2023 decided, in accordance with the general market trend and in line with its practice since 2019, to grant performance shares only to all beneficiaries, in order to simplify and standardize the LTI scheme.<br>Limits on the grants to Executive Officers<br>Within the scope of the sub-limits authorized by the General Meeting for 38 months, the Board of Directors sets lower annual limits for the grants to the Executive Officers, expressed (i) as a percentage of the share capital and (ii) as a multiple of their remuneration, in accordance with the recommendations of the AFEP/MEDEF Code.<br>The limits set by the Board of Directors for 2023 are identical to those for 2022 and are as follows (no subscription option having been attributed in 2023):<br>■ the total number of performance shares granted in 2023 to the Executive Officer cannot give rise to a number of shares exceeding 0.012% of the share capital (it being understood that an allocation sub-limit of 0.1% of the share capital for 38 months was set by the General Meeting on May 4, 2022);<br>■ the total aggregate IFRS value of the performance shares granted to the Executive Officer cannot exceed approximately 1.5 times the amount of the Executive Officer’s maximum gross annual remuneration (fixed + variable maximum), it being noted that the performance shares granted represent approximately 40% of the total target annual remuneration.<br>Maintaining the proration principle<br>Pursuant to the decision made by the Board on February 15, 2023 and the policy approved by the General Meeting on May 3, 2023, the 2023 grant of LTI to the Executive Officer remains subject to the principle of a pro-rata calculation.<br>In practice, if the Executive Officer leaves the Group for a reason other than his resignation or removal from office for serious cause, the total allocation rate (after applying the performance conditions) would be reduced pro rata for the duration of actual presence of the Executive Officer within the Group during the period of assessment of the performance criteria. Furthermore, no grant is made to the Executive Officer at the time of this departure, in accordance with the AFEP/MEDEF Code.<br>The Executive Officer will remain subject to all the provisions of the plans and, more specifically, those relating to the duration of the vesting, lock-up and holding periods in respect of the shares and stock options granted.<br>Performance conditions<br>The performance shares awarded are all accompanied by performance conditions calculated over three years. They are calculated:<br>(i) for 50% of the performance shares granted, on the rate of achievement of a target, set by the Board, comprising the after-tax Return on Capital Employed (recurring ROCE) [(c)] recorded at the end of the 2025 fiscal year.<br>At the objective set, the grant is 100% and then decreases on a straight-line basis to a lower limit below which there will be no award. This lower limit corresponds to a ROCE level which is 200 basis points less than the objective set, which provides a degree of flexibility, notably making it possible to take advantage of external growth opportunities.<br>The objective was set in line with the ROCE objective announced by the Company, i.e. more than 10% at the end of 2025.</td></tr>
</table>

*(c) For the purposes hereof, the Return on Capital Employed after tax (ROCE) is calculated as follows: ((recurring net profit after tax before deduction of minority interests – cost of net debt after taxes) for the period 2025)/(average of (shareholders’ equity + minority interests + net debt) at the end of the last three half years (H2 2025, H1 2025, H2 2024)).*

| | Amounts in respect of the past fiscal year or accounting valuation | Comments |
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| | | (ii) **for 40% of the performance shares granted:**<br>– for 50% of the performance shares referred to in sub-paragraph (ii): on an objective of Total Shareholder Return set by the Board, defined as the average annual growth rate of an investment in Air Liquide shares, dividends reinvested, for the 2023, 2024 and 2025 fiscal years (“**AL TSR**”). The objective of an absolute TSR is set in accordance with historic performances. At the objective set, the grant is 100% and then decreases on a straight-line basis to a lower limit below which there will be no award;<br>– for 50% of the performance shares referred to in sub-paragraph (ii): on the rate of Total Shareholder Return from an investment in Air Liquide shares, dividends reinvested – source: Bloomberg (“**B TSR**”), as compared to the CAC 40 TSR index, dividends reinvested (source: Bloomberg) for the 2023, 2024 and 2025 fiscal years.<br>The rate of achievement will be 0%, if the average of the Air Liquide TSR over three years 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 2% higher than 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;<br>(iii) **for 10% of the performance shares granted**, on the change in the Group’s absolute **$CO_2$ emissions** over the period 2023-2025 in line with objective for a shift in 2025 in accordance with the climate objectives announced by the Group on March 23, 2021 (ACT for a sustainable future), as follows:<br>Comparison of the Air Liquide Group’s $CO_2$ emissions for the year 2025, expressed in millions of metric tonnes, with those same emissions for the year 2022, the 2022 basis of comparison being adjusted to take account of any possible perimeter impacts (the possible takeover of existing units at the Group’s customers or companies, asset or company disposals over the 2023-2025 period), on a 12-month pro-forma basis, in line with the method used to monitor the carbon trajectory as communicated by the Group.<br>The greenhouse gas emissions include direct emissions (Scope 1) and indirect emissions (Scope 2). These emissions are accounted for as “market based”. |
| **Other elements** | N/A | No allocation |
| **Remuneration as a Director** | N/A | Mr François Jackow does not receive any remuneration in respect of his term of office as Director. |
| **Other benefits** | € 18,110 | Benefits in kind (accounting valuation) include the use of a company car and the contributions paid in 2023 to an external organization in respect of unemployment insurance for company managers and corporate officers. |

| | Amounts in respect of the past fiscal year or accounting valuation | Comments |
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| **Termination indemnity** | € 0 received | The main terms of the undertaking are as follows: (i) only cases of forced departure related to a change in strategy or change of control may give rise to an indemnity; (ii) the amount of the indemnity is set at 24 months of gross fixed and variable remuneration [d]; (iii) it gradually decreases as the statutory age limit approaches; (iv) the right to the indemnity is subject to performance conditions: the amount of the indemnity paid is based on the average of the annual difference between the return, after tax, on capital employed (ROCE) and the weighted average cost of capital (WACC) (measured on the basis of the book value of equity), over the last three fiscal years preceding departure. This gap, in a highly capital-intensive business activity, makes it possible to measure the regular creation of value.<br><br>An average gap of 300 basis points between ROCE and WACC over three years is required to be able to benefit from the total indemnity.<br><br>The proportion of the indemnity due shall be established as follows, with an increase by straight-line segments between each of the thresholds inclusive:<br><br>**Average of the annual gaps (ROCE – WACC) over three years in bps [a]** / **Proportion of indemnity due**<br>≥ 300: 100%<br>250: 66%<br>200: 50%<br>100: 25%<br>< 100: 0%<br><br>*(a) bps: basis points.*<br><br>This mechanism was integrated into the remuneration policy for the Chief Executive Officer as decided by the Board of Directors on February 15, 2023 and approved by the General Meeting of May 3, 2023 (pursuant to the extension of the remuneration policy for 2022). |
| **Non-competition indemnity** | € 0 received | The terms of the commitment not to serve, directly or indirectly, a business competing with that of the Group for a period of two years from the termination of the term of office of Mr François Jackow as Chief Executive Officer are as follows:<br>■ the amount of this indemnity, payable monthly, would be equal to one year of gross annual fixed and variable remuneration received by the Chief Executive Officer (excluding sums received in respect of long-term variable remuneration), wherein the **aggregated termination indemnity and non-competition indemnity are capped at 24 months of annual gross fixed and variable remuneration** paid to the Chief Executive Officer on the date on which he ends his term of office;<br>■ payment of the non-competition indemnity shall not apply from the moment the Chief Executive Officer exercises his pension entitlements. In any event, no indemnity shall be paid beyond age 65;<br>■ **the Board of Directors reserves the right to fully or partially waive the non-competition commitment** upon the departure of the Chief Executive Officer, in which case no indemnity will be owed.<br><br>This mechanism was integrated into the remuneration policy for the Chief Executive Officer as decided by the Board of Directors on February 15, 2023 and approved by the General Meeting of May 3, 2023 (pursuant to the extension of the remuneration policy for 2022). |

*(d) As an exception to this rule, in the event of departure during the course of the 2023 or 2024 fiscal years, for the calculation of the indemnity of 24 months of fixed and variable remuneration, the following will be taken into account: for the variable remuneration, the target variable remuneration awarded in the absence of variable remuneration paid in respect of a fiscal year (for each fiscal year concerned), and the annual fixed remuneration of the ongoing fiscal year and that of the previous fiscal year.*

<table>
<tr><th></th><th>Amounts in respect of the past fiscal year or accounting valuation</th><th>Comments</th></tr>
<tr><td>Supplementary pension plans</td><td>€ 170,615 received (i.e. 50% of the amounts due under this plan – see comments opposite)</td><td>
Collective pension insurance contract<br><br>
In 2023, Mr François Jackow continued to benefit (in accordance with the remuneration policy decided by the Board of Directors on February 15, 2023 and approved by the General Meeting of May 3, 2023), from a collective pension insurance contract with individual and optional subscription (known as “article 82 of the French Tax Code”) for the fraction of the reference remuneration [fixed portion + target variable portion] exceeding eight PASS. This collective pension insurance contract replaces the supplementary pension plan applicable under certain conditions to the Group’s senior executives but not applicable to corporate officers, and from which Mr François Jackow benefited prior to his appointment as Chief Executive Officer.<br><br>
In this scheme, the amount paid by the Company is split between a payment to the insurer and a payment to Mr François Jackow intended to cover the social security contributions and taxes due on the payments made to the insurer. This amount will be paid in arrears every year for the period until the end of the executive office. These contributions are deductible from the corporate income tax base and are subject to social security contributions.<br><br>
Mr François Jackow cannot apply for the entitlements under this pension insurance contract in the form of capital and/or life annuity before the age at which he becomes entitled to claim his pension entitlements under the French general social security scheme.<br><br>
This supplementary pension plan for the fraction of remuneration exceeding eight PASS is entirely subject to performance conditions. The total amount of contributions for a fiscal year depends on the average annual gap (measured on each fiscal year) between the Return on Capital Employed after tax (ROCE [e]) and the Weighted Average Cost of Capital (WACC) (measured on the basis of the book value of equity), calculated (on the basis of the certified consolidated financial statements, approved by the General Meeting) for the last three fiscal years prior to the said fiscal year.<br><br>
The performance coefficient applied to the nominal amount pursuant to the collective pension insurance contract is determined as shown in the table below, with a growth of the increase<br><br>
<table>
<tr><th>Average of the annual gaps (ROCE – WACC) over three years in bps [a]</th><th>Performance coefficient applied to the nominal amount</th></tr>
<tr><td>≥ 300</td><td>100%</td></tr>
<tr><td>250</td><td>66%</td></tr>
<tr><td>200</td><td>50%</td></tr>
<tr><td>100</td><td>25%</td></tr>
<tr><td>< 100</td><td>0%</td></tr>
</table>
(a) bps: basis points.<br><br>
In respect of 2023, the Board of Directors on February 19, 2024 took note of the 100% achievement of the performance conditions.<br><br>
Accordingly, the amount to be paid in 2024 in respect of fiscal year 2023 under the pension scheme with individual and optional subscription, will amount overall to 341,231 euros (split, in accordance with the remuneration policy approved by the General Meeting of May 3, 2023, between a payment of 170,615 euros (gross) to the insurer in the form of an insurance premium, and a payment of 170,615 euros (gross) to Mr François Jackow intended to cover the social security contributions and taxes due on the payments made to the insurer).<br><br>
Pension commitment pursuant to a defined contribution pension plan (PERO)<br><br>
In 2023, Mr François Jackow continued to benefit (in accordance with the remuneration policy decided by the Board of Directors on February 15, 2023 and approved by the General Meeting of May 3, 2023) from the supplementary defined contribution pension plan (he previously benefited from this as an employee, then as Chief Executive Officer from his appointment in 2022).<br><br>
This plan, applicable to all employees and Company Officers duly authorized to benefit from that plan, is financed by contributions paid equally by the employer and the beneficiary on the portion of remuneration not exceeding eight times the annual social security limit (PASS).<br><br>
The amount of the contributions paid in 2023 under this supplementary defined contribution pension plan for the benefit of Mr François Jackow amounts to 10,437 euros.
</td></tr>
</table>

*(e) Recurring ROCE excluding major acquisitions (acquisitions representing more than 5% of capital employed).*

| | Amounts in respect of the past fiscal year or accounting valuation | Comments |
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| | | **Pension commitment pursuant to a "senior executives" defined contribution pension plan**<br>L'Air Liquide S.A. set up a defined-contribution pension plan for senior executives defined by reference to an agreed coefficient and corporate officers who have acquired one year of seniority.<br>In 2023, Mr François Jackow continued to benefit from this defined contribution pension plan (from which he had previously benefited as a senior executive, then as Chief Executive Officer since 2022), in accordance with the remuneration policy decided by the Board of Directors of February 15, 2023 and approved by the General Meeting of May 3, 2023 (15th resolution).<br>Mr François Jackow's pension entitlements under this defined contribution plan implemented for the benefit of senior executives:<br>■ may be applied for, at the earliest, when he has claimed his pension entitlements under the French general social security scheme;<br>■ are financed by annual contributions paid in their entirety by the Company. These contributions were set at 2.7% of the portion of remuneration that is lower than eight times the PASS. Furthermore, they are subject to the same tax and social security treatment as those paid under the PERO set up for the benefit of all the staff (see above).<br>**The contributions paid by the Company in 2023 amounted to 9,502 euros.** |
| **Collective death and disability benefits plan** | € 0 received | In 2023, Mr François Jackow continued to benefit, in accordance with the remuneration policy decided by the Board of Directors on February 15, 2023 and approved by the General Meeting of May 3, 2023 (15th resolution), from (i) the supplementary "incapacity, invalidity, death" benefits plan, unified as of January 1, 2015, covering all personnel and corporate officers who are duly authorized to benefit from such scheme and (ii) the healthcare cost plan covering all personnel.<br>Under this life insurance scheme, (a) the remuneration taken into account for the calculation of contributions is capped at (i) 16 times the annual social security limit for incapacity and invalidity cover, (ii) 24 times the annual social security limit for the death benefit; and (b) the employer contribution rate in 2023 amounted to 1.28% up to 16 PASS and 1.03% between 16 and 24 PASS.<br>**Contributions paid by the Company in 2023 for the benefit of Mr François Jackow amounted to 12,634 euros for the life insurance scheme and 414 euros for the healthcare cost plan (i.e. a total of 13,048 euros).** |

## 4.2. ELEMENTS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS' REMUNERATION FOR 2023

### ELEMENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING OR AWARDED IN RESPECT OF THE 2023 FISCAL YEAR TO MR BENOÎT POTIER AND ON WHICH THE GENERAL MEETING OF APRIL 30, 2024 IS INVITED TO VOTE:

| | Amounts in respect of the past fiscal year or accounting valuation | Comments |
|---|---|---|
| **Fixed remuneration** | **€ 800,000** | The fixed remuneration takes into account in particular the specific role of the Chairman of the Board of Directors in the context of managerial succession and the missions that the Board of Directors wished to entrust to Mr Benoît Potier for the duration of the transition in order to benefit from his experience, in-depth knowledge of the Group and its businesses, its Shareholders and stakeholders and its strategic challenges.<br>In accordance with the policy approved by the General Meeting of May 3, 2023, the amount of the 2023 annual fixed remuneration of Mr Benoît Potier amounts to 800,000 euros. |
| **Annual variable remuneration** | N/A | The Chairman does not benefit from any annual variable remuneration. |
| There is no deferred annual variable remuneration mechanism, multi-annual variable remuneration mechanism or exceptional remuneration. | | |
| **Stock options, performance shares or any other long-term incentive** | N/A | The Chairman does not receive any items of long-term remuneration. |
| **Other elements** | N/A | No allocation. |
| **Remuneration as a Director** | N/A | Mr Benoît Potier does not receive any remuneration in respect of his term of office as Director. |
| **Other benefits** | **€ 2,782** | Benefits in kind (book value) include the use of a company car. |
| **Termination indemnity** | N/A | The Chairman does not receive any termination indemnity. |
| **Non-competition indemnity** | N/A | The Chairman does not receive any non-competition indemnity. |
| **Supplementary pension plans** | N/A | The Chairman does not benefit from any supplementary pension plan. |
| **Collective life insurance plan** | N/A | The Chairman does not benefit from any collective life insurance plan. |
| **Collective death and disability benefits plan (death benefit)** | € 0 received | In 2023, Mr Benoît Potier continued to benefit from the life insurance scheme (death benefit only), in accordance with the remuneration policy decided by the Board of Directors on February 15, 2023 and approved by the General Meeting of May 3, 2023 (16th resolution).<br>Under this plan, (a) the remuneration taken into account for the calculation of contributions is capped at 24 times the annual social security limit for the death benefit; and (b) the employer contribution rate in 2023 amounts to 1.28% up to 16 PASS and 1.03% between 16 and 24 PASS.<br>**The contribution paid by the Company in 2023 in respect of the life insurance scheme for the benefit of Mr Benoît Potier amounted to 12,634 euros.** |

*NB: in respect of Mr Benoît Potier's previous term of office as Chairman and CEO, the Company paid contributions in 2023 for the period from January 1, 2022 to May 31, 2022 (due to a one-year delay between the period in question and the payment):*
- *in respect of the collective life insurance contract (91,897 euros); and*
- *under the collective pension policy, in the amount of 141,667 euros (divided between a payment to the insurer and a payment to Mr Benoît Potier to cover social security contributions and taxes due on payments made to the insurer).*

*These are the last payments made by the Company under these plans.*

# 5. Remuneration policy applicable to corporate officers

**(submitted for the approval of the General Meeting pursuant to article L. 22-10-8 II of the French Commercial Code)**

In accordance with article L. 22-10-8 II of the French Commercial Code, the remuneration policy applicable to the corporate officers of L'Air Liquide S.A., as established by the Board of Directors on February 19, 2024 and described in this section, is submitted for approval by the General Meeting on April 30, 2024, in the 11th resolution and 12th resolution for Company Officers (paragraph 5.1 below) and in the 13th resolution for Directors (paragraph 5.2 below).

## 5.1. REMUNERATION POLICY APPLICABLE TO COMPANY OFFICERS

The remuneration policy applicable to Company Officers described below and subject to the approval of the General Meeting breaks down as follows:

- the remuneration policy for the Chief Executive Officer (applicable, in 2024, to Mr François Jackow); and
- the remuneration policy for the Chairman of the Board of Directors (applicable, in 2024, to Mr Benoît Potier).

This remuneration policy for Company Officers was established by the Board of Directors on February 19, 2024, on the recommendation of the Remuneration Committee.

During this work, the Company Officers do not attend deliberations by the Remuneration Committee relating to their personal case and do not take part in deliberations or votes by the Board of Directors on the remuneration components that concern them. The decision-making process followed to determine the policy is also applicable when said policy is reviewed and implemented.

To determine the remuneration policy, the Board of Directors takes into account the principles of completeness, balance, comparability, consistency, comprehensibility and proportionality as recommended by the AFEP/MEDEF Code of Corporate Governance.

This policy is in line with that approved by the General Meeting of May 3, 2023, with a proposed change in the level of remuneration of the Chief Executive Officer, details of which are provided in section 5.1.2 below.

Both in terms of structure and level, the remuneration policy for Company Officers was therefore established in accordance with Group practices, its governance context and market practices. It is competitive and aligned with the Group's strategy and medium- and long-term objectives.

### 5.1.1. Remuneration policy applicable to Executive Officers

#### A. General principles

In keeping with the Group's practices, the remuneration policy applicable to Executive Officers determined by the Board of Directors includes incentive elements reflecting the Group's strategy, which is steered toward profitable long-term growth by acting on behalf of a sustainable future, with regard to the corporate interest and the interests of all the stakeholders. 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 operation, while maintaining an ongoing effort over time in favor, in particular, of safety and security, innovation, employee development, and environmental and societal stakes. It incorporates, both in the short-term variable element and in the long-term incentive elements, criteria aligned with the ADVANCE strategic plan combining financial and extra-financial performance. It is tailored to the Group's specific situation, reflects the level of responsibility of Group executives and remains competitive. In this context, the elements taken into account for the determination of the remuneration of the Executive Officers are as follows:

- an annual short-term component, comprising a fixed remuneration and a variable remuneration;
- a long-term incentive (hereafter "LTI") through the grant of performance shares and/or stock options, both subject in full to performance conditions calculated over three years;
- other benefits attached to the performance of the Executive Officer's term of office, specifically including:
  - a supplementary pension scheme,
  - additional social coverage in terms of death and disability benefits and healthcare expenses,
  - benefits in kind (including unemployment insurance for company managers and corporate officers),
  - commitments in the event of termination of duties (indemnity in the event of cessation of functions at the Company's initiative in certain very limited circumstances, subject to performance conditions calculated over three years and, as the case may be, a non-competition indemnity).

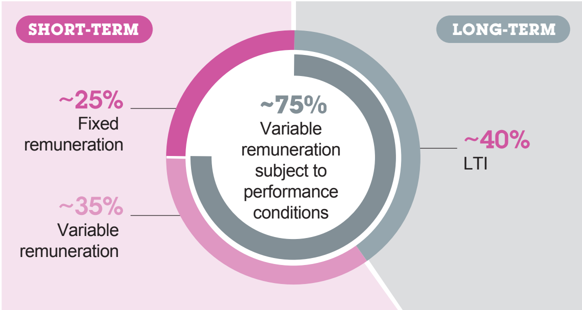
There are no employment contracts between the Executive Officer and any of the Group's companies [(1)].

Furthermore, if such a situation were to arise, the remuneration applicable to a Senior Executive Vice President would be determined on the basis of the policy applicable to the Chief Executive Officer of the Company, after taking into account, however, the difference in profile, experience, and level of responsibility, consistent with the earlier practices applied at the Company for this type of Company Officer.

*(1) Mr François Jackow unilaterally terminated his employment contract by resignation when his term of office as Chief Executive Officer took effect on June 1, 2022.*

### B. Structure and main characteristics common to the general remuneration of Executive Officers

A. The structure and principles applicable to the remuneration are in line with previous years and with the policy approved in 2023.




- The remuneration policy provides for a **proportionate balance between the three components of the total annual remuneration** (i.e. the fixed remuneration, the variable remuneration and the long-term incentives, comprising performance shares and/or stock options).
  (i) **The fixed remuneration** represents approximately 25%, the variable remuneration approximately 35% and the LTI approximately 40% of the target total annual remuneration. The **elements subject to performance conditions** represent in principle approximately **75%** of this total target remuneration. The achievement of each performance condition is assessed without any set-off between criteria.
  (ii) The **variable remuneration** continues to be expressed as a **target** variable remuneration (as a percentage of the fixed remuneration) with a **maximum**. The total target variable remuneration set represents approximately 80% of the Executive Officer's total maximum variable remuneration, for a very good performance.
- The **annual variable remuneration** includes quantifiable and qualitative criteria.

B. Regarding the **weighting** of criteria chosen, a greater relative weight is given to the quantifiable criteria as compared to the qualitative criteria.

The target weighting and the maximum weighting are made public ex-ante and appear below (paragraph 5.1.2); the actual weight of each criterion for the determination of the variable remuneration due in respect of the fiscal year will be established on the basis of the performance measured for each criterion in light of the target objective, on the basis of the application of a formula for the financial criteria and the assessment of the Executive Officer's performance by the Board of Directors upon 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 allocated to the criterion, will be made public ex-post.

The **quantifiable elements of the annual variable remuneration** include, as in 2023:

- a criterion of an increase in the recurring net earnings (excluding exceptional and significant transactions which do not impact the operating income recurring) excluding currency impact, per share (hereinafter "recurring EPS"), which makes it possible to take into account all the items in the income statement;
- a criterion of comparable growth in consolidated revenue (excluding significant scope impact and the impact of currency and energy), which reflects the momentum of the activity.

  The two criteria of the recurring EPS and the revenue reflect the Group's strategy to achieve profitable growth taking into account medium and long-term objectives. The efficiency objective contributes to the increase in the recurring EPS.

  Each quantifiable criterion is assigned a target weighting (expressed as a percentage of the fixed remuneration) corresponding to a 100% achievement of the target objective set at the beginning of the year, and a maximum weighting (also expressed as a percentage of the fixed remuneration). For each quantifiable criterion, the Board of Directors has defined an exacting target objective, which is not made public for confidentiality reasons. Nonetheless, the rate of achievement of the objectives 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 made public ex-post.

  For each quantifiable criterion, a formula adopted by the Board of Directors 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 **qualitative elements of the annual variable remuneration** continue to be based, for two-thirds, on several categories or sub-categories of objectives which are defined each year. For 2024, these include, for one-third each, (i) **CSR** objectives (safety and reliability, rollout of action plans linked to the Group's sustainability objectives as part of the ADVANCE strategic program) and (ii) **organization and Human Resources** objectives. All of these objectives contribute to the development and sustainability of the Company and reflect its extra-financial performance objectives. One third of the qualitative components is based on an assessment of the executive's individual performance in light of the context of the year.

**The grant of LTI to the Executive Officers** is examined by the Remuneration Committee at the same time as the allocation to Group employees and is decided by the Board of Directors. It is made within the scope of plans, adopted by the Board of Directors in the fall, in the form of performance shares and/or share subscription options granted without any discount. It is examined in light of the total amount of the Executive Officer's annual remuneration, adopted taking into account external market surveys and ensuring that the interests of Shareholders are respected.

According to the principle that has been adopted since 2016, the award of LTI to the Executive Officer and its evolution over time are assessed in terms of the IFRS value (and not in terms of the volumes granted), for all stock option and performance share plans combined.

Within the scope of the sub-limits authorized by the General Meeting, the Board of Directors sets lower annual limits for the grants to the Company Officers, expressed (i) as a percentage of the share capital and for each Company Officer (ii) as a multiple of their remuneration, in accordance with the recommendations of the AFEP/MEDEF Code.

The total aggregate IFRS value of the LTI granted cannot exceed 1.5 times the amount of the Executive Officer's maximum gross annual remuneration (maximum annual fixed + variable), it being noted moreover that, in accordance with the relative proportion of various components of remuneration referred to above, the grant of LTI represents approximately 40% of the Executive Officer's total annual remuneration.

LTI grants to Executive Officers are subject to the proration principle on the basis of the actual presence of the Executive Officer: in the event of a departure from the Group of the Executive Officer for a reason other than resignation or removal from office for serious cause [(2)], the total allocation rate (after applying the performance conditions) would be reduced pro rata for the duration of actual presence of the Executive Officer within the Group during the period of assessment of the performance criteria.

In addition, no grant of LTI will be made to the Executive Officer at the time of his departure, in accordance with the AFEP/MEDEF Code.

Company Officers are also subject to the following **specific obligations**:

- **Obligation to retain shares** defined by the Board of Directors pursuant to articles L. 225-185 and L. 225-197-1 of the French Commercial Code. They lead to the obligation, for the Company Officer, 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. However, this percentage will be lowered to 5%, as soon as the quantity of shares held by the Company Officer resulting from the exercise of stock options or the definitive award of performance shares represents a minimum amount equal to at least three times the Company Officer's gross annual fixed remuneration. Compliance with this obligation is verified annually by the Board of Directors.
- **Additional shareholding obligation** defined by the Board in accordance with the AFEP/MEDEF Code: each Company Officer must also hold in a registered account a minimum number of shares based on his or her gross annual fixed remuneration (equivalent to twice his or her gross annual fixed remuneration for the Chief Executive Officer and the Chairman of the Board of Directors and once his or her gross annual fixed remuneration for a Senior Executive Vice President). The number of shares required to be held is assessed as of January 1 and July 1 of each year. Newly appointed Company Officers must comply within four years of their first appointment.
- Lastly, the Company Officers are subject to the requirement restricting the exercise of stock options and the sale of performance shares during the **"black-out periods"** prior to the publication of the financial statements and undertake not to use risk hedging transactions on options/shares resulting from the exercise of options and on performance shares granted, throughout their term of office.

  As with all beneficiaries, **all the LTI granted to the Executive Officers are subject to demanding performance conditions** calculated over a period of three years. The performance conditions, which apply to the plans decided upon in 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.

  For each performance condition, a formula adopted by the Board of Directors makes it possible to determine, following the end of the three fiscal years during which the performance has to be achieved, the percentage of performance shares definitively awarded/stock options that can be exercised.

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 of the performance conditions and the percentage of LTI definitively awarded/that can be exercised are also published at the end of this Board meeting.

For the beneficiaries of the "France" performance share plan, including Executive Officers, the vesting period is three years from the Board meeting which decided upon their grant. This period, at the end of which the performance shares are definitively awarded, is followed by a two-year holding period. The stock options are in principle subject to a four-year lock-up period, followed by a six-year exercise period. Added to this is a condition of presence which stipulates the 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.

On the recommendation of the Remuneration Committee, the Board has retained for 2024, for all LTI beneficiaries (Executive Officers and employees) the ROCE, Total Shareholder Return (AL TSR and relative TSR) and an objective related to the evolution of the Group's carbon emissions.

- The ROCE, which makes it possible to measure the Return on Capital Employed, is relevant in a highly capital-intensive industry.
- The Total Shareholder Return (TSR) in turn makes it possible to align the Company's performance with the regular profits expected by its Shareholders.
- Moreover, consistent with the Group's responsible growth approach, the LTI plans incorporate since 2020 a performance condition linked to the Group's Climate Objectives.

In total, all the performance criteria for the variable remuneration and LTI, both financial (growth in recurring EPS and comparable revenue, ROCE, shareholder return – TSR) and extra-financial (CSR and HR objectives for the qualitative portion of variable remuneration, and LTI criterion aligned with the Group's climate objectives), reflect the Group's overall performance objectives as announced in its ADVANCE strategic plan aimed at achieving a solid financial performance while developing an ambitious decarbonization plan and taking into account the interests of all its stakeholders.

During the annual process of determining the components of the remuneration for Executive Officers, the Remuneration Committee ensures that the choices made **take into account the remuneration and employment conditions of the Company's employees**. The attendance of the Director representing the employees, who is a member of the Committee, helps to ensure that all aspects of these remuneration and employment conditions, and more generally the interests of the Group's employees, are taken into account in this work, which give rise to a recommendation to the Board at its meeting in February. The policy presented for approval by the General Meeting reflects this consideration. Concerning the conditions of remuneration, the quantifiable and qualitative elements of the variable remuneration of the Company's Executive Officer and senior executives are therefore convergent. Moreover, the LTI performance conditions are identical for all the employee beneficiaries (approximately 2,000 Group employees in 2020 and 2021, approximately 2,600 Group employees in 2022 and 2023) and for the Executive Officers. These alignments provide for greater coherence of efforts in achieving the Company's performance objectives. With regard to taking the employment conditions of employees into account, the importance given to safety objectives in the qualitative

[(2)] *Situations which will result in the loss of the LTI.*

components of variable remuneration contributes to the establishment of a quality work environment for employees, which has a direct impact on their commitment and performance. The variable remuneration also incorporates objectives of talent development, the achievement of which requires in particular the implementation of varied, relevant programs for the training and development of employees throughout their career, the implementation of new ways of working within the entire Group, and an objective relating to the implementation of the Group's diversity policy and, more generally, the promotion of a culture of inclusion.

Executive Officers also benefit from long-term commitments and commitments related to the termination of their duties described below, as well as other components of annual remuneration (benefits in kind, supplementary social protection schemes) which may be terminated under ordinary law conditions.

### 5.1.2. Implementation for the determination of the Chief Executive Officer's remuneration for 2024

The Board of Directors, at its meeting of February 19, 2024, on the recommendation of the Remuneration Committee, defined the criteria for determining, distributing and allocating the elements comprising the total remuneration of the Chief Executive Officer which are submitted for the approval of the General Meeting of April 30, 2024. They are in line with the 2023 remuneration policy, with a proposed a re-evaluation submitted by the Board to the General Meeting, as described below, in order to maintain the attractiveness, comparability and competitiveness of the Chief Executive Officer's remuneration. The Board of Directors has taken into account Mr François Jackow's level of responsibility and experience, the Group context and market practices. It is noted that Mr François Jackow decided to unilaterally terminate his employment contract at the start of his corporate mandate in June 2022, in accordance with the recommendations of the AFEP/MEDEF Code and best governance practices.

When Mr François Jackow was appointed as Chief Executive Officer in May 2022, the positioning of his total remuneration had been determined on the basis of an in-depth study of market practices. This study conducted in 2021 included a benchmark, carried out with the assistance of an outside firm, based on publicly available data for the total remuneration of CEOs at CAC 40 groups with a separated governance mode (homogeneous panel excluding a data item that is not representative as much higher than the average).

The Board of Directors, on the recommendation of the Remuneration Committee, decided to review this positioning at mid-term to ensure it still accurately reflects the Chief Executive Officer's level of responsibility and the market conditions.

For this purpose, an update in 2023 of the 2021 benchmark has been carried out on the basis of the panel described above, adjusted for changes which have occurred in the meantime in the composition of the CAC 40 or in the governance of certain groups. It shows that, in a highly inflationary context following the public health crisis, the median and average remuneration of CEOs in the panel under review have been revised upwards, with the result that the relative positioning of Mr François Jackow's remuneration is now out of step (the positioning of his total target remuneration compared to that of his peers is 18% below that of the average of the 2023 benchmark). An increase of around 10% in his total remuneration would always place him significantly below the average, and slightly below the median, of his peers.

Consequently, the Board, on the recommendation of the Remuneration Committee, considered that it was appropriate to reassess the total remuneration of Mr François Jackow which had not been changed since his appointment as Chief Executive Officer, by +10% (applicable to the fixed and target variable remuneration as well as the LTI, in order to maintain the balanced structure of the components of his remuneration). This 10% increase represents an average annual increase of +3.2% up until the end of his current mandate, in line with the trend in employee remuneration within the Group.

Indeed, across the Group, in 2023, an increase in the average wage of +5.7% was recorded (on a like-for-like basis) (+3.8% in mature countries). Over the last three years (2021, 2022, 2023), across the Group, the average wage (including social security contributions) increased by +5.5% per year (+4.5% in mature countries).

The structure of the remuneration remains the same as that approved by the General Meeting of May 3, 2023.

The revised remuneration will then remain stable until the end of Mr François Jackow's term of office.

Mr François Jackow will not receive any remuneration for his office as Director.

#### A. Fixed remuneration

The fixed remuneration is determined on the basis of the level of responsibility, the experience in the general management duties and market practices.

The annual fixed remuneration recommended for Mr François Jackow in 2024 in application of the aforementioned principles and considerations, amounts to an annual amount of 1,210,000 euros, an increase of +10% compared to 2023.

#### B. Variable remuneration

Pursuant to the principles set forth above ("Structure and main characteristics common to the general remuneration of Executive Officers"), the Board of Directors of February 19, 2024, on the recommendation of the Remuneration Committee, defined the components of the variable remuneration of the Chief Executive Officer for 2024 in line with those of the previous fiscal year. A target and maximum weighting is defined for each criterion, and an allocation key between quantifiable criteria (majority) and qualitative criteria is set in line with market practices, as indicated in the table below.

| Indicator | Target (a) As a % of the fixed remuneration | Target (a) As a % based on 100 | Maximum As a % of the fixed remuneration | Maximum As a % based on 100 |
|---|---|---|---|---|
| **Quantifiable financial criteria including:** | **84** | **70** | **105** | **70** |
| Increase in recurring net earnings (b) excluding the foreign exchange impact per share (recurring EPS) | 60 | 50 | 75 | 50 |
| Comparable growth in consolidated revenue (c) | 24 | 20 | 30 | 20 |
| **Qualitative personal criteria including:** | **36** | **30** | **45** | **30** |
| **CSR**:<br>■ Safety and reliability: continue efforts to improve safety (lost time accident frequency rate, road traffic accidents and job-related accidents)<br>■ Roll-out of the action plans relating to the Group sustainable development objectives (d) ; Progress made concerning the various key indicators (e) and harmonization with the 2025 trajectory for these objectives | 12 | 10 | 15 | 10 |
| **Organization/Human Resources**<br>(talents development, management succession plans, diversity policy) | 12 | 10 | 15 | 10 |
| **Individual performance** (f): assessment by the Board of Directors, notably in light of the external environment for the year | 12 | 10 | 15 | 10 |
| **TOTAL (FINANCIAL AND PERSONAL CRITERIA)** | **120 (g)** | **100** | **150** | **100** |

*(a) The target corresponds to 100% achievement of the performance criterion.*
*(b) Excluding significant and exceptional transactions that do not impact the operating income recurring. The calculation is based on the 2024 recurring net profit (Group share) excluding the foreign exchange impact (compared to 2023).*
*(c) Excluding significant scope impact, foreign exchange impact and energy.*
*(d) ESG objectives forming an integral part of the ADVANCE strategic program.*
*(e) Key indicators including those required to measure $CO_2$ emissions for the year are disclosed in the Extra-financial Performance Statement (see Chapter 5 of this Universal Registration Document).*
*(f) 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 unfavorable environment which was not anticipated at the time the objectives were set, or disadvantageous if the environment ultimately turns out to be more favorable than anticipated.*
*(g) This represents variable remuneration of approximately 1,452,000 euros at target for Mr François Jackow (on a full-year basis), an increase of +10% compared to 2023.*

The fixed remuneration represents approximately 27% and the variable remuneration 32% of the total target remuneration (including LTI), and the target variable remuneration represents 80% of the maximum variable remuneration, pursuant to the principles set forth above.

The total amount of the variable remuneration due for the 2024 fiscal year will be paid in 2025, after approval of the financial statements by the General Meeting, it being noted that its payment is conditional on approval by a General Meeting of the components of the Executive Officer's remuneration, under the conditions provided for in article L. 22-10-34 II of the French Commercial Code.

## C. Other components of annual remuneration

Mr François Jackow will continue to benefit from the **following other items**:

### *Benefits in kind*

The benefits in kind include the use of a company car as well as contributions to the unemployment insurance for company managers and corporate officers, subscribed to by the Company. The contributions paid by the Company are included in Mr François Jackow's remuneration as benefits in kind. By way of information, these benefits amount to around 18,110 euros on an annual basis, around 14,000 euros of which is for the unemployment insurance for company managers and corporate officers.

### *Death and disability benefits and healthcare cost plan*

- The supplementary "incapacity, invalidity, death" benefits plan, unified as of January 1, 2015, covering all personnel and corporate officers who are duly authorized to benefit from such scheme, in which the remuneration taken into account for the calculation of the contributions is capped at (i) 16 times the annual social security limit for the incapacity and invalidity cover, (ii) 24 times the annual social security limit for the death benefit;
- The healthcare cost plan covering all employees.

The estimates for the 2024 fiscal year are as follows:

- employer's contribution to Healthcare Costs: 414 euros;
- employer's contribution to Life Insurance schemes: 10,980 euros.

## D. Long-term remuneration components

At its meeting of February 19, 2024, on the recommendation of the Remuneration Committee, the Board of Directors provided for the allocation of performance shares to Mr François Jackow, in respect of his office as Chief Executive Officer for the 2024 fiscal year, in an annual amount of 1,815,000 euros (based on an IFRS valuation), an increase of +10% compared to 2023, as indicated above.

Pursuant to the principles of the remuneration policy applicable to Executive Officers, the LTIs continue to represent 41% of the total target remuneration (fixed remuneration, target variable remuneration and LTI), and **the remuneration components subject to performance conditions (variable remuneration + LTI) represent approximately three quarters of the total target remuneration.**

The performance conditions which apply to the Chief Executive Officer (and to all the beneficiaries of the LTI Plans which will be allocated in 2024) were determined by the Board of Directors on February 19, 2024. The number of LTI definitively granted/exercisable under the 2024 plans will depend on the achievement of the following performance conditions (identical to those defined in 2023):

(i) **for 50% of the LTI granted,** on the rate of achievement of an objective, set by the Board, consisting of the recurring ROCE recorded at the end of the 2026 fiscal year.

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

The objective was set in line with the ROCE objective announced by the Company, i.e. a level maintained at more than 10% at the end of 2026;

(ii) **for 40% of the LTI granted:**

- for 50% of the LTI referred to in sub-paragraph (ii): on an objective of Total Shareholder Return set by the Board, defined as the average annual growth rate from an investment in Air Liquide shares, dividends reinvested, for the 2024, 2025 and 2026 fiscal years ("**AL TSR**"). The objective of an absolute TSR is set in accordance with historic performances. At the objective set, the grant is 100% and then decreases on a straight-line basis to a lower limit below which there will be no award;
- for 50% of the LTI referred to in sub-paragraph (ii): on the rate of Total Shareholder Return from an investment in Air Liquide shares, dividends reinvested – source: Bloomberg ("**B TSR**"), as compared to the **CAC 40 TSR** index, dividends reinvested (source: Bloomberg) for the 2024, 2025 and 2026 fiscal years. 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 2 % higher than 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;

(iii) **for 10%** of the LTI granted: on an objective linked to the change in the Group's $CO_2$ emissions in absolute value over the 2024-2026 period, aligned with the Group's $CO_2$ trajectory (an integral part of the ADVANCE strategic program), broken down as follows:

Comparison of the Air Liquide Group's $CO_2$ emissions for the year 2026, expressed in millions of metric tonnes, with those same emissions for the year 2023, the 2023 basis of comparison being adjusted to take account of any possible perimeter impacts (possible takeovers of existing units at the Group's customers or companies, asset or company divestitures) over the period 2024-2026, on a 12-month pro-forma basis, in line with the method used to monitor the carbon trajectory as communicated by the Group.

For the purposes hereof, the greenhouse gas emissions include direct emissions (Scope 1) and indirect emissions (Scope 2). These emissions are accounted for as "market based" [(3)].

The rate of achievement of the performance conditions will be recorded in 2027 by the Board at the time when the financial statements are approved for the 2026 fiscal year.

All of the rules and conditions applying to LTI grants to the Executive Officers described above (limits on volume and value, condition of presence, proration, shareholding and share ownership obligations [(4)] and other specific regulations) apply to the allocation of performance shares in 2024 to Mr François Jackow in his capacity as Chief Executive Officer.

## E. Long-term commitments

The Board of Directors on February 19, 2024, on the recommendation of the Remuneration Committee, maintained without change the elements of the pension schemes from which Mr François Jackow will benefit for the duration of his term of office as Chief Executive Officer. These elements, including, in particular, a supplementary pension plan, were initially defined in 2022 when Mr François Jackow was appointed as Chief Executive Officer, taking into account the results of a detailed benchmark formed from a panel of CAC 40 companies and European companies with separated governance, the plan applicable to the Group's senior executives, the overall balance of the remuneration of the Chief Executive Officer, and an effort to outline a plan ensuring competitive coverage at the best cost for the Company.

All of these components are, as with other remuneration components, subject to the approval of the General Meeting voting on the remuneration policy applicable to the Chief Executive Officer.

The overall amount of the Company's contributions to the supplementary pension plans detailed below represents approximately 15% of the target annual Reference Remuneration (fixed remuneration + target variable remuneration), as in previous years.

### *Mandatory company retirement savings plan (PERO)* [(5)]

This plan is financed by monthly contributions based on remuneration not exceeding eight PASS and equally distributed between the employer and the beneficiary. They are deductible from the corporate income tax, are subject to the social levy at the rate of 16%, and are excluded from the basis for assessment of the social security contributions, within the limit of the higher of the following two values: 5% of the PASS or 5% of the remuneration taken into account within the limit of five times the PASS.

The amount of the employer's contribution to this plan, for the 2024 fiscal year, is estimated at 11,001 euros.

### *"Senior managers" defined contribution pension plan*

This "article 83" defined contribution pension plan is financed by annual contributions paid in their entirety by the company on the remuneration fraction below eight PASS and subject to the same tax and social security treatment as those paid under the PERO.

The amount of the employer's contribution to this plan for the 2024 fiscal year is estimated at 10,015 euros.

### *Collective pension insurance contract with individual and optional subscription*

It should be noted that this collective pension insurance contract with individual and optional subscription replaced the pension plan from which Mr François Jackow benefitted prior to his appointment as Chief Executive Officer. This collective pension insurance contract with individual and optional subscription (known as "article 82 of the French Tax Code") is applicable for the portion of his Reference remuneration [fixed portion + target variable portion] exceeding eight PASS. The amount paid by the Company is split between a payment to the insurer and a payment to Mr François Jackow intended to partially cover the social security contributions and taxes due on the payments made to the insurer. This amount is paid in arrears every year for the period until the end of the executive office, after recording the performance conditions associated with this pension plan.

Mr François Jackow cannot apply for the entitlements under this pension insurance contract before the age at which he becomes entitled to claim his pension entitlements under the French general social security scheme.

Application of this mechanism to the Chief Executive Officer was determined taking into account the overall balance of his remuneration and the market conditions, and for the Company represents, for the same efficiency for the beneficiary, a markedly lower cost to the Company than that which would result from implementing a new supplementary pension plan with defined vested benefits under article L. 137-11-2 of the French Social Security Code.

(3) *See definition of Scopes in paragraph 1.1.1 of the Extra-financial Performance Declaration – page 320, and scope calculation methodology in paragraph 1.2.4 of the Annual reporting section of Chapter 5 – pages 394 and 395.*
(4) *The additional shareholding obligation will apply to Mr François Jackow within four years of his appointment as Chief Executive Officer, i.e. on June 1, 2026.*
(5) *Mandatory company retirement savings plan (PERO) set up on January 1, 2021, which succeeded the supplementary defined contribution pension plan applicable to all employees and Company Officers on that date.*

This supplementary pension plan for the fraction of remuneration exceeding eight PASS is entirely subject to performance conditions. The gross annual amount of payments totals approximately 378,000 euros, subject to the achievement of the performance conditions described below.

Thus, the total amount of contributions for a fiscal year will depend on the average annual gap (measured on each fiscal year) between the Return on Capital Employed after tax (ROCE), determined as set out below, and the Weighted Average Cost of Capital (WACC) (measured on the basis of the book value of equity), calculated (on the basis of the certified consolidated financial statements, approved by the General Meeting) with respect to the last three fiscal years prior to the said fiscal year.

In order not to penalize the calculation in the event of a major transaction, the ROCE used is, as in 2023, recurring ROCE “excluding major acquisitions”. Acquisitions representing more than 5% of capital employed are considered to be major for the purposes of this definition [6]. The performance coefficient applied to the nominal amount pursuant to the collective pension insurance contract will be determined as shown in the table below, with a growth of the increase per linear segments between each of the thresholds between 100 bps and 300 bps inclusive:

| Average of the annual gaps (ROCE – WACC) over three years in bps [a] | Proportion of indemnity due |
|---|---|
| ≥ 300 | 100% |
| 250 | 66% |
| 200 | 50% |
| 100 | 25% |
| < 100 | 0% |

*(a) bps: basis points.*

The amount of the 2025 payments in respect of 2024 is estimated at approximately 378,000 euros, subject to performance conditions.

## F. Commitments relating to termination of duties

### *Termination indemnities*

The Board of Directors, on the recommendation of the Remuneration Committee, decided that Mr François Jackow (who unilaterally ended his employment contract as of his appointment as Chief Executive Officer with effect from June 1, 2022) would continue to benefit from a termination indemnity, subject to very strict triggering conditions. The main terms are as follows:

- only the cases of forced departure of Mr François Jackow from his term of office as Chief Executive Officer (removal from office, request for resignation) related to a change of strategy or a change in control (in the latter case, the termination indemnity is due, if the departure occurs within six months of the change of control) may give rise to an indemnity;
- the amount of the indemnity in any of these cases is set at the 24 previous months of annual gross fixed and variable remuneration actually paid (24 months of fixed remuneration + 2 previous annual variable remunerations actually paid) on the date of termination of his duties (subject to the exception described below and in the paragraph relating to the non-competition commitment). As an exception to this rule, in the event of departure during the course of the 2024 fiscal year, for the calculation of the indemnity of 24 months of fixed and variable remuneration, the following will be taken into account: for the variable remuneration, the target variable remuneration awarded in the absence of variable remuneration paid in respect of a fiscal year (for each fiscal year concerned), and the annual fixed remuneration of the ongoing fiscal year and that of the previous fiscal year;
- the amount of the indemnity due decreases gradually as Mr François Jackow, in his capacity as Chief Executive Officer, approaches the age limit defined in the Company’s articles of association; in the event of a forced departure in the 24 months preceding the date of departure due to the age limit set by the articles of association, the amount of the indemnity due will be capped at the number of months’ gross remuneration separating the date of forced departure from the date when he reaches such age limit; in any event, no indemnity shall be paid should the beneficiary claim his pension entitlements on the date of his forced departure;
- the right to payment of the indemnity is subject to the achievement of the performance conditions, the proportion of the indemnity due decreasing depending on the rate of achievement of such conditions (see below for details of the performance conditions).

**Performance conditions applicable to the termination indemnity**

The Board of Directors decided that the payment of the termination indemnity concerning Mr François Jackow is subject to compliance, duly acknowledged by the Board of Directors at the time of or subsequent to the termination of his duties, with conditions related to the beneficiary’s performance assessed in light of the Company’s performance (unchanged compared to the conditions included in the policy approved in May 2023), defined as of today as follows:

Entitlement to the indemnity referred to above shall depend on, and the amount of the indemnity paid will be adjusted on the basis of, the average of the annual gap (measured on each fiscal year) between the Return on Capital Employed after tax (ROCE) and the Weighted Average Cost of Capital (WACC) (measured on the basis of the book value of equity), calculated (on the basis of the certified consolidated financial statements, approved by the General Meeting) with respect to the last three fiscal years prior to the fiscal year during which the departure occurs.

*(6) It is specified that only two to three acquisitions have exceeded this level during the last 30 years.*

The proportion of the indemnity due will be established as indicated in the table below, with an increase in the indemnity by straight-line segments between each of the thresholds between 100 bps and 300 bps inclusive:

| Average of the annual gaps (ROCE – WACC) over three years in bps [(a)] | Proportion of indemnity due |
|---|---|
| ≥ 300 | 100% |
| 250 | 66% |
| 200 | 50% |
| 100 | 25% |
| < 100 | 0% |

*(a) bps: basis points.*

*Indemnity relating to a non-competition commitment*

To safeguard the legitimate interests of the Company, the Board of Directors decided to grant a non-competition indemnity in consideration of the commitment that would be made by the Chief Executive Officer not to directly or indirectly serve a business competing with that of the Group, for a term of two years as from the date on which he ends his term of office.

The amount of this indemnity, payable monthly, would be equal to one year of gross annual fixed and variable remuneration received by the Chief Executive Officer (excluding sums received in respect of long-term variable remuneration), wherein the **aggregated termination indemnity and non-competition indemnity are capped at 24 months of annual gross fixed and variable remuneration** paid to the Chief Executive Officer on the date on which he ends his term of office.

Payment of the non-competition indemnity shall not apply from the moment the Chief Executive Officer exercises his pension entitlements. In any event, no indemnity shall be paid beyond age 65.

The Board of Directors reserves the right to fully or partially waive the non-competition commitment upon the departure of the Chief Executive Officer, in which case no indemnity will be owed.

### 5.1.3. Remuneration policy applicable to the Chairman of the Board of Directors

#### A. Remuneration principles and structure

This remuneration policy for the Chairman of the Board of Directors is unchanged from that approved by the General Meeting on May 3, 2023.

Thus, in accordance with the recommendation of the AFEP/MEDEF Code (article 26.2), the Chairman is only awarded fixed remuneration, to the exclusion of any variable remuneration, LTI or exceptional remuneration.

Depending on the circumstances, the Chairman may receive remuneration in respect of his duties as a Director (section 5.2 “Remuneration policy applicable to Directors”). Nevertheless, in the case of Mr Benoît Potier, it has been decided that he will not receive any remuneration as a Director.

The Chairman of the Board of Directors has all of the material means to fulfill his mission.

Depending on the circumstances, the Chairman may be authorized to benefit from the death and disability benefits plan covering all personnel in addition to corporate officers authorized to benefit therefrom.

#### B. 2024 Remuneration of the Chairman of the Board of Directors

In accordance with the principles set out above, the Board of Directors’ meeting of February 19, 2024, on the recommendation of the Remuneration Committee, defined the components of remuneration applicable to Mr Benoît Potier, unchanged from those defined in 2023.

It is reminded that the positioning of the remuneration had been drafted at the time of the separation of duties in 2022 based on an in-depth study of industry practices, including a benchmark of remunerations of Board Chairs at a representative panel of companies with a separated governance mode within the CAC 40, and European companies [(7)] with the assistance of an outside firm. The remuneration takes into account the specific role of the Chairman of the Board in the particular context of managerial succession and the missions that the Board of Directors wished to entrust to Mr Benoît Potier for the duration of the transition in order to benefit from his experience, in-depth knowledge of the Group and its businesses, its Shareholders and stakeholders, and its strategic challenges – see Chapter 3, section 2.2, paragraph “Duties of the Chairman of the Board of Directors”.

In this context, the amount of the annual fixed remuneration of Mr Benoît Potier remains set at 800,000 euros, excluding any variable and long-term remuneration (notably LTI) and any exceptional remuneration. Mr Benoît Potier will not receive any additional remuneration in his capacity as a Director.

Furthermore, Mr Benoît Potier will benefit from the use of a company car, representing benefits in kind which amount to around 2,793 euros per year.

In line with 2023, Mr Benoît Potier continues to benefit from the life insurance schemes (death benefit only) covering all employees as well as corporate officers duly authorized to benefit from them.

The amount of the 2024 contribution to this plan is estimated at 8,438 euros.

## 5.2. REMUNERATION POLICY APPLICABLE TO DIRECTORS

The remuneration policy applicable to Directors was determined by the Board of Directors on February 19, 2024 on the basis of a recommendation from the Remuneration Committee. The decision-making process followed to determine the policy is also applicable when said policy is reviewed and implemented.

The remuneration policy applicable to Directors is submitted to the vote of the General Meeting. Its principles and structure are in line with the policy decided by the Board of Directors in February 2023 and approved by the General Meeting of May 3, 2023.

*(7) A European panel comprising 14 groups with eight different nationalities, in the Chemical, Petrochemical, Healthcare, Engineering and Manufacturing industries, with revenue of between 7 and 150 billion euros (an average of 44 billion euros and a median of 22 billion euros).*

The remuneration policy for Directors seeks to ensure, within the framework of the overall pay package voted by the Ordinary General Meeting, that pay is competitive with international peers to attract the best and most suitable talent and expertise, in accordance with the Board's diversity policy.

At this time, the maximum annual global pay package amounts to 1.3 million euros per fiscal year, in accordance with the 12th resolution of the Combined General Meeting of May 5, 2020. The Board of Directors, on the recommendation of the Remuneration Committee, decided to submit to the General Meeting of April 30, 2024 a draft resolution for the purpose of increasing this maximum amount to 1.5 million euros per fiscal year from 2024. The proposed increase takes into account in particular the new composition of the Board of Directors which, since the recent appointments approved by the General Meeting of May 3, 2023, now comprises 14 members, including 12 appointed by the General Meeting, and the evolving regulatory context requiring an increased number of meetings of the Board of Directors and/or certain Committees (see Chapter 6, 14th resolution proposed to the General Meeting).

This policy, unchanged from the 2023 policy, provides for fixed remuneration (prorated if the term of office commences or comes to an end during the course of the year) allocated to the Directors. This remuneration is increased for the Lead Director, and an additional fixed remuneration is allocated to the Chairs of the four Board Committees, to take account of the level of responsibilities incurred and the work involved as a result of these duties.

It also includes a variable remuneration, which is the highest part, on the basis of each Director's attendance at the meetings of the Board and the Committees/working group, pursuant to the provisions of the AFEP/MEDEF Code, in the form of the allocation of a fixed amount for each attendance at a meeting.

The fixed remuneration allocated to Committee Chairmen is harmonized, along with the amount of remuneration allocated for attendance at each Committee meeting, and remote participation in meetings is remunerated in the same way as face-to-face attendance in order to take into account the quality of the means of communication which allows members connecting by videoconference to participate in meetings and take part in discussions under qualitative conditions equivalent to physical meetings. While it does not alter the preference of the Board and its members to attend meetings in person where possible, it recognizes the advances in communication technologies.

In order to take account of the distance for Directors coming from abroad, a fixed amount per trip is added to the variable remuneration for such Directors if attending in person (the remuneration for intercontinental travel being higher than that provided for intracontinental travel; it may be readjusted to remain competitive at the international level).

This policy promotes attendance and effective participation by the Directors in the work of the Board and Committees, which fosters dialog between the Directors and with the management team, and, more generally, a complete understanding by the members of the Company's activities and issues, including any social and environmental issues, which ensures solid governance for the Company's sustainability.

The recognition of the role of the Lead Director, who receives additional remuneration in this regard, reflects the importance accorded by the Group to his governance tasks, in connection with the meetings of the Board and the Appointments and Governance Committee, and in an informal manner between such meetings, thus promoting best governance practices. The consideration, in the remuneration policy, of the work of the four Specialized Committees is evidence of the importance accorded to the preparation of the principal Board decisions, whether in terms of the proper running of the governing bodies, the review of the financial statements and the financial situation, the risk analysis, the consideration of the societal and environmental issues across all the Group's activities or indeed the determination of an incentivizing remuneration policy for the Executive Officers, including objectives in line with those of the Company.

Accordingly, the remuneration policy for Directors, which is balanced and incentivizing, contributes to the quality of the Board's work, the latter being thus able to determine the orientations of the Company's activity and its strategy in the best interests of the Company, its employees and all the stakeholders.

The Company Officers do not receive remuneration in respect of their office as Director or as Chairman of a Committee/working group while they perform executive duties at L'Air Liquide S.A. Moreover, pursuant to the provisions in force at the Group which apply to all the employees who perform duties on the Group companies' Boards of Directors, and pursuant to the applicable agreements with the stakeholders, the employee Directors do not receive remuneration in respect of their office as Director. Travel expenses are refunded by the Company.

# DESCRIPTION OF THE STOCK OPTION AND PERFORMANCE SHARE PLANS

## 1. Attribution policy

The Company attributes annually, in principle, performance shares and/or stock options (hereinafter referred to as "LTI") in favor of its Executive Officers and its employees. Performance share plans for its employees have been in place since 2008, and have been open to the Executive Officers and the members of the Executive Committee since 2015.

These attributions are decided upon by the Board of Directors pursuant to the authorizations granted by the General Meeting, and most recently by the Combined General Meeting of May 4, 2022 for a period of 38 months.

Since 2019, the Board of Directors has decided, in accordance with the general market trend, to grant performance shares only (instead of a mix of stock options and performance shares) to all beneficiaries, in order to simplify and standardize the scheme.

The system for the LTI plans is aimed at three sets of beneficiaries:

- the Company's Executive Officer, for whom the attribution of LTI and its evolution over time continue to be valued in terms of the IFRS valuation (and not as attributed volumes), all stock option and performance share plans included;
- the members of the Executive Committee and the Group's managers who hold positions with a high level of responsibility or who make special contributions to the Group, all of whom benefit, beginning in 2015 for the Executive Committee and since 2019/2020 for the other beneficiaries, from attribution exclusively in the form of performance shares;
- the specific contributors, such as those employees distinguished by the quality of their conduct in exceptional situations, the inventors and innovators, the middle managers, as well as an expanded category of new employee beneficiaries.

The criteria used to draw up the lists of the beneficiary employees reflect the jobs and the geographical areas in which the Group carries out its activities and the specific contribution, the particular potential, or the individual or collective conduct of the persons concerned, which has been noted in exceptional situations. The lists of beneficiary employees are also drawn up with the desire to ensure a certain rotation and an expansion of the beneficiary population. Accordingly, more than one-third of the beneficiaries of the plans dated September 28, 2023 are employees who had not been awarded stock options/performance shares during the last five years.

### ATTRIBUTIONS OF PERFORMANCE SHARES ON SEPTEMBER 28, 2023

| **Total number of performance shares** | **341,249** |
|---|---|
| % of the share capital | 0.07% |
| Number of grants [(a)] | 2,693 |
| % of employees | 3.96% |

*(a) Including 2,637 distinct beneficiaries.*

Performance conditions apply to all the performance shares which are awarded to all the beneficiaries. They are described on pages 177 to 178.

At December 31, 2023, the aggregate total of outstanding performance shares for which the definitive grant date has not yet occurred and the outstanding stock options has not yet been exercised corresponds to the number of shares representing 0.43% of the share capital on this date.

# 2. Stock option plans (Information to be regarded as the Special Report of the Board of Directors within the meaning of article L. 225-184 of the French Commercial Code)

Pursuant to the decisions of the Board of Directors, following the authorizations of the General Meeting and on the recommendation of the Remuneration Committee, the Company has adopted plans granting a certain number of stock options to certain employees of the Company and its subsidiaries worldwide, including the Executive Officer.

These stock options are granted for a price which cannot be lower than the average opening market price over the 20 trading days preceding the attribution date. The maximum exercise period is 10 years since the stock option plan dated October 14, 2011.

The stock options cannot be exercised before a minimum period of four years after they are awarded. The Board of Directors has the power to terminate this lock-in period if there is a takeover bid for the Company's shares or a merger or takeover of the Company.

As of December 31, 2023, the number of outstanding share options granted by the Board of Directors under the plans approved by Annual General Meetings amounted to 894,980 options after adjustment (average price of 73.91 euros), or 0.17% of share capital.

Of the total stock options authorized for issue by the General Meeting of May 4, 2022 there was still a potential attribution of 10,490,336 stock options as at December 31, 2023 (no stock options were attributed since 2019, as the Board of Directors decided to only attribute performance shares).

### TABLE 8. SUMMARY OF THE ONGOING STOCK OPTION PLANS IN 2023

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | Total |
|---|---|---|---|---|---|---|---|
| Date of authorization by the EGM | 05/07/13 | 05/07/13 | 05/07/13 | 05/12/16 | 05/12/16 | 05/12/16 | |
| Date of Board meeting | 09/26/13 | 09/22/14 | 09/28/15 | 11/29/16 | 09/20/17 | 09/25/18 | |
| Total number of share subscription options granted [d] | 768,866 | 868,385 | 467,194 | 143,240 | 73,540 | 73,380 | |
| *Benoît Potier [a]* | *100,000* | *100,000* | *70,000* | *60,000* | *23,100* | *23,690* | |
| *Pierre Dufour [a]* | *57,000* | *57,000* | *39,900* | — | — | — | |
| *Of which the top ten employee beneficiaries (excluding Executive Officers)* | *208,000* | *212,000* | *92,090* | *23,160* | *7,160* | *6,540* | |
| Number of beneficiaries | 727 | 863 | 399 | 243 | 204 | 217 | |
| % of share capital represented by each grant | 0.25% | 0.25% | 0.14% | 0.04% | 0.02% | 0.02% | |
| Rate of achievement of performance conditions | 94.90% | 83.38% | 82.50% | 82.87% | 100% | 100% | |
| Option exercise period start date | 09/22/17 | 09/22/18 | 09/28/19 | 11/29/20 | 09/29/21 | 09/25/22 | |
| Expiration date | 09/25/23 | 09/21/24 | 09/27/25 | 11/28/26 | 09/19/27 | 09/24/28 | |
| Subscription price in euros | 102.00 | 97.00 | 105.00 | 93.00 | 104.00 | 107.00 | |
| As of 12/31/23, subscription price in euros [b] | 67.15 | 70.42 | 76.23 | 69.33 | 77.54 | 87.97 | |
| As of 12/31/23, adjusted number of stock options [b] | 1,025,078 | 1,073,286 | 599,410 | 182,080 | 96,317 | 88,916 | |
| As of 12/31/23, number of shares subscribed [d] | 958,073 | 497,112 | 192,802 | 37,678 | 26,337 | 17,139 | |
| Number of stock options cancelled [b] [c] | 67,005 | 202,611 | 121,755 | 35,433 | 7,363 | 6,799 | |
| **NUMBER OF STOCK OPTIONS REMAINING [b]** | **0** | **373,563** | **284,853** | **108,969** | **62,617** | **64,978** | **894,980** |
| | | | | **As of % of the share capital** | | | **0.17%** |
| | | | | | | | **524,516,778** |

(a) *Stock options granted (historical data).*
(b) *Adjusted for share capital increases by attributions of free shares (2022, 2019, 2017, 2014) and for the share capital increase in cash of October 11, 2016.*
(c) *Loss of exercise rights.*
(d) *Number of shares or stock options (historical data).*

*NB. : The total number of options remaining to be exercised by Mr François Jackow on December 31, 2023 is shown in the table on page 180.*

### DETAIL OF THE ONGOING OPTION PLANS IN 2023 FOR Mr BENOÎT POTIER

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|
| Number of stock options granted [(a)] | 100,000 | 100,000 | 70,000 | 60,000 | 23,100 | 23,690 |
| Adjusted number of stock options granted **before** applying the rate of achievement of the performance conditions [(b)] | 110,283 | 102,700 | 79,263 | 66,161 | 28,092 | 26,127 |
| Rate of achievement of the performance conditions | 94.90% | 83.38% | 82.50% | 82.87% | 100.00% | 100.00% |
| **Number of stock options after applying the rate of achievement of the performance conditions** | **104,659** | **85,631** | **65,391** | **54,827** | **28,092** | **26,127** |
| Adjustments impact after applying the rate of achievement of the performance conditions | 26,048 | 27,781 | 14,155 | 11,871 | 2,892 | 2,688 |
| Adjusted total number of stock options granted **after** applying the rate of achievement of the performance conditions | 130,707 | 113,412 | 79,546 | 66,698 | 30,984 | 28,815 |

(a) *Stock options granted (historical data).*
(b) *To take into account, if applicable, capital increase through free share issues (2022, 2019, 2017, 2014) and the capital increase in cash on October 11, 2016.*

N.B.: See page 186 for the adjusted number of stock options remaining to be exercised by Mr Benoît Potier as at December 31, 2023.

## 2.1. STOCK OPTIONS GRANTED IN 2023

No stock options were granted in 2023. As in 2019, 2020, 2021 and 2022, the Board of Directors' meeting of September 28, 2023, decided, in accordance with the general market trend, to award only performance shares (instead of a mix of stock options and performance shares) to all beneficiaries, in order to simplify and standardize the LTI scheme.

### Table 9

#### TABLE 9.1. OPTIONS GRANTED TO THE 10 EMPLOYEES (EXCLUDING CORPORATE OFFICERS) WHO WERE GRANTED THE HIGHEST NUMBER OF STOCK OPTIONS

Not applicable (no stock options granted in 2023).

## 2.2. STOCK OPTIONS EXERCISED IN 2023

Part of the stock options granted between 2013 and 2018 by the Board of Directors was exercised during the 2023 fiscal year for a total of 440,106 shares at an average price of 69.28 euros.

#### TABLE 9.2. OPTIONS EXERCISED BY THE 10 EMPLOYEES OF L'AIR LIQUIDE S.A. AND ITS SUBSIDIARIES, NOT CORPORATE OFFICERS, WITH THE HIGHEST NUMBER OF OPTIONS EXERCISED

| Grant date | Number of options exercised | Average price *(in euros)* [(a)] |
|---|---|---|
| 09/26/2013 | 103,640 | 67.15 |
| 09/22/2014 | 35,122 | 70.42 |
| 09/28/2015 | 10,229 | 76.23 |
| 11/29/2016 | 891 | 69.33 |
| **TOTAL** | **149,882** | **68.55** |

(a) *Historical data.*

#### TABLE 9.3. STOCK OPTIONS EXERCISED BY THE 10 EMPLOYEES OF L'AIR LIQUIDE S.A (EXCLUDING CORPORATE OFFICERS) WHO EXERCISED THE HIGHEST NUMBER OF OPTIONS

| Grant date | Number of options exercised | Average price *(in euros)* [(a)] |
|---|---|---|
| 09/26/2013 | 52,174 | 67.15 |
| 09/22/2014 | 11,760 | 70.42 |
| 09/28/2015 | 9,332 | 76.23 |
| 11/29/2016 | – | – |
| **TOTAL** | **73,266** | **68.83** |

(a) *Historical data.*

# 3. Performance share plans (information to be regarded as the Special Report of the Board of Directors within the meaning of article L. 225-197-4 of the French Commercial Code)

## 3.1. DESCRIPTION

Since 2008, performance share attributions have been designed to retain and motivate talented employees dynamically and to reward performance over the medium term.

The Extraordinary General Meeting of May 4, 2022 authorized the Board to attribute performance shares to the Group's employees, within an upper attribution limit equal to 0.5% of the share capital over 38 months; pursuant to this upper limit, it fixed the limit on the number of shares that can be attributed to the Executive Officers over the same period, which amounts to 0.1% of the share capital.

For each attribution, the Board determines two different plan regulations (the "France" Plan and the "World" Plan) which govern the attribution of performance shares to the beneficiaries determined by the Board of Directors. The "France" and "World" Plans mainly differ in the number of years of presence required, and to the correlative absence of any holding requirement for the "World" Plan as described below.

The performance shares are accompanied by:

- a continued service requirement during the vesting period: the shares granted to a beneficiary shall only finally vest if he or she has been an employee or corporate officer of a Group company during a vesting period, calculated as from the grant date, of three years for "France" Plan beneficiaries and four years for "World" Plan beneficiaries. In the event of retirement, the beneficiary retains his rights, being no longer required to satisfy the continued service requirement;
- performance conditions which relate, since the first attribution in 2008, to all performance shares awarded to any beneficiary; see the performance conditions in the summary table for attribution of performance shares below;
- a holding obligation: with effect from the definitive attribution date, the beneficiaries of the "France" Plan have an obligation to hold the shares for an additional two years during which the said shares cannot be transferred (other than in the event of a death or disability).

To date, the performance shares delivered have been treasury shares issued as part of the Company's buyback program (see page 414).

The outstanding performance shares attributed by the Board of Directors pursuant to the authorizations voted by the General Meetings, for which the definitive attribution has not yet occurred, amounted, after adjustment, to 1,340,496 shares as at December 31, 2023, i.e. 0.26% of the shares that make up the share capital.

Out of the total performance shares whose award was authorized by the General Meeting of May 4, 2022 for 38 months, 1,820,740 performance shares remained potentially available for award as at December 31, 2023.

## TABLE 10. SUMMARY OF THE ONGOING PERFORMANCE SHARE PLANS IN 2023

| | Performance shares 2018 | Performance shares 2019 | Performance shares 2020 | Performance shares 2021 | Performance shares 2022 | Performance shares 2023 | Total |
|---|---|---|---|---|---|---|---|
| Date of authorization by the EGM | 05/12/2016 | 05/07/2019 | 05/07/2019 | 05/07/2019 | 05/04/2022 | 05/04/2022 | |
| Date of award by the Board meeting | 09/25/2018 | 09/30/2019 | 09/29/2020 | 09/29/2021 | 09/29/2022 | 09/28/2023 | |
| Total number of performance shares awarded [(a)] | 393,774 | 349,173 | 345,923 | 376,435 | 460,415 | 341,249 | |
| *François Jackow* | — | — | — | — | 9,790 | *12,050* | |
| *Benoît Potier* | *18,230* | *18,650* | *17,640* [(e)] | *18,800* [(e)] | — | — | |
| *of which the top ten employee beneficiaries (excluding Executive Officers) receiving the highest number of shares* | *69,100* | *57,120* | *54,150* | *65,570* | *74,700* | *52,650* | |
| Share capital represented by each award | 0.09% | 0.07% | 0.07% | 0.08% | 0.09% | 0.07% | |
| Number of grants | 1,734 | 1,812 | 2,294 | 2,154 | 2,635 | 2,693 | |
| Performance conditions (“France” and “World” Plans), over a period of three years | ▪ Recurring EPS<br>▪ TSR, including an element of relative comparison | ▪ ROCE<br>▪ TSR, including an element of relative comparison | ▪ ROCE<br>▪ TSR, including an element of relative comparison<br>▪ change in $CO_2$ emissions | ▪ ROCE<br>▪ TSR, including an element of relative comparison<br>▪ change in $CO_2$ emissions | ▪ ROCE<br>▪ TSR, including an element of relative comparison<br>▪ change in $CO_2$ emissions | ▪ ROCE<br>▪ TSR, including an element of relative comparison<br>▪ change in $CO_2$ emissions | |
| Number of performance shares cancelled before definitive award | 38,580 | 159,656 | 57,556 | 47,077 | 9,065 | 8,420 | |
| Rate of achievement of the performance conditions [(b)] [(d)] | 100% | 65.30% | 93.02% | 95.61% | To be recorded in 2025 | To be recorded in 2026 | |
| **"France" Plan** | | | | | | | |
| Definitive award date | 09/25/2021 | 09/30/2022 | 09/29/2023 | 09/29/2024 | 09/29/2025 | 09/28/2026 | |
| End of holding period | 09/25/2023 | 09/30/2024 | 09/29/2025 | 09/29/2026 | 09/29/2027 | 09/28/2028 | |
| Number of performance shares after definitive award | 156,779 | 86,458 | 124,257 | — | 75 | — | |
| Adjusted number of performance shares after definitive award [(c)] | 169,087 | 105,793 | 136,213 | — | — | — | |
| **Adjusted number of performance shares in acquisition period [(c)]** | — | — | — | **155,512** | **178,905** | **131,100** | |
| **“World” Plan** | | | | | | | |
| Definitive award date (no additional holding period) | 09/25/2022 | 09/30/2023 | 09/29/2024 | 09/29/2025 | 09/29/2026 | 09/28/2027 | |
| Number of performance shares after definitive award | 205,778 | 118,516 | 50 | — | — | — | |
| Adjusted number of performance shares after definitive award [(c)] | 251,577 | 145,068 | 50 | — | — | — | |
| **Adjusted number of performance shares in acquisition period [(c)]** | — | — | **187,423** | **213,382** | **272,445** | **201,729** | |
| **ADJUSTED NUMBER OF PERFORMANCE SHARES DEFINITIVELY AWARDED (“FRANCE” AND “WORLD”) [(c)]** | **420,664** | **250,861** | **136,263** | — | — | — | |
| **ADJUSTED NUMBER OF PERFORMANCE SHARES IN ACQUISITION PERIOD (“FRANCE” AND “WORLD”) [(c)]** | — | — | **187,423** | **368,894** | **451,350** | **332,829** | **1,340,496*** |

*(a) Number of shares (historical data).*
*(b) The objectives set are made public ex-post. For the 2021 plans, the objectives are described on page 181.*
*(c) Adjusted for share capital increases by attributions of free shares (2022, 2019).*
*(d) The number of performance shares definitively awarded depends upon rate of achievement of the performance conditions which ranges from 0% to 100%. If the objective set is achieved or exceeded, the award is 100% (no additional award in the event of an overperformance).*
*(e) In view of the proration rules applying to Mr Benoît Potier, as recalled on page 185, the maximum number of shares delivered, after recording of the performance criteria, were prorated in the following proportion for the 2020 plan: 80.5% (i.e. a reduction of -19.5%) and will be prorated in the following proportion for the 2021 plan: 47.1% (i.e. a reduction of -52.9%).*
** Number of performance shares after applying the rate of achievement of the performance conditions recorded by the Board on February 19, 2024 (2021 plans). As of December 31, 2023 the outstanding performance shares which have not yet been definitively awarded amounted to 1,369,381 shares; after applying the rate of achievement of the performance conditions, it amounts to 1,340,496 shares.*

### DETAIL OF THE PERFORMANCE SHARE PLANS UNDERWAY IN 2023 FOR MR BENOÎT POTIER

| | Performance shares 2018 | Performance shares 2019 | Performance shares 2020 | Performance shares 2021 | Performance shares 2022 | Performance shares 2023 |
|---|---|---|---|---|---|---|
| Number of performance shares awarded (a) | 18,230 | 18,650 | 17,640 | 18,800 | 0 | 0 |
| Adjusted number of performance shares awarded, before applying the rate of achievement of the performance conditions (b) | 20,106 | 20,569 | 19,455 | 20,734 | N/A | N/A |
| Rate of achievement of performance conditions | 100% | 65.3% | 74.88% | 45.03% | N/A | N/A |
| Adjusted number of performance shares on the definitive award date | 20,106 | 14,813 | 14,568 | 9,336 (c) | N/A | N/A |

(a) *Number of shares (historical data).*
(b) *In order to take into account share capital increases through free share issues (2022, 2019).*
(c) *Subject to the definitive award on September 30, 2024.*

### DETAIL OF THE PERFORMANCE SHARE PLANS UNDERWAY IN 2023 FOR MR FRANÇOIS JACKOW

| | Performance shares 2022 | Performance shares 2023 |
|---|---|---|
| Number of performance shares awarded (a) | 9,790 | 12,050 |
| Adjusted number of performance shares awarded, before applying the rate of achievement of the performance conditions | 9,790 | 12,050 |
| Rate of achievement of performance conditions | To be recorded in February 2025 | To be recorded in February 2026 |
| Adjusted number of performance shares on the definitive award date | — | — |

(a) *Number of shares (historical data).*

## 3.2. PERFORMANCE SHARE PLANS DATED SEPTEMBER 28, 2023

Pursuant to the authorization of the Combined General Meeting of May 4, 2022, in connection with the "France" and "World" Plans dated September 28, 2023, the Board of Directors made a conditional allocation of a total of 341,249 shares representing 0.07% of the share capital in terms of the number of shares to 2,637 distinct beneficiaries (135,365 shares allocated to the beneficiaries of the "France" Plan and 205,884 shares allocated to the beneficiaries of the "World" Plan).

The IFRS individual fair value for these performance shares amounts to 136.87 euros for the "France" Plan and to 135.26 euros for the "World" Plan – see details of this IFRS value in Note 21.5 "Share-based payments" in the Consolidated financial statements.

Subject to the satisfaction of the presence and performance conditions, these shares will be fully vested for the beneficiaries on September 28, 2026 for the "France" Plan (but cannot be sold until September 28, 2028) and September 28, 2027 for the "World" Plan.

For this award, the Board adopted performance conditions calculated over three fiscal years – for a full description, see pages 177 and 178).

The rate of achievement of the performance conditions will be recorded by the Board of Directors at its meeting to approve the financial statements for the 2025 fiscal year.

### SEPTEMBER 28, 2023 PERFORMANCE SHARE PLAN – DISTRIBUTION BETWEEN THE VARIOUS CATEGORIES OF BENEFICIARIES

| | Number of beneficiaries | Number of shares |
|---|---|---|
| Executive officers of L'Air Liquide S.A. | 1 | 12,050 |
| Senior executives (who are not corporate officers of L'Air Liquide S.A.), managers and special contributors | 98 | 108,799 |
| Other employees, new beneficiaries | 2,538 | 220,400 |

### SEPTEMBER 28, 2023 PERFORMANCE SHARE PLAN – SHARES ALLOCATED TO THE 10 EMPLOYEES (EXCLUDING CORPORATE OFFICERS) OF L'AIR LIQUIDE S.A. WHO HAVE BEEN AWARDED THE HIGHEST NUMBER OF SHARES

| | Number of shares |
|---|---|
| For L'Air Liquide S.A. | 36,160 |
| For L'Air Liquide S.A. and its subsidiaries | 52,650 |

## 3.3. RATE OF ACHIEVEMENT OF THE PERFORMANCE CONDITIONS FOR THE AWARD OF SEPTEMBER 29, 2021

Based on the financial statements adopted for the 2023 fiscal year, subject to the approval of the next General Meeting, the Board of Directors' meeting of February 19, 2024 recorded the rate of achievement of the performance conditions defined at the time of the award of the performance share dated September 29, 2021. Consequently, the total proportion of shares subject to conditions which are fully vested for the beneficiaries is 95.61% – for more details, see page 181.

# EMPLOYEE SAVINGS AND SHARE OWNERSHIP

For many years, Air Liquide has pursued an active policy promoting employee profit-sharing and incentive schemes in connection with the Group's growth and the development of employee share ownership in the Company's capital.

## 1. Profit-sharing

Profit-sharing and incentive schemes have been organized for many years in **Group companies in France** and paid almost 63.2 million euros for 2022 performance. This year these schemes cover over 98% of employees.

Under the Company Savings Plans, Group employees in France can make payments to dedicated and diversified investment funds, on a voluntary basis or based on profit-sharing, incentives and, where applicable, Company contributions and thus benefit from the preferential tax regime applicable in consideration for locking-in their assets over a period of five years.

In 2023, **L'Air Liquide S.A**. distributed 9.5 million euros gross (excluding Company contributions) in respect of profit-sharing and incentives. Some 1,272 employees benefited from these schemes. Company contributions to the Company Savings Plan are negotiated every year and amounted to nearly 1.3 million euros gross in 2023. These payments correspond to an average amount of 7,465 euros gross per employee excluding Company contribution.

Since 2021, the employees of **L'Air Liquide S.A**. may invest their incentive and profit-sharing (excluding Company contributions) in the Air Liquide Supplementary Retirement Savings Plan. In 2023, **492 thousand euros** were invested in this plan.

In 2023, L'Air Liquide S.A. employees invested 90% of their profit-sharing and incentives in savings plans, respectively in bond-weighted assets (22%) and equity-weighted assets (28%) (excluding the AL SAVINGS fund).

A total of 50% of employee savings was invested in corporate mutual funds holding only Air Liquide shares (AL SAVINGS fund) compared with 46% last year.

## 2. Employee shareholding

The Group is keen to involve its employees in its development. These employee share ownership offers contribute significantly to increasing employee motivation and a sense of belonging to the Group.

Since 1986, the Company has regularly performed share capital increases reserved for Group employees, for which subscription is offered at a preferential rate. The most recent capital increase, conducted in November 2023, resulted in the subscription of 746,401 shares by 22,093 Group employees and retirees, representing 32.49% of the eligible population in 57 countries.

In France, the shares subscribed in these capital increases are also eligible for the preferential tax regime applicable provided that they are blocked over a period of five years, while those held abroad are governed by the legal regulations prevailing in each relevant country.

At the end of 2023, the share of capital held by Group employees and former employees was estimated at 2.9%, of which 2.1% corresponded (within the meaning of article L. 225-102 of the French Commercial Code) to shares subscribed by employees under employee-reserved capital increases or held through mutual funds. The percentage of Group employees holding L'Air Liquide S.A. shares totaled around 53% of the workforce.

Air Liquide wishes to pursue this strategy and further the development of its employee share ownership, by regularly offering share capital increases to employees.

## 3. Capital increase reserved for employees (2023) – Additional report

Dear Shareholder,

We present to you this additional report in accordance with article R. 225-116 of the French Commercial Code, on the use we made of the delegation of authority that you entrusted to the Board of Directors at the time of its Combined General Meeting of May 3, 2023, in the twenty-first resolution, for a maximum period of 26 months, in order, pursuant to the provisions of article L. 225-138-1 of French Commercial Code and articles L. 3332-18 *et seq.* of the French Labor Code, to increase the share capital, on one or more occasions, up to a maximum of 4 million shares with a par value of 5.50 euros each, the subscription of these shares being reserved for employees of the Company and companies, French or foreign, related to it within the meaning of articles L. 225-180 of the French Commercial Code and L. 3344-1 of the French Labor Code, members of a company or group savings plan.

## 3.1. AUTHORIZATIONS AND DECISIONS

We remind you that under this delegation of the General Meeting:

- the Board of Directors, through the decisions of February 15, 2023 and July 26, 2023, decided on the principle of a capital increase of up to 750,000 shares in favor of Group employees who are members of a company or group savings plan pursuant to the provisions of articles L. 3332-18 *et seq*. of the French Labor Code and article L. 225-138-1 of the French Commercial Code;
- for this purpose, at its meeting of July 26, 2023, the Board of Directors delegated to the Chief Executive Officer all necessary powers to decide on this capital increase and to implement this transaction, and in particular:
  - draw up the list of companies eligible for the operation,
  - set the subscription price (including, where applicable, the subscription prices applicable locally),
  - set the terms and conditions and deadline for paying up the subscribed shares,
  - set the opening and closing dates for the subscription,
  - record the creation of new shares and the completion of the corresponding capital increase,
  - charge, where applicable, the costs, duties and fees incurred by the issue against the amount of the corresponding premium,
  - prepare the additional report specifying the final terms of the operation,
  - amend the articles of association accordingly, and
  - do whatever is useful and necessary to implement the operation.

As a result and making use of the delegation granted by the Board of Directors, on October 30, 2023 the Chief Executive Officer decided to carry out this transaction, set the opening and closing dates of the subscription period and the subscription price of the new Air Liquide shares as part of the capital increase reserved for employees.

## 3.2. MAIN CHARACTERISTICS OF THE OPERATION

The capital increase reserved for employees is governed by the applicable legal and regulatory provisions of the French Savings Plan (PE France) and the International Group Savings Plan (PEGI).

Subscription to this capital increase was open to employees and eligible corporate officers of the Group's French and foreign companies whose share capital or voting rights were more than 50% held by L'Air Liquide S.A. and members of the PE France or PEGI, provided that these employees have at least three months of seniority at the closing date of the subscription period (stricter seniority conditions being set by certain countries in application of local regulations). In addition, the operation was open to retirees of the Group's French subsidiaries that had belonged to the PE France, provided that these retirees had retained assets in the Air Liquide Group PE France.

You are reminded that by decisions of the Chairman and CEO of March 30, 2009, November 2, 2010, October 29, 2013, March 16, 2016, October 30, 2018 and October 30, 2021, certain companies, directly or indirectly held at between 40% and 50% by L'Air Liquide S.A., were admitted to the PE France or PEGI.

By decision of the Chief Executive Officer on October 30, 2023, this option was also granted to a Group company located in China whose employees were included in the scope of the 2023 operation.

However, for reasons related to the local context, employees of the Group's foreign subsidiaries in the following countries were not able to participate in the operation: Qatar, Nigeria, Vietnam, Senegal, Ivory Coast, Ghana, Mali, Burkina Faso, Benin, Togo, Cameroon, Republic of the Congo, Democratic Republic of the Congo, Gabon, Botswana and Madagascar.

The subscription price was set at 126.49 euros (134.40 euros for the United States) per share, corresponding to the average of the opening prices of the Air Liquide share over the 20 trading days preceding the date of the Chief Executive Officer's decision setting the dates of the subscription period, i.e. 158.11 euros per share ("the Reference Price") less 20% (15% for the United States) and rounded up to the nearest euro cent.

The maximum subscription amount per eligible employee was limited to 25% of the gross annual remuneration of each subscriber, in accordance with the regulations applicable to savings plans (in France this limit includes all other voluntary payments made into company or group savings plans, during 2023). A matching contribution was proposed by L'Air Liquide S.A. and the French subsidiaries that had joined the PE France and adopted the 2023 addendum on this point, at a rate of 1 free share for 1 or 2 shares subscribed, 2 free shares for 3, 4 or 5 shares subscribed, 3 free shares for 6 or more shares subscribed, with a maximum of 3 free shares per employee.

The share subscription period was open from November 6, 2023 to November 16, 2023 inclusive (until noon, Paris time).

Pursuant to the powers granted by the Board of Directors at its meeting of July 26, 2023, the capital increase was recorded on December 7, 2023.

Subscription requests being higher than the limit of 750,000 shares decided by the Board of Directors in its aforementioned decisions (namely 1,000,029 shares at a price of 126.49 euros requested by all subscribers outside the United States, and 93,721 shares at a price of 134.40 euros requested by subscribers in the United States, i.e. a total number of shares requested of 1,093,750 shares), it was decided to cap subscription requests higher than the average subscription, in accordance with the terms set by the Chief Executive Officer in his decision of October 30, 2023.

**The total number of new shares issued is therefore 746,401 each with a par value of 5.50 euros, for a total number of 22,093 subscribers.**

The new shares issued are Air Liquide ordinary shares of the same class as and immediately assimilated with Air Liquide shares already admitted to trading on the Euronext Paris market (Compartment A). They will be admitted to trading on the Euronext Paris market under the same ISIN code (FR0000120073) as the former Air Liquide shares and will give entitlement to any dividend distribution decided by the General Meeting subsequent to the date of the decision to record the capital increase (i.e. December 7, 2023). The new shares will be subject to all the provisions of the Company's articles of association.

## 3.3. IMPACT OF THE ISSUE OF 746,401 SHARES ON THE POSITION OF SHAREHOLDERS AND THEIR SHARE OF EQUITY AND THEORETICAL IMPACT ON THE MARKET VALUE OF THE SHARE

### 3.3.1. Impact on equity holdings in the Company's share capital

Based on the share capital of L'Air Liquide S.A. as of December 7, 2023 before the capital increase reserved for employees, i.e. 523,759,188 shares, the impact of the issue on the equity holding of a shareholder holding 1% of the share capital of L'Air Liquide S.A. prior to the issue and not subscribing thereto is as follows:

| | Equity holding of shareholders *(in %)* | |
|---|---|---|
| | Undiluted basis | Diluted basis [a] |
| Before issuance of new shares resulting from this capital increase | 1% | 0.996% |
| After issuance of new shares resulting from this capital increase | 0.999% | 0.994% |

(a) *The calculations are carried out assuming the exercise of all of the Company's dilutive instruments existing on December 7, 2023 that may be exercised, taking into account an average share price over the last 20 days of 171.75 euros.*

### 3.3.2. Impact of the issue on the share of equity

Based on the Company's equity as shown in the Company financial statements at December 31, 2023, the impact of the issue on the share of equity for the holder of one Air Liquide share prior to the issuance and not subscribing to said issuance is as follows:

| | Share of equity *(in euros)* | |
|---|---|---|
| | Undiluted basis | Diluted basis [a] |
| Before issuance of new shares resulting from this capital increase | 20.22 | 20.26 |
| After issuance of new shares resulting from this capital increase | 20.37 | 20.41 |

(a) *The calculations are carried out assuming the exercise of all of the Company's dilutive instruments existing on December 7, 2023 that may be exercised, taking into account an average share price over the last 20 days of 171.75 euros.*

### 3.3.3. Theoretical impact on the market value of the Air Liquide share

The theoretical impact of the issue of 746,401 shares at the issue price on the market value of the share is calculated as follows:

- Theoretical share price before the operation = average of the 20 opening prices of the Air Liquide share preceding the date of the Chief Executive Officer's decision setting the subscription price and the dates of the subscription period (i.e. the average price opening of the share between October 2, 2023 and October 27, 2023). This theoretical share price was 158.11 euros.
- Share price after the operation = [(theoretical share price before the operation x number of shares before the operation) + (issue price x number of new shares)] / (number of shares before the operation + number new shares).

The average issue price of the reserved capital increase was 127.24 euros.

Given these assumptions, the theoretical market value of the share after the operation would be 158.07 euros for a theoretical share price before the transaction of 158.11 euros.

It is specified that this theoretical approach is given purely as an indication and in no way prejudges future changes in the share price.

The dilutive effect of this share issue will be neutralized by buybacks of its own shares by the Company, carried out during the 2023 and 2024 fiscal years, as part of the share buyback programs presented to the Board of Directors and already approved by the General Meeting (General Meetings of May 4, 2022 and May 3, 2023).

Paris, February 19, 2024

The Board of Directors of L'Air Liquide S.A.

# 4. Statutory Auditors' supplementary report on the increase in capital, with cancellation of preferential subscription rights, reserved for the employees who are members of a company or group savings plan

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

Year ended December 31, 2023

To the Shareholders,

In our capacity as Statutory Auditors of your Company, and in compliance with article R.225-116 of the French Commercial Code (Code de commerce), we hereby present you an additional report to our March 1, 2023 report, on the issue of ordinary shares and other equity securities giving rights to the share capital reserved for the employees of the Company and of any French of foreign companies related to it within the meaning of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code (Code du travail), provided that such employees are members of a company or group savings plan, as approved by the Combined General Meeting of the Company's Shareholder's Meeting of May 3, 2023.

This share capital increase was submitted to your approval in compliance with articles L. 225-129-6 of the French Commercial Code and L.3332-18 of the French Labor Code.

This Meeting delegated authority to your Board of Directors to decide on such an operation within a period of 26 months and for a maximum amount of 22 million euros (i.e. 4 million shares at a nominal value of 5.50 euros).

Under this delegation of authority, at its July 26, 2023 meeting, the Board of Directors decided a share capital increase reserved for the employees members of a company or group savings plan which will be limited to 750,000 shares with a nominal value of 5.50 euros. At this date, the Board of Directors also subdelegated to your Chief Executive Officer all necessary powers to proceed with this operation.

Exercising this subdelegation, your Chief Executive Officer decided on October 30, 2023, to proceed with this operation.

Subscription to this capital increase was open to employees and eligible corporate officers of the Group's French and foreign companies whose share capital or voting rights were more than 50% held by L'Air Liquide S.A. and members of the PE France or PEGI, provided that these employees have at least three months of seniority at the closing date of the subscription period (stricter seniority conditions being set by certain countries in application of local regulations).

It is to be noted that, pursuant to decisions made by the Chairman and Chief Executive Officer on March 30, 2009, November 2, 2010, October 29, 2013, March 16, 2016, October 30, 2018 and October 30, 2021 certain companies, in which L' Air Liquide S.A. directly or indirectly holds 40% to 50%, were allowed to join to the PE France or the PEGI.

By decision of the Chief Executive Officer on October 30, 2023, this option was also granted to a Group companies located in China whose employees were included in the scope of the 2023 operation.

However, for reasons related to the local context, employees of the Group's foreign subsidiaries in the following countries were not able to participate in the operation: Qatar, Nigeria, Vietnam, Senegal, Ivory Coast, Ghana, Mali, Burkina Faso, Benin, Togo, Cameroon, Republic of Congo, Democratic Republic of Congo, Gabon, Botswana, and Madagascar.

On December 7, 2023, your Chief Executive Officer noted the issuance of 746,401 shares with a nominal value of 5.50 euros and a subscription price of 126.49 euros (134.40 euros for the United States) which corresponds to an average issuance subscription price of 127.24 euros.

It is the Board of Directors' responsibility to prepare a report in accordance with articles R. 225-115 and R. 225-116 and R.22-10-31 of the French Commercial Code (Code de commerce). It is our responsibility to express an opinion on the fairness of the information taken from the Financial Statements, on the proposed cancellation of shareholders' preferential subscription rights and on certain other information relating to this issue, contained in this report.

We have performed the procedures we considered necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying:

- the fairness of the financial information taken from the Consolidated Financial Statements approved by the Board of Directors. We have audited these Financial Statements in accordance with professional standards applicable in France;
- the compliance of the terms and conditions of the operation with respect to the delegation of authority granted by the Combined General Meeting of the Company's Shareholder's Meeting;
- the information provided in the Board of Directors' additional report on the methods for calculating the issue price and its final amount.

We have no matters to report as to:

- the fairness of the financial information taken from these Consolidated Financial Statements and provided in the Board of Directors' report;
- the compliance of the terms and conditions of the operation with respect to the delegation of authority granted by the Combined General Meeting of the Company's Shareholder's Meeting of May 3, 2023 and the accompanying information provided to Shareholders;
- the methods for calculating the issue price and its final amount;
- the presentation of the impact of the issuance on the position of holders of equity securities and other securities granting access to the Company's share capital, as expresses in relation to shareholders' equity and the market value of the shares;
- the proposed cancellation of preferential subscription rights, upon which you have voted.

Neuilly-Sur-Seine et Paris La Défense, March 4, 2024

The Statutory Auditors

French original signed by

| KPMG S.A. | | PricewaterhouseCoopers Audit | |
|---|---|---|---|
| Valérie Besson | Laurent Genin | Olivier Lotz | Cédric Le Gal |

# TRANSACTIONS INVOLVING COMPANY SHARES PERFORMED BY EXECUTIVE OFFICERS IN ACCORDANCE WITH ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE

In 2023, the following transactions involving Company shares were performed by corporate officers and members of General Management, pursuant to article L. 621-18-2 of the French Monetary and Financial Code:

| | Nature of the transactions | Date of transaction | Average price *(in euros)* |
|---|---|---|---|
| François Jackow | Sale of 862 shares of L'AIR LIQUIDE S.A. | January 2, 2023 | 133.77 |
| François Jackow | Sale of 267 shares of L'AIR LIQUIDE S.A. | January 3, 2023 | 136.34 |
| François Jackow | Sale of 497 shares of L'AIR LIQUIDE S.A. | January 4, 2023 | 137.24 |
| François Jackow | Sale of 1,074 shares of L'AIR LIQUIDE S.A. | January 6, 2023 | 139.45 |
| François Jackow | Sale of 917 shares of L'AIR LIQUIDE S.A. | March 6, 2023 | 150.22 |
| François Jackow | Sale of 305 shares of L'AIR LIQUIDE S.A. | March 6, 2023 | 150.22 |
| Alexis Perakis-Valat | Purchase of 200 shares of L'AIR LIQUIDE S.A. | May 2, 2023 | 164.00 |
| Jérôme Pelletan | Sale of 1,560 shares of L'AIR LIQUIDE S.A. | June 19, 2023 | 162.07 |
| Christina Law | Purchase of 500 shares of L'AIR LIQUIDE S.A. | July 31, 2023 | 163.62 |
| Michael H. Thaman | Purchase of 500 shares of L'AIR LIQUIDE S.A. | July 31, 2023 | 163.05 |
| Monica de Virgiliis | Purchase of 500 shares of L'AIR LIQUIDE S.A. | August 2, 2023 | 160.70 |
| Alexis Perakis-Valat | Purchase of 300 shares of L'AIR LIQUIDE S.A. | August 2, 2023 | 160.14 |
| François Jackow | Sale of 1,943 shares of L'AIR LIQUIDE S.A. | August 16, 2023 | 161.79 |
| François Jackow | Definitive performance share award of 6,484 shares of L'AIR LIQUIDE S.A. | September 29, 2023 | 160.04 |
| Benoît Potier | Definitive performance share award of 14,568 shares of L'AIR LIQUIDE S.A. | September 29, 2023 | 160.04 |
| Xavier Huillard | Purchase of 1,000 shares of L'AIR LIQUIDE S.A. | October 2, 2023 | 160.17 |
| Jérôme Pelletan | Definitive performance share award of 802 shares of L'AIR LIQUIDE S.A. | October 2, 2023 | 160.20 |
| Jérôme Pelletan | Subscription of 33 shares of L'AIR LIQUIDE S.A. | December 7, 2023 | 129.37 |
| Benoît Potier | Donation of 300 shares of L'Air Liquide S.A. | December 21, 2023 | 177.46 |

# FACTORS THAT MAY HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

Pursuant to article L. 22-10-11 of the French Commercial Code, the factors that may have an impact in the event of a takeover bid are set forth below.

## 1. Powers of the Board of Directors

The share buyback authorization currently granted to the Company excludes any buybacks during a period of bidding on the Company's shares.

Furthermore, the following delegations of authority granted to the Board of Directors are suspended during periods of takeover bids:

- the delegation of authority granted to the Board of Directors by the Combined General Meeting of May 4, 2022 in its nineteenth resolution to increase the share capital by incorporation of additional paid-in capital, reserves, profits or other and the delegation that will replace this subject to approval by the Combined General Meeting on April 30, 2024;
- the delegation of authority granted to the Board of Directors by the Combined General Meeting of May 3, 2023 in its nineteenth resolution to increase the share capital by issuing ordinary shares or marketable securities.

Some provisions relating to the regulations of the stock options plans are also applicable in the event of a takeover bid launched on the Company's shares – page 213 of this Universal Registration Document.

## 2. Agreements by the Company that may be modified or terminated in the event of a change of control of the Company

Several bond issues under the Group's EMTN program include a clause providing that, under certain circumstances, the early repayment of such bonds may be requested in the event of a change of control of the Company:

- private placement issued in January 2008 maturing in January 2038 (15 billion yen, or 95.9 million euros equivalent [1]);
- private placement issued in January 2014 maturing in January 2026 (150 million euros);
- private placement issued in March 2014 maturing in March 2029 (100 million euros);
- bond issued in June 2014 maturing in June 2024 (440.8 million euros);
- bond issued in June 2015 maturing in June 2025 (500 million euros);
- bond issued in June 2016 maturing in June 2024 (451.1 million euros), maturing in June 2028 (1,000 million euros);
- bond issued in March 2017 maturing in March 2027 (600 million euros);
- bond issued in June 2019 maturing in June 2030 (600 million euros);
- private placement issued in March 2020 maturing in March 2025 (100 million euros);
- bond issued in April 2020 maturing in April 2025 (371.6 million euros), maturing in April 2030 (500 million euros);
- green bond issued in May 2021 maturing in May 2031 (500 million euros);
- bond issued in September 2021 maturing in September 2033 (500 million euros);
- bond issued in September 2022 maturing in September 2032 (500 million euros).

Three bonds (or private placements) issued outside of the Group's EMTN program include a clause providing that, under certain circumstances, the early repayment of such bonds may be requested in the event of a change of control of the Company:

- US private placements issued in September 2012, maturing in September 2024 (200 million US dollars, or 181 million euros equivalent [2] and September 2027 (100 million US dollars, or 90.5 million euros equivalent [2]);
- US public bond (144a format) issued in September 2016 maturing in September 2026 (934 million US dollars, or 845.2 million euros equivalent [2]) and September 2046 (682 million US dollars, or 617.2 million euros equivalent [2]);
- US public bond (144a format) issued in September 2019 maturing in September 2029 (500 million US dollars, or 452.5 million euros equivalent [2]).

Some credit agreements of the Group include a clause providing that, under certain circumstances, the early repayment of the advances made under those credit agreements may be requested in the event of a change of control of the Company.

(1) *Converted at closing rates on December 31, 2023, with 1 EUR =156.33 JPY.*
(2) *Converted at closing rates on December 31, 2023, with 1 EUR = 1.1050 USD.*

# 3. Agreements providing indemnities for Board members or employees if they resign or are dismissed without good and sufficient cause or if their employment ends due to a takeover bid

The indemnities granted to the Company's corporate officers in the event of a termination of their office are detailed on page 183 of this Universal Registration Document.


# 4 Financial Statements

# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated income statement

For the year ended December 31

| *(in millions of euros)* | Notes | 2022 | 2023 |
|---|---|---|---|
| **Revenue** | **(3)** | **29,934.0** | **27,607.6** |
| Other income | (4) | 244.3 | 233.9 |
| Purchases | (4) | (13,813.0) | (11,146.8) |
| Personnel expenses | (4) | (4,963.4) | (5,099.5) |
| Other expenses | (4) | (4,074.2) | (4,045.2) |
| **Operating income recurring before depreciation and amortization** | | **7,327.7** | **7,550.0** |
| Depreciation and amortization expense | (4) | (2,465.9) | (2,482.0) |
| **Operating income recurring** | | **4,861.8** | **5,068.0** |
| Other non-recurring operating income | (5) | 262.4 | 242.3 |
| Other non-recurring operating expenses | (5) | (833.1) | (738.8) |
| **Operating income** | | **4,291.1** | **4,571.5** |
| Net finance costs | (6) | (288.4) | (265.5) |
| Other financial income | (6) | 32.4 | 15.4 |
| Other financial expenses | (6) | (130.0) | (166.1) |
| Income taxes | (7) | (1,002.3) | (971.8) |
| Share of profit of equity affiliates | (14) | 1.1 | 4.9 |
| **PROFIT FOR THE PERIOD** | | **2,903.9** | **3,188.4** |
| ■ Minority interests | | 145.1 | 110.4 |
| ■ Net profit (Group share) | | 2,758.8 | 3,078.0 |
| | | | |
| **Basic earnings per share** *(in euros)* | **(8)** | **5.28** | **5.90** |
| **Diluted earnings per share** *(in euros)* | **(8)** | **5.27** | **5.87** |

Accounting principles and notes to the Financial Statements begin on page 233.

# Statement of net income and gains and losses recognized directly in equity

For the year ended December 31

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| **Profit for the period** | **2,903.9** | **3,188.4** |
| Items recognized in equity | | |
| Change in fair value of financial instruments | 39.8 | (47.9) |
| Change in foreign currency translation reserve | 648.4 | (1,118.4) |
| **Items that may be subsequently reclassified to profit** | **688.2** | **(1,166.3)** |
| Actuarial gains/ (losses) | 222.8 | (26.4) |
| **Items that may not be subsequently reclassified to profit** | **222.8** | **(26.4)** |
| **Items recognized in equity, net of taxes** | **911.0** | **(1,192.7)** |
| **Net income and gains and losses recognized directly in equity** | **3,814.9** | **1,995.7** |
| ■ Attributable to minority interests | 147.4 | 66.6 |
| ■ Attributable to equity holders of the parent | 3,667.5 | 1,929.1 |

# Consolidated balance sheet

For the year ended December 31

| **ASSETS** *(in millions of euros)* | **Notes** | **December 31, 2022** | **December 31, 2023** |
|---|---|---|---|
| Goodwill | (10) | 14,587.2 | 14,194.2 |
| Other intangible assets | (11) | 1,811.4 | 1,631.3 |
| Property, plant and equipment | (12) | 23,646.9 | 23,652.2 |
| **Non-current assets** | | **40,045.5** | **39,477.7** |
| Non-current financial assets | (13) | 775.5 | 696.7 |
| Investments in equity affiliates | (14) | 185.7 | 180.1 |
| Deferred tax assets | (15) | 232.3 | 225.2 |
| Fair value of non-current derivatives (assets) | (25) | 40.8 | 35.1 |
| **Other non-current assets** | | **1,234.3** | **1,137.1** |
| **TOTAL NON-CURRENT ASSETS** | | **41,279.8** | **40,614.8** |
| Inventories and work-in progress | (16) | 1,961.0 | 2,027.6 |
| Trade receivables | (17) | 3,034.8 | 2,993.7 |
| Other current assets | (19) | 985.4 | 862.7 |
| Current tax assets | | 196.3 | 42.9 |
| Fair value of current derivatives (assets) | (25) | 107.6 | 70.7 |
| Cash and cash equivalents | (20) | 1,911.4 | 1,624.9 |
| **TOTAL CURRENT ASSETS** | | **8,196.5** | **7,622.5** |
| **ASSETS HELD FOR SALE** | | **41.7** | **95.1** |
| **TOTAL ASSETS** | | **49,518.0** | **48,332.4** |

| **EQUITY AND LIABILITIES** *(in millions of euros)* | **Notes** | **December 31, 2022** | **December 31, 2023** |
|---|---|---|---|
| Share capital | | 2,879.0 | 2,884.8 |
| Additional paid-in capital | | 2,349.0 | 2,447.7 |
| Retained earnings | | 15,868.0 | 16,063.7 |
| Treasury shares | | (118.4) | (152.7) |
| Net profit (Group share) | | 2,758.8 | 3,078.0 |
| **Shareholders' equity** | | **23,736.4** | **24,321.5** |
| **Minority interests** | | **835.6** | **721.6** |
| **TOTAL EQUITY** [(a)] | **(21)** | **24,572.0** | **25,043.1** |
| Provisions, pensions and other employee benefits | (22, 23) | 1,991.1 | 2,004.8 |
| Deferred tax liabilities | (15) | 2,465.4 | 2,329.0 |
| Non-current borrowings | (24) | 10,168.8 | 8,560.5 |
| Non-current lease liabilities | (12) | 1,052.2 | 1,046.3 |
| Other non-current liabilities | (26) | 317.8 | 454.7 |
| Fair value of non-current derivatives (liabilities) | (25) | 54.5 | 48.0 |
| **TOTAL NON-CURRENT LIABILITIES** | | **16,049.8** | **14,443.3** |
| Provisions, pensions and other employee benefits | (22, 23) | 282.4 | 363.8 |
| Trade payables | (27) | 3,782.6 | 3,310.5 |
| Other current liabilities | (26) | 2,215.6 | 2,310.1 |
| Current tax payables | | 260.1 | 236.4 |
| Current borrowings | (24) | 2,003.9 | 2,285.3 |
| Current lease liabilities | (12) | 227.6 | 219.7 |
| Fair value of current derivatives (liabilities) | (25) | 108.6 | 76.2 |
| **TOTAL CURRENT LIABILITIES** | | **8,880.8** | **8,802.0** |
| **LIABILITIES HELD FOR SALE** | | **15.4** | **44.0** |
| **TOTAL EQUITY AND LIABILITIES** | | **49,518.0** | **48,332.4** |

*(a) A breakdown of changes in shareholders' equity and minority interests is presented on pages 231 and 232.*

# Consolidated cash flow statement

For the year ended December 31

| *(in millions of euros)* | Notes | 2022 | 2023 |
|---|---|---|---|
| **Operating activities** | | | |
| **Net profit (Group share)** | | **2,758.8** | **3,078.0** |
| **Minority interests** | | **145.1** | **110.4** |
| Adjustments: | | | |
| ■ Depreciation and amortization expense | (4) | 2,465.9 | 2,482.0 |
| ■ Changes in deferred taxes [(a)] | | 92.6 | (59.8) |
| ■ Changes in provisions | | 565.9 | 471.2 |
| ■ Share of profit of equity affiliates | (14) | (1.1) | (4.9) |
| ■ Profit/loss on disposal of assets | | (129.9) | (126.9) |
| ■ Net finance costs | | 215.4 | 192.9 |
| ■ Other non cash items | | 142.5 | 214.4 |
| **Cash flows from operating activities before changes in working capital [(b)]** | | **6,255.2** | **6,357.3** |
| Changes in working capital | (18) | (396.8) | (154.4) |
| Other cash items | | (48.3) | 60.1 |
| **Net cash flows from operating activities** | | **5,810.1** | **6,263.0** |
| **Investing activities** | | | |
| Purchase of property, plant and equipment and intangible assets | (11,12) | (3,273.0) | (3,393.4) |
| Acquisition of consolidated companies and financial assets | | (135.8) | (103.0) |
| Proceeds from sale of property, plant and equipment and intangible assets | | 92.0 | 63.2 |
| Proceeds from the sale of subsidiaries, net of net debt sold and from the sale of financial assets | | 61.1 | 339.7 |
| Dividends received from equity affiliates | | 13.8 | 14.5 |
| **Net cash flows used in investing activities** | | **(3,241.9)** | **(3,079.0)** |
| **Financing activities** | | | |
| Dividends paid [(c)] | | | |
| ■ L'Air Liquide S.A. | | (1,410.5) | (1,581.2) |
| ■ Minority interests | | (76.3) | (85.4) |
| Proceeds from issues of share capital [(c)] | | 37.7 | 128.8 |
| Purchase of treasury shares [(c)] | | (191.5) | (81.9) |
| Net financial interests paid | | (236.1) | (222.5) |
| Increase (decrease) in borrowings | | (617.7) | (1,215.6) |
| Lease liabilities repayments | | (249.0) | (240.1) |
| Net interests paid on lease liabilities | | (33.6) | (39.8) |
| Transactions with minority shareholders | | (4.0) | (142.0) |
| **Net cash flows from (used in) financing activities** | | **(2,781.0)** | **(3,479.7)** |
| Effect of exchange rate changes and change in scope of consolidation | | (165.2) | (61.6) |
| **Net increase (decrease) in net cash and cash equivalents** | | **(378.0)** | **(357.3)** |
| **NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD** | | **2,138.9** | **1,760.9** |
| **NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | | **1,760.9** | **1,403.6** |

*(a) Changes in deferred taxes reported in the consolidated cash flow statement do not include changes in deferred taxes relating to disposals of assets and capitalized finance costs.*
*(b) The cash flows from operating activities before changes in net working capital are presented before payment of interests on net debt net of taxes and of interests paid on lease liabilities.*
*(c) A breakdown of dividends paid, share capital increases and treasury share purchases is provided on pages 231 and 232.*

The analysis of net cash and cash equivalents at the end of the period is as follows:

| *(in millions of euros)* | Notes | December 31, 2022 | December 31, 2023 |
|---|---|---|---|
| Cash and cash equivalents | (20) | 1,911.4 | 1,624.9 |
| Bank overdrafts (included in current borrowings) | | (150.5) | (221.3) |
| **NET CASH AND CASH EQUIVALENTS** | | **1,760.9** | **1,403.6** |

# Consolidated statement of changes in equity

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2023 TO DECEMBER 31, 2023

| *(in millions of euros)* | Notes | Share capital | Additional paid-in capital | Retained earnings (including net profit) | Fair value of financial instruments | Translation reserves | Treasury shares | Shareholders' equity | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Equity and minority interests as of January 1, 2023** | | **2,879.0** | **2,349.0** | **18,858.0** | **(169.4)** | **(61.8)** | **(118.4)** | **23,736.4** | **835.6** | **24,572.0** |
| **Profit for the period** | | | | **3,078.0** | | | | **3,078.0** | **110.4** | **3,188.4** |
| Items recognized directly in equity | | | | (26.4) | (47.9) | (1,074.6) | | (1,148.9) | (43.8) | (1,192.7) |
| **Net income and gains and losses recognized directly in equity** [(a)] | | | | **3,051.6** | **(47.9)** | **(1,074.6)** | | **1,929.1** | **66.6** | **1,995.7** |
| Increase (decrease) in share capital | | 6.5 | 116.2 | | | | | 122.7 | 6.2 | 128.9 |
| Distribution | (9) | | | (1,582.8) | | | | (1,582.8) | (85.4) | (1,668.2) |
| Cancellation of treasury shares [(c)] | | (0.7) | (17.5) | | | | 18.2 | — | | — |
| Purchase/Sale of treasury shares [(c)] | | | | | | | (82.0) | (82.0) | | (82.0) |
| Share-based payments | | | | 37.4 | | | 29.5 | 66.9 | | 66.9 |
| Transactions with minority shareholders recognized directly in equity | | | | (36.5) | | | | (36.5) | (101.4) | (137.9) |
| Others [(d)] | | | | 167.7 | | | | 167.7 | | 167.7 |
| **EQUITY AND MINORITY INTERESTS AS OF DECEMBER 31, 2023** | | **2,884.8** [(b)] | **2,447.7** | **20,495.4** | **(217.3)** | **(1,136.4)** | **(152.7)** [(c)] | **24,321.5** | **721.6** | **25,043.1** |

*(a) The statement of net income and gains and losses recognized directly in equity is presented on page 228.*

*(b) Share capital as of December 31, 2023 was made up of 524,516,778 shares at a par value of 5.50 euros. During the fiscal year, movements affecting share capital were as follows:*
*– creation of 440,106 shares in cash with a par value of 5.50 euros resulting from the exercise of options;*
*– share capital decrease by canceling 120,000 shares bought under the approval of the Combined Shareholders' Meeting on May 3, 2023;*
*– creation of 746,401 shares in cash with a par value of 5.50 euros resulting from the capital increase reserved for employees.*

*(c) The number of treasury shares as of December 31, 2023 totaled 1,363,694 (including 1,102,577 held by L'Air Liquide S.A.). During the fiscal year, movements affecting treasury shares were as follows:*
*– acquisitions, net of disposals, of 541,600 shares;*
*– cancellation of 120,000 shares by capital decrease;*
*– allocation of 281,356 shares as part of performance shares.*

*(d) Including the effects of hyperinflation in Argentina and Türkiye.*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2022 TO DECEMBER 31, 2022

| (in millions of euros) | Share capital | Additional paid-in capital | Retained earnings (including net profit) | Fair value of financial instruments | Translation reserves | Treasury shares | Shareholders' equity | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Equity and minority interests as of January 1, 2022** | **2,614.1** | **2,749.2** | **17,128.4** | **(209.2)** | **(701.9)** | **(118.3)** | **21,462.3** | **536.5** | **21,998.8** |
| **Profit for the period** | | | **2,758.8** | | | | **2,758.8** | **145.1** | **2,903.9** |
| Items recognized directly in equity | | | 223.0 | 39.8 | 645.9 | | 908.7 | 2.3 | 911.0 |
| **Net income and gains and losses recognized directly in equity** [(a)] | | | **2,981.8** | **39.8** | **645.9** | | **3,667.5** | **147.4** | **3,814.9** |
| Increase (decrease) in share capital | 1.9 | 21.6 | | | | | 23.5 | 14.2 | 37.7 |
| Free share attribution | 269.0 | (269.0) | | | | | — | | — |
| Distribution | | | (1,412.4) | | | | (1,412.4) | (76.3) | (1,488.7) |
| Cancellation of treasury shares | (6.0) | (152.8) | | | | 158.8 | — | | — |
| Purchase/Sale of treasury shares | | | | | | (191.1) | (191.1) | | (191.1) |
| Share-based payments | | | 4.7 | | | 32.2 | 36.9 | | 36.9 |
| Transactions with minority shareholders recognized directly in equity | | | (7.8) | | | | (7.8) | 213.8 | 206.0 |
| Others [(b)] | | | 163.3 | | (5.8) | | 157.5 | | 157.5 |
| **EQUITY AND MINORITY INTERESTS AS OF DECEMBER 31, 2022** | **2,879.0** | **2,349.0** | **18,858.0** | **(169.4)** | **(61.8)** | **(118.4)** | **23,736.4** | **835.6** | **24,572.0** |

*(a) The statement of net income and gains and losses recognized directly in equity is presented on page 228.*
*(b) Including the effects of hyperinflation in Argentina and Türkiye.*

# Accounting principles

## BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Due to its listing on the Paris Stock Exchange and pursuant to EC Regulation No. 1606/2002 of July 19, 2002, the Consolidated Financial Statements of the Air Liquide Group for the year ended December 31, 2023 have been prepared in accordance with IFRS (International Financial Reporting Standards), as endorsed by the European Union as of December 31, 2023. The IFRS standards and interpretations as adopted by the European Union are available at the following website:

https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/international-accounting-standards-regulation_en

The Group has not anticipated any new standards, amendments to existing standards or new interpretations published by the IASB but not yet approved or not yet mandatory in the European Union, as of December 31, 2023.

The Financial Statements are presented in millions of euros. They were approved by the Board of Directors on February 19, 2024. They will be submitted for approval to the Shareholders' Meeting on April 30, 2024.

## NEW IFRS AND INTERPRETATIONS

### 1. Standards, interpretations and amendments endorsed by the European Union whose application is mandatory as of January 1, 2023

The following texts have no significant impact for the Group:

- amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”, issued on May 7, 2021;
- amendments to IAS 1 “Presentation of Financial Statements”, issued on February 12, 2021;
- amendments to IAS 8 “Definition of Accounting Estimates”, issued on February 12, 2021;
- amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”, issued on May 23, 2023. The international tax reform developed by Organization for Economic Cooperation and Development (OECD), referred to as “Pillar 2” aims to establish a minimum taxation of multinational groups at 15% in the form of a Top-up tax in each jurisdiction where such groups operate. These rules will have to be transposed by the various States. Within the European Union, a directive was adopted at the end of 2022 (transposed in France by the Finance Act ("Loi de finances") for 2024) for application to fiscal years beginning on or after January 1, 2024. The Group is affected by the Pillar 2 reform and will have to ensure that it is subject to a minimum tax rate of 15% in the countries where it operates. The Group is currently carrying out a project to identify the impacts and organize the processes to comply with these obligations. On the basis of the Pillar 2 model rules to date, the financial data of 2023 and the tax rates currently in force in the countries where it is established, as well as subject to regulatory clarifications to come, the Group does not expect this reform to have a significant impact on its effective global tax rate. No deferred taxes have been recognized in the Group's Consolidated Financial Statements as of December 31, 2023 in respect of any potential additional taxes.

In addition, the following texts are not applicable to the Group:

- IFRS 17 "Insurance Contracts", issued on May 18, 2017;
- amendments to IFRS 17 "First-time adoption of IFRS 17 and IFRS 9 - Comparative information", issued on December 9, 2021.

### 2. Standards, interpretations and amendments endorses by the European Union whose application is optional in 2023

The Group Financial Statements for the year ended December 31, 2023 do not include any potential impacts from the standards, interpretations and amendments endorsed by the European Union as of December 31, 2023, for which adoption is only mandatory as of fiscal years beginning after January 1, 2023. These texts are as follows:

- amendments to IAS 1 “Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”, “Classification of Liabilities as Current or Non-current – Deferral of Effective Date” and “Non-current Liabilities with Covenants”, issued on January 23, 2020, July 15, 2020 and October 31, 2022 respectively;
- amendments to IFRS 16 “Lease Liability in a Sale and Leaseback” issued on September 22, 2022.

### 3. Standards, interpretations and amendments not yet endorses by the European Union

The impacts on the Financial Statements of texts published by the IASB as of December 31, 2023 and not yet endorsed by the European Union are currently being analyzed. These texts are as follows:

- amendments to IAS 7 and IFRS 7 "Vendor Finance Arrangements", issued on May 25, 2023;
- amendments to IAS 21 "The effects of changes in foreign exchange rates: lack of exchangeability", issued on August 15, 2023.

## USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements requires Group or subsidiary management to make estimates and use certain assumptions which have a significant impact on the carrying amounts of assets and liabilities recorded in the consolidated balance sheet, the notes related to these assets and liabilities, the profit and expense items in the income statement and the commitments relating to the period-end. Balance sheet, income statement and cash flow statement line items could differ should the subsequent actual results differ from the estimates. The most significant estimates and assumptions concern namely:

- the estimated useful life of property, plant and equipment used for calculation of depreciation and amortization: these estimates are described in section 5.e of the accounting policies;
- the assumptions used to determine provisions for employee retirement benefit obligations: the actuarial assumptions used (employee turnover, mortality, retirement age, salary increase, etc.), and the discount rates used to determine the present value of obligations, as described in section 9.b of the accounting policies and in note 23.3;
- the estimates and assumptions concerning assets' impairment tests, as described in section 5.f. of the accounting policies and in note 10.2;

- the methods used to recover deferred tax assets on the balance sheet disclosed in note 15.1;
- the risk assessment to determine the amount of provisions for contingencies and losses on the balance sheet disclosed in note 22;
- the accounting methods for the margin of the Engineering & Construction contracts that are set out in section 3.b of the accounting policies;
- the assumptions retained to evaluate the lease liability (IFRS 16): lease term and discount rate. They are described in section 5.g of the accounting principles.

In addition, the Group considers that climate risks are material, even though their quantified impact on the Consolidated Financial Statements of the Group is not material. The Group takes into account these risks in its closing assumptions and incorporates their potential impact in its Financial Statements. In particular, climate risks are taken into account when carrying out closing procedures, in particular the analysis of the useful lives of property, plant and equipment used for calculation of depreciation and amortization, the review of the estimates and assumptions concerning assets' impairment tests, and the risk assessment to determine the amount of provisions for contingencies and losses. The consideration of climate risks by the Group is described in particular in note 31.

## ACCOUNTING POLICIES

The Consolidated Financial Statements were prepared under the historical cost convention, except for financial assets and liabilities measured at fair value through profit or loss or through other comprehensive income in accordance with IAS 32/IFRS 9. The carrying amount of other assets and liabilities hedged against fair value risk is adjusted to take into account the changes in fair value attributable to the hedged risks. In addition, the principles of fairness, going concern, and consistency were applied.

## 1. CONSOLIDATION METHODS

The consolidation methods used are:

- full consolidation method for subsidiaries;
- assets, liabilities, expenses and revenue of joint operations are recognized in relation to the Group's interest in these entities;
- equity method for joint ventures and associates.

### a. Subsidiaries

All the subsidiaries or companies in which the Air Liquide Group exercises exclusive control are fully consolidated. Control exists when all the following conditions are met:

- the Group has existing rights that give it the current ability to direct the relevant activities;
- the Group is exposed, or has rights, to variable returns from its involvement with the entity;
- the Group has the ability to use its power over the entity so that it affects the amount of the returns.

Companies are fully consolidated from the date on which the Group obtains control and until the date on which control is transferred outside the Group.

### b. Joint operations

Joint operations are joint arrangements whereby the Air Liquide Group has joint control with one or several parties through a contractual agreement, which gives it rights to the assets and obligations for the liabilities of the entity.

Assets, liabilities, expenses and revenue of joint operations are recognized in relation to the Group's interest in these entities. These amounts are recorded on each relevant line of the Financial Statements as for the consolidated entities.

### c. Joint ventures

Joint ventures are joint arrangements whereby the Air Liquide Group has joint control with one or several parties through a contractual agreement, which gives it rights to the net assets of the entity.

Joint ventures are consolidated using the equity method. Under this one, the net assets and net profit of a company are recognized pro rata to the interest held by the Group in the share capital.

On acquisition of an investment in a joint venture, goodwill relating to the joint venture is included in the carrying amount of the investment.

### d. Associates

Associates are investments over which the Air Liquide Group has significant influence (generally when the Group has more than a 20% interest), but no control.

Associates are consolidated using the equity method. Under this one, the net assets and net profit of a company are recognized pro rata to the interest held by the Group in the share capital.

On acquisition of an investment in an associate, the goodwill relating to the associate is included in the carrying amount of the investment.

The financial statements of subsidiaries, joint arrangements and associates are prepared as of December 31.

## 2. FOREIGN CURRENCY TRANSACTIONS AND BALANCES AND TRANSLATION OF THE FINANCIAL STATEMENTS OF COMPANIES WHOSE FUNCTIONAL CURRENCY IS NOT THE EURO

The functional currency of an entity is the currency of the primary economic environment in which it carries out its operations. In the majority of cases, the functional currency corresponds to the local currency. However, a functional currency other than the local currency can be retained for certain entities, provided that it represents the currency of the main transactions carried out by the entity and that it ensures faithful representation of its economic environment. Foreign currency transactions are recognized according to the following principles:

- foreign currency transactions are translated by each company into its functional currency at the exchange rate prevailing on the date of the transaction;
- at year-end, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate.

Exchange differences relating to commercial transactions are recognized in operating profit. For financial transactions, exchange differences are recognized in financial income and expenses except for differences resulting from the hedge of a net investment in a foreign entity that are directly recognized in equity until the net investment is removed from the consolidation scope.

The presentation currency of the Group's Consolidated Financial Statements is the euro. At the balance sheet date, the financial statements of companies whose functional currency is not the euro are translated into euros as follows:

- balance sheet items, at the official year-end exchange rates;
- income statement and cash flow statement items, using the average exchange rate over the period for each currency.

Exchange differences are recognized under a separate item "Translation reserves" in gains and losses recognized directly in equity.

Cumulative foreign exchange gains and losses as of January 1, 2004 arising from the translation into euros of the financial statements of subsidiaries whose functional currency is not the euro have been maintained as a separate component of equity.

On removal from the scope of consolidation, the cumulative exchange differences of a company whose functional currency is not the euro are recognized in the income statement.

## 3. REVENUE RECOGNITION

The analysis of revenue recognition is based on the Group's activities, as follow:

### a. Gas & Services

The supply of gas involves local production in order to limit transport costs. Therefore, Air Liquide gas production units are located throughout the world and can supply several types of customers and industries, with the relevant volumes and services required:

#### Large Industries

This business is characterized by the supply of large quantities of gas contracted for a period of 15 years or longer with a limited number of customers. The Group guarantees a high level of reliability and availability of gas supply with continued service, over the long-term. In return, these contracts include guaranteed minimum volumes through firm purchase clauses (take-or-pay). Due to the volume of gas to be supplied, Air Liquide supplies its Large Industries customers directly by pipelines, from a dedicated plant or different plants connected by a network.

These plants represent significant investments that are generally made in a way to share the production assets with the other business lines of the Group, particularly the Industrial Merchant business, or intended to serve the customers in an industrial basin that is connected on a pipeline network. In these cases, the assets are not identified under the meaning of IFRS 16 "Leases" and no lease contract is contained in the contracts with customers. When the customer's gas supply comes from a dedicated plant, the Group may decide on the use of these plants under the meaning of IFRS 16 "Leases". Consequently, the gas supply contracts for the Large Industries business do not contain leases.

Customers of the Large Industries business simultaneously receive and consume the benefits granted by the gas supply service or its availability. As a result, the revenue recognition related to these contracts occurs when the gas is supplied or when the reserved capacity is made available.

#### Industrial Merchant, Healthcare and Electronics

The Industrial Merchant business relies mainly on the gas production capacity of Large Industries and thereafter develops its own distribution logistics. This business is characterized by a wide range of customers and markets. The contract terms can be up to five years for cylinders and liquid gas supply and up to 15 years for small on-site gas generators.

Healthcare business supplies medical gases, hygiene products, services as well as medical devices to hospitals and patients in their homes. It also produces and distributes healthcare specialty ingredients for the cosmetics, pharmaceutical and vaccine markets.

The Electronics business supplies its customers with (i) carrier gases with a business model based on long-term contracts and on guaranteed minimum volumes with take-or-pay type clauses, (ii) electronics specialty materials in the form of pure or mixed gases, (iii) advanced materials, (iv) equipment and installations and (v) services notably on-site quality control and fluid management services.

For safety and quality reasons, Air Liquide supplies gas with its own equipment (small generators, storage tank, cylinders). Customers have no right of control on the identified assets under the meaning of IFRS 16 "Leases".

Consequently, the gas supply contracts for these businesses do not contain leases and the revenue recognition occurs as follows:

- gas supply: the revenue recognition occurs when the gas is supplied or when the reserved capacity is made available;
- sale of standard equipment and materials: the revenue recognition occurs when the control of these equipment and materials is transferred, which generally takes place at their delivery;
- specific equipment and installations: the transfer of control occurs over the time, together with their construction. Consequently, the revenue recognition occurs based on the stage of completion of the contracts at the balance sheet date;
- service: the revenue recognition occurs when the service is provided.

### b. Engineering & Construction

Air Liquide enters into contracts to design and build production units worldwide for the Group's own account and for third-party customers.

The control of installations is transferred progressively with their design/construction. Consequently, the revenue recognition is based on the stage of completion of the contracts at the balance sheet date. The costs associated are recognized as an expense in the period when incurred. The stage of completion is assessed by using the ratio of contract costs incurred at the balance sheet date versus total estimated contract costs.

The margin realized at the stage of completion is recognized only when it can be reliably measured. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized as a provision for onerous contracts.

### c. Global Markets & Technologies

The Global Markets & Technologies business focuses on new markets requiring a global approach. This business is growing mainly within the following markets:

- new markets relating to the energy transition, as well as space, aerospace, and extreme cryogenics markets. As a consequence of its nature, the analysis of the revenue recognition on this market is done on a case-by-case basis depending on the nature of performance obligations;
- gas usages by the actors in the maritime sector, namely offshore oil and gas platforms, offshore wind turbines, or cryogenic transportation by sea. The analysis carried out for Industrial Merchant is applicable to this market.

## 4. TAXES

### a. Income tax expense

The tax rate is calculated on the basis of the fiscal regulations enacted or substantively enacted at the fiscal year closing date in each of the countries where the Group's companies carry out their business.

The Group's applicable tax rate corresponds to the average of the theoretical tax rates in force in each of the countries, weighted according to profit obtained in each of these countries.

The average effective tax rate is calculated as follows: (current and deferred income tax expense)/(net profit before tax less share of profit of equity affiliates, dividends received and net profit from discontinued operations).

### b. Deferred taxes

Deferred taxes are recognized for all temporary differences between the carrying amount of assets and liabilities and their tax base (excluding non-deductible goodwill and the other exceptions provided in IAS 12), the tax loss carryforwards and the unused tax credits. Deferred tax assets are recognized on all deductible temporary differences provided that it is highly probable that the tax benefits will be realized in future years.

Deferred taxes are calculated at the tax rate applicable when the temporary difference is reversed and allowed under local regulations at the period-end date. The liability method is applied and any changes to the tax rates are recognized in the income statement, except those related to items directly recognized in equity.

Deferred tax assets and liabilities are offset if the entities have a legally enforceable right to offset and if they relate to income tax levied by the same taxation authority. Deferred taxes are not discounted.

Deferred taxes are mainly due to temporary differences between the tax and economic depreciation of assets, the carryforward of tax losses and provisions not immediately deductible for tax purposes, such as employee benefit provisions.

When the Group decides not to distribute profits retained by the subsidiary within the foreseeable future, no deferred tax liability is recognized.

## 5. NON-CURRENT ASSETS

### a. Goodwill and business combinations

The Group has prospectively applied IFRS 3 revised and IAS 27 revised since January 1, 2010.

When the Group obtains control of an acquiree, the business combination is accounted for by applying the acquisition method on the acquisition date, in accordance with IFRS 3 revised:

- the identifiable assets acquired and the liabilities and contingent liabilities assumed are measured at fair value;
- any minority interests in an acquiree are measured as the minority interest's proportionate share of the acquiree's net identifiable assets or at fair value. This option is applied on a case-by-case basis;
- the consideration transferred and any contingent consideration are measured at fair value;
- acquisition-related costs are recorded as other operating expenses in the periods in which they are incurred.

For a business combination achieved in stages, any previously held equity interests in the acquiree are measured at the acquisition-date fair value. Any resulting gains or losses are recognized in profit or loss.

The measurement period of a business combination shall not exceed 12 months as of the acquisition date. Any adjustments, after the measurement period, of the consideration transferred and the fair values of acquired assets and assumed liabilities are recorded in the income statement.

On the acquisition date, goodwill is recognized in the consolidated balance sheet as the difference between:

- the consideration transferred plus the amount of minority interests in the acquiree and the fair value of the previously held equity interest; and,
- the fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

Negative goodwill is recognized immediately through profit or loss.

Goodwill is allocated to cash-generating units (CGUs) or groups of CGUs that benefit from business combination synergies. Subsequently, goodwill is not amortized but is tested for impairment annually or more frequently if there are any indications of impairment, in accordance with the method described in section 5.f.

In addition, at the time of the transition to IFRS and in accordance with the exemption offered by IFRS 1, the Group decided not to apply IFRS 3 "Business combinations" retrospectively for acquisitions that took place prior to January 1, 2004.

### b. Research and Development expenditures

Research and Development expenditures include all costs related to the scientific and technical activities, patent work, education and training necessary to ensure the development, manufacturing, start-up, and commercialization of new or improved products or processes.

According to IAS 38, development costs shall be capitalized if, and only if, the Group can meet all of the following criteria:

- the project is clearly identified and the related costs are itemized and reliably monitored;
- the technical and industrial feasibility of completing the project is demonstrated;
- there is a clear intention to complete the project and to use or sell the intangible asset arising from it;
- the Group has the ability to use or sell the intangible asset arising from the project;
- the Group can demonstrate how the intangible asset will generate probable future economic benefits;
- the Group has adequate technical, financial and other resources to complete the project and to use or sell the intangible asset.

When these conditions are not satisfied, development costs generated by the Group are recognized as an expense when incurred.

Research expenditure is recognized as an expense when incurred.

### c. Internally generated intangible assets

Internally generated intangible assets primarily include the development costs of information management systems. These costs are capitalized only if they satisfy the criteria as defined by IAS 38 and described above.

Internal and external development costs on management information systems arising from the development phase are capitalized. Significant maintenance and improvement costs are added to the initial cost of assets if they specifically meet the capitalization criteria.

Internally generated intangible assets are amortized over their useful lives.

### d. Other intangible assets

Other intangible assets include separately acquired intangible assets such as software, licenses, and intellectual property rights. They also include the technology, brands and customer contracts valued upon the acquisition of companies in accordance with IFRS 3 “Business Combinations”.

With the exception of certain brands, intangible assets are amortized using the straight-line method over their useful lives. Information management systems are generally amortized over a period comprised between five and eight years and customer contracts over a maximum period of 25 years, considering the probabilities of renewal.

### e. Property, plant and equipment

Land, buildings and equipment are carried at their acquisition cost less any accumulated depreciation and impairment losses.

In the event of mandatory dismantling or asset removals, related costs are added to the initial cost of the relevant assets and provisions are recognized to cover these costs.

Interest costs on borrowings to finance the construction of property, plant, and equipment are capitalized during the period of construction when they relate to the financing of industrial projects over a twelve-month construction period, or longer.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted separately and depreciated over their own useful lives.

Repair and maintenance costs are recognized as expenses when incurred. The costs of major inspections and overhauls are recognized as a separate component of the asset and are depreciated over the period between two major overhauls.

Depreciation is calculated according to the straight-line method over the estimated useful lives as follows:

- buildings: 20 to 30 years;
- cylinders: 10 to 40 years;
- production units: 15 to 20 years;
- pipelines: 15 to 35 years;
- other equipment: 5 to 30 years.

The estimated useful lives are reviewed regularly and changes in the estimates are recorded prospectively from the date of change.

Land is not depreciated.

### f. Impairment of assets

The Group regularly assesses whether there are any indications of asset impairment. If such indications exist, an impairment test is performed to assess whether the carrying amount of the asset is greater than its recoverable amount, defined as the higher of the fair value less costs to sell (net fair value) and the value in use.

Impairment tests are performed systematically once a year for goodwill and intangible assets with indefinite useful lives.

Assets that do not generate largely independent cash flows are grouped according to the cash-generating units (CGUs) to which they belong. A cash-generating unit is an identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. They are mainly determined on a geographical basis and by reference to the markets in which the Group operates.

In practice, the Group performs impairment tests at various levels pursuant to these principles:

- dedicated and on-site plants are tested individually;
- pipelines and plants that provide these pipelines are tested at the network level;
- liquid gas and hydrogen/CO plants are grouped together according to the plants’ customer market;
- other assets are allocated to cash-generating units or groups of cash-generating units.

The cash-generating units of the Gas & Services activities are determined on a geographical basis. The other activities are managed at a worldwide level (Engineering & Construction and Global Markets & Technologies).

Goodwill is allocated to cash-generating units or groups of cash-generating units that benefit from business combination synergies and which represent the levels at which goodwill is monitored by the Group.

When performing impairment tests on cash-generating units or groups of cash-generating units comprising goodwill, the Group uses the market multiples approach. The multiples of revenue and operating income recurring before depreciation and amortization are based on the Air Liquide Group's stock market valuation. They are comparable with those of companies whose business is similar to that of the Group. The resulting multiples are applied to aggregates (revenue and operating income recurring before depreciation and amortization) of each CGU. Where the fair value obtained using the multiples method is not significantly greater than the net carrying amount of the cash-generating unit or group of cash-generating units, the Group confirms the recoverable amount of the cash-generating unit or group of cash-generating units using the estimated future cash flow approach (value in use).

For cash-generating units or groups of cash-generating units not including goodwill, and assets whose value is tested on an individual basis, the Group determines the recoverable amount using the estimated future cash flow approach (value in use).

The growth rates, taken into account with respect to the cash flow estimates for future cash-generating units or groups of cash-generating units, are determined based on the activity and geographical location of the CGU considered.

The Group takes into account climate risk and the challenges and opportunities presented by the energy transition when carrying out all impairment tests (including goodwill or individually tested assets).

In assessing value in use for property, plant and equipment, the estimated future cash flows are discounted to their present value. Cash flows are measured over the asset's estimated period of use, taking into account customer contract terms and technical obsolescence.

The discount rate depends on the nature, the location of the asset and the customer market. It is determined according to the minimum level of profitability expected from the investment considering industrial and commercial risks and credit terms.

When the recoverable amount of an asset, a cash-generating unit or a group of cash-generating units is lower than its carrying amount, an impairment loss is recognized immediately through profit and loss. An impairment loss of a cash-generating unit is first allocated to goodwill.

When the recoverable amount exceeds the carrying amount again, the previously recognized impairment loss is reversed to the income statement, with the exception of impairment losses on goodwill, which cannot be reversed.

### g. Leases

In the course of its activity, the Group enters as a lessee in contracts mainly for the following types of assets:

- land, buildings and offices;
- transportation equipment, in particular for Industrial Merchant and Healthcare business lines;
- other equipment.

According to IFRS 16, any contract (apart from exceptions mentioned below) containing a lease leads to recognition on the lessee's balance sheet of a right-of-use of the leased asset and a lease liability related to the present value of the commitments for future lease payments (lease liability).

A contract is, or contains, a lease if it conveys to the Group the right to control the use of an identified asset for a period of time in exchange of consideration. In particular, the Group has concluded that transportation contracts which confer to the supplier the substantive right to substitute the vehicle throughout the period of use and/or the control on the choice of the route, the driver and maintenance policy, are service contracts and do not meet the definition of a lease under IFRS 16.

In addition, the Group has chosen to use the following exemptions and not to apply IFRS 16:

- to the lease contracts having a lease terms of 12 months or less;
- to the lease contracts for which the underlying asset is of low value, in particular, office and telephony equipment, computers and small IT equipment. Lease contracts for data centers are analyzed on a case-by-case basis.

The main assumptions used to measure the right-of-use and the lease liability are:

- lease term. It corresponds to the non-cancellable period for which a lessee has the right to use an underlying asset, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise (for options to extend) or not to exercise (for options to terminate) such options. The probability to exercise or not an option is determined by type of contracts or on a case-by-case basis according to contractual terms, regulatory environment and the nature of the underlying asset (in particular, its technical specificity and strategic location);
- the discount rate used for evaluation of the lease liability. The discount rate retained is the lessee's incremental borrowing rate. Due to the centralized financing in the Group, it corresponds for each subsidiary to the interest rate for intragroup borrowings determined according to the currency of the lease contract, the country and the lease term taking into account the repayment profile (linear amortization of the lease liability).

Deferred taxes relating to the right of use asset and lease liability arising from a single transaction are recognized on a net basis.

## 6. FINANCIAL INSTRUMENTS

### a. Non-consolidated investments

Investments in non-consolidated companies that are not accounted for using the equity method are classified as assets measured at fair value. These investments are not held for trading, consequently, at initial recognition, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. In this case, changes in fair value are not reclassified to net result upon disposal of these investments.

Dividends from these investments are recognized in other financial income.

### b. Trade and other-receivables

Trade and other receivables are measured at their transaction price upon initial recognition and then at amortized cost less any impairment losses based on expected credit losses model.

Expected credit losses are estimated on the basis of a matrix consisting in using historical loss rates adjusted depending on actual observable conditions. Expected credit losses are estimated at each closing date in the following manner:

- segregating trade receivables into appropriate groups, in particular depending on the activities of the Group, type and size of client and its market segment;
- within each group of trade receivables, determining of age-bands;
- for each age-band identification of losses realized in previous financial year;
- adjusting if necessary historical loss rate depending on actual observable conditions in order to take into account, in particular, current market conditions, type of client, credit management practices of the Group as well as specific information concerning individual customers;
- application of loss rates estimated in this way to each age-band of trade receivables.

For all construction contracts in progress at the year-end, the gross amounts payable by and to customers represent the sum of costs incurred plus profits recognized using the percentage of completion method, equivalent to total revenue recorded using the percentage of completion method, less the amount of advances received.

Amounts payable by customers are presented in trade receivables. Amounts due to customers are presented in other current liabilities.

### Assignments of trade receivables

Assignments of trade receivables are derecognized from the balance sheet when:

- the Group transfers the contractual rights to receive the cash flows related to these receivables to the assignee; or
- the Group retains the contractual rights to receive the cash flows related to these receivables, but assumes a contractual obligation to pay the cash flows to the assignee in an arrangement that cumulatively meets the following three conditions:
  - the Group has no obligation to pay to the assignee unless it collects the equivalent amount,
  - the Group is prohibited from selling or pledging the receivables other than as security for the obligation to pay cash flows to the assignee,
  - the Group has an obligation to remit any cash flows it collects on behalf of the assignee without material delay;
- and the Group transfers substantially all the risks and awards of ownership of the receivables, in particular credit risk and risk of late payment.

## c. Cash and cash equivalents

Cash and cash equivalents include cash balances, current bank accounts, and short-term highly liquid investments that are readily convertible into cash and which are exposed to a negligible risk of change in value.

Short-term investments include temporary cash investments maturing in less than three months (commercial paper, certificates of deposit and money market funds) whose minimum long-term rating is A (S&P) or A2 (Moody's).

As cash investments maturing in less than three months are exposed to a negligible risk of a change in value, they are recognized at historical cost (including accrued interest) which is considered to approximate fair value.

## d. Trade payables

The Group sets up supplier paying services agreements with partner banks to facilitate the processing of supplier invoices payments. The Group analyzes the main contract features that enable to keep the trade payables qualification. In particular, the Group ensures that the following characteristics are met:

- no deviation of the payment terms of the underlying payable between the financing party and the original supplier. In other words, the Group must pay to the bank no later than the payment term of invoice;
- payment terms negotiations between Air Liquide and supplier must be conducted independently of any negotiation on paying service agreement. In particular, payment terms shall not be subject to the supplier's success in selling invoices to the bank;
- the terms of contract with the supplier shall not be explicitly linked to any payment term extension. Payment term with a particular supplier must be homogenous, independently of the participation of a particular invoice in the program or not;
- payment terms should stay within the ordinary industry/sector norms and local regulation, and should not be tied to the participation in the paying services agreement;
- program structures should avoid debt-like features such as interest and fees paid by Air Liquide to the bank or supplier;
- tri-party agreements between Air Liquide, the supplier and the bank that pre-arrange the financing of the invoices owed by Air Liquide to the supplier shall be avoided.

## e. Current and non-current borrowings

Borrowings include bonds and other bank borrowings (including the put options granted to minority shareholders).

At inception, borrowings are recognized at fair value corresponding to the net proceeds collected. At each balance sheet date, except for put options granted to minority shareholders, they are measured at amortized cost using the effective interest rate (EIR) method. Under this method, the borrowing cost includes the redemption premiums and issuance costs initially deducted from the nominal amount of the borrowing in liabilities.

Borrowings maturing in less than one year are classified as current borrowings.

Borrowings hedged by interest rate swaps are recognized on a hedge accounting basis.

### Put options granted to minority shareholders

Put options granted to minority shareholders are recorded as borrowings at the option's estimated strike price. The share in the net assets of subsidiaries is reclassified from "Minority interests" to "Borrowings". Due to the absence of any specific IFRS guidance, the Group has elected to recognize the consideration for the difference between the strike price of the option granted and the value of the minority interests reclassified as borrowings in shareholders' equity – Group share. Minority interests in profit and loss do not change and still reflect present ownership interests.

## f. Derivative assets and liabilities

Derivative financial instruments are used to manage exposures to foreign exchange, interest rate and commodity risks relating to the Group's financial and operating activities. For all these transactions, the Group applies hedge accounting and documents, at the inception of the transaction, the type of hedging relationship, the hedging instruments, and the nature and term of the hedged item.

Applying hedge accounting has the following consequences:

- fair value hedges for existing assets and liabilities: the hedged portion of the item is carried at fair value in the balance sheet. Any changes in fair value are recognized in the income statement, where they are offset by the corresponding changes in fair value of the hedging instruments (except for the impact of premiums/discounts);
- future cash flow hedges: the effective portion of the change in fair value of the hedging instrument is recorded directly in equity (items that may be subsequently reclassified to income statement), while the change in the fair value of the hedged item is not recognized in the balance sheet. The change in fair value of the ineffective portion is recognized in other financial income or expenses. When the hedged transactions occur and are recorded, amounts recorded in other comprehensive income are reclassified in the income statement;

- hedges of net investments in a foreign entity: the effective portion of the changes in fair value of the derivative instrument is recognized in gains and losses recognized directly in equity under "Translation reserves". The ineffective portion of changes in fair value is recognized in "Other financial income and expenses". Once the foreign entity subject to the net investment hedge is sold, the loss or profit initially recognized in translation reserves is recognized in profit or loss, within the gain or loss generated.

However, in limited circumstances, certain types of derivatives do not qualify for hedge accounting; they are carried at fair value through "Other financial income and expenses" with an offsetting entry in financial assets and financial liabilities.

The fair value of assets, liabilities and derivatives is based on the market price at the balance sheet date.

## 7. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

### a. Assets classified as held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This classification occurs when the Group takes the decision to sell them and that the sale is considered highly probable.

The assets and liabilities held for sale are presented on different lines of the balance sheet. They are measured at the lower of their carrying amount or fair value less costs to sell. Assets classified as held for sale are no longer depreciated (amortized) as of the date they are classified as assets or disposal groups held for sale.

When a sale involving the loss of control of the subsidiary is considered highly probable, all the assets and liabilities of this subsidiary are classified as being held for sale, independently of whether or not the Group retains a residual interest in the entity after its sale.

### b. Discontinued operations

A discontinued operation is a clearly identifiable component that the Group either has abandoned or that is classified as held for sale:

- representing a separate major line of business or geographical area of operations;
- being part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or,
- being a subsidiary acquired exclusively with a view to resale.

Once the criteria are met, the profit and loss and the cash flow from discontinued operations are presented separately in the income statement and the consolidated cash flow statement for each period.

## 8. SHARE CAPITAL, RESERVES AND TREASURY SHARES

Air Liquide's share capital is composed of ordinary shares.

Retained earnings include the following items:

- translation reserves: exchange differences arising from the translation into euros of financial statements prepared by foreign subsidiaries whose functional currency is not the euro are recorded in translation reserves. Fair value changes in net investment hedges of these foreign subsidiaries are also recorded in this reserve;
- fair value of financial instruments: this item records accumulated fair value changes in the effective portion of cash flow hedge derivatives (transactions not yet recognized in the accounts);
- actuarial gains and losses: all actuarial gains and losses and adjustments arising from the asset ceiling, net of deferred taxes, are recognized in consolidated reserves in the period in which they occur.

When the Group buys back its own shares, they are classified as treasury shares at the purchase price and presented as a deduction from equity for the consideration paid. The profit or loss from the sale of treasury shares is recognized directly in equity, net of tax.

Furthermore, acquisitions or disposals of minority interests, without change in control, are considered as transactions with the Group's shareholders. Thus, the difference between the price paid to increase the percentage of interest in entities that are already controlled and the additional share of equity thus acquired is recognized in Shareholders' equity. Similarly, a decrease in the Group's percentage interest in a controlled entity is accounted for as an equity transaction with no impact on profit or loss.

Disposals of shares with loss of control give rise to the recognition in disposal gains or losses of the change in fair value calculated for the total investment at the date of disposal. Any investments retained, where applicable, will be measured at fair value at the date when control is lost.

## 9. PROVISIONS

### a. Provisions

Provisions are recognized when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

Restructuring provisions include only the direct costs arising from the restructuring and are recognized in the period in which the Group has approved a detailed and formal restructuring plan and the restructuring has either begun or been announced. When these plans involve termination benefits, the resulting provisions are recognized at the earlier of the following dates:

- when the Group can no longer withdraw the offer of those benefits;
- when the provision of the related restructuring is recognized.

A provision for losses on contracts is recognized when the expected benefits from the contract are lower than the cost of satisfying the obligations under the contract.

### b. Pensions and employee benefits

The Group provides its employees with various pension plans, termination benefits, jubilees and other post-employment benefits for both active and retired employees. The characteristics of each plan vary according to the laws and regulations applicable in each country as well as each subsidiary policy.

These benefits are covered by two types of plan:

- defined contribution plans;
- defined benefit plans.

The Group grants both defined benefit and defined contribution plans.

Defined contribution plans are plans under which the employer's sole obligation is to pay regular contributions. The employer's obligation is limited to payment of the planned contributions. The employer does not grant any guarantees on the future level of benefits paid to the employee or retiree (means-based obligation). The annual pension expense is equal to the contribution paid during the fiscal year which relieves the employer from any further obligation. It is recognized in "Personnel expenses".

Defined benefit plans are those by which the employer guarantees the future level of benefits defined in the agreement, most often depending on the employee's salary and seniority ("result-based obligation"). Defined benefit plans can be:

- either financed by contributions to a fund specialized in managing the amounts received;
- or managed internally.

In the case of defined benefit plans, retirement and similar obligations are measured by independent actuaries, according to the projected unit credit method. The actuarial calculations mainly take into account the following assumptions: salary increases, employee turnover, retirement date, life expectancy, inflation and appropriate discount rates for each country.

Defined benefit plans are covered by external pension funds in certain cases. The assets of these plans are mostly invested in bonds or equities carried at their fair value.

All actuarial gains and losses as well as any adjustment arising from the asset ceiling are recognized in the period in which they occur.

Actuarial assumptions used vary according to the demographic and economic conditions prevailing in each country where the Group has pension plans.

Discount rates used to measure the present value of the Company's obligations and the net interest cost are determined by reference to market yields on High-Quality corporate bonds. Where there is no deep market in such bonds, the market yields on government bonds with the same maturity at the valuation date shall be used. In the Euro zone, the United States, the United Kingdom and Canada, discount rates were determined using tools designed by independent actuaries. Their database uses several hundred different corporate bonds with a minimum AA-rating and maturities ranging from one to 30 years. Cash flows of expected benefits are subsequently discounted using rates associated to each maturity.

Valuations are carried out annually by independent actuaries for significant plans and every three years for other plans unless there are material changes in assumptions or major events that require a new calculation. Impacts related to defined benefit plans are registered as follows:

- the service cost, the gain relating to curtailments and settlements, and the actuarial gains and losses from other long-term benefits and recognized in "Personnel expenses". In addition, the service cost of defined benefit plans which are capped, linked to length of service and require the presence of the beneficiary in the company at the time of retirement is spread over the period between the date on which the services rendered began to generate rights and the date on which the additional services cease to generate rights;
- net interest cost for defined benefits is registered in "Other financial income and expenses";
- past service cost is recorded in profit or loss according to the nature of the change to the plan that generated it (i.e. either in "Personnel expenses" or in "Other operating income and expenses");
- actuarial gains and losses from defined benefit plans, retirement termination payments, and medical plans are recorded in "Gains and losses recognized directly in equity".

## 10. GOVERNMENT GRANTS

Government grants received are initially recognized in "Other non-current liabilities". They are then recognized as income in the income statement for the period:

- on the same basis as the subsidized assets are depreciated in the case of government grants related to assets;
- deducted from the costs intended to be compensated in the case of government grants other than those related to assets.

The Group analyzes the substance of government incentives delivered through the tax system and selects an accounting treatment consistent with such substance.

## 11. SHARE-BASED PAYMENTS

The Group grants stock options and performance shares to Executive Officers and some employees.

Stock options and performance shares are measured at fair value on the grant date. Their fair value is recognized as a "Personnel expense" in the income statement with a corresponding increase in equity, and amortized on a straight-line basis over the vesting period.

The valuation is performed by an independent expert, using mathematical models appropriate to the characteristics of each plan. It takes into account the market vesting conditions associated to each one. The fair value measured at the grant date is not subject to re-evaluation due to changes in market conditions.

Vesting conditions, other than market ones, have no impact on the fair value measurement of services received but adjust the expense that is recognized according to the number of equity instruments actually granted.

The dilution effect of non-vested stock option plans and performance share allocations is reflected in the calculation of diluted earnings per share.

### Share subscription option plans

Options are valued using the following main underlying assumptions:

- volatility: implicit;
- risk-free interest rate: zero-coupon benchmark rate at the plan issue date and matching the various maturities retained;
- dividend growth rate: based on the historical average annual growth rate;
- employee resignation rate: that of individuals belonging to the same age group as the plan beneficiaries. The resignation rate is used to extrapolate the number of options which will not be exercised due to the resignation of beneficiaries;
- the probability of achieving the market vesting conditions.

### Performance shares allocation plans

Performance shares are measured at fair value, taking into account a discount on non-transferable shares. The cost of non-transferability is measured as the cost of a two-step strategy consisting in the forward sale of shares being non-transferable for four years (or five years depending on the plan) and the purchase on the spot market of the same number of shares funded by an amortizable loan with an in fine capital repayment.

Valuation is based upon the following main underlying assumptions:

- risk-free interest rate: four-year zero-coupon benchmark rate (or five-year depending on the plan) at the plan issue date plus a credit margin that would be proposed to employees;
- dividend growth rate: based on the historical average annual growth rate;
- employee resignation rate: that of individuals belonging to the same age group as the plan beneficiaries. This resignation rate is used to extrapolate the shares which will not be allocated due to the resignation of beneficiaries;
- the probability of achieving the market vesting conditions.

## 12. GREENHOUSE GAS EMISSION QUOTAS

In certain countries, the Group is subject to greenhouse gas emission quota systems.

In the absence of any specific IFRS guidance, the Group has elected to apply the ANC Regulation No. 2014-03. The Group does not buy $CO_2$ quotas for the purpose of generating profits from fluctuations in price; therefore, at each closing date:

- a liability is recognized if the greenhouse gas emissions are higher than the $CO_2$ quotas held by the Group. It corresponds to the cost of $CO_2$ quotas in shortfall to cover the greenhouse gas already emitted; or,
- an asset is recognized if the greenhouse gas emissions are lower than the $CO_2$ quotas held by the entity. It corresponds to the $CO_2$ quotas available to cover the future greenhouse gas emissions, valued at historical cost.

## 13. RENEWABLE POWER PURCHASE AGREEMENTS

In order to reduce its indirect emissions related to energy purchases (Scope 2 emissions), the Air Liquide Group signs long-term renewable energy purchase agreements (Power Purchase Agreements or PPAs). The Group analyzes the main features of these contracts, in particular verifying that:

- Regarding IFRS 10/11:
  - Air Liquide neither has the right nor is exposed to variable returns from the entity supplying the energy,
  - Air Liquide has no power over the activities of the entity supplying the energy;
- Regarding IFRS 16: the volume to be purchased by Air Liquide under these contracts represents a portion of the sites' electricity production that does not represent substantially all of their capacity or, if this is the case, the Group has neither participated in its design nor has the right to control the use of the asset;
- Regarding IFRS 9:
  - site/basin consumption exceeds the contracted volume of renewable energy,
  - the Group does not resell with a view to generate a profit resulting from market price variations,
  - the terms of the contracts do not allow for net settlement in cash, in other financial instruments or by exchanging financial instruments, and Air Liquide's has no practice, for similar contracts, of such net settlements,
  - the PPA price structure is closely linked to the economic characteristics and risks of the energy supply contract.

Consequently, PPAs are classified as purchase contracts for own use, and are presented as off-balance sheet commitments.

### Considerations for Virtual Power Purchase Agreements (or VPPAs)

VPPAs are financial instruments (derivatives) to be recognized at fair value at inception. The Group qualifies them as cash flow hedges by verifying:

- the highly probable nature of the underlying, i.e. electricity purchases over the entire term of the contract;
- the expected effectiveness of the hedge.

# Basis for presentation of financial information

## 1. SEGMENT INFORMATION

The Group is structured according to the following activities: Gas & Services, Engineering & Construction and Global Markets & Technologies.

The Group's main operational decision-making body is the Executive Management assisted by the Executive Committee.

The Gas & Services activities are organized by geographical area, which is the responsible level for operations management and performance monitoring. These geographical areas are as follows:

- Europe;
- Americas;
- Asia Pacific;
- Middle East & Africa.

Within the Gas & Services segment, the geographical areas determine sales policies and development projects in liaison with the four business lines (Large Industries, Industrial Merchant, Healthcare and Electronics).

The Engineering & Construction segment is managed separately on a worldwide scale. The segment designs, develops and builds industrial gas production plants for the Group and third parties. It also designs and manufactures plants in the traditional, renewable and alternative energy sectors.

The Global Markets & Technologies segment is also managed separately on a worldwide scale. It focuses on new markets which require a global approach, drawing on science, technologies, development models, and usages related to digital transformation.

Research and Development and corporate activities do not meet the operating segments definition and are thus presented within reconciliation.

The information communicated in the tables covering segment information is presented according to the same accounting principles as those used for the Group Consolidated Financial Statements.

Revenue is analyzed by geographical area of production (country of origin).

Inter-segment revenue between Gas & Services, Engineering & Construction and Global Markets & Technologies activities corresponds to the sales between these operating segments.

The Group operating performance is assessed on the basis of each segment's Operating income recurring.

Segment assets include non-current assets, with the exception of "Deferred tax assets", "Investments in associates", "Fair value of non-current derivatives (assets)", as well as "Inventories and work-in-progress", "Trade receivables" and "Other current assets".

Segment liabilities correspond to "Provisions, pensions and other employee benefits", "Trade payables", "Other current liabilities" and "Other non-current liabilities".

Segment profits, assets and liabilities consist of amounts directly attributable to each segment, provided they can be allocated to the segment on a reasonable basis.

## 2. NET DEBT

The net debt includes:

- current and non-current borrowings, as defined in section 6.e of accounting policies;

reduced by:

- cash and cash equivalents, as defined in section 6.c of accounting policies.

The net debt does not include the lease liabilities as defined in section 5.g of accounting policies.

## 3. INFORMATION ON INTERESTS IN JOINT ARRANGEMENTS OR ASSOCIATES

The materiality of the interests in joint arrangements or associates is assessed according to the following criteria:

- contribution of the entity to the Group's Operating income recurring;
- share of these interests in the Group's net assets;
- dividends paid to these interests.

## 4. INFORMATION ON MINORITY INTERESTS

The materiality of the minority interests is assessed according to an analysis of:

- the minority interests' share in the Group's net assets;
- the contribution to the Group's Operating income recurring of the subsidiary having minority interests;
- dividends paid to minority interests.

## 5. OPERATING INCOME RECURRING

The Group's operating performance is measured based on Operating income or loss recurring determined in accordance with ANC recommendation No. 2020-01.

## 6. OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

Material non-recurring operations that could affect operating performance readability are classified under "Other non-recurring operating income" and "Other non-recurring operating expenses". They may include:

- gains or losses on the disposal of activities or groups of assets;
- acquisition-related and integration-related costs relating to business combinations;
- restructuring costs resulting from plans whose unusual and material nature distort the readability of the Operating income recurring;
- significant provisions and impairment losses for property, plant and equipment and intangible assets;
- incurred or estimated costs relating to significant political risks or litigations;
- costs relating to capital increases reserved for employees;
- costs of projects to comply with regulatory changes impacting several geographical areas and for significant amounts.

## 7. NET EARNINGS PER SHARE

### a. Basic earnings per share

Basic earnings per share is calculated by dividing net profit (Group share) attributable to ordinary shareholders of Air Liquide by the weighted average number of shares outstanding during the year, excluding ordinary shares purchased by Air Liquide and recognized in equity.

### b. Diluted earnings per share

Diluted earnings per share take into account share subscription options and performance shares allocated to employees and Executive Officers if:

- the issue price, adjusted for unrecognized expenses at the year-end pursuant to IFRS 2, is lower than the Air Liquide annual average share price;
- the performance requirements meet the criteria set out in IAS 33 § 52.

# Notes to the consolidated financial statements for the year ended December 31, 2023

# Note 1 Significant events

There were no significant events during fiscal year 2023.

# Note 2 Segment information

## 2.1. INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

| | Gas & Services | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(in millions of euros)* | Europe | Americas | Asia Pacific | Middle East and Africa | Sub-total | Engineering & Construction | Global Markets & Technologies | Reconciliation | Total |
| **Revenue** | **9,734.5** | **10,168.7** | **5,409.7** | **1,047.0** | **26,359.9** | **389.9** | **857.8** | | **27,607.6** |
| *Inter-segment revenue* | | | | | | *578.1* | *763.9* | *(1,341.9)* | |
| **Operating income recurring** | **1,722.6** | **2,124.5** | **1,214.1** | **209.4** | **5,270.6** | **43.1** | **143.3** | **(389.0)** | **5,068.0** |
| *incl. depreciation and amortization* | *(763.9)* | *(958.4)* | *(503.1)* | *(104.7)* | *(2,330.1)* | *(25.5)* | *(76.7)* | *(49.7)* | *(2,482.0)* |
| Other non-recurring operating income | | | | | | | | | 242.3 |
| Other non-recurring operating expenses | | | | | | | | | (738.8) |
| Net finance costs | | | | | | | | | (265.5) |
| Other financial income | | | | | | | | | 15.4 |
| Other financial expenses | | | | | | | | | (166.1) |
| Income taxes | | | | | | | | | (971.8) |
| Share of profit of equity affiliates | | | | | | | | | 4.9 |
| **Profit for the period** | | | | | | | | | **3,188.4** |
| Purchase of property, plant and equipment and intangible assets | (1,119.7) | (1,051.5) | (836.0) | (137.2) | (3,144.4) | (8.7) | (181.5) | (58.8) | (3,393.4) |

The Research and Development and Holdings activities (corporate) are presented in the "Reconciliation" column.

## 2.2. INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

| | Gas & Services | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(in millions of euros)* | Europe | Americas | Asia Pacific | Middle East and Africa | Sub-total | Engineering & Construction | Global Markets & Technologies | Reconciliation | Total |
| **Revenue** | **11,390.4** | **10,680.0** | **5,608.1** | **894.5** | **28,573.0** | **474.0** | **887.0** | | **29,934.0** |
| *Inter-segment revenue* | | | | | | *600.8* | *650.2* | *(1,251.0)* | |
| **Operating income recurring** | **1,576.6** | **2,084.2** | **1,189.8** | **211.0** | **5,061.6** | **43.8** | **111.9** | **(355.5)** | **4,861.8** |
| *incl. depreciation and amortization* | *(745.3)* | *(956.8)* | *(508.1)* | *(112.7)* | *(2,322.9)* | *(24.9)* | *(74.1)* | *(44.0)* | *(2,465.9)* |
| Other non-recurring operating income | | | | | | | | | 262.4 |
| Other non-recurring operating expenses | | | | | | | | | (833.1) |
| Net finance costs | | | | | | | | | (288.4) |
| Other financial income | | | | | | | | | 32.4 |
| Other financial expenses | | | | | | | | | (130.0) |
| Income taxes | | | | | | | | | (1,002.3) |
| Share of profit of equity affiliates | | | | | | | | | 1.1 |
| **Profit for the period** | | | | | | | | | **2,903.9** |
| Purchase of property, plant and equipment and intangible assets | (996.0) | (978.0) | (866.4) | (158.6) | (2,999.0) | (34.5) | (181.8) | (57.7) | (3,273.0) |

## 2.3. BALANCE SHEET AS OF DECEMBER 31, 2023

| | Gas & Services | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(in millions of euros)* | Europe | Americas | Asia Pacific | Middle East and Africa | Sub-total | Engineering & Construction | Global Markets & Technologies | Reconciliation | Total |
| **Segment assets** | **11,773.1** | **21,020.8** | **8,271.4** | **1,612.5** | **42,677.8** | **723.3** | **2,280.3** | **376.9** | **46,058.3** |
| Goodwill | 3,182.3 | 9,141.5 | 1,346.7 | 151.7 | 13,822.2 | 236.7 | 135.3 | | 14,194.2 |
| Intangible assets and property, plant and equipment, net | 6,326.9 | 10,371.3 | 5,660.2 | 1,237.9 | 23,596.3 | 185.6 | 1,104.8 | 396.8 | 25,283.5 |
| Other segment assets | 2,263.9 | 1,508.0 | 1,264.5 | 222.9 | 5,259.3 | 301.0 | 1,040.2 | (19.9) | 6,580.6 |
| Non-segment assets | | | | | | | | | 2,179.0 |
| Assets held for sale | | | | | | | | | 95.1 |
| **Total assets** | | | | | | | | | **48,332.4** |
| **Segment liabilities** | **3,217.7** | **1,668.7** | **1,020.8** | **302.9** | **6,210.1** | **1,172.0** | **662.9** | **399.0** | **8,444.0** |
| Non-segment liabilities | | | | | | | | | 14,801.3 |
| Equity including minority interests | | | | | | | | | 25,043.1 |
| Liabilities held for sale | | | | | | | | | 44.0 |
| **Total equity and liabilities** | | | | | | | | | **48,332.4** |

## 2.4. BALANCE SHEET AS OF DECEMBER 31, 2022

| | Gas & Services | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(in millions of euros)* | Europe | Americas | Asia Pacific | Middle East and Africa | Sub-total | Engineering & Construction | Global Markets & Technologies | Reconciliation | Total |
| **Segment assets** | **11,271.3** | **21,754.7** | **8,536.4** | **1,847.4** | **43,409.8** | **738.5** | **2,220.0** | **434.0** | **46,802.3** |
| Goodwill | 3,142.9 | 9,476.4 | 1,421.5 | 158.3 | 14,199.1 | 251.3 | 136.8 | | 14,587.2 |
| Intangible assets and property, plant and equipment, net | 5,937.3 | 10,736.6 | 5,715.1 | 1,424.6 | 23,813.6 | 217.1 | 1,060.4 | 367.2 | 25,458.3 |
| Other segment assets | 2,191.1 | 1,541.7 | 1,399.8 | 264.5 | 5,397.1 | 270.1 | 1,022.8 | 66.8 | 6,756.8 |
| Non-segment assets | | | | | | | | | 2,674.0 |
| Assets held for sale | | | | | | | | | 41.7 |
| **Total assets** | | | | | | | | | **49,518.0** |
| **Segment liabilities** | **3,120.6** | **1,844.1** | **1,115.0** | **313.3** | **6,393.0** | **1,118.7** | **629.6** | **448.2** | **8,589.5** |
| Non-segment liabilities | | | | | | | | | 16,341.1 |
| Equity including minority interests | | | | | | | | | 24,572.0 |
| Liabilities held for sale | | | | | | | | | 15.4 |
| **Total equity and liabilities** | | | | | | | | | **49,518.0** |

## 2.5. OTHER INFORMATION ON GEOGRAPHICAL AREAS

| **2023** *(in millions of euros)* | France | Europe excl. France | United States | Americas excl. United States | Asia Pacific | Middle East and Africa | Total |
|---|---|---|---|---|---|---|---|
| Revenue | 3,427.8 | 7,152.5 | 8,912.1 | 1,535.2 | 5,530.0 | 1,050.0 | 27,607.6 |
| Non-current assets [(a)] | 3,416.2 | 7,317.9 | 18,554.4 | 1,643.7 | 7,178.9 | 1,546.7 | 39,657.8 |
| *incl. Investments in equity affiliates* | *24.5* | *22.1* | *5.5* | — | *31.2* | *96.8* | *180.1* |

*(a) Excluding non-current financial assets, deferred taxes and non-current derivative assets.*

| **2022** *(in millions of euros)* | France | Europe excl. France | United States | Americas excl. United States | Asia Pacific | Middle East and Africa | Total |
|---|---|---|---|---|---|---|---|
| Revenue | 3,601.9 | 8,834.0 | 9,235.4 | 1,652.4 | 5,713.7 | 896.6 | 29,934.0 |
| Non-current assets [(a)] | 3,146.0 | 7,135.1 | 19,102.9 | 1,783.6 | 7,322.3 | 1,741.3 | 40,231.2 |
| *incl. Investments in equity affiliates* | *28.7* | *23.1* | *3.5* | | *30.9* | *99.5* | *185.7* |

*(a) Excluding non-current financial assets, deferred taxes and non-current derivative assets.*

Due to the substantial number of customers served by the Group (more than two million worldwide), to their significant diversity in multiple sectors and to their wide geographical dispersion, the Group's main customer represents only 1.8% of Air Liquide's revenue.

# Note 3 Revenue

In 2023, consolidated revenue amounted to 27,607.6 million euros, down -7.8% compared to 2022.

## 3.1. REVENUE BY GEOGRAPHY AND BUSINESS LINE FOR THE YEAR ENDED DECEMBER 31, 2023

| *(in millions of euros)* | Europe | Americas | Asia Pacific | Middle East and Africa | Total |
|---|---|---|---|---|---|
| Industrial Merchant | 3,095.5 | 7,060.0 | 1,559.0 | 260.7 | 11,975.2 |
| Large Industries | 3,634.5 | 1,607.6 | 1,851.8 | 730.7 | 7,824.6 |
| Healthcare | 2,791.2 | 1,033.2 | 197.5 | 55.6 | 4,077.5 |
| Electronics | 213.3 | 467.9 | 1,801.4 | — | 2,482.6 |
| **Gas & Services Revenue** | **9,734.5** | **10,168.7** | **5,409.7** | **1,047.0** | **26,359.9** |
| Engineering & Construction | | | | | 389.9 |
| Global Markets & Technologies | | | | | 857.7 |
| **TOTAL REVENUE** | | | | | **27,607.6** |

## 3.2. REVENUE BY GEOGRAPHY AND BUSINESS LINE FOR THE YEAR ENDED DECEMBER 31, 2022

| *(in millions of euros)* | Europe | Americas | Asia Pacific | Middle East and Africa | Total |
|---|---|---|---|---|---|
| Industrial Merchant | 2,832.2 | 6,939.3 | 1,521.6 | 275.0 | 11,568.1 |
| Large Industries | 5,715.3 | 2,221.3 | 2,021.1 | 566.7 | 10,524.4 |
| Healthcare | 2,654.4 | 1,024.6 | 191.7 | 52.8 | 3,923.5 |
| Electronics | 188.5 | 494.8 | 1,873.7 | — | 2,557.0 |
| **Gas & Services Revenue** | **11,390.4** | **10,680.0** | **5,608.1** | **894.5** | **28,573.0** |
| Engineering & Construction | | | | | 474.0 |
| Global Markets & Technologies | | | | | 887.0 |
| **TOTAL REVENUE** | | | | | **29,934.0** |

# Note 4 Operating income recurring

Operating income recurring includes purchases, personnel expenses, depreciation and amortization, other recurring income and other recurring expenses.

The Group purchases mainly consist of electricity, natural gas as well as industrial and medical products.

## 4.1. OTHER INCOME

Other income is primarily made up of net proceeds from the sale of property, plant, and equipment and intangible assets and various indemnities.

## 4.2. PERSONNEL EXPENSES

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Wages and social security charges | (4,790.0) | (4,923.2) |
| Defined contribution pension plans | (105.4) | (109.7) |
| Defined benefit plans | (31.1) | (27.0) |
| Share-based payments | (36.9) | (39.6) |
| **TOTAL** | **(4,963.4)** | **(5,099.5)** |

Fully consolidated companies employed 67,778 individuals as of December 31, 2023 (67,109 individuals as of December 31, 2022).

## 4.3. OTHER OPERATING EXPENSES

Other operating expenses primarily include transport, maintenance, distribution costs and sub-contracting costs.

The operating leases costs included in other operating expenses are not significant and correspond to the contracts that do not fall within the scope of IFRS 16 (cf. paragraph 5.g. of the Accounting principles).

### 4.4. RESEARCH AND DEVELOPMENT EXPENDITURES

In 2023, innovation costs amounted to 309 million euros (308 million euros in 2022) including Research and Development costs of 205 million euros (199 million euros in 2022).

### 4.5. DEPRECIATION AND AMORTIZATION EXPENSES

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Intangible assets | (203.8) | (204.4) |
| Property, plant and equipment [(a)] | (2,262.1) | (2,277.6) |
| **TOTAL** | **(2,465.9)** | **(2,482.0)** |

*(a) Including the depreciation expense after deduction of investment grants released to profit.*

## Note 5 Other non-recurring operating income and expenses

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| **Income** | | |
| Net gain on the disposals of activities or group of assets | — | 212.8 |
| Impact of financial transactions related to the scope of consolidation | 206.5 | — |
| Political risks and legal procedures | 55.9 | 26.3 |
| Others | — | 3.2 |
| **TOTAL OTHER NON-RECURRING OPERATING INCOME** | **262.4** | **242.3** |
| **Expenses** | | |
| Reorganization, restructuring and realignment programs costs | (71.8) | (152.8) |
| Acquisition costs | (7.9) | (11.0) |
| Political risks and legal procedures | (51.2) | (45.9) |
| Net loss on the disposals of activities or group of assets and impairments of assets | (83.4) | (488.5) |
| Impact of military conflict between Russia and Ukraine | (586.4) | — |
| Others | (32.4) | (40.6) |
| **TOTAL OTHER NON-RECURRING OPERATING EXPENSES** | **(833.1)** | **(738.8)** |
| **TOTAL** | **(570.7)** | **(496.5)** |

In 2023, the Group recognized:

- Net gain on the disposals of activities or group of assets amounting to 212.8 millions euros including 173.3 million euros related to the disposal of non-consolidated investments;
- Net loss on the disposals of activities or group of assets and impairments of assets amounting to 488.5 million euros including 344.9 million euros following a strategic review that led to the impairment of some tangible and intangible assets in several countries and 129.9 million euros related to another intangible asset and assets held for sale;
- Income and expenses related to political risks and legal procedures, including a 21 million euros payment related to the equalization charge procedure. Indeed, in March 2023, Council of State "Conseil d'Etat" partially questioned the favorable judgment from the European Court of Justice of May 12, 2022 by referring the case to an Administrative Court of Appeal;
- Restructuring costs corresponding to realignment programs primarily in Gas & Services, especially in the Healthcare activity;
- Costs related to the capital increase reserved for employees, included in the "Others" line of the other non-recurring operating expenses.

In 2022, the Group recognized:

- An impact on financial transactions amounting to 206.5 million euros mainly corresponding to Air Liquide taking control of an existing 50/50 Joint Venture in Asia Pacific on January 11, 2022, and reevaluated at fair market value for 205.5 million euros;
- Restructuring costs corresponding to realignment programs primarily in Gas & Services activities;
- Incomes and expenses related to political risks and legal procedures, including a 47.7 million euros provision for risk in Engineering & Construction and a 31.9 million euros reversal of reserve initially set up to cover the risk of being requested to refund the equalization charge reimbursed to L'Air Liquide S.A in 2020. This reversal follows favorable conclusions released by the European Court of Justice on May 12, 2022;
- An impact of 586 million euros regarding the military conflict between Russia and Ukraine corresponding mainly to the provision for impairment, the impairment of non-consolidated investments and financial receivables that the Group holds with these Russian entities.

# Note 6 Net finance costs and other financial income and expenses

## 6.1. NET FINANCE COSTS

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Gross finance costs | (321.4) | (334.9) |
| Financial income from short-term investments and loans | 33.0 | 69.4 |
| **TOTAL** | **(288.4)** | **(265.5)** |

The average cost of net debt, excluding capitalized finance costs of +48.7 million euros (+49.4 million euros in 2022), stood at 3.4% in 2023, increasing compared to 2022. The average cost of net debt does not include the exceptional income related to the liability management of bonds denominated in US dollars and euros.

## 6.2. OTHER FINANCIAL INCOME AND EXPENSES

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Other financial income | 32.4 | 15.4 |
| **TOTAL OTHER FINANCIAL INCOME** | **32.4** | **15.4** |
| Other financial expenses | (85.2) | (93.0) |
| Interest expense on the net defined benefit liability | (9.2) | (35.1) |
| Interest on lease liabilities | (35.6) | (38.0) |
| **TOTAL OTHER FINANCIAL EXPENSES** | **(130.0)** | **(166.1)** |

Increase of the other financial expenses mainly comes from a charge related to the payment of interest on arrears on the equalization charge for 15 million euros following the decision of the State Council in March 2023 (Note 5) as well as the increase of interest costs related to IAS 19 for 25.9 million euros.

As a reminder, other financial income in 2022 included the reversal of a provision related to interest on arrears on the equalization charge refund for +24.9 million euros (Note 5).

# Note 7 Income taxes

## 7.1. INCOME TAX EXPENSES

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Current income tax expenses | (899.8) | (1,022.2) |
| **TOTAL CURRENT TAX** | **(899.8)** | **(1,022.2)** |
| Temporary differences | (102.5) | 46.7 |
| Impact of tax rate changes | — | 3.7 |
| **TOTAL DEFERRED TAX** | **(102.5)** | **50.4** |
| **TOTAL** | **(1,002.3)** | **(971.8)** |

## 7.2. RECONCILIATION BETWEEN THE STANDARD TAX RATE AND THE GROUP EFFECTIVE TAX RATE

| *(in %)* | 2022 | 2023 |
|---|---|---|
| **Standard tax rate** | **25.0** | **25.0** |
| Impact of transactions taxed at reduced rates | (2.5) | (2.3) |
| Impact of tax rate changes | — | |
| Impact of tax exemptions and others | 3.2 | 0.7 |
| **Average effective tax rate** | **25.7** | **23.4** |

The 2023 average effective tax rate is lowered by the application of the reduced tax rate on long term gain from non-consolidated investment sale.

The 2022 average effective tax rate was higher due to the non-deductible provision booked on Russian assets.

In France, L'Air Liquide S.A. has elected to determine French income taxes on a consolidated basis. This scheme applies to all French subsidiaries complying with the legal requirements.

Foreign subsidiaries have elected to apply for similar rules wherever this is allowed under local regulations.

# Note 8 Net earnings per share

## 8.1. BASIC EARNINGS PER SHARE

| | 2022 | 2023 |
|---|---|---|
| Net profit (Group share) attributable to ordinary shareholders of the parent *(in millions of euros)* | 2,758.8 | 3,078.0 |
| Weighted average number of ordinary shares outstanding | 522,069,020 | 522,110,068 |
| **Basic earnings per share** *(in euros)* | **5.28** | **5.90** |

## 8.2. DILUTED EARNINGS PER SHARE

| | 2022 | 2023 |
|---|---|---|
| **Net profit used to calculate diluted earnings per share** *(in millions of euros)* | **2,758.8** | **3,078.0** |
| Weighted average number of ordinary shares outstanding | 522,069,020 | 522,110,068 |
| Adjustment for dilutive impact of share subscription options | 689,503 | 607,373 |
| Adjustment for dilutive impact of performance shares | 1,166,620 | 1,317,409 |
| **Adjusted weighted average number of shares outstanding used to calculate diluted earnings per share** | **523,925,143** | **524,034,850** |
| **Diluted earnings per share** *(in euros)* | **5.27** | **5.87** |

All instruments that could dilute net profit – Group share, are included in the calculation of diluted earnings per share.

The Group has not issued any other financial instruments that may result in further dilution of net earnings per share.

# Note 9 Dividend per share

The 2022 dividend on ordinary shares declared and paid on May 17, 2023 to the Group Shareholders was 1,582.8 million euros (including fidelity premium) and amounted to 2.95 euros per share and a fidelity premium of 0.29 euro per share.

A dividend payment of 3.20 euros per ordinary share and a fidelity premium of 0.32 euros per share amounting to 1,722.8 million euros (estimated amount taking into account share buybacks and cancellations) will be proposed to the Annual General Meeting in respect of the financial year ended December 31, 2023.

# Note 10 Goodwill

## 10.1. MOVEMENTS DURING THE PERIOD

| *(in millions of euros)* | As of January 1 | Goodwill recognized during the period | Goodwill removed during the period | Foreign exchange differences | Other movements | As of December 31 |
|---|---|---|---|---|---|---|
| 2022 | 13,992.3 | 128.3 | (54.5) | 521.7 | (0.6) | 14,587.2 |
| **2023** | **14,587.2** | **43.3** | **(30.7)** | **(405.6)** | **—** | **14,194.2** |

## 10.2. SIGNIFICANT GOODWILL

| | 2022 | 2023 | | |
|---|---|---|---|---|
| | Net carrying amount | Gross carrying amount | Impairment losses | Net carrying amount |
| Gas & Services | 14,199.1 | 13,822.2 | | 13,822.2 |
| *Europe* | *3,142.9* | *3,182.3* | | *3,182.3* |
| *Americas* [(a)] | *9,476.4* | *9,141.5* | | *9,141.5* |
| *Asia-Pacific* | *1,421.5* | *1,346.7* | | *1,346.7* |
| *Middle East and Africa* | *158.3* | *151.7* | | *151.7* |
| Engineering & Construction | 251.3 | 236.7 | | 236.7 |
| Global Markets & Technologies | 136.8 | 136.7 | (1.4) | 135.3 |
| **TOTAL GOODWILL** | **14,587.2** | **14,195.6** | **(1.4)** | **14,194.2** |

*(a) Goodwill recognized within Gas & Services Americas mainly comes from the United States contributing up to 8,944.7 million euros as of December 31, 2023.*

In the last two fiscal years, the Group has not recorded any goodwill impairment losses.

Impairment tests were carried out using the methods detailed in note 5.f of the accounting policies.

As of December 31, 2023, the recoverable amounts of each cash-generating unit or groups of cash-generating units, calculated using market multiples, significantly exceeded their net carrying amounts. Consequently, as stated in note 5.f of the accounting policies, the method of future estimated cash flow was not used to determine the recoverable amount of cash-generating units.

Considering the activity of the Air Liquide Group, no reasonably possible change in key assumptions would result in an impairment loss. The Gas & Services activities favor synergies between the different business lines by pooling assets for a given geographical area. The geographical development of an activity is generally based on local industrial investments and external growth operations through the Large Industries business line. The supply of gas to clients of the Large Industries business is contracted for a minimum duration of 15 years. These customer contracts provide a good visibility and guarantee of future income.

# Note 11 Other intangible assets

## 11.1. GROSS CARRYING AMOUNTS

| **2023** *(in millions of euros)* | As of January 1 | Additions | Disposals | Foreign exchange differences | Acquisitions related to business combinations | Other movements [(a)] | As of December 31 |
|---|---|---|---|---|---|---|---|
| Internally generated intangible assets | 814.0 | 107.0 | (2.2) | (9.9) | — | (19.5) | 889.4 |
| Other intangible assets | 3,037.2 | 86.0 | (20.3) | (81.2) | 0.7 | 9.0 | 3,031.4 |
| **TOTAL GROSS INTANGIBLE ASSETS** | **3,851.2** | **193.0** | **(22.5)** | **(91.1)** | **0.7** | **(10.5)** | **3,920.8** |

(a) *Other movements primarily include account reclassifications and changes in the scope of consolidation.*

| **2022** *(in millions of euros)* | As of January 1 | Additions | Disposals | Foreign exchange differences | Acquisitions related to business combinations | Other movements [(a)] | As of December 31 |
|---|---|---|---|---|---|---|---|
| Internally generated intangible assets | 740.6 | 59.9 | (1.3) | 11.3 | — | 3.5 | 814.0 |
| Other intangible assets | 2,522.9 | 75.0 | (16.5) | 69.6 | 392.6 | (6.4) | 3,037.2 |
| **TOTAL GROSS INTANGIBLE ASSETS** | **3,263.5** | **134.9** | **(17.8)** | **80.9** | **392.6** | **(2.9)** | **3,851.2** |

(a) *Other movements primarily include account reclassifications and changes in the scope of consolidation.*

## 11.2. AMORTIZATION AND IMPAIRMENT LOSSES

| **2023** *(in millions of euros)* | As of January 1 | Charge for the period | Impairment losses | Disposals | Foreign exchange differences | Acquisitions related to business combinations | Other movements [(a)] | As of December 31 |
|---|---|---|---|---|---|---|---|---|
| Internally generated intangible assets | (577.6) | (53.7) | (4.5) | 2.7 | 6.8 | — | (3.9) | (630.2) |
| Other intangible assets | (1,462.2) | (150.7) | (90.0) | 13.3 | 26.6 | — | 3.7 | (1,659.3) |
| **TOTAL INTANGIBLE ASSET AMORTIZATION** | **(2,039.8)** | **(204.4)** | **(94.5)** | **16.0** | **33.4** | **—** | **(0.2)** | **(2,289.5)** |
| **TOTAL NET INTANGIBLE ASSETS [(b)]** | **1,811.4** | **(11.4)** [(c)] | **(94.5)** | **(6.5)** | **(57.7)** | **0.7** | **(10.7)** | **1,631.3** |

(a) *Other movements primarily include account reclassifications and changes in the scope of consolidation.*
(b) *Other intangible assets mainly include trademarks and customer relationship valuation as part of business combination.*
(c) *This amount is the net of additions and charges for the period.*

| **2022** *(in millions of euros)* | As of January 1 | Charge for the period | Impairment losses | Disposals | Foreign exchange differences | Acquisitions related to business combinations | Other movements [(a)] | As of December 31 |
|---|---|---|---|---|---|---|---|---|
| Internally generated intangible assets | (509.9) | (53.3) | (6.3) | 0.6 | (6.5) | — | (2.2) | (577.6) |
| Other intangible assets | (1,301.0) | (150.5) | (3.5) | 13.8 | (25.9) | — | 4.9 | (1,462.2) |
| **TOTAL INTANGIBLE ASSET AMORTIZATION** | **(1,810.9)** | **(203.8)** | **(9.8)** | **14.4** | **(32.4)** | **—** | **2.7** | **(2,039.8)** |
| **TOTAL NET INTANGIBLE ASSETS [(b)]** | **1,452.6** | **(68.9)** [(c)] | **(9.8)** | **(3.4)** | **48.5** | **392.6** | **(0.2)** | **1,811.4** |

(a) *Other movements primarily include account reclassifications and changes in the scope of consolidation.*
(b) *Other intangible assets mainly include trademarks and customer relationship valuation as part of business combination.*
(c) *This amount is the net of additions and charges for the period.*

As of December 31, 2023, the Group had no material commitment to acquire intangible assets and was not subject to any restrictions over the use of existing intangible assets.

# Note 12 Property, plant and equipment

## 12.1. GROSS CARRYING AMOUNTS

| **2023** *(in millions of euros)* | As of January 1 | Additions | Disposals | Foreign exchange differences | Acquisitions related to business combinations | Other movements [(a)] | As of December 31 |
|---|---|---|---|---|---|---|---|
| Land | 474.0 | — | (1.9) | (18.7) | 0.1 | 9.8 | 463.3 |
| Buildings | 2,491.6 | 21.2 | (32.0) | (75.7) | 0.9 | 279.2 | 2,685.2 |
| Equipment, cylinders, installations | 42,138.2 | 382.8 | (660.1) | (1,273.3) | 4.5 | 2,079.4 | 42,671.5 |
| Rights of use | 1,954.1 | 180.3 | (25.5) | (53.4) | 0.9 | 20.8 | 2,077.2 |
| **TOTAL PROPERTY, PLANT AND EQUIPMENT IN SERVICE** | **47,057.9** | **584.3** | **(719.5)** | **(1,421.1)** | **6.4** | **2,389.2** | **47,897.2** |
| Construction in progress | 3,395.5 | 2,879.5 | | (149.0) | — | (2,328.3) | 3,797.7 |
| **TOTAL PROPERTY, PLANT AND EQUIPMENT** | **50,453.4** | **3,463.8** | **(719.5)** | **(1,570.1)** | **6.4** | **60.9** | **51,694.9** |

(a) *Other movements primarily include account reclassifications and changes in the scope of consolidation.*

| **2022** *(in millions of euros)* | As of January 1 | Additions | Disposals | Foreign exchange differences | Acquisitions related to business combinations | Other movements [(a)] | As of December 31 |
|---|---|---|---|---|---|---|---|
| Land | 471.5 | 6.0 | (17.6) | 5.1 | 0.3 | 8.7 | 474.0 |
| Buildings | 2,286.3 | 13.3 | (20.4) | 36.3 | 1.5 | 174.6 | 2,491.6 |
| Equipment, cylinders, installations | 40,110.3 | 430.4 | (545.9) | 711.2 | 127.5 | 1,304.7 | 42,138.2 |
| Rights of use | 1,795.0 | 147.6 | (10.2) | 54.3 | 0.4 | (33.0) | 1,954.1 |
| **TOTAL PROPERTY, PLANT AND EQUIPMENT IN SERVICE** | **44,663.1** | **597.3** | **(594.1)** | **806.9** | **129.7** | **1,455.0** | **47,057.9** |
| Construction in progress | 3,178.3 | 2,775.9 | | 59.4 | 86.6 | (2,704.7) | 3,395.5 |
| **TOTAL PROPERTY, PLANT AND EQUIPMENT** | **47,841.4** | **3,373.2** | **(594.1)** | **866.3** | **216.3** | **(1,249.7)** | **50,453.4** |

(a) *Other movements primarily include account reclassifications and changes in the scope of consolidation.*

Purchases of property, plant and equipment and intangible assets presented in the consolidated statement of cash flows relate to the increase in property, plant and equipment and intangible assets adjusted for the change in the fixed asset suppliers' balance during the current year.

## 12.2. DEPRECIATION AND IMPAIRMENT LOSSES

| 2023<br>*(in millions of euros)* | As of January 1 | Charge for the period | Impairment losses | Disposals | Foreign exchange differences | Acquisitions related to business combinations | Other movements [a] | As of December 31 |
|---|---|---|---|---|---|---|---|---|
| Buildings | (1,280.2) | (98.9) | — | 33.1 | 33.2 | — | 14.3 | (1,298.5) |
| Equipment, cylinders, installations | (24,756.7) | (1,948.1) | (296.1) | 548.3 | 592.0 | — | 30.7 | (25,829.9) |
| Rights of use | (769.6) | (239.3) | (1.9) | 24.7 | 19.8 | — | 52.0 | (914.3) |
| **TOTAL PROPERTY, PLANT AND EQUIPMENT DEPRECIATION** | **(26,806.5)** | **(2,286.3)** | **(298.0)** | **606.1** | **645.0** | **—** | **97.0** | **(28,042.7)** |
| **TOTAL PROPERTY, PLANT AND EQUIPMENT, NET** | **23,646.9** | **1,177.5** [b] | **(298.0)** | **(113.4)** | **(925.1)** | **6.4** | **157.9** | **23,652.2** |

(a) *Other movements primarily include account reclassifications and changes in the scope of consolidation.*
(b) *This amount is the net of additions and charges for the period.*

| 2022<br>*(in millions of euros)* | As of January 1 | Charge for the period | Impairment losses | Disposals | Foreign exchange differences | Acquisitions related to business combinations | Other movements [a] | As of December 31 |
|---|---|---|---|---|---|---|---|---|
| Buildings | (1,189.7) | (92.1) | | 15.4 | (10.4) | — | (3.4) | (1,280.2) |
| Equipment, cylinders, installations | (23,489.5) | (1,939.4) | (395.8) | 429.9 | (331.2) | — | 969.3 | (24,756.7) |
| Rights of use | (630.7) | (238.6) | 9.5 | 8.8 | (16.0) | — | 97.4 | (769.6) |
| **TOTAL PROPERTY, PLANT AND EQUIPMENT DEPRECIATION** | **(25,309.9)** | **(2,270.1)** | **(386.3)** | **454.1** | **(357.6)** | **—** | **1,063.3** | **(26,806.5)** |
| **TOTAL PROPERTY, PLANT AND EQUIPMENT, NET** | **22,531.5** | **1,103.1** [b] | **(386.3)** | **(140.0)** | **508.7** | **216.3** | **(186.4)** | **23,646.9** |

(a) *Other movements primarily include account reclassifications and changes in the scope of consolidation.*
(b) *This amount is the net of additions and charges for the period.*

The charge for the period corresponds to the increase in depreciation, net of investment grants released to the income statement.

## 12.3. MATURITY OF LEASE LIABILITY

The maturity of the lease liabilities related to rights-of-use is as follows:

| 2023<br>*(in millions of euros)* | Carrying amount | Maturity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | ≥ 1 year and ≤ 5 years | | | | > 5 years | | | |
| | | < 1 year | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | > 2031 |
| Non-current lease liabilities | 1,046.3 | | 226.5 | 156.8 | 129.5 | 103.3 | 88.6 | 80.4 | 45.9 | 215.3 |
| Current lease liabilities | 219.7 | 219.7 | | | | | | | | |
| **TOTAL LEASE LIABILITIES** | **1,266.0** | **219.7** | **226.5** | **156.8** | **129.5** | **103.3** | **88.6** | **80.4** | **45.9** | **215.3** |

| 2022<br>*(in millions of euros)* | Carrying amount | Maturity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | ≥ 1 year and ≤ 5 years | | | | > 5 years | | | |
| | | < 1 year | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | > 2030 |
| Non-current lease liabilities | 1,052.2 | | 242.8 | 158.6 | 126.5 | 104.9 | 75.6 | 71.0 | 64.9 | 207.9 |
| Current lease liabilities | 227.6 | 227.6 | | | | | | | | |
| **TOTAL LEASE LIABILITIES** | **1,279.8** | **227.6** | **242.8** | **158.6** | **126.5** | **104.9** | **75.6** | **71.0** | **64.9** | **207.9** |

# Note 13 Non-current financial assets

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Non-consolidated investments | 414.8 | 335.2 |
| Loans | 75.0 | 44.7 |
| Other long-term receivables | 224.9 | 246.8 |
| Employee benefits | 60.8 | 70.0 |
| **NON-CURRENT FINANCIAL ASSETS** | **775.5** | **696.7** |

Non-consolidated investments include fully-depreciated shares in Russian entities. As of December 31, 2023, given the geopolitical context and reinforced sanctions and counter-sanctions, the Group continues to consider that it no longer has control of its activities in Russia since September 1, 2022.

Variation in non-consolidated investments is mainly explained by a disposal which occured during the first semester of the year.

# Note 14 Investments in equity affiliates

## 14.1. FINANCIAL INFORMATION RELATED TO JOINT VENTURES AND ASSOCIATES

| **Group share of associates and joint ventures as of December 31, 2023** *(in millions of euros)* | Share of profit for the period | Share of equity [(a)] | Share of net income and gains and losses recognized directly in equity [(b)] |
|---|---|---|---|
| Joint ventures | 14.4 | 139.3 | 10.3 |
| Associates | (9.5) | 40.8 | 12.0 |
| **TOTAL** | **4.9** | **180.1** | **22.3** |

(a) *Including goodwill relating to associates and joint ventures.*
(b) *The share of net income and gains and losses recognized directly in equity primarily comprises the translation reserves.*

| **Group share of associates and joint ventures as of December 31, 2022** *(in millions of euros)* | Share of profit for the period | Share of equity [(a)] | Share of net income and gains and losses recognized directly in equity [(b)] |
|---|---|---|---|
| Joint ventures | 9.9 | 135.7 | 16.9 |
| Associates | (8.8) | 50.0 | 12.2 |
| **TOTAL** | **1.1** | **185.7** | **29.1** |

(a) *Including goodwill relating to associates and joint ventures.*
(b) *The share of net income and gains and losses recognized directly in equity primarily comprises the translation reserves.*

## 14.2. MOVEMENTS DURING THE YEAR

| *(in millions of euros)* | As of January 1 | Share of profit for the period | Dividend distribution | Foreign exchange differences | Other movements | As of December 31 |
|---|---|---|---|---|---|---|
| 2022 | 158.0 | 1.1 | (13.8) | 4.1 | 36.3 | 185.7 |
| **2023** | **185.7** | **4.9** | **(14.5)** | **(6.8)** | **10.8** | **180.1** |

No companies consolidated under equity method is individually significant.

# Note 15 Deferred taxes

## 15.1. DEFERRED TAX ASSETS

The change in deferred tax assets over the fiscal year is as follows:

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| **AS OF JANUARY 1** | **239.3** | **232.3** |
| Income (charge) to the income statement | 40.3 | 25.1 |
| Income (charge) to equity [(a)] | (28.7) | 1.0 |
| Changes related to scope | 0.3 | 0.4 |
| Foreign exchange differences | (2.4) | (0.4) |
| Others [(b)] | (16.5) | (33.2) |
| **AS OF DECEMBER 31** | **232.3** | **225.2** |

*(a) Relates to deferred taxes recognized in other items in the statement of net income and gains and losses recognized directly in equity: -1.9 million euros relate to changes in the fair value of derivatives and non-consolidated investments and +2.9 million euros relate to actuarial gains and losses. In 2022, the respective effects amounted to +18.0 million euros relating to changes in the fair value of derivatives and non-consolidated investments and -46.7 million euros relating to actuarial gains and losses.*

*(b) Other movements primarily include reclassifications between accounts.*

As of December 31, 2023, unrecognized deferred tax assets amounted to 54.2 million euros (104.0 million euros as of December 31, 2022).

## 15.2. DEFERRED TAX LIABILITIES

The change in deferred tax liabilities over the fiscal year is as follows:

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| **AS OF JANUARY 1** | **2,126.8** | **2,465.4** |
| Charge (income) to the income statement | 142.8 | (25.3) |
| Charge (income) to equity [(a)] | 43.1 | (16.8) |
| Changes related to scope | 94.9 | (0.3) |
| Foreign exchange differences | 82.4 | (74.1) |
| Others [(b)] | (24.6) | (19.9) |
| **AS OF DECEMBER 31** | **2,465.4** | **2,329.0** |

*(a) Relates to deferred taxes recognized in other items in the statement of net income and gains and losses recognized directly in equity: -1.2 million euros relate to changes in the fair value of derivatives and non-consolidated investments and -15.6 million euros relate to actuarial gains and losses. In 2022, the respective effects amounted to -0.8 million euros relating to changes in the fair value of derivatives and non-consolidated investments and +43.9 million euros relating to actuarial gains and losses.*

*(b) Other movements primarily include reclassifications between accounts.*

## 15.3. DEFERRED TAXES BY NATURE

The net deferred taxes are broken down as follows:

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Amortization/depreciation | (2,342.8) | (2,418.9) |
| Provisions, pensions and other employee benefits | 145.2 | 162.1 |
| Other provisions | 302.0 | 332.5 |
| Tax loss carryforwards | 51.1 | 114.4 |
| Other | (388.6) | (293.9) |
| **TOTAL** | **(2,233.1)** | **(2,103.8)** |

# Note 16 Inventories and work-in-progress

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Raw materials and supplies | 567.2 | 614.4 |
| Finished and semi-finished goods | 1,251.9 | 1,242.9 |
| Work-in-progress | 141.9 | 170.3 |
| **NET INVENTORIES** | **1,961.0** | **2,027.6** |

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Write-down of inventories | (30.8) | (20.2) |
| Reversals of write-down | 17.7 | 24.6 |
| **NET WRITE-DOWN RECOGNIZED IN THE INCOME STATEMENT** | **(13.1)** | **4.4** |

# Note 17 Trade receivables and other operating receivables

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Trade and other operating receivables | 3,258.5 | 3,225.5 |
| Provisions for impairment | (223.7) | (231.8) |
| **TRADE RECEIVABLES** | **3,034.8** | **2,993.7** |

Trade and other operating receivables include gross amounts relating to Engineering & Construction contracts for 104.6 million euros (112.9 million euros as of December 31, 2022).

As of December 31, 2023, cumulative revenue recognized using the percentage of completion method and cumulative cash in since the beginning of the ongoing projects amounted respectively to 1,992.7 million euros (1,537.5 million euros as of December 31, 2022) and 2,076.9 million euros (1,575.9 million euros as of December 31,2022).

## 17.1. BREAKDOWN OF TRADE AND OTHER OPERATING RECEIVABLES

As of December 31, 2023, the breakdown of receivables and associated impairment is as follows:

| **2023** *(in millions of euros)* | Total | Not yet due | Overdue 0-1 month | Overdue 1-3 months | Overdue 3-6 months | Overdue 6-12 months | Overdue > 12 months | Overdue Total |
|---|---|---|---|---|---|---|---|---|
| Trade and other operating receivables | 3,225.5 | 2,432.9 | 253.4 | 148.0 | 117.4 | 88.1 | 185.7 | 792.6 |
| Provisions for impairment | (231.8) | (6.1) | (11.9) | (8.3) | (12.4) | (16.9) | (176.2) | (225.7) |
| **TRADE RECEIVABLES** | **2,993.7** | **2,426.8** | **241.5** | **139.7** | **105.0** | **71.2** | **9.5** | **566.9** |

As of December 31,2022, the breakdown of receivables and associated impairment is as follows:

| **2022** *(in millions of euros)* | Total | Not yet due | Overdue 0-1 month | Overdue 1-3 months | Overdue 3-6 months | Overdue 6-12 months | Overdue > 12 months | Overdue Total |
|---|---|---|---|---|---|---|---|---|
| Trade and other operating receivables | 3,258.5 | 2,504.8 | 266.5 | 158.0 | 95.0 | 74.2 | 160.0 | 753.7 |
| Provisions for impairment | (223.7) | (8.7) | (11.1) | (8.8) | (8.4) | (26.8) | (159.9) | (215.0) |
| **TRADE RECEIVABLES** | **3,034.8** | **2,496.1** | **255.4** | **149.2** | **86.6** | **47.4** | **0.1** | **538.7** |

The accounting principles relating to trade receivables impairment (expected credit losses) are described in section 6.b of the accounting principles.

## 17.2. PROVISION FOR IMPAIRMENT

| *(in millions of euros)* | As of January 1 | Charges | Reversals | Foreign exchange differences | Other movements | As of December 31 |
|---|---|---|---|---|---|---|
| 2022 | (197.6) | (76.9) | 39.0 | (1.1) | 12.9 | (223.7) |
| **2023** | **(223.7)** | **(65.2)** | **49.6** | **2.3** | **5.2** | **(231.8)** |

### 17.3. INFORMATION RELATING TO NON-RECOURSE ASSIGNMENTS OF TRADE RECEIVABLES

Non-recourse factored receivables in Europe, in Asia and in the Americas, amounted to 1,392.6 million euros in 2023 compared to 1,567.4 million euros at the end of 2022.

The European program, set up in 2015 and renewed in 2020 was amended on July 2023 to change its coverage to 600 million euros (654 million euros including 9% of deferred purchase price). Its maturity is February 28, 2026. The assigned receivables, in the amount of 572 million euros, were derecognized as of December 31, 2023 (671 million euros as of December 31, 2022).

The American program held by Airgas and set up in December 2018, was renewed on December 2022 with a maturity on December 2025. As of December 31, 2023, the program covers 800 million US dollars (724 million euros) and 671 million US dollars (607 million euros) were derecognized.

Other non-recourse factoring programs exist in various countries and activities, mainly in Asia and Healthcare.

The Group has analyzed the main characteristics of these programs according to the principles described in section 6.b of the accounting principles and concluded that almost all the risks and rewards were transferred to the assignees.

## Note 18 Working capital requirement

The increase in working capital requirement by +154.4 million euros, disclosed in the consolidated cash flow statement, mainly comes from the increase in working capital requirement excluding tax for +340.1 million euros, partially offset by a positive effect of -185.7 million euros mainly due tax reimbursements.

## Note 19 Other current assets

| *(in millions of euros)* | **2022** | **2023** |
|---|---|---|
| Advances and down-payments made | 197.1 | 162.3 |
| Prepaid expenses | 156.2 | 165.9 |
| Other sundry current assets | 632.1 | 534.5 |
| **OTHER CURRENT ASSETS** | **985.4** | **862.7** |

Other sundry current assets mainly include tax receivables.

## Note 20 Cash and cash equivalents

| *(in millions of euros)* | **2022** | **2023** |
|---|---|---|
| Short-term loans | 35.3 | 26.1 |
| Short-term marketable securities | 267.0 | 200.7 |
| Cash in bank | 1,609.1 | 1,398.1 |
| **CASH AND CASH EQUIVALENTS** | **1,911.4** | **1,624.9** |

As of December 31, 2023, cash and cash equivalents include 146 million euros subject to restrictions (155 million euros as of December 31, 2022), mainly in three countries: in Luxembourg (regulatory restrictions relating to the Group's captive reinsurance company), in Argentina and in Egypt (because of effective exchange control regulations in place).

Furthermore, 83 million euros of cash and cash equivalents are held in countries in which a prior authorization is necessary to transfer funds abroad. These liquidities are at the Group's disposal within a reasonable time period, if preliminary formalities are respected. This amount stood at 63 million euros as of December 31, 2022.

# Note 21 Shareholders' equity

## 21.1. SHARES

### Number of shares

| | 2022 | 2023 |
|---|---|---|
| **NUMBER OF SHARES AS OF JANUARY 1** | **475,291,037** | **523,450,271** |
| Free share attribution | 48,905,499 | — |
| Capital increase reserved for employees | — | 746,401 |
| Options exercised during the period | 352,635 | 440,106 |
| Cancellation of treasury shares | (1,098,900) | (120,000) |
| **NUMBER OF SHARES AS OF DECEMBER 31** | **523,450,271** | **524,516,778** |

Shares have a par value of 5.50 euros each and are all issued and fully paid-up.

In 2023, a total of 541,600 shares were repurchased (net of disposals).

## 21.2. SHARE CAPITAL INCREASE RESERVED FOR EMPLOYEES

On July 26, 2023, the Board of Directors decided to proceed to a capital increase reserved for employees of Group companies belonging to the France Group savings plan or the Air Liquide International Group savings plan.

Under the authority conferred to him by the Board of Directors at its meetings held on July 26, 2023, the share capital increase was acknowledged by the Chief Executive Officer on December 7, 2023.

The subscription price was 126.49 euros for all employees, with the exception of employees of Group's subsidiaries located in the US, for which the subscription price was 134.40 euros.

A total of 746,401 Air Liquide shares were purchased, for an amount raised of 95.0 million euros, including a share premium of -2.8 million euros.

The Group savings plan are recorded in profit or loss and measured in accordance with IFRS 2 “Share-based Payment” based on the following assumptions:

- a two-week subscription period;
- a five-year lock-in period from the end of the subscription period in accordance with the French legislation.

With respect to the Group's savings plan, the expense recorded in 2023 pursuant to IFRS 2 “Share-based Payment” amounted to 30.5 million euros thereof 4.1 million euros came from the contribution granted by certain Group subsidiaries. The expense recorded takes into account the five-year lock-in period.

This expense is recorded in “Other operating expenses”.

## 21.3. CAPITAL DECREASE

Under the authority of the 18th resolution adopted by the Annual General Meeting held on May 3, 2023, the Board of Directors of September 28, 2023, carried out the capital decrease of 660,000.00 euros to bring the capital back from 2,878,976,490.50 euros to 2,878,316,490.50 euros by cancelling 120,000 shares.

## 21.4. COMPANY TREASURY SHARES

Treasury shares are Air Liquide shares held by the Group, including shares which are part of the liquidity contract, compliant with an Ethics Charter recognized by the French financial markets authority (Autorité des marchés financiers). As of December 31, 2023, the Group held 1,363,694 treasury shares (1,223,450 as of December 31, 2022) including 2,100 treasury shares under a liquidity contract (10,500 as of December 31, 2022). Changes in the number of treasury shares are explained in the consolidated statement of changes in equity.

## 21.5. SHARE-BASED PAYMENTS

### Share subscription option plans

Pursuant to the decisions of the Board of Directors, following the approval by the Annual General Meeting and based on the recommendations of the Remuneration Committee, the Company had adopted share subscription option plans for some of the senior executives of the Company and its subsidiaries worldwide, as well as corporate officers.

Stock options are granted for a minimum price which cannot be lower than the average closing market price over the 20 trading days preceding the grant date. Options granted since October 14, 2011 must be exercised within 10 years. A four-year vesting period applies to stock options granted.

As of December 31, 2023, the number of outstanding share options granted by the Board of Directors under the plans approved by Annual General Meetings amounted to 894,980 options after adjustment (average price of 73.91 euros), or 0.17% of share capital.

Out of the total number of options issued pursuant to the approval by the Annual General Meeting on May 3, 2023, 10,490,336 options were retained for possible grant by the Board of Directors as of December 31, 2023.

### Performance shares plans

An additional compensation system involving performance shares was set up in 2008 as a way to reward best employees and associate their medium-term performance with the Company’s objectives.

The 21st resolution adopted by the Extraordinary Annual General Meeting held on May 4, 2022 authorizes the Board of Directors to grant free shares to Group employees, up to a maximum of 0.5% of the Company’s share capital over a 38-month period. As part of this maximum attribution, free shares representing up to 0.1% of the Group’s share capital can be granted to corporate officers over the same period.

Under this authority, the Board of Directors adopted two different general regulations on September 28, 2023 ("France" Plan and "World" Plan) governing the attribution of performance shares to beneficiaries determined by the Board of Directors. The differences between the "France" and "World" Plans mainly refer to the number of years of service required – paragraph a) below, and to the correlative absence of any holding requirement for the "World" Plan – paragraph c) below.

The granted shares shall be either shares issued through a capital increase performed by the Company by no later than the definitive vesting date or shares bought back by the Company on the market prior to such date.

To date, performance shares granted are treasury shares bought back as part of the Company's shares buyback program.

The granted shares shall be of the same nature and category as those making up the Company's share capital at the date on which the plans are approved by the Board of Directors.

On September 28, 2023, the Board of Directors decided to grant 341 249 performance shares to employees (2,637 beneficiaries).

Performance shares are subject to:

a) a continued service requirement during the vesting period: the shares granted to a beneficiary shall only finally vest if he or she has been an employee or corporate officer of a Group company during a vesting period, calculated as from the grant date, of three years for "France" Plan beneficiaries and four years for "World" Plan beneficiaries. In the event of retirement, the beneficiary retains his rights, being no longer required to satisfy the continued service requirement;

b) performance requirements for all performance shares allocated to all beneficiaries;

c) a holding requirement for performance shares: as from the final grant date, the beneficiaries of the "France" Plan are required to hold their shares for two additional years during which such shares may not be transferred (except in the event of disability or death).

### Options granted to the ten employees of the Company and its subsidiaries (excluding corporate officers) who were attributed the highest number of options

In 2023, no options have been granted.

### Options exercised in 2023 by the ten employees of the Company and its subsidiaries (excluding corporate officers) with the highest number of options exercised

| Grant date | Number of options exercised | Average price *(in euros)* [(a)] |
|---|---|---|
| 09/26/2013 | 103,640 | 67.15 |
| 09/22/2014 | 35,122 | 70.42 |
| 09/28/2015 | 10,229 | 76.23 |
| 11/29/2016 | 891 | 69.33 |
| **TOTAL** | **149,882** | **68.55** |

*(a) Historical data.*

### Options exercised in 2022 by the ten employees of the Company and its subsidiaries (excluding corporate officers) with the highest number of options exercised

| Grant date | Number of options exercised | Average price *(in euros)* [(a)] |
|---|---|---|
| 09/27/2012 | 36,889 | 69.92 |
| 09/26/2013 | 31,538 | 68.71 |
| 09/22/2014 | 19,270 | 75.31 |
| 09/28/2015 | 3,747 | 81.46 |
| 11/29/2016 | 76 | 69.33 |
| **TOTAL** | **91,520** | **71.11** |

*(a) Historical data.*

### Number of share subscription options and weighted average strike price

| | 2022 | | 2023 | |
|---|---|---|---|---|
| | Options | Weighted average strike price *(in euros)* | Options | Weighted average strike price *(in euros)* |
| **Total number of options outstanding as of January 1 (adjusted number and price)** | **1,700,972** | **71.39** | **1,340,889** | **72.38** |
| Options exercised during the period (adjusted number and price) | 352,635 | 71.14 | 440,106 | 69.28 |
| Options canceled during the period (adjusted number and price) | 7,448 | 72.43 | 5,803 | 71.92 |
| **Total number of options as of December 31 (adjusted number and price)** | **1,340,889** | **72.38** | **894,980** | **73.91** |
| ***Of which total number of options eligible for exercise*** | ***1,340,889*** | ***72.38*** | ***894,980*** | ***73.91*** |

## Information on the fair value of share subscription options and attribution of performance shares

### Share subscription options

No options have been granted in 2022 and 2023.

### Attribution of performance shares

The fair value of performance shares attributed to employees depends for 50% on performance conditions linked to the Group's results, 40% on Shareholder's return and 10% on the reduction in Air Liquide's carbon intensity.

The achievement of performance conditions linked with Group result together with the achievement of performance condition linked to the carbon intensity reduction are not considered as underlying assumptions and were deemed to have been fully achieved at the valuation date.

| | 2022 | | 2023 | |
|---|---|---|---|---|
| | Plan 1 [(a)] | | Plan 1 [(a)] | |
| | 09/29/2022 | | 09/28/2023 | |
| | France | Outside of France | France | Outside of France |
| Duration of performance shares | 5 years | 4 years | 5 years | 4 years |
| Fair value of performance shares *(in euros)* | 98.26 | 94.72 | 136.87 | 135.26 |

*(a) Fair value at the attribution date, not restated for the effect of the later share capital increase with preferential subscription rights in the market and attributions of free shares.*

An expense of 39.6 million euros (excluding taxes) relating to the attribution of performance shares was recognized in the income statement in 2023 compared to 36.9 million euros in 2022 (which also included an expense relating to share subscription options). The corresponding entry is recorded in equity.

# Note 22 Provisions, pensions and other employee benefits

| **2023** *(in millions of euros)* | **As of January 1** | **Increase** | **Utilized** | **Other reversals** | **Discounting** | **Foreign exchange differences** | **Acquisitions related to business combination** | **Other movements** [(a)] | **As of December 31** |
|---|---|---|---|---|---|---|---|---|---|
| Pensions and other employee benefits | 1,091.4 | 61.5 | (96.5) | | 98.0 | (7.9) | | (16.7) | 1,129.8 |
| Restructuring plans | 15.8 | 73.1 | (8.9) | (0.4) | | (0.8) | | 4.9 | 83.7 |
| Guarantees and other provisions related to engineering contracts | 185.6 | 52.5 | (41.9) | (12.8) | 0.1 | (1.6) | | (3.5) | 178.4 |
| Dismantling | 259.9 | 1.0 | (8.5) | (1.4) | 7.7 | (5.8) | | 20.6 | 273.5 |
| Provisions and contingent liabilities as part of a business combination | 164.9 | 14.0 | (13.6) | (24.0) | 1.6 | (5.5) | 0.5 | (7.8) | 130.1 |
| Other provisions | 555.9 | 190.5 | (115.2) | (45.7) | 1.6 | (3.3) | 0.2 | (10.9) | 573.1 |
| **TOTAL PROVISIONS** | **2,273.5** | **392.6** | **(284.6)** | **(84.3)** | **109.0** | **(24.9)** | **0.7** | **(13.4)** | **2,368.6** |

(a) *Other movements correspond to account reclassifications, changes in scope of consolidation and provisions for dismantling, with no impact on the consolidated cash flow statement.*

| **2022** *(in millions of euros)* | **As of January 1** | **Increase** | **Utilized** | **Other reversals** | **Discounting** | **Foreign exchange differences** | **Acquisitions related to business combination** | **Other movements** [(a)] | **As of December 31** |
|---|---|---|---|---|---|---|---|---|---|
| Pensions and other employee benefits | 1,437.0 | 41.2 | (89.8) | | (286.6) | 3.2 | 0.2 | (13.8) | 1,091.4 |
| Restructuring plans | 24.2 | 14.0 | (18.3) | (0.7) | | (0.1) | | (3.3) | 15.8 |
| Guarantees and other provisions related to engineering contracts | 89.1 | 145.4 | (41.0) | (8.3) | | (0.7) | | 1.2 | 185.6 |
| Dismantling | 274.5 | | (3.8) | (5.5) | 6.8 | 2.9 | | (15.0) | 259.9 |
| Provisions and contingent liabilities as part of a business combination | 190.8 | 0.8 | (16.5) | (25.4) | 1.8 | 10.3 | 3.2 | | 164.9 |
| Other provisions | 585.7 | 141.5 | (83.9) | (65.1) | 1.5 | 5.7 | 0.2 | (29.6) | 555.9 |
| **TOTAL PROVISIONS** | **2,601.3** | **342.9** | **(253.3)** | **(105.0)** | **(276.5)** | **21.3** | **3.6** | **(60.5)** | **2,273.5** |

(a) *Other movements correspond to account reclassifications, changes in scope of consolidation and provisions for dismantling, with no impact on the consolidated cash flow statement.*

In the normal course of its operations, the Group is party to arbitration, judicial or administrative proceedings. The potential costs of such proceedings are provided for, when they are probable, only if the amount can be quantified or estimated within a reasonable range. In the latter case, the amount provided for represents the best estimate of the Group's management. Provisions are determined based on a case-by-case risk assessment and events occurring during ongoing proceedings may result in a risk reappraisal at any time. These litigations are by nature diverse and involve various Group subsidiaries. Provisions recorded with respect to all Group litigations amounted to 138 million euros as of December 31, 2023 (185.8 million euros as of December 31, 2022) and are presented in "Other provisions". They include provisions for industrial disputes and for tax risks, excluding income taxes, respectively for 97.5 and 40.5 million euros.

The Group does not provide the detail of these provisions, considering that disclosing the amount provided for each individual litigation could be prejudicial to the Group. Nevertheless, no single litigation is likely to have a material effect on the Group's financial position or its profitability.

# Note 23 Employee benefit obligations

## 23.1. PENSION PLANS

The most significant pension plans relate to France, Germany and the United States.

In France, Air Liquide provides an additional retirement benefit based on the final salary which is paid in addition to other normal pension plans. On December 31, 1995, this plan was closed to employees under age 45 or with less than 20 years of service as of January 1, 1996; the latter being covered by a defined contribution plan. This plan is unfunded. The annual amounts paid with regards to additional benefits cannot exceed a threshold set originally at 12% of total payroll or 12% of pre-tax profits of companies involved. This 12% threshold will be proportionately reduced by comparing the number of plan beneficiaries for the year to the number of plan beneficiaries for the previous year. In 2017, this additional benefit was funded subsequently to the Article 50 of the law of January 20, 2014 securing the future and fairness of pensions plans.

Additionally, changes to retirement age assumptions in France following the 2023 reform do not have any significant impact for the Group.

IAS 19 “Employee Benefits” provides a very restrictive definition of defined contribution plans; any plans not complying fully with the conditions required are defined benefit plans by default.

This restrictive definition of defined contribution plans requires Air Liquide to account for these additional benefits as a defined benefit plan in spite of the limited obligations for the Company and the nature of the obligations not being stable or continuous.

The qualification as a defined benefit plan results in the recognition of a provision with regards to the future obligations.

With the Company’s obligations being limited, the valuation of what will actually be paid to retirees is uncertain. Since the effect of this threshold cannot be measured reliably, the provision recognized represents the actuarial value of the amounts to be paid out to retirees until the plan is closed, excluding any potential threshold effect. The additional retirement benefit paid by Air Liquide is aligned with the indexation of French statutory and supplementary pension plans up to a maximum annuity. Any additional annuity will not be subject to any indexation.

In Germany, there are two main Air Liquide pension plans.

The first plan provides the retirees of Lurgi (Engineering & Construction activity) with a lifetime annuity, based on the income and length of service vested in the plan at the time of retirement, the normal retirement age being 65. The plan also provides disability and widowhood pensions. This plan is now closed to new entrants, the latter benefiting from a defined contribution plan.

The second plan is an old plan covering employees of the Gas & Services activities. The plan provides a lifetime annuity, based on the average income earned over the employee’s career and the length of service vested at the time of retirement, the normal retirement age being 65. The plan also provides disability, pre-retirement and widowhood pensions. It is now closed to new entrants, with new employees benefiting from another defined benefit plan. Providing a minimum length of service of ten years, the plan provides a lifetime annuity based on the average income earned over the employee’s career and the length of service vested at the time of retirement, the normal retirement age being 65. The plan also provides disability, pre-retirement and widowhood pensions.

In accordance with common market practice in Germany, limited funding contributions are made to pension funds as both plans are mainly managed internally.

In the United States, Air Liquide grants retirees supplemental benefits in addition to the normal pension plans. The US plan provides a traditional final average pay benefit to those who continue to accrue benefits. A retiring employee may elect to receive their pension benefit as a lump sum or a lifetime annuity. This plan was closed to new participants in 2004 and was frozen in 2016. Therefore, employees who joined the Company before 2004 are no longer acquiring new rights on this defined benefit plan, but benefit from the defined contribution plan that has been opened since 2004 to new employees.

A new plan was implemented on January 1, 2017 (Supplemental Saving plan). This plan comes on top of the basic savings plan offering additional retirement benefits beyond the tax limit of the basic plan. It represents an annual cost of around 6 million US dollars.

## 23.2. OBLIGATIONS

Group obligations related to pension plans and similar benefits as of December 31, 2023 are shown below:

| 2023<br>*(in millions of euros)* | Defined benefit plans | Retirement termination payments | Other long term benefits | Medical Plans | Total |
|---|---|---|---|---|---|
| **A. Change in net liabilities** | | | | | |
| Net liabilities at the beginning of the period | (839.8) | (145.4) | (18.2) | (27.1) | (1,030.5) |
| (Acquisition) divestiture/transfer | (3.2) | (2.8) | | | (6.0) |
| (Expense) income recognized | (48.1) | (1.8) | (4.8) | (0.9) | (55.6) |
| Employer contributions | 82.4 | 3.5 | 3.6 | 2.2 | 91.7 |
| Gains (losses) for the period | (53.3) | (15.6) | | 0.1 | (68.8) |
| Exchange rate movements | 6.0 | 3.4 | (0.3) | 0.4 | 9.5 |
| **Net liabilities at the end of the period** | **(856.0)** | **(158.7)** | **(19.7)** | **(25.3)** | **(1,059.7)** |
| **B. Expense recorded in 2023** | | | | | |
| Service cost | 20.1 | 2.8 | 2.7 | 0.1 | 25.7 |
| Interest expense on the net defined benefit liability | 28.0 | 5.5 | 0.8 | 0.8 | 35.1 |
| Actuarial (gains) losses | | | 1.3 | | 1.3 |
| Curtailment / settlement | — | (6.5) | — | — | (6.5) (a) |
| **Expense (income) recognized** | **48.1** | **1.8** | **4.8** | **0.9** | **55.6** |
| **C. Change in present value of obligations in 2023** | | | | | |
| DBO at the beginning of the period | 1,824.5 | 145.6 | 18.7 | 27.2 | 2,016.0 |
| Acquisition (divestiture) / transfer | 3.2 | 2.8 | | | 6.0 |
| Service cost | 20.1 | 2.8 | 2.7 | 0.1 | 25.7 |
| Interest cost | 69.7 | 5.5 | 0.8 | 0.8 | 76.8 |
| Employee contributions | 2.1 | | | | 2.1 |
| Curtailment / settlement | | (6.5) | | | (6.5) (a) |
| Benefit payments | (148.5) | (3.4) | (2.1) | (2.2) | (156.2) |
| Actuarial (gains) losses | 112.7 | 15.6 | 1.3 | (0.1) | 129.5 |
| Exchange rate movements | (13.8) | (3.5) | 0.2 | (0.3) | (17.4) |
| **Obligations at the end of the period** | **1,870.0** | **158.9** | **21.6** | **25.5** | **2,076.0** |
| **D. Change in plan assets in 2023** | | | | | |
| Fair value of assets at the beginning of the period | 1,031.9 | 0.2 | 0.4 | 0.2 | 1,032.7 |
| Acquisition (divestiture) / transfer | | | | | 0.0 |
| Actual return on plan assets | 54.7 | (0.1) | | | 54.6 |
| Employer contributions | 5.3 | 0.2 | 1.4 | | 6.9 |
| Employee contributions | 2.1 | | | | 2.1 |
| Benefit payments | (71.5) | (0.1) | | | (71.6) |
| Exchange rate movements | (8.2) | | 0.1 | | (8.1) |
| **Fair value of assets at the end of the period** | **1,014.3** | **0.2** | **1.9** | **0.2** | **1,016.6** |
| **E. Funded status at the end of 2023** | | | | | |
| Present value of obligations | (1,870.0) | (158.9) | (21.6) | (25.5) | (2,076.0) |
| Fair value of plan assets | 1,014.3 | 0.2 | 1.9 | 0.2 | 1,016.6 |
| Surplus management reserve | (0.3) | | | | (0.3) |
| **Net liabilities** | **(856.0)** | **(158.7)** | **(19.7)** | **(25.3)** | **(1,059.7)** |
| **F. Actuarial (gains) and losses recognized directly in equity** | | | | | |
| (Gains) and losses at the beginning of the period | 934.6 | (9.4) | 0.1 | (1.5) | 923.8 |
| (Gains) and losses on obligations | 112.7 | 15.6 | | (0.1) | 128.2 |
| (Gains) and losses on plan assets | (13.0) | 0.1 | | | (12.9) |
| Change in surplus management reserve | (46.4) | | | | (46.4) |
| Exchange rate movements | (12.0) | (2.8) | | 0.1 | (14.7) |
| **(Gains) and losses at the end of the period (b)** | **975.9** | **3.5** | | **(1.5)** | **977.9** |

*(a) Past service costs and plan amendments mainly relate to pension plans in France.*
*(b) Losses (gains), net of tax, recognized in equity, amounted to 726 million euros as of December 31, 2023.*

Group obligations related to pension plans and similar benefits as of December 31, 2022 are shown below:

| **2022** *(in millions of euros)* | **Defined benefit plans** | **Retirement termination payments** | **Other long term benefits** | **Medical Plans** | **Total** |
|---|---|---|---|---|---|
| **A. Change in net liabilities** | | | | | |
| Net liabilities at the beginning of the period | (1,124.3) | (198.3) | (21.9) | (34.2) | (1,378.7) |
| (Acquisition) divestiture/transfer | (1.4) | | | | (1.4) |
| (Expense) income recognized | (26.9) | (14.5) | 2.0 | (1.0) | (40.4) |
| Employer contributions | 76.9 | 9.2 | 1.8 | 2.1 | 90.0 |
| Gains (losses) for the period | 241.4 | 56.9 | | 6.2 | 304.5 |
| Exchange rate movements | (5.5) | 1.3 | (0.1) | (0.2) | (4.5) |
| **Net liabilities at the end of the period** | **(839.8)** | **(145.4)** | **(18.2)** | **(27.1)** | **(1,030.5)** |
| **B. Expense recorded in 2022** | | | | | |
| Service cost | 19.8 | 12.8 | 2.1 | 0.5 | 35.2 |
| Interest expense on the net defined benefit liability | 7.0 | 1.6 | 0.1 | 0.5 | 9.2 |
| Past service cost | 0.1 | 0.1 | 0.1 | | 0.3 [a] |
| Actuarial (gains) losses | | | (4.3) | | (4.3) |
| **Expense (income) recognized** | **26.9** | **14.5** | **(2.0)** | **1.0** | **40.4** |
| **C. Change in present value of obligations in 2022** | | | | | |
| DBO at the beginning of the period | 2,428.0 | 198.6 | 21.9 | 34.4 | 2,682.9 |
| Acquisition (divestiture) / transfer | 1.4 | | | | 1.4 |
| Service cost | 19.8 | 12.8 | 2.1 | 0.5 | 35.2 |
| Interest cost | 30.8 | 1.6 | 0.1 | 0.5 | 33.0 |
| Employee contributions | 2.2 | | | | 2.2 |
| Plan amendments | 0.1 | 0.1 | 0.1 | | 0.3 [a] |
| Benefit payments | (178.4) | (9.2) | (1.3) | (2.1) | (191.0) |
| Actuarial (gains) losses | (526.5) | (57.1) | (4.3) | (6.2) | (594.1) |
| Exchange rate movements | 47.1 | (1.2) | 0.1 | 0.1 | 46.1 |
| **Obligations at the end of the period** | **1,824.5** | **145.6** | **18.7** | **27.2** | **2,016.0** |
| **D. Change in plan assets in 2022** | | | | | |
| Fair value of assets at the beginning of the period | 1,303.7 | 0.3 | | 0.2 | 1,304.2 |
| Acquisition (divestiture) / transfer | | | | | |
| Actual return on plan assets | (215.1) | (0.2) | | | (215.3) |
| Employer contributions | 7.8 | 0.1 | 0.4 | | 8.3 |
| Employee contributions | 2.2 | | | | 2.2 |
| Benefit payments | (109.3) | | | | (109.3) |
| Exchange rate movements | 42.6 | | | | 42.6 |
| **Fair value of assets at the end of the period** | **1,031.9** | **0.2** | **0.4** | **0.2** | **1,032.7** |
| **E. Funded status at the end of 2022** | | | | | |
| Present value of obligations | (1,824.4) | (145.6) | (18.7) | (27.3) | (2,016.0) |
| Fair value of plan assets | 1,031.9 | 0.2 | 0.4 | 0.2 | 1,032.7 |
| Surplus management reserve | (47.3) | | 0.1 | | (47.2) |
| **Net liabilities** | **(839.8)** | **(145.4)** | **(18.2)** | **(27.1)** | **(1,030.5)** |
| **F. Actuarial (gains) and losses recognized directly in equity** | | | | | |
| (Gains) and losses at the beginning of the period | 1,151.8 | 48.1 | | 4.7 | 1,204.6 |
| Acquisition (divestiture) / transfer | 0.6 | 0.1 | | | 0.7 |
| (Gains) and losses on obligations | (526.5) | (57.1) | | (6.2) | (589.8) |
| (Gains) and losses on plan assets | 237.5 | 0.2 | | | 237.7 |
| Change in surplus management reserve | 47.3 | | | | 47.3 |
| Exchange rate movements | 23.9 | (0.7) | 0.1 | | 23.3 |
| **(Gains) and losses at the end of the period [b]** | **934.6** | **(9.4)** | **0.1** | **(1.5)** | **923.8** |

*(a) Past service costs and plan amendments mainly relate to pension plans in France.*
*(b) Losses (gains), net of tax, recognized in equity, amounted to 687 million euros as of December 31, 2022.*

The amounts mentioned above can be broken down as follows by geographical area as of December 31, 2023:

| 2023<br>*(in millions of euros)* | Obligations | Plan assets | Provisions in the balance sheet | Surplus management reserve |
|---|---|---|---|---|
| Europe / Africa | (1,304) | 349 | (955) | |
| Americas | (725) | 630 | (95) | |
| Asia-Pacific | (47) | 37 | (10) | |
| **TOTAL** | **(2,076)** | **1,016** | **(1,060)** | **—** |

The amounts mentioned above can be broken down as follows by geographical area as of December 31, 2022:

| 2022<br>*(in millions of euros)* | Obligations | Plan assets | Provisions in the balance sheet | Surplus management reserve |
|---|---|---|---|---|
| Europe / Africa | (1,252) | 338 | (962) | 47 |
| Americas | (714) | 651 | (63) | — |
| Asia-Pacific | (50) | 44 | (6) | — |
| **TOTAL** | **(2,016)** | **1,033** | **(1,031)** | **47** |

## 23.3. MAIN ASSUMPTIONS

The main discount rates used are as follows:

| | 2022 | 2023 |
|---|---|---|
| Euro zone | 3.8% | 3.2% |
| Canada | 5.0% | 4.7% |
| Japan | 1.4% | 1.5% |
| Switzerland | 2.2% | 1.4% |
| United States | 5.4% | 5.0% |
| United Kingdom | 4.8% | 4.5% |

Differences between expected returns on plan assets and the main discount rates are as follows:

| 2023 | Expected return on assets [(a)] | Discount rate 2022 | Impact *(in bp)* |
|---|---|---|---|
| Euro zone | 2.5% | 3.8% | 130 |
| Canada | 6.5% | 5.0% | (150) |
| Japan | 2.3% | 1.4% | (90) |
| Switzerland | 5.3% | 2.2% | (310) |
| United States | 5.6% | 5.4% | (20) |
| United Kingdom | 4.9% | 4.8% | (10) |

*(a) The expected return on long-term assets was determined by taking into account, in each country, the asset allocation in the portfolio.*

| 2022 | Expected return on assets [(a)] | Discount rate 2021 | Impact *(in bp)* |
|---|---|---|---|
| Euro zone | 2.5% | 1.0% | (150) |
| Canada | 6.6% | 3.2% | (340) |
| Japan | 2.5% | 0.5% | (200) |
| Switzerland | 5.1% | 0.3% | (480) |
| United States | 5.4% | 2.8% | (260) |
| United Kingdom | 3.7% | 1.9% | (180) |

*(a) The expected return on long-term assets was determined by taking into account, in each country, the asset allocation in the portfolio.*

## 23.4. BREAKDOWN OF GAINS AND LOSSES FOR THE PERIOD

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Experience gains and losses on present value of the obligation | (17) | 31 |
| Gains and losses on present value related to changes in assumptions | 611 | (161) |
| Experience gains and losses on fair value of assets | (238) | 13 |

### Breakdown of experience gains and losses on financial assets

| 2023<br>*(in millions of euros)* | Interest income on financial assets | Actual return on assets | Gains and losses on assets |
|---|---|---|---|
| Europe / Africa | 10.2 | 8.4 | (1.9) |
| Americas | 30.8 | 48.0 | 17.3 |
| Asia-Pacific | 0.7 | (1.8) | (2.5) |
| **TOTAL** | **41.7** | **54.6** | **12.9** |

| 2022<br>*(in millions of euros)* | Interest income on financial assets | Actual return on assets | Gains and losses on assets |
|---|---|---|---|
| Europe / Africa | 3.0 | (57.6) | (60.6) |
| Americas | 20.4 | (158.2) | (178.5) |
| Asia-Pacific | 0.3 | 0.6 | 1.4 |
| **TOTAL** | **24.0** | **(215.0)** | **(237.7)** |

## 23.5. PENSION PLAN RISK ANALYSIS

### Sensitivity to movements in discount rates and other variables

The present value of obligations related to defined benefit plans is measured by discounting estimated future cash flows. Discount rates are determined based on Government bonds rates or, when the financial markets are sufficiently liquid, on "high-quality" corporate bond rates, which can vary from one period to another.

Changes in discount rates can materially change the present value of the Group's obligations and the expense recorded in the year.

The amount of obligations is affected to a lesser extent by revised wages and inflation indexes, as well as legal changes regarding retirement age or official mortality tables.

#### Impact of a -0.25% decrease in discount rates

| | Impact on obligations as of December 31, 2023<br>*(in millions of euros)* | % of total obligations as of December 31, 2023 |
|---|---|---|
| Europe / Africa | 35 | 2.6% |
| Americas | 16 | 2.3% |
| Asia-Pacific | 2 | 3.2% |
| **TOTAL** | **53** | **2.5%** |

| | Impact on obligations as of December 31, 2022<br>*(in millions of euros)* | % of total obligations as of December 31, 2022 |
|---|---|---|
| Europe / Africa | 34 | 2.7% |
| Americas | 17 | 2.4% |
| Asia-Pacific | 1 | 1.9% |
| **TOTAL** | **52** | **2.6%** |

### Impact of a +0.25% increase in discount rates

| | Impact on obligations as of December 31, 2023 *(in millions of euros)* | % of total obligations as of December 31, 2023 |
|---|---|---|
| Europe / Africa | (34) | -2.5% |
| Americas | (16) | -2.3% |
| Asia-Pacific | (1) | -3.0% |
| **TOTAL** | **(51)** | **-2.4%** |

| | Impact on obligations as of December 31, 2022 *(in millions of euros)* | % of total obligations as of December 31, 2022 |
|---|---|---|
| Europe / Africa | (32) | -2.5% |
| Americas | (16) | -2.3% |
| Asia-Pacific | (1) | -1.8% |
| **TOTAL** | **(49)** | **-2.4%** |

## Sensitivity of the value of plan assets to market conditions

For the Group's defined benefit plans subject to funding requirements, the fair value of plan assets is primarily dependent on interest rates, the performance of plan assets and amendments to local regulations. Any adverse change on these variables would require additional Group contributions to the pension funds on a timely basis.

Plan assets consist of shares, bonds and other assets whose value is generally subject to market fluctuations. A downturn in the financial markets would increase the net liabilities of defined benefit plans. The plans' coverage ratios would decrease accordingly, requiring additional Group contributions on a timely basis.

Within the Group, plan assets are piloted and managed at local level, especially through investment committees and monitoring of performance and allocations based on the social liabilities covered.

| **2023** | Shares | | Bonds | | Real estate | | Cash | | Others | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(in millions euros)* | Amounts | % | Amounts | % | Amounts | % | Amounts | % | Amounts | % | Amounts | % |
| Europe / Africa | 87 | 24.9% | 60 | 17.2% | 99 | 28.4% | 5 | 1.4% | 98 | 28.1% | 349 | 100.0% |
| Americas | 171 | 27.1% | 406 | 64.4% | 34 | 5.4% | 10 | 1.6% | 9 | 1.5% | 630 | 100.0% |
| Asia-Pacific | 5 | 13.5% | 28 | 75.7% | — | 0.0% | 3 | 8.1% | 1 | 2.7% | 37 | 100.0% |
| **TOTAL** | **263** | | **494** | | **133** | | **18** | | **108** | | **1,016** | |

| **2022** | Shares | | Bonds | | Real estate | | Cash | | Others | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(in millions euros)* | Amounts | % | Amounts | % | Amounts | % | Amounts | % | Amounts | % | Amounts | % |
| Europe / Africa | 71 | 21.0% | 48 | 14.0% | 97 | 29.0% | 30 | 9.0% | 91 | 27.0% | 337 | 100.0% |
| Americas | 221 | 34.0% | 388 | 60.0% | 42 | 6.0% | — | 0.0% | — | 0.0% | 651 | 100.0% |
| Asia-Pacific | 5 | 11.0% | 35 | 79.0% | 1 | 1.0% | 3 | 6.0% | 1 | 3.0% | 45 | 100.0% |
| **TOTAL** | **297** | | **471** | | **140** | | **33** | | **92** | | **1,033** | |

# Note 24 Borrowings

This note provides information on the breakdown of the Group's borrowings by instrument. For further information on financial instruments and the exposure to foreign exchange and interest rate risks, please refer to note 25.

## Net debt calculation

| *(in millions of euros)* | December 31, 2022 | December 31, 2023 |
|---|---|---|
| Non-current borrowings | (10,168.8) | (8,560.5) |
| Current borrowings | (2,003.9) | (2,285.3) |
| **TOTAL GROSS DEBT** | **(12,172.7)** | **(10,845.8)** |
| **Cash and cash equivalents** | **1,911.4** | **1,624.9** |
| **TOTAL NET DEBT AT THE END OF THE PERIOD** | **(10,261.3)** | **(9,220.9)** |

## Statement of changes in net debt

| *(en millions d'euros)* | 2022 | 2023 |
|---|---|---|
| **Net debt at the beginning of the period** | **(10,448.3)** | **(10,261.3)** |
| Net cash flows from operating activities | 5,810.1 | 6,263.0 |
| Net cash flows used in investing activities | (3,241.9) | (3,079.0) |
| Net cash flows from (used in) financing activities excluding changes in borrowings | (1,927.2) | (2,041.6) |
| **Total net cash flows** | **641.0** | **1,142.4** |
| Effect of exchange rate changes, opening net debt of newly acquired companies and others | (248.0) | 150.7 |
| Adjustment of net finance costs | (206.0) | (252.7) |
| **Change in net debt** | **187.0** | **1,040.4** |
| **TOTAL NET DEBT AT THE END OF THE PERIOD** | **(10,261.3)** | **(9,220.9)** |

The Air Liquide Group net debt breaks down as follows:

| | 2022 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Carrying amount | | | Carrying amount | | |
| *(in millions of euros)* | Non-current | Current | Total | Non-current | Current | Total |
| Bonds and private placements | 9,332.8 | 1,206.9 | 10,539.7 | 7,713.1 | 1,151.2 | 8,864.3 |
| Commercial paper programs | | 130.6 | 130.6 | | 398.8 | 398.8 |
| Bank debt and other financial debt | 760.5 | 665.1 | 1,425.6 | 813.4 | 695.1 | 1,508.5 |
| Put options granted to minority shareholders | 75.5 | 1.3 | 76.8 | 34.0 | 40.2 | 74.2 |
| **TOTAL BORROWINGS (A)** | **10,168.8** | **2,003.9** | **12,172.7** | **8,560.5** | **2,285.3** | **10,845.8** |
| Short-term loans | | 35.3 | 35.3 | | 26.1 | 26.1 |
| Short-term marketable securities | | 267.0 | 267.0 | | 200.7 | 200.7 |
| Cash in bank | | 1,609.1 | 1,609.1 | | 1,398.1 | 1,398.1 |
| **TOTAL CASH AND CASH EQUIVALENTS (B)** | | **1,911.4** | **1,911.4** | | **1,624.9** | **1,624.9** |
| **NET DEBT (A) - (B)** | **10,168.8** | **92.5** | **10,261.3** | **8,560.5** | **660.4** | **9,220.9** |

In accordance with the Group's policy to diversify funding sources, long-term bonds and private placements are the primary sources of funding and represent 82% of gross debt as of December 31, 2023. Outstanding notes under these sources amounted to 8,9 billion euros at the end of 2023.

The carrying amount of commercial paper amounted to 0.4 billion euros as of December 31, 2023, in increase by 0.3 billion euros compared to December 31, 2022.

Gross debt decreased by 1.3 billion euros. Bond debt decreased by 1.7 billion euros. Indeed, bond issues matured in 2023 or early redempted were only partially renewed. In addition, bank debt increased by 0.1 billion euros, mainly in China and Taiwan.

In 2023, one bond was issued by Air Liquide Finance, guaranteed by L'Air Liquide S.A.: a private placement issue of 20 billion Japanese yen (128 million euros equivalent) on September 7, 2023, under the EMTN program, maturity September 19, 2031, at a reorder yield of 0.82875% (0.82875% coupon).

In consideration thereof, Air Liquide Finance repaid:

- the second and last tranche of Panda (2018 bond issuance on the Chinese mainland market) for an amount of 800 million Chinese renminbi (109 million euros) on March 7, 2023;
- a 2016 bond issue (144A format) of 750 million US dollars (703 million euros equivalent) on September 27, 2023.

In addition, Air Liquide S.A. repaid on September 6, 2023 the last bond of its portfolio, issued in 2013 for an amount of 300 million euros.

Finally, as part of optimizing the management of its debt and cash surpluses, Air Liquide Finance carried out several early repayments of bond debt in 2023:

- 315 million US dollars (295 million euros equivalent) on the bond issue of 1,250 million US dollars maturing in 2026, in March 2023;
- 68 million US dollars (64 million euros equivalent) on the bond issue of 750 million US dollars maturing in 2046, in March 2023;
- 59 million euros on the bond issue of 500 million euros maturing on June 5, 2024, in November 2023;
- 49 million euros on the bond issue of 500 million euros maturing on June 13, 2024, in November 2023;
- 128 million euros on the bond issue of 500 million euros maturing on April 2, 2025, in November 2023.

The carrying amount of borrowings in the balance sheet is as follows:

| | 2022 | 2023 | | |
|---|---|---|---|---|
| *(in millions of euros)* | Carrying amount | Amount issued [(a)] | Amortized cost ajustments [(b)] | Carrying amount [(a)+(b)] |
| Bonds in the EMTN program | 6,622.5 | 6,063.8 | 23.4 | 6,087.2 |
| Bonds not in the EMTN program | 3,166.1 | 1,916.1 | 3.2 | 1,919.3 |
| Private placements in the EMTN program | 467.1 | 573.9 | 9.8 | 583.7 |
| Private placements not in the EMTN program | 284.0 | 271.5 | 2.6 | 274.1 |
| **TOTAL BONDS AND PRIVATE PLACEMENTS** | **10,539.7** | **8,825.3** | **39.0** | **8,864.3** |
| Commercial paper programs | 130.6 | 405.6 | (6.8) | 398.8 |
| Bank debt and other financial debt | 1,425.6 | 1,492.9 | 15.6 | 1,508.5 |
| Put options granted to minority shareholders | 76.8 | 74.2 | | 74.2 |
| **LONG-TERM BORROWINGS** | **12,172.7** | **10,798.0** | **47.8** | **10,845.8** |

*(a) Nominal amount.*
*(b) Amortized cost including accrued interest.*

## 24.1. CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial assets or liabilities with a carrying amount differing from their fair value are unhedged fixed-rate borrowings.

| | 2022 | | 2023 | |
|---|---|---|---|---|
| *(in millions of euros)* | Carrying amount | Fair value | Carrying amount | Fair value |
| **FINANCIAL LIABILITIES** | | | | |
| Non-current borrowings | 10,168.8 | 11,345.5 | 8,560.5 | 9,287.5 |

The fair value of the Group's financial instruments is calculated using financial market data, which allows a relevant estimate of their market value from a non-liquidation perspective. This valuation technique is level 1 according to IFRS 13 (prices quoted on an active market).

Given their short maturity, the other components of the debt, as well as supplier debts and trade receivables, have a fair value close to their book value.

### 24.2. MATURITY OF BORROWINGS

It is the Group policy to spread over time the maturity of long-term debt (bonds, private placements and bank credit facilities) in order to limit the annual refinancing needs.

| 2023 (in millions of euros) | Nominal amount | Carrying amount | Maturity On demand | < 1 year | ≥ 1 year and ≤ 5 years 2025 | 2026 | 2027 | 2028 | > 5 years 2029 | 2030 | 2031 | > 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bonds and private placements | 8,825.3 | 8,864.3 | | 1,151.2 | 970.9 | 993.9 | 687.9 | 996.2 | 548.3 | 1,092.0 | 623.5 | 1,800.4 |
| Commercial paper programs | 405.6 | 398.8 | | 398.8 | | | | | | | | |
| Bank debt, overdraft and other financial debt | 1,492.9 | 1,508.5 | | 695.1 | 219.9 | 266.7 | 165.8 | 72.9 | 59.0 | 20.3 | 2.2 | 6.6 |
| Put options granted to minority shareholders | 74.2 | 74.2 | 21.6 | 40.2 | 12.4 | | | | | | | |
| **TOTAL BORROWINGS** | **10,798.0** | **10,845.8** | **21.6** | **2,285.3** | **1,203.2** | **1,260.6** | **853.7** | **1,069.1** | **607.3** | **1,112.3** | **625.7** | **1,807.0** |

| 2022 (in millions of euros) | Nominal amount | Carrying amount | Maturity On demand | < 1 year | ≥ 1 year et ≤ 5 years 2024 | 2025 | 2026 | 2027 | > 5 years 2028 | 2029 | 2030 | > 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bonds and private placements | 10,493.7 | 10,539.7 | | 1,206.9 | 1,185.7 | 1,098.5 | 1,318.4 | 690.3 | 995.3 | 563.9 | 1,090.7 | 2,390.0 |
| Commercial paper programs | 131.9 | 130.6 | | 130.6 | | | | | | | | |
| Bank debt, overdraft and other financial debt | 1,399.7 | 1,425.6 | | 665.1 | 208.8 | 182.1 | 133.1 | 145.9 | 50.3 | 31.3 | 1.5 | 7.4 |
| Put options granted to minority shareholders | 76.8 | 76.8 | 15.7 | 1.3 | 46.9 | 11.1 | 1.8 | | | | | |
| **TOTAL BORROWINGS** | **12,102.1** | **12,172.7** | **15.7** | **2,003.9** | **1,441.4** | **1,291.7** | **1,453.3** | **836.2** | **1,045.6** | **595.2** | **1,092.2** | **2,397.4** |

### 24.3. FIXED-RATE PORTION OF GROSS DEBT

| **Portion of fixed-rate gross debt** *(as % of total debt)* | 2022 | 2023 |
|---|---|---|
| EUR debt | 100% | 100% |
| USD debt | 83% | 79% |
| CNY debt | 53% | 100% |
| JPY debt | 95% | 100% |
| TWD debt | 90% | 93% |
| **Total debt** | **94%** | **93%** |

As of December 31, 2023, fixed-rate debt represented 93% of the total debt.

## 24.4. DETAIL OF BOND DEBT

The table below details the main characteristics of the Group's bond issues in progress as of December 31, 2023. They represent 82% of the Group's debt (87% as of December 31, 2022).

| Currency | Nominal value *(in millions)* | Issue date | Maturity | Issuer | Coupon |
|---|---|---|---|---|---|
| EUR | 600 | 2022 | 2032 | AL Finance | 2.875% |
| EUR | 500 | 2021 | 2033 | AL Finance | 0.375% |
| EUR | 500 | 2021 | 2031 | AL Finance | 0.375% |
| EUR | 500 | 2020 | 2030 | AL Finance | 1.375% |
| EUR | 372 | 2020 | 2025 | AL Finance | 1.000% |
| EUR | 100 | 2020 | 2025 | AL Finance | 1.081% |
| EUR | 600 | 2019 | 2030 | AL Finance | 0.625% |
| EUR | 600 | 2017 | 2027 | AL Finance | 1.000% |
| EUR | 1,000 | 2016 | 2028 | AL Finance | 1.250% |
| EUR | 451 | 2016 | 2024 | AL Finance | 0.750% |
| EUR | 500 | 2015 | 2025 | AL Finance | 1.250% |
| EUR | 100 | 2014 | 2029 | AL Finance | 3.000% |
| EUR | 150 | 2014 | 2026 | AL Finance | 3.000% |
| EUR | 441 | 2014 | 2024 | AL Finance | 1.875% |
| USD | 500 | 2019 | 2029 | AL Finance | 2.250% |
| USD | 682 | 2016 | 2046 | AL Finance | 3.500% |
| USD | 935 | 2016 | 2026 | AL Finance | 2.500% |
| USD | 100 | 2012 | 2027 | AL Finance | 3.460% |
| USD | 200 | 2012 | 2024 | AL Finance | 3.260% |
| JPY | 20,000 | 2023 | 2031 | AL Finance | 0.829 % |
| JPY | 15,000 | 2008 | 2038 | AL Finance | 3.160% |

## 24.5. NET DEBT BY CURRENCY

The Group ensures a natural hedge and reduces its exposure to currency fluctuations by raising debt mainly in the currency of the cash flows that are generated to repay the debt. In most countries, and especially outside the euro, US dollar, Japanese yen and Chinese renminbi zones, financing is raised in either local or foreign currency (EUR or USD) when sales contracts are indexed to foreign currency. Debt in other currencies is mainly denominated in Taiwan dollar, South African Rand and in Canadian dollar.

As part of intra-group multi-currency financing, the Central Treasury Department converts the debt raised in financial markets into various currencies to finance subsidiaries in their functional currencies or their cash flow currencies. The breakdown of this hedging portfolio is shown in the table below.

Accordingly, a portion of the euro debt raised was converted (1,443.0 million euros) to other currencies to finance foreign subsidiaries. As an example, 2,498.3 million euros equivalent were raised initially in US dollar, and 512.1 million euros equivalent were raised in euros and converted in US dollar using currency swap contracts. 244.5 million euros were in cash or cash equivalent, leading to an adjusted net debt in US dollars of 2,765.9 million euros equivalent.

| 2023<br>*(in millions of euros)* | Gross debt – original issue | Interest rate and currency swaps | Cash and cash equivalents | Adjusted net debt |
|---|---|---|---|---|
| EUR | 6,885.1 | (1,443.0) | (642.2) | 4,799.9 |
| USD | 2,498.3 | 512.1 | (244.5) | 2,765.9 |
| JPY | 226.2 | 107.9 | (18.6) | 315.5 |
| CNY | 310.8 | 3.6 | (263.5) | 50.9 |
| TWD | 453.7 | — | (30.1) | 423.6 |
| Other currencies | 471.7 | 819.4 | (426.0) | 865.1 |
| **TOTAL** | **10,845.8** | **—** | **(1,624.9)** | **9,220.9** |

| 2022<br>*(in millions of euros)* | Gross debt – original issue | Interest rate and currency swaps | Cash and cash equivalents | Adjusted net debt |
|---|---|---|---|---|
| EUR | 7,209.7 | (1,622.0) | (892.7) | 4,695.0 |
| USD | 3,543.5 | 537.3 | (296.3) | 3,784.5 |
| JPY | 108.8 | 218.2 | (13.6) | 313.4 |
| CNY | 314.6 | (45.8) | (213.9) | 54.9 |
| TWD | 387.9 | — | (12.1) | 375.8 |
| ZAR | 264.2 | — | (41.4) | 222.8 |
| Other currencies | 344.0 | 912.3 | (441.4) | 814.9 |
| **TOTAL** | **12,172.7** | **—** | **(1,911.4)** | **10,261.3** |

## 24.6. BREAKDOWN OF AVERAGE NET FINANCE COSTS

Net debt depends on the original gross debt raised on the financial markets, on the swap of this debt into foreign currencies to finance the subsidiaries, and on surplus cash positions. The average cost of net debt presented in the following table takes into account these various components, i.e. financing expenses, amortization and commission fees, income and expenses related to foreign currency translation and income or expenses related to cash surpluses.

| | 2022 | | | 2023 | | |
|---|---|---|---|---|---|---|
| *(in millions of euros)* | Average outstanding debt | Net interests | Average net finance costs | Average outstanding debt | Net interests | Average net finance costs |
| EUR | 4,854.3 | 87.2 | 1.8% | 4,830.9 | 104.5 | 2.2% |
| USD | 4,449.0 | 142.3 | 3.2% | 3,641.8 | 162.8 | 4.5% |
| JPY | 394.1 | 4.9 | 1.2% | 311.2 | 4.0 | 1.3% |
| CNY | 76.2 | 13.7 | — | 184.0 | 12.1 | 6.6 % |
| TWD | 326.0 | 5.6 | 1.7% | 376.5 | 8.8 | 2.3 % |
| Other currencies | 1,271.1 | 84.1 | 6.6% | 758.5 | 49.1 | 6.5% |
| **TOTAL** | **11,370.7** | **337.8** | **3.0%** | **10,102.9** | **341.3** | **3.4%** |
| Non-recuring costs | | — | | | (27.1) | |
| Capitalized interests | | (49.4) | | | (48.7) | |
| **TOTAL COST OF DEBT** | | **288.4** | | | **265.5** | |

The average net finance costs, excluding capitalized interests and non-recurring costs increased by 3.5 million euros. They stand at 3.4% of the average outstanding debt in 2023. The total cost of debt, including exceptional elements and capitalized finance costs, stands at 265.5 million euros, decreasing by 22.9 million euros.

### 24.7. OTHER FINANCING INFORMATION

Two financial covenants are associated to bank debt facilities exceeding 50 million euros: they are long term loans used by Air Liquide Large Industries South Africa (South Africa), for a total outstanding amount of 169 million euros as of December 31, 2023. Financial covenants were all met as of December 31, 2023.

The total amount of bank credit facilities subject to financial covenants represents around 3.7% of the Group's gross debt as of December 31, 2023.

Bonds issued by L'Air Liquide S.A. and Air Liquide Finance, and making up the carrying amount of bonds as of December 31, 2023, include a change of control clause, with the exception of the 20 billion Japanese yen (128 million euros equivalent) private placement maturing in September 2031.

## Note 25 Financial risk policy and management

### 25.1. FINANCIAL RISK MANAGEMENT

Risk management is a priority for the Group. Consequently, the Finance Department governance relies on Strategic Finance Committees and Operational Finance Committees.

The Finance Department centrally manages the main financial risks, in accordance with decisions taken by the Strategic Finance Committee to which it reports on a regular basis. The Finance Department also performs country and customer risks analyses associated with investment decisions and attends Investment Committee meetings.

The financial policy adopted by Air Liquide, the purpose of which is to minimize the risks incurred by the Group and its subsidiaries, enables the Group to ensure sustainable funding sources. To minimize the refinancing risk related to debt maturity schedules, the Group diversifies financing sources and spreads maturities over several years. In 2023, the average debt maturity was 5.5 years. As of December 31, 2023, the long-term debt (gross debt maturing in more than one year) represented 79% of the overall Group debt, compared to 84% as of December 31, 2022.

Interest rate, commodities and foreign currency hedging strategies validated by the Operational Finance Committee are set up depending on market opportunities, while complying with prudence and risk limitation principles. Negotiated market operations can be governed by Fédération Bancaire Française ("FBF") contracts or by International Swaps and Derivatives Associates ("ISDA") contracts. These do not include collateralization commitments or margin calls.

The Group also pays continuous attention to its bank and customer counterparty risks by regularly monitoring ratings issued by main international rating agencies and the level of risk associated with these counterparties. An internal ratings system, set-up in 2018, is used for the most important clients when no leading credit ratings agency information is available.

#### a) Foreign exchange risk

**Principles**

Financial instruments are only used to hedge transaction-based foreign exchange risk. The risk is attached on the one hand to financial cash flows arising from royalties, dividends, intra-group loans and borrowings denominated in foreign currencies and on the other hand to foreign currency commercial cash flows from operating entities in foreign currencies other than their functional currency. Although in slight increase, commercial cash flows denominated in foreign currencies do not represent significant amounts compared to consolidated revenue.

Foreign exchange risk related to royalties, dividend flows and intra-group loans and borrowings in foreign currencies is hedged by the Central Treasury Department using currency forwards or options with an overall term of less than 18 months.

Foreign currency commercial cash flows from operating entities are hedged either as part of the annual budgetary process for subsidiaries with recurring flows in foreign currency or at the signing date of a sale or purchase contract for non-recurring flows for the Engineering & Construction business line. Around a hundred subsidiaries are exposed to foreign exchange risk. These subsidiaries mainly use currency forwards set up by Air Liquide Finance (internal counterparty for hedging transactions) except in countries where it is prohibited by local regulations. The majority of these contracts have short maturities (three to twelve months) and market transactions are regulated by master agreements of the French Banking Federation ("FBF") or by master agreements of the International Swaps and Derivative Association ("ISDA") for local hedging operations. These do not include collateralization commitments or margin calls.

When preparing their budget at the year-end, subsidiaries report their foreign exchange risk exposure to the Central Treasury Department in order to hedge the commercial cash flows expected in the following year. In each case, the Central Treasury Department monitors the adequacy of the hedges with the identified risks and performs a full revaluation of all hedges, every six months.

The foreign exchange translation risk (consolidation in euros of the assets and liabilities in currencies) is not subject to hedging. Indeed, investments are essentially funded in the currency in which the cash flows are generated, thus creating a natural currency hedging.

### Sensitivity of income statement and balance sheet items to foreign currency fluctuations

The table below sets out the effect of the translation of balance sheet items and the income statement of subsidiaries with a functional currency of USD, CNY, JPY, or CAD assuming a 10% appreciation against the euro (foreign exchange translation risk) on the following items:

| *(in millions of euros)* | Revenue | % Total group | Operating income recurring | % Total group | Net profit | % Total group | Equity | % Total group |
|---|---|---|---|---|---|---|---|---|
| USD | 920.3 | 3.33% | 196.1 | 3.87% | 120.8 | 3.92% | 1,425.4 | 5.86% |
| CNY | 244.4 | 0.89% | 64.3 | 1.27% | 40.8 | 1.33% | 227.4 | 0.93% |
| JPY | 85.2 | 0.31% | 19.2 | 0.38% | 12.3 | 0.40% | 86.4 | 0.36% |
| CAD | 82.1 | 0.30% | 17.5 | 0.35% | 13.1 | 0.43% | 20.3 | 0.08% |
| SGD | 81.7 | 0.30% | 15.7 | 0.31% | 12.6 | 0.41% | 90.7 | 0.37% |
| TWD | 43.2 | 0.16% | 10.2 | 0.20% | 5.5 | 0.18% | 21.0 | 0.09% |

The foreign currency risk sensitivity analysis shows that a 10% appreciation in the four major currencies as of December 31, 2023 would result in changes to revenue, operating income recurring, net profit and equity, as indicated above.

A 10% depreciation in the above currencies as of December 31, 2023, would have the equivalent but opposite effects as those presented above, assuming that all other variables remained constant.

### Sensitivity of derivatives and their underlying hedged items to foreign currency fluctuations

The table below shows the effect of a 10% fluctuation in hedging currency exchange rates on the recognition of the foreign exchange derivatives portfolio in the Group's net profit and equity as of December 31, 2023. The sensitivity of net profit and equity primarily reflects the effect of foreign exchange swaps relating to the intragroup financing activity of the subsidiary Air Liquide Finance, and currency forward hedging instruments contracted at head office level.

| | Foreign exchange risk | | | |
|---|---|---|---|---|
| | +10% | | -10% | |
| *(in millions of euros)* | P&L impact | Equity impact | P&L impact | Equity impact |
| Foreign exchange derivatives and their hedged underlying items | — | 42.7 | — | (42.7) |

## b) Interest rate risk

### Principles

Air Liquide centrally manages interest rate risk on the main currencies: euro, US dollar and Japanese yen which represented 85% of the Group's total net debt as of December 31, 2023. Regarding other currencies, the Finance Department provides subsidiaries with advice as to the different types of bank loans and/or hedging transactions to enter into according to the characteristics of local financial markets.

The Group policy is to maintain the major portion of total debt at fixed rates and to protect the residual balance using optional hedging instruments. This approach enables the Group to limit the effect of interest rate fluctuations on financial expenses.

Consequently, at the 2023 year-end, 93% of the total debt was fixed-rate debt. The fixed-rate/floating-rate breakdown is reviewed on a regular basis by the Finance Committees, depending on interest rate fluctuations and the level of Group debt.

### Sensitivity to interest rate fluctuations on cost of floating-rate debt

The Group net debt exposed to interest rate fluctuations amounted to around 482 million equivalent euros as of December 31, 2023, for an average outstanding amount over the year of 0.6 billion equivalent euros (total debt adjusted for interest rate hedging instruments and short-term securities) in decrease compared to December 31, 2022 (0.8 billion equivalent euros).

An increase or decrease in interest rates by 100 basis points (±1%) on all yield curves would have an effect of approximately ±6 million euros on the Group's annual cost of debt (accounted in financial charges) before tax, assuming outstanding floating debt remains constant.

### Sensitivity to interest rate fluctuations on derivatives and their underlying hedged items

The table below shows the effect of a 1% fluctuation of interest rates in all foreign currencies on the interest rate derivatives portfolio in the Group's net profit and equity, as of December 31, 2023.

| | Interest rate risk | | | |
|---|---|---|---|---|
| | +1.0% | | -1.0% | |
| *(in millions of euros)* | P&L impact | Equity impact | P&L impact | Equity impact |
| Interest rate derivatives and their hedged underlying items | (3.0) | 76.1 | (4.5) | (66.2) |

To protect the Group against the increase of variable rates in 2023 applicable to short-term financing (commercial papers) and to other exposure to variable rates, Air Liquide Finance set up six firm hedges for 148 million euros, 200 million US dollar and 20 billion Japanese yen. They were completed by optional hedges for a total amount of 140 million euros and 200 million US dollar.

To protect the Group against new rate increases in 2024 applicable to short-term financing (commercial papers) and to other exposure to variable rates, Air Liquide Finance set up firm hedges for a total amount of 400 million euros and 250 million US dollar. They are completed by optional hedges for a total amount of 200 million euros and 200 million US dollar.

All hedging instruments used for interest rate or foreign exchange risk management purposes relate to identified risks and were set up to comply with the Group's financial policy. The effect on equity primarily stems from the fixed-rate hedging instruments contracted by the subsidiary Air Liquide Finance.

## c) Counterparty risk

Counterparty risks for Air Liquide potentially include customers and bank counterparties.

The Group's subsidiaries serve a large number of customers (more than two million worldwide) located in extremely diverse markets: chemicals, steel, refining, food, pharmaceuticals, metals, automotive, manufacturing, healthcare, research laboratories, electronics, etc. In 2023, the Group's main customer represents around 2% of revenue, the Group's 10 main customers around 12% of sales, and the Group's 50 main customers around 30% of sales. The geographical risk is limited by the Group's sustainable coverage in 72 countries [(1)] on all continents. This diversity reduces customer and market risk.

To better assess its exposure, the Group has implemented procedures to regularly monitor the financial situation of its major customers as well as a monthly reporting for the Group's 169 main transnational customers in order to monitor the related consolidated risk.

Moreover, customer risk assessment and in particular the quality of the customer's site is an important component of the investment decision process.

Bank counterparty risk relates to the outstanding amounts of deposits, current accounts, market values of derivatives and to the credit lines contracted with each bank. Pursuant to its financial policy, in the majority of cases, the Group requires a long-term Standard & Poor's "A" credit rating or a Moody's "A2" rating from its counterparties to accept commitments on financial instruments. The Group's credit lines are also spread among several banks from various geographical areas to avoid the risk of concentration while complying with the same credit rating requirements. The Operational Finance Committee regularly reviews and approves the list of bank counterparties related to investments and the list of financial instruments. With regards to short-term investments, outstandings are subject to strict limits per counterparty and are monitored daily.

IFRS 13 Fair Value Measurement specifies that the valuation of currency, interest rate and commodity hedging instruments must take into account the counterparty credit risk attached to these transactions. Considering the aforementioned counterparty selection criteria, the effect on the periodic valuations, by applying the secondary bonds spread method is immaterial.

## d) Liquidity risk

It is Group financial policy to spread over time the maturity of long-term debt in order to avoid concentration of annual refinancing needs. Liquidity risk is also reduced by the stability of cash flows generated from operations as well as by having confirmed credit lines in place. The financial covenants attached to the current financing arrangements described in note 24.7 do not affect the Group's access to liquidity.

The carrying nominal amount of short-term financing in the form of commercial paper amounted to 401 million euros as of December 31, 2023, an increase by 269 million euros compared to the end of 2022. The average amount of commercial paper amounted to 617 million euros in 2023, compared to 756 million euros in 2022.

The Group policy requires that commercial paper in issue be backed by confirmed long-term credit lines. In 2023, this requirement was met, with an amount of confirmed credit lines of 3,795 million euros largely exceeding maximum outstanding commercial paper.

The table below presents the maturities of the bilateral and syndicated credit lines:

| *(in millions of euros)* | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | Total |
|---|---|---|---|---|---|---|---|
| Bilateral lines and syndicated credit lines | — | 2,550 | 495 | 200 | 550 | — | 3,795 |

When the Group makes short-term financial investments other than bank deposits, it systematically favors monetary instruments with a short-term maturity in order to limit the risk of non-liquidity or high volatility.

The following tables represent the future cash flows related to the main balance sheet items and to the derivative financial instruments recognized at the end of the last two periods. Interest flows are calculated in accordance with IFRS 7 and represent the interest payable for each relevant period. Interest flows related to floating interest rate or foreign currency instruments were calculated using the closing interest and exchange rates as of December 31, 2022 and 2023. The flows related to debt repayment obligations differ from the amounts recognized in the Group's balance sheet due to the accounting treatment applied to borrowings and the exclusion of hedging instruments.

(1) *Excluding Russia, where the entities are no longer consolidated following the loss of control on September 1, 2022.*

| 2023 *(in millions of euros)* | Book value as of December 31, 2023 | Cash Flow < 1 year | | Cash flow ≥ 1 year and ≤ 5 years | | Cash Flow > 5 year | |
|---|---|---|---|---|---|---|---|
| | | Interest | Capital refund | Interest | Capital refund | Interest | Capital refund |
| **Derivative instruments** | | | | | | | |
| **Assets** | | | | | | | |
| Fair value of derivatives (assets) | 105.8 | 145.9 | 204.4 | 42.0 | 719.1 | 7.7 | 143.8 |
| **Liabilities** | | | | | | | |
| Fair value of derivatives (liabilities) | (124.2) | (127.2) | (196.9) | (84.1) | (720.5) | (9.1) | (134.6) |
| **SUB-TOTAL DERIVATIVE INSTRUMENTS** | | **18.7** | **7.5** | **(42.1)** | **(1.4)** | **(1.4)** | **9.2** |
| **Assets** | | | | | | | |
| Loans and other non-current receivables | | | | | — | | |
| Trade receivables | 2,993.7 | | 2,971.2 | | 22.5 | | |
| Cash and cash equivalents | 1,624.9 | 5.0 | 1,619.9 | | | | |
| **SUB-TOTAL ASSETS** | | **5.0** | **4,591.1** | | **22.5** | | |
| **Liabilities** | | | | | | | |
| Non-current borrowings | (8,560.5) | (135.8) | | (551.8) | (4,370.1) | (516.2) | (4,156.2) |
| Other non-current liabilities | (454.7) | | | | (454.7) | | |
| Trade payables | (3,310.5) | | (3,245.9) | | (64.6) | | |
| Current borrowings | (2,285.3) | (46.8) | (2,157.3) | | | | |
| **SUB-TOTAL LIABILITIES** | | **(182.6)** | **(5,403.2)** | **(551.8)** | **(4,889.4)** | **(516.2)** | **(4,156.2)** |

| 2022 *(in millions of euros)* | Book value as of December 31, 2022 | Cash Flow < 1 year | | Cash flow ≥ 1 year and ≤ 5 years | | Cash Flow > 5 year | |
|---|---|---|---|---|---|---|---|
| | | Interest | Capital refund | Interest | Capital refund | Interest | Capital refund |
| **Derivative instruments** | | | | | | | |
| **Assets** | | | | | | | |
| Fair value of derivatives (assets) | 148.4 | 38.1 | 500.5 | 35.0 | 1,186.7 | 5.7 | 291.5 |
| **Liabilities** | | | | | | | |
| Fair value of derivatives (liabilities) | (163.1) | (45.6) | (459.8) | (71.1) | (848.9) | (8.3) | (287.4) |
| **SUB-TOTAL DERIVATIVE INSTRUMENTS** | | **(7.5)** | **40.7** | **(36.1)** | **337.8** | **(2.6)** | **4.1** |
| **Assets** | | | | | | | |
| Loans and other non-current receivables | 299.9 | | | | 299.9 | | |
| Trade receivables | 3,034.8 | | 3,034.8 | | — | | |
| Cash and cash equivalents | 1,911.4 | 2.5 | 1,908.9 | | | | |
| **SUB-TOTAL ASSETS** | | **2.5** | **4,943.7** | | **299.9** | | |
| **Liabilities** | | | | | | | |
| Non-current borrowings | (10,168.8) | (192.6) | | (550.5) | (4,995.9) | (647.0) | (5,086.3) |
| Other non-current liabilities | (317.8) | | | | (317.8) | | |
| Trade payables | (3,782.6) | | (3,782.6) | | — | | |
| Current borrowings | (2,003.9) | (43.2) | (1,899.9) | | | | |
| **SUB-TOTAL LIABILITIES** | | **(235.8)** | **(5,682.5)** | **(550.5)** | **(5,313.7)** | **(647.0)** | **(5,086.3)** |

## e) Hierarchy of financial instruments fair value

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| **Level 1** | **87.0** | **70.2** |
| Non-consolidated shares (listed shares) | 87.0 | 70.2 |
| **Level 2** | **311.5** | **230.0** |
| Derivative instruments | 311.5 | 230.0 |
| **Level 3** | **76.8** | **74.2** |
| Put options granted to minority shareholders | 76.8 | 74.2 |

## f) Commodity risk (energy contracts)

A portion of Air Liquide's energy supplies, with limited volume commitments, is obtained through forward purchase contracts, at a fixed or indexed price.

IFRS 9 provides for the inclusion within its scope of forward purchases and sales of non-financial assets as soon as these transactions are deemed similar to derivative instruments.

However, IFRS 9 considers that forward contracts for non-financial assets should not be considered as derivatives when they have been entered into to meet the Company's "normal" business requirements, resulting in the delivery upon maturity of the underlying item for use in the Company's industrial process. As Air Liquide does not purchase electricity or natural gas for speculation or arbitrage on commodity price trends purposes, no forward contracts relating to energy meet the definition of a derivative instrument. The contracts enter into as part of the Company's normal business to be used in the industrial process and do not meet the definition of a derivative instrument.

Furthermore, in a global context of highly volatile electricity and natural gas market prices, Air Liquide continues to index long-term customer contracts to hedge these risks. For natural gas and electricity prices, the opening of some markets led the Group, under these circumstances, to replace the regulated tariffs by local market indices.

Nonetheless, a few contracts remain for which price indexation alone cannot guarantee a total and effective hedge against the risk of energy prices fluctuations. These risks are therefore hedged by Air Liquide, particularly by Air Liquide Finance, using adequate commodity derivatives, which are mainly swaps with maturities of generally less than two years. For contracts for the supply of industrial gas produced from renewable energy, new risks to be taken into account (long-term commitment, fixed price, intermittency, management of environmental certificates, etc.) can lead the Group to make greater use of appropriate hedging instruments.

The fair value recognition of these derivative instruments had no material impact on Group equity or profits as of December 31, 2023.

## 25.2. INFORMATION ON DERIVATIVE INSTRUMENTS

The Group policy consists in using financial derivatives only when hedging actual financial flows. As a result, the majority of derivative financial instruments used by the Group benefit from hedge accounting. Derivative instruments that do not benefit from hedge accounting are not used for speculative purposes.

Impact of the fair value recognition of derivative instruments on the balance sheet:

| | | Assets | | | | | Liabilities | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Fair value of derivatives (assets) | | | | | | | Fair value of derivatives (liabilities) | | |
| **2023** *(in millions of euros)* | **IFRS classification** | **Deferred tax assets** | **Trade receivables** | **Assets - non current** | **Assets - current** | **Total** | **Net income recognized in equity** | **Profit for the period** | **Borrowings** | **Trade payables** | **Assets - non current** | **Assets - current** | **Total** |
| **Foreign exchange risk** | | | | | | | | | | | | | |
| Forwards hedging future cash flows | CFH [(a)] | 6.0 | | (1.1) | 37.1 | 42.0 | (16.9) | | | | 5.7 | 53.2 | 42.0 |
| Currency forwards hedging transactions recorded in the accounts and Cross Currency Swaps | FVH [(b)] | 0.8 | 1.6 | 37.4 | 33.8 | 73.6 | | (2.3) | 33.7 | 4.2 | 24.7 | 13.3 | 73.6 |
| Other derivatives | [(c)] | | | | | | | | | | | | 0.0 |
| **Interest rate risk** | | | | | | | | | | | | | |
| Interest rate swaps | FVH [(b)] | | | | | | | | | | | | |
| Swaps, options and Cross Currency Swaps | CFH [(a)] and NIH [(d)] | 4.7 | | (1.2) | (0.2) | 3.3 | (12.8) | (0.7) | | | 16.8 | | 3.3 |
| **Commodity risk (Energy)** | | | | | | | | | | | | | |
| Forwards hedging future cash flows | CFH [(a)] | 2.6 | | | | 2.6 | (7.9) | | | | 0.8 | 9.7 | 2.6 |
| **TOTAL** | | **14.1** | **1.6** | **35.1** | **70.7** | **121.5** | **(37.6)** | **(3.0)** | **33.7** | **4.2** | **48.0** | **76.2** | **121.5** |

*(a) CFH: Cash Flow Hedge.*
*(b) FVH: Fair Value Hedge.*
*(c) Derivative instruments not benefiting from hedge accounting.*
*(d) NIH: Net Investment Hedge.*

| | | Assets | | | | | Liabilities | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Fair value of derivatives (assets) | | | | | | | Fair value of derivatives (liabilities) | | |
| **2022** *(in millions of euros)* | **IFRS classification** | **Deferred tax assets** | **Trade receivables** | **Assets - non current** | **Assets - current** | **Total** | **Net income recognized in equity** | **Profit for the period** | **Borrowings** | **Trade payables** | **Assets - non current** | **Assets - current** | **Total** |
| **Foreign exchange risk** | | | | | | | | | | | | | |
| Forwards hedging future cash flows | CFH [(a)] | (0.1) | | 6.0 | 68.1 | 74.0 | 0.3 | | | | 6.0 | 67.7 | 74.0 |
| Currency forwards hedging transactions recorded in the accounts and Cross Currency Swaps | FVH [(b)] | 0.9 | 3.0 | 32.6 | 39.0 | 75.5 | | (2.7) | 34.6 | 6.6 | 23.3 | 13.7 | 75.5 |
| Other derivatives | [(c)] | | | | | 0.0 | | (0.1) | | | | 0.1 | 0.0 |
| **Interest rate risk** | | | | | | | | | | | | | |
| Interest rate swaps | FVH [(b)] | | | | | | | | | | | | |
| Swaps, options and Cross Currency Swaps | CFH [(a)] and NIH [(d)] | 6.8 | | 2.2 | 0.5 | 9.5 | (19.4) | | | | 28.9 | 0.0 | 9.5 |
| **Commodity risk (Energy)** | | | | | | | | | | | | | |
| Forwards hedging future cash flows | CFH [(a)] | 6.9 | | | | 6.9 | (14.2) | (2.3) | | | (3.7) | 27.1 | 6.9 |
| **TOTAL** | | **14.5** | **3.0** | **40.8** | **107.6** | **165.9** | **(33.3)** | **(5.1)** | **34.6** | **6.6** | **54.5** | **108.6** | **165.9** |

*(a) CFH: Cash Flow Hedge.*
*(b) FVH: Fair Value Hedge.*
*(c) Derivative instruments not benefiting from hedge accounting.*
*(d) NIH: Net Investment Hedge.*

# Note 26 Other liabilities (non-current/current)

## 26.1. OTHER NON-CURRENT LIABILITIES

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Investment grants | 105.5 | 187.0 |
| Advances and deposits received from customers | 29.7 | 28.4 |
| Other non-current liabilities | 182.6 | 239.3 |
| **TOTAL OTHER NON-CURRENT LIABILITIES** | **317.8** | **454.7** |

## 26.2. OTHER CURRENT LIABILITIES

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Advances received | 440.0 | 560.2 |
| Deposits received from customers | 81.4 | 70.7 |
| Other payables | 1,418.6 | 1,395.4 |
| Accruals and deferred income | 275.6 | 283.8 |
| **TOTAL OTHER CURRENT LIABILITIES** | **2,215.6** | **2,310.1** |

Amounts payable to customers under Engineering & Construction contracts amount to 188.8 million euros and are included in other current liabilities as of December 31, 2023 (151.3 million euros in 2022).

Other payables mainly include tax and employment-related liabilities.

# Note 27 Trade payables

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Operating suppliers | 3,325.3 | 2,807.0 |
| Property, plant and equipment and intangible assets suppliers | 457.3 | 503.5 |
| **TOTAL TRADE PAYABLES** | **3,782.6** | **3,310.5** |

A suppliers payment platform which aims at facilitating the payment process of suppliers trade payables has been set up in the United States in 2020.The Group has analyzed the main features of the contract according to the principles described in paragraph 6.d of the accounting principles and has concluded that the qualification of trade payables should not be challenged as the contract does not constitute a reverse factoring contract.

# Note 28 Related party disclosures

## 28.1. TRANSACTIONS WITH COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION

The Consolidated Financial Statements include the Financial Statements of L'Air Liquide S.A. and all the subsidiaries listed on pages 286 to 288. L'Air Liquide S.A. is the ultimate parent company.

Due to the activities and legal organization of the Group, only executives, associates and joint ventures are considered to be related parties to the Group. Transactions performed between these individuals or these companies and Group subsidiaries are not material.

Information related to associates and joint ventures is disclosed in note 14.

## 28.2. REMUNERATION ALLOCATED TO MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT BODIES

The remuneration of Group executives includes the remuneration allocated to the Board of Directors and the Company's management bodies as compensation for their duties within the entire Group as employees and corporate officers for the respective fiscal years. The Company's management bodies include all the members of Executive Management and the Executive Committee. The amounts expensed in this respect are as follows:

| *(in thousands of euros)* | 2022 | 2023 |
|---|---|---|
| Short-term benefits | 21,496 | 20,480 |
| Post-employment benefits | 2,151 | 2,683 |
| Termination benefits | 414 | |
| Share-based payments | 10,376 | 9,762 |
| **TOTAL** | **34,437** | **32,925** |

### Short-term benefits

Short-term benefits include fixed remuneration, variable remuneration, benefits in kind and attendance fees. The entire variable remuneration portion due for any given year is paid the following year after the Financial Statements have been approved.

The remuneration policy for members of the executive team takes into account market practices. It includes a substantial variable portion depending on the achievement of earnings and individual performance objectives.

### Post-employment benefits

Post-employment benefits mainly include the contributions paid to external pension funds. Retirement commitments amounted to 5,331 thousand euros in 2023 and 5,063 thousand euros in 2022.

### Share-based payments

Stock options and performance shares granted to Executive Management and to the Executive Committee have the following expiry dates and strike prices:

| Year of Stock option Plan | Expiry date | Strike price [a] *(in euros)* | Number of rights 2022 | Strike price *(in euros)* | Number of rights 2023 |
|---|---|---|---|---|---|
| 2014 (September 22) | 09/21/2024 | 70.42 | 102,349 | 70.42 | 46,422 |
| 2015 (September 28) | 09/27/2025 | 76.23 | 59,362 | 76.23 | 34,120 |
| 2016 (November 29) | 11/28/2026 | 69.33 | 5,561 | 69.33 | 5,561 |
| 2017 (September 20) | 09/19/2027 | 77.54 | 1,075 | 77.54 | 1,075 |
| 2018 (September 25) | 09/24/2028 | 87.97 | 902 | 87.97 | 902 |

*(a) Adjusted for share capital increases by attributions of free shares (2022, 2019, 2017) and for the share capital increase in cash of October 11, 2016.*

| Year of Performance Shares Plan | Number of rights 2022 | Number of rights 2023 |
|---|---|---|
| 2019 (September 30) | 26,948 | — |
| 2020 (September 29) | 62,417 | 29,269 |
| 2021 (September 29) | 81,866 | 71,918 |
| 2022 (September 29) | 98,140 | 87,150 |
| 2023 (September 28) | — | 72,200 |

The fair value of performance shares granted in 2023 is disclosed in note 21. These amounts are expensed over the lock-in period of the option and performance shares. The amounts that will be recognized in future periods in respect of the granted stock options and performance shares amount to 17,117 thousand euros as of December 31, 2023 (18,690 thousand euros as of December 31, 2022, which also included an expense relating to share subscription options).

The 2023 plan performance shares granted to corporate officers and Executive Committee members are definitely acquired subject to the achievement of certain performance conditions.

No stock options or performance shares were granted to other non-executive Directors under these plans.

# Note 29 Commitments

## 29.1. DETAILED COMMITMENTS

Commitments are given in the normal course of the Group's business.

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Firm purchase orders for fixed assets | 1,234.7 | 1,661.1 |
| Other commitments related to operating activities | 6,828.5 | 7,624.4 |
| **Commitments relating to operating activities** | **8,063.2** | **9,285.5** |
| **Commitments relating to financing operations and consolidation scope** | **315.4** | **198.1** |
| **TOTAL** | **8,378.6** | **9,483.6** |

Commitments to purchase molecules as part of take-or-pay contracts amounted to 6,348.9 million euros as of December 31, 2023 (4,934.1 as of December 31, 2022), and are reported in other commitments related to operating activities. These amounts include in particular Helium purchase commitments.

Air Liquide owns a 13.7% stake in Exeltium S.A.S. amounting to 24.5 million euros. On March 24, 2010, Exeltium and EDF entered into an industrial partnership agreement under which Exeltium can acquire rights on a portion of EDF's electronuclear production. In consideration, Exeltium and its shareholder clients signed long-term electricity supply contracts. The contract signed by Air Liquide has a 20-year term and can be suspended by Air Liquide after 10 years. This contract provides long-term visibility over the price of the electricity to be supplied. This project was approved by the European Commission.

The Group's energy purchase commitments amounted to 2,464.2 million euros as of December 31, 2023 (5,442.8 million euros as of December 31, 2022). This amount includes the energy purchase commitments relating to the Exeltium contract. Almost all of these commitments are covered by mutual commitments received from clients in connection with long-term gas supply contracts. As a consequence, these commitments are not disclosed in the table above.

### 29.2. DETAILED COMMITMENTS LINKED TO POWER PURCHASE AGREEMENTS

In addition, as of December 31, 2023, the Group holds power purchase agreements (PPA), summarized below:

| December 31, 2023 | Number of contracts | Start-up dates | Average duration *(in years)* | Production [a] *(in GWh/year)* | Amount *(in millions of euros)* |
|---|---|---|---|---|---|
| Europe [b] | 7 | 2021-2026 | 12 | 1,342.0 | 1,121.6 |
| Americas | 5 | 2021-2024 | 11 | 342.0 | 86.2 |
| Asia Pacific | 3 | 2022-2024 | 9 | 212.0 | 108.5 |
| Middle East and Africa | 5 | 2025 | 20 | 1,340.0 | 1,196.1 |
| **TOTAL PPAs** | **20** | | | **3,236.0** | **2,512.4** |

*(a) Estimated production volume on the date of signature of the contract (full year amount after the start-up of the renewable production units).*
*(b) One contract contains an exit clause at Air Liquide's discretion which can be exercised until June 2024.*

# Note 30 Contingent liabilities

To the best of the Group's knowledge, there is no exceptional event or litigation which has affected in the recent past or which is likely to materially affect its financial situation or profitability.

# Note 31 Climate risks consideration

### 31.1. BUSINESS MODEL

Air Liquide offers to its customers in the metals, chemicals, refining and energy industries gas and energy solutions essential to their own core businesses, enabling them to improve the efficiency of their processes and to make their plants more environmentally friendly.

Air Liquide's business model is based on the outsourcing of the industrial gas needs of its customers who often emit greenhouse gases themselves, in particular in the metals, chemicals and refining industries. This outsourcing is justified by Air Liquide's expertise which grants them access to state of the art technologies, optimized energy consumption of production tools, while ensuring the reliability of the supply in the long term. However, it leads to the transfer of a portion of the customer's greenhouse gas emissions to the Group.

Industrial gases are used in most industries today and they will be even more so during the energy transition because they are at the heart of industry decarbonization solutions. In a scenario of limiting global warming to a level significantly below 2°C compared to the pre-industrial level, demand will increasingly turn to low-carbon gases and solutions, in line with changing regulations.

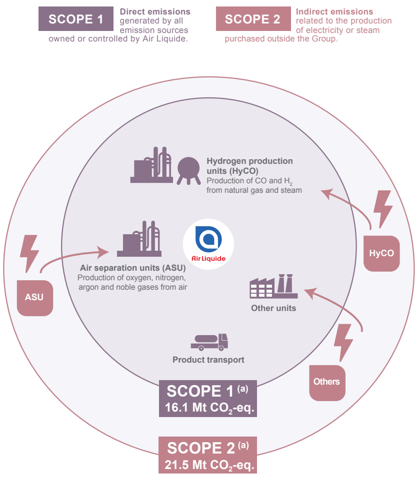
For the Large Industries activity, which bears most of the assets described below, the supply of gas is contracted for 15 years or more. Such assets are depreciated over the term of the contract, which significantly reduces the risk of impairment. Within these contracts, the Group guarantees long-term service continuity and a high level of reliability with respect to the gas supply via a high-performing industrial solution. In return, long-term gas supply contracts include guaranteed minimum volumes through take-or-pay clauses, as well as the indexation to variable costs (mainly electricity and natural gas), including any $CO_2$ cost (for example ETS schema in Europe), and inflation.

### 31.2. GROUP'S ASSETS AND $CO_2$ EMISSIONS

The main Group assets that impact the $CO_2$ balance are:

- 449 large Air Separation Units (ASU), oxygen and nitrogen in particular, which do not use any combustion processes, and therefore do not emit $CO_2$ directly. These units use air as their only raw material, while the energy required for the separation of the air is consumed almost exclusively in the form of electricity. The electricity used by the Group to operate these units generates $CO_2$ emissions, known as indirect emissions or Scope 2. The $CO_2$ emissions reductions can be in this case done mostly through renewable electricity purchases;
- 57 large hydrogen production units by hydrocarbon reforming, which generate $CO_2$ emissions from natural gas consumption; these emissions are classified as direct emissions (Scope 1). Several levers for reducing $CO_2$ emissions are possible for these assets: first, carbon capture and sequestration (Carbon Capture and Sequestration – CCS), using a technology owned by the Group, but also the use of biomethane. In addition, the Group is developing the use of low-carbon or renewable ammonia, which also helps to reduce the emissions of these units.

Air Liquide carries out a complete inventory of its greenhouse gas emissions, which are reported according to the different categories recommended by recognized standards such as the GreenHouse Gas (GHG) Protocol. The following schema represents the $CO_2$ emissions of the Group:




The data presented have been rounded up to the tenth.

*(a) Emissions are reported in million tonnes of $CO_2$ equivalent using "market-based" methodology*

Thus, in 2023, the Group's direct reported emissions (Scope 1) and indirect reported emissions (Scope 2) amount respectively to 16.1 million tonnes and 21.5 million tonnes in $CO_2$-equivalent.

## 31.3. GROUP'S CLIMATE OBJECTIVES

Air Liquide acknowledges the importance and urgency of climate issues. 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 compared with the pre-industrial level, and by continuing efforts to limit it to 1.5°C.

In this regard, the Group has committed to achieve carbon neutrality by 2050. This long-term objective is based primarily on a massive reduction in $CO_2$ emissions, with two major intermediate milestones:

- the start of reduction of absolute $CO_2$ emissions around 2025;
- followed by a -33% reduction in Scope 1 and Scope 2 emissions in 2035 compared with a 2020 baseline [(1)].

Moreover, the Group has maintained the objective set in 2018 to reduce its carbon intensity by -30% by 2025 compared with 2015 [(2)].

## 31.4. TRANSITION RISK – GREENHOUSE GAS EMISSIONS

The main climate risk identified by the Group at the 2023 closing period relates to greenhouse gas emissions.

The climate transition risk (greenhouse gas emissions) is closely linked to the need to reduce greenhouse gas emissions, particularly through implementation by public authorities of greenhouse gas emission reduction policies such as, for example, the introduction of a carbon price or more stringent product regulations, that may impact:

- either the Group's plants (direct impact on the operational scope), resulting in increased production costs, which by contract would be transferred to the customers, and the need for new investments;
- or those of its suppliers, resulting in suppliers price increases;
- or customers (indirect impact on the value chain), impacting for instance their market, processes and industrial gases needs.

Access to renewable energy is a key element in managing the Group's transition risk.

### The following governance and actions have been implemented to limit the risk on the Group's assets:

- for all its projects, for all geographies, even those without a current price for $CO_2$, Air Liquide integrates a sensitivity analysis around the carbon price into its investment process to assess the project's viability for the client. The Group's internal investment policy requires that this sensitivity analysis be done with a price of 50 euros per tonne, the local current price and a high value of 100 euros or more per tonne, chosen in function of the geography and context. As a reminder, any $CO_2$ cost is contractually passed through to the customer, significantly reducing any impairment risk on the related asset;
- in cases where the public carbon price exceeds a certain cap, contracts with some customers contemplate additional investment to decarbonize the facility (for example by using carbon capture and sequestration solutions – CCS) and the corresponding additional revenue for the Group;
- the Group's electricity procurement initiatives have been reinforced, in particular the procurement of renewable electricity, in order to reduce the scope 2 emissions figures;
- the trajectory of the climate objectives is centrally managed via a carbon budget allocated to the regions which is revisited every year, in line with intermediary objectives. The Environment and Society Committee of the Board of Directors meets three times a year and once more in a joint session with the Audit and Accounts Committee. The trajectory of climate objectives and associated risks are reviewed during these sessions. The implementation of these climate objectives is part of the criteria for the Long Term Incentive plans for the CEO and for more than 2000 beneficiaries.

### Air Liquide's actions to limit transition risk impacts include:

#### Scope 2 reduction:

- related to the 449 large air gas production units or ASUs, (Scope 2 emissions) mainly by using renewable electricity: the deployment of the Group's actions in the 10 countries with the greatest potential will significantly reduce scope 2 emissions. Since 2018, Air Liquide has already signed 20 long-term renewable energy supply contracts (PPA) for an estimated annual quantity of 3.236 GWh/y (in a full year after start-up of renewable production units), as well as a Virtual Power Purchase Agreement (VPPA). As the ASUs are almost all electrified, they do not require any significant specific investment for the transition, because emission reduction will be managed by the purchase of renewable energy depending on access to these sources (see note 29). In addition, the Group has undertaken the electrification of a few steam-driven air gas production assets, which will allow them to be completely decarbonized via the supply of renewable electricity;
- **energy costs, including renewable energy costs do not represent a significant financial risk** as they are reflected in the prices charged to customer according to the terms of the 15 years or more contracts.

#### Scope 1 reduction:

- related to the 57 large hydrogen production units (scope 1 emissions), by mobilizing various levers, in particular by capturing $CO_2$. Air Liquide masters a complete portfolio of proprietary technologies for capturing $CO_2$. For example, an advanced Cryocap™ system has been in industrial operation since 2015 on a hydrogen production unit in France. Thus, the decarbonization of the Group's 10 largest hydrogen production units should reduce Scope 1 emissions by more than 40%. The future of these assets and their emission trajectory is analyzed in the decarbonization plans developed for each geography, taking into account technology, unit capacity, products, customers served, and the decarbonization policies of the countries and sectors served. The most suitable reduction levers are identified and give rise to targeted studies and, in the most advanced cases, the development and implementation of reduction projects, such as $CO_2$ capture projects;

(1) *In tonnes of $CO_2$-equivalent for Scopes 1 and 2, in a "market-based" methodology, restated, from 2020 and each subsequent year, to include the emissions of the assets for the full year, taking into account (upwards and downwards) changes in scope having a significant impact on $CO_2$ emissions.*

(2) *In kg $CO_2$-equivalent/euro of operating income recurring before depreciation and amortization and excluding IFRS 16 at 2015 exchange rates on Scopes 1 and 2 of greenhouse gas emissions in a "market-based" methodology.*

- the innovation capacity and technological know-how of Air Liquide's teams enable the Group to offer cleaner and more sustainable solutions to reduce its own emissions and those of its industrial customers. The Group focuses on technologies for climate solutions and energy transition. In 2023, Air Liquide had more than 450 patent families on hydrogen.The Group's Innovation expenses amounted to 309 million euros in 2023, including more than 100 million dedicated to climate solutions;
- in a scenario of limiting global warming to a level significantly below 2°C compared to the pre-industrial level, the demand for low-carbon industrial gas at a higher price is growing and makes it possible **to remunerate the investment necessary for the decarbonization** of Air Liquide's assets, in particular for the production of hydrogen, as well as any additional costs linked to the supply of renewable electricity for developing energy transition markets. In addition, financing programs in the form of subsidies or tax credits are also implemented in Europe and more recently in the United States in order to support, during a transition period, the decarbonization of existing industrial assets and new units of production. The Group has recently been selected for financing via European grants for two carbon capture projects on steam methane reforming (SMR) hydrogen production units. **At the end of 2023, the Group has not identified any indication of impairment for the related assets;**
- **costs related to $CO_2$ emissions** (ex ETS scheme in Europe) **are passed-through to the customer** according to the terms of the 15 years or more contracts. The Group also applies this business model to the supply of low carbon industrial gas, therefore, **Air Liquide does not bear significant risks associated with energy and $CO_2$ costs.**

**At the end of 2023, no significant impact has been identified, either on the useful life or on the value of the assets, on the client portfolio or on the cash flows generated by existing activities or on provisions for risks and charges.**

## 31.5. PHYSICAL RISKS

Air Liquide operates in certain regions of the world exposed to changes (in amplitude or frequency) in exceptional meteorological phenomena due to climate change. These phenomena can slow down or interrupt the Group's operations or make them more expensive. Its suppliers and customers are also confronted with this same issue.

These can be broken down into:

- acute risks triggered by events such as natural disasters, the frequency and severity of which are increasing: storms, hurricanes, flooding, etc. These risks may relate to Air Liquide sites located near the coast for example, or in regions affected by hurricanes (the US Gulf Coast, South Asia, etc.);
- chronic risks related to more long-term changes in climate models and rising temperatures: rising sea levels, chronic heat waves in certain regions, changes in rainfall patterns and an increase in their variability, the disappearance of certain resources, etc.

Air Liquide's actions to limit physical impacts include:

- physical risks (water availability, frequency of extreme events, etc.) are appraised during the review of investment requests, in the same way as financial criteria, to ensure that the associated risk management measures are adapted, for example in the design of equipment;
- Group operations which are regularly exposed to the acute risks described above have risk management systems in place aimed at adopting suitable preventive operational measures, and at managing these crises by, first and foremost, protecting individuals and the production facilities in close cooperation with customers. These systems are regularly updated and improved;
- chronic risks are taken into account, in particular in the design of production units, in the same way and to the same extent as their energy efficiency and carbon footprint;
- losses caused by natural disasters are covered by the Group property and business interruption program;
- in 2023, Air Liquide initiated a study to identify the perils linked to the physical impacts of climate change according to 2 high-emission scenarios (SSP2-4.5 used as "business as usual" leading to +2.7°C by 2100 and the SSP5-8.5 scenario or "worst case scenario" leading to +4.4°C by 2100) and to consolidate and improve the physical risk management process. In 2024, this study will continue in order to refine the analysis.

**At the end of 2023, no significant impact has been identified, either on the useful life or on the value of the assets, on the client portfolio or on the cash flows generated by existing activities or on provisions for risks and charges.**

To be noted for both transition risks and physical risks, there is no impact on the dismantling provision, as this is an immediate obligation provisioned from the date of the Large Industries contract signature.

# Note 32 Post-balance sheet events

There are no significant post-balance sheet events.

# Foreign exchange rates and main consolidated companies

## FOREIGN EXCHANGE RATES

### Main foreign exchange rates used

#### Average rates

| Euros for 1 currency | 2022 | 2023 |
|---|---|---|
| CAD | 0.73 | 0.69 |
| CNY | 0.14 | 0.13 |
| JPY (1,000) | 7.26 | 6.60 |
| SGD | 0.69 | 0.69 |
| TWD | 0.03 | 0.03 |
| USD | 0.95 | 0.92 |

#### Closing rates

| Euros for 1 currency | 2022 | 2023 |
|---|---|---|
| CAD | 0.69 | 0.68 |
| CNY | 0.14 | 0.13 |
| JPY (1,000) | 7.11 | 6.40 |
| SGD | 0.70 | 0.69 |
| TWD | 0.03 | 0.03 |
| USD | 0.94 | 0.90 |

## MAIN CONSOLIDATED COMPANIES

Companies marked with JO are consolidated by joint operation and those marked with E by the equity method. Other companies are fully consolidated.

The total Group interest is given after the name of each company.

| Main consolidated companies | Country | Integration | % interest |
|---|---|---|---|
| **GAS AND SERVICES** | | | |
| **EUROPE** | | | |
| Air Liquide Austria GmbH | AUT | | 100.00% |
| L'Air Liquide Belge S.A. | BEL | | 100.00% |
| Air Liquide Homecare Belgium SRL | BEL | | 100.00% |
| Air Liquide Industries Belgium S.A. | BEL | | 100.00% |
| Air Liquide Large Industry S.A. | BEL | | 100.00% |
| Air Liquide Medical S.A. | BEL | | 100.00% |
| Société Européenne de Gestion de l'Energie | BEL | | 100.00% |
| Air Liquide Bulgaria EOOD | BGR | | 100.00% |
| Carbagas S.A. | CHE | | 100.00% |
| Air Liquide Deutschland GmbH | DEU | | 100.00% |
| Air Liquide Electronics GmbH | DEU | | 100.00% |
| Air Liquide Industriegase GmbH & Co. KG | DEU | | 100.00% |
| Energieversorgungscenter Dresden-Wilschdorf GmbH & Co. KG [(a)] | DEU | | 40.00% |
| VitalAire GmbH | DEU | | 100.00% |
| Zweite Energieversorgungscenter Dresden-Wilschdorf GmbH & Co. KG | DEU | | 50.00% |
| Air Liquide Danmark A/S | DNK | | 100.00% |
| Air Liquide España S.A. | ESP | | 99.90% |
| Air Liquide Ibérica de Gases S.L.U. | ESP | | 100.00% |
| Air Liquide Healthcare España, S.L.U. | ESP | | 100.00% |
| Air Liquide Finland Oy. | FIN | | 100.00% |
| Air Liquide Eastern Europe S.A. | FRA | | 100.00% |
| Air Liquide France Industrie S.A | FRA | | 100.00% |
| Air Liquide Medical Systems S.A. | FRA | | 100.00% |
| Air Liquide Réunion S.A. | FRA | | 97.35% |
| Air Liquide Santé (International) S.A. | FRA | | 100.00% |
| Air Liquide Santé France S.A. | FRA | | 100.00% |
| Air Liquide Spatial Guyane S.A. | FRA | | 98.79% |
| Air Liquide Ukraine S.A. | FRA | | 100.00% |
| Pharma Dom S.A. | FRA | | 100.00% |
| Société d'Exploitation de Produits pour les Industries Chimiques S.A. | FRA | | 99.98% |
| Air Liquide Antilles Guyane | FRA | | 96.76% |
| VitalAire S.A. | FRA | | 100.00% |

| Main consolidated companies | Country | Integration | % interest |
|---|---|---|---|
| Air Liquide Ltd | GBR | | 100.00% |
| Air Liquide (Homecare) Ltd | GBR | | 100.00% |
| Air Liquide UK Ltd | GBR | | 100.00% |
| Energas Ltd | GBR | | 100.00% |
| Air Liquide Italia S.p.A. | ITA | | 99.77% |
| Air Liquide Italia Service S.r.l | ITA | | 99.77% |
| Air Liquide Sanità Service S.p.A. | ITA | | 99.77% |
| Air Liquide Italia Produzione S.r.l | ITA | | 99.77% |
| Medicasa Italia S.p.A. | ITA | | 99.77% |
| VitalAire Italia S.p.A. | ITA | | 99.77% |
| Supra S.R.L | ITA | | 51.00% |
| Air Liquide Healthcare Ireland Limited | IRL | | 100.00% |
| Air Liquide Munay Tech Gases | KAZ | | 75.00% |
| L'Air Liquide Luxembourg S.A. | LUX | | 100.00% |
| Air Liquide Acetylene B.V. | NLD | | 100.00% |
| Air Liquide B.V. | NLD | | 100.00% |
| Air Liquide Homecare Netherlands BV | NLD | | 100.00% |
| Air Liquide Industrie B.V. | NLD | | 100.00% |
| Air Liquide Nederland B.V. | NLD | | 100.00% |
| Scott Specialty Gases Netherlands B.V. | NLD | | 100.00% |
| Hatek Lastechniek NH B.V. | NLD | | 100.00% |
| Handelsonderneming Hatek B.V. | NLD | | 100.00% |
| Air Liquide Norway A.S. | NOR | | 100.00% |
| BetaMed S.A. | POL | | 80.00% |
| Air Liquide Katowice Sp.z.o.o. | POL | | 79.25% |
| Air Liquide Polska Sp.z.o.o. | POL | | 100.00% |
| Air Liquide Medicinal S.A. | PRT | | 99.85% |
| Sociedade Portuguesa do Ar Liquido Lda | PRT | | 99.93% |
| Air Liquide Romania S.r.l | ROM | | 100.00% |
| Air Liquide Gas A.B. | SWE | | 100.00% |
| NordicInfu Care A.B | SWE | | 100.00% |
| Air Liquide Gaz San. Ve Tic. A.S. | TUR | | 100.00% |

| Main consolidated companies | Country | Integration | % interest |
|---|---|---|---|
| **AMERICAS** | | | |
| Air Liquide Argentina S.A. | ARG | | 100.00% |
| Air Liquide Brasil Ltda | BRA | | 100.00% |
| Air Liquide Canada, Inc. | CAN | | 100.00% |
| Barry Hamel Equipment Ltd. | CAN | | 100.00% |
| Vitalaire Canada, Inc. | CAN | | 100.00% |
| Respiratory Homecare Solutions Canada Inc. | CAN | | 100.00% |
| Air Liquide Chile S.A. | CHL | | 100.00% |
| Air Liquide Colombia S.A.S | COL | | 100.00% |
| Air Liquide Dominicana S.A.S | DOM | | 100.00% |
| Air Liquide Mexico, S. de RL de CV | MEX | | 100.00% |
| La Oxigena Paraguaya S.A. | PRY | | 87.96% |
| Air Liquide Uruguay S.A. | URY | | 96.68% |
| Airgas USA, LLC | USA | | 100.00% |
| Airgas Specialty Products | USA | | 100.00% |
| Red-D-Arc, Inc. | USA | | 100.00% |
| Airgas Safety, Inc. | USA | | 100.00% |
| Air Liquide Electronics U.S. LP | USA | | 100.00% |
| Air Liquide Large Industries U.S. LP | USA | | 100.00% |
| Air Liquide Advanced Materials, Inc. | USA | | 100.00% |
| **MIDDLE-EAST AND AFRICA** | | | |
| Air Liquide Afrique S.A. | FRA | | 100.00% |
| Air Liquide Middle East & North Africa FZCO | ARE | | 100.00% |
| Air Liquide Gulf FZE | ARE | | 100.00% |
| Air Liquide Bénin S.A. | BEN | E | 99.99% |
| Air Liquide Burkina Faso S.A. | BFA | | 64.87% |
| Air Liquide Botswana Proprietary Ltd | BWA | | 99.93% |
| Air Liquide Côte d'Ivoire S.A. | CIV | | 72.08% |
| Air Liquide Cameroun S.A. | CMR | | 100.00% |
| Air Liquide Congo S.A. | COG | | 100.00% |
| Air Liquide Alexandria for Medical & Industrial Gases S.A.E. | EGY | | 99.99% |
| Air Liquide El Soukhna for Industrial Gases S.A.E. | EGY | | 99.93% |
| Air Liquide Misr S.A.E. | EGY | | 100.00% |
| Air Liquide Middle East S.A. | FRA | | 100.00% |
| Air Liquide Gabon S.A. | GAB | | 99.04% |
| Air Liquide Ghana Ltd | GHA | | 100.00% |
| Air Liquide India Holding Pvt. Ltd | IND | | 100.00% |
| Air Liquide India Speciality Gases Pvt. Ltd. | IND | | 100.00% |
| Shuaiba Oxygen Company K.S.C.C. [(a)] | KWT | | 49.81% |
| Air Liquide Maroc S.A. | MAR | | 98.66% |
| Air Liquide Madagascar S.A. | MDG | | 73.74% |
| Air Liquide Mali S.A. | MLI | | 99.97% |
| Air Liquide Namibia Proprietary Ltd | NAM | | 100.00% |
| Air Liquide Nigeria Plc | NGA | | 87.31% |
| Air Liquide Sohar Industrial Gases LLC | OMN | | 50.10% |
| Gasal Q.S.C. | QAT | E | 40.00% |
| Vitalaire Arabia LLC. | SAU | | 60.00% |
| Air Liquide Arabia LLC | SAU | | 100.00% |
| Air Liquide Sénégal S.A. | SEN | | 83.60% |
| Air Liquide Togo S.A. | TGO | E | 70.57% |
| Air Liquide Tunisie S.A. | TUN | | 59.17% |
| Air Liquide Large Industries (Pty) Ltd | ZAF | | 100.00% |
| Air Liquide Large Industries South Africa (Pty) Ltd | ZAF | | 75.00% |
| Air Liquide Proprietary Ltd | ZAF | | 99.93% |
| **ASIA PACIFIC** | | | |
| Air Liquide Australia Ltd | AUS | | 100.00% |
| Air Liquide Healthcare P/L | AUS | | 100.00% |
| Air Liquide W.A. Pty Ltd | AUS | | 100.00% |
| Brunei Oxygen SDN | BHD | | 50.00% |
| Air Liquide Cangzhou Co., Ltd | CHN | | 100.00% |
| Air Liquide China Holding Co., Ltd | CHN | | 100.00% |
| Air Liquide Shanghai Co., Ltd | CHN | | 100.00% |
| Air Liquide Shanghai International Trading Co. Ltd | CHN | | 100.00% |
| Air Liquide Tianjin Co., Ltd | CHN | | 100.00% |
| Air Liquide Yongli Tianjin Co., Ltd | CHN | | 55.00% |
| Air Liquide Zhangjiagang Industrial Gases Co., Ltd | CHN | | 100.00% |
| Shanghai Chemical Industry Park Industrial Gases Co., Ltd | CHN | | 51.00% |

*(a) Consolidation method differs from percentage of shares due to a contractual agreement.*

| Main consolidated companies | Country | Integration | % interest |
|---|---|---|---|
| Celki International Ltd | HKG | | 100.00% |
| P.T. Air Liquide Indonesia | IDN | | 100.00% |
| Air Liquide Japan G.K. | JPN | | 100.00% |
| Toshiba Nano Analysis K.K. | JPN | | 51.00% |
| VitalAire Japan K.K. | JPN | | 94.13% |
| Air Liquide Korea Co., Ltd | KOR | | 100.00% |
| VitalAire Korea Inc. | KOR | | 100.00% |
| Southern Industrial Gas Sdn Bhd | MYS | | 100.00% |
| Air Liquide Malaysia Sdn Bhd | MYS | | 100.00% |
| Air Liquide New Zealand Ltd | NZL | | 100.00% |
| Air Liquide Phils Inc. | PHL | | 100.00% |
| Air Liquide Singapore Pte Ltd | SGP | | 100.00% |
| Air Liquide Thailand Ltd | THA | | 100.00% |
| Air Liquide Electronics Systems Asia Ltd | TWN | | 100.00% |
| Air Liquide Far Eastern Ltd | TWN | | 65.00% |
| Air Liquide Vietnam Co., Ltd | VNM | | 100.00% |
| **ENGINEERING & CONSTRUCTION** | | | |
| Air Liquide Global E&C Solutions Canada LP | CAN | | 100.00% |
| Air Liquide Hangzhou Co., Ltd | CHN | | 100.00% |
| Air Liquide Global E&C Solutions (Yantai) Co., Ltd. | CHN | | 100.00% |
| Air Liquide Global E&C Solutions Germany GmbH | DEU | | 100.00% |
| Air Liquide Global E&C Solutions France S.A. | FRA | | 100.00% |
| Air Liquide Global E&C Solutions Japan K.K | JPN | | 100.00% |
| JJ-Lurgi Engineering Sdn. Bhd. | MYS | E | 50.00% |
| Air Liquide Global E&C Solutions Singapore Pte. Ltd | SGP | | 100.00% |
| Air Liquide Global E&C Solutions US, Inc. | USA | | 100.00% |

| Main consolidated companies | Country | Integration | % interest |
|---|---|---|---|
| **GLOBAL MARKETS & TECHNOLOGIES** | | | |
| Air Liquide Advanced Technologies US LLC | USA | | 100.00% |
| Alizent France S.A. | FRA | | 100.00% |
| Air Liquide Advanced Technologies S.A. | FRA | | 100.00% |
| Cryolor S.A. | FRA | | 100.00% |
| Air Liquide Electronics Systems S.A. | FRA | | 100.00% |
| FerdinandsGas Sverige AB | FRA | | 100.00% |
| Air Liquide Maritime SAS | FRA | | 100.00% |
| The Hydrogen Company | FRA | | 100.00% |
| Offshore Hire and Services | GBR | | 100.00% |
| **HOLDING COMPANIES AND R&D ACTIVITIES** | | | |
| Air Liquide Finance S.A. | FRA | | 100.00% |
| Air Liquide International S.A. | FRA | | 100.00% |
| L'Air Liquide S.A. | FRA | | 100.00% |
| Orsay-Re S.A. | LUX | | 100.00% |
| Air Liquide International Corp. | USA | | 100.00% |
| American Air Liquide, Inc. | USA | | 100.00% |
| American Air Liquide Holdings, Inc | USA | | 100.00% |

*The extended list of consolidated companies is available on:*

*https://www.airliquide.com/consolidation-scope-2023*

# Statutory auditors' offices and fees

## STATUTORY AUDITORS' OFFICES

### KPMG S.A.

**Principal Statutory Auditor**

KPMG S.A. is represented by

Valérie Besson and Laurent Genin
Tour Eqho – 2, avenue Gambetta – CS60055
92066 Paris-La Défense

### PricewaterhouseCoopers Audit

**Principal Statutory Auditor**

PricewaterhouseCoopers Audit is represented by

Olivier Lotz and Cédric Le Gal
63, rue de Villiers
92200 Neuilly-sur-Seine

## STATUTORY AUDITORS' FEES

| *(in thousands of euros)* | 2023 KPMG S.A. | | PricewaterhouseCoopers Audit | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|
| Audit, certification, review of individual and consolidated financial statements | 5,486 | 85.5% | 7,207 | 92.6% | 532 | 77.3% | 13,225 | 88.8% |
| ■ Issuer | 651 | | 906 | | — | | 1,557 | |
| ■ Fully consolidated subsidiaries | 4,931 | | 6,301 | | 532 | | 11,764 | |
| *of which Airgas* | — | | *1,658* | | *16* | | *1,674* | |
| Services required by law | 42 | 0.7% | 39 | 0.5% | — | 0.0% | 81 | 0.5% |
| **Total of certification missions and services required by law** | **5,528** | **86.1%** | **7,246** | **93.1%** | **532** | **77.3%** | **13,306** | **89.4%** |
| Services related to Corporate Social Responsibility (CSR) | — | — | 135 | 1.7% | — | — | 135 | 0.9% |
| Due-diligence services (sell-side and buy-side) | — | —% | — | —% | — | 0.0% | 0.00 | 0.0% |
| Other services [(a)] | 892 | 13.9% | 399 | 5.1% | 156 | 22.7% | 1,447 | 9.7% |
| **Total of non-audit services** | **892** | **13.9%** | **534** | **6.9%** | **156** | **22.7%** | **1,582** | **10.6%** |
| **TOTAL** | **6,420** | **100%** | **7,780** | **100%** | **688** | **100%** | **14,888** | **100%** |

(a) *The other services cover services provided at the request of Air Liquide and its subsidiaries including in particular non-mandatory financial statement audits, tax compliance reviews, agreed-upon procedures and various attestations.*

| *(in thousands of euros)* | 2022 KPMG S.A. | | PricewaterhouseCoopers Audit | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|
| Audit, certification, review of individual and consolidated financial statements | 5,260 | 80.7% | 7,017 | 87.5% | 566 | 61.8% | 12,843 | 83.1% |
| ■ Issuer | 627 | | 764 | | — | | 1,391 | |
| ■ Fully consolidated subsidiaries | 4,633 | | 6,253 | | 566 | | 11,452 | |
| *of which Airgas* | — | | *1,767* | | *10* | | *1,777* | |
| Services required by law | 30 | 0.5% | 67 | 0.8% | 11 | 1.2% | 108 | 0.7% |
| **Total of certification missions and services required by law** | **5,290** | **81.2%** | **7,084** | **88.3%** | **577** | **63.0%** | **12,951** | **83.8%** |
| Services related to Corporate Social Responsibility (CSR) | — | — | 142 | 1.8% | — | — | 142 | 0.9% |
| Due-diligence services (sell-side and buy-side) | 38 | 0.6 | 247 | 3.1 | 2 | 0.2% | 287 | 1.9% |
| Other services | 1,189 | 18.2% | 551 | 6.9% | 337 | 36.8% | 2,077 | 13.4% |
| **Total of non-audit services** | **1,227** | **18.8%** | **940** | **11.7%** | **339** | **37.0%** | **2,506** | **16.2%** |
| **TOTAL** | **6,517** | **100%** | **8,024** | **100%** | **916** | **100%** | **15,457** | **100%** |

# Statutory Auditors' Report on the Consolidated Financial Statements

*This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the Management Report and other documents provided to shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Annual General Meeting,

## OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of L'Air Liquide ("the Group") for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Accounts Committee.

## BASIS FOR OPINION

### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

### Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for statutory auditors, for the period from January 1, 2023 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

## JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

### Large Industries activity: qualification of the contracts and related revenue recognition method

#### Risk identified

The gas supply of the Large Industries activity is based on long term contracts with a limited number of customers and requires significant industrial investments.

As described in note "3.a. Revenue recognition – Gas & Services" of the accounting principles section of the consolidated financial statements, these investments are usually made to share production capacity with the other business lines of the Group, particularly the Industrial Merchant business or to serve customers connected to pipelines in an industrial region. In such cases, Group management considers that those assets are not identified as defined in the standard IFRS 16 "Leases".

When assets used for the long term supply agreements are dedicated to a customer, the Group considers that it retains the right to direct the use of these assets as defined in the standard IFRS 16. Accordingly, gas supply agreements linked to those assets are not considered as leases. These industrial investments continue to be controlled by the Group and are recorded as property, plant and equipment, the full amounts received for the contracts being, otherwise, recognized as revenue.

Customers of the Large Industries business simultaneously receive and consume the benefits granted by the gas supply service or its availability. As a result, the revenue recognition related to these contracts occurs when the gas is supplied or when the reserved capacity is made available.

As described in note 31 "Climate risk consideration" to the consolidated financial statements, long term gas supply contracts include guaranteed minimum volumes through take-or-pay clauses, as well as the indexation to variable costs (mainly electricity and natural gas), including any $CO_2$ cost, and inflation.

Due to the complexity of those contracts and the impact on the Group's consolidated financial statements of the judgments made when the contract is signed or in case of subsequent significant modifications, and of the execution of contractual clauses such as indexation clauses to variable costs, we have considered the qualification of Large Industries long term contracts and related revenue recognition criteria as a key audit matter.

### Our response

Our procedures consisted notably in:

- understanding the criteria to qualify the Large Industries long term contracts applied by the Group, considering in particular the specific nature of the underlying assets;
- understanding internal control procedures implemented by the Group to confirm the compliance of the accounting treatment applied to these contracts with IFRS 15 “Revenue from Contracts with Customers” and IFRS 16 “Leases”;
- verifying the compliance of the accounting treatment applied to Large Industries long term contracts with IFRS 15 and IFRS 16;
- assessing the application of existing contractual indexation clauses, through an understanding of the Revenue process, including relevant controls, and performing substantive testing on a sample of revenue transactions;
- assessing the appropriateness of the disclosure included in note “3.a. Revenue recognition – Gas Services” of the accounting principles section of the notes to the consolidated financial statements.

## Large Industries activity: useful lives of production units and measurement of their recoverable amount

### Risk identified

As at December 31, 2023, the net book value of property, plant and equipment amounts to 23,652 million euros, or 48,9% of the Group total assets, that include the significant industrial investments to execute the customer agreements of the Large Industries activity. As disclosed in note “5.e. Property, plant and equipment” of the accounting principles section of the consolidated financial statements, Large Industries production units are depreciated on a straight-line basis over their estimated useful life, usually 15 to 20 years. The estimated useful lives are reassessed on a regular basis and the resulting change in estimates, if any, are recorded on a prospective basis.

In addition, the Group can be exposed to certain risks specific to industrial investments. Expected returns on investment and their recoverable value can, for example, be adversely impacted by events such as the economic context, overruns and construction delays, start-up conditions, technology changes, geographical location, counterparty risk or the need for new investments in order to meet an increasing demand for low-carbon industrial gases. New investments may also be required to meet the Group objectives and commitments to achieve carbon neutrality.

As disclosed in note “5.f. Impairment of assets” of the accounting principles section of the consolidated financial statements, Group management determines on a regular basis whether asset impairment indicators exist. If a triggering event is identified, an impairment test is performed to confirm whether the net book value of the asset exceeds its recoverable value. These principles lead the Group to test production assets (either individually or within the cash generating unit to which they are attached), in particular in case of significant start-up delays, project termination, significant decrease in expected business volumes, early termination or non-renewal of related customer contracts, obsolescence of assets in the context of the energy transition.

The measurement of the recoverable value of the equipment relies on significant estimates relating to the Group’s capacity to generate future cash-flows, re-use certain equipment for other internal or external customers, to sell the assets, or to obtain indemnification, notably from customers, or subsidies.

The Group has carried out a review of its portfolio of assets, identified certain triggering events and thus performed impairment tests, which resulted in an impairment charge of LI assets recognized as part of the total amount of assets impairment (344,9 million euros) disclosed in note 5 to the consolidated financial statements as at December 31, 2023.

Due to the significant value of each production asset and the cumulative value of these assets, the key assumptions used to assess their useful life, their re-use or the compensation to be received, we have considered the useful life and measurement of the recoverable value of Large Industries production assets as a key audit matter.

### Our response

Our procedures consisted notably in:

- understanding the procedures performed by the Group to assess and update the depreciation period of the equipment;
- assessing the consistency of their useful lives with contractual terms and available internal technical studies;
- analyzing the Group’s process to identify impairment indicators;
- understanding the work carried out by the Group to determine the recoverable values of the plants, including key assumptions and estimates used to determine the future cash flows;
- assessing the accounting translation of impairment losses resulting from the determination of recoverable values;
- assessing, with the assistance of our experts in climate change and energy transition, the impact of climate change and energy transition on the financial statements, in order to corroborate the Group's assessment that its climate strategy has not resulted in any material impact, neither on the useful life nor on the recoverable value of Large Industries production assets;
- assessing the absence of obvious inconsistencies between the consolidated financial statements and the Group’s other publications addressing the issues related to climate change;
- verifying the appropriateness of the disclosure included in note “5.e. Property, plant and equipment” and note “5.f. Impairment of assets” of the accounting principles section of the consolidated financial statements and note 31 “Climate risk consideration" to the consolidated financial statements.

## Impairment test of goodwill

### Risk identified

In connection with its external growth strategy, the Group monitors the related goodwill at the level of group of cash generating units. For the Gas & Services activity, goodwill are mostly allocated on a geographical basis. For the world business units Engineering & Construction and Global Markets & Technologies, goodwill is monitored at the business unit level. As at December 31, 2023, goodwill amounts to a net book value of 14,194 million euros (29,4% of the Group total assets).

The Group performs annually, an impairment test, by reference to market values. Insofar as the fair value is not significantly greater than the net carrying amount of the cash-generating unit or group of cash-generating units, the Group confirms the recoverable amount of the cash-generating unit or group of cash-generating units using the estimated cash flow approach (value in use) as described in note "5.f. Impairment of assets" of the accounting principles section of the consolidated financial statements.

The determination of fair value and recoverable value, and the sensitivity to the fluctuation of market multiples and key data and assumptions used, require significant judgement and management estimates, in particular in the context of climate change and energy transition.

We have therefore considered the impairment test of goodwill as a key audit matter.

#### Our response

Our procedures consisted notably in:

- understanding and assessing the principles used to determine the groups of cash generating units;
- analyzing, with the assistance of our valuation experts, principles and methods used to determine the market value and their measurement based on multiples of market capitalization;
- corroborate, on the basis of external data:
  - the results of the Group's impairment tests as of December 31, 2023, and
  - the consideration of both climate risk and challenges and opportunities relating to the energy transition;
- assessing the sensitivity of the result of the impairment tests performed by the Group as at December 31, 2023;
- assessing the appropriateness of the information included in note "10. Goodwill" to the consolidated financial statements.

### Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the Group's Management Report.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (Code de commerce) is included in the Group's information given in the Management Report, being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and the information has to be subject to a report by an independent third party.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Format of the presentation of the Consolidated Financial Statements included in the Annual Financial Report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements included in the Annual Financial Report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (Code monétaire et financier), prepared under the responsibility of the Chief Executive Officer (Directeur Général), complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements included in the Annual Financial Report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

### Appointment of the Statutory Auditors

We were appointed as statutory auditors of L'Air Liquide by the Annual General Meeting held on May 12, 2016 for PricewaterhouseCoopers Audit and on May 4, 2023 for KPMG S.A.

As at December 31, 2023, PricewaterhouseCoopers Audit was in its eighth year of uninterrupted engagement and KPMG S.A. in its second year.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Accounts Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.821-55 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

### Report to the Audit and Accounts Committee

We submit a report to the Audit and Accounts Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Accounts Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Accounts Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.821-27 to L.821-34 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit and Accounts Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, March 4, 2024
The Statutory Auditors
French original signed by

| PricewaterhouseCoopers Audit | | KPMG S.A | |
|---|---|---|---|
| Olivier Lotz | Cédric Le Gal | Valérie Besson | Laurent Genin |

# STATUTORY ACCOUNTS ON THE PARENT COMPANY

## Income statement

For the year ended December 31

| *(in millions of euros)* | Notes | 2022 | 2023 |
|---|---|---|---|
| Revenue | (2) | 97.5 | 105.4 |
| Royalties and other operating income | (3) | 892.1 | 838.3 |
| **Total operating income (I)** | | **989.6** | **943.7** |
| Purchases | | (37.4) | (46.9) |
| Duties and taxes other than corporate income tax | | (19.5) | (21.5) |
| Personnel expenses | | (253.7) | (270.4) |
| Depreciation, amortization and provision expenses | (5) | (37.9) | (59.6) |
| Other operating expenses | (4) | (319.5) | (334.7) |
| **Total operating expenses (II)** | | **(668.0)** | **(733.1)** |
| **Net operating profit (loss) (I + II)** | | **321.6** | **210.6** |
| Financial income from equity affiliates | (6) | 414.1 | 804.9 |
| Interests, similar income and expenses | (6) | 47.2 | (76.4) |
| Other financial income and expenses | (6) | 24.6 | (17.2) |
| **Financial income and expenses (III)** | | **485.9** | **711.3** |
| **Net profit / (loss) from ordinary activities before tax (I + II + III)** | | **807.5** | **921.9** |
| **Exceptional income and expenses** | **(7)** | **151.0** | **79.5** |
| Statutory employee profit-sharing | | (3.9) | (4.3) |
| Corporate income tax | (8) | (29.9) | (19.9) |
| **NET PROFIT FOR THE YEAR** | | **924.7** | **977.2** |

# Balance sheet

For the year ended December 31

| (in millions of euros) | Notes | December 31, 2022 Net | December 31, 2023 Gross carrying amounts | December 31, 2023 Amortization, depreciation and provisions | December 31, 2023 Net |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Intangible assets | (9) & (11) | 31.3 | 309.9 | (282.7) | 27.2 |
| Tangible assets | (9) & (11) | 80.7 | 170.5 | (84.3) | 86.2 |
| Financial assets | (10) & (11) | 13,067.6 | 13,058.8 | (8.4) | 13,050.4 |
| **TOTAL NON-CURRENT ASSETS** | | **13,179.6** | **13,539.2** | **(375.4)** | **13,163.8** |
| Inventories and work-in-progress | (11) | 1.0 | 0.7 | — | 0.7 |
| Operating receivables | (11) & (14) | 714.2 | 775.8 | (46.3) | 729.5 |
| Current account loans with subsidiaries | (11) & (14) | 268.2 | 267.6 | — | 267.6 |
| Short-term financial investments | (12) | 115.2 | 150.6 | — | 150.6 |
| Cash and financial instruments | | 12.0 | 12.1 | — | 12.1 |
| Prepaid expenses | | 4.7 | 3.9 | — | 3.9 |
| **TOTAL CURRENT ASSETS** | | **1,115.3** | **1,210.7** | **(46.3)** | **1,164.4** |
| Bond redemption premiums | | — | — | — | — |
| Unrealized foreign exchange losses | | 1.9 | 8.3 | — | 8.3 |
| **TOTAL ASSETS** | | **14,296.8** | **14,758.2** | **(421.7)** | **14,336.5** |
| **EQUITY AND LIABILITIES** | | | | | |
| Share capital | | 2,879.0 | | | 2,884.8 |
| Additional paid-in capital | | 2,349.0 | | | 2,447.7 |
| Revaluation reserve | | 23.9 | | | 23.9 |
| Legal reserve | | 261.3 | | | 287.8 |
| Other reserves | | 388.5 | | | 388.5 |
| Retained earnings | | 4,356.8 | | | 3,671.8 |
| Net profit for the year | | 924.7 | | | 977.2 |
| Tax-driven provisions | | 3.0 | | | 3.1 |
| **TOTAL SHAREHOLDERS' EQUITY** | **(13)** | **11,186.2** | | | **10,684.8** |
| **PROVISIONS** | **(11)** | **55.0** | | | **88.2** |
| Other bonds | (14) | 302.3 | | | — |
| Bank borrowings | (14) | 2.0 | | | — |
| Other borrowings | (14) | 251.9 | | | 251.9 |
| Operating payables | (14) | 630.8 | | | 687.1 |
| Current account borrowings with subsidiaries | (14) | 1,865.2 | | | 2,619.6 |
| Deferred income | | 1.1 | | | 0.7 |
| **TOTAL LIABILITIES** | | **3,053.3** | | | **3,559.3** |
| Unrealized foreign exchange gains | | 2.3 | | | 4.2 |
| **TOTAL EQUITY AND LIABILITIES** | | **14,296.8** | | | **14,336.5** |

# Notes to the statutory accounts

## ACCOUNTING POLICIES

### 1. General principles

The statutory accounts of the Company L'Air Liquide S.A. have been prepared in accordance with the accounting rules and principles generally accepted in France according to the provisions of the French Chart of Accounts *(Plan Comptable Général)*.

The accounting policies for the establishment and presentation of the statutory accounts have been applied in accordance with the principle of prudence and with the following basic assumptions:

- Going concern;
- Consistency of accounting methods from one accounting period to another;
- Separation of each accounting periods.

The method used for the valuation of recorded items is the historical cost method.

Only material information is disclosed.

### 2. Non-current assets

#### A. Intangible assets

Internally generated intangible assets primarily include the development costs of information management systems. They are capitalized only if they generate probable future economic benefits and whether there is available appropriate resources (technical, financial and others) to complete the development and use or sell the intangible asset. Internal and external costs corresponding to detailed application design, programming, the performance of tests and the drafting of technical documentation intended for internal or external use are capitalized.

Significant upgrade and improvement costs are added to the initial cost of assets if they specifically meet the capitalization criteria.

Other intangible assets include separately acquired intangible assets such as software, licenses and intellectual property rights and are measured at acquisition cost.

Intangible assets are amortized according to the straight-line method over their estimated useful lives.

#### B. Tangible assets

Land, buildings and equipment are recognized at historical cost. Interim interest expense is not included in the cost.

Where components of a tangible asset have different useful lives, they are accounted separately and depreciated over their own useful lives.

Depreciation is computed according to the straight-line method over their estimated useful lives as follows:

- buildings: 10 to 30 years;
- equipment: 5 to 20 years.

Land is not depreciated.

#### C. Impairment of intangible and tangible assets

The Company assesses at each closing date whether there is any indication of impairment loss of intangible and tangible assets. If such indications exist, an impairment test is performed to assess whether the carrying amount of the asset exceeds its present value, which is defined as the greater of its market value and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value as this would be done for an investment decision.

When the present amount of an asset is lower than its net carrying amount, an impairment loss is recognized in the income statement. When the present value exceeds the carrying amount, the previously recognized impairment is reversed to the income statement.

#### D. Equity investments

Equity investments are recognized at their initial amount on the entry date, with the exception of those subject to a revaluation as provided by Law 76-1232 of December 29, 1976. Acquisition costs that are not representative of market value are expensed.

When the carrying amount, determined using the criteria normally adopted for the measurement of equity investments (market multiples method based on the Air Liquide Group market valuation, estimated cash flow approach, and net asset value remeasured at fair value), is lower than the book value, an impairment loss is recognized for the difference.

#### E. Treasury shares

When the Company purchases its own shares, they are recognized at cost as treasury shares in other long-term investment securities. The gains or losses on disposals of treasury shares contribute to the net profit for the year.

However, shares allocated for the purpose of implementing plans for free grants of shares are reclassified to a "Short-term financial investments – Company treasury shares" caption at the balance sheet value on the date of allotment.

A provision is recorded over the rights vesting period to cover the future charge of employees and members of Executive Management of the Company relating to the remittance of current shares when the performance criteria can be determined with reliability.

When the purchase cost of shares is higher than their valuation based on the average share price during the last month of the fiscal year, treasury shares earmarked for cancellation or allocated for the purpose of implementing plans for free grants of shares are not impaired.

### 3. Inventories and work-in-progress

Raw materials, supplies and goods are primarily measured at weighted average cost.

An impairment loss is recognized for inventories and work-in-progress when the estimated realizable amount is lower than cost.

### 4. Trade receivables and other operating assets

Trade receivables and other operating assets are measured at historical cost.

An impairment loss for receivables is recognized when it becomes probable that the amount due will not be collected and the loss can be reasonably estimated.

### 5. Foreign currency transactions

Foreign currency transactions are translated at the exchange rate prevailing on the transaction date.

At year-end, the difference arising from the translation of receivables and payables denominated in a foreign currency, are recognized in suspense accounts in assets and liabilities ("Unrealized foreign currency gains or losses").

Where applicable, unrealized foreign exchange losses associated with non-hedged transactions are subject to a contingency provision.

## 6. Provisions

Provisions are recognized when:

- the Company has a present obligation towards a third party as a result of a past event or an ongoing one;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

## 7. Financial instruments

L'Air Liquide S.A. applies the ANC regulation no. 2015-05 of July 2, 2015 related to financial forward and hedging instruments.

In accordance with its risk management policy, L'Air Liquide S.A. enters into forward currency purchases or sales in order to hedge the exposure to foreign exchange risk associated with transactions carried out in foreign currencies.

By symmetry, the foreign exchange gains or losses on forward currency purchases or sales is presented at the same time and in the same income statement caption as the hedged item.

Likewise, the unrealized gain from the hedging is presented within the unrealized foreign currency gains or losses statement caption, to offset the exchange differentials related to the revaluation of underlying receivables and debts. When the forward currency purchases or sales, hedge future transactions not yet recorded on the balance sheet, the fair value of these instruments represents an off balance sheet commitment.

Where applicable, when the financial instruments used do not constitute hedging transactions ("isolated open position"), the losses resulting from their year-end market value are provided for in the income statement. In accordance with the principle of prudence, unrealized gains are not recognized in the income statement.

## 8. Post-employment benefits

The Company applies the ANC recommendation no. 2013-02 of November 7, 2013 amended on November 5, 2021 (2$^{nd}$ method) related to the recognition and measurement of retirement benefits and similar obligations

The Company provides its employees with various pension plans, termination benefits, jubilees (awards based on years of service) and other post-employment benefits for both active employees and retirees. These benefits are covered in two ways:

- by so-called defined contribution plans;
- by so-called defined benefit plans.

The Company grants both defined benefit and defined contribution plans.

Defined contribution plans are plans under which the employer's sole obligation is to pay regular contributions. The employer does not grant any guarantee on the future level of benefits paid to the employee or retiree ("means-based obligation"). The annual pension expense is equal to the contribution paid during the fiscal year which relieves the employer from any further obligation.

Defined benefit plans are those by which the employer guarantees the future level of benefits defined in the agreement, most often depending on the employee's salary and seniority ("result-based obligation"). Defined benefit plans can be:

- either financed by contributions to a fund specialized in managing the contributions paid;
- or managed internally.

In the case of defined benefit plans, retirement and similar obligations are measured by independent actuaries, according to the projected unit credit method. The actuarial calculations mainly take into account the following assumptions: salary increases, employee turnover, retirement date, mortality, inflation and appropriate discount rates.

Actuarial gains and losses exceeding the greater of 10% of the obligations or the fair value of plan assets at the beginning of the reporting period are amortized over the expected average working lives of the plan participants.

In accordance with article L. 123-13 of the French Commercial Code (Code de Commerce), the Company maintained its previous practices: obligations related to retirement termination payments and jubilees are provided whereas other retirement obligations related to defined benefit plans are not provided but are disclosed in the notes.

## 9. Revenue recognition

Revenue from the sale of goods is recognized when the risks and rewards of ownership have been transferred to the buyer.

Revenue associated with delivery of services is booked when delivery is completed.

## 10. Tax consolidation

L'Air Liquide S.A. has set up a tax consolidation group with the French subsidiaries in which it holds a direct or indirect interest exceeding 95%, as defined by article 223-A of the French Tax Code.

Each company calculates its tax provision as if it was taxed separately. L'Air Liquide S.A., as head of the tax consolidation group, recognizes as an expense the tax corresponding to its own profits. L'Air Liquide S.A. booked in exceptional income and expenses according to the Opinion 2005-G of the Emergency Committee of the C.N.C the impact of restatements and eliminations when determining taxable profit as a whole. Tax deferrals of companies with losses are recognized in tax liabilities.

## 11. Research and Development expenditures

Development costs shall be recognized as assets if and only if the Company can demonstrate all of the following:

- the project is clearly identified and the related costs are individualized and reliably monitored;
- the technical and industrial feasibility of the project is demonstrated;
- there is a clear intention to complete the project and use or sell the products arising from it;
- it is probable that the project will generate future economic benefits for the Company.

When these conditions are not satisfied, the work carried out does not systematically result in the completion of an intangible asset that will be available for use or sale, development costs generated are recognized as an expense when incurred.

# ADDITIONAL NOTES ON THE BALANCE SHEET AND INCOME STATEMENTS

## 1. Significant events

In 2023,

- Following the decision of the Council of State (“Conseil d’état”) in March 2023 which partially questioned the favorable judgment of May 12, 2022 of the European Court of Justice (CJEU) by referring the case to an Administrative Court of Appeal, the Company paid 36 million euros related to the equalization charge (see note 6 and 7).
- At the same time, the Company cancelled the receivable linked to the refund claim on the equalization charge paid for the years 2000 to 2004 (see note 10). This operation have no impact on the income statement, as the receivable was totally depreciated.

## 2. Revenue breakdown by geographical area

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| France | 57.4 | 62.0 |
| Abroad | 40.1 | 43.4 |
| **REVENUE** | **97.5** | **105.4** |

By the nature of its activities, the revenue of L’Air Liquide S.A. mainly corresponds to services and pension expenses recharged to its subsidiaries (see note 16.A).

## 3. Royalties and other operating income

In 2023, royalties and other operating income decreased mainly coming from royalties received from subsidiaries, due to the decrease of their sales.

Other operating income mainly includes change in inventories of goods and services, production of assets capitalized, operating subsidies, operating expense reclassifications, as well as operating provisions and impairment reversals.

## 4. Other operating expenses

Other operating expenses primarily consist of research and development costs and other external expenses such as subcontracting and maintenance costs, fees, travel expenses, telecommunication costs and rental expenses.

## 5. Depreciation, amortization and provision expenses

Depreciation, amortization and provision expenses break down as follows:

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Depreciation and amortization expenses | (14.4) | (15.0) |
| Provision expenses | (23.5) | (44.6) |
| **DEPRECIATION, AMORTIZATION AND PROVISION EXPENSES** | **(37.9)** | **(59.6)** |

## 6. Financial income and expenses

- Financial income from equity affiliates amounts to 804.9 million euros in 2023 (414.1 million euros in 2022) including 399.1 million received from Air Liquide International.
- Interests, similar income and expenses break down as follows:

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Revenues from long-term loans and other financial revenues [(a)] | 69.5 | 22.6 |
| Other interest and similar income and expenses | (22.3) | (99.0) |
| **INTERESTS, SIMILAR INCOME AND EXPENSES** | **47.2** | **(76.4)** |

*(a) In 2022, revenues from long-term loans and other financial revenues include a 52.7 million euros net income resulting from the dissolution without liquidation of Chemoxal in L'Air Liquide S.A.*

Increase of other interest and similar income and expenses is explained by higher level of indebtedness and increase of interest rates.

- Other financial income and expenses amount to -17.2 million euros in 2023 versus 24.6 million euros in 2022. It includes:
  - in 2022, the reversal of 24.9 million euros related to the 2021 provision booked for interests on arrears regarding the risk of equalization charge refund;
  - in 2023, a payment of the interest on arrears calculated on the equalization charge (-15 million euros) following the decision of the Council of State (“Conseil d’état”) in March 2023 (see note 1).

## 7. Exceptional income and expenses

As part of the tax consolidation of L’Air Liquide S.A. and its tax consolidated French subsidiaries, an exceptional income of 87.4 million euros was booked in 2023 (108.1 million euros in 2022).

Exceptional income and expenses also include the impact of eliminations related to the tax consolidation regime in the amount of 15.3 million euros in 2023 (13.4 million euros in 2022).

In 2023, an amount of -21 million euros has been paid on the equalization charge following the decision of the Council of State ("Conseil d'état") in March 2023 which partially questioned the favorable judgment of May 12, 2022 of the European Court of Justicepean Union (CJEU) by referring the case to an Administrative Court of Appeal (see note 1).

The 2022 exceptional income and expenses included the reversal of a provision of 31.9 million euros related to the risk of equalization charge refund (excluding interest on arrears).

## 8. Corporate income tax

The total tax expense amounts to 19.9 million euros, compared to 29.9 million euros in 2022.

After allocation of add-backs, deductions and tax credits, it breaks down as follows:

| *(in millions of euros)* | 2022 | 2023 |
|---|---|---|
| Net profit from ordinary activities before tax | (27.8) | (18.1) |
| Additional contributions on earnings [a] | (2.1) | (1.8) |
| **TOTAL** | **(29.9)** | **(19.9)** |

*(a) Social security contribution on earnings of 3.3%.*

## 9. Intangible and tangible assets

Changes in gross value break down as follows:

| *(in millions of euros)* | Gross value as of January 1, 2023 | Additions | Disposals | Gross value as of December 31, 2023 |
|---|---|---|---|---|
| Concessions, patents, licenses | 120.1 | 6.0 | (0.6) | 125.5 |
| Other intangible assets | 186.7 | 2.6 | (4.9) | 184.4 |
| **INTANGIBLE ASSETS** | **306.8** | **8.6** | **(5.5)** | **309.9** |
| Land and buildings | 102.2 | 9.9 | (0.6) | 111.5 |
| Plant, machinery and equipment | 43.1 | 2.0 | (11.5) | 33.6 |
| Other tangible assets | 17.6 | 0.7 | (0.3) | 18.0 |
| Tangible assets under construction and payments on account – tangible assets | 8.3 | 5.9 | (6.8) | 7.4 |
| **TANGIBLE ASSETS** | **171.2** | **18.5** | **(19.2)** | **170.5** |
| **TOTAL** | **478.0** | **27.1** | **(24.7)** | **480.4** |

Changes in amortization, depreciation and impairment losses break down as follows:

| *(in millions of euros)* | Amortization, depreciation, and impairment losses as of January 1, 2023 | Amortization and depreciation | Decreases, disposals, scrappings | Amortization, depreciation and impairment losses as of December 31, 2023 |
|---|---|---|---|---|
| Intangible assets | (275.5) | (9.0) | 1.8 | (282.7) |
| Tangible assets | (90.5) | (6.2) | 12.4 | (84.3) |
| **Tangible assets** | **(366.0)** | **(15.2)** | **14.2** | **(367.0)** |

## 10. Financial assets

Changes in gross value break down as follows:

| *(in millions of euros)* | Gross value as of January 1, 2023 | Increases | Decreases | Gross value as of December 31, 2023 |
|---|---|---|---|---|
| Equity investments | 12,419.3 | — | — | 12,419.3 |
| Other long-term investment securities [a] | 9.8 | 122.2 | (123.3) | 8.7 [b] |
| Long-term loans | 629.5 | 0.6 | (0.4) | 629.7 |
| Other long-term financial assets | 17.2 | — | (16.1) | 1.1 [c] |
| **FINANCIAL ASSETS** | **13,075.8** | **122.8** | **(139.8)** | **13,058.8** |

*(a) The change in other long-term investment securities mainly corresponds to:*
- *the acquisition and sale of Company treasury shares under the liquidity contract for 104.0 million euros and -105.1 million euros respectively;*
- *the acquisition of 120,000 of the Company treasury shares (for the purpose of cancellation) for 18.2 million euros and their cancellation on September 28, 2023.*

*At the 2023 year-end:*

*(b) "Other long-term investment securities" include 2,100 shares held under the liquidity contract for an amount of 0.4 million euros;*

*(c) "Other long-term financial assets": the receivable linked to the refund claim on the equalization charge paid for the years 2000 to 2004 for 9.5 million euros and the interest on arrears for 6.6 million euros has been written off. This operation has no impact in the income statement because the receivable was totally depreciated.*

## 11. Impairment, allowances and provisions

### A. Impairment and allowances

Impairment are recognized when the asset's carrying amount is lower than its book value.

They break down as follows:

| *(in millions of euros)* | | 2022 | Charges / Increase | Reversals | 2023 |
|---|---|---|---|---|---|
| Intangible and tangible assets | | (6.2) | — | — | (6.2) |
| Equity investments | | — | — | — | — |
| Other long-term investment securities | | (8.2) | (0.2) | — | (8.4) |
| Inventories and work-in-progress | | — | — | — | — |
| Operating receivables | | (13.0) | (36.1) | 2.8 | (46.3) |
| **IMPAIRMENT** | | **(27.4)** | **(36.3)** | **2.8** | **(60.9)** |
| *Whose charges and reversals:* | *operating items* | | *(0.6)* | 2.8 | |
| | *financial items* | | *(15.0)* | — | |
| | *exceptional items* | | *(20.7)* | — | |

### B. Provisions

Provisions mainly include:

- foreign exchange provisions;
- third party or employee contingency and litigation provisions;
- provisions to cover the future charge of the delivery of performance shares (21.6 million in 2023 and 14.5 million euros in 2022);
- jubilee awards and vested rights with regard to retirement benefits (49.1 million euros in 2023 and 30.0 million euros in 2022).

| *(in millions of euros)* | | 2022 | Charges | Reversals | 2023 |
|---|---|---|---|---|---|
| Provisions for contingencies | | 10.1 | 9.8 | (2.8) | 17.1 |
| Provisions for losses | | 44.9 | 35.6 | (9.4) | 71.1 |
| **PROVISIONS** | | **55.0** | **45.4** | **(12.2)** | **88.2** |
| *Whose charges and reversals:* | *operating items* | | *44.0* | *(11.4)* | |
| | *financial items* | | | | |
| | *exceptional items* | | *1.4* | *(0.8)* | |

Charges mainly relate to provisions for exchange risks for 8.3 million euros, provisions for jubilee awards and vested rights with regard to retirement termination payments for 20.4 million euros and provisions to cover the future charge of the delivery of performance shares for 15.2 million euros.

Reversals cover utilization of -8.1 million euros of provisions to cover the future charge of the delivery of performance shares.

## 12. Short-term financial investments

The item breaks down as follows:

| *(in millions of euros)* | Gross value as of December 31, 2022 | Gross value as of December 31, 2023 |
|---|---|---|
| Company treasury shares | 115.2 | 150.6 |
| Other short-term financial investments | — | — |
| **SHORT-TERM FINANCIAL INVESTMENTS** | **115.2** | **150.6** |

At the end of 2023, “Company treasury shares” consisted in 1,100,477 shares (951,833 shares in 2022) allocated to the objective of the implementation of performance shares plans to employees.

During the year 2023, the Company bought 430,000 shares (for an amount of 64.9 million euros) allocated to the implementation of performance shares plans to employees and distributed to employees 281,356 performance shares, allocated to this objective, for -29.5 million euros.

## 13. Shareholders' equity

As of December 31, 2023, the share capital is made of 524,516,778 shares with a par value of 5.50 euros.

The portion of share capital arising from the special revaluation reserve amounts to 71.4 million euros.

| *(in millions of euros)* | As of December 31, 2022 (before appropriation of earnings) | Appropriation of 2022 net profit | Capital increases | Capital decrease | Other changes | As of December 31, 2023 (before appropriation of earnings) |
|---|---|---|---|---|---|---|
| Share capital [(b)] | 2,879.0 | — | 6.5 | (0.7) | — | 2,884.8 |
| Additional paid-in capital [(b)] | 2,349.0 | — | 116.2 | (17.5) | — | 2,447.7 |
| Revaluation reserve | 23.9 | — | — | — | — | 23.9 |
| Reserves: | | | | | | |
| ■ Legal reserve | 261.3 | 26.5 | — | — | — | 287.8 |
| ■ Tax-driven reserves | 307.8 | — | — | — | — | 307.8 |
| ■ Translation reserve | 7.7 | — | — | — | — | 7.7 |
| ■ Other reserves | 73.0 | — | — | — | — | 73.0 |
| Retained earnings [(c)] | 4,356.8 | (689.2) | — | — | 4.2 | 3,671.8 |
| Net profit for the year | 924.7 | (924.7) | — | — | 977.2 | 977.2 |
| Investment grants | 0.2 | — | — | — | — | 0.2 |
| Accelerated depreciation [(d)] | 2.8 | — | — | — | 0.1 | 2.9 |
| **SHAREHOLDERS' EQUITY** | **11,186.2** | **(1,587.4)** [(a)] | **122.7** | **(18.2)** | **981.5** | **10,684.8** |

*(a) Following the decision of the Combined Annual Shareholders' Meeting of May 3, 2023.*
*(b) The change in Share capital and Additional paid-in capital results from the following transactions:*
- *capital decrease in the amount of -0.7 million euros by cancelling 120,000 treasury shares, as decided by the Board of Directors on September 28, 2023. The Additional paid-in capital was reduced by the amount of premiums related to these shares, i.e. -17.5 million euros;*
- *capital increase of 4.1 million euros resulting from the subscription of 746,401 shares by employees of the Group ascertained on December 7, 2023 by the Chief Executive Officer, under powers granted by the Board of Director's on July 26, 2023. The additional paid-in capital was increased by 90.9 million euros and has been reduced by the costs related to share capital increase for -2.8 million euros;*
- *capital increases of 2.4 million euros resulting from the exercise of 440,106 subscription options. The Additional paid-in capital was increased by the premiums related to these share capital increases, i.e. 28.1 million euros.*

*(c) The change in Retained earnings also includes the difference between the estimated loyalty dividend and the loyalty dividend actually paid and the cancellation of the dividend pertaining to treasury shares.*
*(d) The change in the Accelerated depreciation results from the new accelerated depreciation in accordance with asset depreciation and amortization policies.*

## 14. Debt maturity analysis

| *(in millions of euros)* | December 31, 2023 | | |
|---|---|---|---|
| | Gross | <= 1 year | > 1 year |
| Long-term loans | 629.7 | 0.6 | 629.1 |
| Other long-term investments | 1.1 | — | 1.1 |
| Operating receivables | 775.8 | 664.0 | 111.8 |
| Current account loans with subsidiaries [(a)] | 267.6 | 267.6 | — |
| **ASSETS** | **1,674.2** | **932.2** | **742.0** |

*(a) Current account loans agreements with subsidiaries are concluded for an indefinite period.*

| *(in millions of euros)* | December 31, 2023 | | | |
|---|---|---|---|---|
| | Gross | <= 1 year | > 1 to <= 5 years | > 5 years |
| Other bonds [(a)] | — | — | — | — |
| Bank borrowings | — | — | — | — |
| Other borrowings | 251.9 | 1.9 | 250.0 | — |
| Operating payables | 687.1 | 612.4 | 74.7 | — |
| Current account borrowings with subsidiaries [(b)] | 2,619.6 | 2,619.6 | — | — |
| **DEBTS** | **3,558.6** | **3,233.9** | **324.7** | **—** |

*(a) The 300 million euros bond at the end of December 31, 2022 has been reimbursed in September 2023.*
*(b) Current account borrowings agreements with subsidiaries are concluded for an indefinite period.*

## 15. Financial instruments

Unsettled derivatives as of December 31, 2023 break down as follows:

| *(in millions of euros)* | December 31, 2023 | |
|---|---|---|
| | Carrying value | Fair value |
| Currency forwards | | |
| ■ Buy | 69.6 | (1.8) |
| ■ Sell | 285.9 | 3.1 |
| **TOTAL** | | **1.3** |

The fair value of derivative instruments is based on the value of the contract on the market at the closing date.

All of these instruments are allocated to hedged operations. There is therefore no isolated open position whose change in fair value would have a direct impact on the income statement.

## 16. Retirement and similar plans

### A. Group retirement benefit guarantee agreement

In France, Air Liquide grants additional benefits to retirees (3,059 retirees as of December 31, 2023). These benefits provide a supplemental retirement income based on final pay, which is paid in addition to other normal retirement benefits. This plan is closed to employees under the age 45, or with less than 20 years of service as of January 1, 1996. These plans are unfunded. The annual amount paid with regards to additional benefits cannot exceed originally 12% of total payroll or, in some case, 12% of pre-tax profits of companies involved. This 12% threshold will be proportionately reduced by comparing the number of plan beneficiaries for the year to the number of plan beneficiaries for the previous year. The additional benefit granted by Air Liquide is indexed to the pension revaluation rates of normal and supplemental retirement benefits up to a certain annuity threshold without any indexation beyond. This additional benefit was funded subsequently to the article 50 of the law of January 20, 2014 securing the future and fairness of pensions plans.

The contributions amounted to 18.9 million euros after reinvoicing subsidiaries (19.2 million euros in 2022). Excluding the impact of timelines, and until the plan ends, the actuarial value of obligations vis-à-vis retirees and those eligible as of December 31, 2023 amounts to 390.9 million euros.

Based on the assumptions used for the valuation of the retirement obligations, an estimated 206.4 million euros will be recharged to the subsidiaries of L'Air Liquide S.A. as and when benefits are paid to the retirees.

### B. Externally funded plan

L'Air Liquide S.A. grants to employees not covered by the preceding plan (1,117 employees as of December 31, 2023) and with at least six months of service, the benefit from an externally funded defined contribution plan. Contributions to this plan are jointly paid by the employer and employee. For 2023, employer contributions amounted to 7.2 million euros (8.4 million euros in 2022).

### C. Retirement termination payments and jubilees

The corresponding obligations are provided for an amount of 48.1 million euros and 1.0 million euros, respectively.

### D. Calculation of actuarial assumptions and methods

The calculations with respect to the Group's retirement benefit guarantee agreement, retirement termination payments and jubilees are performed by independent actuaries using the projected unit credit method.

Actuarial gains and losses exceeding the greater of 10% of the obligations related to retirement termination payments and unrecognized past service costs are amortized over the expected average working lives of the plan participants. As of December 31, 2023, the amounts stand at -0.5 million euros (-5.7 million euros in 2022).

The actuarial assumptions (turnover, mortality, retirement age, salary increase) vary according to demographic and economic conditions.

The discount rates used to determine the present value of obligations are based on Government bonds or High-quality Corporate bonds, with the same duration as the obligations at the valuation date (3.20% as of December 31, 2023).

### E. Change in retirement obligations and similar benefits

Company obligations with respect to pension plans and similar benefits break down as follows:

| *(in millions of euros)* | Defined benefit plan | Retirement indemnities | Jubilees | Total |
|---|---|---|---|---|
| **OBLIGATIONS AS OF JANUARY 1, 2023** | **393.8** | **40.4** | **1.0** | **435.2** |
| Service cost | | 2.0 | — | 2.0 |
| Interest cost | 13.1 | 1.4 | | 14.5 |
| Plan amendments | | | | — |
| Benefit payments | (40.7) | (1.0) | | (41.7) |
| Actuarial (gains) / losses | 24.7 | 5.3 | | 30.0 |
| **OBLIGATIONS AS OF DECEMBER 31, 2023** | **390.9** | **48.1** | **1.0** | **440.0** |

## 17. Accrued income and accrued expenses

| *(in millions of euros)* | December 31, 2023 |
|---|---|
| **Accrued income** | |
| Other long-term financial assets | 0.6 |
| Operating receivables | 220.5 |
| **ACCRUED INCOME** | **221.1** |
| **Accrued expenses** | |
| Other bonds | — |
| Other borrowings | 1.9 |
| Operating payables | 364.7 |
| **ACCRUED EXPENSES** | **366.6** |

## 18. Deferred taxes

Deferred taxes arise from timing differences between the tax regime and the accounting treatment of income and expenses. Depending on the nature of the timing differences, these deferred taxes will increase or decrease the future tax expense and are not recorded as per the French Chart of Accounts.

Deferred taxes are estimated as follows:

| *(in millions of euros)* | December 31, 2022 | December 31, 2023 |
|---|---|---|
| Deferred tax assets (decrease in future tax expense) | 5.3 | 17.8 |
| Deferred tax liabilities (increase in future tax expense) | — | — |

The deferred taxes were calculated taking into account the 3.3% social security contribution on earnings i.e. a general rate of 25.83%.

# OTHER INFORMATIONS

## 19. Items concerning related companies

The Company conducted related party transactions with its wholly owned subsidiaries or subsidiaries that were directly or indirectly controlled.

| | December 31, 2023 | |
|---|---|---|
| *(in millions of euros)* | Gross | Including related companies |
| **Balance sheet** | | |
| Long-term loans | 629.7 | 625.6 |
| Other long-term financial assets | 1.1 | — |
| Operating receivables | 775.8 | 708.0 |
| Current account loans with subsidiaries | 267.6 | 267.6 |
| Other borrowings | 251.9 | 251.9 |
| Operating payables | 687.1 | 262.7 |
| Current account borrowings with subsidiaries | 2,619.6 | 2,619.6 |
| **Income statement** | | |
| Financial income from equity affiliates | 804.9 | 804.9 |
| Interests, similar income and expenses | (76.4) | (70.8) |
| Other financial income and expenses | (17.2) | (0.2) |

## 20. Off-balance sheet commitments

Off-balance sheet commitments break down as follows:

| *(in millions of euros)* | December 31, 2022 | December 31, 2023 |
|---|---|---|
| **Commitments given** | | |
| Endorsements, securities and guarantees given [(a)] | 1,109.1 | 1,455.8 |
| To Air Liquide Finance and Air Liquide US LLC on transactions performed [(b)] | 10,635.6 | 9,546.9 |
| Firm purchase orders for fixed assets | 5.1 | 27.1 |
| **COMMITMENTS GIVEN** | **11,749.8** | **11,029.8** |

*(a) Endorsements, securities and guarantees given mainly include the joint and several liability guarantee granted for affiliates linked to the European program of non-recourse assignments of trade receivable in an amount of 517 million euros (608 million euros as of December 31, 2022) and the joint and several liability guarantee of the subsidiaries Société Européenne de Gestion de l'Énergie and Air Liquide France Industrie in connection with the energy purchases.*

*(b) L'Air Liquide S.A. holds 100% of the French subsidiary Air Liquide Finance, which manages the Group's cash position and interest rate risk, as well as financing. In addition, Air Liquide Finance holds 100% of Air Liquide US LLC, which borrows on the US market.*
*The only activity of Air Liquide Finance and Air Liquide US LLC is to finance the Group. As a consequence, L'Air Liquide S.A. is required to guarantee any issuances performed by these companies.*

## 21. Remuneration paid to members of Executive Management and the Board of Directors

The remuneration (short-term benefits: fixed and variable portions, benefits in kind, retirement termination payments, Directors' attendance fees) paid by the Company to members of Executive Management and the Board of Directors respectively, amounts to:

| *(in millions of euros)* | 2023 |
|---|---|
| Remuneration of the Board of Directors | 0.8 |
| Remuneration of the Chairman of the Board | 0.8 |
| Remuneration of Executive Management | 3.6 |
| **TOTAL** | **5.2** |

In 2023, the Company also paid contributions to external organizations for the benefit of Mr Benoît Potier:

- for the year 2022, under the collective life insurance policy (91,897 euros) and the collective pension insurance contract (141,667 euros, divided between a payment to the insurer and a payment to Mr Benoît Potier to cover social security contributions and taxes due on payments made to the insurer),
- for the year 2023, under the collective death and disability benefits plan (12,634 euros),
  i.e. a total amount of 246,198 euros.

In 2023, the Company also paid contributions to external organizations for the benefit of Mr François Jackow for the year 2023 in respect of defined contribution pension plans (19,939 euros), the collective death and disability benefits plan (12,634 euros) and the collective healthcare plan (414 euros), i.e. a total of 32,987 euros.

In 2024, the Company will also pay contributions related to the year 2023, under the collective pension insurance contract, for an amount of 341,231 euros (split between a payment to the insurer and a payment to Mr François Jackow to cover social security contributions and taxes due on payments made to the insurer).

## 22. Average number of employees

The average number of employees is:

| | 2022 | 2023 |
|---|---|---|
| Engineers and executives | 916 | 929 |
| Supervisory staff | 191 | 177 |
| Employees | 26 | 37 |
| Laborers | 1 | 1 |
| **TOTAL** | **1,134** | **1,144** |

## 23. Subsidiaries and affiliates information

| *(in thousands of euros)* | Share capital as of December 31, 2023 | Other equity as of December 31, 2023 | % share holding | Carrying amount of shares held after the revaluations of 1976, 1978 and 1979 | | | Loans and advances granted by the Company and not repaid | Guarantees and endorsements given by the Company | 2022 net revenue [a] | Net profit (or loss) for 2022 [a] | Dividends collected by the Company during 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Gross | Net | Including revaluation difference | | | | | |
| **A. Detailed information on affiliates whose carrying amounts exceed 1% of the capital of the Company required to publish its financial statements** | | | | | | | | | | | |
| **a) Companies operating in France** | | | | | | | | | | | |
| Air Liquide International [b] – 75, quai d'Orsay – 75007 Paris | 3,151,080 | 5,935,633 | 100.00% | 9,122,262 | 9,122,262 | 20,706 | 109,815 | | 1,624 | 812,465 | 399,137 |
| Air Liquide France Industrie – 6, rue Cognacq-Jay – 75007 Paris | 72,453 | 537,243 | 100.00% | 292,872 | 292,872 | | — | | 1,589,544 | 137,339 | 94,914 |
| Air Liquide Finance – 6, rue Cognacq-Jay – 75007 Paris | 359,722 | 460,041 | 100.00% | 284,562 | 284,562 | 480 | 681,583 | 9,365,871 | — | 413,291 | 50,149 |
| Air Liquide Santé (International) – 75, quai d'Orsay – 75007 Paris | 38,477 | 368,776 | 100.00% | 331,728 | 331,728 | 6,301 | 16,220 | | — | 121,159 | 115,000 |
| Air Liquide Investissements d'Avenir et de Démonstration – 6, rue Cognacq-Jay – 75007 Paris | 85,050 | 5,181 | 100.00% | 85,050 | 85,050 | | — | | — | 6,107 | |
| Air Liquide Biogas International (ex Air Liquide International Participations) – 6, rue Cognacq-Jay – 75007 Paris | 59,390 | 33,159 | 100.00% | 116,011 | 116,011 | | — | | 27,428 | 1,790 | |
| **b) Companies operating outside of France** | | | | | | | | | | | |
| Air Liquide Industriegase GmbH & Co. KG – Hans-Günther-Sohl-Strasse 5 – 40235 Düsseldorf - Allemagne | 10 | 2,713,912 | 100.00% | 2,106,474 | 2,106,474 | | — | | 168,029 | 4,517 | 70,000 |
| **B. General information on other subsidiaries and affiliates** | | | | | | | | | | | |
| a) French companies (together) | | | | 75,917 | 75,917 | 16,068 | 9,400 | — | — | — | 66,597 |
| b) Foreign companies (together) | | | | 3,211 | 3,200 | | — | — | — | — | 9,078 |

(a) *Most recent year-end accounts approved by the competent decision-making bodies.*
(b) *Holding company.*

# Statutory auditors' report on the annual Financial Statements

*This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This Statutory Auditors' report includes information required by European regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the Management Report and other documents provided to the shareholders.This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Annual General Meeting,

## OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of L'Air Liquide for the year ended December 31, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Accounts Committee.

## BASIS FOR OPINION

### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

### Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes) for the period from January 1, 2023 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

## JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

### Equity investments measurement

#### Risk identified

As at December 31, 2023, the net book value of the equity investments amounts to 12 419,3 million euros and represents 86,6% of the total balance sheet. Equity investments are recognized at their initial consideration, excluding acquisition costs and after considering legal reevaluation if any (as provided by Law 76-1232 of December 29, 1976).

As disclosed in note "2.D. Accounting policies – Equity investments" to the statutory financial statements, when the carrying amount (determined applying the market multiples method based on the Group market capitalization or the estimated cash flows method or the method of net asset value re-measured at fair value) is lower than the net book value of the equity investment, an impairment loss is recognized for the difference.

The selection of the method used to determine the carrying amount requires significant judgement of the Company.

Due to the significant equity investments balance and the impact of the method retained to determine the carrying amount, we have considered that the measurement of the equity investments as a key audit matter.

#### Our response

Our procedures mainly consisted in considering, based on information provided by the Company, the valuation methods applied by the Company, and assessing :

- the assumptions used to determine the re-measured net asset;
- the methodology and the results of the tests performed based on the Group market capitalization;
- the appropriateness of information included in notes "2.D. Accounting policies – Equity investments", "10. Financial assets" and "11. Impairment, allowances and provisions" to the statutory financial statements.

## SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

### Information given in the Management Report and in the other documents with respect to the financial position and the Financial Statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors Management Report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (Code de commerce).

### Report on corporate governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (Code de commerce).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (Code de commerce) relating to the remuneration and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (Code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

### Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of voting rights has been properly disclosed in the Management Report.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Format of the presentation of the Financial Statements included in the Annual Financial Report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the financial statements included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (Code monétaire et financier), prepared under the Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the preparation of the financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

### Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of the Annual General Meeting held on May 12, 2016 for PricewaterhouseCoopers Audit and on May 4, 2022 for KPMG S.A.

As at December 31, 2023, PricewaterhouseCoopers Audit was in its eighth year of uninterrupted engagement and KPMG S.A. in its second year.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Accounts Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

## STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

### Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As specified in Article L. 821-55 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

## REPORT TO THE AUDIT AND ACCOUNTS COMMITTEE

We submit to the Audit and Accounts Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Accounts Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Accounts Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes). Where appropriate, we discuss with the Audit and Accounts Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine et Paris-La Défense, March 4, 2024
The Statutory Auditors
French original signed by

| PricewaterhouseCoopers Audit | | KPMG S.A. | |
|---|---|---|---|
| Olivier Lotz | Cédric Le Gal | Valérie Besson | Laurent Genin |

# Five-year summary of Company results

(Articles R. 225-83 and R. 225-102 of the French Commercial Code)

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **I - Share capital at the end of the year** | | | | | |
| a) Share capital *(in euros)* [(a) (b) (c)] | 2,602,080,327 | 2,605,133,982 | 2,614,100,704 | 2,878,976,491 | 2,884,842,279 |
| b) Number of outstanding ordinary shares | 473,105,514 | 473,660,724 | 475,291,037 | 523,450,271 | 524,516,778 |
| c) Number of shares with loyalty dividend entitlement [(d)] | 134,154,877 | 131,753,261 | 134,993,503 | 149,161,232 | 145,320,778 |
| d) Convertible bonds | | | | | |
| **II - Operations and results of the year (in millions of euros)** | | | | | |
| a) Revenue | 117.4 | 86.8 | 96.7 | 97.5 | 105.4 |
| b) Net profit before tax, employee profit-sharing, depreciation, amortization and provisions | 622.4 | 1,378.9 | 1,072.1 | 998.9 | 1,100.2 |
| c) Corporate income tax | 12.5 | 8.8 | 16.0 | 29.9 | 19.9 |
| d) Employee profit-sharing for the year | 2.7 | 2.8 | 3.2 | 3.9 | 4.3 |
| e) Net profit after tax, employee profit-sharing, depreciation, amortization and provisions | 567.7 | 1,333.8 | 950.9 | 924.7 | 977.2 |
| f) Distributed profit | 1,316.6 | 1,338.1 | 1,417.5 | 1,587.4 | 1,725.0 |
| **III - Per share data (in euros)** | | | | | |
| a) Net profit after tax, employee profit-sharing, but before depreciation, amortization and provisions | | | | | |
| ■ over the number of ordinary shares outstanding | 1.28 | 2.89 | 2.22 | 1.84 | 2.05 |
| ■ over the adjusted number of shares [(e)] | 1.17 | 2.63 | 2.02 | 1.85 | 2.06 |
| b) Net profit after tax, employee profit-sharing, depreciation, amortization and provisions | | | | | |
| ■ over the number of ordinary shares outstanding | 1.20 | 2.82 | 2.00 | 1.77 | 1.86 |
| ■ over the adjusted number of shares [(e)] | 1.09 | 2.56 | 1.82 | 1.77 | 1.87 |
| c) Dividend allocated to each share | | | | | |
| ■ over the number of ordinary shares outstanding | 2.70 | 2.75 | 2.90 | 2.95 | 3.20 |
| ■ over the adjusted number of shares [(f)] | 2.45 | 2.49 | 2.63 | 3.03 | 3.20 |
| d) Loyalty dividend | | | | | |
| ■ over the number of ordinary shares outstanding | 0.27 | 0.27 | 0.29 | 0.29 | 0.32 |
| ■ over the adjusted number of shares [(f)] | 0.24 | 0.24 | 0.26 | 0.30 | 0.32 |
| **IV - Employees working in France** | | | | | |
| a) Average number of employees during the year | 1,032 | 1,066 | 1,121 | 1,134 | 1,144 |
| b) Total payroll for the year *(in millions of euros)* | 156.6 | 155.3 | 162.9 | 171.0 | 186.1 |
| c) Amounts paid with respect to employee benefits during the year (social security, staff benefits, etc.) *(in millions of euros)* | 82.5 | 80.1 | 83.4 | 76.9 | 78.5 |

*(a) Using the authorization granted by the 15th resolution of the Combined Annual Shareholders' Meeting of May 16, 2018, the 14th resolution of the Combined Annual Shareholders' Meeting of May 4, 2021, the 18th resolution of the Combined Annual Shareholders' Meeting of May 4, 2022 and the 18th resolution of the Combined Annual Shareholders' Meeting of May 3, 2023, the Board of Directors made the following decisions:*
- *in its meeting of May 7, 2019, capital decrease by cancellation of 953,000 treasury shares;*
- *in its meeting of July 28, 2021, capital decrease by cancellation of 165,000 treasury shares;*
- *in its meeting of July 27, 2022, capital decrease by cancellation of 1,098,900 treasury shares;*
- *in its meeting of September 28, 2023, capital decrease by cancellation of 120,000 treasury shares.*

*(b) Using the authorization granted by the 16th resolution of the Combined Annual Shareholders' Meeting of May 16, 2018, the Board of Directors decided in its meeting of July 29, 2019, the granting of one free share for ten existing shares, and the granting of a 10% bonus for shares held in registered form from December 31, 2016 to October 8, 2019.*
*Using the authorization granted by the 19th resolution of the Combined Annual Shareholders' Meeting of May 4, 2022, the Board of Directors decided in its meeting of May 4th, 2022, the granting of one free share for ten existing shares, and the granting of a 10% bonus for shares held in registered form from December 31, 2019 to June 7, 2022.*

*(c) Using the authorizations granted by the resolutions of Combined Annual Shareholders' Meetings of May 7, 2013 and May 12, 2016,*
- *the Board of Directors noted in its meeting of September 28, 2023 the issuance of 364,079 shares arising from:*
  - *the exercise of 254,768 options subscribed at the price of 67.15 euros;*
  - *the exercise of 72,350 options subscribed at the price of 70.42 euros;*
  - *the exercise of 20,048 options subscribed at the price of 76.23 euros;*
  - *the exercise of 3,430 options subscribed at the price of 69.33 euros;*
  - *the exercise of 4,326 options subscribed at the price of 77.54 euros;*
  - *the exercise of 9,157 options subscribed at the price of 87.97 euros.*
- the Board of Directors noted in its meeting of February 19, 2024 the issuance of *76,027* shares arising from:
  - *the exercise of 32,298 options subscribed at the price of 67.15 euros;*
  - *the exercise of 14,727 options subscribed at the price of 70.42 euros;*
  - *the exercise of 15,973 options subscribed at the price of 76.23 euros;*
  - *the exercise of 2,914 options subscribed at the price of 69.33 euros;*
  - *the exercise of 2,967 options subscribed at the price of 77.54 euros;*
  - *the exercise of 2,148 options subscribed at the price of 87.97 euros.*

*Using the authorization granted by the 17th resolution of the Combined Annual Shareholders' Meeting of May 4, 2021, the Chairman and Chief Executive Officer, pursuant to the delegation granted by the Board of Directors in its meeting of February 9, 2021 with the right to sub-delegate and confirmed on July 28, 2021, has delegated his authority during the Board of Directors meeting hold in July, 28 2021 to the Executive Vice President who noted on December 9, 2021 the employee-reserved issuance of 1 098 738 new shares:*
- *984,988 new shares subscribed in cash at a price of 113.23 euros per share, of which 2,760 shares were subscribed as part of the contribution paid by the Company (1 bonus share for 4 shares subscribed with a maximum of 3 bonus shares per employee);*
- *113,750 new shares subscribed in cash at a price of 120.31 euros per share.*

*Using the authorization granted by the 21st resolution of the Combined Annual Shareholders' Meeting of May 3, 2023, the Chief Executive Officer, pursuant to the delegation granted by the Board of Directors in its meeting of July 26th, 2023, noted on December 7, 2023 the employee-reserved issuance of 746,401 new shares:*
- *675,617 new shares subscribed in cash at a price of 126.49 euros per share, of which 2,865 shares were subscribed as part of the contribution paid by the Company (1 bonus share for 1 shares subscribed, 2 bonus shares for 3 shares subscribed, 3 bonus shares for 6 or more shares subscribed per employee);*
- *70,784 new shares subscribed in cash at a price of 134.40 euros per share.*

*(d) Beginning December 31, 1995, shareholders holding their shares in registered form for at least two years at the period-end, and who will retain these shares in this form until the dividend payment date, will receive a dividend with a 10% bonus compared to the dividend paid to other shares. The difference between the loyalty dividend calculated on the number of shares outstanding as of the period-end and the loyalty dividend actually paid shall be allocated to retaining earnings.*

*(e) Adjusted to take into account, in the weighted average, the capital increases performed via cash subscriptions and treasury shares.*

*(f) Adjusted to account for share capital movements.*

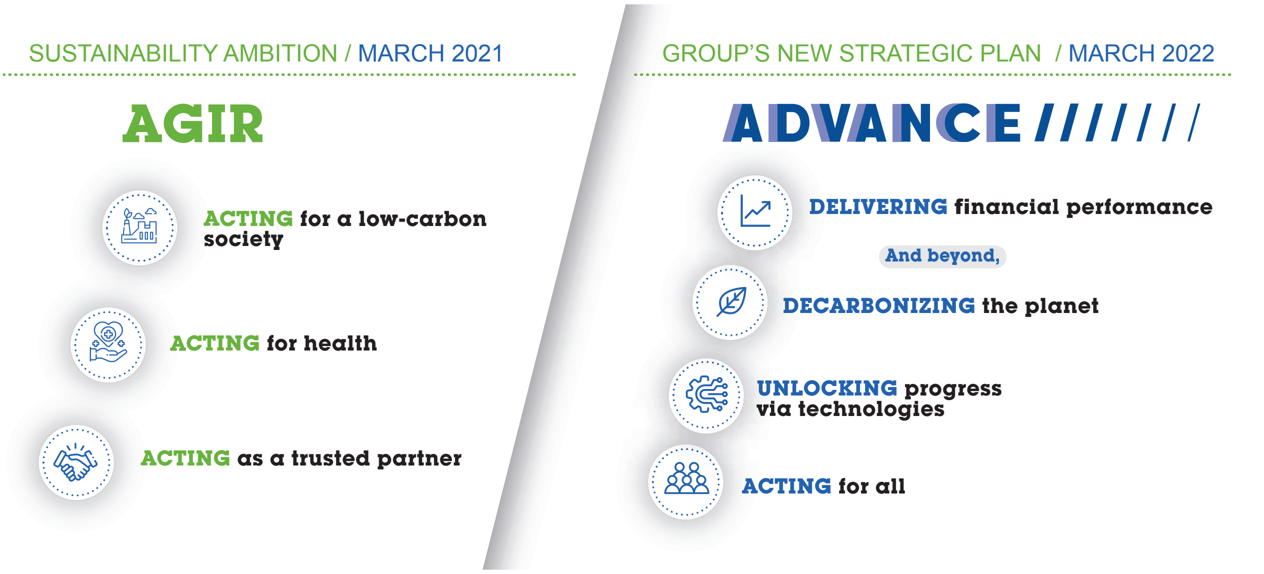

# 5 Extra-financial Performance Declaration and Environmental and Societal Reporting

# INTRODUCTION

Air Liquide announced in March 2021 its Sustainable Development strategy, structured on three pillars:

- **Acting for a low-carbon society;**
- **Acting for health;**
- **Acting as a trusted partner.**

Beyond this commitment, Air Liquide's ambition is to contribute to a more sustainable world. The Group's growth model is now based on the principle of global performance that combines economic performance and sustainable development.




Having published its new medium term strategic plan ADVANCE in March 2022, Air Liquide places its environmental, societal and governance (ESG) commitments at the core of its development strategy and recognizes it as a license to operate.

Decarbonization being one of the four key priorities of ADVANCE, Air Liquide's performance analysis is now based on two pillars, financial and extra-financial performance. The Group teams worldwide are now federated around these objectives.

In 2023, Air Liquide has accomplished significant progress and confirmed the Group's alignment with its short term and medium term ESG objectives.

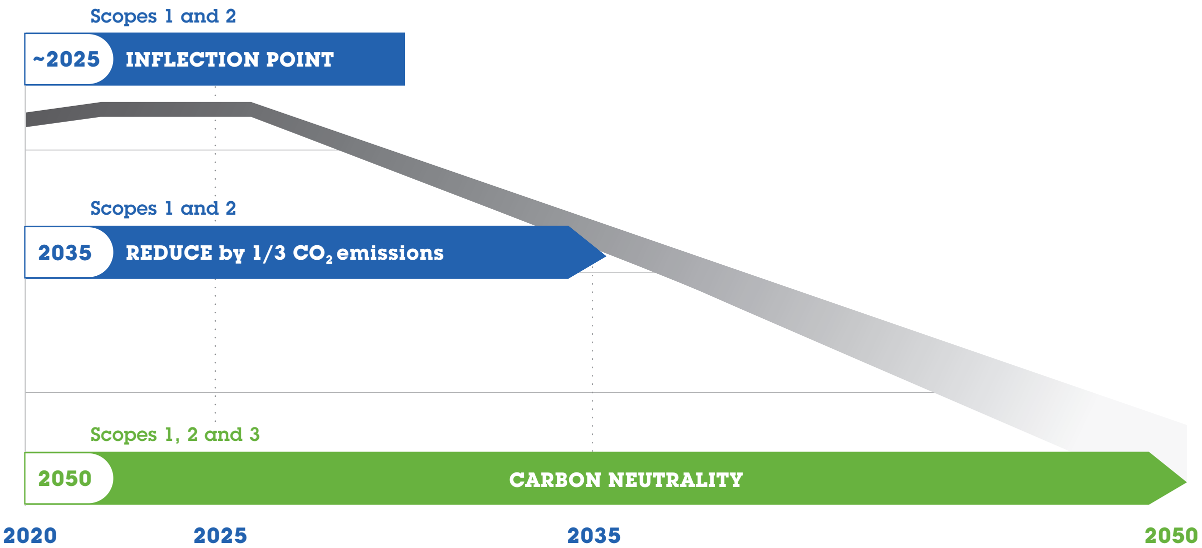
| ACT FOR A SUSTAINABLE FUTURE / GROUP'S COMMITMENT | | 2023 |
|---|---|---|
| **ACT FOR** a low-carbon society | around 2025, reduction of absolute $CO_2$ emissions in its Scopes 1 and 2<br>by 2035, a -33% reduction vs. 2020 | -4.9% vs. 2020 |
| | by 2025, a -30% reduction in carbon intensity compared to 2015 | -33% vs. 2015 |
| **ACT FOR** health | improve the quality of life of patients with chronic diseases living at home in mature economies | 55% (a) |
| | facilitate access to medical oxygen in low- and middle-income countries | 2,057,078 persons |
| **ACT AS A TRUSTED PARTNER,** with and on behalf of our stakeholders | 35% women managers and professionals by 2025 | 32.0% (b) |
| | 100% of employees to have common basis of care coverage, including death and disability insurance, healthcare and a minimum of 14 weeks of paid maternity leave, by 2025 | 78% |

*(a) Share of patients with personalized support plans.*
*(b) The share of women among "Managers and Professionals" is rounded off in increments of 0.5%.*

- **Acting for a low-carbon society.**

  The Group was the first among its peers to set in 2018 an objective of -30% [1] reduction in carbon intensity by 2025 versus 2015.

  Following this, in March 2021, Air Liquide set itself the ambition to achieve carbon neutrality by 2050 and two major milestones: a -33% reduction of its $CO_2$ [2] emissions in absolute value by 2035 versus 2020 [3] and an inflection point in emissions around 2025.




Air Liquide's objective to reduce its Scopes 1 and 2 greenhouse gas emissions by 2035 has been validated by the Science Based Targets initiative (SBTi) in May 2022 as qualified and aligned with climate science [4]. The Group was the first in its industry to obtain validation from the SBTi.

Air Liquide intends to contribute to carbon neutrality by addressing its entire value chain, covering direct emissions (Scope 1), indirect emissions related to energy procurement (Scope 2), as well as the indirect emissions of Scope 3, which includes the other indirect emissions reported.

To achieve the decarbonization of its assets, the Group has set up processes to measure and control its $CO_2$ emissions on a quarterly basis. Each geography of the Group has been allocated a yearly carbon budget and each new project is evaluated against the global trajectory of decarbonization.

Air Liquide's strategy is based on the decarbonization of its own assets, as well as on a commitment throughout its value chain:

- upstream, by integrating the reduction of emissions into the purchasing process and supporting its suppliers,
- downstream, by developing innovative low-carbon solutions with its customers and co-developing processes like oxy-combustion and $CO_2$ capture.

Overall, the Group contributes to the emergence of a low-carbon society by promoting hydrogen, by developing clean mobility, and by enabling the circular economy with use of biomethane.

The Group's scopes 1 and 2 $CO_2$ emissions in 2023 totaled 37.6 million tonnes of $CO_2$ [3]. They were down -4.7% compared with 2022 and -4.9% compared with the 2020 baseline. In a context of soft demand from Large Industries customers, the Group's main actions driving this improvement were the increase of voluntary low-carbon energy supplies and to a lesser extent the energy efficiency projects. This decrease in emissions was however slightly penalized by a deterioration in the electricity networks' carbon footprint, especially in Europe.

Aware of the importance of contributing to the achievement of carbon neutrality throughout its value chain, in 2022, Air Liquide worked on developing its "Scope 3" emissions reduction strategy. The value of its customer relationships has led the Group to make a pledge that 75% of its 50 largest customers will have a stated carbon neutrality commitment by 2050, by 2025 and 100% by 2035.

| | 2035 Objectives | | 2025 Objectives | | 2023 Results |
|---|---|---|---|---|---|
| **100%** | of the 50 largest customers will have a stated carbon neutrality commitment by 2050. | **75%** | of the 50 largest customers will have a stated carbon neutrality commitment by 2050. | **74%** | of the 50 largest customers stated a carbon neutrality commitment by 2050. |

*(1) In kg $CO_2$-equivalent/euro of operating income recurring before depreciation and amortization and excluding IFRS 16 at 2015 exchange rates on Scopes 1 and 2 of greenhouse gas emissions on a "market-based" methodology (see methodology for calculating scopes in paragraph 1.2.4 of the Annual Reporting section of the present Chapter 5 – pages 394 and 395 as well as reconciliation in the Performance Indicators paragraph of Chapter 1 – page 62)*

*(2) $CO_2$ emissions should be considered as greenhouse gas emissions converted to $CO_2$-equivalent.*

*(3) In tonnes of $CO_2$-equivalent of Scopes 1 and 2, on a "market-based" methodology (see methodology for calculating scopes in paragraph 1.2.4 of the Annual reporting section of the present Chapter 5 – pages 394 and 395), restated, from 2020 and each subsequent year, to include the emissions of the assets for the full year, taking into account (upwards and downwards) changes in scope having a significant impact on $CO_2$ emissions.*

*(4) Air Liquide announced its greenhouse gas emission reduction targets for Scopes 1 and 2 in March 2021 on a 2020 baseline. Following the acquisition of the Sasol air separation units in South Africa on June 24, 2021, Air Liquide submitted to SBTi a target on a 2021 baseline in order to integrate this significant change in scope (see page 323).*

# SCOPE 3 EMISSIONS

**For Air Liquide, the journey to a net-zero planet is not only about reducing its Scopes 1 and 2 emissions, but to address also the emissions induced upstream and downstream. Air Liquide assesses the carbon impact of its activity throughout its value chain and is committed to working with the different stakeholders (suppliers, customers, partners, employees…) to identify levers and reduce its Scope 3 emissions.**

## SUPPLIERS

| EMISSIONS | ACTIONS IN PROGRESS |
|---|---|
| **Purchase of goods & services / Capital goods**<br>4.1 Mt $CO_2$-eq. | Procure to Neutrality roadmap: measure, engage, leverage to value, reduce |
| **Upstream of fuels and feedstocks, Transport & Distribution losses**<br>8.5 Mt $CO_2$-eq. | Increase renewable power sourcing: reduce fossil share of power<br>Engage with natural gas suppliers |
| **Upstream transportation and distribution of products**<br>0.5 Mt $CO_2$-eq. | Bulk and packaged gases fleet conversion, including outsourced transport |

## Air Liquide

| EMISSIONS | ACTIONS IN PROGRESS |
|---|---|
| **Employee commuting**<br>0.07 Mt $CO_2$-eq. | Company cars conversion |
| **Business travel**<br>0.07 Mt $CO_2$-eq. | Implement more sustainable travel practices |

## CUSTOMERS

| EMISSIONS | ACTIONS IN PROGRESS |
|---|---|
| **Units located on industrial platform**<br>1.9 Mt $CO_2$-eq.<br>**where customers manage energy procurement** | Engage with customers to encourage them to source their energy from renewable sources<br>100% TOP 50 customers committed to 2050 carbon neutrality by 2035 |
| **Use and processing of sold products**<br>6.0 Mt $CO_2$-eq. | Solutions to reduce our customers' $CO_2$ emissions<br>Increase share of biogenic $CO_2$<br>Increase share of $N_2O$ volume to applications with abatement |

**Avoided emissions:** Air Liquide's contribution goes well beyond reducing its own emissions, as it brings solutions enabling a strong positive impact for the planet.

Air Liquide, through its activities, helps to avoid greenhouse gas emissions compared with a more carbon-intensive reference situation, via three main levers:

- via its intrinsically efficient business model, which enables the Group to pool the needs of several different customers in the same basin. The units invested and operated by the Group are therefore larger in capacity, and better valorize the various co-products than it would be the case if each customer had to satisfy its own needs separately;
- via the direct use of the Group's products and services, which enable its customers to reduce their emissions for the same level of production. For example, the use of oxygen in a blast furnace reduces the need for coking coal, thereby cutting emissions at the steel mills. The Group is also developing $CO_2$ capture solutions to enable its customers in certain sectors, such as cement, to reduce their emissions by over 90%;
- via the impact of the Group's products on the greenhouse gas balance of customers' downstream value chains: for example, the desulfurization of road fuels using hydrogen reduces black coal emissions, an aerosol that contributes to climate change. The Group is also developing the production and supply of low-carbon or renewable hydrogen to service station operators, enabling end-users – whether transporters of people or goods – to reduce the $CO_2$ footprint of their activity.

- **Acting for health.**

  Air Liquide is engaged alongside patients and communities. In mature economies, the Group improves the quality of life of patients with chronic diseases at home, 55% of them having personalized support plans by the end of 2023, a +12% improvement compared to the year before. In low-and-middle-income countries, Air Liquide facilitates access to oxygen to 2,057,078 people.

- **Acting as a trusted partner.**

  Air Liquide strives to act as a trusted partner with all its stakeholders: employees, customers, suppliers, shareholders and local communities.

  Air Liquide is promoting inclusive culture and diversity. In 2023, the Group has reached a share of 32.0% [5] of women among Managers and Professionals with an objective of 35% by 2025.

  The Group is committed to providing 100% of its employees with a common basis care of coverage, including death and disability insurance, healthcare and paid maternity leave by 2025. In 2023 the population covered is 78% of employees, an improvement of +86% vs. last year.

  Air Liquide supports local social initiatives, with **Citizen at Work** program. 73% of employees had access to volunteering opportunities in 2023, with the objective of providing such access to its 100% of employees by 2025.

## Other environmental objectives

Decarbonizing the planet is a strategic pillar for the Group. On a broader level, Air Liquide acts as a responsible actor in preserving the environment, particularly water resources and biodiversity.

In 2023, following the roll-out of the water management policy, focus was given to the deployment of the Group objectives that have been defined in 2021: implementation of a documented water management plan by 2025 to reduce the risks associated with water use in areas of high water stress, and definition and implementation of a Group-wide standard to guarantee the quality of discharged water.

Against a backdrop of falling demand and the deployment of efficient water management practices for all the Group activities, the Group's overall annual water consumption decreased by -2%.

After an in-depth analysis of the impacts and dependencies of its products and supply chain on biodiversity, Air Liquide has formalized a more detailed framework in 2022, which led it to make its first commitments to preserving biodiversity.

### BIODIVERSITY COMMITMENTS RECOGNIZED BY ACT4NATURE

The Act4nature International initiative validated Air Liquide's commitment:

- to reinforce biodiversity assessment criteria in the investment process for all new projects by 2024;
- to develop and implement an aggregated biodiversity indicator by 2025;
- to raise awareness amongst employees on biodiversity;
- to reaffirm the Group's climate and water ambition.

(5) *The share of women among "Managers and Professionals" is rounded to 0.5% steps.*

# EXTRA-FINANCIAL PERFORMANCE DECLARATION

**The Extra-financial Performance Declaration (EFPD), the Vigilance Plan and the communication regarding the Group's specific risk factors are subject to different regulatory frameworks, as stated in the introduction to Chapter 2 (page 72) of this Universal Registration Document.**

The Extra-financial Performance Declaration published by Air Liquide includes:

- an introduction to its business model (Chapter 1 – pages 22 and 23);
- an analysis of the main corporate social responsibility (CSR) risks as defined by the Extra-financial Performance Declaration (Chapter 5). Some of these risks also relate to criteria in the Prospectus III regulation, and as such are presented in Chapter 2 of this Universal Registration Document;
- the policies and procedures implemented to prevent and mitigate these risks (Chapter 5);
- the results of these policies and key performance indicators (Chapter 5).

It is structured around environmental, social and societal stakes.

In the Extra-financial Performance Declaration, the main risks and stakes were identified by the Sustainable Development Department in partnership with the Legal, Financial, Human Resources and Risks departments. Some of them appear in the Group's overall risks map and have been reviewed by the Board of Directors.

Moreover, in identifying these risks and stakes, Air Liquide also takes into account a dual perspective:

- their internal impact, i.e. on the Group's performance and development;
- their external impact taking into account the perception of its stakeholders.

In order to integrate the main risks and opportunities into Group's strategy, according to the importance given to them by the various stakeholders, Air Liquide updated the matrix of its sustainable development stakes in 2020. The results of this process are presented in this chapter (page 370).

Just like the Annual Financial Report, the Environmental and Societal reporting is reviewed each year by an independent verifier. Audits by the independent verifier conducted in 2023 covered 20% of the workforce and 45% of the Group's environmental footprint [1].

For further information, the Group's website has a section dedicated to Sustainable Development at the following link: https://www.airliquide.com/sustainable-development/act-sustainable-future.

Through its business, commitment and environmental and social actions, Air Liquide contributes to achieving certain Sustainable Development Goals (SDGs) introduced by the UN to eradicate poverty, protect the planet and guarantee prosperity for all by 2030. To illustrate this contribution, initiatives by the Group – described in the EFPD – are associated with the relevant SDGs.


## AIR LIQUIDE PROTECTS LIFE AND ENVIRONMENT

Many industrial and medical gas applications protect the environment on the sites of Group's customers, and life of the Group´s patients. These applications account for over 40% of Group revenue in 2023.

[1] *Details of the sites audited in 2023 are provided in the independent Verifier Report – page 405 to 407.*

# 1. Environmental stakes

## 1.1. CLIMATE: GREENHOUSE GAS EMISSIONS

### 1.1.1. Greenhouse gas emissions

Air Liquide acknowledges the importance and urgency of climate issues. 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 compared with pre-industrial levels, and by continuing efforts to limit it to 1.5°C. In this regard, the Group has committed to achieve carbon neutrality by 2050. Air Liquide intends to contribute to carbon neutrality by addressing its entire value chain, covering direct emissions (Scope 1), indirect emissions related to the procurement of electricity and steam (Scope 2), as well as emissions of Scope 3, where other indirect emissions are reported. Two major intermediate milestones support this long-term objective: the start of reduction of absolute $CO_2$ emissions around 2025, followed by a -33% reduction in Scope 1 and Scope 2 emissions [(1)] in 2035 compared with a 2020 baseline in "market-based" methodology. Moreover, the Group has maintained the objective set in 2018 to reduce its carbon intensity [(2)] by -30% by 2025 compared with 2015. The Group's trajectory was validated by the Science Based Targets initiative (SBTi) in May 2022 and has been determined to be consistent with a scenario well below 2°C compared with pre-industrial levels. Until now, there is no 1.5°C sectoral trajectory for the chemicals sector in general or for the industrial gases in particular. Nevertheless, Air Liquide has developed its climate objectives on the basis of various studies, including those of the Intergovernmental Panel on Climate Change (IPCC), in particular the 1.5°C report and those of the International Energy Agency, whose Net Zero roadmap, published in May 2021, sets out levers and a trajectory for the chemicals sector similar to that of the Group strategy.

Aware of the importance of contributing to the achievement of carbon neutrality throughout its value chain, in 2022, Air Liquide worked on developing its Scope 3 emissions reduction strategy. The value of its customer relationships has led the Group to make a pledge that by 2025 75% of its 50 largest customers will have a stated carbon neutrality commitment by 2050, and 100% will by 2035.

(1) *In tonnes of $CO_2$-equivalent for Scopes 1 and 2, in a "market-based" methodology (see methodology for calculating scopes in paragraph 1.2.4 of the Annual Reporting section of Chapter 5 – pages 394 and 395), restated, from 2020 and each subsequent year, to include the emissions of the assets for the full year, taking into account (upwards and downwards) changes in scope having a significant impact on $CO_2$ emissions.*

(2) *In kg $CO_2$-equivalent/euro of operating income recurring before depreciation and amortization and excluding IFRS 16 at 2015 exchange rates on Scopes 1 and 2 of greenhouse gas emissions in a "market-based" methodology (see methodology for calculating scopes in paragraph 1.2.4 of the Annual Reporting section of Chapter 5 – pages 394 and 395, as well as reconciliation in the Performance indicators paragraph of Chapter 1 – page 62).*

# SCOPES OF GREENHOUSE GAS EMISSIONS FOR AIR LIQUIDE

**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.**

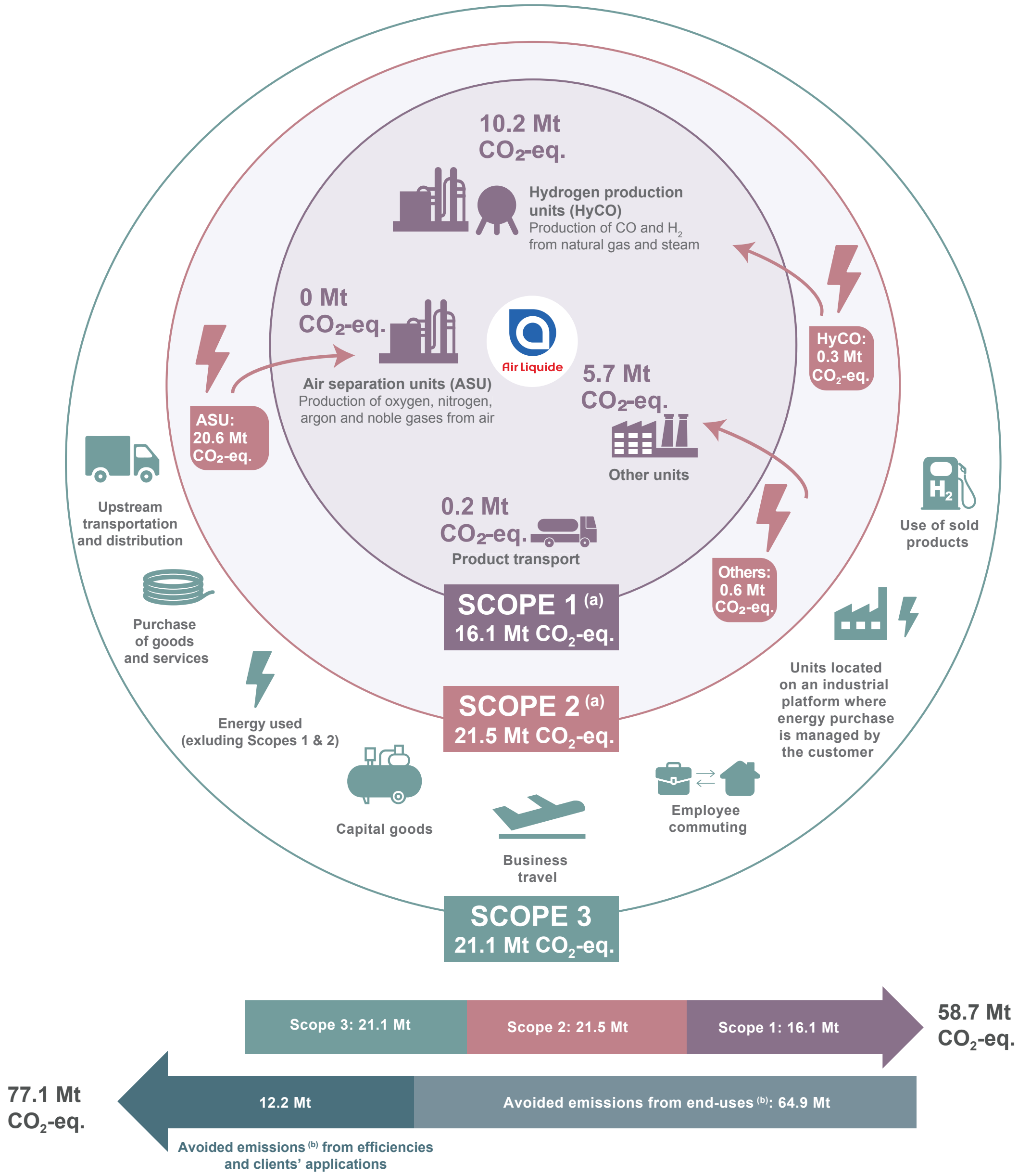
Air Liquide's GHG emissions balance sheet takes into account the 6 greenhouse gases highlighted by the Kyoto Protocol and is carried out in accordance with the GHG Protocol's carbon accounting method proposed by the World Resource Institute and the World Business Council for Sustainable Development.

GREENHOUSE GAS PROTOCOL

**SCOPE 1** **Direct emissions** generated by all emission sources owned or controlled by Air Liquide.

**SCOPE 2** **Indirect emissions** related to the production of electricity or steam purchased outside the Group.

**SCOPE 3** **Other indirect emissions** related to the life cycle of products sold by Air Liquide.




The data presented have been rounded up to the tenth.

(a) *Emissions are reported in million tonnes of $CO_2$ equivalent using "market-based" methodology (see methodology for calculating scopes in paragraph 1.2.4 of the Annual Reporting section of Chapter 5 – pages 394 and 395).*

(b) *Avoided emissions are emissions reductions achieved by activities, products or services that emit less GHGs than would have been emitted in a reference scenario. See reporting methodology on page 403 of this chapter. They come from the industrial and energy efficiency allowed by the out-sourcing model as well as emissions avoided downstream thanks to the use of the Group's products and solutions.*
*A large part of these avoided emissions comes from the application of hydrogen in the production of ultra-low sulfur diesel, which avoids black carbon emissions, which can contribute to global warming.*

# SCOPE 3 EMISSIONS

To improve the management of its carbon footprint, Air Liquide also carries out its Scope 3 assessment which measures its impact on the entire value chain of products.

## SCOPE 3

**21.1 Mt $CO_2$-eq.**

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

Scope 3 includes 15 categories upstream, downstream and in the Group's activities, of which the following ones are relevant for Air Liquide.

### UPSTREAM: 13.1 Mt $CO_2$-eq.

**Purchase of goods and services**
3.1 Mt $CO_2$-eq.
Purchase of electrodes, steel wire, safety equipment, aluminium, industrial painting.

**Capital goods**
1.0 Mt $CO_2$-eq.
Compressors, cylinders, boilers, heat exchangers.

**Energy (not included in Scopes 1 or 2)**
8.5 Mt $CO_2$-eq.
Extraction, gas transport and distribution, coal or oil to power plants and production units of Air Liquide.

**Upstream transportation and distribution**
0.5 Mt $CO_2$-eq.
Rail, sea and air transport.

### AIR LIQUIDE: 0.14 Mt $CO_2$-eq.

**Business travel**
0.07 Mt $CO_2$-eq.
Air travel, car rental.

Operating sites and Head office.

**Employee commuting**
0.07 Mt $CO_2$-eq.
Car, public transport.

### DOWNSTREAM: 7.9 Mt $CO_2$-eq.

**Units located on an industrial platform where energy purchase is managed by the customer**
1.9 Mt $CO_2$-eq.

LARGE INDUSTRIES
INDUSTRIAL MERCHANT
HEALTHCARE
ELECTRONICS
GLOBAL MARKETS & TECHNOLOGIES

**Processing and use of sold products**
6.0 Mt $CO_2$-eq.

The definition and methodology of Scopes 1, 2 and 3 and the assessment of the relevance of Scope 3 categories for the Group are detailed in the Annual Reporting section of the present Chapter 5, paragraph 1.2.4 - pages 394 and 395. $CO_2$-eq. stands for $CO_2$-equivalent using the values of the Intergovernmental Panel on Climate Change (IPCC) for the 100-year time horizon Global Warming Potential (GWP).

# AVOIDED EMISSIONS

Technological innovations improve the energy and industrial efficiency of our assets. Our molecules and our solutions also allow the avoiding of greenhouse gas emissions from our customers.


## ON OUR ASSETS

Emissions avoided thanks to the energy and industrial efficiency of our assets

HyCO | ASU | Cogeneration

**4** Mt $CO_2$-eq.

## WITH OUR CUSTOMERS

Avoided emissions: difference between the reference of production without Air Liquide's solution and production with Air Liquide's solution

Air Liquide's technology solutions and products + Customer Process =

**8.2** Mt $CO_2$-eq.

## FOR THE ECOSYSTEM

Emissions avoided due to impact of hydrogen enabling production of ultra-low sulfur fuels without carbon black emissions

Hydrogen + Ultra-low sulfer fuels

**64.9** Mt $CO_2$-eq.

## CO-CONSTRUCTING SOLUTIONS WITH OUR CUSTOMERS REPRESENTS A MAJOR FOCUS FOR THE GROUP: THESE SOLUTIONS SIGNIFICANTLY LIMIT $CO_2$ EMISSIONS LINKED TO CUSTOMER ACTIVITIES.

$CO_2$ emissions **avoided** through the use of Air Liquide products or process outsourcing

Oxy-combustion | Biomethane | New etching gases for electronics (enScribe innovative etch materials)

$CO_2$ emissions **captured** by Air Liquide and used for other applications

$CO_2$ → Air Liquide Technology → Food Indsutry, Greenhouses, Chemical industry, $CO_2$ storage

(a) *Avoided emissions are emissions reductions achieved by activities, products or services that emit less GHGs than would have been emitted in a reference scenario. See reporting methodology on page 403 of this chapter. They come from the industrial and energy efficiencies allowed by the out-sourcing model as well as from the emissions avoided downstream thanks to the use of the Group's products and solutions.*
*A large part of these avoided emissions come from the application of hydrogen in the production of ultra-low sulfur diesel, which avoids black carbon emissions, which can contribute to global warming.*

### 1.1.2. Climate risk: greenhouse gas emissions

Climate risk (greenhouse gas emissions) is part of the Environmental and Societal risks (described in Chapter 2 of this Universal Registration Document – page 81).

Air Liquide's business model is based on the outsourcing of the industrial gas needs of its customers who often emit large quantities of greenhouse gases, in particular in the metals, chemicals and refining industries. This outsourcing is justified by Air Liquide's expertise which allows them to optimize the energy consumption of production tools and favor low-carbon energy procurement. However, it leads to the transfer of a portion of the customer's greenhouse gas emissions to the Group.

The main metric to assess the raw risk related to climate transition risks is the $CO_2$ footprint of the Group, or an assessment of the emissions induced by the Group along its value chain. These emissions are accounted for and reported in Scope 1, Scope 2 and Scope 3, and the evolution of the metric is monitored through dedicated processes in particular by an analysis of variance carried out by Group Management Control.

Almost 85% of Air Liquide's large production units are Air Separation Units, which do not use any combustion processes, hence do not directly generate any $CO_2$ emissions. These units use air as their only raw material, while the energy required to separate air is consumed almost exclusively in the form of electricity. Electricity procured by the Group to power these units generates $CO_2$ emissions at electricity suppliers, and are classified as indirect or Scope 2 emissions.

The Group's two main activities that directly emit $CO_2$ are hydrogen production through methane reforming and co-generation of steam and electricity. These account for nearly 15% of large production units and use combustion and chemical conversion processes emitting $CO_2$, known as direct emissions – Scope 1. Other sources of direct emissions include emissions from trucks transporting products to customers and small stationary combustion units, e.g. for heating.

In the interests of defining and developing mitigation measures for this risk, Air Liquide has defined scenarios to assess the impact of this risk on its activities.

#### SCENARIOS FOR AIR LIQUIDE'S CLIMATE STRATEGY

In order to develop and manage the achievement of its climate objectives, Air Liquide draws on scenarios which allow it to:

- plan its activities and assets in a variety of prospective scenarios to guarantee the Group's resilience going forward and feed its strategy;
- develop an economic growth strategy which incorporates a reduction in the Group's emissions in line with trajectories that are compatible with the Paris Agreement;
- analyze the possible impact of public greenhouse gas emission reduction policies on the Group and on its existing assets, as well as any dependence of the Group's carbon trajectory on these policies, in particular those aimed at making the energy sector and end markets carbon-free;
- manage the Group's carbon trajectory by monitoring, notably, the impact of new investments made on the carbon footprint.

As the Group's activities are global and cover a wide-range of sectors, Air Liquide relies on various sources to develop these analyses. These include work by the Intergovernmental Panel on Climate Change (IPCC) based on the findings of climate science, and that of the International Energy Agency (IEA), with a particular focus on the IEA low emissions scenarios, such as the "Net Zero by 2050" one that provides insights into trajectories to net-zero for the energy, heavy industries and mobility sectors. The IEA Net Zero Scenario is consistent with limiting the global temperature rise to 1.5°C (with at least a 50% probability), in line with emissions reductions assessed in the Intergovernmental Panel on Climate Change (IPCC)'s Sixth Assessment Report. Such a scenario is used to understand how and at which pace the different segments transform in the different geographies where Air Liquide operates, to ensure the Group's strategy and business model are compatible with the transition to a sustainable economy.

#### CLIMATE TRAJECTORY

**Science Based Targets commitment**

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

In July 2019, the Group joined the Science Based Targets initiative (SBTi), a certification created by a coalition of stakeholders committed to environmental issues. The Science Based Targets initiative provides companies with a methodology for setting a GHG emissions reduction objective based on climate science and in line with a well below 2°C scenario or a 1.5°C scenario.

Following the submission of its application to SBTi in November 2021, Air Liquide's objectives have been approved by SBTi, and determined in May 2022 to be compliant with a well below 2°C trajectory, a "première" for industrial gases. However, as of today, there is no sectoral approach specific either to the chemicals sector in general or to Air Liquide's activities, which serve a wide variety of sectors of the economy with a specific business model. The objectives submitted by Air Liquide aim, for Scope 1 and Scope 2 emissions in absolute terms, at a -35% reduction in 2035 compared to a base year of 2021, considered as the first year with full deployment of "market-based" reporting. Air Liquide has therefore joined, together with other stakeholders, an SBTi-led initiative to develop a sectoral approach for the chemical sector so it can continue to contribute to the development of methodologies for the chemical and industrial gases sector, to ensure methodologies adequately represent the value of its climate actions, both in terms of its emissions and the resulting environmental benefits to its customers through the solutions provided.

Air Liquide has signed the French Business Climate Pledge, demonstrating its commitment to take concrete action for a low-carbon society.

The Group contributed to the Assessing Low Carbon Transition (ACT) initiative aiming to develop tools to assess low carbon strategies in the chemical sector.

### 1.1.3. Policy and procedures

In 2022, Group's Climate Policy has been added to the BlueBook, to consolidate the principles governing Group's management of Climate risks, covering the full value chain.

The monitoring and achievement of the Group's climate objectives rely on:

- the internal greenhouse gas emissions procedure, which sets out the monitoring of current greenhouse gas emission regulatory obligations with which the Group must comply on this subject; the standardized methodologies for calculating Scopes 1 and 2 emissions, as well as the reporting scope and frequency;
- integration of the monitoring of the $CO_2$ trajectory performance in the Group's management process, in particular the $CO_2$ budgeting process that now includes the allocation of a carbon budget to the different geographical areas, as well as quarterly monitoring by geography and business line at the Executive Committee level;
- the Group Energy & Emissions Risk Management Committee ("E-Enrisk"), which reviews the entities' energy purchasing strategies, examines the most significant commitments submitted to it, and ensures that commitments made are consistent with the Group's climate strategy (both upstream of investment decisions and for existing assets). Each month, it brings together the Executive Committee member overseeing the Large Industries World Business Line and the Group Strategy function, the Large Industries Vice President, the Large Industries Director of Markets and Energy Transition, the Director of Energy, the Group Financing and Treasury Director, the Organization and Accounting Methods Director, the Sustainable Development Director, the Group Investment Director and the Energy Transition Strategy Director of the Hydrogen Energy World Business Line;
- a review of investment decisions, taking climate factors, in particular a $CO_2$ price, into consideration, along with an analysis of the opportunities and risks associated with energy transition. This approach is completed with a $CO_2$ price sensitivity study. For all its projects, for all geographies, even those without a current price for $CO_2$, Air Liquide includes in its investment decision process a $CO_2$ price sensitivity study. The Group's investment policy detailed in the BlueBook requires this sensitivity analysis to be performed with a price of 50 euros per tonne of $CO_2$, the current local price and a high value of 100 euros or more per tonne, depending on geography and context;
- the implementation of the "Climate Champions" network and the yearly review of the geographical decarbonization plans for each group of countries (cluster). The plans define the projects to be carried out in order to reduce $CO_2$ emissions in line with the Group's objectives, such as the supply of renewable energy, $CO_2$ capture on hydrogen production units using Steam Methane Reforming, energy efficiency programs or vehicle fleet conversion programs;
- the assumption of the introduction, in the regions in which the Group operates, of public policies aimed at stepping up the transition toward a low-carbon economy that are in line with a "well below 2°C" trajectory.

The main lines of the Group's action plans are detailed in the "Acting for a low-carbon society" infographics on pages 327 to 330.

In order to reduce its indirect emissions related to power procurement (Scope 2 emissions), Air Liquide is increasing its sourcing of renewable power, using several approaches depending on local conditions allowing access to renewable power.

The main approach is the signature of long term Power Purchase Agreements (PPA). However, the Group may purchase certificates such as Guarantees of Origin that may or may not be bundled with power delivery especially when integration of a PPA into the sourcing portfolio is uneasy or, in areas supplied by regulated utilities, through "green tariffs".

Energy costs (electricity for air gases and natural gas for units producing hydrogen by methane reforming) and those related to $CO_2$ emissions (e.g. ETS scheme in Europe) are re-invoiced to customers in the frame of a long-term contract (15 years or more). The Group also applies this business model to the supply of low-carbon gas, so Air Liquide does not bear significant risk associated with energy and $CO_2$ costs.

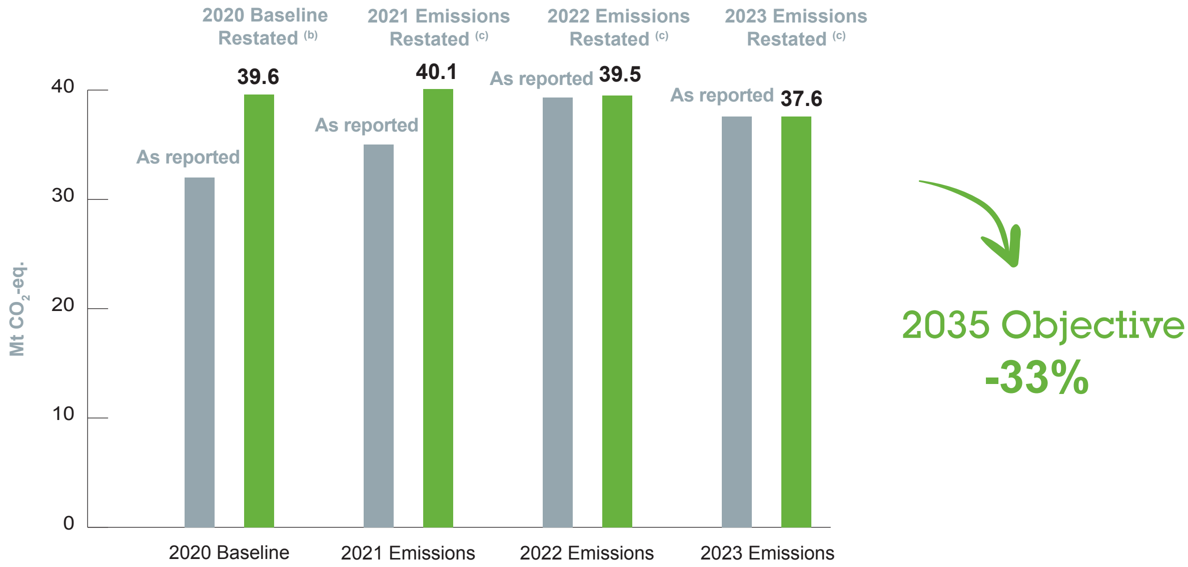
Aware of the importance of contributing to the achievement of carbon neutrality throughout its value chain, in 2022, Air Liquide worked on developing its Scope 3 emissions reduction strategy. The value of its customer relationships has led the Group to make a pledge that by 2025 75% of its 50 largest customers will have a stated carbon neutrality commitment by 2050, and 100% will by 2035. In addition, Air Liquide will continue its in-depth analysis of all Scope 3 emission categories leveraging the work carried out by the Expert Advisory Group (EAG) led by SBTi. To support the Group in the achievement of carbon neutrality, the Procurement department initiate in 2021 a climate roadmap "Procure to Neutrality" based on four pillars: measure, engage, leverage to value, reduce, see Sustainable procurement and suppliers section on page 384.

### 1.1.4. Performance

The actions undertaken by the Group are intended to contribute to UN Sustainable Development Goals (SDGs) 7 "Affordable and clean energy", 9 "Industry, innovation and infrastructure", 11 "Sustainable cities and communities", 12 "Responsible consumption and production", 13 "Climate action", and 17 "Partnerships for the goals".

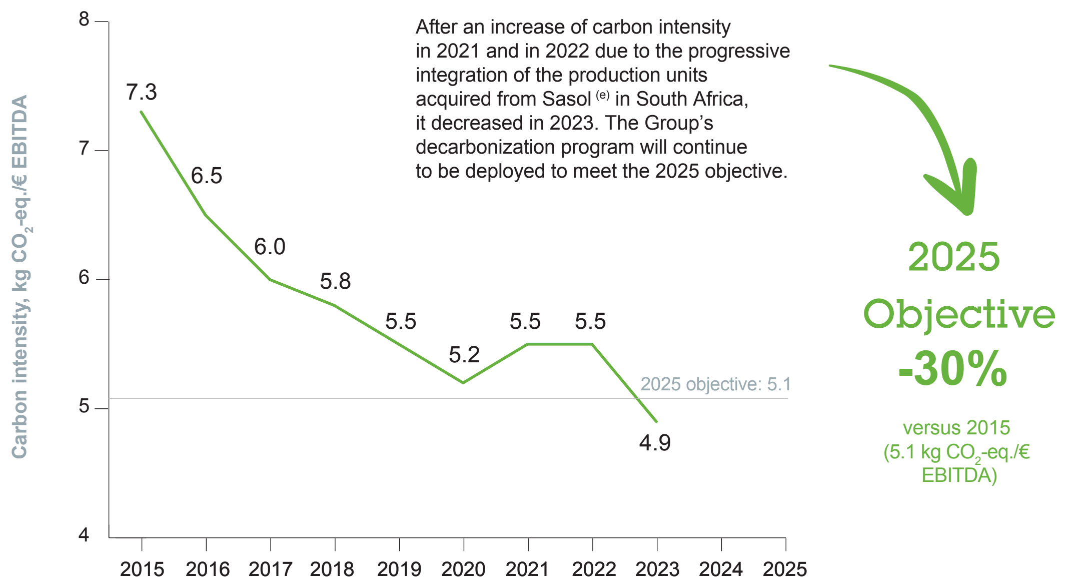
In 2023, Air Liquide's reduction of absolute $CO_2$-equivalent emissions and carbon intensity performance is represented below:

Reduce our **absolute $CO_2$-equivalent emissions** [a] by **-33%** by 2035, vs. 2020, with an inflection point around 2025




(a) *All absolute emissions figures in million tonnes of $CO_2$-equivalent Scopes 1 and 2 emissions, in a "market-based" methodology, (see methodology for calculating the Scopes in paragraph 1.2.4 of the Annual Reporting section of Chapter 5 – pages 394 and 395).*
(b) *Baseline restated to include 2020 emissions of assets, taking into account (upwards and downwards) changes in perimeter since 2020 that have had a significant impact on $CO_2$ emissions.*
(c) *2021 and following years emissions restated to include in each year's emissions figures the emissions of the assets for the full year, taking into account (upwards and downwards) changes in scope that have had a significant impact on $CO_2$ emissions, in order to provide comparable figures with the restated 2020 baseline.*

Reduce our **carbon intensity** [d] by **-30%** by 2025, vs. 2015




(d) *In kg $CO_2$-equivalent per euro of Operating income recurring before depreciation and amortization at 2015 exchange rate and excluding IFRS 16 for greenhouse gas emissions Scopes 1 and 2, in "market-based" methodology (see the methodology for calculating the Scopes in paragraph 1.2.4 of the Annual Reporting section of Chapter 5 – pages 394 and 395, as well as the reconciliation in Performance indicators paragraph of Chapter 1 – page 62).*
(e) *Following the takeover of the Sasol Oxygen Units in South Africa on June 24, 2021, the carbon Intensity of the Group increases in 2021 (half year impact, as from the acquisition date) and continues in 2022 (full year impact) compared to 2020.*

The Group's total $CO_2$ equivalent emissions, as compared to the restated 2020 baseline, are down in 2023, while the Group's business is growing, with new unit start-ups, particularly in China and the United States. The decline stems from lower-than-expected oxygen production, especially in the geographies where electricity production is particularly carbon intensive, as well as from interruptions due to maintenance work on high-capacity units in China and the USA. The continued increase in voluntary renewable energy sourcing also contributed to the reduction in Scope 1 and 2 emissions in absolute terms, which was partly offset by a rise in power grid emission factors (statistical effect).

In addition, the Group announced an investment to modernize and electrify two air gases separation units in China, reducing emissions by 370,000 tonnes of $CO_2$. The Group is also continuing to develop $CO_2$ capture projects that will reduce emissions associated with hydrogen production, such as the Kairos@C and Antwerp@C projects, or Porthos, for which an investment decision has been announced.

The reduction in Scope 1 and 2 emissions and the strong growth in the Group's results have also led to a reduction of more than -10% in carbon intensity in 2023, on a good path to achieving the objective of -30% by 2025 compared to 2015.

Regarding the Group's Scope 3 commitment:

| 2025 Objectives | | 2023 Results | |
|---|---|---|---|
| **75%** | of the 50 largest customers will have a stated carbon neutrality commitment by 2050. | **74%** | of the 50 largest customers have a stated carbon neutrality commitment by 2050. |

Air Liquide is committed to a low-carbon society by mobilizing levers to reduce the carbon impact of its assets, together with its customers, and more extensively by supporting the development of new ecosystems.

# ACTING FOR A LOW-CARBON SOCIETY

**Air Liquide is convinced that climate change and energy transition must be absolute priorities of business and social concerns. Through its climate objectives and initiatives, Air Liquide is aligned with the Paris Agreement. Air Liquide's objective of reducing its Scopes 1 and 2 emissions by 2035 was validated by the Science Based Targets initiative (SBTi) in May 2022 as suitable and aligned with climate science [a].**

## AN APPROACH INTEGRATING ALL OUR ACTIVITIES THROUGH 3 AXES

**As it seeks to reconcile growth with care for the environment, Air Liquide is drawing upon its ability to innovate. This work is part of a global and ambitious approach that includes the measures it takes to limit its environmental footprint, developing sustainable solutions for its customers and in taking part in the emergence of a low-carbon society.**

### TAKING ACTION ON OUR ASSETS

Commit to reduce the impact of our production, distribution and services activities

**OUR LEVERS**

- Source **low-carbon energy**
- Improve the **efficiency of our assets**
- Roll-out **innovative technologies**

### TAKING ACTION WITH OUR CUSTOMERS

Innovate with our customers for a cleaner industry

**OUR LEVERS**

- Reduce the **carbon footprint** of our products
- Co-develop **innovative processes** with our customers
- Develop innovative **carbon capture technologies**

### TAKING ACTION FOR OUR ECOSYSTEMS

Contribute to the emergence of a low-carbon society

**OUR LEVERS**

- Promote hydrogen **for the energy transition**
- Contribute to the **development of clean mobility**
- Contribute to a **circular economy** through the development and diversification of **biomethane**

(a) *Air Liquide announced its greenhouse gas emission reduction objectives for Scopes 1 and 2 in March 2021 on a 2020 baseline. Following the acquisition of the Sasol air separation units in South Africa on June 24, 2021, Air Liquide has presented to SBTi a target on a 2021 baseline in order to integrate this significant change in scope* *(see page 323)**.*

# TAKING ACTION WITH OUR ASSETS

**Reduce the carbon impact of our production, distribution and service activities.**

## Objective 2050 — Carbon neutrality

with two major intermediary milestones in 2025 and 2035:

### 2025

Begin $CO_2$ emissions **reduction in absolute value** around 2025

Maintaining the **-30% carbon intensity reduction target** [(a)] on the basis of 2015 emissions

### 2035

**-33%** [(b)] **decrease in its Scopes 1 & 2 $CO_2$ emissions** by 2035 compared to 2020

## 3 LEVERS TO ACT

### 1 Source low-carbon energy

- Accelerate the sourcing of **renewable** and **low-carbon electricity**
- Increase the use of **renewable raw materials**

### 2 Improve the efficiency of our assets

- Deploy **efficient** production technologies
- Reduce emissions related to **delivery of products**

### 3 Roll out innovative technologies

- **Capture carbon** for use or storage
- Produce **hydrogen** in a **sustainable way**

## 2023 Examples

**South Africa**

Air Liquide and Sasol have signed two new Power Purchase Agreements (PPA) with TotalEnergies and its partner Mulilo for the long-term supply of a total capacity of 260 MW of renewable power to Sasol's Secunda site, in South Africa, where Air Liquide operates the biggest oxygen production site in the world.

**Benelux**

Air Liquide and Vattenfall signed a new Power Purchase Agreement (PPA) for 115 MW of renewable installed power capacity. This second PPA of such scale in Benelux, significantly expands Air Liquide's overall renewable power supply in the region. This capacity will provide energy representing more than 70% of the Group's existing electricity consumption in Benelux.

**China**

Air Liquide will invest around 60 million euros to revamp two Air Separation Units (ASUs) the Group operates in the Tianjin industrial basin, in China. As part of this modernization plan, Air Liquide will adapt these ASUs so that they can run on electric power instead of steam, thus avoiding 370,000 tonnes of $CO_2$ emissions per year.

**Belgium**

Air Liquide announces the construction of an industrial scale ammonia ($NH_3$) cracking pilot plant in the port of Antwerp, Belgium. This plant will make it possible to convert, with an optimized carbon footprint, ammonia into hydrogen ($H_2$).

**France**

Air Liquide will invest over 400 million euros for the construction of its Normand'Hy electrolyzer, with a capacity of 200 MW. He will deliver to TotalEnergies' refinery in Gonfreville from the second half of 2026, renewable and low-carbon hydrogen. Air Liquide Normand'Hy will avoid up to 250,000 tonnes of $CO_2$ emissions per year.

*(a) In kg $CO_2$-equivalent/euro of Operating income recurring before depreciation and amortization at 2015 exchange rate and excluding IFRS 16 for greenhouse gas emissions Scopes 1 and 2 reported using the "market-based" methodology (see methodology of the Scopes calculations in the paragraph 1.2.4 in the Annual Reporting section of the present Chapter 5 – pages 394 and 395 and reconciliation in Performance indicators paragraph of Chapter 1 – page 62).*

*(b) In tonnes of $CO_2$-equivalent of Scopes 1 and 2 using "market-based" (see methodology of the Scopes calculations in the paragraph 1.2.4 in the Annual Reporting section of the present Chapter 5 – pages 394 and 395), restated to include from 2020 and each subsequent year, emissions of the assets for entire year, taking into account (upwards and downwards) changes in scope having a significant impact on $CO_2$ emissions.*

# TAKING ACTION WITH OUR CUSTOMERS

**Innovating with our customers for a cleaner industry.**

**Air Liquide solutions can take two forms:**

**Solution 1: Energy and industrial efficiency of our assets.**

Air Liquide offers products with a lower carbon footprint than if they had been produced directly by our customers.

**Solution 2: Reducing our customers' carbon footprint.**

Co-development of solutions that reduce the carbon footprint ofour customers' industrial processes (oxycombustion, $CO_2$ capture,storage and reuse).

## 3 LEVERS TO ACT

### 1 Reduce the carbon footprint of our products

- Outsourcing our customers' needs allows **mutualization of production** assets for better **energy efficiency**
- Reduce $CO_2$ emissions from **transportation** by:
  - Installing units directly on customer sites
  - Using new generation cylinders
- Deploy a **low-carbon offer**

### 2 Co-develop innovative processes with our customers

- Deploy solutions to **support the transformation of customers' processes**
- Deploy **new production processes**: Oxy-combustion, hydrogen injection, $CO_2$ capture
- **Reduce customers' energy consumption and** $CO_2$ emissions

### 3 Develop innovative carbon capture technologies

- Develop innovative **carbon capture technologies**

## 2023 Examples

**Japan**

Air Liquide's ATR Autothermal Reforming technology has been selected for Japan's first demonstration project owned and operated by INPEX CORPORATION to produce low-carbon hydrogen and ammonia.

**Taiwan, South Korea**

Air Liquide is investing close to 200 million US dollars in two advanced material production centers in Taiwan and South Korea. By locating production close to its customers in the semiconductor industry, the Group improves the environmental footprint and reliability of the supply chain. The facilities are expected to start production in 2024 and 2025.

**Italy**

Air Liquide will implement for Verallia its HeatOx™ proprietary technology to recover the heat. The global solution provided by Air Liquide will very significantly contribute to the reduction by -18% of the $CO_2$ emissions (scope 1 and 2) that Verallia targets for its glass furnace. The Group is thus mobilizing its innovation capabilities and its know-how to accompany the conversion of Verallia's plant in Pescia, Italy, from a traditional combustion process to an optimized oxycombustion on the occasion of the construction of a new furnace on the site.

**Belgium**

Air Liquide and Holcim have signed a Memorandum of Understanding (MoU) to pursue a project to decarbonize Holcim's new cement production plant under development in Belgium, using Air Liquide proprietary Cryocap™ carbon capture innovative technology. Holcim will be able to reduce emissions by more than 1 million tonne per year of $CO_2$.

**Italy, Greece**

Air Liquide Italia is a partner of the international research project HERCCULES (Heroes in Southern Europe to Decarbonize Industry with CCUS). The project aims to study and demonstrate the feasibility of the entire $CO_2$ capture, use and storage chain in regions with high industrial density such as Northern Italy and Greece.

# TAKING ACTION FOR OUR ECOSYSTEM

**Contributing to the emergence of a low-carbon society.**

## Decoding: Hydrogen

Hydrogen is a key solution for energy transition, as recognized by public and private stakeholders alike. The use of hydrogen can decarbonize end uses in applications such as transportation, energy for industry, or heat and electricity in the residential sector. Hydrogen also has a major role to play in the storage of surplus energy in markets with large volumes of renewable energies (wind, solar, etc.).

## Air Liquide is a key player in the creation of a global hydrogen economy

In 2017 the Group co-founded the Hydrogen Council, a unique worldwide initiative, whose ambition is to raise awareness of hydrogen as an accelerator for energy transition. Today the council has 150 members, from industries such as chemical, aviation, automotive, etc.

## 3 LEVERS TO ACT

BIOgas

### 1 Promote hydrogen ($H_2$) for energy transition

- **8 billion euros** in investments by 2035
- Hydrogen **sales to triple** by 2035

### 2 Contribute to the development of clean mobility

- Produce low-carbon hydrogen by using water **electrolysis** and **renewable energy**
- Invest in **distribution networks** for Hydrogen mobility
- Develop the **biomethane** chain from production to filling stations

### 3 Contribute to the circular economy through the development and diversification of biomethane

- Grow the **circular economy** via the development and diversification of **biomethane** (-85% fine particles, -90% $CO_2$ and -50% noise compared to diesel)
- **26 biomethane production units** worldwide

## 2023 Examples

**United States**
In the context of the U.S. government's announcement to support seven regional Clean Hydrogen Hubs to accelerate low-carbon hydrogen development, Air Liquide is a partner in a record 6 out of the 7 Hubs. This achievement is a recognition of Air Liquide's commitment to hydrogen development.

**Germany**
Air Liquide and Siemens Energy inaugurated their joint venture gigawatt electrolyzer factory in Berlin. The mass production of electrolyzer components will allow the manufacturing of low-carbon hydrogen at industrial scale and competitive cost, and foster an innovative European ecosystem. The state-of-the-art gigawatt factory will ramp-up to an annual production capacity of three gigawatts by 2025.

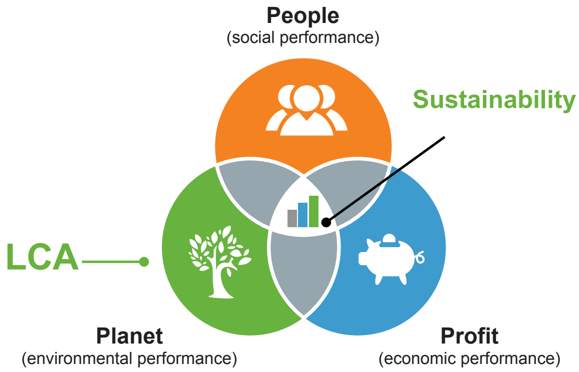
**France**
Air Liquide and Groupe ADP announced the creation of Hydrogen Airport, the first engineering and consulting joint venture specializing in helping airports integrate hydrogen projects within their infrastructures. This partnership reflects the groups' shared ambition to start preparing for the rollout of carbon-free aviation worldwide.

**Canada**
Through an investment of more than 140 million euros (more than 200 million Canadian dollars), Air Liquide announced that it will establish in Bécancour, Québec, a breakthrough platform supplying low-carbon industrial gases including hydrogen, oxygen, nitrogen and argon.

**France, Benelux, Germany**
Air Liquide has partnered with TotalEnergies to create an equally owned joint venture to develop a network of hydrogen stations, geared towards heavy duty vehicles on major European road corridors. The partners aim to deploy more than 100 hydrogen stations on major European roads – in France, Benelux and Germany – in the coming years.

## PRODUCT-BASED ENVIRONMENTAL METRICS

**Life cycle assessment**




Life cycle assessment (LCA) is a standardized evaluation method (ISO 14040 and 14044) used to assess the environmental impacts of a product's lifespan, i.e. the extraction of raw materials for production, use, end-of-life processing, recycling or final disposal of a product. This method does not generally deal with a product's economic or social aspects, but the approach and methodologies of the life cycle described in the international standard can also be applied to these other aspects.

A team of LCA practitioners operating from the different R&D centers of the Group supports the Group in deploying this tool to assess and quantify, on products or projects, positive and negative impacts on climate, water and marine resource, waste, pollutant emissions, biodiversity, and ecosystems.

For instance, Air Liquide's production of hydrogen delivered to refineries leads to direct $CO_2$ emissions: an in-depth life cycle analysis highlighted the fact that the environmental cost relating to the $CO_2$ emissions associated with this hydrogen production is largely offset by the benefit of the elimination of acid rain and the decrease in respiratory diseases.

The Group relies on this LCA approach to:

- assess and take account the environmental impacts when designing technologies, products, and offers;
- maintain and enrich its interactions with stakeholders by proposing sustainable solutions to customers and suppliers;
- improve the efficiency of its processes, rethink the production chain and make the best long-term strategic choices for its investments.

In 2023, Air Liquide has carried on with the project aiming at harmonizing methodologies for calculation of Carbon Footprint of Products. The project covers the various gases produced and sold by the Group and their respective production pathways. The objective is to provide clear information to customers on their carbon footprint related to supplies from Air Liquide and support them in their $CO_2$ emissions reduction journey.

## CLIMATE AND ENERGY TRANSITION TRAINING

In 2023, Air Liquide University organized two virtual events open to all Group employees: an opportunity for internal facilitators to share their knowledge with their colleagues on various subjects such as Climate & Energy Transition, Digital & IT, Inclusion & Diversity, Innovation, Management & Leadership, Operational Excellence, Personal Development and Sales & Marketing.

To meet the demand for training highlighted by the internal survey conducted in 2022 on the subject of sustainable development, Air Liquide University continued to organize “Climate & Energy Transition” online training courses in 2023. The aim of the webinars is to share the Group's vision and provide knowledge and behaviors to ensure resilience and secure growth opportunities in the context of the climate and energy transition. The topics covered are climate, customers and technology. These training sessions are open to all employees live and also remain available after the event. In 2023, 40 sessions were organized on 17 different topics related to the climate and energy transition, with a total of more than 4,000 connections and around 1,900 participants.

### 1.1.5. Engaging internal stakeholders

Since the announcement of its first climate objectives at the end of 2018, Air Liquide set up a dedicated in-house organizational structure. The announcement of these objectives and the associated action plan have proven to be factors that drive engagement among Group employees and were further boosted by the announcement of the sustainability objectives in March 2021, as well as by the ADVANCE strategic plan published in March 2022.

#### *Climate Champions*

Present within each cluster (group of countries), Climate Champions are responsible for managing the Group's $CO_2$ emissions reduction objectives. The Climate Champions are the Sustainable Development Department's point of contact in the different clusters (group of countries).

They coordinate the development of a roadmap that defines all the operational measures required to achieve the climate objectives. Their role includes monitoring KPIs, rolling out projects and reporting progress.

The Group Sustainable Development Department is the facilitator of this network that is currently composed of 14 Climate Champions: meetings are held monthly, and in 2023, a two day webinar brought together more than 40 experts and managers to share experiences and good practices regarding evolution of regulations, decarbonization technologies and solutions, renewable energy sourcing, and other $CO_2$ emissions reduction topics.

#### *Healthcare ESG Champions*

Introduced in July 2021, Healthcare ESG (Environmental, Social, Governance) Champions are present within each of the Home Healthcare entities in the mature countries where the Group operates.

Each quarter, these champions are responsible for reporting on the number of patients under personalized care programs; they also report on the projects rolled out in their entities for improving the quality of life of home patients with chronic diseases, such as the development of patient boards and the production of innovative learning materials.

#### *Sustainability Ambassadors*

The employees established a network of volunteers to support the Group's sustainable development approach. Previously called "Climate Ambassadors" and renamed "Sustainability Ambassadors" in 2022 to account for the extended role covering all aspects of sustainable development, the members implement local initiatives within their entities, raise awareness among employees and share best practices.

Their actions cover recycling, zero-waste campaigns, and sustainable mobility. The network has more than 600 members, demonstrating the great interest of employees in sustainable development issues.

These actions are also relayed on a dedicated Intranet site where general information on sustainable development and the Group's strategy in this area is accessible: sustainable development objectives, educational videos, articles, current projects, local initiatives, etc.

#### SEVERAL INITIATIVES FROM OUR SUSTAINABILITY AMBASSADORS AROUND THE WORLD

Throughout the year, the voluntary network of Sustainability Ambassadors organized initiatives around the world to promote sustainable development, raise awareness and encourage action on environmental issues. For example:

- promote: contests on the best sustainable development initiatives in Latin America, calculating employees' carbon footprint, participation in workshops to there environmental footprint on a daily basis in Europe, etc.;
- raising awareness: participation in external and internal trainings or conferences such as a "Sustainability Talk" in Taiwan Island;
- take action: waste collections in France and Asia, tree-planting activities in Canada, organization of "Sustainable Development Week" in several regions, waste recycling initiatives in Singapore.

#### SUSTAINABILITY DAY

As Air Liquide makes progress towards its sustainability ambition, it is of the utmost importance to ensure employees have the necessary information and resources to understand the Group's objectives, the progress made towards achieving those objectives, and that they can relate their own actions to the Group's sustainability strategy.

In order to inform and to promote the Group's sustainability objectives, the Group hosted the second edition of its "Sustainability Day" on June, 12 2023. This internal event featured a corporate webinar featuring sustainability actions and initiatives taking place all around the world.

In December 2022, the Group launched an internal sustainability survey, reaching more than 78% of the Group population, to measure the interest of its employees in ESG thematic as well as their personal involvement in these subjects. The data collected provides insight into the Group's strengths, for instance, employees' belief that sustainability should be a top priority for Air Liquide. In this sense, the survey also reflects opportunities for the Group to improve, notably by providing sufficient information and training on sustainability topics. In 2023, Air Liquide launched targeted actions to address employees' feedback and increase sustainability-related engagement, including training courses and roundtables on topics such as energy transition, carbon neutrality, biodiversity and inclusive purchasing.

## 1.2. CLIMATE: PHYSICAL IMPACT ON OPERATIONS

### 1.2.1. Climate: physical impact on operations

This risk is part of the Environment and Society risks (described in Chapter 2 of this Universal Registration Document – page 81).

Air Liquide operates in certain regions of the world exposed to changes (in severity or frequency) in exceptional meteorological phenomena due to climate change. These phenomena can slow down or interrupt the Group's operations or make them more expensive. Its suppliers and customers are also confronted with this same issue.

These can be broken down into:

- acute risks, triggered by events such as natural disasters, the frequency and severity of which are increasing: storms, hurricanes, flooding, etc. These risks may relate to Air Liquide sites located near the coast for example, or in regions affected by hurricanes (the Gulf Coast, South Asia, etc.);
- chronic risks, related to longer-term changes in climate models and rising temperatures: rising sea levels, chronic heat waves in certain regions, changes in rainfall patterns and an increase in their variability, the disappearance of certain resources, etc.

### 1.2.2. Policy and procedures

Physical risks (water scarcity, frequency of extreme events, etc.) are appraised during the review of investment requests, in the same way as financial criteria, to ensure that the associated risk management measures are adapted, for example, in the design of equipment.

In addition, Group operations that are regularly exposed to the acute risks described above have risk management systems in place aimed at adopting suitable preventive operational measures and managing these crises by, first and foremost, protecting individuals and the production facilities in close cooperation with customers. These systems are regularly updated and improved.

Chronic risks are taken into account, particularly in the design of production units, in the same way, and to the same extent as their energy efficiency and carbon footprint.

Physical risks are furthermore taken into account at Group level, especially in (i) the Water Management Policy, which concerns, among other things, water-related risks for production units for which this risk is proven, and (ii) Business Continuity Plans that ensure the resilience of operations in the event of disruption, including extreme climatic events.

In 2023, Air Liquide has initiated the development of a procedure for the different activities across the Group to:

- identify, for the different activities and types of assets, the relevant perils linked to the physical impacts of climate change in high emissions scenarios;
- evaluate the importance of these perils for the Group's activities;
- develop, if necessary, adaptation plans to mitigate these risks.

These risks, like the risk of greenhouse gas emissions, are taken into account in the preparation of the Financial Statements (paragraph "Use of estimates and assumptions" of the accounting principles and Note 31 to the Consolidated Financial Statements (Chapter 4) – page 233 and 282 respectively).

### 1.2.3. Performance

The actions undertaken by the Group are intended to contribute to UN Sustainable Development Goals (SDGs) 9 "Industry, innovation and infrastructure," 11 "Sustainable cities and communities" and 13 "Take urgent action to combat climate change and its impacts".

In 2021 and 2022, a preliminary assessment was performed by Air Liquide's experts based on literature review. In 2023, a more detailed analysis on physical climate risks was conducted was performed with the support of a consulting firm. This analysis covered the following elements:

- selection of climate scenarios: two climate scenarios developed by the Intergovernmental Panel on Climate Change (IPCC) were selected for the analysis: the scenario SSP2-4.5, used as "business as usual", leading to +2.7°C by 2100 and the scenario SSP5-8.5 or "worst case scenario", leading to +4.4°C by 2100. A time horizon of 2040 was selected as it is consistent with the lifetime of the majority of assets invested and operated by Air Liquide;
- definition of the physical climate risk universe: a series of interviews with Air Liquide's Industrial Departments to identify the most significant perils in the short, medium and long terms;
- exposure analysis: the analysis was performed on a site's location-based approach for the perils under each climate scenario. As a result, Air Liquide identified, within its own production sites, the sites that may be exposed to perils by 2040;
- vulnerability analysis: the analysis of the vulnerability of Air Liquide's sites was performed on a qualitative basis including the description of the main operational impacts for the sites exposed to perils.

Based on the above analysis, the main perils identified as relevant at Group level include high temperature, drought and fire. As an outcome of the vulnerability analysis, a mitigation plan will be established where needed. In 2024, this analysis will serve as a basis to deploy the corresponding risk management process.

The same approach and the corresponding risk management process are used by the Group to carry out the assessment of the "Climate Change Adaptation" No Significant Harm criterion for activities identified as eligible under the European Taxonomy Regulation and aligned with the Substantial Contribution criteria and Minimum Guarantees.

## 1.3. WATER MANAGEMENT

### 1.3.1. Water management risk

The Group depends on water for its activities. Its water consumption is related to the loss of water by evaporation in the process of cooling rotating machines, particularly for the production of air gases, or its use as a raw material for the manufacture of products such as hydrogen.

Air Liquide pays particular attention to water management, especially in areas of water stress. The main water management risk for Air Liquide's activities is defined as the potential unavailability of water, which could result in a slowdown or shutdown of a production unit. Moreover, Air Liquide integrates the risks for other stakeholders in its water management. The management of water in its activities can have two main types of impact on people:

- related to the withdrawal and use of water on the sites where the Group operates; or
- related to the quality of water returned to ecosystems after use.

### 1.3.2. Policy and procedures

To manage the risks associated with water withdrawal and use as well as the quality of the water returned to ecosystems, a water management policy has been published in the BlueBook in 2021.

This policy identifies the impact of Air Liquide's activities on water availability and quality. The policy defines the principles of risk management based on a specific assessment of the situation at each site. Finally, it describes the actions to be implemented to ensure appropriate water management.

In 2023, Air Liquide published in its website a document to describe its commitment to responsible water management, available at the following address: https://www.airliquide.com/sites/airliquide.com/files/2023-07/air-liquide-water-stewardship.pdf

#### WATER MANAGEMENT OBJECTIVES

In 2023, following the roll-out of the water management policy, focus was given to the deployment of the Group objectives that have been defined in 2021:

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

The action plans to achieve these objectives are in progress in 2023. In particular this foundation work included:

- the execution of guidelines and tools for implementing a water management plan for water-intensive operations in areas of high water stress;
- the integration of a new technical standard regarding the sustainable monitoring and control of wastewater into the Group's industrial management system.

### 1.3.3. Performance

The actions undertaken by the Group contribute to the United Nations (UN) Sustainable Development Goals (SDGs) 6 "Clean water and sanitation" and 12 "Responsible consumption and production".

For several years, Air Liquide has been implementing initiatives to improve data collection and better guide water management on its production sites to reduce water consumption, particularly in water-stressed areas.

In 2023, Air Liquide consumed 89 million m³ of water, a -2% decrease compared with 2022, which is mainly related to the deployment of the best practices for water management.

Air Liquide withdrew 944 million m³ of water from various sources. 88% came from customers, 4% came from freshwater sources such as rivers and lakes, 2% from municipal supply and the remaining 6% from various other sources.

In 2023, more than 87% the water discharged from the Air Liquide facilities has been reused by third parties (typically customers) for their own usage, after treatment, if necessary. This usage allowed the third party to not withdraw the corresponding amount of water from the natural environment.

In terms of water usage, several types of cooling systems are utilized at Air Separation Units (ASU):

- 61% of these units have semi-open water circuits, where some of the water evaporates during cooling;
- 32% of these units have open circuits. The water passes through the plant to cool it, and all the water taken is returned.

  Both types of units require continuous water top-ups 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.

## WATER USE IN THE GROUP PROCESSES


| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Annual water withdrawal *(estimate in millions of $m^3$)* | 270 | 257 | 950 [(a)] | 973 | 944 * |
| Annual water consumption *(estimate in millions of $m^3$)* [(b)] | 94 | 90 | 82 | 91 | 89 * |

*(a) In 2021, a new reporting tool was implemented and new collection criteria introduced; the increase in reported water quantities for both withdrawals and discharges compared with previous years results from the inclusion of more Open Cooling Circuits, enabled by more granular reporting.*
*(b) Net water consumption, calculated as the difference between the water withdrawn and the water returned to the source.*
** Indicator verified by the independent verifier.*

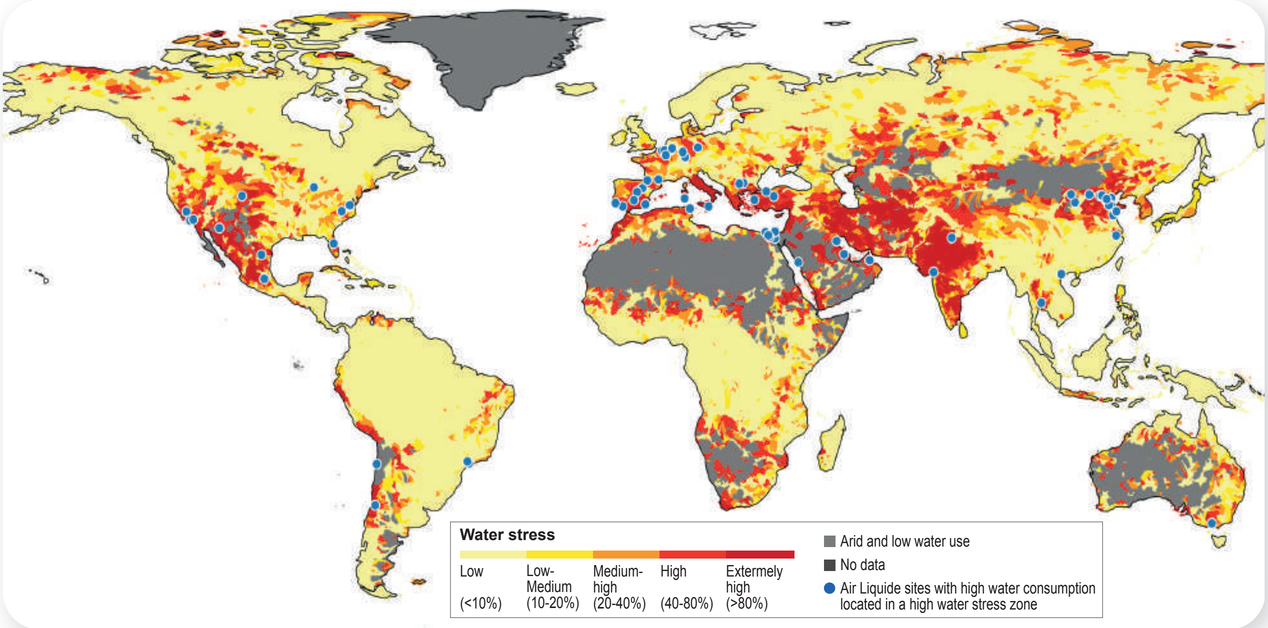
As water is a limited resource and not equally available across all regions, Air Liquide has assessed the risks associated with water consumption at its sites by referring to the “Aqueduct 3.0 Water Risk Atlas” published in 2019 by the World Resources Institute. This assessment takes into account the specific data for each site according to its location in terms of a watershed, groundwater and an administrative boundary. A new version of the map of the World Resource Institute (WRI) was published in August 2023 and will be used in 2024.

To carry out this assessment, the Group used the “business as usual” scenario (SSP2-4.5 of the IPCC). Each site is thus identified as belonging to an area of water stress [(3)] or not (area defined according to the intensity of water competition). This mapping also includes new units.

The analysis, conducted in 2022, focused on water intensive operations (i.e. facilities that have a water withdrawal greater than 50,000 $m^3$ per year) showed that there are 76 sites [(4)] located in high and extremely high water stress locations. In 2023, the Water Management Plan is rolled out and a part of the water-intensive operations in areas of high water stress are audited and integrated in the water risk management process. By 2025, 100% of these sites have the objective of implementing a documented management plan aimed at reducing water withdrawal and use risks.

Additionally, since September 2023, the technical standard regarding the sustainable monitoring and control of industrial wastewater has been issued and the deployment phase is in progress. Following this analysis, the monitoring standardization of the quality of the discharge of industrial wastewater is thus reinforced across all of the Group's activities. According to these analyses, no body of water or associated habitat were significantly affected by water discharge or water runoff from the Group's units in 2023.

*(3) Baseline water stress measures the ratio of total water withdrawals to available renewable surface and groundwater supplies. Water withdrawals include domestic, industrial, irrigation, and livestock consumptive and non-consumptive uses. Available renewable water supplies include the impact of upstream consumptive water users and large dams on downstream water availability. Higher values indicate more competition among users.*
*(4) Excluding Russia, where the entities are no more consolidated following the loss of control on September 1, 2022.*




### Water treatment solutions

Air Liquide has been a reference in water treatment for more than 35 years, providing its customers with efficient and easy-to-implement solutions to face environmental challenges. The Group continues to support its customers to meet more stringent regulations, and to fight water stress and scarcity with cost-effective solutions.

Air Liquide's "Essential Small Molecules" (mainly $O_2$, $O_3$ and $CO_2$) play a fundamental role in drinking water and wastewater treatment processes. These gases are key to balance mineral levels in desalination of water plants, or to eliminate pollutants from surface drinking water. For industrial players 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.

The Group continues to innovate in water treatment to help respond to the growing needs of global markets.

For example, over the last years, Air Liquide has been working on gas applications for water reuse, in particular $CO_2$ use in combination with membrane filtration systems (reverse osmosis). This solution is safer than traditional sulfuric or chloridric acid, ensures more precision on dosage and reduces the emissions of sulphates or chlorates. These advantages are in addition to the high water reuse rates achieved by the activity of the sites where this technology is used. In 2023, the solution has been installed in a food industry in Belgium which recycles 2,500m³/day of water in the course of its activity, the equivalent of an Olympic swimming pool per day.

## 1.4. BIODIVERSITY

Biodiversity refers to living species of all kinds, including terrestrial, marine and other aquatic ecosystems, and also the ecosystems to which they belong. It includes diversity within and between species, the diversity of ecosystems, and the interactions between living organisms.

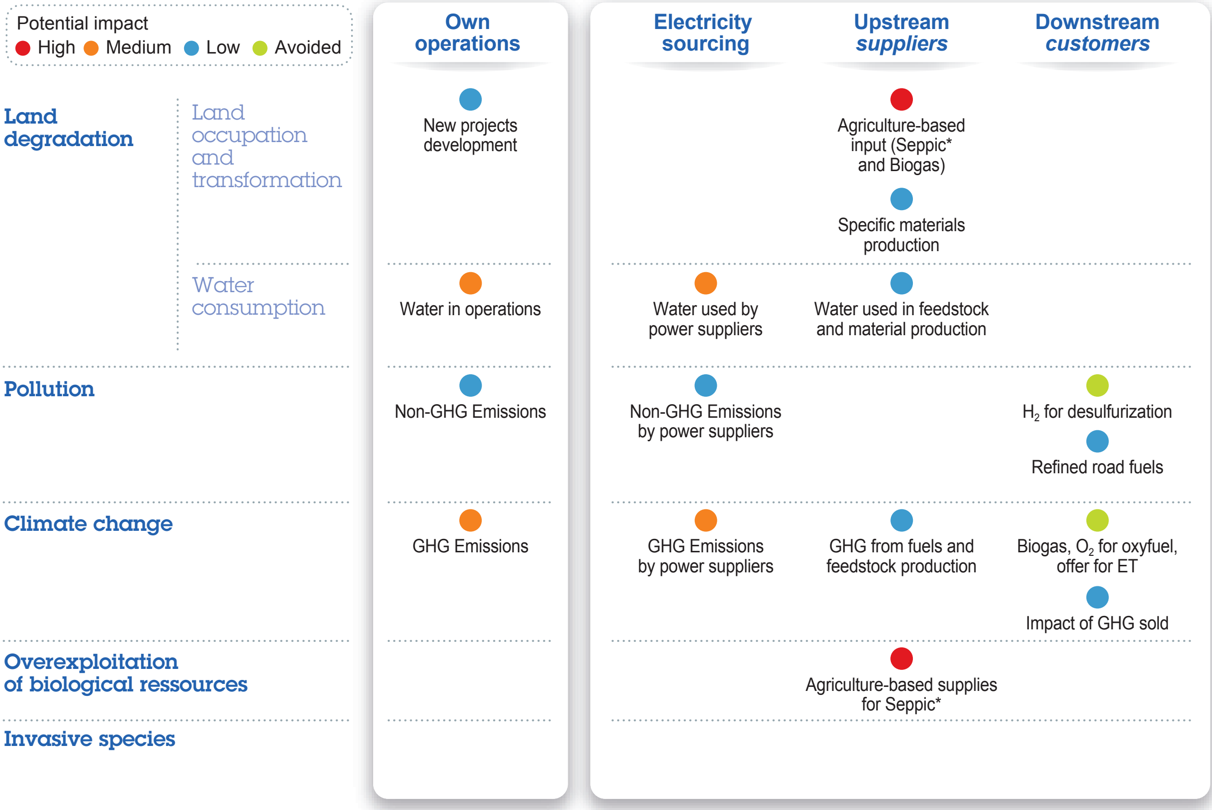
### 1.4.1. Risk associated with biodiversity

Air Liquide is mindful of its impact on biodiversity, which encompasses both the diversity of living things and the links between species themselves. At a time when the balance of natural environments is threatened, it is important to preserve biodiversity – not only because of the many services it provides to human society, but also for its own intrinsic value.

There are two ways in which companies can interact with biodiversity: in terms of impact and in terms of dependency. In addition, the IPBES [(5)] identified five pressures that companies can have on biodiversity, which are land degradation, pollution, climate change, overexploitation of biological resources and invasive species. The approach to the issue of biodiversity must therefore cover the company's entire value chain, from resource management to product life cycle analysis and must cover the five pressures.

Air Liquide completed an in-depth review of its value chain's impact on biodiversity through an assessment of the direct and indirect impact along the value chain: not only the Group's operation but also upstream and downstream, This approach allowed to identify its positive and negative impacts as well as its dependencies.

(5) *Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.*




* Seppic is a subsidiary of the Group, developing specialty ingredients.

- The Group's operational impacts on biodiversity are fairly limited:
  - the Group's operations are hardly directly dependent on ecosystem services,
  - however, biodiversity is deemed to be material for the activity of Seppic, representing less than 2% of the Group turnover, whose input relies on agricultural supplies and living species, and important for the biomethane production activity, which may have dependencies with agricultural practices through feedstock supplies and digestate usage.
  - the direct impacts of the Group's primary production units on land occupation and degradation are limited, as these units are mostly at sites located in industrial zones, and usually occupy a minor area of the industrial site. For this reason, the Group's impact in terms of land occupation and degradation is limited and, where necessary, is the subject of particular attention,
  - the other impacts are primarily indirect and linked to $CO_2$ emissions, water consumption and discharges, and certain atmospheric discharges which are already addressed through other dedicated Policies and actions, in particular the Group Climate Policy and Water Policy;
- The main impacts associated with biodiversity are indirect and outside of the Group operations:
  - the electricity sourcing mix of the Group has an indirect impact on water consumption and climate change due to certain energy sources used, such as nuclear, natural gas or coal, which have direct impacts on water consumption and climate change,
  - some other impacts identified as minor linked to specific sourced materials, as well as to fuels and feedstocks production have been identified;
- Furthermore, the Group allows avoiding certain impacts on biodiversity through some of its products such as hydrogen used for fuel desulfurization, thus reducing emissions of sulfur compounds, as well as through its solutions to reduce energy consumption and greenhouse gases emissions of its customers.

### 1.4.2. Policy and procedures

The Group currently addresses the issue of biodiversity in different ways, each adapted to the issue at stake:

- Seppic (a Group subsidiary developing specialty ingredients) and biomethane's activities have their own dedicated policies to address their business-specific issues. Seppic commits to reduce the pressures that its supply puts on biodiversity;
- a procedure is being developed to assess the environmental impact of new projects;
- main indirect impacts of the Group are addressed through the climate change and water policies, and industrial standards regarding waste and pollutant emissions.

As part of its commitment to preserving biodiversity, and in addition to the specific initiatives in the specific activities where biodiversity is deemed relevant, Air Liquide participates to the Act4Nature initiative.

### BIODIVERSITY COMMITMENTS RECOGNIZED BY ACT4NATURE

The Act4nature International initiative validated Air Liquide's commitment:

- to reinforce biodiversity assessment criteria in the investment process for all new projects by 2024;
- to develop and implement an aggregated biodiversity indicator by 2025;
- to raise awareness amongst employees on biodiversity;
- to reaffirm the Group's climate and water ambition.

#### Biomethane business

While methanization enables the production of renewable energy, it also contributes to waste treatment and the production of organic fertilizers that can replace fertilizers of fossil origin. Given this multifunctionality, understanding the impact of biomethane production projects is complex. Investing in sustainable biomethane therefore requires an in-depth study of the specificities of each project and an overall understanding of the environmental externalities, not only on climate, but also on biodiversity, air and water quality, as well as the nitrogen and phosphorus cycles.

Therefore, Air Liquide and WWF France joined forces in 2022 and got the support of international experts to design a first set of principles, criteria and indicators to frame what “sustainable biomethane production” means beyond existing regulatory environments. The objective is for Air Liquide to methodically understand, measure, report and manage the sustainability characteristics of its current operations and future projects. This project will lead in 2024 to the release of two main deliverables:

- an internal charter which will serve as a concrete sustainability assessment for any new biogas projects to be presented to Air Liquide investment committees.
- a public synthesis that will aim at increasing the awareness around biomethane projects’ potential impacts, and to engage further collaboration with the ecosystem towards more efficient sustainability frameworks for renewable gases production.

#### Seppic

Special attention is paid to the value chain of Seppic, an Air Liquide subsidiary which has been manufacturing and marketing specialty ingredients for 80 years. As Seppic’s biodiversity challenges mainly relate to procurement, Seppic ensures that supplies comply with the Group’s responsible procurement policy. More specifically, Seppic adheres to biodiversity regulations for the countries in which it accesses genetic resources and their derivatives; to the principles of the Convention on Biological Diversity and the Nagoya Protocol for access to genetic resources and the sharing of benefits arising from their utilization. Seppic constantly monitors developments in associated regulatory tools and the status of the plant and marine species it uses with regard to CITES (Convention on International Trade in Endangered Species) and UICN (International Union for the Conservation of Nature) lists of threatened and endangered species. An internal validation process is established with a steering committee to ensure that the use of raw materials complies with the Nagoya Protocol and applicable national laws.

In addition, as palm derivatives represent almost half of its natural origin inputs by volume, Seppic is taking actions to actively promote the sustainable transformation of the palm oil supply chain and to be compliant with the new legislation adopted by the European Union to fight imported deforestation.

### 1.4.3. Performance

The actions undertaken by the Group are intended to contribute to the UN Sustainable Development Goals (SDGs) 12 “responsible consumption and production” and 15 “Life on land”.

#### Actions undertaken by the Group

After identifying in 2020 the biodiversity topic as a topic requiring further assessment, Air Liquide launched in 2021 and finalized in 2022 a project with the company I Care & Consult (ICC) to assess all its dependencies to, and the pressure it puts on, biodiversity along the value chain. The analysis was structured around the five pressures identified by the IPBES as illustrated in paragraph 1.4.1. This in-depth analysis served as a basis to pinpoint the priority issues for the roll out of the Group’s biodiversity strategy in 2022.

As part of this process, Air Liquide performed in 2021 a first mapping of all of its sites with respect to distance with the IUCN’s Key Biodiversity Areas (KBA) database. The KBAs correspond to areas identified based on specific criteria such as areas that make a significant contribution to biodiversity within various ecosystems. Proximity to these areas reflect the heightened sensitivity of biodiversity to human activity. For sake of simplicity, a 50-km radius was used for this first study. This review, found that 13% of Air Liquide sites in 2021 were located within this 50-km radius of at least nine KBAs (mainly in Europe due to the large number of KBAs recognized by regulations). This allows the Group to narrow down the analysis to be conducted to identify sites located at a proximity (depending on the activity at stake) that shall trigger heightened attention on potential impacts on biodiversity. Air Liquide is currently working on determining, for the various type of activities, what is the relevant radius regarding its sites' proximity to KBAs. Also, as KBAs may change over time, Air Liquide will renew this mapping on a regular basis.

At the beginning of 2023, Air Liquide joined the Act4Nature initiative, that reviewed and validated objectives submitted. This highlights the Group’s recognition of the importance of biodiversity in maintaining ecological balance, preserving natural resources and ensuring the well-being of communities and wildlife. In line with these commitments, four online training courses open to all employees were organized to raise awareness on biodiversity and 246 employees attended them in 2023. The training is available online at any time to Air Liquide's employees.

In addition to global measures taken in response to biodiversity issues, focused measures are also taken at various levels within the Group, in particular in activities where biodiversity may be material.

#### Actions undertaken by the Biomethane business

Air Liquide’s biomethane business contributes to a better management of certain waste by substituting alternative practices. For example, the methanization of livestock effluents or communities’ organic waste helps prevent certain ammonia or methane emissions generated by their storage and decomposition, at the edge of fields or in landfill. This business, by preventing these emissions, thus contributes to the protection of biodiversity as part of a circular economy approach.

### Actions undertaken by Seppic

In order to better identify the impacts and dependencies of its raw materials, manufacturing processes and the end-of-life of its products on biodiversity, Seppic continued its collaboration with I Care & Consult (ICC) and conducted a quantitative impact study to better identify and remedy its effects. This study identified the top challenges Seppic faces with regard to the five major pressures on biodiversity: the destruction or degradation of natural habitats, the introduction and spread of invasive species or invasive alien species, the pollution of natural environments, the overexploitation of natural resources and climate change. The analysis of these main impacts led Seppic to identify its areas of improvement and formalize its Biodiversity program based on four strategic pillars (RICE) described below:

- **reducing** the pressures generated by its supplies on biodiversity: Seppic is committed to increase control over its supply chains by improving the traceability of supplies and verifying the sustainability of the conditions under which ingredients are grown and harvested. With regard to its strategy for dealing with palm derivatives, Seppic is continuing its program to ensure that 100% of its incoming raw materials will be Mass Balance certified by 2025. In 2023, 99.8% of Seppic's palm oil inputs were already Mass Balance certified either RSPO or ISCC+ [6] and the rest was covered by the "Book & Claim" certificates of small, independent producers, meaning all of Seppic's sourced palm derivatives was certified. Since 2019, Seppic has been producing annual traceability reports for its procurement within the framework of ASD (Action for Sustainable Derivatives) with continuous progress. Seppic's palm-derivative sourcing commitments and practices have also been assessed according to the Sustainable Palm Index (SPI) methodology, and Seppic has achieved a score of 94/100 in 2023. Furthermore, Seppic's sourcing strategy aims at the continuous improvement of its organization and the management of plants and seaweeds with fair benefit sharing in line with its UEBT (Union for Ethical BioTrade) membership status for Lons and Pontrieux, and its commitment to ethical sourcing practises. Finally, Seppic is committed to developing a database of its raw materials in order to enhance the transparency of its supply chain;
- **integrating** biodiversity into its industrial processes and facilities: Seppic is taking into account the impact of climate change on biodiversity, by committing to improving the efficiency of its production sites and reducing their water and energy consumption. For instance, Seppic is committed to achieve 100% biogas use at all its French sites by 2030. In 2023, Seppic's French sites were already using biogas certificates to cover 74% of their energy consumption.
- **controlling** the impact of its products throughout their life cycle: Seppic accords great significance to maintaining biodiversity in its Research and Innovation projects. This is why Seppic invests in developing environmentally-friendly technologies with an eco-design approach to measure the environmental impact of new products. From 2024, 100% of its new products of Seppic will be developed using this eco-design approach;
- **engaging** and supporting its stakeholders in favour of biodiversity: Seppic is committed to raising employee awareness of the importance of biodiversity. Moreover, Seppic collaborates with its suppliers of plant raw materials to ensure that they adopt good agricultural practices and limit the risks of deforestation and pollution. In 2023, Seppic supported several projects to preserve biodiversity. For instance, Seppic contributes to the governance and funding of a joint project with five other ASD members, the Kaleka [7] Initiative which aims to restore the ecosystem and stimulate economic growth in two of the most important palm-producing regions of Central Kalimantan, Indonesia. Seppic's commitment began in 2022 for a period of five years.

### Actions undertaken by Group employees

The Sustainability Ambassadors, volunteer employees who want to act in favour of sustainable development within Air Liquide, have also organized local initiatives in favor of biodiversity:

- Air Liquide France Industry employees repeated their initiative launched in 2022 to rethink lawn mowing on sites in order to mow lawns less intensely during flowering period to preserve insects. They have launched a "no-mow month" in May 2023 as part of this action;
- At the Paris Innovation Campus:
  - a waste collection was organized,
  - in addition, two surveys will nourish the work of the "Biodiversity" and "Sustainable Mobility" working groups within the Sustainability Ambassadors.

### SUSTAINABLE SOURCING

Seppic's Lons and Pontrieux sites, which are specialized in the botanical extraction of cosmetic and pharmaceutical active ingredients, joined the UEBT to align their sourcing strategy and good practices with an independent standard. As UEBT members, these sites are committed to taking into account the impact of seaweeds and plant sourcing activities on social, environmental and economic issues. By 2025, 100% of Seppic's new cosmetic, pharmaceutical and nutraceutical ingredients manufactured at the industrial facilities of Lons and Pontrieux will be sourced according to its Ethical Sourcing System [8].

*(6) ISCC is a globally applicable sustainability certification system and covers all sustainable feedstocks, including agricultural and forestry biomass, circular and bio-based materials and renewables.*
*(7) Indonesian non-profit research institute focusing on the environment and sustainable rural development.*
*(8) Set of policies and procedures that promotes Ethical BioTrade practices. The in-house manufacturing and corresponding supply chains that are outsourced to Lons and Pontrieux for a third party are excluded from the scope of the Ethical Sourcing System. Biotechnological ingredients manufactured at Pontrieux are excluded from the scope of the UEBT membership.*

## 1.5. AIR LIQUIDE EXTRA-FINANCIAL RATINGS

In 2023, the Group responded to key extra-financial rating agencies and organizations presented below. These are known for their rigorous methodology and the quality of their reports.

Ratings and distinctions obtained by the Group in 2023 for some key ESG assessments are as follows:

### CDP

Air Liquide remained a Level A leader in its category, scoring an A- on both climate and Water performance.

### S&P 100

For the second year running, Air Liquide has been included in the DJSI Europe index in recognition of its commitment to social and environmental responsibility.

### FTSE

Air Liquide remains a constituent of the FTSE4Good index series in 2023.

### Ecovadis

In 2023, Air Liquide once again ranks in the top 10% of the best-rated companies.

### MSCI

Air Liquide has maintained its A rating, ranking in the top 26.5% of companies in terms of social responsibility.

### ISS

Air Liquide ranks in the top 10% of companies in the running, earning ISS "Prime" status.

### Moody's ESG Solutions

Air Liquide ranked in the top 3% of assessed companies.

### Sustainalytics

Recognized as "ESG Industry Top Rated", Air Liquide received a "low risk" rating.

# 2. Social stakes

## 2.1. HEALTH AND SAFETY

### 2.1.1. Health and safety risks

Health and safety risks form part of the Group's industrial risks (described in Chapter 2 of this Universal Registration Document, page 73), which are associated with the various products, industrial processes and distribution methods in use. Air Liquide's various business lines involve more specific risks associated with products and processes, and how they are operated.

### 2.1.2. Policy and procedures

Safety is an integral part of Air Liquide's operational excellence and culture. The Group is committed to reducing the exposure of its employees, customers, subcontractors, suppliers and local communities to occupational and industrial risks effectively and in all circumstances. Commitment to safety is total, visible and accompanied by unshakable vigilance.

To assess and manage these risks, the Group has an Industrial Management System (IMS) that covers all Air Liquide's businesses. The IMS relies on the accountability of the Departments of the various Group entities for the implementation of this system and on the issuance of key organizational and management procedures.

Since its rollout in 2005, the IMS has significantly changed and improved the way in which industrial activities are managed. Thanks to employees' commitment to safety, environmental protection and reliability, this system helps strive towards operational excellence. Its implementation is regularly assessed by specific IMS internal audits.

The IMS defines the industrial audit process, its governance and its implementation. This audit process makes it possible to periodically analyze and assess the compliance of the activities of each subsidiary with its own industrial management system, the effectiveness of this system and its compliance with the Group's Industrial Management System. Following an industrial audit, action plans are implemented based on the opportunities for improvement identified, and best practices are shared.

Prevention, protection, early detection and rapid reaction to health and safety risks are at the heart of the Group's concerns. This commitment is reiterated in the General Statement of Air Liquide's Principles of Action. These Principles are shared with all entities and are available on the Group's website (https://www.airliquide.com/sustainable-development/ethics/groups-principles-action).

Every subsidiary is committed to achieving the "zero accidents" ambition, as well as the objective of continuously improving its safety performance.

Subsidiaries regularly report all safety and security events in the Group's reporting tool. Each month, every event reported is reviewed by a team of experts. The most serious events are analyzed in detail, the corrective action plan is implemented and lessons learned are shared with Group entities potentially affected by similar situations.

#### The safety of individuals

Safety is a collective commitment and the responsibility of each individual. Being aware of dangers and risks, applying the rules and taking care of others – all this contributes to reducing the risk of accidents and strengthening the Group's safety culture. Safety leadership training and on-the-job training courses are regularly organized. Air Liquide's managers encourage safety efforts, demonstrate this commitment on site and reward best practices.

Each employee and contractor must be aware of safety rules, follow them and intervene each time there is a risk of unsafe behavior or conditions.

The Group has drawn up Life-Saving Rules. Everyone working for Air Liquide, whether an employee or subcontractor, must be aware of these rules, follow them and always intervene if there is a risk of unsafe behavior or conditions. The interpretation and meaning of each rule is widely shared within the Group and with subcontractors. The Safety and Industrial System Department provides entities with various communication, awareness-raising and training materials on Life-Saving Rules. Given their importance, non-compliance with any of these rules by anyone working for on an Air Liquide site can lead to a warning, or even penalties up to and including suspension. These Life-Saving Rules, translated into at least 10 languages and in force in all countries where the Group operates, are as follows:


1. I do not work under the influence of drugs or alcohol.
2. I do not smoke outside the reserved areas.
3. I wear the personal protective equipment (PPE) required for the task and the work area.
4. I wear a portable detector in the required areas.
5. I never enter a confined space without analyzing and managing the risk.
6. I only intervene when the risks are identified and formalized.
7. I apply lockout procedures before working on any equipment potentially containing energy.
8. I do not deactivate an Important Safety Component (ISC) without applying downgraded mode or compensatory measures.
9. I wear fall-prevention equipment when required.
10. I do not pass under a suspended load.
11. I secure vehicle loading.
12. I always wear my seat belt when I am in a moving vehicle.

Air Liquide uses contractors within the course of its business and pays particular attention to the following:

- assessing the level of maturity and performance of safety measures before any sales commitment is made;
- including safety clauses in the contracts;
- a work structure with shared, comprehensible and detailed safety instructions;
- communicating Air Liquide's safety values and standards, as well as the regulations in force that must be followed;
- being as demanding and stringent with contractors as we are with Group employees;
- supervising contractors' safety in the execution of services;
- safety reviews once the work is complete and sharing feedback.

### Process safety

Process safety addresses risks relating to industrial facilities from production to product implementation. It draws on Air Liquide's Industrial Management System (IMS), which applies to all activities, and requires:

- the identification of specific industrial risks for each business;
- knowledge of scenarios and their potential consequences;
- the implementation of appropriate preventive and protective safety measures for each of these risks;
- the monitoring and analysis of risks relating to new technologies and events arising within the profession;
- feedback to facilitate learning, awareness-raising, the promotion of a safety culture and to improve prevention.

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 is to control the most serious risks relating to industrial processes. They have been assigned the necessary resources (expertise and budgets) and follow a roadmap.

The progress of specific action plans aimed at bringing the most serious risks related to industrial processes under control is regularly monitored by the Group's General Management.

### Road safety

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

The Group's goal is to permanently reduce the frequency and severity of road accidents, for its employees and subcontractors as well as for third parties.

It uses the following means to achieve these goals:

- ensuring that the Group's safety rules are applied by all subsidiaries and service providers;
- replacing the fleet with safer vehicles;
- improving the safety of drivers and third parties by introducing the necessary behavioral changes through the implementation of digital alert and support technologies;
- systematically incorporating feedback from the most serious events, and sharing best practices with all of Group's subsidiaries and partners;
- monitoring the implementation and effectiveness of measures implemented by subsidiaries through dedicated audits.

According to the geographies, context, current legislation and practices, all or some of the following measures are applied:

- the installation of onboard technologies such as cameras, which can detect driver fatigue and distractions, or reversing cameras to reduce blind spots, in order to help change driver behavior or provide visibility of the vehicle's surroundings;
- increased dialog on road safety both internally as well as with service providers and other organizations specialized in this subject, both locally and on an international scale. Air Liquide regularly holds transport safety discussions and knowledge-building events with its partners;
- initiatives which lead to a change in behavior to implement a dynamic culture of road safety among Air Liquide employees and employees of the Group's contractors.

### 2.1.3. Performance

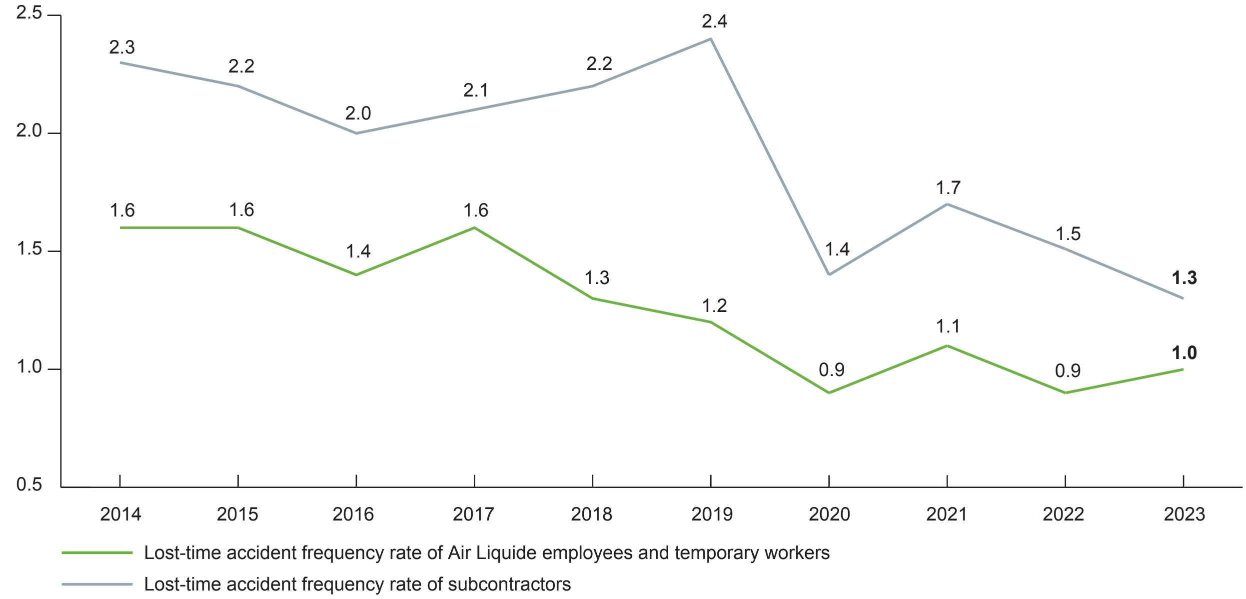
The actions undertaken by the Group are intended to contribute to the UN Sustainable Development Goals (SDGs) 3 "Good health and well-being" and 8 "Decent work and economic growth".

The lost-time accident frequency rate for Air Liquide employees and temporary workers has slightly increased by +4%, and will tend toward 1.0 at the end of 2023, compared to 0.9 at the end of 2022. There was also a -16% reduction in the number of lost-time accidents among subcontractors, significantly reducing the corresponding frequency rate.

To achieve a significant and lasting reduction in lost-time accidents, the Group must remain vigilant at all times and continue to raise awareness and take all preventive measures to further improve safety.

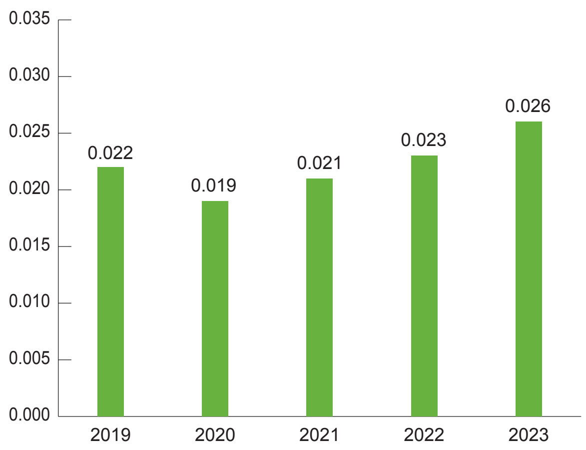
In 2023, the Group recorded the death of one employee in a road accident. The Group has made and will continue to make every effort to analyze all accidents that have occurred in order to learn from them and thus prevent them from happening again.

LOST-TIME ACCIDENT FREQUENCY RATE AMONG AIR LIQUIDE EMPLOYEES AND SUBCONTRACTORS [(a)] [(b)]




*(a) Number of accidents with at least one day's absence per million hours worked.*
*(b) Including Airgas since 2017.*

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




*(a) Per million km driven by trucks of over 3.5 metric tonnes.*

With regard to road transport safety, the year 2023 shows a slight decline in performance compared to the previous year. It was marked by the death of a truck driver employee in a road accident. In addition, a number of accidents involving an Air Liquide vehicle, unfortunately led to the death of third parties.

An analysis of road accidents in recent years has highlighted certain recurring causes, such as fatigue or distraction while driving. Air Liquide's 2021-2025 program to implement driving assistance technologies and fatigue prevention keeps being carried out, as well as support in all the regions where the Group operates for changes in driving behavior. These initiatives are gradually improving transport road safety.

## 2.2. HUMAN RESOURCES MANAGEMENT

### 2.2.1. Human Resources management related risks

Human Resources management related risks are part of the Group's business related risks (described in Chapter 2 of this Universal Registration Document, page 76). Working arrangements in an international group like Air Liquide need to be able to adapt to a constantly changing world so that employees can operate in a safe, high-quality work environment and contribute to the Group's sustainable growth.

The long-term performance of Air Liquide is driven, in particular, by the quality of its employees, their skills and their commitment. In its businesses, the Group is therefore exposed to the risk of not being able to:

- attract and maintain the required skills at the right time and in the right place, in particular in emerging countries where the Group is expanding its activities, or in regions where the employment market is strained;
- develop these skills, in particular with the digitization of certain businesses.

In addition to risks relating to skills management, psycho-social risks may also affect the health and level of commitment of Group employees, in particular in the recent context where working from home has been rapidly implemented.

Lastly, although all Air Liquide employees have social security coverage that complies with local regulations, there are still disparities between countries that could potentially create inequitable situations within the Group. Furthermore, local standards may not, in some cases, be enough to provide adequate and fair social protection for employees.

### 2.2.2. Policy and procedures

The Group is committed to identifying, attracting and developing the necessary scientific, technical and digital skills required for its growth, the efficient working of its operations and innovation. To this end, the Human Resources policy defines the main rules, together with the roles and responsibilities of the different parties involved in their implementation, with respect to issues including:

- acquisition and sustainability of the necessary skills. Training is provided under the Air Liquide University brand as part of a structured program. In 2023, Air Liquide continued the rollout of Workday, its new Human Resources management tool. Training is mainly monitored in Workday Learning for most geographies, as the rollout of the software is still ongoing;
- supporting employees in their personal development throughout their careers, in particular through Workday Talent, the new career and skills management tool;
- changes in working methods within the Company. The organization of work must not only meet the demands and expectations of current employees and the Company, but also those of tomorrow, while being based on the Group's fundamentals. The result of a co-creation bringing together more than 700 employees, the Group thus deployed in 2020 its BeActEngage model, which allows its employees to develop in a safe, ethical and engaging environment to deliver long-term performance;
- measuring and recognizing performance and contributions of all employees. In addition to employee remuneration and loyalty policies (regular capital increases reserved for employees), specific provisions aimed at promoting and sustaining certain skills, such as inventor and innovator recognition programs, the technical expertise development scheme (Technical Community Leaders) in a wide range of fields such as industrial operations, industrial safety and digital.

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

The growth in working from home has increased the use of digital tools to ensure business continuity. 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 support this shift in the organization of work.

With this project, the entities can provide their employees with:

- a new framework including team management;
- a supervised remote working policy;
- reorganization of workspaces;
- careful consideration of interactions with customers and patients;
- a new framework for Air Liquide's responsible travel policy.

To facilitate the rollout 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 experience. Working groups were then organized with employees in the entities to validate the commitments.

In order to strengthen well-being at work, focus groups have been set up aiming at promoting the work-life balance of employees to strengthen their occupational well-being. This approach meets employees' expectations on this subject.

In 2019, the Group partnered with the European Works Council to develop the "Care and Perform" initiative, whose purpose is to prevent psychosocial risks. This led to the creation of a charter based on Principles of Action linked to improvements in work scheduling, workloads and work-life balance. The content of this charter facilitated the conclusion of company agreements with social partners in order to offer new services to employees.

In addition, the Group continued the rollout of the common basis of care coverage for all employees worldwide, in accordance with local regulations and the minimum standards set by Air Liquide:

- life insurance: an insurance with a compensation equivalent to one's year salary in the event of death;
- medical coverage: coverage for hospital inpatient and outpatient care;
- maternity leave: minimum 14 weeks leave paid at 100%.

### 2.2.3. Performance

The actions undertaken by the Group are intended to contribute to the UN Sustainable Development Goals (SDGs) 3 "Good health and well-being" and 8 "Decent work and economic growth".

#### Employee training and engagement

As part of the BeActEngage program, the Group provides employees with the means to learn throughout their career. As a learning company, Air Liquide also encourages employees to pass on their knowledge and learn from each other. Peer-to-peer learning is a great opportunity to expand their skills.

Air Liquide University has reinforced its offer of online learning ("e-learning") used by a large number of users (more than 48,805 in 2023) in a wide variety of fields (ethics, industrial safety, competition law, digital safety, management, etc.).

Implemented for the first time during the health crisis, in order to respond to the digitalization of many business lines and the strengthening of training for employees, in 2023 the Air Liquide University once again launched two virtual events open to the entire Group, which revolve around nine themes: Management & Leadership, Sales & Marketing, Operational Excellence, Innovation, Climate & Energy Transition, Personal Development, Digital & IT, Inclusion and Diversity and HR professionals. This has resulted in 6,300 employees logged in to over 270 online sessions: webinars, virtual classes and learning paths. One of these virtual events is dedicated to peer learning with all sessions offered by Air Liquide internal facilitators. For this second edition, which took place over five weeks, more than 150 internal facilitators shared their knowledge with 4,150 participants in 170 sessions organized in different time zones and in multiple languages. Thanks to the mini tutorial program, this year 26 creators of mini tutorials also shared their knowledge via more than 25 micro-learning videos. The sessions are then made available in the old LMS (Learning Management System) or in the new Workday Learning tool and on the University website.

This year, the first face-to-face Campus Europe since the health crisis was organized in the Paris region. 140 participants from 31 different countries took part in training programs: Management & Leadership, Sales & Marketing and Operational Excellence. This event, organized over four days, is a unique learning and networking opportunity for employees.

These events have, firstly, promoted interactions within the Group thanks to participants from 68 countries and, secondly, revealed employees' creative and teaching abilities.

In 2019, the Group launched a program to measure and track commitment, My Voice. 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. Employee feedback is collected each year throughout the Group to better understand their expectations, identify and implement appropriate actions and thus significantly improve their commitment. This level of attention to the employee experience is a key factor in attracting, retaining and developing employees. The response rate for the 2023 commitment survey was 81%, compared to 77% in 2022.

Air Liquide is committed to meaningful labor relations in all of its subsidiaries. This comes in different forms according to local regulations. In 2023, 87% of Group employees had access to a representation, dialog or consultation structure.

The performance review meeting is a key stage in employee development, as it facilitates a discussion between the employee and their manager on performance and development, the assessment and setting objectives for the year ahead. In 2023, 79% of Group employees had a performance review meeting with their immediate supervisor.

### Citizen at Work

As part of the ADVANCE program, the Group launched the Citizen at Work initiative in 2022 to enable its employees to actively serve their local communities.

For many years and throughout the world, Air Liquide's employees have been involved in helping local communities, with the support of subsidiaries' management or the Foundation.

To encourage this even further, the Group has created the Citizen at Work program, with the aim of giving employees the means to act and increasing its collective impact. This initiative, launched as a pilot scheme in 2022, provides subsidiaries with a framework to enable employees to volunteer in their local community. It will be gradually rolled out across the entire Group to reach 100% of entities by 2025. At the end of 2023, 73% of Group employees already had access to this program. Each project identified as part of the Citizen at Work initiative is in line with Air Liquide's sustainability objectives and enables employees to get involved in areas such as professional integration, children's learning, environmental protection, health and social inclusion.

| 2025 Objectives | | 2023 Results | |
|---|---|---|---|
| **100%** | of employees with access to volunteer initiatives as part of the Citizen at Work program. | **73%** | of employees with access to volunteer initiatives as part of the Citizen at Work program. |

## EXAMPLES OF CITIZEN AT WORK INITIATIVES CARRIED OUT IN 2023

- in Germany, around 20 employees in the Health businesses spent a day with the residents of the Paul-Gerlach-Haus, a home for people with disabilities. They were able for instance to build a bicycle shed, help in the maintenance of the garden, prepare and share a meal with the residents, etc. and thus participate in a rewarding day for everyone;
- in China, around 30 employees of the Yantai Engineering & Construction entity cleaned a beach in early June 2023, on the occasion of World Ocean Day;
- in the Middle East & Africa hub, a major day of commitment organized on Nelson Mandela Day (July 18) brought together more than 330 employees in nine countries to plant trees in local communities;
- the Human Resources Management Committee assisted the L'Envol association in preparing play packages for hospitalized children.

### Common basis of care coverage

As part of the ADVANCE objectives announced in 2022, Air Liquide's aim is to Act for all by engaging with employees. On this occasion, the Group renewed its commitment to offering a common basis of care coverage to all employees by 2025.

From May to September 2021, entities were grouped by country so that gaps in their current coverage could be assessed and a plan devised to phase in upgrades by 2025 could be defined.

In 2023, the percentage of employees benefiting from this common basis of care coverage was 78% compared with 42% at the end of 2022.

| 2025 Objectives | | 2023 Results | |
|---|---|---|---|
| **100%** | of employees with common basis of care coverage including death and disability benefits, health coverage and a minimum of 14 weeks of paid maternity leave. | **78%** | of employees with common basis of care coverage including death and disability benefits, health coverage and a minimum of 14 weeks of paid maternity leave. |

A special team was set up within the Human Resources Department to oversee the plan's rollout and measure progress within the Group on an annual basis. In addition, in 2022, each hub consolidated a 2023-2025 roadmap to achieve the objective.

## 2.3. DISCRIMINATION

### 2.3.1. Risks associated with discrimination

Diversity is a priority of Air Liquide's Human Resources strategy and policy and the Group considers it a source of dynamism, creativity and performance. It is a fundamental element of the organization, in terms of both businesses and employees, and drives the Group's long-term performance.

The discrimination risk is part of the environment and society risks (described in Chapter 2 of this Universal Registration Document on page 81).

Air Liquide carries out activities with high technological content in a large number of countries with different cultures. The Group's objective in this regard is to have teams comprising employees who represent the environment in which they operate. Each entity is therefore responsible for implementing action plans specific to its own environment and legal framework, which may include many forms of diversity (disability, age, skin color, disability, ethnic origin, religion, sexual orientation, etc.).

Discrimination-related issues, particularly concerning gender diversity (gender disparities, particularly in technical or expert professions), disability and age could affect employees of the Group or of its partners.

### 2.3.2. Policy and procedures

The Group's objective is to increase diversity among managerial staff to better recognize the many cultures from which Air Liquide employee come and to improve gender equality. In this respect, quantified gender equality targets have been set for the Group. The local entities took an inventory of the current situation to define an objective at the level of the clusters and thus contribute to the overall objective.

Within the Human Resources organization, a team leads projects designed to improve diversity. The Group's roadmap is based on three pillars:

- tracking objectives for all entities;
- mitigating bias in talent discussions and improving Human Resources processes;
- promoting a culture of inclusion.

Each hub and business then implements its own roadmap and diversity action plans taking the local context into consideration. 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 serves as a way to promote the many cultures present within the Group, and to strengthen gender equality. In addition, the roll-out of the new Human Resources management tool from 2022 will ensure that talent and performance management processes are standardised and fair, thereby limiting the risk of discrimination.

Through its diversity policy, Air Liquide is therefore committed to combating all forms of discrimination.

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

- with its employees, in particular via the HandivAirsity initiative;
- with its suppliers, by developing relationships with companies in the adapted sector.

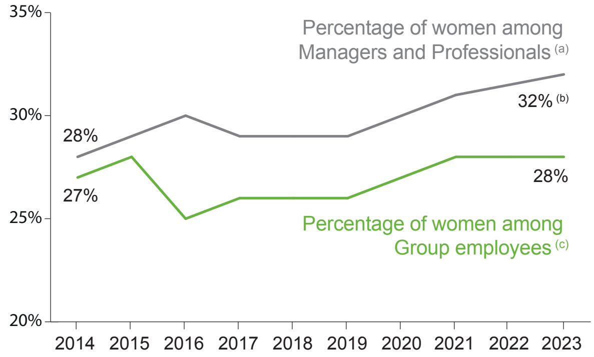
### 2.3.3. Performance

The actions undertaken by the Group aim to contribute to the UN Sustainable Development Goals (SDG) 5 "Gender equality" and 10 "Reduced inequalities".

In 2023, Air Liquide employed 67,800 employees in 72 countries [(1)].

### Gender equality

PERCENTAGE OF WOMEN AMONG MANAGERS AND PROFESSIONALS




*(a) Including Airgas since 2017.*
*(b) The share of women among "Managers and Professionals" is rounded off in increments of 0.5%.*
*(c) Including Airgas since 2016.*

(1) *Excluding Russia, where the entities are no more consolidated following the loss of control on September 1, 2022.*

The Group has set several gender equality objectives, aimed at reaching a rate of:

- 35% women at the "Managers and Professionals" level, by 2025. These objectives are in line with the results obtained over the past 10 years, which have seen the share of female "Managers and Professionals" within the Group increase from 27% in 2013 to 32.0% [(2)] in 2023;
- 25% of executive positions (senior executives) held by women by 2025.

The gender diversity objectives set for the "Managers and Professionals" and "senior executives" population, and for maintaining the gender diversity goal among the Group's "high potentials," are also intended to form a talent pool to ensure balanced gender representation on the Executive Committee by promoting female talents to higher levels of management. Moreover, in view of the new obligations laid down by the "Rixain" Law of December 24, 2021, the Group is also aligning its gender equality objectives with regard to the Executive Committee with those of the Law, i.e. 30% of women by March 1, 2026.

In 2023, women represented 50% of employees considered as high performers, this level has been increasing regularly for a number of years and must be maintained.

The Executive Committee includes four women among its 13 members.

More generally, and taking the highest level of responsibilities across the Group into account, women hold 24.7% of all positions defined as "senior executives". This latter percentage has increased from 19% to 24.7% over the last five years.

Among the 10% of positions with the greatest level of responsibility within L'Air Liquide S.A., 28.7% of them are held by women; these women have an average age of 52.8 years and a median age of 53 years, i.e. 3.7 years and 4.1 years less respectively than the average age (56.5 years) and median age (57.1 years) for men. This difference is due to the policy to promote women to the highest levels of responsibility earlier on in their careers, and therefore eliminate career development discrepancies that occur in the absence of proactive measures in this area.

Finally, the promotion of 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. Another recent example is the third edition of the movement for inclusion, which is a development opportunity for committed employees. For seven months, 200 of these "Inclusion & Diversity enthusiasts" designed and carried out pilots 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.

| 2025 Objectives | | 2023 Results | |
|---|---|---|---|
| 35% | women among Group Managers and Professionals. | 32.0% (a) | women among Group Managers and Professionals. |
| 25% | women at the highest level of responsibility (senior executives). | 24.7% | women at the highest level of responsibility (senior executives). |

*(a) The share of women among "Managers and Professionals" is rounded off in increments of 0.5%.*

### Gender and equal pay

Each year, Air Liquide assesses the pay and treatment gap between women and men in France and at Group level.

In France, in accordance with the law of September 5, 2018 known as the "loi Avenir professionnel", Air Liquide calculates a professional equality index for the 22 companies with 50 or more employees, based on five indicators defined by law. This index is presented to the relevant Social and Economic Committee and declared to the Ministry of Labor, Full Employment and Integration. In 2023, the weighted average professional equality index for all 22 companies was 86.7/100 and that of L'Air Liquide S.A. reached 89/100. This slight decline for the latter compared to 2022 is exclusively linked to the circumstantial effect of the departure on leave before retirement of two people within the governing body.

At Group level, Air Liquide assesses the differences in pay and treatment between women and men in entities with more than 200 employees using an internal equality index adapted to its international presence. It makes it possible to identify the differences between certain entities in terms of equal pay, to then analyze them and undertake action plans if necessary. This index is calculated on the basis of the weighting of four criteria:

- pay gap between women and men using the median fixed and variable salary per job grade;
- individual fixed and variable wage increase gap between women and men per job grade;
- percentage of employees having received a salary increase after a maternity leave;
- gender diversity among the 10 highest remunerations.

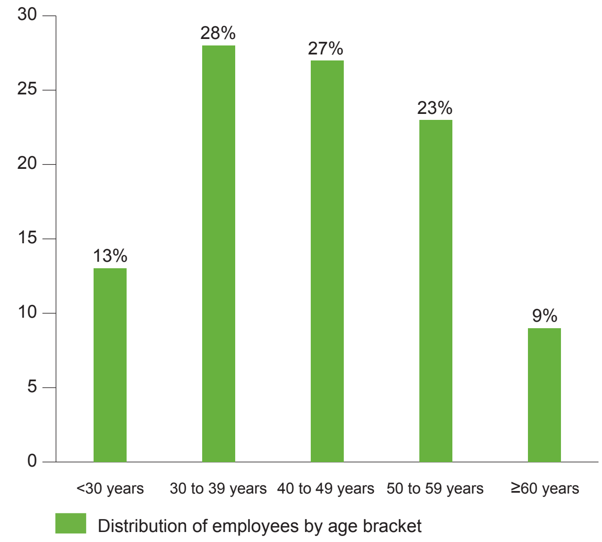
The result of the 2022 internal equality index for the Group, calculated in 2023, is 77/100 for a coverage of 81% of the Group's workforce (entities with more than 200 employees), while the result of the 2022 index was 75/100 for a scope covering 74% of the workforce (entities with more than 200 employees). An improvement action plan is rolled out on a yearly basis:

- part of the "Merit Increase" budget was allocated to filling wages gaps;
- awareness workshops on the index criteria were organized for the HR functions.

(2) *The share of women among "Managers and Professionals" is rounded off in increments of 0.5%.*

### Age

DISTRIBUTION OF EMPLOYEES BY AGE BRACKET IN 2023




*NB: extrapolated from Workday's current data (~98.4% of headcount).*

The Group is committed to fostering better qualifications and training programs for young people to facilitate their integration into the workplace.

Internship and apprenticeship contracts are encouraged by the Group. In France, 553 young people have benefited from work-study contracts and 459 from an internship, combining theoretical learning at their university or school and a practical internship at Air Liquide.

Seniors will represent an increasing share of Air Liquide employees in the coming years. Their contribution to mentoring programs (notably the Technical Community Leaders program), and training programs aimed at younger generations will be further promoted.

Various initiatives have been introduced within the Group to ensure the support and engagement of employees nearing retirement age. For example, in France:

- a skills sponsors' program was launched in France in 2018;
- "generation / youth-employment contracts" were continued. They include initiatives promoting the hiring and retention of older employees.

International exchange programs are in place to attract and develop young talents: ALLEX programs for executives and EVE for technicians.

| 2025 Objectives | | 2023 Results | |
|---|---|---|---|
| **33%** | young graduates among manager and professional recruitments. | **25.6%** (a) | young graduates among manager and professional recruitments. |

*(a) Indicator calculated annually.*

### Inclusion of disabilities – one of the Group's priorities

#### *Internal HandivAirsity initiative*

Launched in 2017 at the European level, the HandivAirsity initiative aims to encourage diversity by integrating people with disabilities into teams.

HandivAirsity
OUR DIFFERENCES MAKE OUR PERFORMANCE

"Our differences make our performance." This slogan carries a strong conviction that is fully reflected in the policy of promoting Inclusion and Diversity within Air Liquide and which has been embodied in successive agreements in France since 2007. Through its policy of welcoming, maintaining in employment and professional development of people with disabilities, Air Liquide is committed to seeking and implementing solutions that enable the successful inclusion of people with disabilities. Organizational and material adjustments are planned to compensate for the disability in relation to the work situation, such as:

- schedule adjustments, additional remote working, workload adjustment;
- ergonomic studies and specific equipment and tools;
- adaptations to facilitate access to work premises;
- specific training and individual support services;
- transportation and moving assistance.

In addition, Air Liquide raises awareness among all employees about the inclusion of disabilities in order to facilitate the hiring, welcoming and professional integration of workers with disabilities in the company. Each French subsidiary organizes an annual activity plan – specifically during the European Week for the Employment of People with Disabilities (SEEPH) – in order to better inform all stakeholders and fight against prejudices that may persist. In addition, a specific "handimanagement" training was offered to a set of managers in 2023 to remove obstacles to recruitment and support them in their questions. They are now ambassadors to their peers and contribute through their testimonials to mobilizing everyone around inclusion. Each year, the French entities also participate in DuoDay, a day during which they welcome a person with a disability, who is paired with a volunteer professional.

Within the scope of around 6,000 employees in France, a sixth three-year Disability agreement (2023-2025) was signed, and has been accredited. Its objective requires the strengthening of the actions already carried out in favor of people with disabilities to increase the direct employment rate of 4.46% in 2022 (calculated in April 2023) to 6% by the end of 2025 (4.43% in 2021, 4.35% in 2020).

More widely in Europe, other concrete actions were also carried out to change the way disability is seen in operations and accelerate the pace of recruitment: campaign ambassadors, and a working group with managers.

#### *Actions with the Group's suppliers*

In the process of promoting an inclusive culture within its operations, Air Liquide has developed relationships with **companies in the disability sector**. Through the purchase of goods and services from these specialized companies, Air Liquide contributes to the so-called "indirect" employment of people with disabilities. These suppliers include organizations for the social and professional integration of people with disabilities (ESAT), self-employed workers with disabilities (TIH) as well as adapted enterprises (EA).

In France, Air Liquide declared in 2023 an expense of 1.9 million euros with disability-inclusive companies for 2022. The social footprint of these purchases represented 90 jobs created or maintained in 2022.

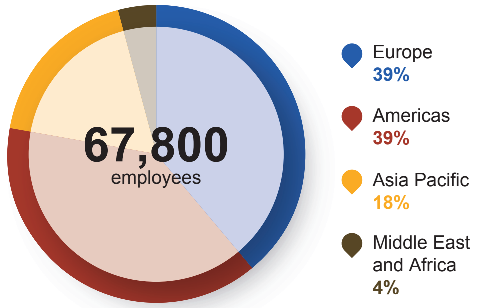
Each year, in France, Air Liquide organizes a "Forum des Achats Inclusifs" (Inclusive Procurement Forum), bringing together Air Liquide's specifiers and companies in the disability sector to promote purchases from them. In 2023, this event, co-hosted with the Handeco association, was conducted in a digital and face-to-face format through a round table and testimonials. More than 200 Air Liquide employees took part in this event. During this Forum, the round table "Air Liquide's social footprint: the men and women behind our contracts with suppliers in the disability sector" made it possible to demonstrate the benefits of inclusive procurement with companies in the adapted sector for Air Liquide, its suppliers and their employees. This exchange of views illustrated the pride of each of the stakeholders in participating in partnerships that also meet high standards in terms of performance, quality, innovation and agility.Two testimonials from the Procurement Europe organization and Campus Technologies Grenoble confirmed this growing maturity of inclusive procurement.

For the third time, another event related to inclusive procurement, the "Inclusive Procurement European Forum", was organized in 2023 by Air Liquide. Nearly 200 participants – from operations and procurement, as well as suppliers – attended the meeting and round table with the Group Chief Procurement Officer and the European Procurement Officer. On this occasion, testimonials from the Germany team with supplier HPZ (Heilpädagogisches Zentrum) and the United Kingdom team with Royal British Legion Industries were shared to raise awareness and encourage relationships with companies promoting the inclusion of people with disabilities and workshops in the protected sector in Europe.

### Nationality

There are 34 different nationalities among Air Liquide's senior executives. The Group's Board of Directors comprises five nationalities. In terms of total employees, more than 161 different nationalities are employed by the Group.

BREAKDOWN OF EMPLOYEES BY GEOGRAPHIC AREA




# 3. Societal stakes

## 3.1. ETHICS AND COMBATING CORRUPTION

### 3.1.1. Ethical risk and combating corruption

In all geographical areas in which it operates, the Group faces risks of non-compliance with ethics and anti-corruption provisions. These risks are part of the Geopolitical,Regulatory and Legal risks (described in Chapter 2 of this Universal Registration Document – page 83).

### 3.1.2. Policy and procedures

Integrity and transparency are the cornerstones of the Group's ethical approach. They govern the behavior and actions of all employees. These principles are reflected in a program based on a dedicated structure, codes and procedures, training tools and, finally, whistleblowing and control systems.

#### A dedicated structure

A dedicated structure has been set up to support the management of the Ethics program:

- an Ethics and Compliance Committee, comprised of Air Liquide's various global functions (Human Resources, Legal, Group Control and Compliance, Sustainable Development) and Operation representatives, validates the program's guidelines and priority actions and may, if necessary, recommend penalties in the event of serious deviations;
- the Group Control and Compliance Department, which is responsible for Ethics, reports directly to the Group General Secretary;
- the Ethics Officer is responsible for providing advice and assistance to entities in the implementation of the Ethics program and in the handling of fraud and deviations. This Officer also suggests improvements to the Ethics program by integrating strategic challenges, best practices, regulatory developments and annual action plans. He/she relies on a network of over 50 ethics correspondents present in each of the Group's geographic regions and business lines.

#### Codes and procedures

Rules on ethics and conduct, which are shared and actively circulated among all Group employees through the BlueBook in particular, are set out within the Group's Code of Conduct. These rules are implemented as operational procedures or policies at either the Group or local level.

#### The Code of Conduct, the ethics guide for employees

The Code of Conduct embodies Air Liquide's ethical commitment, in particular with regard to the protection of employees, business practices and respect for the environment and human rights.

The Code of Conduct is available on the Group's website in 28 languages: https://www.airliquide.com/sustainable-development/ethics. An online employee training module exists on the employee Code of Conduct which sets out the Group's ethics approach and presents each subject through case scenarios. This module is mandatory and must be taken by all employees (including part-time staff) each year. A test is completed at the end of the module to assess the participant's level of attainment and validate participation in the training. In addition, individual employee compliance with the Code of Conduct is required. Thus, each employee undertakes annually to comply with the rules of conduct presented in the Code through an online signature process.

### Compliance with laws and regulations

Codes and procedures have been established to ensure compliance with laws and regulations relating in particular to the fight against corruption, competition law, the duty of vigilance, personal data protection and import and export control obligations.

With regard to competition law, Behavior Codes have been established, especially in Europe, the United States and Asia. For some of the Group's activities, Healthcare in particular, specific Codes of Conduct on competition law have also been developed.

Audits are jointly conducted on a regular basis by the Group's internal audit departments and an external law firm. They conduct tests and interviews to identify and correct risk practices or any deviations observed. Awareness-raising meetings on compliance with competition law are also held. Finally, an online training program has been launched covering competition law-related practices and international principles.

### Anti-corruption program

Air Liquide's commitment, which is set out in the introduction to the Principles of Action, to prohibit all forms of corruption is supported by a major anti-corruption program. In the updated Code of Conduct, the principles of integrity and transparency are defined and illustrated in a specific chapter. This chapter specifically outlines the laws governing the fight against corruption and influence peddling, covers relations with intermediaries and the types of payment requiring particular attention.

Moreover, the Group has a Supplier Code of Conduct, which includes a chapter on the prevention of corruption.

An online training module ensures sufficient awareness is raised regarding the prevention of corruption. It is primarily intended for those teams which are most exposed to corruption-related risks (in particular sales, procurement, administrative management). These employees must complete this training module every year. It is supplemented by in-person training every three years. A test is completed at the end of these trainings.

Air Liquide operates a corruption-prevention program in which General Management and management are closely involved. This program relies in particular on:

- the mapping of corruption risks;
- the Code of Conduct;
- a complete set of training and awareness-raising actions for those exposed to corruption risks;
- a third-party assessment mechanism, a whistleblowing system and accounting controls.

This program is regularly updated to take into account new regulatory and legislative obligations under the coordination of the Group Ethics Officer, who relies on a network of Ethics Officers, responsible in particular for managing the implementation of the program locally. It also benefits from the support of the operational departments in the hubs and businesses and is subject to regular audits.

## 3.1.3. Performance

The Ethics and Compliance Committee ensures that the ethics program is correctly implemented by monitoring action plans and reviewing indicators such as employee participation rates in classroom training and online training courses. By way of illustration, 98% of Group employees completed the Code of Conduct online training module and 96% of employees exposed to corruption risks completed the online training module on corruption prevention. The Committee also analyses types of fraud and alerts received via the whistleblowing system and the results of internal audits or other internal investigations, providing guidelines for changes to the ethics program.

### The whistleblowing system

Air Liquide's Whistleblowing Policy, updated at the end of 2022, defines the various channels that the whistleblower can use to report a possible violation of the Group's ethics commitments and rules and the process for handling alerts by Air Liquide. Available for all employees in the BlueBook, it is accessible on the Group's website for external stakeholders (https://www.safecall.co.uk/clients/ethicall/). This policy is progressively being cascaded down through local entities in the Group's entities.

The whistleblowing system, EthiCall (https://safecall.co.uk/en/clients/ethicall/), is available for all Group entities and, after consultation with employee representative bodies in France in 2021, all internal and external stakeholders (customers, patients, suppliers, subcontractors and their staff, local communities, facilitators, etc.). Airgas and its subsidiaries also have a similar platform, EthicsPoint (https://secure.ethicspoints.com/domain/media/en/gui/28723/index.html). Air Liquide communicates regularly on these systems to its employees (e.g. via posters, Intranet, reminder in the annual and mandatory e-learning relating to the Code of Conduct, managerial communication, induction training for new hires).

Anyone can report an alert in their own language by telephone or via dedicated websites (alerts are collected by service providers). For employees, these systems come in addition to the usual channels for reporting potential incidents within the entities (line management, Human Resources Department, Ethics Correspondent, Group Ethics Officer). Third parties can also raise their concerns to their contact person within the Group.

Alerts may notably relate to allegations of breaches of the Group's Code of Conduct, of internal policies and procedures or applicable laws, and to any incidents related to human rights, health and safety, or the environment.

The whistleblowing system enables rapid and structured handling of alerts received as well as objective and confidential handling. Once an alert has been registered, the treatment procedure provides that an acknowledgment of receipt be sent to the whistleblower within seven days after the initial receipt. The competent person within Air Liquide with regard to the category and geographic origin of the alert studies the admissibility of the alert in accordance with internal procedures, and appoints an investigator if necessary. The latter conducts an investigation to determine whether the reported facts are substantiated. They may call on external resources for this investigation. If the facts are substantiated, appropriate corrective measures and remedies are implemented. These measures may include:

- the strengthening of Group policies, controls and processes;
- Human Resources or other type of assistance to the whistleblower;
- individual or collective awareness-raising;
- disciplinary sanctions, up to and including dismissal, in accordance with applicable regulations or legal proceedings where appropriate.

Follow-up and feedback should be provided to the whistleblower during processing and no later than three months from the acknowledgment of receipt of the alert (but as far as possible within two months). In certain justified cases and in certain jurisdictions (for example, due to the nature or complexity of the alert), a longer period may be necessary (but this period should not exceed three additional months).

The Group Ethics Officer is responsible for the whistleblowing system and ensures it is compliant in its implementation, and in particular that it is properly disseminated throughout the Group, that alerts are handled appropriately, and that whistleblowers are protected. The most serious cases are reviewed by an Ethics Committee at the relevant hub or World Business Unit level, or by the Group's Ethics and Compliance Committee.

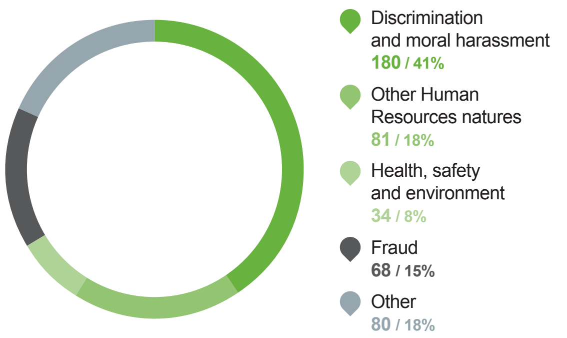
The principles concerning the protection granted to whistleblowers (anonymity of the whistleblower, respect for the confidentiality of the alert treatment, prohibition of any form of retaliation) are stated in the Code of Conduct and the Group Whistleblowing Policy. The Group guarantees that any whistleblower who has in good faith reported an ethical breach or misconduct will not be subject to any disciplinary or discriminatory measures or retaliation of any kind.

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 the whistleblowing system.

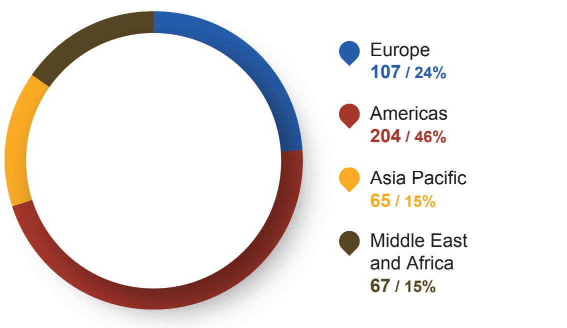
In 2023, 443 alerts were reported through the whistleblowing system.

ETHICALL You call, we act. EP ETHICSPOINT Incident Management

BREAKDOWN OF ALERTS PER NATURE
(number / %)




BREAKDOWN OF ALERTS PER GEOGRAPHY
(number / %)




As of December 31, 2023, 75 alerts were still being processed. 37% of alerts were found to be justified following an investigation and led to corrective measure and remediation.

## 3.2. FIGHTING TAX EVASION

### 3.2.1. Risk of tax evasion

As far as tax is concerned, the Group focuses on complying with laws and regulations. Modifications of laws and regulations are followed and monitored by its Tax Department and its local Finance Departments. Tax risks are part of the financial risks (described in Chapter 2 of this Universal Registration Document on page 79).

### 3.2.2. Policy and procedures: the Tax Charter

The Group's tax Charter supports its ambition to remain a leader in its sector by acting in a responsible manner, consistent with the Group's long-term growth strategy. Air Liquide has defined the following principles which govern its tax policy, in line with article L. 22-10-36 of the French Commercial Code:

- Group entities must respect the laws and regulations in force, as well as the international standards that affect it such as those of the OECD, in particular on transfer prices;
- Group entities ensure that tax returns and payments are completed in compliance with local regulations. They complete the required tax returns according to the jurisdictions in which the Group operates;
- the Group is committed to acting with integrity in all tax-related matters. It aims to operate in a transparent manner and build constructive, long-term relationships with the tax authorities;
- the Group deals with tax-related matters by banning tax havens and does not make use of shell corporations without economic or commercial substance;
- the Group protects value for its Shareholders by taking measures to minimize double taxation phenomena. Furthermore, it acts to minimize fiscal risk. Its tax strategy is in line with the Group's strategy and complies with the Code of Conduct.

Air Liquide applies a tax compliance and transparency policy, guaranteed by the presence of qualified and dedicated teams of tax experts who are up to date with the latest tax reforms and respect the Group's values. The Group is committed to acting with integrity in all tax-related matters. In the countries where it operates, the Group maintains transparent, constructive and long-term relationships with the tax authorities, providing them with the information they need within a reasonable period of time. L'Air Liquide S.A., on its own behalf and on behalf of its integrated French subsidiaries, is the first company to sign the "Fiscal Partnership" with the French tax authorities. By signing this partnership in March 2019, L'Air Liquide S.A. and its subsidiaries entered into a trust-based, transparent relationship with the French tax authorities. This commitment continues without interruption.

The Group ensures that its operations comply with tax regulations, so that it pays an appropriate amount of tax according to the place where the value of its business activity is created, without artificially transferring value within low-tax jurisdictions.

The Group does not use opaque structures or entities in tax havens and does not withhold useful information from the tax authorities. It does not use structures that lack economic or commercial substance.

It applies the arm's length principle to transfer pricing and does not use transfer pricing as a tax planning tool. As the Group's organizational structure is decentralized, its intra-group transactions are very limited and do not represent more than 15% of total sales. The Group applies an intra-group cash flow policy that complies with the OECD principles.

Air Liquide complies with the "Country-by-Country Reporting" (CBCR) obligations.

### 3.2.3. Performance, organization and governance of the tax function

The subsidiaries' tax affairs are the responsibility of their Finance Departments. Due to their size, some subsidiaries have a specialized Tax Department reporting to the Finance Department, such as in France, the United States, Germany, China, Canada, Italy, Benelux and Spain. In some cases, a geographic hub Tax Department reporting to the hub's Finance Department has been set up to coordinate taxation in several countries, such as in South-East Asia and Africa/Middle East.

All these country or regional Tax Departments have a functional link with the Group's Tax Department, which is based at the Head Office. The latter coordinates the network of tax teams, in particular through regular meetings to identify significant issues, provide the appropriate technical support and the necessary guidance. As the Group's businesses make it a significant contributor to the tax revenues of the countries in which it operates, and since the Group is faced with a high number of taxes and duties, and certain countries have unstable tax regimes, the Tax Departments conduct a tax watch.

The Group Tax Department is part of the Group's Finance Department. It maintains links with the various financial, legal and other organizations in order to keep abreast of the Group's operations. It participates in the Finance Committee, an internal Group committee, to ensure the tax position complies with the Tax Charter. The Department presents the Group's main tax risks to the Audit and Accounts Committee at least once a year.

It should be noted that Air Liquide's industrial gas businesses are essentially very local in nature. Consequently, Air Liquide generates profit and pays its taxes in the jurisdictions in which it operates. In the case of transactions between different countries, the Air Liquide legal entities in question comply fully with the applicable transfer pricing regulations.

## 4. Respect for human rights and commitment to sustainable development

Air Liquide is committed to respecting human rights in its activities worldwide and also expects its business partners (customers, suppliers, distributors, consultants, etc.) to respect fundamental human rights. 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 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 business conduct in economic activities and professional relations, in particular in terms of human rights, by encouraging the implementation of due diligence procedures. Moreover, the commitments of Air Liquide and its employees to human rights are affirmed in its Code of Conduct and on its website (https://www.airliquide.com/sustainable-development/human-rights). The Code of Conduct is available on the Group's website in 28 languages: https://www.airliquide.com/sustainable-development/ethics. In addition, the Supplier's Code of Conduct, updated in 2023, aims to promote and enforce human rights and sustainable development practices by each of Air Liquide's suppliers and subcontractors. The Supplier's Code of Conduct creates a cascade effect by requiring all their employees, suppliers and subcontractors to comply with these principles. The Supplier's Code of Conduct is available on the Group's website: https://www.airliquide.com/sustainable-development/sustainable-procurement.

Since 2014, Air Liquide has been committed to the societal responsibility initiative of the United Nations Global Compact and its 10 principles relating to human rights, labor standards, the environment and the fight against corruption. Every year, the Group issues a Letter of Commitment, signed by the Chief Executive Officer, as well as a Communication on Progress with respect to the strategic and operational implementation of these 10 Principles, which is available on the UN Global Compact website: https://www.unglobalcompact.org/what-is-gc/participants/39281-Air-Liquide.

Therefore, Air Liquide incorporates the various principles of the UN Global Compact in the conduct of its activities. To find out more about the measures implemented in terms of:

- human rights and fundamental rights at work, detailed in the Vigilance Plan section of Chapter 2 – page 96, and the main risks in terms of discrimination and Human Resources management, detailed in the EFPD of the present Chapter 5 – pages 344 and 346;
- the environment, detailed in the Vigilance Plan section of Chapter 2 – page 111 and the main risks related to the environment, detailed in the EFPD of the present Chapter 5 – page 319;
- combating corruption, detailed in the EFPD of the present Chapter 5 – page 349.

Within the Global Compact France local network, Air Liquide participates in the human rights work group which allows its members, of all sizes and from all sectors, to share experiences and expertise on the management of human rights risks.

Furthermore, Air Liquide is a signatory of the Responsible Care® Global Charter, an initiative of the International Council of Chemical Associations (ICCA), which aims to improve the chemical industry's global performance on health, safety and environmental protection.

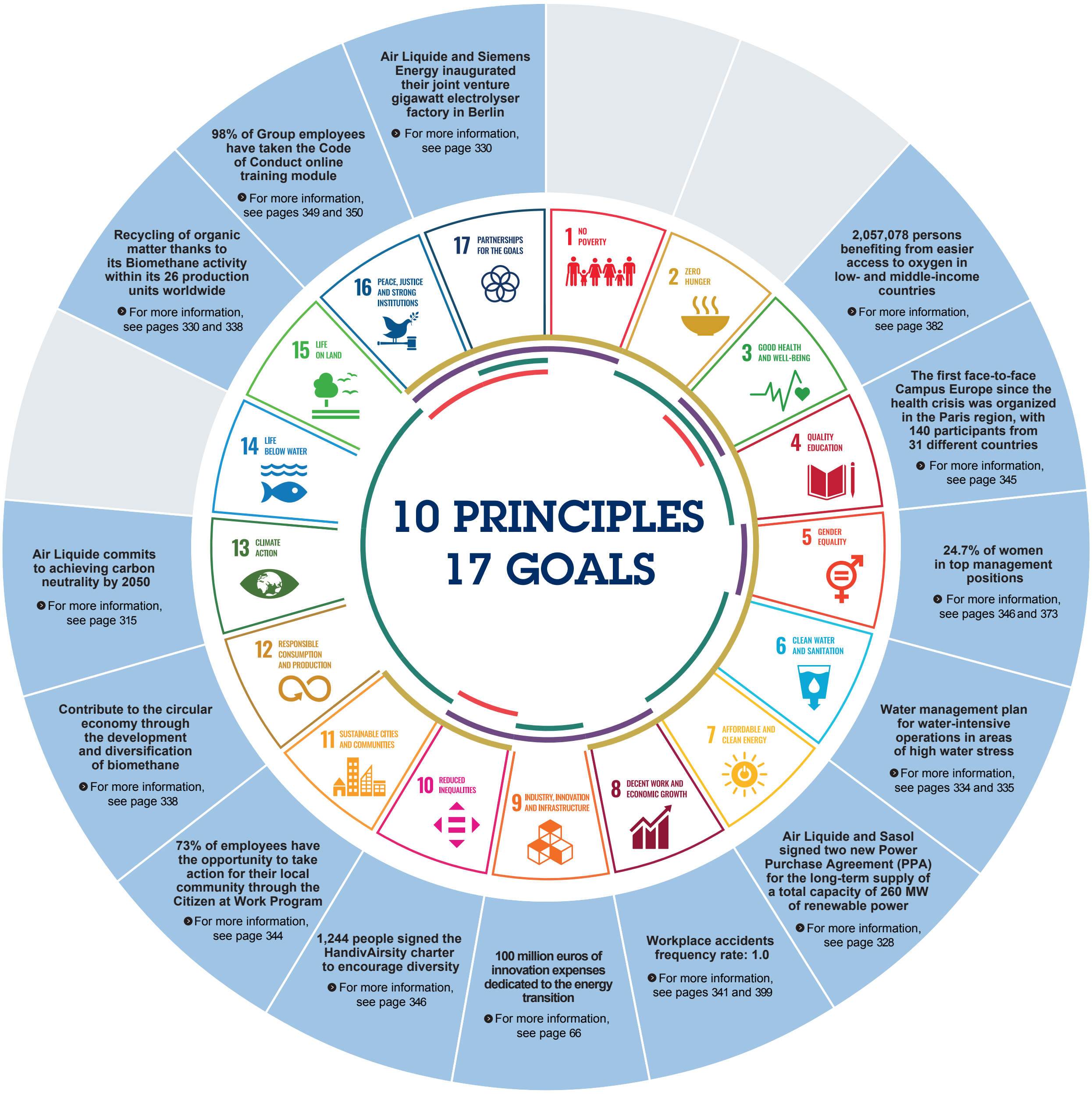
Since 2021, Air Liquide has been a member of the multisector association Entreprises pour les droits de l'Homme (EDH, https://www.e-dh.org/en/) which brings together 26 French companies operating internationally. This association aims to be a forum for reflection and exchange of best practices for a better understanding and integration of human rights issues in the policies and practices of companies.

Air Liquide incorporates human rights stakes into its human rights due diligence process in accordance with the French law on the duty of vigilance of parent companies and contracting companies. The approach is based on principles advocated by international standards such as the United Nations Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct. The Duty of Vigilance Department is responsible for coordinating the implementation of this approach with all functions concerned by human rights issues (Human Resources, Safety and Industrial System, Procurement, Sustainable Development, Ethics and

Digital Security, etc.). The progress of the vigilance approach is managed by the Ethics and Compliance Committee and supervised by the Environment and Society Committee, which is one of the Board of Directors' specialized Committees. Air Liquide thus publishes the reasonable vigilance measures implemented to identify risks and prevent serious violations of human rights in the Vigilance Plan in Chapter 2 of this Universal Registration Document – page 90.

Air Liquide aims to achieve carbon neutrality by 2050, making the Group part of international efforts to limit global warming, as provided for by the Paris Agreement. The Group recognizes that the transition to a carbon-neutral economy can also have significant social and societal implications. This transition must be fair, in other words it should be carried out considering all stakeholders such as workers, customers, suppliers and local communities in order to minimize negative impacts and promote positive impacts. Air Liquide's actions in favor of a just transition are described in a statement available on its website: https://www. airliquide.com/sites/airliquide.com/files/2023-12/just-transition-en.pdf.

Through its activities, its engagement and its environmental and social actions, Air Liquide contributes to some of the Sustainable Development Goals (SDGs) that the United Nations has defined to eradicate poverty, protect the planet and guarantee prosperity for all by 2030. The diagram below illustrates the Group's contribution to the SDGs.




**Air Liquide's commitments**

## The 10 principles of the United Nations Global Compact

### Human Rights

1. Businesses should support and respect the protection of internationally proclaimed Human Rights, and
2. Make sure they are not complicit in Human Rights abuses.

### International labor standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labor;
5. The effective abolition of child labor;
6. The elimination of discrimination in respect of employment and occupation.

### Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and dissemination of environmentally friendly technologies.

### Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

# 5. European taxonomy

## 5.1. TAXONOMY REGULATION

The European Union (EU) Taxonomy Regulation (EU Regulation 2020/852 published on June 22, 2020) defined, on a scientific basis, a list of economic activities and the technical criteria that allows said activities to qualify as environmentally sustainable. These technical screening criteria are defined by the European Commission (EC) in delegated act 2021/2139 published on December 9, 2021 and delegated act 2021/2178 published on December 10, 2021.

The initial list of activities was established by focusing on nine macro-sectors that generated more than 93% of the EU's direct greenhouse gas emissions in 2017 (OECD).

Complementary delegated act 2022/1214, published on July 15, 2022, included certain specific nuclear and gas energy activities in the list of economic activities covered by the Taxonomy. The main impact for the Group is the eligibility of the activity related to cogeneration of steam and electricity.

These first three delegated acts deal with economic activities that can contribute significantly to the objectives of climate change mitigation and adaptation.

Additional delegated acts 2023/2485 and 2023/2486, published on November 21, 2023:

- defined the list of economic activities that can contribute significantly to the objectives of sustainable use and protection of water and marine resources, the transition to a circular economy, the pollution prevention and control, and the protection and restoration of biodiversity and ecosystems;
- amended the list of activities related to climate change mitigation and adaptation objectives;
- modified the templates for key performance indicator tables.

In addition, two frequently asked question documents were published on June 12, 2023 on minimum safeguards and on October 20, 2023 on the Climate Delegated Act and the Disclosures Delegated Act.

The Taxonomy Regulation has created a classification system which should serve as a common language for investors to identify the projects and conditions that will enable the chosen economic activities to have a significant positive impact on the climate and environment. As such, the regulation is a tool aimed at helping investors and listed companies, financial institutions and EU project sponsors to direct their investments toward environmentally sustainable activities as part of the transition aimed at making the EU climate neutral by 2050.

The activities listed in the Taxonomy Regulation are referred to as "eligible". While these activities are the major contributors to direct GHG emissions, they also have the potential to be improved from a carbon footprint perspective. **As such, the eligibility percentage of an organization, by itself, is not a measure of its sustainability impact.**

The statistical classification of economic activities in the European Community (NACE) is the standard used to classify economic activities which are divided into three categories in the Taxonomy Regulation:

- activities for which technical criteria refer to performance levels which comply with climate neutrality and limiting temperature increase to 1.5 degrees Celsius at a global level (i.e. in line with a net zero carbon economy by 2050);
- transitional activities for which there are no low-carbon alternatives for the moment and for which greenhouse gas emission levels are in line with the best performance in the sector or industry;
- enabling activities which improve carbon efficiency or facilitate a significant decrease in emissions.

## KEY ELEMENTS

In 2023, Air Liquide identified 18 eligible activities out of 240 activities listed in the delegated acts, with hydrogen manufacturing contributing to the climate change mitigation target being the most important. They are presented in the tables below (pages 358 to 363). As a reminder, **activities derived from the production of air gases result in almost no direct greenhouse gas emissions and are therefore not eligible under the Taxonomy.**

In 2023, turnover eligible under the Taxonomy amounted to 3.7 billion euros (equivalent to 13.4% of total consolidated turnover) compared to 5.2 billion euros (equivalent to 17.5% of total consolidated turnover) in 2022. This change is mainly due to an unfavorable energy impact on the main eligible activities.

An eligible activity is referred to as "aligned" if it complies with the following three conditions and if the requirements of the Taxonomy Regulation can be documented:

- it contributes substantially to one or more of the environmental objectives;
- it does not significantly harm any of the other five environmental objectives;
- it is carried out in compliance with minimum safeguards.

In 2023, aligned turnover per the Taxonomy totaled 0.2 billion euros (equivalent to 0.8% of total consolidated turnover and 5.9% of eligible turnover), compared to 0.3 billion euros (equivalent to 1.2% of total consolidated turnover and 6.6% of eligible turnover) in 2022. This change is mainly due to a production site that stood slightly above the threshold set in the substantial contribution criteria and that is consequently no longer aligned in 2023. Eligible non-aligned activities are either activities that do not meet one of the above-mentioned requirements, or for which such compliance could not be reasonably documented, mainly due to lack of sufficient guidance for alignment or difficulty to access required data at the requested granularity.

Turnover from activities not covered by Taxonomy, referred to as "non-eligible", totaled 23.9 billion euros (equivalent to 86.6% of total consolidated turnover), and notably included the production of oxygen, medical gases and home healthcare.

These ratios related to the turnover capture the situation of the existing production units. However, by 2035, Air Liquide aims at investing around 8 billion euros to serve the low-carbon and renewable hydrogen markets. These investments start to be made in the framework of the ADVANCE strategic plan, which also foresees 16 billion euros of investment for the energy transition, with at least half of industrial investments of more than 5 million euros dedicated to the Energy Transition. **This path is illustrated by the share of aligned capital expenditure among eligible capital expenditure, which stood at 54.8% in 2023 compared to 30.0% in 2022.**

## 5.2. METHODOLOGY

The Group defined its methodology on the basis of information available as of November 30, 2023. In particular, the methodology does not consider any recommendations published by the European Commission or other competent authorities after December 1, 2023.

### Key performance indicators (KPIs)

In accordance with the consolidated financial statements, figures relating to the three KPIs are provided in millions of euros, and the conversion of foreign currencies is carried out according to the same methodology and using the same exchange rates as those used to prepare financial information.

- Turnover: the first Taxonomy KPI is calculated by eligible activity and by facility, based on external turnover (i.e. excluding intra-group sales) as determined and published in the financial statements under the "Revenue" line in the income statement. If turnover by facility is not available, the entities apply a ratio based on volumes delivered by each facility. Turnover corresponds to revenue from contracts with customers as defined under IFRS 15 standard.
- Capital expenditure (CapEx): the second Taxonomy KPI includes acquisitions of property, plant and equipment and intangible assets completed during the period under consideration, including those stemming from business combinations that result in the acquisition of a company or business consolidated in the Group's financial statements. These additions are considered before impairment, depreciation and amortization, and any revaluation. It is calculated based on the internal management of investments. Investment decisions exceeding 3 million euros are monitored individually and their Taxonomy characteristics are presented to the Resources and Investment Committee. Capital expenditure related to these investment decisions is monitored on a per-project basis. Capital expenditure of less than 3million euros is monitored by production site.

  The lines in the Financial Statements that correspond to the CapEx KPI are included in Note 11 – "Other intangible assets," on the line "Total gross intangible assets" of the columns "Acquisitions" and "Acquisitions related to business combinations"; and in Note 12 – "Property, plant and equipment" of the "Total property, plant and equipment" line under the "Acquisitions" and "Acquisitions related to business combinations" columns.
- Operating expenses ("OpEx"): the third KPI of the Taxonomy includes:
  - direct expenses relating to the nature of the following costs, that are necessary for the production of products included in the turnover KPI: Personnel costs related to maintenance, Subcontracted maintenance and installation, Rental and leasing of real estate and transportation equipment and Purchases of materials related to maintenance. The OpEx KPI is calculated directly or indirectly, by allocating expenses on the basis of the turnover KPI,
  - expenses directly related to activities contributing to the environmental objectives, such as direct non-capitalized expenses for research and development or consulting fees in the context of eligible activities, such as activity 9.3. "Consultancy for physical climate risk management and adaptation" under the climate change adaptation objective.

  Income statement lines relating to the OpEx KPI are "Purchases," "Personnel expenses" and "Other expenses".

### Eligible and alignment criteria

The information presented below takes into consideration the activities identified for the six environmental objectives.

All hydrogen production sites with a capacity of at least 1,500 $Nm^3/h$ were considered in the reporting of the three KPIs.

Individual improvement measures are analyzed on a case-by-case basis in order to consider them CapEx or OpEx eligible KPI.

The Group assessed the alignment criteria based on the following methodology:

- Substantial Contribution: the criterion being specific to each activity, the Group adopted an activity-by-activity approach applied to each facility, relying upon internal data collected in the course of its operations;
- Do Not Significant Harm: the assessment relied notably on studies of the environmental impact of the potentially aligned facilities meeting the Substantial Contribution criterion;
- Minimum Safeguards: the assessment covered four dimensions: (i) human rights, including labor law, (ii) corruption, (iii) taxation and (iv) fair competition. It relied upon:
  - processes applied by the Group, including but not limited to the Code of Conduct, the whistleblowing system EthiCall, the Group's sustainable procurement policy, the Vigilance Plan, the prevention measures relating to corruption and fair competition, and the tax risk management policy. These processes are further described in Chapters 2 and 5 of the present Universal Registration Document. Regarding human rights and corruption, the assessment encompassed the supply chain,
  - the absence of serious negative impact or event related to the four dimensions (notably the absence of serious breach or conviction).

Where the assessment could not be sufficiently evidenced, the Group adopted a conservative approach and did not consider the eligible activity as aligned.

In addition, the Group is currently analyzing the scope of the additional delegated acts 2023/2485 and 2023/2486, published on November 21, 2023, defining the economic activities contributing to the objectives of transition to a circular economy and pollution prevention and control. These pose difficulties in assessing the eligibility criteria with regard to the Group's business model, as well as difficulties in understanding the technical criteria for alignment and collecting data necessary for their application. As a result, no activity was reported for these two new objectives in 2023.

Besides, no activity has been identified as eligible for the objectives of sustainable use and protection of water and marine resources and protection and restoration of biodiversity and ecosystems.

Finally, these additional delegated acts only require the eligibility of new activities to be presented in 2023; alignment is only required from 2024. Hence, for the sake of clarity, the Group has chosen to present the contribution of new eligible activities separately and to exclude them from the detailed tables. The contribution of these new activities to the climate change adaptation objective was as follows:

- the activity CCA 14.2 "Flood risk prevention and protection infrastructure" contributed by 0.1 million euros to the eligible capital expenditure (equivalent to 0.0% of the Group's total capital expenditure),
- the activity CCA 9.3 "Consultancy for physical climate risk management and adaptation" contributed by 0.1 million euros to the eligible operating expenses (equivalent to 0.0% of the Group's total operating expenses).

## 5.3. TAXONOMY'S KEY PERFORMANCE INDICATORS (KPI)

The tables presented below thus cover one of the six environmental objectives: climate change mitigation.

Hereafter a recap of the eligibility and alignment ratios for each of the Taxonomy's key performance indicators:

| Proportion (%) | Turnover | Capital expenditure | Operating expenses |
|---|---|---|---|
| KPI - Eligible activities | 13.4% | 15.3% | 8.1% |
| KPI - Aligned activities | 0.8% | 8.4% | 1.4% |
| *Ratio of aligned/eligible activities* | *5.9%* | *54.8%* | *17.1%* |

Air Liquide's eligible activities represent a small portion of the Group's activities, reflecting the fact that **the majority of Air Liquide's turnover is generated from activities with almost no direct greenhouse gas emissions within the Group's scope.**

Thus, the eligible **turnover** per the European Taxonomy represented 3,694.3 million euros, or 13.4% of total turnover in 2023, compared to 5,237.7 million euros or 17.5% of total consolidated turnover in 2022. Aligned turnover per the EU Taxonomy amounted to 217.5 million euros in 2023, or 0.8% of total turnover and 5.9% of eligible turnover. It stood at 346.2 million euros in 2022, or 1.2% of total consolidated turnover and 6.6% of eligible turnover. This change is mainly due to an unfavorable energy impact on the main eligible activities.

Eligible **CapEx** represented 562.1 million euros, or 15.3% of the Group's total 2023 capital expenditure compared to 380.6 million euros or 9.2% of the Group's total capital expenditure in 2022. They are defined in paragraph 5.2.: this is related to capital expenditure incurred during the 2023 fiscal year on eligible activities but stemming from investment decisions made in 2023 or in previous periods. Aligned CapEx represented 307.9 million euros, or 8.4% of total CapEx and 54.8% of eligible CapEx in 2023, compared to 114.3 million euros or 2.8% of the Group's total capital expenditure and 30.0% of eligible CapEx in 2022. It illustrates the path presented by the Group.

By 2035, Air Liquide aims at investing around 8 billion euros to serve the low-carbon and renewable hydrogen markets, covering the primary production, supply chain and logistics, to accompany the markets linked to the energy transition. Air Liquide has also announced its ambition to develop 3 GW of electrolysis for hydrogen production by 2030. In addition, in the ADVANCE strategic plan, 16 billion euros will be invested by the Group over the period 2021-2025, with at least half of industrial investments of more than 5 million euros dedicated to the Energy Transition.

Eligible **OpEx** represented 384.4 million euros, i.e. 8.1% of the Group's operating expenses. Aligned OpEx represented 65.7 million euros, or 1.4% of total OpEx and 17.1% of eligible OpEx.

EXTRA-FINANCIAL PERFORMANCE DECLARATION AND ENVIRONMENTAL AND SOCIETAL REPORTING 5
Extra-financial Performance Declaration

## TURNOVER

| | | | | Substantial contribution criteria | | | | | | DNSH criteria | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code | Turnover *(in millions of euros)* | Proportion of turnover *(%)* | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Minimum safeguards | Proportion of turnover, year N-1 *(%)* | Category (enabling or transitional activity) |
| **A. TAXONOMY – ELIGIBLE ACTIVITIES** | | **3,694.3** | **13.4%** | **13.4%** | **—%** | **—%** | **—%** | **—%** | **—%** | | | | | | | | **17.5%** | |
| **Activity C: Manufacturing** | | **173.3** | **0.6%** | | | | | | | | | | | | | | **1.0%** | |
| Manufacture of hydrogen | CCM 3.10 | 68.8 | 0.2% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | N/A | Y | Y | Y | 0.5% | |
| Manufacture of low carbon technologies for transport | CCM 3.3 | 52.3 | 0.2% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | Y | Y | Y | Y | 0.1% | E |
| Manufacture of equipment for the production and use of hydrogen | CCM 3.2 | 31.8 | 0.1% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | Y | Y | Y | Y | 0.3% | E |
| Manufacture of other low carbon technologies | CCM 3.6 | 20.4 | 0.1% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | Y | Y | Y | Y | 0.1% | E |
| **Activity D: Energy** | | **3.5** | **—%** | | | | | | | | | | | | | | **—%** | |
| Manufacture of biogas and biofuels for use in transport and of bio-liquids | CCM 4.13 | 3.5 | —% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | N/A | Y | Y | Y | —% | |
| **Activity E: Water supply, sewerage, waste management and remediation** | | **40.7** | **0.2%** | | | | | | | | | | | | | | **0.2%** | |
| Anaerobic digestion of bio-waste | CCM 5.7 | 27.5 | 0.1% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | N/A | Y | Y | Y | 0.1% | |
| Landfill gas capture and utilization | CCM 5.10 | 13.2 | 0.1% | Y | N | N/A | N/A | N/A | N/A | | Y | N/A | N/A | Y | Y | Y | 0.1% | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | **217.5** | **0.8%** | **0.8%** | **—%** | **—%** | **—%** | **—%** | **—%** | | **Y** | **Y** | **Y** | **Y** | **Y** | **Y** | **1.2%** | |
| **Of which Enabling** | | **104.5** | **0.4%** | **0.4%** | **—%** | **—%** | **—%** | **—%** | **—%** | | **Y** | **Y** | **Y** | **Y** | **Y** | **Y** | **0.5%** | **E** |
| **Of which Transitional** | | **0.0** | **—%** | **—%** | **—%** | **—%** | **—%** | **—%** | **—%** | | **Y** | **Y** | **Y** | **Y** | **Y** | **Y** | **—%** | **T** |
| **Activity C: Manufacturing** | | **2,593.9** | **9.4%** | | | | | | | | | | | | | | **11.5%** | |
| Manufacture of hydrogen | CCM 3.10 | 2,348.4 | 8.5% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 10.7% | |
| Manufacture of organic basic chemicals | CCM 3.14 | 131.1 | 0.5% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.3% | |
| Manufacture of other low carbon technologies | CCM 3.6 | 66.0 | 0.2% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.2% | |
| Manufacture of equipment for the production and use of hydrogen | CCM 3.2 | 48.4 | 0.2% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.3% | |
| **Activity D: Energy** | | **832.3** | **3.0%** | | | | | | | | | | | | | | **4.6%** | |
| High-efficiency co-generation of heat/cool and power from fossil gaseous fuels | CCM 4.30 | 796.1 | 2.9% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 4.5% | |
| Storage of hydrogen | CCM 4.12 | 18.0 | 0.1% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| Manufacture of biogas and biofuels for use in transport and of bio-liquids | CCM 4.13 | 9.9 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| Electricity generation from fossil gaseous fuels | CCM 4.29 | 5.4 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.1% | |
| Electricity generation from renewable non fossil gaseous and liquid fuels | CCM 4.7 | 2.8 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| Electricity generation using solar photovoltaic technology | CCM 4.1 | 0.1 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| **Activity E: Water supply, sewerage, waste management and remediation** | | **39.7** | **0.2%** | | | | | | | | | | | | | | **0.2%** | |
| Landfill gas capture and utilization | CCM 5.10 | 20.1 | 0.1% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.1% | |
| Anaerobic digestion of bio-waste | CCM 5.7 | 19.6 | 0.1% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.1% | |
| **Activity H: Transport** | | **10.9** | **—%** | | | | | | | | | | | | | | **—%** | |
| Infrastructure enabling low-carbon road transport and public transport | CCM 6.15 | 10.9 | —% | Y | N/A | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| **A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | **3,476.8** | **12.6%** | **—%** | **—%** | **—%** | **—%** | **—%** | **—%** | | | | | | | | **16.3%** | |
| **B. TAXONOMY – NON-ELIGIBLE ACTIVITIES** | | **23,913.3** | **86.6%** | | | | | | | | | | | | | | **82.5%** | |
| **TOTAL (A + B)** | | **27,607.6** | **100.0%** | | | | | | | | | | | | | | **100.0%** | |

EXTRA-FINANCIAL PERFORMANCE DECLARATION AND ENVIRONMENTAL AND SOCIETAL REPORTING 5
Extra-financial Performance Declaration

## CAPITAL EXPENDITURE

| | | | | Substantial contribution criteria | | | | | | DNSH criteria | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code | CapEx *(in millions of euros)* | Proportion of CapEx *(%)* | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Minimum safeguards | Proportion of CapEx, year N-1 *(%)* | Category (enabling or transitional activity) |
| **A. TAXONOMY – ELIGIBLE ACTIVITIES** | | **562.1** | **15.3%** | **15.3%** | **—%** | **—%** | **—%** | **—%** | **—%** | | | | | | | | **9.2%** | |
| **Activity C: Manufacturing** | | **291.4** | **8.0%** | | | | | | | | | | | | | | **2.4%** | |
| Manufacture of hydrogen | CCM 3.10 | 288.6 | 7.9% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | N/A | Y | Y | Y | 2.3% | |
| Manufacture of equipment for the production and use of hydrogen | CCM 3.2 | 2.6 | 0.1% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | Y | Y | Y | Y | 0.1% | E |
| Manufacture of other low carbon technologies | CCM 3.6 | 0.2 | —% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | Y | Y | Y | Y | —% | E |
| **Activity D: Energy** | | **5.2** | **0.1%** | | | | | | | | | | | | | | **—%** | |
| Storage of hydrogen | CCM 4.12 | 4.5 | 0.1% | Y | N | N/A | N/A | N/A | N/A | | Y | N/A | Y | Y | Y | Y | —% | E |
| Manufacture of biogas and biofuels for use in transport and of bio-liquids | CCM 4.13 | 0.7 | —% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | N/A | Y | Y | Y | —% | |
| **Activity E: Water supply, sewerage, waste management and remediation** | | **1.9** | **—%** | | | | | | | | | | | | | | **0.2%** | |
| Anaerobic digestion of bio-waste | CCM 5.7 | 1.6 | —% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | N/A | Y | Y | Y | —% | |
| Landfill gas capture and utilization | CCM 5.10 | 0.3 | —% | Y | N | N/A | N/A | N/A | N/A | | Y | N/A | N/A | Y | Y | Y | 0.2% | |
| **Activity H: Transport** | | **9.4** | **0.3%** | | | | | | | | | | | | | | **0.2%** | |
| Infrastructure enabling low-carbon road transport and public transport | CCM 6.15 | 9.4 | 0.3% | Y | N/A | N/A | N/A | N/A | N/A | | Y | Y | Y | Y | Y | Y | 0.2% | E |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | **307.9** | **8.4%** | **8.4%** | **—%** | **—%** | **—%** | **—%** | **—%** | | Y | Y | Y | Y | Y | Y | **2.8%** | |
| **Of which Enabling** | | **16.7** | **0.5%** | **0.5%** | **—%** | **—%** | **—%** | **—%** | **—%** | | Y | Y | Y | Y | Y | Y | **0.3%** | E |
| **Of which Transitional** | | **0.0** | **—%** | **—%** | **—%** | **—%** | **—%** | **—%** | **—%** | | Y | Y | Y | Y | Y | Y | **—%** | T |
| **Activity C: Manufacturing** | | **188.2** | **5.1%** | | | | | | | | | | | | | | **4.9%** | |
| Manufacture of hydrogen | CCM 3.10 | 178.5 | 4.9% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 4.8% | |
| Manufacture of other low carbon technologies | CCM 3.6 | 5.8 | 0.2% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| Manufacture of organic basic chemicals | CCM 3.14 | 2.0 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.1% | |
| Manufacture of equipment for the production and use of hydrogen | CCM 3.2 | 1.9 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| **Activity D: Energy** | | **16.1** | **0.5%** | | | | | | | | | | | | | | **0.3%** | |
| High-efficiency co-generation of heat/cool and power from fossil gaseous fuels | CCM 4.30 | 10.5 | 0.3% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.2% | |
| Manufacture of biogas and biofuels for use in transport and of bio-liquids | CCM 4.13 | 5.2 | 0.2% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| Storage of hydrogen | CCM 4.12 | 0.3 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| Electricity generation using solar photovoltaic technology | CCM 4.1 | 0.1 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| Electricity generation from fossil gaseous fuels | CCM 4.29 | 0.0 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.1% | |
| **Activity E: Water supply, sewerage, waste management and remediation** | | **44.9** | **1.2%** | | | | | | | | | | | | | | **1.0%** | |
| Landfill gas capture and utilization | CCM 5.10 | 25.2 | 0.7% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.3% | |
| Anaerobic digestion of bio-waste | CCM 5.7 | 19.7 | 0.5% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.7% | |
| **Activity F: Construction and real estate activities** | | **0.1** | **—%** | | | | | | | | | | | | | | **0.1%** | |
| Construction of new buildings | CCM 7.1 | 0.0 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.1% | |
| Renovation of existing buildings | CCM 7.2 | 0.1 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| **Activity M: Professional, scientific and technical activities** | | **4.9** | **0.1%** | | | | | | | | | | | | | | **0.1%** | |
| Close to market research, development and innovation | CCM 9.1 | 4.9 | 0.1% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.1% | |
| **A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | **254.2** | **6.9%** | **6.9%** | **—%** | **—%** | **—%** | **—%** | **—%** | | | | | | | | **6.4%** | |
| **B. TAXONOMY – NON-ELIGIBLE ACTIVITIES** | | **3,101.8** | **84.7%** | | | | | | | | | | | | | | **90.8%** | |
| **TOTAL (A + B)** | | **3,663.9** | **100.0%** | | | | | | | | | | | | | | **100.0%** | |

EXTRA-FINANCIAL PERFORMANCE DECLARATION AND ENVIRONMENTAL AND SOCIETAL REPORTING 5
Extra-financial Performance Declaration

## OPERATING EXPENSES

| | | | | Substantial contribution criteria | | | | | | DNSH criteria | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code | OpEx *(in millions of euros)* | Proportion of OpEx *(%)* | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Minimum safeguards | Proportion of OpEx, year N-1 *(%)* | Category (enabling or transitional activity) |
| **A. TAXONOMY – ELIGIBLE ACTIVITIES** | | **384.4** | **8.1%** | **8.1%** | **—%** | **—%** | **—%** | **—%** | **—%** | | | | | | | | **9.0%** | |
| **Activity C: Manufacturing** | | **62.2** | **1.3%** | | | | | | | | | | | | | | **2.3%** | |
| Manufacture of equipment for the production and use of hydrogen | CCM 3.2 | 38.5 | 0.8% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | Y | Y | Y | Y | 1.7% | E |
| Manufacture of hydrogen | CCM 3.10 | 9.3 | 0.2% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | N/A | Y | Y | Y | 0.2% | |
| Manufacture of low carbon technologies for transport | CCM 3.3 | 8.7 | 0.2% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | Y | Y | Y | Y | —% | E |
| Manufacture of other low carbon technologies | CCM 3.6 | 5.7 | 0.1% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | Y | Y | Y | Y | 0.4% | E |
| **Activity D: Energy** | | **0.3** | **—%** | | | | | | | | | | | | | | **—%** | |
| Manufacture of biogas and biofuels for use in transport and of bio-liquids | CCM 4.13 | 0.3 | —% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | N/A | Y | Y | Y | —% | |
| **Activity E: Water supply, sewerage, waste management and remediation** | | **3.2** | **0.1%** | | | | | | | | | | | | | | **0.2%** | |
| Anaerobic digestion of bio-waste | CCM 5.7 | 2.5 | 0.1% | Y | N | N/A | N/A | N/A | N/A | | Y | Y | N/A | Y | Y | Y | —% | |
| Landfill gas capture and utilization | CCM 5.10 | 0.7 | —% | Y | N | N/A | N/A | N/A | N/A | | Y | N/A | N/A | Y | Y | Y | 0.2% | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | **65.7** | **1.4%** | **1.4%** | **—%** | **—%** | **—%** | **—%** | **—%** | | **Y** | **Y** | **Y** | **Y** | **Y** | **Y** | **2.5%** | |
| **Of which Enabling** | | **52.9** | **1.1%** | **1.1%** | **—%** | **—%** | **—%** | **—%** | **—%** | | **Y** | **Y** | **Y** | **Y** | **Y** | **Y** | **2.1%** | **E** |
| **Of which Transitional** | | **0.0** | **—%** | **—%** | **—%** | **—%** | **—%** | **—%** | **—%** | | **Y** | **Y** | **Y** | **Y** | **Y** | **Y** | **—%** | **T** |
| **Activity C: Manufacturing** | | **240.0** | **5.1%** | | | | | | | | | | | | | | **4.8%** | |
| Manufacture of hydrogen | CCM 3.10 | 125.9 | 2.7% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 2.0% | |
| Manufacture of other low carbon technologies | CCM 3.6 | 58.9 | 1.2% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.7% | |
| Manufacture of equipment for the production and use of hydrogen | CCM 3.2 | 33.4 | 0.7% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 1.7% | |
| Manufacture of organic basic chemicals | CCM 3.14 | 18.1 | 0.4% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.4% | |
| Manufacture of low carbon technologies for transport | CCM 3.3 | 3.7 | 0.1% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| **Activity D: Energy** | | **46.9** | **1.0%** | | | | | | | | | | | | | | **0.7%** | |
| High-efficiency co-generation of heat/cool and power from fossil gaseous fuels | CCM 4.30 | 44.0 | 1.0% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.7% | |
| Storage of hydrogen | CCM 4.12 | 1.7 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| Manufacture of biogas and biofuels for use in transport and of bio-liquids | CCM 4.13 | 0.9 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| Electricity generation from fossil gaseous fuels | CCM 4.29 | 0.2 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| Electricity generation from renewable non fossil gaseous and liquid fuels | CCM 4.7 | 0.1 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| **Activity E: Water supply, sewerage, waste management and remediation** | | **16.3** | **0.3%** | | | | | | | | | | | | | | **0.3%** | |
| Landfill gas capture and utilization | CCM 5.10 | 14.5 | 0.3% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.3% | |
| Anaerobic digestion of bio-waste | CCM 5.7 | 1.8 | —% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| **Activity H: Transport** | | **1.2** | **—%** | | | | | | | | | | | | | | **—%** | |
| Infrastructure enabling low-carbon road transport and public transport | CCM 6.15 | 1.2 | —% | Y | N/A | N/A | N/A | N/A | N/A | | | | | | | | —% | |
| **Activity M: Professional, scientific and technical activities** | | **14.3** | **0.3%** | | | | | | | | | | | | | | **0.7%** | |
| Close to market research, development and innovation | CCM 9.1 | 14.3 | 0.3% | Y | N | N/A | N/A | N/A | N/A | | | | | | | | 0.7% | |
| **A.2. Taxonomy – Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | **318.7** | **6.7%** | **6.7%** | **—%** | **—%** | **—%** | **—%** | **—%** | | | | | | | | **6.5%** | |
| **B. TAXONOMY – NON-ELIGIBLE ACTIVITIES** | | **4,331.4** | **91.9%** | | | | | | | | | | | | | | **91.0%** | |
| **TOTAL (A + B)** | | **4,715.8** | **100.0%** | | | | | | | | | | | | | | **100.0%** | |

The main Air Liquide's eligible activities relate to hydrogen.

Turnover from **hydrogen-related activities** [(1)] represented in 2023 9.1% of total turnover, thereof 8.7% from the manufacture of hydrogen. Aligned turnover relating to hydrogen is mostly due to manufacturing units with a low carbon footprint and to sales of equipment supporting the development of new usages of hydrogen for the energy transition, in particular in the mobility sector. Excluding the energy impact, aligned hydrogen turnover will increase as demand for low carbon footprint hydrogen increases, supported by the rollout of policy and regulatory frameworks promoting new usages of hydrogen as a key lever to reduce greenhouse gas emissions from sectors such as industry and transport. In 2022, turnover from hydrogen-related activities represented 11.8% of total turnover, thereof 11.2% from the manufacture of hydrogen. This change is mainly due to an unfavorable energy impact.

In second position, **cogeneration activity** represented 2.9% of total turnover in 2023. This activity supplies high grade heat to the chemical and petrochemical industry in an efficient manner and as of today there is no alternative at large scale; this activity is not deemed aligned with respect to the Taxonomy criteria. Air Liquide is assessing the technology options available to decarbonize heat production as part of the rollout of its climate objectives (described in paragraph 1.1 of the Extra-financial performance declaration, page 319). In 2022, cogeneration activity represented 4.5% of total turnover, the change being due to an unfavorable energy impact.

Activities covering **biomethane production** through the anaerobic digestion of bio-waste, landfill gas capture and utilization and use in the transportation sector represented eligible turnover of 93.8 million euros in 2023, with an alignment ratio of 47.1%, compared to 100.6 million euros in 2022, with an alignment ratio of 42.7%. In line with the Group sustainability strategy, these projects are developed with clear sustainability criteria applied globally.

**Other Group activities**, which are in a growth phase, are also eligible, such as the manufacture of low-carbon technologies with eligible turnover representing 86.4 million euros and an alignment ratio of 23.6%. The Engineering & Construction World Business Unit notably designs and builds treatment plants that are able to reduce the $CO_2$ emissions of various industries, including:

- carbon capture plants which capture and purify $CO_2$ from offgas and flue gas from industrial processes (refining, cement, steel, etc.) to supply flow compatible with sequestration;
- plants capable of converting residues (used cooking oil, fats, etc.) into synthetic fuels to replace fossil fuels in motors, and plants capable of transforming sugar waste into substitute chemicals for fossil-based chemicals.

As of today, a portion of these eligible activities is considered non-aligned due to insufficient evidence to comply precisely with the detailed requirement of the European Taxonomy Regulation.

Moreover, the activities associated with production of air gases, including in particular the production of oxygen, medical gases and home healthcare, are included in the non eligible activities in 2023.

## Additional Information

### Activities that may contribute to several objectives

Additional delegated acts 2023/2485 and 2023/2486, published on November 21, 2023, introduced new mandatory information concerning activities likely to contribute to several environmental objectives.

The Group has identified only one activity that may meet several environmental objectives: the biomethane production by anaerobic digestion of bio-waste activity may be eligible per the climate change mitigation objective (CCM 5.7) and the transition to a circular economy (CE 2.5).

As indicated in the paragraph on Methodology, the Group is currently analyzing the scope of these delegated acts and, consequently, has not reported any amounts in 2023 concerning the new objective of Transition to a circular economy. The Group has included this activity under the climate change mitigation objective in the tables and comments presented above.

| | Proportion of turnover / Total turnover | |
|---|---|---|
| | Alignment per objective | Eligibility per objective |
| CCM | 0.8% | 13.4% |
| CCA | —% | —% |
| WTR | | |
| CE | | |
| PPC | | |
| BIO | | |

*CCM: Climate Change Mitigation; CCA: Climate Change Adaptation; WTR: Sustainable use and protection of water and marine resources; CE: Transition to a circular economy; PPC: Pollution prevention and control; BIO: Protection and restoration of biodiversity and ecosystems.*

(1) *These activities include the manufacture of equipment for the production and use of hydrogen (CCM 3.2), the manufacture of hydrogen (CCM 3.10), the storage of hydrogen (CCM 4.12) and the manufacture of hydrogen charging stations (CCM 6.15).*

| | Proportion of CapEx / Total CapEx | |
|---|---|---|
| | **Alignment per objective** | **Eligibility per objective** |
| CCM | 8.4% | 15.3% |
| CCA | —% | —% |
| WTR | | |
| CE | | |
| PPC | | |
| BIO | | |

*CCM: Climate Change Mitigation; CCA: Climate Change Adaptation; WTR: Sustainable use and protection of water and marine resources; CE: Transition to a circular economy; PPC: Pollution prevention and control; BIO: Protection and restoration of biodiversity and ecosystems.*

| | Proportion of OpEx / Total OpEx | |
|---|---|---|
| | **Alignment per objective** | **Eligibility per objective** |
| CCM | 1.4% | 8.1% |
| CCA | —% | —% |
| WTR | | |
| CE | | |
| PPC | | |
| BIO | | |

*CCM: Climate Change Mitigation; CCA: Climate Change Adaptation; WTR: Sustainable use and protection of water and marine resources; CE: Transition to a circular economy; PPC: Pollution prevention and control; BIO: Protection and restoration of biodiversity and ecosystems.*

## Adjusted key performance indicators in the event of a sustainable bond issue

Delegated Act 2021/2178 requires the publication of adjusted key performance indicators, restating the contribution of projects that have benefited from an environmentally sustainable bond issue in order to avoid double counting. The frequently asked questions published on October 20, 2023 clarified the requirements.

In May 2021, the Group issued its first green bond, for an amount of 500 million euros and with a maturity of 10 years (further detailed in section 8.2.2 on page 391). 21 projects were financed by this issue, including 14 related to eligible activities per the Taxonomy, the main difference being that financial investments are not taken into account in the Taxonomy. As a result, the adjustment of key performance indicators in order to avoid double counting at the level of financial companies, only concerned a portion of the projects financed by the green bond issue.

In addition, the Sustainable Financing Framework grants a period of two calendar years to achieve the full allocation of funds, from the issue date, as well as a refinancing period of up to three calendar years prior to the issue date. However, it should be noted that the key performance indicators of the Taxonomy only cover the current calendar year, from January 1 to December 31, 2023.

The tables below present the adjusted key performance indicators, excluding the projects financed by this issue from the alignment ratios. The ratios for these two indicators were calculated using the total (A + B) as published as the denominator.

| **2023** | **A.1. Environmentally sustainable activities (aligned per the taxonomy)** | | | |
|---|---|---|---|---|
| | **Published** | **Adjusted** | ***of which enabling*** | ***of which transitional*** |
| Turnover | 0.8% | 0.7% | 0.4% | —% |
| Capital expenditure | 8.4% | 8.4% | 0.5% | —% |

| 2022 | **A.1. Environmentally sustainable activities (aligned per the taxonomy)** | | | |
|---|---|---|---|---|
| | **Published** | **Adjusted** | ***of which enabling*** | ***of which transitional*** |
| Turnover | 1.2% | 1.0% | 0.5% | —% |
| Capital expenditure | 2.8% | 2.2% | 0.3% | —% |

# 6. Cross-reference tables of extra-financial reporting guidelines

## 6.1. TCFD/ISSB CROSS-REFERENCE TABLE

The Task Force on Climate-related Financial Disclosures (TCFD) was created at COP21 by the G20's Financial Stability Board to establish a common global framework for reporting climate risks with an impact on companies.

On October 12, 2023, the TCFD was dissolved, its mission now being fulfilled by the International Sustainability Standards Board (ISSB).

The ISSB standards will form part of the broader body of International Financial Reporting Standards (IFRS) and will be known by the acronym IFRS-S ("S" for "sustainability").

The requirements in IFRS S2 Climate-related Disclosures integrate, and are consistent with, the four core recommendations and 11 recommended disclosures published by the TCFD.

The cross-reference table below provides references for information in Air Liquide's Universal Registration Document that addresses these recommendations.

| Information to be published in accordance with TCFD recommendations | | References/ pages | For information, additional data to be published in accordance with IFRS-S2 |
|---|---|---|---|
| **Governance** | a) Board's oversight | Chapter 3, p.153 | Disclosure of more detailed information, for example, how the governance body(s)' or individual(s)' responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s). |
| | b) Management's roles | Chapter 1, p.42, Chapter 2, p.87 | No additional information needed. |
| **Strategy** | a) Climate-related risks and opportunities | Chapter 1, p.40, 66, Chapter 2, p.81, Chapter 5, p.319 | Reference to sectoral reporting themes and consideration of their applicability in industry-based guidance when identifying climate-related risks and opportunities.<br>Disclosure of more detailed information on the concentration of risks and opportunities in the company's business model and value chain. |
| | b) Impact of climate-related risks and opportunities | Chapter 1, p.38, 64, 66, Chapter 5, p.327-330 | Disclosure of more detailed information to describe the effects of climate-related risks and opportunities. For example, indicate any transition plans the company has and how it plans to achieve its climate-related objectives. |
| | c) Resilience of organizational strategy | Chapter 1, p.38 | ■ The significant areas of uncertainty considered by the company in its assessment.<br>■ The company's ability to adjust and adapt its strategy and business model over time.<br>■ Details of how and when the climate scenario analysis was carried out.<br>A requirement to use an approach that is proportionate to the company's circumstances and to take into account all reasonable and supportable information that is available at the balance sheet date without undue cost or effort. |
| **Risk Management** | a) Identification and assessment process | Chapter 2, p.81, Chapter 5, p.319, 333 | Disclosure of more detailed information, for example:<br>■ the input parameters the company uses to identify risks (e.g. data sources, scope of operations covered and detail used in assumptions);<br>■ whether and how it uses climate-related scenario analysis to inform its risk identification;<br>■ whether it has changed the processes used to identify, assess, prioritise and monitor risks from the previous reporting period.<br>Processes used to identify, assess, prioritise and monitor opportunities. |
| | b) Management process | Chapter 2, p.81, Chapter 5, p.319, 333, 336 | No additional information needed. |
| | c) Integration into overall risk management | Chapter 2, p.88, Chapter 5, p.318 | The extent to which, and how, the processes used to identify, assess, prioritise and monitor opportunities are integrated into and inform the company's overall risk management process. |

| | | | |
|---|---|---|---|
| **Indicators and Objectives** | a) Indicators used for the assessment | Chapter, 1 p.65, Chapter 5, p.325-331, 392 | Disclosure of industry-based metrics relevant to the company. |
| | b) GHG emissions | Chapter 1, p. 65, Chapter 5, p. 325, 393 | ■ Separate disclosure of Scope 1 and 2 GHG emissions for (1) the consolidated accounting group and (2) associates, joint ventures, unconsolidated subsidiaries or affiliates that are not included in the consolidated accounting group.<br>■ Scope 2 GHG emissions using a location-based approach and information on any contractual instruments necessary for users' understanding.<br>■ Information on Scope 3 GHG emissions.<br>■ Information on the measurement approach, input data and assumptions used to measure Scope 3 GHG emissions.<br>While IFRS S2 does not explicitly require the company to disaggregate its GHG emissions disclosures by the constituent gases, IFRS S1 includes requirements on disaggregation that would result in the disclosure of the constituent gases being required if such disaggregation provides material information. |
| | c) Objectives | Chapter 1, p.38 | Information on how the latest international agreement on climate change has influenced the target and whether the target has been validated by a third party.<br>Disclosure of more detailed information on GHG emissions targets, including additional information on the intended use of carbon credits to meet a company's net GHG emissions targets.<br>Disclosure of more detailed information on the approach taken to setting and revising each target, and how the company monitors progress against each target, including whether the target has been calculated using a sectoral decarbonisation approach. |

The TCFD concordance table for the seven categories of key indicators for the energy transition is as follows:

| **Climate key indicator** | | |
|---|---|---|
| **GHG emissions** | Total Scope 1 emissions | Chapter 1, p. 65, Chapter 5, p. 320 and 393 |
| | Total Scope 2 emissions | Chapter 1, p. 65, Chapter 5, p. 320 and 393 |
| | Total Scope 3 emissions | Chapter 5, p. 321 and 394 |
| | Carbon intensity | Chapter 5, p. 325 and 396 |
| **Transition risks** | Activities and assets exposed to transition risks | Chapter 2, p. 81, Chapter 4, p. 283; Chapter 5, p. 323 to 332 |
| **Physical risks** | Activities and assets exposed to physical risks | Chapter 2, p. 82, Chapter 5, p. 333 |
| **Climate-related opportunities** | Share of revenue, assets or other activities in line with climate opportunities | Chapter 1, p.37, Chapter 5, p. 358 and 359 |
| **Capital deployment** | Amount of investments or financing deployed to address climate risks and opportunities | Chapter 1, p. 58 to 60, Chapter 5, p. 360 and 361 |
| **Internal carbon price** | Internal carbon price used by the Group | Chapter 1, p. 42, Chapter 5, p. 324 |
| **Remuneration** | Share of remuneration of members of Executive Management and the Executive Committee relating to climate criteria | Chapter 3, p. 176, 192, 207 |
| **Key information on climate transition plans** | | |
| | Current GHG emissions performance | Chapter 1, p. 65, Chapter 5, p. 320 |
| | Impact of the low-carbon transition on the business model, strategy and financial plan | Chapter 1, p. 38 to 42 |
| | Actions and activities supporting the transition | Chapter 1, p. 64 to 65, Chapter 5, p. 319 to 326 |

## 6.2. GRI CROSS-REFERENCE TABLE

### Link between Air Liquide's Sustainable Development indicators and the indicators of the Global Reporting Initiative (GRI)

| GRI content index | | |
|---|---|---|
| Statement of use | Air Liquide has reported the information cited in this GRI content index for the period from January 1 to December 31, 2023 with reference to the GRI Standards. | |
| GRI 1 used | GRI 1: Foundation 2021 | |
| **GRI Standard** | **Disclosure** | **Location in the 2023 Universal Registration Document** |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | Chapter 7, p. 441 |
| | 2-2 Entities included in the organization's sustainability reporting | Chapter 5, p. 403 |
| | 2-3 Reporting period, frequency and contact point | Chapter 5, p. 403 |
| | 2-4 Restatements of information | Chapter 5, p. 325 |
| | 2-5 External assurance | Chapter 5, p. 405-409 |
| | 2-6 Activities, value chain and other business relationships | Chapter 1, p. 22 and 23 |
| | 2-7 Employees | Chapter 5, p. 399-400 |
| | 2-9 Governance structure and composition | Chapter 3, p. 128 et 129 |
| | 2-10 Nomination and selection of the highest governance body | Chapter 3, p. 128 et 129 |
| | 2-11 Chair of the highest governance body | Chapter 3, p. 131 |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Chapter 3, p. 153 |
| | 2-13 Delegation of responsibility for managing impacts | Chapter 3, p. 130 |
| | 2-14 Role of the highest governance body in sustainability reporting | Chapter 3, p. 153 |
| | 2-15 Conflicts of interest | Chapter 3, p. 136-139 |
| | 2-16 Communication of critical concerns | Chapter 3, p. 153 |
| | 2-17 Collective knowledge of the highest governance body | Chapter 3, p. 128 and 135 |
| | 2-18 Evaluation of the performance of the highest governance body | Chapter 3, p. 143 |
| | 2-19 Remuneration policies | Chapter 3, p.171 |
| | 2-20 Process to determine remuneration | Chapter 3, p.151 |
| | 2-21 Annual total compensation ratio | Chapter 3, p. 187 |
| | 2-22 Statement on sustainable development strategy | Chapter 1, p. 40 and Chapter 5, p. 314 |
| | 2-26 Mechanisms for seeking advice and raising concerns | Chapter 5, p. 350 |
| | 2-27 Compliance with laws and regulations | Chapter 5, p. 350 |
| | 2-28 Membership associations | Chapter 5, p. 389 |
| | 2-29 Approach to stakeholder engagement | Chapter 5, p. 370 |
| | 2-30 Collective bargaining agreements | Chapter 5, p. 372 |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | Chapter 5, p. 370 |
| | 3-2 List of material topics | Chapter 5, p. 370 |
| | 3-3 Management of material topics | Chapter 5, p. 370 |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | Chapter 4, p. 227 |
| | 201-2 Financial implications and other risks and opportunities due to climate change | Chapter 4, p. 282 |
| | 201-3 Defined benefit plan obligations and other retirement plans | Chapter 4, p. 240 and 263 |
| | 201-4 Financial assistance received from government | Chapter 4, p. 241 |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | Chapter 1, p. 68 |
| | 203-2 Significant indirect economic impacts | Chapter 1, p. 64 |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | Chapter 5, p. 349 |
| | 205-2 Communication and training about anti-corruption policies and procedures | Chapter 5, p. 349 |
| | 205-3 Confirmed incidents of corruption and actions taken | Chapter 5, p. 349 |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Chapter 4, p. 282 |

| | | |
|---|---|---|
| GRI 207: Tax 2019 | 207-1 Approach to tax | Chapter 2, p. 79 and Chapter 5 p. 351 |
| | 207-2 Tax governance, control, and risk management | Chapter 2, p. 79 |
| | 207-3 Stakeholder engagement and management of concerns related to tax | Chapter 2, p. 79 |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | Chapter 5, p. 397 |
| | 302-4 Reduction of energy consumption | Chapter 5, p. 397 |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | Chapter 5, p. 333 |
| | 303-2 Management of water discharge-related impacts | Chapter 5, p. 333 |
| | 303-3 Water withdrawal | Chapter 5, p. 333 |
| | 303-4 Water discharge | Chapter 5, p. 333 |
| | 303-5 Water consumption | Chapter 5, p. 333 |
| GRI 304: Biodiversity 2016 | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Chapter 5, p. 336 |
| | 304-2 Significant impacts of activities, products and services on biodiversity | Chapter 5, p. 336 |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | Chapter 5, p. 320 and 393 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | Chapter 5, p. 320 and 393 |
| | 305-3 Other indirect (Scope 3) GHG emissions | Chapter 5, p. 321 and 394 |
| | 305-4 GHG emissions intensity | Chapter 5, p. 325 and 396 |
| | 305-5 Reduction of GHG emissions | Chapter 1, p. 65, Chapter 5, p. 325 and 396 |
| | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | Chapter 5, p. 398 |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | Chapter 5, p. 398 |
| | 306-2 Management of significant waste-related impacts | Chapter 5, p. 398 |
| | 306-3 Waste generated | Chapter 5, p. 398 |
| | 306-4 Waste diverted from disposal | Chapter 5, p. 398 |
| | 306-5 Waste directed to disposal | Chapter 5, p. 398 |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | Chapter 2, p. 120-122 and Chapter 5, p. 384 |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | Chapter 5 p. 384 |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | Chapter 5, p. 399 |
| | 401-3 Parental leave | Chapter 5, p. 344 |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | Chapter 5, p. 341 |
| | 403-2 Hazard identification, risk assessment, and incident investigation | Chapter 5, p. 341 |
| | 403-3 Occupational health services | Chapter 2, p. 103 |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | Chapter 5, p. 342 |
| | 403-5 Worker training on occupational health and safety | Chapter 5, p. 343 |
| | 403-6 Promotion of worker health | Chapter 5, p. 372 |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Chapter 5,p. 343 |
| | 403-8 Workers covered by an occupational health and safety management system | Chapter 5, p. 346 |
| | 403-9 Work-related injuries | Chapter 5, p. 399 |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | Chapter 5, p. 400 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Chapter 5, p. 374 and 400 |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | Chapter 5, p. 400 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | Chapter 5, p. 346 and p. 400 |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | Chapter 5, p. 346 |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | Chapter 5 p. 382 and 386 |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | Chapter 2, p. 120-122 and Chapter 5, p. 384 |
| | 414-2 Negative social impacts in the supply chain and actions taken | Chapter 2 p. 120 |
| GRI 415: Public Policy 2016 | 415-1 Political contributions | Chapter 5, p. 389 |

# RELATIONSHIP WITH STAKEHOLDERS

## 1. Sustainable development issues materiality matrix

### 1.1. APPROACH AND METHODOLOGY

Contributing to a sustainable future implies working with all stakeholders and sharing responsibilities openly, fairly, and responsibly. Air Liquide is committed to continuously improving its relationship and its dialog with stakeholders. Since stakeholder priorities are constantly evolving, the Group carries out formal materiality assessments on a regular basis to identify and prioritize issues that are most important to stakeholders. In 2020, the Group conducted a consultation of its stakeholders on Sustainable Development issues.

All internal and external Group stakeholders were interviewed in most of the geographies in which the Group operates: customers, patient associations, suppliers, investors, journalists, NGOs, employee representatives, students and future generations, innovation partners, focus groups of employees and individual shareholders. With the support of a specialized firm, Air Liquide carried out both qualitative interviews and online questionnaires, giving equal weight to each response in its results.

These consultations were supplemented by analyses concerning extra-financial rating agencies, press reviews, studies of reporting standards and the contribution of a foresight consultant to improve the way in which the Group's various issues and areas of action were presented and defined.

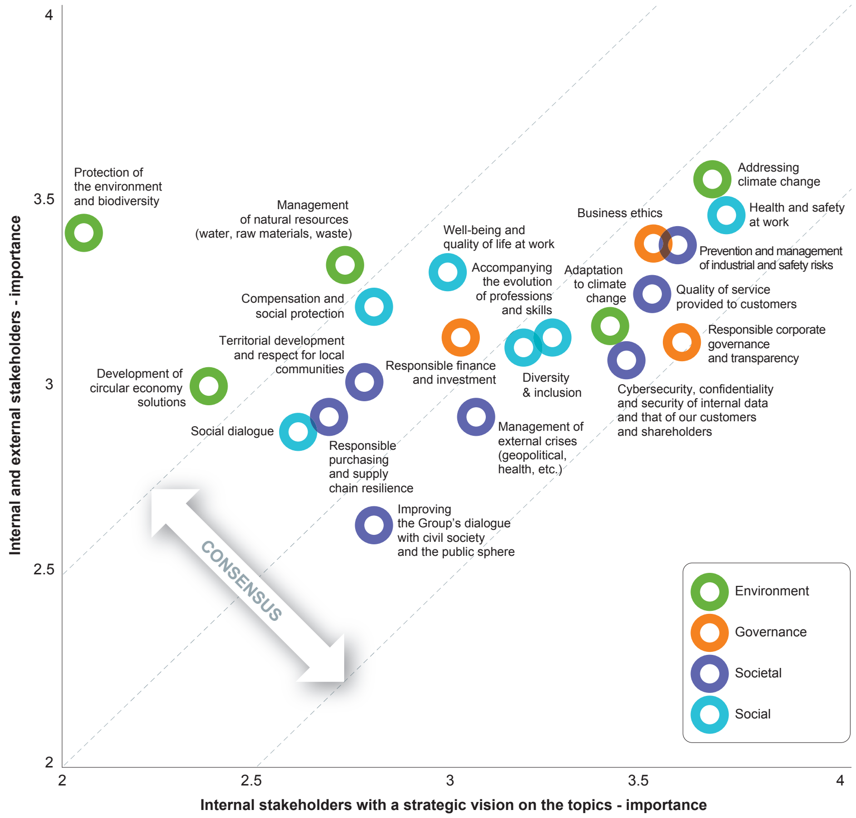
### 1.2. RESULTS

The matrix shown below highlighted the following elements:

- 21 sustainable development issues are considered to be important by stakeholders. No question received an average score of less than two on a scale of one to four;
- 14 issues were assessed as major, with a wide consensus of support. Stakeholders recognize Air Liquide's commitment in these areas and their integration into Group strategy.

The issue relative to protection of the habitats and biodiversity is the only one where the various stakeholders have significantly differing views. To better understand its impacts and dependencies, or lack thereof, the Group completed an assessment along the value chain (described in the EFPD section of the present Chapter 5 – page 336).

Compared to the analysis carried out previously, the materiality matrix showed the emergence in 2020 of social issues or challenges that are largely taken into account in the Group's strategy, such as adaptation to climate change and greenhouse gas emissions (page 319), diversity and inclusion (page 345 and 346), well-being and quality of life at work (page 344), remuneration and social protection (page 346-7). management of external crises (geopolitical or health crises, etc.) (page 83), responsible finance and investment (page 391).



# 2. The long-term engagement of employees

## 2.1. HUMAN RESOURCES

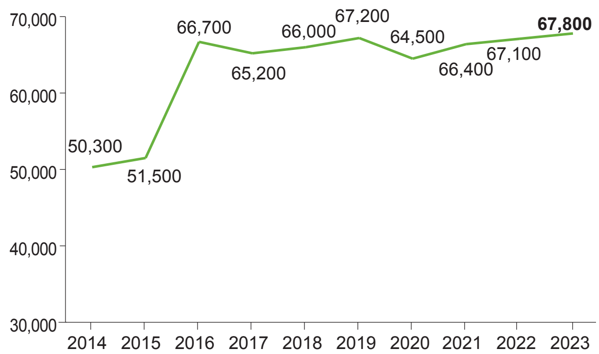
Air Liquide brings together 67,800 women and men of more than 161 nationalities, in 72 countries [(1)], who form multicultural teams with a host of skills.

The Group strives to promote diversity, encourage innovation and employee engagement, meet customers' expectations and guarantee Air Liquide's long-term performance.

In an environment undergoing profound transformation, Air Liquide has developed a Human Resources strategy to identify, attract, maintain and develop competent employees from all walks of life. This strategy is based on the following three priorities:

- encouraging employee engagement;
- developing an agile and collaborative structure;
- anticipating the future of work.

GROUP HEADCOUNT




## 2.2. EMPLOYEE ENGAGEMENT

### 2.2.1. Employees' voices

There is a direct link between employee engagement and Group customer satisfaction, which is at the heart of the Company program. Employee engagement is one of Human Resources' priorities. Air Liquide has launched a commitment monitoring measurement program, My Voice. It aims to improve employee experience and well-being. It is based on a simple concept: listen, understand and act. Following the launch of the initiative in Asia Pacific in 2019, feedback is gathered annually from employees across the entire Group to obtain a better understanding of their expectations and to identify and introduce appropriate measures – and, as a result, significantly increase their engagement.

A short survey covering some 20 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, inclusiveness, independence, career development and trust in management. Answers are completely anonymized to ensure that employees are free to express their thoughts. Results are collected in real time, aggregated and analyzed by means of a shared system for the entire Group. Each manager has access to the results from his or her team – provided that the thresholds needed to guarantee confidentiality are respected.

Since its launch, this program has confirmed Air Liquide's strengths which contribute to employee commitment and identified opportunities, particularly in the context of the health crisis in order to provide appropriate responses as soon as possible.

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.

At this last level, the results of the program made it possible, for example, to:

- implement initiatives to improve communication and education on the way the remuneration policy is constructed;
- strengthen the sharing of information concerning the Group's major strategic orientations with all employees, which has notably been reflected in the communication about the ADVANCE strategic plan.

In 2022, Air Liquide launched an internal survey on sustainable development. The purpose of the survey was to collect the opinions of employees and to measure their understanding and engagement on the subject. Analysis of the data collected enabled the Group to enrich its knowledge of the strengths and opportunities for improvement in relation to employee expectations. In 2023, this resulted in targeted actions aimed at responding to employee comments and increasing engagement in sustainable development, in particular by setting up training sessions or round tables on themes such as the energy transition, carbon neutrality, biodiversity and inclusive purchasing, as well as a global Sustainability Day.

### 2.2.2. Mobility for skills development

Air Liquide is continuously looking to recruit diverse profiles to build multi-disciplined and complementary teams.

The Group's diversity is characterized by the fact that there is no "standard career path". On the contrary, each employee adapts their career path according to their individual goals and the career opportunities offered by the Group. Internal mobility and technical expertise are two major factors in career development.

**THE TECHNICAL COMMUNITY LEADERS PROGRAM**

The Technical Community Leaders (TCL) program enables talents in technical domains to access career paths that offer them both recognition of their technical expertise and opportunities to develop and evolve in the field of this expertise. Today, Air Liquide has more than 4,700 technical experts, playing a driving role in sharing expertise and technical excellence, serving its customers and patients.

This community of the Group's technology experts contributes to the transfer of technical know-how that Air Liquide will need in the future.

As part of this TCL program to identify technical talent, 136 new international experts were appointed in 2023, in nine areas of expertise (Large Industries, Industrial Merchant, Healthcare, Electronics, Engineering & Construction, Innovation and Development Division, Industrial Operations & Security, IT & Digital, Hydrogen Mobility). The TCL program is a key driver of innovation and a major contributor to ensuring the long-term reliability and safety of its products and operations.

(1) *Excluding Russia, where the entities are no more consolidated following the loss of control on September 1, 2022.*

### 2.2.3. Employee performance and remuneration

The performance review meeting is a key stage in employee development, as it facilitates a discussion between the employee and their manager on performance and development, the assessment and setting objectives for the year ahead. In 2023, 79% of Group employees had a performance review meeting with their immediate supervisor.

The comprehensive remuneration of Group employees is based on three criteria:

- the position held;
- the degree of responsibility;
- performance.

In addition, the state of the local market, pay equality and current legislation are taken into account. It is generally made up of a basic salary plus additional remuneration and benefits items.

The variable part of remuneration is structured locally for certain categories of employees to reward performance. In general, it depends on parameters such as the Group's earnings, the entity's earnings and individual performance, which is measured in quantitative and qualitative terms. By rewarding collective and individual performance, Air Liquide encourages collaboration and contribution to overall earnings.

Most of the managers and professionals have variable pay, which includes sustainable development objectives.

Remuneration may also include benefits such as death and disability insurance, health insurance, profit-sharing [2] or solutions to help balance work and family life, which vary by country.

In 2023, 59% of the Group's employees received an individual variable portion as part of their remuneration.

15% of managers' variable remuneration is linked to sustainable development criteria, such as safety, customer satisfaction, energy efficiency and equality.

Finally, the top 378 Group executives have a significant portion of their variable remuneration linked to these criteria, notably safety, as well as to the Corporate Sustainability Program targets for their entity.

### 2.2.4. Transformation of the work environment

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

These practices were incorporated into principles that were jointly developed with European social partners. In 2019, the Group partnered with the European Works Council to develop the "Care and Perform" initiative, whose purpose is to prevent psychosocial risks. This led to the creation of a charter based on principles of action linked to improvements in work scheduling, workloads and work-life balance. The content of this charter facilitated the conclusion 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.

#### Common Social Coverage

As part of the ADVANCE objectives announced in 2022, Air Liquide's aim is to Act for all by engaging with employees. On this occasion, the Group renewed its commitment to offering a common basis of care coverage to all employees by 2025 (description in the EFPD section of the present Chapter 5 – page 346).

#### Citizen at Work: enabling employees to actively serve their local communities

For many years and throughout the world, Air Liquide's employees have been involved in helping local communities, either during or outside their working hours, with the support of subsidiaries' management or the Foundation. To encourage this even further among its 67,800 employees, the Group has created the Citizen at Work program to give employees the means to act and increase its collective impact (description in the EFPD section of the present Chapter 5 – page 345)

### 2.2.5. Legal working hours

Each Group entity defines, in agreement with representative bodies and in line with local regulations, legal working hours which encourage engagement and performance.

In 2020, the Group launched the "Next Normal" initiative to support the transformation of work organization.

With this project, the entities can provide their employees with:

- a new framework including team management;
- a supervised remote working policy;
- reorganization of workspaces;
- careful consideration of interactions with customers and patients;
- a new framework for Air Liquide's responsible travel policy.

To facilitate the rollout of the "Next Normal" 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 experience. Working groups were then organized with employees in the entities to validate the commitments.

In France, the general framework of legal working hours is defined in agreements with the labor unions.

Meanwhile, the industrial businesses, as well as those in Healthcare, include on-call systems that are regularly discussed and are subject to agreements with the labor unions.

### 2.2.6. Renewing social dialog

Air Liquide is committed to meaningful labor relations in all of its subsidiaries. This comes in different forms according to local regulations. In 2023, 87% of Group employees had access to a representation, dialog or consultation structure.

In Europe, the European Works Council of Air Liquide has 29 employee representatives from 12 countries. It was renewed in 2021 for a term of four years. In 2023, two plenary meetings were held under the chairwomanship of a member of the Executive Committee. In addition, the Council Board, composed of five members elected in plenary session, met twice to be informed of and discuss several transnational projects and topics of interest to employees in Europe, in accordance with the founding agreement of the European Works Council.

(2) *This method of remuneration, used in certain countries, is at the Company's initiative or in response to local legislation or market requirements.*

In the first half of 2023, the Board, enlarged to include French representatives at the European Works Council, held exceptional meetings relating to the Group project for the transformation of Human Resources processes and organization. The purpose of these meetings was to prepare the information-consultation process concerning the reorganization of Human Resources business services centers in France. Further to the consultation process on the Group project in 2022, the European Works Council, in plenary, delivered an opinion in 2023 on the project in France, while dialog continued at local level in accordance with applicable laws.

In 2023, the following topics, among others, were presented and discussed at European Works Council meetings thanks to the support and direct participation of the relevant internal stakeholders:

- the “Know Our Safety Risks” initiative;
- hydrogen mobility projects;
- the remote and operation and optimization SIO centers (“Smart and Innovative Operations”);
- R&D results and vision;
- Human Resources transformation project;
- monitoring of Care and Perform initiatives;
- results of the My Voice engagement survey;
- learning organization;
- digital security.

Every year, the Chairwoman of the European Works Council issues a report on various topics relating to the Group’s businesses. The Group’s annual results, and more specifically those in Europe and the results related to extra-financial performance (e.g. safety, reliability, staff turnover rate, training, diversity), have been presented to the European Works Council.

In 2023, after more than a year of meetings and exchanges of opinions at the level of the European Works Council and its Board, an amendment to the Council founding agreement was voted and signed at the November plenary session. This latest amendment integrates the best practices in favor of social dialog developed within the body through the joint recognition by Management and employee representatives of the value of effective labor relations.

## 2.3. AN AGILE AND COLLABORATIVE STRUCTURE

The second focus of the Human Resources strategy consists of building an agile and collaborative structure capable of addressing the challenges of a continuously changing world. This requires facilitating cross-divisional exchanges within Group’s teams to ensure long-term performance.

### 2.3.1. Inclusion and diversity

Diversity is a priority of Air Liquide’s Human Resources strategy and policy and the Group considers it a source of dynamism, creativity and performance. It is a fundamental element of the organization, in terms of both businesses and employees, and drives the Group’s long-term performance. The roadmap is based on three pillars:

- setting and monitoring objectives for all entities;
- mitigating bias in talent discussions and improving Human Resources processes;
- promoting a culture of inclusion.

The Group’s objective is to increase diversity among managerial staff to better recognize the various cultures that make up Air Liquide and to improve gender equality. In this respect, quantified gender equality targets have been set for the Group. The local entities took an inventory of the current situation to define an objective at the level of the clusters and thus contribute to the overall objective.

The actions taken by the Group to promote gender diversity are described in the Extra-financial Performance Declaration section, of the present Chapter 5, – page 346 and 347.

The Group has set several gender equality objectives, aimed at reaching a rate of:

- 35% women at the “Managers and Professionals” level, by 2025. These objectives are in line with the results obtained over the past ten years, which have seen the share of female “Managers and Professionals” within the Group increase from 27% in 2013 to 32.0% [3];
- 25% of executive positions (senior executives) held by women by 2025.

With the aim of a balanced distribution of the workforce by age group, as explained on page 348, Air Liquide is committed to fostering better qualifications and training programs for young people to facilitate their integration into the workplace. In this respect, the Group offers internship and work-study contracts in France as well as international exchange programs such as the ALLEX programs for managers and EVE for technicians. Furthermore, seniors will represent an increasing share of Air Liquide employees in the coming years. Their contribution to mentoring programs (notably the Technical Community Leaders program), and training programs aimed at younger generations will be further promoted.

In addition, Air Liquide ensures that its resources are representative of the local area. Thus, 161 nationalities are present in the Group and 34 among senior executives, as mentioned in the EFPD section of the present Chapter 5 – page 349.

Lastly, “Our differences make our performance.” This slogan carries a strong conviction. The inclusion of disabilities is fully in line with the policy to promote diversity within Air Liquide. This desire 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. More generally, at the European level, the HandivAirsity initiative launched in 2017 aims to encourage diversity by integrating people with disabilities into teams. The actions detailed on the subject of disability are described in the Extra-financial Performance Declaration – page 348).

At entity level, the Group’s objective is therefore to have teams comprising employees who represent the environment in which they operate. Each entity is responsible for implementing action plans specific to its own environment and legal framework, which may include many forms of diversity (skin color, ethnic origin, religion, sexual orientation, etc.). Through its diversity policy, Air Liquide is strongly committed to fighting any form of discrimination.

### 2.3.2. A new organizational model for Human Resources Management

In 2020, Air Liquide launched a global program to transform its HR function, to improve its organization and tools at the same time. This project has three objectives:

- harmonizing, standardizing and digitalizing HR processes to optimize the employee experience in all Air Liquide entities, through the implementation of the Group’s first single and integrated HR information system;
- pooling and professionalizing HR transactional activities at hub level by creating shared service centers and areas of expertise by entrusting them to centers of excellence;

(3) *The share of women among “Managers and Professionals” is rounded off in increments of 0.5%.*

- developing operational HR in the areas of change management, organizational improvement, workforce and HR cost management, in order to meet the development and efficiency needs of the AL business lines.

The new organizational structures have been created and are currently operational; Around 70% of HR information system modules have been installed, the remainder will be rolled out in 2024.

### 2.3.3. Network organization

Air Liquide has a decentralized operational structure which relies on its hubs and clusters (groups of countries or entities). This network structure on a global scale is more agile, fosters initiative and strengthens proximity with customers.

A collaborative work platform called “Kite” has been launched throughout the Group. Kite is changing every year to offer its users new services. Thus, the Group offers employees the opportunity to set up and access communities (Google Spaces) that mobilize employees on many subjects: expertise, tools, events, procedures, shared interests, etc. They transform working methods by fostering flexibility, efficiency, diversity and collective intelligence.

This network structure and collaborative platform have made it possible, over the last few years, characterized by the pandemic crisis, to maintain an efficient working structure and connections between employees.

## 2.4. ANTICIPATING THE “FUTURE OF WORK”

The “Future of Work” cornerstone focuses on identifying the business lines and skills of the future. To do so, the Human Resources teams must understand and anticipate trends that are likely to transform our business.

### 2.4.1. Business lines and skills

The aim is to implement an efficient action plan to help employees evolve at the same pace as their business line. To support each employee in this new technological environment, Air Liquide University has developed:

- a Sales Academy, which was set up to strengthen key skills in the Group’s business lines;
- an “AI readiness” program, which was launched to develop sensitivity and skills in artificial intelligence within the Group.

### 2.4.2. Career-long training and development

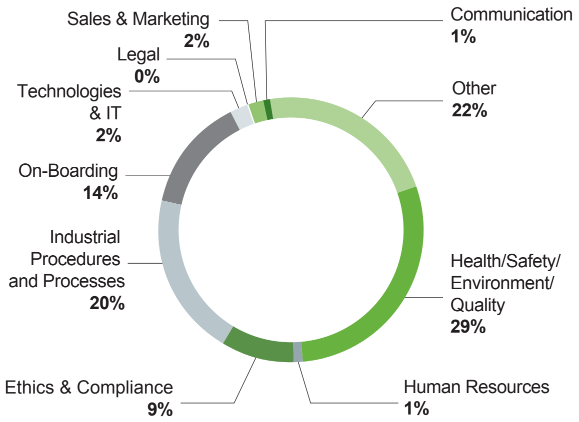
Air Liquide takes special care to develop its employees’ skills and expertise throughout their careers. Several ways of learning are provided. Everyone must be proactive in this regard.

In 2023, the percentage of Group employees who had at least one day of training during the year was 70%; this excludes regulatory training.

The online training offer is upgraded year by year and covers many topics such as safety, ethics, Human Resources processes, management, and, more recently, digital technology.

An online self-learning package (#ILoveLearning) was deployed in 2019 as part of a pilot by Air Liquide University. Since then, over 26,920 employees have used this self-service training.

BREAKDOWN OF TRAINING TOPICS




Through its programs and structure, Air Liquide University, which has now been active for around 15 years, supports the Group’s strategic initiatives and promotes the Air Liquide culture. Today, Air Liquide University is present at Group level and promotes new ways of learning, in both traditional and non-traditional ways, in order to share these ideas globally. As such, the Company’s various businesses and functions can access tools to design their own programs.

Modern teaching methods are coupled with formal and informal skills, online training, lessons, support, mentoring, co-development, etc. The programs are as practical and relevant as possible, and use role play, mock exercises, workshops, case studies, guided discussions and various feedback mechanisms.

Following the health crisis, the digitalization of many business lines and the strengthening of training for employees, in 2023 the Air Liquide University once again launched two virtual events open to the entire Group, which revolve around nine themes: Management & Leadership, Sales & Marketing, Operational Excellence, Innovation, Climate & Energy Transition, Personal Development, Digital & IT, Inclusion and Diversity and sessions reserved for HR professionals. This has resulted in 6,300 employees logged in to over 270 online sessions: webinars, virtual classes and learning paths. One of these virtual events is dedicated to peer learning with all sessions offered by Air Liquide internal facilitators. For this edition, which took place over five weeks, more than 150 internal facilitators shared their knowledge with 4,150 participants in 170 sessions organized in different time zones and in multiple languages. Thanks to the mini tutorial program, this year 26 creators of mini tutorials also shared their knowledge with more than 25 micro-learning videos. Those sessions are then available in the Learning Management System (LMS), in Workday and on the University website.

This year, the first face-to-face Campus Europe since the health crisis was organized in the Paris region. 140 participants from 31 different countries took part in training programs: Management & Leadership, Sales & Marketing and Operational Excellence. This event, organized over four days, is a unique learning and networking opportunity for employees.

As part of the BeActEngage program, the Group provides employees with the means to learn throughout their career. As a learning company, Air Liquide also encourages employees to pass on their knowledge and learn from each other, and peer-to-peer learning is an excellent opportunity to broaden their skills.

These events have, firstly, promoted interactions within the Group thanks to participants from 68 countries and, secondly, revealed employees' creative and teaching abilities:

Among the Air Liquide University's programs, those on management and leadership cover all modern management situations, thereby promoting the use of a shared language at a Group level. These programs help managers understand the increasingly volatile and complex world around them and provide the Group with the relevant expertise to maintain its leadership position over the long term.

# 3. Shareholders: a long-term relationship

Shareholders have been contributing to and supporting the Group's growth since its creation. During the 2016 acquisition of Airgas, they once again confirmed their commitment to the Group's development through large-scale involvement in the capital increase in cash with Preferential subscription right. Today, it is thanks to their loyal support that Air Liquide can continue to change and grow. Air Liquide's long-term profitable growth strategy and its commitment to its Shareholders are therefore closely linked. By promoting individual shareholding, through various market actions and by offering Shareholders the expertise of its dedicated department, Air Liquide fosters a close relationship on a daily basis, founded on dialog with its Shareholders, based on the following key principles:

- promoting long-term share investment;
- encouraging Shareholder loyalty through registered shares and its establishment of a loyalty bonus policy;
- promoting discussion through meetings with Shareholders, whether face-to-face or in digital format;
- recognizing and promoting the Shareholder's key role.

DISTRIBUTION OF CAPITAL (AS OF DECEMBER 31, 2023)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Individual shareholders | 37% | 36% | 33% | 32% | 32% | 32% | 33% | 33% | 35% (b) | 34% |
| French institutional investors | 17% | 18% | 20% (a) | 19% (a) | 18% | 17% | 16% | 15% | 14% | 13% |
| Non-French institutional investors | 46% | 46% | 47% (a) | 49% (a) | 50% | 51% | 51% | 52% | 51% | 53% |
| Treasury shares | > 0% | > 0% | > 0% | > 0% | > 0% | > 0% | > 0% | > 0% | > 0% | > 0% |
| Registered capital | 35% | 36% | 33% | 34% | 35% | 34% | 34% | 34% | 35% | 34% |
| Capital eligible for the loyalty bonus | 30% | 30% | 26% | 25% | 26% | 28% | 28% | 28% | 28% | 28% |

*(a) In 2016, the proportion of institutional investors in the Group's capital increased due to their over-subscription to the capital increase.*
*(b) Part of the increase in the proportion of capital held by individual Shareholders between the end of 2021 (33%) and the end of 2022 (35%) is due to the change of the tool used to identify Shareholders in application of the European Shareholder Rights Directive (SRD2). The results obtained thus provide more precise information on the shareholding structure, in particular with regard to individual Shareholders abroad.*

## 3.1. CUSTOMIZED SERVICES

The Shareholder Services Department, with more than 40 employees and experts, is dedicated to Air Liquide's individual Shareholders. The Investor Relations team is in charge of the relationships with institutional shareholders, as well as financial analysts.

Air Liquide is at the disposal of all its Shareholders, whether individual or institutional, "bearer" or "registered" Shareholders, to inform them and support them. In addition to its steady performance and remuneration policy, Air Liquide promotes the registration of shares in order to enhance the value of the investment in shares and build long-term Shareholder loyalty with eligibility for the loyalty bonus.

The Shareholder Services Department continues to improve the quality of service to Shareholders. It simplifies administrative procedures by offering more personalized services. It is pursuing initiatives for better and wider dissemination of strategy and financial information, for example by broadcasting live events to the Group's Shareholders. The latest digital tools are also at the heart of this initiative, as they provide a formidable lever for multiplication and personalization.

As proof of this commitment, Air Liquide is the only company to offer, a space allowing Shareholders or people seeking information on Air Liquide shares to discuss in person with the Shareholder Relations Advisors: it is the Shareholders' Lounge, located at the Company's head office in Paris.

Air Liquide manages a Shareholders' Communication Committee (SCC). Composed of 12 Shareholders, the SCC meets three times a year under the Chairmanship of the Chairman and enables rich discussions with these Shareholder representatives. It is regularly consulted on matters relating to communication with Shareholders. This year, the SCC welcomed one new member for a three-year term. A committee member is part of the Air Liquide Foundation's Project Selection Committee.

### Registered Shareholder services

Registered shares are eligible for a loyalty bonus: Air Liquide thanks Shareholders for their loyalty by offering them a loyalty bonus after holding their shares in registered form for two full calendar years. This bonus provides a +10% increase in the amount of dividends paid and +10% more free shares distributed during free share attributions.

Air Liquide is the only CAC 40 non-banking company which keeps managing internally all aspects of its shares on behalf of both its 133,000 Shareholders who hold their shares directly with Air Liquide ("direct registered") and the 197,000 Shareholders who choose to deposit their shares in a Bank, while being known to the Company ("administered registered"): account keeping, register keeping, centralization of the General Meeting. It does not charge any custodial or management fees. Broker fees are among the lowest on the market at 0.1% excluding VAT for transactions made online in the Shareholder Portal and paid for by bank card or direct debit. For transactions settled by other forms of payment in the Shareholder Portal or for stock market orders placed by another means of communication (e.g. telephone call or online request), broker fees are 0.18%. The brokerage rate applies with no minimum fee, i.e. regardless of the number of shares purchased or sold.

## 3.2. 2023 STOCK MARKET PERFORMANCE, OVERALL RETURN AND ATTRACTIVE REMUNERATION FOR SHAREHOLDERS

In 2023, the stock market performance of Air Liquide's shares was up +33.02% (vs. a +16.52% increase for the CAC 40). Taken over a five-year period, including 2020 which was the pandemic year, the stock market performance of Air Liquide's shares was up +96.50% (vs. +59.49% for the CAC 40).

There have been 31 free share attributions since 1962, i.e. an average of one free share award every two years.

As of December 31, 2023, the overall financial performance of the Air Liquide share, i.e. the rate of return on invested capital, or Total Shareholder Return (TSR) [(1)], remains well above the performance of its benchmark index:

END OF 2023 DATA

| TSR (Annual return) | 5 years | 10 years | 20 years |
|---|---|---|---|
| Air Liquide registered shares | +17.19% | +12.90% | +12.59% |
| Air Liquide bearer shares | +16.87% | +12.43% | +12.01% |
| CAC 40 reinvested dividends | +12.88% | +8.99% | +7.26% |

Since its initial public offering in 1913, Air Liquide has always shown a profit and shared the fruits of its growth by rewarding its Shareholders' trust through a remuneration and loyalty policy based on regular dividend distribution, allocation of free shares, and a loyalty bonus program. As a result, more than 50% of earnings over the last 10 years have been distributed to Shareholders by way of dividends.

## 3.3. RECOGNIZING AND PROMOTING THE SHAREHOLDER KEY ROLE

Air Liquide is committed to defending individual Shareholding and promoting investment in shares, a real challenge for society with a strong increase in the number of individual Shareholders observed since the health crisis of 2020. The Group has supported initiatives such as those of the ANSA (Association nationale des sociétés par actions), the Observatoire des Actionnaires d'Avenir and the F2iC (the French Federation of Individual Investors and Investment Clubs), which contributed to the creation of the "PEA Jeunes", a young person's personal equity plan under the PACTE law.

## 3.4. 2023 INITIATIVES

### 3.4.1. Individual Shareholders

#### Close to 800,000 people are individual Shareholders of the Air Liquide group as of December 31, 2023; they hold 34% of the company's capital.

Individual Shareholders have been contributing to and supporting the Group's growth since its creation. Shareholders' trust and loyalty are key to Air Liquide's growth. For more than a century, the Group has been dedicated to involving them in its growth and has fostered a long-term relationship based on transparency, dialog and proximity.

The website for recruiting new Shareholders, https://deveniractionnaire.airliquide.com, continues to be enriched with new articles in the "News" section. It presents the performance of Air Liquide's shares and explains the Group's strategy in a new way. To show the regularity and level of performance of the Air Liquide share, a simulator allows the visitor to position sliders to select the duration and the amount of the investment, then to compare this performance with that of the Livret A (France's most popular savings account). This simulator is now integrated into the site https://www.airliquide.com/ and aims to attract new individual shareholders.

The process for opening an online securities account, which has been a great success since its inception, was redesigned and simplified. The new system presents the various stages in a more intuitive way, incorporates automatic checks of the supporting documents sent and makes it easier to open a securities account more quickly.

Air Liquide's digital presence continued to grow in 2023 with several new online initiatives. As part of the Boursolive digital fair, Air Liquide took part in the "Let's Talk Equities" webinar at the end of June 2023. This live webcast, available for replay, attracted tens of thousands of views. Based on the observation that this type of live exchange appeals to part of the Group's audience, Air Liquide organized a second live webinar on October 25, 2023. It attracted nearly 1,300 live viewers, who asked more than 600 questions, and was viewed thousands of times. The aim of this new format is to inform individual Shareholders by answering their questions and address practical issues such as loyalty bonuses and how to deal with existing online frauds. It also makes shareholding accessible to beginners by teaching them about share ownership and facilitating access to the stock market.

A series of short videos (1 minute 30 seconds) was launched in autumn 2023. These films, entitled "Take action", present in a new way the essential elements shareholders need to make an informed decision. Each episode has been viewed several thousand times, demonstrating the interest of some members of the public in this format. A second season will be launched in early 2024.

Air Liquide is strengthening its presence on social networks. Based on an ecosystem of several social networks, the Group is targeting different audiences in different ways. Thus, the multiplication of "posts", information dedicated to Shareholders, the live broadcast and replay of webinars, access to the various "Take Action" videos, speeches and testimonials from the Group's management team all contribute to increasing Air Liquide's visibility for its Shareholders or future Shareholders.

(1) *The TSR is an annualized rate of return for shareholders who buy shares at the beginning of the period and resell them at the end of the period. This calculation takes into account changes in the share price, dividends reinvested in shares and free shares awards, both increased by the loyalty bonus, and includes the impact related to the capital increase of 2016.*

### MEETINGS WITH SHAREHOLDERS

**The General Meeting**: The General Meeting of May 3, 2023 brought together around 2,700 people in person at the Palais des Congrès de Paris and nearly 1,500 connected live to the webcast. Almost 40 minutes of discussions with Shareholders took place during this General Meeting. The dates of the next Air Liquide Combined General Meetings are April 30, 2024 and May 6, 2025. The Air Liquide Group is committed to this expression of shareholder democracy and to the principle of equality of shareholders, each share entitling its holder to one vote.

**Shareholder meetings**: the Shareholder Services Department meets regularly with Shareholders in the regions. Three meetings were organized in 2023: in Strasbourg on June 12, Annecy on September 25 and Bordeaux on October 3. These meetings, attended by several hundred Shareholders, provide an opportunity to talk to the public, answer their many questions and present the company and the main services offered by Air Liquide.

**“Investing Day”**: in November, Air Liquide took part in the 2023 edition at the Carrousel du Louvre. With a stand attended by several hundred Shareholders, Air Liquide organized presentations dedicated to the Group’s shareholding or businesses. The company also took part in several round tables and “masterclasses” during which speakers answered questions from a large audience of people wishing to learn more about the Group. This event is part of the strategy to get new Shareholders.

## 3.4.2. Institutional investors

The CEO met more than 200 investors in 2023, in particular during four Roadshows and two conferences.

The Chairman of the Board of Directors met several major Shareholders in 2023 to discuss governance issues.

The Investor Relations team met more than 1,500 investors in 2023 during 33 conferences (including five on ESG topics and two for credit investors), 11 roadshows and numerous meetings organized at headquarters, in person or by videoconference. Members of the Executive Committee participated in some of these events.

# 4. Serving customers and patients

In an increasingly dynamic and competitive environment, Air Liquide focuses its attention on its customers and their satisfaction in order to provide them with long-term growth. To strengthen this priority, the Group Customer Department is supervised by a member of the Executive Committee.

As part of its Healthcare business, Air Liquide strives to offer solutions that aim to improve the quality of life of patients and enable caregivers to focus on their medical duties. This approach is an essential lever for improving the health outcomes expected by patients and is an integral part of the "Value-Based Healthcare" strategy of the Group. This is how Air Liquide will be able to contribute to a more efficient and virtuous healthcare system for all.

Present in 35 countries around the world for its healthcare business, the Group works with all healthcare players to meet the major challenges they face.

## 4.1. COMMITMENT TO INDUSTRIAL CUSTOMERS

Air Liquide meets the needs of over two million industrial customers worldwide. These customers come from sectors as diverse as steel, agri-food, chemicals, water and waste management, electronics, crafts, etc. The Group's objective is to support its customers by providing them with services and solutions that are both innovative and reliable. This is possible thanks to in-depth knowledge of each of their businesses.

The Group's organization allows each entity and industrial activity to respond to the specific expectations of local customers within its geographical region, thereby building a close relationship with each customer. Customers demand flexibility, responsiveness, service, availability and a genuine long-term partnership.

In addition, some international customers require fully coordinated global management services. An organization dedicated to strategic accounts helps support these customers and meet their specific needs. This program relies on a team of Strategic Account Managers whose mission is to develop in-depth knowledge of those customers so that they can better respond to their needs and adopt a strategic alignment with their growth priorities.

To assist us in working with and supporting customers and meeting their specific needs, the industrial structure is organized into three different activities:

### Large Industries

The Large Industries business line supplies around 500 customers in the metals, chemicals, refining and energy industries with gas and energy solutions which are essential to their own industrial production, enabling them notably to improve process efficiency, make their plants more environmentally friendly and reduce their carbon footprint.

### Industrial Merchant

The Industrial Merchant business line serves over two million customers representing a very diverse range of sectors and requirements:

- materials and energy;
- automotive & manufacturing;
- food & pharmaceuticals;
- technology & research;
- craftsmen & retail.

It offers them comprehensive solutions for implementing and optimizing industrial processes. Around 95% of the customer base in this sector is small customers who favor simplicity, flexibility and quality of service.

### Electronics

This business area supports its customers in the semiconductor, flat panel and photovoltaic markets, drawing on its expertise, worldwide infrastructure and strategic partnerships with manufacturers. Its products and services respond to growing consumer demand for improved mobility, connectivity, processing power and energy savings.

## 4.2. COMMITMENT IN PARTNERSHIP WITH PATIENTS, HEALTH PROFESSIONALS AND HOSPITALS

Air Liquide is a global player in medical gases, home healthcare services and specialty ingredients.

In 35 countries, Air Liquide's 16,500 employees in the Healthcare business units – nurses, researchers, technicians, engineers, doctors, data scientists – support two million chronic patients and provide medical gases and related services to 20,000 hospitals and new care facilities, as well as 140,000 healthcare professionals. Air Liquide Healthcare is committed alongside professionals and institutions to improve the health and quality of life of patients and make the healthcare system more efficient and virtuous for everyone.

These activities are described on page 31 of Chapter 1.

# AIR LIQUIDE AT THE HEART OF CARE PATHWAYS

**The patient**

Personalized support and the ability to contact Air Liquide's service departments by phone (or SMS) are designed to ensure better adherence to the treatment and reassure the patient.

**Society**

The increase in chronic diseases is forcing us to rethink how they are treated at community level. Providing tailored support at home should allow for better control of indirect costs, such as those associated with work stoppages, isolation and insecurity.

**The family**

The family is often the first responder when it comes to chronic patients. A better understanding of treatment, simplified interactions with healthcare professionals, and human and digital support all help ease the burden for those surrounding the patient.

**The paying agency**

Committing to treatment adherence, means doing everything possible to make the patient's treatment success.

This approach emphasizes the quality of the support provided for patients and boosts the savings generated for the healthcare system as a whole, in order to create the conditions for truly effective treatment as well as real economic effectiveness.

**The hospital**

Hospitals face major challenges: receiving more and more patients, meeting the challenges of healthcare staffing, reducing costs without impacting the quality of care, seizing the opportunities presented by digitization, etc. Air Liquide has been at hospitals' side since its inception and provides specific answers to these challenges, while implementing continuity of hospital-to-home care.

**Healthcare professionals**

Air Liquide promotes the proper coordination of healthcare professionals by making it possible to collect information about the patient remotely and to share it continuously through connected devices.

The result is fewer superfluous meetings and more time for medical actions with a high added value and for dialog with the patient.

### 4.2.1. Home healthcare

As a leader in home healthcare in Europe (in number of patients supported), Air Liquide provides care in the home for people with chronic diseases. The Group provides respiratory and perfusion assistance solutions (e.g. for diabetes or Parkinson's). Thanks to its expert multidisciplined teams, Air Liquide aims to increase patients' autonomy and quality of life, improve their treatment compliance and lower their risk of relapse or rehospitalization.

The Home Healthcare business is one of the responses to the shift to outpatient care and sits at the heart of the healthcare system between the patient, hospital or other healthcare facilities, doctors, nurses, health insurance organizations, pharmacists and others. It supplies the services, products and/or medical equipment necessary to start treatment at the patient's home, following the medical prescription, and trains patients and their families in the proper use of devices. Air Liquide has three key leverages; its close human proximity to patients at home for nearly 40 years, its technical knowledge of medical devices (whether connected or not), and its innovative strength, particularly in digital solutions. The Group therefore makes a major contribution to the continuum of care by ensuring regular support for patients with chronic conditions. This activity requires focusing on what really matters to the patient to improve their quality of life. To this end, Air Liquide offers personalized support plans, providing the support each patient needs when he or she needs it.

Air Liquide's Home Healthcare business strives to meet these public health challenges as well as the growing constraints on health spending in advanced economies, by avoiding hospitalization and developing a home care offer using digital monitoring in particular. In developing economies, Home Healthcare is growing in areas where health systems are being introduced.

#### THE ARIADE PROGRAM

ARIADE aims to strengthen the autonomy of people living with type 1 and type 2 diabetes by developing differentiated offerings depending on the medical devices. Patients are asked to rate their treatment experience and the results obtained (PREMs and PROMs) in order to demonstrate the value of the support. This support includes a wide range of services such as 24/7 technical support, home visits, the supply of consumables, training modules, nutritional advice, etc.

### 4.2.2. Hospital businesses

Air Liquide is one of the world leaders in medical gas production and distribution for hospitals and related services.

Whether in emergency rooms, operating rooms, or intensive care units, Air Liquide's medical gases and associated services make it possible to provide care, alleviate pain, administer anesthetics and improve respiratory functions. The Group's long-standing partnership with healthcare facilities and healthcare professionals and its expertise in the management of medical gases makes it possible for Air Liquide to continue to develop a wide range of products and services to enable healthcare teams to devote themselves fully to their medical mission with patients. The role of Air Liquide is to always be alongside its partners when they need it most. Today, the Group is going even further in its commitment:

- by guaranteeing supply. In order for healthcare teams to have complete confidence in the availability of medical gases, Air Liquide is committed to providing unparalleled reliability of its medical gas supply chains to the point of use, in normal times and in times of crisis. Supply is based on a network of local plants (Air Separation Units (ASUs) and filling plants) and operational continuity plans. It also includes the 24/7 availability of technical and logistical resources in order to be able to react in the event of an emergency. Technicians, drivers and operators are trained and qualified to guarantee the safety and quality of operations;
- by simplifying the management and use of gases. Air Liquide supports the complete management of medical gases, combining the best of technology, innovation, expertise and availability of its teams, so that caregivers in hospitals can focus on what they do best: being there for patients. Air Liquide offers services such as "Total Gas Management" (TGM), which remains permanently at the hospital in order to optimize the supply of medical gases and monitor the different supply parameters so that the hospital can function efficiently;
- by moving towards carbon neutrality by 2050. Committed to leading the way by investing in innovative solutions, Air Liquide defines decarbonization action plans and roadmaps in the various geographies to ensure a reduction in carbon emissions related to medical gases from their production to their use. The Group also offers a range of low-carbon products (starting with liquid oxygen and nitrogen for hospitals) produced using 100% renewable electricity. Finally, Air Liquide supports hospitals to help them reduce their nitrous oxide ($N_2O$) emissions or losses generated by pipe leaks.

Air Liquide supports the transformation of hospital care and the development of outpatient care with a significant presence in primary care and other care centers that serve as an alternative to hospitals.

### 4.2.3. Diversification of care settings

Air Liquide is interested in new alternative care locations between the home and the hospital, because it makes it possible to offer a continuity of care to patients, especially severe ones. The Group is already operating in this field through its local entities in Germany, for example, with the therapy apartments model, in Italy with nursing care for patients with chronic conditions, and in Poland, with a facility specializing in the care of ventilated patients.

Air Liquide's solutions are also dispensed by certain specialists in doctors' practices, in new care settings other than hospitals, and in retirement homes. Healthcare professionals such as ambulance attendants, general practitioners, dermatologists and dentists are local practitioners who play an essential role in caring for patients at various stages in their continuum of care. In response to changing care settings and healthcare coordination issues, Air Liquide provides an offering tailored to their specific needs, particularly in terms of mobility, ease of use of their medical devices, and autonomy in monitoring their treatment.

### 4.2.4. Societal initiatives in healthcare

On March 23, 2021, as part of its new sustainability objectives, the Group reaffirmed its commitment to supporting patients, as defined in the "Act for health, by caring for patients" pillar of its ACT sustainable development approach. In the process, the Group demonstrates how it is shaping the transformation of healthcare worldwide, through its businesses' contribution and collaboration with the healthcare ecosystem.

As an expert in the supply of medical gases and related services, as well as in home healthcare services, Air Liquide has set itself two main goals:

- improving the quality of life of patients living at home with chronic diseases in mature economies;
- improving access to medical oxygen in low- and middle-income countries.

### Improving the quality of life of patients living at home with chronic diseases in mature economies

The contribution of Air Liquide's Home Healthcare activities to the Group's ESG strategy will be based on its strong expertise in the care and monitoring of patients living at home with chronic diseases. The Group is committed to improving the quality of life of patients through actions to better understand and know them, listen to their needs and feedback and strengthen their capacity and autonomy in managing their illness.

The Group is pursuing two sets of concrete measures to improve the care and outcomes that matter most to patients:

- developing initiatives that are no longer only in partnership with patient associations, but above all focused on patients, i.e. that contribute effectively to improving their quality of life;
- establish personalized support plans.

To take these measures further, Air Liquide has set up a solid global organizational structure in 24 countries (mainly in Europe but also in the Middle East, Asia Pacific and Americas regions). It consists of a multi-disciplinary working group mandated with building a strategic vision and overseeing the follow-up of action taken using appropriate monitoring indicators, and coordinating an international champions network in the countries responsible for reporting on the actions.

#### *Developing initiatives with and for patients*

In 2023, Air Liquide's Healthcare teams wanted to be even more ambitious by selecting only initiatives directly focused on patients, i.e. based on listening to the voices of patients, on detailed knowledge of their needs and the strengthening of their capacities and autonomy so that these initiatives contribute effectively to improving their quality of life.

These initiatives cover various pathologies such as diabetes, sleep apnea, Parkinson's disease and other respiratory diseases treated with oxygen and/or ventilation.

Since 2021, Air Liquide's Home Healthcare entities developed 120 patient-centric initiatives, most of which in Europe:

- in Sweden, as part of the development of a new personalized support plan for people living with type 1 diabetes, Nordicinfu Care has set up an advisory board of patients who may be called upon in different ways (participation in focus groups, response to questionnaires) on topics related to understanding their quality of life, needs and difficulties. The results of these consultations are used to develop the content of the support plan in a partnership of co-creation with patients;
- in Germany, VitalAire launched an advisory committee with people living with type 1 diabetes to help develop home healthcare services and facilitate the daily lives of patients. As a real forum for dialog, the members of the committee are invited to share their feedback on the services and medical devices made available and to discuss future developments in the treatment of diabetes.

#### *Establishing personalized support plans*

Personalized support plans mean that healthcare services are defined based on results that really matter to patients, their health and their lifestyle, and on expected clinical and quality-of-life outcomes.

Theses personalized support plans are the foundation of a "Value-Based Healthcare" approach, to adapt the service to the needs of the patient and improve the outcomes for patients at the best cost for all.

| Key indicator | As of December 31, 2023 |
|---|---|
| Percentage of patients with personalized support plans (treatment adherence & outcome-based care) | 55% |
| Number of patients with personalized support plans (treatment adherence & outcome-based care) | 1,085,000 |

Air Liquide has developed two different levels of personalization of the patient experience:

- level 1, personalization based on data from the medical equipment provided to the patient. This involves regular monitoring of data from medical equipment (mainly usage data) and then adapting our service when the results are not satisfactory in relation to the use of the equipment recommended for effective treatment. This level of personalized health services is well developed in countries such as France and Spain for sleep apnea. The goal is to extend this level of personalization to various target countries and to the different diseases and therapies covered by the Healthcare businesses;
- level 2, personalization based on clinical outcomes and patient quality of life. This involves measuring the outcomes that matter to patients and then adapting the service when the outcomes are not satisfactory enough. This level of personalization involves understanding the needs and individual characteristics of each patient in order to offer them a healthcare service adapted to their profile and defined according to the expected clinical results and quality of life.

Air Liquide started implementing this Value-Based Healthcare model in countries such as Spain and France in 2021, focusing on patients with sleep apnea and/or receiving ventilation treatment. The goal is to steadily develop this level of personalization in other countries and for other therapies. Since then, pilots using level 2 personalization have been launched in Portugal, Italy, the Netherlands, Korea, Australia and Brazil, now including a service for the treatment of diabetes.

### dALi, IN SWEDEN

In Sweden, the Nordicinfu Care subsidiary is testing dALi, a personalized support program for people with type 1 diabetes. Patients with the most complex needs are identified to set up their personalized support plan in terms of the frequency of interactions, their nature (digital, home visits, etc.) and the nature of the information exchanged. This program goes beyond the standard service and aims to empower patients, simplify the work of healthcare professionals and reduce complications related to the disease.

## Improving access to medical oxygen in low- and middle-income countries

Air Liquide intends to rely on its expertise in the supply of medical oxygen to increase access to oxygen for populations in low- and middle-income countries. The Group favors initiatives that are sustainable in the long term and respect strict ethical guidelines.

Respiratory infections, and pneumonia in particular, are the leading cause of death in children under five in developing economies. Acute phases can be treated with antibiotics and oxygen therapy.

More generally, improving access to medical oxygen in these countries is a priority. This need was acutely felt during the covid-19 crisis.

The Group has implemented an “Access Oxygen” program since 2017, to ensure that rural and suburban populations in low- and middle-income countries have safe, reliable and affordable access to oxygen over the long term.

To set up a medical oxygen supply infrastructure, Air Liquide relies on:

- Air Liquide teams, which support the rollout of the Access Oxygen solution;
- international donors or Group subsidiaries that finance the necessary equipment;
- local entrepreneurs who implement Access Oxygen in the beneficiary healthcare structures.

Access Oxygen offers an oxygen therapy kit, a training program for healthcare personnel with the provision of digital tools (Access Oxygen application – Oxygen Academy platform) and an equipment maintenance service.

At the end of 2022, to better structure its action and effectively support its partners, social entrepreneurs or international organizations, the Group set up a dedicated subsidiary, Access Oxygen. It will contribute its know-how in the design and operation of adapted, safe, robust and sustainable oxygen solutions.

In 2023, the Group’s teams continued to facilitate access to oxygen:

| Key indicator of oxygen access | As of December 31, 2022 | As of December 31, 2023 |
|---|---|---|
| Estimate of the population benefiting from easier access to oxygen through Air Liquide’s “Access Oxygen” action | 1,778,000 | 2,057,078 |

To this end, they have carried out or developed projects particularly in Kenya and South Africa:

### FIRST PILOT PROJECT DEPLOYED IN KENYA

In July 2022, the NGO Center for Public Health and Development, a partner of Access Oxygen in Kenya, launched a first pilot in the country with five health facilities in the Bungoma region. The financing covers equipment and service costs for a period of six months. In 2023, the pilot was extended to 17 additional health facilities in the Nairobi region, supported by a second funder.

Thanks to the rollout of this initial pilot, Air Liquide estimates that around 125,600 people in the region benefit from access to medical oxygen.

### PARTNERSHIP WITH UNJANI CLINICS IN SOUTH AFRICA

Unjani Clinics is a network of primary care clinics aimed at improving access to healthcare for middle-class South Africans in rural and suburban areas. This network also contributes to the national program for the emancipation of young black women. Unjani Clinics is collaborating with VitalAire South Africa, the Group’s Health subsidiary, to extend the availability of medical oxygen to all clinics in the network, thanks to the “Access Oxygen” offer. VitalAire provides training and helps increase the skills of medical personnel working with oxygen therapy and related equipment. Air Liquide also provides part of the equipment financing through its subsidiary in South Africa. The 164 clinics of the Unjani network are now equipped with the Access Oxygen kit, which provides close access to oxygen to more than 984,000 people in the country.

## COLLECTIVE ACTION WITH THE INTERNATIONAL COMMUNITY

Air Liquide works with other players in the international community to support access to oxygen in low- and middle-income countries. Thus, Air Liquide is part of the "Every Breath Counts" coalition, which regularly brings together those involved in oxygen access (NGOs, lenders, manufacturers, service providers, etc.) and contributes to its work. Air Liquide also collaborates with the "Access to Medicine Foundation", which has experience in strategies for access to healthcare products in the poorest countries. In April 2023, it published its annual report for the first time on the commitment of the main medical oxygen suppliers to open up access to oxygen in low- and middle-income countries. Air Liquide's action is highlighted in this, with the strong involvement of its teams during the covid-19 pandemic and the Access Oxygen program.

## 4.3. FROM LISTENING TO ACTION

Since 2017, the Group has been directed toward a customer-centric transformation, boosted by a customer experience management tool called "Voice of Customer" (VoC). This solution allows all entities to regularly poll (through digital channels) an unlimited number of customers, analyze their comments in real time, identify dissatisfied customers, contact them and take the necessary steps to address the reasons for their dissatisfaction. Thanks to the broad sharing of customer comments at every level of the Group, appropriate action plans have been identified and implemented to improve their experience. To date, VoC has already been rolled out in 60 Group subsidiaries worldwide.

The VoC survey is now available in two formats: an annual survey that covers all stages of the customer experience and a more frequent transactional survey that measures satisfaction at a particular stage: offer, order, delivery, invoicing, technical service, etc. Their feedback tells the Group that its customers particularly appreciate the quality and safety of its products and services, and the professionalism and efficiency of the teams in contact with them.

The annual survey also allows to monitor two common key performance indicators at Group level, the NPS (Net Promoter Score®) and the ESG (Environmental, Social and Governance) score. The NPS measures customers' intention to recommend using a simple question: "On a scale of 0 to 10, how likely are you to recommend Air Liquide as a supplier?" Since the launch of the VoC surveys, Air Liquide has seen a steady improvement in this score across all business lines.

The ESG score is part of the Group's commitment to a sustainable future: supporting our customers and patients, while taking into account the urgency of climate change and societal developments. With 50,000 responses collected, the ESG score reached 8.69 points out of 10 in 2023, an improvement over the 2022 results (8.65 points). Industrial Merchant customers were asked about their satisfaction with Air Liquide's contribution to their environmental objectives (reduction of the environmental footprint, $CO_2$ emissions, energy efficiency). In the Healthcare sector, patients and healthcare professionals evaluated Air Liquide's ethical and responsible behavior and its respect for safety regulations, in an area in which patient quality of life and contribution to the effectiveness of healthcare systems are fundamental.

In addition to the indicators described above related to the Voice of Customer, other indicators are used to improve the experience provided to customers, in particular to smooth their pathway and reduce to zero all possible points of friction. It is recognized that the more fluid the experience, the lower the risk of the customer changing suppliers.

An excellent example is the "Customer Effort Score" used in US operations, which consists of several indicators (up to 10 individual operational indicators) such as open orders, blocked invoices, late deliveries, litigation rate, etc. This indicator is not linked to a particular customer but relates to a geography or a business and is used to assess the quality of Air Liquide's activities.

Managers use the indicator to easily identify the areas that create the most friction and the opportunities for improvement, so that they may act accordingly.

### SUCCESSFUL CUSTOMER COMMITMENT

| 280,000 | 90% (a) |
|---|---|
| customer/patient returns collected since 2017 | satisfied or very satisfied Air Liquide customers |

*(a) Based on customer satisfaction survey feedback (89% in 2022).*

Thanks to the feedback from customers and patients collected via VoC, several actions have been implemented at both Group level and locally in the entities to improve their experience.

Thus, when Air Liquide France was notified by its customers of the difficulty in finding the right contact person, the "Single Number" project was launched: from more than 25 telephone numbers available to customers, the entity switched to a single number. The agents in charge of customer calls respond directly to approximately 70% of their requests and forward the remaining, more complex requests to specialists for immediate processing. Another example of a project guided by customers' voices is improving the invoicing process. Invoices have been digitized and simplified, dividing the number of possible rental ranges by four, facilitating administrative processing and payment. Customer service is one of the essential pillars of customer experience. Air Liquide has decided to redeploy a training course that aims to solidify the fundamentals in all geographies, specifically targeting the Industrial Merchant teams. The 3C training makes it possible to frame in three actions – "Connect – Counsel – Conclude" – the 20 best behaviors to maintain when interacting with customers. This is an interactive training focused on concrete examples with many scenarios. It is provided internally by local "champions". This approach not only allows Air Liquide to promote the skills of its employees but also to ensure continuous and sustainable monitoring. The 3C training aims to improve the experience of the Group's customers, but also of its employees by supporting them in working in a cooperative environment.

All these changes were implemented thanks to the commitment of Air Liquide's employees. To recognize employees who deliver exceptional customer experiences and the efforts made by both individuals and teams to serve and satisfy customers and patients, specific awards, known as "Customer Mindset Awards", have been created in several of the Group's entities. These events demonstrate how much the customer experience is a vital element at Air Liquide and highlight behaviors that create added value for its customers.

# 5. Sustainable procurement and suppliers

Air Liquide strives to build long-lasting and balanced relationships with its suppliers in an environment of mutual trust. The Group attaches great importance to its suppliers' ability to offer long-term partnerships and ensure a high level of safety, reliability, competitiveness, and innovation, while guaranteeing that ethics and sustainable development are also taken into account. These principles are set out in the following documents:

- the **Sustainable Procurement procedure**, updated in 2023, which lays out the guidelines to be applied by the Procurement Departments to integrate ethical, social and environmental aspects into their procurement processes, and defines the prevention approach for related supplier risks;
- the **Procurement Code of Conduct**, available in 11 languages, is mandatory for all Group employees engaged in Procurement activities;
- the **Supplier's Code of Conduct**, updated in 2023, aims to promote and ensure that all suppliers respect human rights, ethics, environmental protection and safety. It is based on the Group's Code of Conduct. The adherence of suppliers to the principles inscribed in the Supplier's Code of Conduct is a prerequisite to all commercial relation for the supply of Air Liquide. The revision aims to align it with new regulatory expectations and changes in practices. In particular, it includes additional articles on conflict minerals and the whistleblowing system. This Code of Conduct is available on the Air Liquide website (https://www.airliquide.com/sustainable-development/sustainable-procurement). Translations are carried out according to local needs and made available gradually;
- 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.

## 5.1. SUPPLIER MAPPING

As part of its monitoring process, the Group maps its Sustainability-Critical Suppliers. In 2023, Air Liquide changed its methodology, retaining only three criteria:

- annual spend;
- the risk relating to the nature of the supplier's activity;
- the risk relating to the supplier's country of operations.

From 2023, the dependence of suppliers on Air Liquide has been removed from the methodology for identifying Sustainability-Critical Suppliers. This criterion constitutes a risk individually taken into account in the analysis of supplier risks during their qualification and throughout the commercial relationship, in accordance with the internal supplier relationship and risk management procedure.

In 2023, an evaluation and action plan campaign targeted 52% of the 1,076 suppliers identified as Sustainability-Critical Suppliers.

361 suppliers were assessed. 98 suppliers needing improvement or non-compliant have also prepared or completed corrective action plans.

The actions carried out as part of this assessment campaign ensure that Sustainability-Critical Suppliers have systems in place to avoid environmental, human rights, and labor risks from occurring in their supply chain. It also helps guide and support suppliers in their continuous improvement on these issues.

## 5.2. "PROCURE TO NEUTRALITY", THE CLIMATE ROADMAP FOR PROCUREMENT

In its strategic plan ADVANCE up to 2025, announced in March 2022, Air Liquide reaffirmed its ambition to achieving carbon neutrality by 2050. Procurement has a key role to play in supporting this objective throughout the supply chain of the Group's businesses, in particular:

- by supporting its suppliers in the decarbonization of the goods and services that the Group purchases;
- by helping to reduce the Group's emissions;
- by contributing to the development of low-carbon solutions offered to its customers.

In 2021, the Group Procurement Department initiated a climate roadmap, "Procure to Neutrality" based on four pillars:

- **measure**: improve the greenhouse gas emission calculation methodology (Scope 3), where relevant and feasible;
- **engage** buyers, with the training of the procurement community; engage the suppliers of the Group identified based on the basis of a mapping as the most significant in terms of emissions;
- **leverage** procurement's contributions to reducing Scopes 1, 2, and 3;
- **reduce**: define an objective, with the aim to align with the Group's carbon neutrality ambitions.

Internally, around 78% of the Procurement community has taken part in training sessions since 2022 on key concepts for understanding climate issues, carbon accounting methodologies and greenhouse gas emission reduction objectives. In addition, a specific training module for suppliers was launched in 2023 to enable them to commit to measurement actions, climate and reduction objectives. In 2023, 45% of buyers involved followed this new module.

In 2022, Air Liquide launched an action with those of its suppliers most exposed to risks of greenhouse gas emissions. Actions continued in 2023 with 34 dedicated meetings organized with suppliers to engage them to undertake actions on the measurement of emissions, climate objectives and the reduction of their impacts.

In addition, in 2023, Air Liquide contributed to the training module on Sustainable Procurement developed by Axa Climate School by sharing a business case study on its $TCO_2$ tool. This tool allows the climate maturity of suppliers and $CO_2$ emissions related to the manufacture, transport and use of equipment to be integrated. This module is integrated into the selection criteria for suppliers of strategic equipment.

## 5.3. REDUCING OTHER ENVIRONMENTAL IMPACTS

The Group's Procurement organizations strive to support and develop actions to reduce the environmental impact of its activities. Numerous initiatives are led by the subsidiaries, such as waste reduction or the development of the circular economy. These initiatives are shared throughout the Group to encourage replication. A few examples can be found below.

### Climate Fresk

In 2023, training initiatives were put in place locally to raise awareness and bring teams together around sustainability topics. In October, Air Liquide Healthcare International Services and Technology created a team building event around the Climate Fresk bringing together 30 people from different functions including buyers, engineers and analysts. Collective actions were put in place to strengthen team spirit on shared and sustainable goals for 2024, such as making the train the first choice for travel in Europe for all supply business trips of less than 5 hours per journey.

Other similar initiatives have been carried out since 2022 with Climate Frescoes held for the Group Procurement Department and the Indirect Procurement teams.

### New, more durable paint

In Brazil, as part of a call for tenders to open up competition for the supply of paint for cylinders, Air Liquide worked to develop a new supplier. This made it possible to approve a quality paint and switch from a solvent-based solution to a water-based synthetic enamel.

This represents a number of ecological advantages. The main feature of water-based inks is that they use water to deposit the colorant on the substrate. This avoids the use of polluting solvents and associated $CO_2$ emissions

The change also improves working conditions and living space, by reducing the use of products that cause allergies or headaches.

This project won a GYM Award in the Responsible Purchasing category.

### Clean Fleet Europe – Light vehicles

The European Clean Fleet project was launched in March 2023 with the aim of decarbonizing the car fleet, and more specifically so-called “light” vehicles. This cross-functional project addresses the issue of decarbonization through a number of criteria and levers:

- reducing the carbon footprint, by converting commercial vehicles to electric vehicles where use permits;
- introducing a $CO_2$ emissions cap of 130g/km for petrol and non-rechargeable hybrid vehicles;
- optimising the size of the vehicle fleet, by reviewing the rules governing eligibility for a vehicle.

A target of 25% conversion to electric vehicles by 2027 has been set for France, which accounts for 50% of the European fleet.

To achieve this target, arrangements have been put in place to facilitate the installation of charging points at employees' homes. A new vehicle catalogue has been implemented, including a reduction in the size of vehicles to reduce fuel consumption, the elimination of diesel engines and the switch to non-rechargeable petrol hybrid vehicles when use does not allow a switch to electric.

Other European countries have already defined transition ambitions from 2023, which will apply to all renewals and new orders for light vehicles, or are in the process of defining a strategy for 2024.

Germany, Austria, Benelux & Switzerland have begun converting their fleets, with a target of 100% of renewals.

## 5.4. PROCUREMENT RESILIENCE

Managing the risk of supply chain disruption continues to top the list of priorities for benefits sought from purchases. With the resurgence of geopolitical risks, it is essential to strengthen the resilience of Air Liquide’s supply chain. This resilience – an organization’s ability to recover quickly from difficulties is essential to ensure the continuity of operations and deliveries to patients and customers.

Since 2022, a framework has been in place and shared with all geographies to strengthen the resilience of the supply chain of Air Liquide. Its principle is to provide visibility across the Group's entire supply chain, to introduce agility, in particular to qualify new suppliers, to strengthen collaboration with Operations and to have a system of control. For example, on the subject of geopolitical risk, an analysis was carried out on the number of suppliers located in countries at risk, who specifically serve Air Liquide's activities in these countries, and those who serve it in other geographies. Based on this analysis, the Group quantified the risk and action plans.

This process is currently being merged with the Group’s risk mapping process, which not only concerns supply chain risks but all types of risks and which all subsidiaries apply once a year.

## 5.5. SUSTAINABLE PROCUREMENT TRAINING AND AWARENESS

Several measures have been implemented to raise awareness and train buyers in the Group’s Sustainable Procurement process, thus strengthening its rollout within the organization. Sustainable Procurement training modules have been developed. They are aimed at Group’s entire Purchasing population and for critical suppliers, and serve to:

- show the consistency between the Sustainable Procurement approach and the Group’s strategy;
- explain the challenges of the Sustainable Procurement approach and position it as a source of value creation;
- present various tools to facilitate the roll-out of this approach.

In 2023, Air Liquide organized training sessions in French, English and Chinese to raise awareness among buyers and suppliers of the Group’s Sustainable Procurement. Training courses are organized by subject and by geography.

A total of 827 employees from the procurement community were trained in 2023 on topics related to sustainability and climate.

## 5.6. SUSTAINABLE PROCUREMENT FOR ALL

Each year, in France, Air Liquide organizes a “Forum des Achats Inclusifs” (Inclusive Procurement Forum), bringing together Air Liquide’s specifiers and companies in the disability sector to promote purchases from them. In 2023, this event, co-hosted with the Handeco association, was conducted in a digital and face-to-face format through a round table and testimonials. More than 200 Air Liquide employees took part in this event.

For the third time, another event related to inclusive procurement, the “Inclusive Procurement European Forum”, was organized in 2023 by Air Liquide. Nearly 200 participants – from operations and procurement, as well as suppliers – attended the meeting and round table with the Group Chief Procurement Officer and the Europe Procurement Officer

These two events are detailed in the EFPD section of the present Chapter 5 – page 348.

# 6. Relations with civil society: fundamental research, access to employment, solidarity

The Group is present in 72 countries [1], because its production and distribution activities are local. Many years ago, long before defining its sustainable development strategy, the Group decided to act in the regions because it believes that it should participate in the economies of the countries in which it operates, and go further than the conduct of its activities. The Group, therefore, carries out various acts to support local populations.

To do this, it has several means of action: its Corporate Foundation, which spearheads its charitable actions, and its local subsidiaries or specific projects, such as Access Oxygen.

## 6.1. THE AIR LIQUIDE FOUNDATION

Created in 2008, the Air Liquide Foundation works with the Group to carry out missions of general interest. It relies on the Group's teams and skills to support projects of public interest, fundamental research, access to employment, local solidarity or exceptional initiatives. The Foundation is subject to French law on foundations. In 2023, the Foundation renewed its fourth mandate until 2027.

The Foundation works in the general interest, within the framework defined by the law and its articles of association, in accordance with its purpose. It shall not serve the Group's commercial interests. Each project is clearly identified and the Foundation ensures that the allocated funds are properly used. It is governed by an Ethics Charter, available on its website: https://www.fondationairliquide.com/who-we-are/governance/ethical-charter.

In 2023, the Foundation supported 34 new non-profit or research projects in 13 countries, benefiting tens of thousands of people. These include:

| 2 | 9 | 23 |
|---|---|---|
| new fundamental research projects, bringing the total number of research projects followed to 30 | new employment access projects, including 2 multi-year partnerships | new solidarity projects, including 9 as part of the exceptional aid program for refugees from Ukraine |

Since its creation in 2008, the Air Liquide Foundation has supported more than 550 projects with the Group in 52 countries. More information is available at https://www.fondationairliquide.com/.

### 6.1.1. The foundation's fields of action

| Support fundamental research | |
|---|---|
| Purpose | To develop knowledge about the respiratory system and, by extension, air quality, in order to:<br>▪ protect the respiratory system against viral, bacterial or environmental attacks;<br>▪ correct respiratory dysfunctions of genetic origin;<br>▪ reduce the impact of atmospheric pollutants on health. |
| Projects supported | ▪ fundamental research;<br>▪ one- to three-year projects;<br>▪ with potential for publication in quality medical or scientific journals. |
| Geographic scope | Europe |
| Examples of projects | Through its foundation, the Group is currently supporting 30 projects in 18 research institutions in France and Europe, including for example:<br>▪ research by a team from Foch Hospital to describe and characterize the immune phenomena responsible for the increase in eosinophils in the blood and airways of patients with diffuse interstitial lung disease;<br>▪ research by a team from the Robert Debré Hospital on the effectiveness of drugs to treat Ondine syndrome through an experimental study on mice;<br>▪ research by a team from the Institut Pasteur, to optimize the treatment of pulmonary bacterial infections in patients with cystic fibrosis and patients suffering from multi-drug resistant infections. |
| Mode of action | ▪ a Group researcher assesses the project; then, once approved, he or she reports on the project's progress following regular updates with the fundamental research team, until the project is completed;<br>▪ the Air Liquide Foundation's Scientific Committee selects the project. Then, the Foundation's Board of Directors approves a financial grant. Next, the Foundation releases the financial grant according to the progress report of the Group researcher-assessor. |

(1) *Excluding Russia, where the entities are no more consolidated following the loss of control on September 1, 2022.*

**Promoting access to employment**

| | |
|---|---|
| Purpose | To promote access to employment for disadvantaged populations, by supporting innovative integration projects:<br>■ beneficiaries: young people and adults;<br>■ focus: technical jobs experiencing shortages. |
| Projects supported | ■ short (1 year) to medium term (3 years);<br>■ potential for project replication;<br>■ focus on employability at the end of projects;<br>■ acquisition of technical know-how;<br>■ learning about work safety. |
| Geographic scope | Europe |
| Examples of projects | In 2023, the Group supported 9 new employment access projects, including 2 multi-year projects. For example:<br>■ in Spain, the Foundation supported the Tomillo Foundation for its training project in the warehouse management and maintenance of handling equipment sector in Villaverde. This project enabled 20 disadvantaged young people to follow a comprehensive training course, including technical lessons and teaching on business skills. Air Liquide's local teams are involved in the project through visits to Air Liquide's Villaverde facilities and discussions with the various teams on the site;<br>■ in 2023, the Foundation committed to the "Apprentis solidaires" project in France with Afev – the Association de la Fondation Étudiante pour la Ville (Association of the Student Foundation for the City). This project enables 50 young people to prepare for apprenticeships. Volunteer tutors among Air Liquide's employees at the Grande Synthe, Lyon region and Metz sites will support the young people through Air Liquide site visits, mentoring and training workshops;<br>■ the Foundation also renewed its partnership with the Ares Group in France for three years. Its first multi-year support (2020 to 2023) as part of the "Zero Accidents Program" led to a significant decrease in the accident frequency rate from 57 in 2019 to 44 in 2023 on construction sites in Ares. In line with the previous project, this new project is based on three major areas:<br>– consolidating the safety culture through stronger safety leadership,<br>– putting safety at the heart of the socio-professional support system,<br>– initiating a process of operational and social excellence.<br><br>Volunteer Air Liquide employees are involved in the project through sharing of experiences, coaching and mentoring on the construction of training modules. |
| Mode of action (Europe) | ■ a Group employee assesses the project; once approved a Group employee will monitor the project until completion. If the project is multi-year, he or she will prepare progress reports;<br>■ the "Communities committee" of the Air Liquide Foundation selects the project and approves it if the financial endowment is less than 25,000 euros. Then the Foundation's Board of Directors approves projects with a higher financial endowment. Next, the Foundation releases the financial grant according to the progress report of the Group employee;<br>■ the Group is often involved through one (or more) subsidiaries mentoring Air Liquide employees and familiarizing the beneficiaries with the corporate environment. |
| Mode of action (outside Europe) | The Air Liquide Foundation can be involved when it comes to helping populations in distress (see below). In the majority of cases, the project will be supported directly by a subsidiary of the Group, without the Foundation's involvement. |

| Act for local solidarity | |
|---|---|
| Purpose | Support social projects in local authorities in which the Group operates, particularly in the areas of education, access to healthcare, disability and living spaces.<br>The Group's network of employees makes it possible to identify needs and monitor the various projects led by local associations. |
| Projects supported | ■ innovative and short-term projects (1 year);<br>■ strong local impact. |
| Geographic scope | Europe, developing economies and, exceptionally, world. |
| Examples of projects | In 2023, in addition to the exceptional action in favor of refugees from Ukraine, the Group supported 14 new solidarity projects with its foundation, For example:<br>■ in the field of education & training, the Foundation supports four projects in Burkina Faso, Madagascar and the Philippines to offer young people from particularly disadvantaged backgrounds access to quality education;<br>■ in Türkiye, following the earthquake of February 2023, Air Liquide's local teams mobilized to help the victims of this disaster. In this context, the Foundation supports the Robothand Foundation project and finances 3D printers to make mechanical prostheses for child victims of the earthquake;<br>■ in Morocco, the Foundation supports the Jadara Foundation project to offer 100 scholarships to students in the Al Houaz region, affected by the September 2023 earthquake. The Air Liquide teams on site will be involved through job search coaching, career guidance and skills development workshops. |
| Mode of action | The Air Liquide Foundation can be involved in Europe or serving populations in need. The process followed is similar to that described in the table "Promoting access to employment".<br>The Group encourages its employees to volunteer on these projects through the "Citizen at Work" program, which has been gradually being implemented in the subsidiaries since the beginning of 2022 (see the insert in section 6.2 below). |

### 6.1.2. Exceptional actions

In 2023, the Foundation continued its exceptional program to help Ukrainian refugees in Europe. It is estimated that more than 60,000 refugees in seven European countries have benefited from this action over two years.

| | |
|---|---|
| Purpose | To support NGO projects in the European Union, as close as possible to the needs of refugees. |
| Projects supported | ■ medical and psychological assistance;<br>■ emergency aid;<br>■ reception centers;<br>■ help with schooling and job search. |
| Examples of projects | In 2023, the 9 projects were supported:<br>■ emergency aid projects in France;<br>■ aid and education projects for children in Germany and Poland. |
| Mode of action | Similar to that described in the "Promoting access to employment" table above.<br>The Group acts on the ground, as closely as possible to the beneficiaries, thanks to its local teams who support the associations in their projects and get involved to help beneficiaries, for example, by volunteering (tutoring, CV writing, language lessons, etc.).<br>Volunteering missions were carried out on several projects as part of the "Citizen at Work" project. This initiative is detailed in the EFPD of the present Chapter 5 – page 345 and 372. |

### 6.1.3. The role of employees in the fondation

Employees play a major role within the Foundation. The very origin of the Air Liquide Foundation is based on the direct involvement of employees. This is still one of its distinctive characteristics today. First of all, Group employees participate in the governance of the Foundation (Board of Directors, Scientific Committee, Regional Committee). However, their involvement goes well beyond governance missions.

Employees can all propose projects to support. Each project is studied by a Manager who will then ensure the monitoring and final assessment.

In the specific case of scientific projects, the Group's medical experts, researchers at the Group's Research Center or the Group's doctors are involved. They assess and monitor scientific projects. For projects in the regions, support is provided by employees who work close to these projects.

Overall, organizations supported by the Foundation will be able to benefit from employees' professional skills. Regarding professional integration, the Foundation's partnership with local Air Liquide teams also means that young people without a network of contacts can visit sites, learn more about technical professions, take up internship offers or talk to sector professionals.

To date, hundreds of employees have been involved in these actions. Finally, many European employees are involved in projects to support Ukrainian refugees, notably through the "Citizen at Work" program.

#### 6.1.4. “Shareholder” and “employee” donors

Many Air Liquide shareholders and employees also provide financial support to the Group’s societal action, through donations to the Air Liquide Foundation. Two initial fundraising events took place in 2021 and then in March 2022 as part of the exceptional program for Ukraine’s refugees in Europe.

At the end of 2023, the Foundation suggested they once again join in the financial support of its projects by raising funds to promote access to employment, through a donation platform. Shareholders and employees responded to this call, contributing more than 35,000 euros, which will be used for projects promoting access to employment from 2024.

### 6.2. OTHER PROGRAMS CARRIED OUT BY SUBSIDIARIES

**CITIZEN AT WORK PROGRAM**

As part of the ADVANCE program, the Group launched the Citizen at Work initiative in 2022 to enable its employees to actively serve their local communities. This program is gradually rolling out across the entire Group to reach 100% of entities by 2025. At the end of 2023, 73% of Group employees already had access to this program. The Citizen at Work program is detailed in the EFPD – page 345.

Airgas is the Group’s Industrial Merchant subsidiary in the United States. This subsidiary has a strong presence throughout the country and it is strongly committed to local communities.

The Airgas High School Welding Education initiative had another successful year in 2023, supporting nearly 4,000 students, i.e. almost as many students as the previous four years combined! An impressive 808 students from the class of 2023 have obtained a job in the field of welding after graduating from high school, bringing the total number to 1,071 jobs since Airgas started to follow this initiative in 2021.

Throughout 2023, Airgas made donations to communities in need as part of the Citizen at Work program. As one of the largest suppliers of safety products in the United States, Airgas donated nearly 2 million US dollars of PPE (Personal Protective Equipment) to emergency preparedness organizations, for use in response to emergencies or natural disasters such as forest fires, hurricanes, tornadoes, earthquakes and floods across the country. In the wake of the Maui fires in Hawaii, Airgas also donated more than 50,000 US dollars in cash and products to affected Hawaiian communities to help them with their reconstruction efforts.

In South Korea, Air Liquide has set up a student sponsorship program, called ALtogether, for four consecutive years, in partnership with JUMP, a local non-profit association that aims to reduce inequalities in education. In 2023, Air Liquide Korea successfully concluded the program with 15 employee mentors from all AL entities in Korea, who provided students with their valuable experience. Among the achievements, 15 mentored students and 69 teenagers benefited from 2,700 hours of lessons.

On Taiwan island, Air Liquide Far Eastern is committed to raising its employees’ awareness of sustainable development through various activities in collaboration with local communities. These included Climate Fresco workshops and presentations on sustainable development covering ecological conservation, environmental protection, the recycling of plastics and sustainable development initiatives by Air Liquide Far Eastern.

At the same time, Air Liquide Far Eastern forged partnerships with its customers to promote its expertise in the field of safety and gases. This led to the implementation of a bi-weekly safety education program in an elementary school in Hsinchu. Over 65 employees participate in this each year, sharing their passion for education and professional knowledge to spark an interest in science among students and raise their awareness of safety.

Air Liquide’s subsidiaries carried out many other initiatives in 2023, covering a wide range of topics and geographies: Air Liquide Singapore organized projects related to aging well, while Air Liquide Korea worked on educational initiatives relating to science for elementary schools. Finally, in China, Air Liquide subsidiaries made donations to support initiatives such as planting trees and restoration of habitats, and launched an initiative to train Air Liquide employees wishing to qualify as first aiders.

In addition to their activities in local communities, Air Liquide subsidiaries also contribute to the common good through donations. In 2023, the cumulative amount of these donations is approximately 5 million euros [2].

### 6.3. THE ACCESS OXYGEN PROGRAM

Deployed by Air Liquide since 2017, Access Oxygen is an innovative oxygen therapy solution adapted to the rural health structures in low- and middle-income countries. This program is part of the Air Liquide Group’s sustainability objectives announced in 2021. The Access Oxygen program is detailed in this section – page 382.

## 7. Relations with the public sphere

Air Liquide actively contributes to the discussions, consultations and work of public authorities as well as with professional associations, think tanks and NGOs (non-governmental organizations), in the Group’s areas of expertise.

Air Liquide produced and published a Public Affairs Charter in 2021 governing the Group’s interactions with public authorities at the national, regional/European and international levels in order to stay ahead of risks related to regulatory changes, identify growth opportunities, and involve Air Liquide in the public debate on sectors in which the Group has a legitimate interest. This policy specifies that the Group will work with stakeholders in a constructive and transparent manner, following ethical rules and respecting political neutrality. All action is conducted in accordance with guidelines on interest representation. Accordingly, Air Liquide is listed (voluntarily since 2011) in the “Transparency Register” of European institutions, in the French “Interest Representatives” register, created in 2017 and managed by the High Authority of Transparency in Public Life (Haute Autorité pour la Transparence de la Vie Publique – HATVP), and in the Lobbying Disclosure Act database of the U.S. Congress.

(2) *The amount shown is the result of a voluntary reporting process and is therefore not exhaustive.*

Working within the European and International Affairs Department, the team, in conjunction with the various geographical operating entities and the Group's business lines, covers the following sectors: energy/hydrogen transition, circular economy, innovation, technologies, digital and health:

- the energy transition and the environment by contributing to the development of clean energy efficiency and alternative energy vectors (hydrogen, biogas, solar and wind power, etc.), and their applications, especially in terms of industrial decarbonization and mobility; the energy and carbon markets, with regulatory changes and development of markets in Europe, the Americas, Asia Pacific, the Middle East and Africa;
- health, with the development of innovative solutions to meet major health and socio-demographic challenges (aging of the population, increase in the prevalence of chronic diseases, pandemics, increase in demand for healthcare in developing economies). Air Liquide operates in the fields of home healthcare services and the supply of medical gases to healthcare institutions, and is actively engaged with all the stakeholders to enhance the value delivered to patients;
- opportunities and risks related to the digitalization of the economy, and geopolitical risks related to cybersecurity;
- the defense of Air Liquide's shareholding model;
- the contribution of technologies, particularly to space and space exploration in Europe, quantum technology, electronics and semiconductors, among others;
- environmental and societal reporting challenges.

The European and International Affairs Department coordinates a network of some 20 “Public Affairs” managers in the Group's main countries of operation. The task of these managers is to monitor public initiatives liable to impact the Group, and to arrange interactions with local and/or regional authorities to defend Air Liquide's interests or promote our climate and healthcare system solutions. This network allows the Group to work on the consistency of the positions expressed on cross-functional issues such as the energy transition, the circular economy, health and innovation in the various parts of the world.

It should also be noted that the Group ensures it maintains a good relationship with its respective local tax authorities and is committed to paying taxes in all its countries of operation.

Air Liquide's Public Affairs policy also aims to establish and develop constructive and sustainable relationships, in Air Liquide's various sectors of operation, with:

- public authorities;
- professional bodies which represent the Group's industry sectors;
- other actors such as NGOs and think tanks.

These interactions can take place either directly or through professional bodies such as the World Hydrogen Council, the European Industrial Gases Association (EIGA), the European Round Table of Industrialists (ERT) and France Hydrogène. Air Liquide asks all its professional organizations to explicitly support the objectives of the Paris Agreement.

Since December 2021, the Air Liquide Public Affairs Charter has been available on the Group's website and can be downloaded from the page: https://www.airliquide.com/en/shareholders/investors-analysts/documents-presentations. In 2023, this Charter was updated with the release of the Group positions on some issues related to the energy transition. Some examples of engagement with policymakers were also listed to illustrate the support to these positions in some key geographies.

Since 2022, Air Liquide carries out a periodic review of the main professional organizations of which it is a member, including analyses and assessments of the alignment of their positions with the Group's decarbonization objectives, as well as their commitment to supporting the Paris Agreement. This review, the review process and actions identified, are available on the website: https://www.airliquide.com/sustainable-development/engagement-public-stakeholders. This review was largely expanded in 2023 with the inclusion of new geographies in its scope: Australia, China, Germany, Japan, Korea, South-Africa.

Public projects or events in which the Group participated in 2023 include:

- in France:
  - the green industry law,
  - contribution to the discussions of the French strategy for decarbonization of industry, in particular with carbon capture & storage (CCS) and the decarbonization of the 50 industrial sites with the highest $CO_2$ emissions,
  - implementation of mechanisms to support the development of the hydrogen sector: for the production of renewable and low-carbon hydrogen, as well as distribution for the low-carbon mobility market,
  - contribution to the discussions of the French public authorities on the update of the French hydrogen strategy with, in particular, the role of imports in relation to the local production of hydrogen,
  - promotion of the Group's space activities,
  - the transformation of its home healthcare delivery model, to create collaborative approaches that will significantly improve patient benefits, by connecting all stakeholders in the care pathway. In doing so, Air Liquide takes part in debates relating to the management of pathologies at home, for example, by contributing to the production of qualitative data on the management of diabetes or sleep apnea at home, providing its support to the General Conference on Respiratory Health or contributing to the reports of the Institut Montaigne,
  - Air Liquide is committed to working alongside patients, healthcare professionals and hospitals to make the healthcare system efficient and beneficial for everyone. Keen to place the patient at the heart of everything he does, the Group takes an active role in enabling healthcare systems to increase the value of care. To do this, Air Liquide actively participates in the national and international “value in health” ecosystem, as partners of the International Consortium for Health Outcomes Measurement (ICHOM) and the Chair of Value in Health of the Université Paris Cité.
- in Europe:
  - the European Commission's public consultations,
  - contributions to the various industrial alliances initiated by the European Commission (hydrogen, aeronautics, space, semiconductors, biogas) and to the Commission's group of experts in the field of energy and on policies and programs related to the EU's space, defense and aeronautics industries,
  - participation in Innovation Fund calls for tenders and major projects of common European interest,
  - support for the initiatives of the International Diabetes Forum to promote awareness at European level of the challenges related to the disease and encourage the mobilization of the Member States of the Union to improve its management.
- in the United States:
  - public consultations and discussions with the Treasury Department on the rules for applying the CHIPS and Science Act and the Inflation Reduction Act, in particular,
  - participation in the regional hydrogen hubs (Clean Hydrogen Hubs) of the Department of Energy (DoE),
  - contributions to the implementation of local regulations in the field of energy transition in the main countries where the Group is active (in particular California, Texas and Nevada).

# 8. Sustainable finance

## 8.1. OVERVIEW

After issuance by Air Liquide in 2012 of the first Socially Responsible Investment-certified bond (500 million euros, refinancing the acquisitions of Gasmedi and LVL Médical) in the Home Healthcare sector, the financial sector has made significant progress in terms of Sustainable Development.

The Paris Agreement signed in 2015, and more recently the European Taxonomy, encourage investors and lenders to direct their capital towards sustainable assets by placing Corporate Social Responsibility (CSR) criteria at the heart of their investment decision strategy. Issuers are encouraged to use financing linked to CSR criteria. Sustainable financial instruments now represent a significant share of all bond market issues, a share that is expected to increase in the coming years.

There are currently two main sustainable financing mechanisms:

- credit lines, bonds and loans backed by extra-financial performance indicators ("KPIs"), for which the funds raised are not dedicated to specific investments or expenses but whose cost depends on the achievement of these KPIs;
- "Green", "Social" and "Sustainable" bonds or loans, in which the funds raised are dedicated to specific projects.

Non-governmental organizations such as the International Capital Market Association (ICMA) have also published guidelines to ensure the transparency and credibility of the developing CSR financial market.

## 8.2. INITIATIVES

As part of its growth strategy combining financial and extra-financial performance, in March 2021, Air Liquide presented objectives for ACT in favor of a sustainable future. Air Liquide's responsible and sustainable growth model also applies to its financial policy. The Group is thus turning to the opportunities offered by the finance market by acquiring new responsible and sustainable financial instruments.

### 8.2.1. Alignment of the syndicated credit line with three CSR objectives (2019)

In December 2019, the Group introduced a mechanism in its 2.5 billion euro syndicated credit line aimed at correlating the costs of this credit line with three of its CSR objectives in the fields of carbon intensity, gender diversity, and safety. This indexation mechanism consists of an increase or decrease in the cost of financing and commissions paid according to the achievement of objectives set annually for each criterion.

The environmental and societal performance criteria are as follows:

- the Group's carbon intensity;
- the proportion of women among engineers and executives;
- the frequency rate of accidents resulting in lost time.

Since the implementation of this correlation mechanism, Air Liquide benefited from a reduction in the cost of its syndicated credit line in 2020 and 2021, thanks to the achievement of these three CSR objectives. In 2022, only two CSR objectives were achieved; this result was largely expected by the Group, given the acquisition of Sasol's Air Separation Units in South Africa on June 24, 2021.

### 8.2.2. Implementation of a Sustainable Financing Framework and first green bond (2021)

Following the announcement of its sustainability objectives in March 2021, Air Liquide also implemented a Sustainable Financing Framework in May 2021. This framework makes it possible to support the financing and refinancing of assets and projects intended to have a clear benefit for the environment and society. It is aligned with the "Sustainability Bond Guidelines 2018", "Green Bond Principles 2018", "Social Bond Principles 2020", "Social Loan Principles 2021" and the "Green Loan Principles 2021" overseen by the ICMA (International Capital Market Association), and validated by the Sustainalytics agency.

This initiative reflects a threefold ambition for the Group:

- align its financing strategy with its sustainability objectives;
- contribute to the development of sustainable finance;
- diversify its investor base.

This responsible and sustainable financing framework enables the Group to raise funds through bond issues, loans and any other instrument dedicated to financing sustainable projects.

Moreover, as part of this "Sustainable Financing Framework", the Group completed its first green bond issue in May 2021, raising 500 million euros to finance and refinance several sustainable development projects, most notably in hydrogen, biogas and oxygen.

### 8.2.3. Signing of a green financing loan for low-carbon hydrogen production (2023)

Within the context of its project to build two low-carbon hydrogen production units and related infrastructure, Shanghai Chemical Industry Park Industrial Gases Co., Ltd (SCIPIG), a subsidiary of the Group Air Liquide, signed a bilateral green loan for 500 million RMB (68 million euros equivalent) with a banking partner. This green loan follows the China-EU Common Ground Taxonomy, with stringent criteria on hydrogen production and an emission threshold for the definition of low-carbon hydrogen.

It is the first green loan worldwide to support low-carbon hydrogen production in alignment with the new China-EU Common Ground Taxonomy.

Finally, as part of the management of its cash surpluses, Air Liquide now favors sustainable investment vehicles, such as Socially Responsible Investment (SRI) certified funds or funds likely to promote environmental and social characteristics. While this allocation does not currently apply to the majority of its investments, the Group intends to support market dynamics by relying on a growing range of investment vehicles eligible under Articles 8 and 9 of Regulation (EU) 2019/2088 on sustainable development disclosures in the financial services sector (known as the "Sustainable Finance Disclosure Regulation").

# ANNUAL REPORTING

## 1. Environmental indicators

### 1.1. LIST OF PRODUCTION UNITS AND THEIR ENVIRONMENTAL FOOTPRINT

The environmental indicators that are most representative of the Group's activities and part of Air Liquide's Sustainable Development reporting are described below. They cover a total of 678 Air Liquide production units worldwide.

| Type of production units | Number of production units | Applications and environmental footprint |
|---|---|---|
| Large Air Separation Units (ASUs) | 449 | Large Air Separation Units produce oxygen, nitrogen and argon, with some sites also producing rare gases such as krypton and xenon.<br>These plants "without chimneys" do not use any combustion processes. They are particularly environmentally friendly, as they emit no $CO_2$, sulfur oxide (SOx), or nitrogen oxide (NOx).<br>They use electricity almost exclusively: worldwide they use around 4,800 MW equivalent at any given moment. The electricity purchased from our energy suppliers and consumed by the Air Separation Units is the source of indirect emissions (Scope 2). The cooling systems of these units require back-up water. |
| Hydrogen and carbon monoxide units (HyCO) | 57 | Large hydrogen and carbon monoxide production units also produce steam for some customers. The raw material used is primarily natural gas and a quantity of water required for the reaction that produces hydrogen. Carbon monoxide is an essential raw material in the chemical industry for producing plastics. The desulfurization of hydrocarbons to produce fuels with reduced sulfur content is one of the main applications of hydrogen. These units emit $CO_2$ and nitrogen oxides (NOx), but virtually no sulfur oxides (SOx). They also consume electricity and their cooling circuits require back-up water. |
| Cogeneration units | 15 | Cogeneration units produce steam and electricity simultaneously. They consume natural gas and water, mostly converted into steam and supplied to customers. The steam can be condensed at these customers' facilities and then reused in the cogeneration unit. In most cases, the electricity produced is supplied to the local electricity distribution network, which in some countries can be used to power the Group's other units. Combustion of natural gas produces $CO_2$ and leads to low nitrogen oxide (NOx) emissions, but virtually no sulfur oxide (SOx) emissions. |
| Acetylene units | 52 | These units produce acetylene, a gas primarily used in metal welding and cutting. 50 of these units produce this gas through the decomposition of a solid (calcium carbide) using water. Two units fill cylinders with this gas, which is supplied by another industrial company. This process produces lime, at least 90% of which tends to be recycled in industrial and agricultural applications. |
| Nitrous oxide units | 9 | Nitrous oxide is used primarily as an anesthetic gas in the healthcare sector and as a sweetening agent in the food industry. It is produced from ammonium nitrate in solid form or as a water-based solution. |
| Carbon dioxide liquefaction and purification units | 61 | These units liquefy and purify carbon dioxide, which has many industrial applications, especially in the food industry, where it is used to deep-freeze foods or produce carbonated beverages.<br>Carbon dioxide is most often a by-product of chemical units operated by other manufacturers. In certain cases, it is found naturally in underground deposits.<br>In other cases, it comes from the Group's hydrogen and carbon monoxide units. It is purified and liquefied in Air Liquide units consuming electricity and cooling water. Carbon dioxide is thus reused for other industrial applications instead of being emitted directly into the atmosphere. |
| Production units for Specialty Ingredients business | 5 | These production units for Specialty Ingredients business are located in France, China and United-States and belong to Seppic (Specialty Ingredients business). These units consume natural gas, electricity and water. Combustion of natural gas produces small amounts of $CO_2$. |
| Engineering & Construction units | 4 | Units for the Engineering & Construction business taken into account in this reporting are located at five sites in France, China and the United Arab Emirates. They are mainly used for the construction of air separation columns and cryogenic tanks. |
| Biogas units | 26 | These units process waste to produce biogas, a renewable energy source. Biogas is produced during the methanization of biomass: household waste, industrial and agricultural waste and sewage sludge. Air Liquide is aware of the potential of this process in terms of the energy transition and is therefore working on global solutions dedicated to the valorization of biogas and which meet the needs of farmers, waste treatment managers and the agro-industry. |

Air Liquide's production facilities operate based on a commitment to safety, environmental protection and reliability that is established in the Group's Industrial Management System (IMS). In addition, a percentage of these production facilities are certified under the following ISO standards: ISO 9001 for quality management system for products and services, ISO 14001 for the management of environmental impacts and environmental performance and ISO 45001 for the management of employee safety and working conditions.

| 2023 Certifications | ISO 9001 | ISO 14001 | ISO 45001 |
|---|---|---|---|
| % production facilities | 61% | 22% | 16% |

## 1.2. SUMMARY OF THE GROUP'S GREENHOUSE GAS EMISSIONS

### 1.2.1. Scopes 1 and 2

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Scope 1: total direct greenhouse gas emissions (GHG) *(in thousands of tonnes of $CO_2$-eq.)* [a] | 16,239 | 15,345 | 15,536 | 16,273 | 16,107 * |
| Scope 2: total indirect GHG *(in thousands of tonnes of $CO_2$-eq.)* [a][b] | 16,927 | 17,184 | 20,829 | 23,033 | 21,510 * |
| **TOTAL EMISSIONS AS REPORTED** *(in thousands of tonnes of $CO_2$-eq.)* | **33,166** | **32,529** | **36,364** | **39,306** | **37,617** [c] * |
| **TOTAL RESTATED EMISSIONS** *(in thousands of tonnes of $CO_2$-eq.)* [d] | | **39,564** | **40,085** | **39,464** | **37,617** |

*(a) (b) & (c) Actual Group emissions taking into account significant perimeter changes (upwards and downwards) having an impact on $CO_2$ emissions during the year as of their effective date.*
*(a) Reporting taking into account a minimum of 95% of the Group's emissions. The methodology and reporting of excluded sources are subject to a continuous improvement process.*
*(b) Total of indirect GHG emissions generated by the production of electricity and steam purchased outside the Group. Emissions are reported using the "Market Based" methodology.*
*(c) Corresponding emissions using "Location Based" methodology are 36,923 thousand tonnes of $CO_2$-eq.*
*(d) 2020 and following years emissions restated to include in each year's emissions figures the emissions of the assets for the full year, taking into account (upwards and downwards) changes in scope that have had a significant impact on $CO_2$ emissions, in order to provide comparable figures with the restated 2020 baseline.*
** Indicator verified by the independent verifier.*

| As reported emissions by hub [a] | Scope 1 | Scope 2 |
|---|---|---|
| Europe *(in thousands of tonnes of $CO_2$-eq.)* | 5,597 | 3,559 |
| Americas *(in thousands of tonnes of $CO_2$-eq.)* | 7,779 | 2,617 |
| Asia Pacific *(in thousands of tonnes of $CO_2$-eq.)* | 1,109 | 8,274 |
| Middle-east & Africa *(in thousands of tonnes of $CO_2$-eq.)* | 1,622 | 7,060 |
| **TOTAL** *(in thousands of tonnes of $CO_2$-eq.)* | **16,107** | **21,510** |

*(a) Actual hubs emissions taking into account changes in the perimeter as of the effective date.*

The Group's total $CO_2$ equivalent emissions, as compared to the restated 2020 baseline, are down in 2023, while the Group's business is growing, with new unit start-ups, particularly in China and the United States.

The Group's direct emissions (scope 1) are virtually stable, rising from 16.3 million tonnes of $CO_2$ equivalent in 2022 to 16.1 million tonnes in 2023.

The Group's indirect emissions linked to electricity and steam purchases (scope 2) decrease from 23 million tonnes of $CO_2$ equivalent in 2022 to 21.5 million tonnes in 2023. The decrease is due to lower-than-anticipated oxygen production in South Africa, lower volumes in Japan, and maintenance of high-capacity units in China and the USA. The Group has continued to increase its voluntary supply of renewable electricity. However, the resulting drop in $CO_2$ emissions was largely offset by an increase in emissions factors for the share of electricity consumed on the power grid.

Over 80% of the Group's direct emissions are in Europe and the Americas, due to cogeneration units and hydrogen production capacity.

Indirect emissions are mostly linked to installed capacity of air gases production in the various regions and to the electricity mix of the local grid. The importance of coal-based power generation in Asia and South Africa explains the relative importance of Scope 2 emissions in these regions, which account for over 70% of the Group's indirect emissions.

### 1.2.2. Scope 3

Scope 3 emissions correspond to Air Liquide's indirect emissions from its value chain (outside of Scope 2 emissions) and are separated into 15 different categories that can be split between the upstream and the downstream of the value chain.

| Scope 3 categories [(a)] | 2022 (in thousands of tonnes $CO_2$-eq.) | 2023 (in thousands of tonnes $CO_2$-eq.) |
|---|---|---|
| 1 – Purchased goods and services | 3,161 | 3,057 * |
| 2 – Capital goods | 1,035 | 1,017 * |
| 3 – Energy (not included Scope 1 or 2) | 8,749 | 8,467 * |
| 4 – Upstream transportation and distribution | 541 | 489 * |
| 6 – Business travel | 49 | 71 * |
| 7 – Employee commuting | 73 | 73 * |
| 10-11 – Processing and use of sold products [(b)] | 7,282 | 5,985 * |
| 13 – Downstream leased assets | 1,244 | 1,916 * |
| **TOTAL SCOPE 3 EMISSIONS** *(in thousands of tonnes of $CO_2$-eq.)* | **22,134** | **21,075 *** |

*(a) See methodology page 395.*
*(b) From 2022 onwards, these emissions also include downstream emissions related to acetylene sales and residual natural gas sales at refueling stations not yet fully converted to biomethane. In addition, emissions related to sales of biogenic $CO_2$ are no longer included in the total; they represent 0.5 Mt $CO_2$-eq. Emissions linked to residual sales of fossil natural gas in stations (before conversion to biomethane) amount to 137 kt $CO_2$-eq. in 2023.*
** Indicator verified by the independent verifier.*

Air Liquide's Scope 3 emissions are mainly linked to (i) category 3, which includes upstream emissions linked to natural gas and other energy materials used by the Group as raw materials or energy sources, as well as indirect emissions linked to electricity purchases not included in Scope 2, all reported in category 3, and (ii) the use of products sold, mainly $CO_2$ and $N_2O$ reported in category 11.

Category 3 is virtually stable in 2023 compared with 2022, due to slightly lower electricity consumption. Category 11 is also stable in 2023 compared with 2022.

The increase in category 13 emissions is due to inclusion of units for which the Group has estimated average annual emissions for the first time in 2023. It should be noted that for these units, energy is supplied by the customers, who do not communicate the relevant data.

### 1.2.3. Reporting of emissions avoided

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Emissions avoided due to the optimization of our assets *(in millions of tonnes)* | 4.6 | 3.6 | 3.3 | 3.2 | 4.0 |
| Emissions avoided to improve our customers' energy footprint *(in millions of tonnes)* | 12.2 | 11.2 | 11.8 | 10.1 | 8.2 |
| **TOTAL AVOIDED EMISSIONS *(in millions of tonnes)* [(a)]** | **16.8** | **14.8** | **15.1** | **13.3** | **12.2 *** |
| Emissions avoided due to the use of hydrogen for fuels desulfurization *(in millions of tonnes)* | | | | 64.1 | 64.9 |
| **TOTAL AVOIDED EMISSIONS INCLUDING END USES *(in millions of tonnes)*** | | | | **77.4** | **77.1** |

*(a) These avoided emissions cover only the avoided emissions directly attributable to the optimization of Air Liquide's assets and to the use of Air Liquide's solutions by its direct customers. They do not include avoided emissions induced at the level of end-use.*
** Indicator verified by the independent verifier.*

Emissions reductions delivered to the Group's customers are lower than those of 2022, mainly due to a reduction in the supply of oxygen for oxy-combustion in certain steel markets.

Based on other methodological approaches that consider the reduction of black carbon emissions through the use of ultra-low sulfur fuels, and by attributing these avoided emissions to the hydrogen used for desulfurization in refineries, Air Liquide's avoided emissions amount to 77.1 Mt $CO_2$ (see Reporting methodology page 403).

### 1.2.4. Scopes calculation methodology

#### Scope 1

The majority of Air Liquide's Scope 1 emissions are from its hydrogen production and cogeneration units. Scope 1 emissions are the difference in carbon content between the natural gas consumed by these units and the carbon content of their products. Air Liquide also records direct emissions from the combustion of fuel in its truck fleet, as well as gas losses from its $CO_2$ and nitrous oxide production units.

#### Scope 2

Air Liquide now accounts for its Scope 2 emissions on a "market basis." Since 2021 the Group has improved the way it accounts for indirect emissions from electricity and steam purchases by moving from a "location-based" approach based on the average emissions intensity of the national grid to a much more precise and specific approach known as the "market-based" method, linked directly to supply contracts. In the absence of contractual information, when all or part of a site's electricity supply comes from the grid, a residual emission factor is used, in accordance with best practices. In the absence of reliable data on the residual mix, the grid emission factor is used, the latter accounting for approximately 40% of emissions. By using this method, the Group is adopting the Scope 2 emissions accounting method recommended by the GHG Protocol. The Group's electricity procurement initiatives, particularly those to voluntarily procure renewable electricity, are now directly reflected in the reported Scope 2 emissions figures.

### Scope 3

| Categories | Scope | Methodology |
|---|---|---|
| 1 – Purchased goods and services | Products purchased from a third party corresponding to operating expenses | **Spend-based methodology**<br>Emissions are estimated from the volumes of purchased products (€) multiplied by emission factors provided by the ADEME and CEDA databases. |
| 2 – Capital goods | Products purchased from a third party corresponding to investment expenses | **Spend-based methodology**<br>The volumes of purchased products (€) are multiplied by emission factors provided by the ADEME and CEDA databases. |
| 3 – Energy (not included in Scope 1 or 2) | Purchases of energy, steam and fuel | **Average-based methodology**<br>The volumes purchased (GJ) are multiplied by upstream emission factors (Well-to-Tank) supplied on a per-country and per-fuel type basis by UK Government and World Data Bank databases. |
| 4 – Upstream transportation and distribution | Upstream land, air, sea transport and other miscellaneous costs and distribution | **Hybrid methodology**<br>■ emissions related to upstream transportation are calculated based on a spend-based methodology and are estimated on the basis of contracted transport and distribution services (€) multiplied by emission factors provided by the ADEME and CEDA databases;<br>■ emissions related to the downstream transportation and distribution of its products previously reported in its Scope 1 are now partly reported in Scope 3 with respect to the transportation portion subcontracted to third parties. |
| 5 – Waste | Not reported | Emissions in this category have been estimated using an average-based methodology and account for less than 1% of Scope 3. This category is therefore not considered relevant. |
| 6 – Business travel | Air and rail transportation, car rental, hotels & restaurants, other travel expenses | **Hybrid methodology**<br>■ air transportation: airline reporting;<br>■ car rental: average-data methodology based on distance traveled;<br>■ other services: spend-based methodology similar to categories 1, 2 and 4. |
| 7 – Employee commuting | Employee journeys | **Average-based methodology**<br>Estimate based on number of employees and an average transportation distance of 25 km per day by car (conservative assumption). |
| 8 – Upstream leased assets | Not reported | Air Liquide has no leased assets not included in its Scope 1 or 2 reporting. |
| 9 – Downstream transportation | Not reported | Emissions related to downstream transport and distribution services for its products, previously reported in its Scope 1, are now partly reported in Scope 3 for the portion of transport outsourced to third parties. |
| 10 – Processing of sold products;<br>11 – Use of sold products | Sales of greenhouse gases and gases used as fuel | Products sold by Air Liquide enter various chains across multiple sectors of the industry, where they are processed or used. Most of them do not induce emissions downstream but rather reduce the emissions of the customer by allowing efficiencies (see page 394 on avoided emissions). Use of some specific products induces emissions, in particular sales of products also recognized as greenhouse gases when they are not consumed in the downstream process and there is no abatement. Some products are combusted leading to emissions reported in these categories, such as downstream emissions related to sales of acetylene and residual sales of natural gas at refill stations not yet fully converted to biomethane. |
| 12 – End-of-life treatment of sold products | Not reported | Emissions in this category have been estimated using an average-based methodology and account for less than 1% of Scope 3. This category is therefore not considered relevant. |
| 13 – Downstream leased assets | Units located on industrial platform where customers manage energy procurement | **Hybrid methodology**<br>■ If energy consumption data for the unit is available, it is used, in the same way as for Scope 2 reporting;<br>■ If not, an estimate of the annual energy consumption is made according to the unit's production capacities and load factor. |
| 14 – Franchises | Not reported | Air Liquide has no franchises. |
| 15 – Investments | Not reported | Emissions in this category have been estimated using an average-based methodology and account for less than 1% of Scope 3. This category is therefore not considered relevant. |

## 1.3. ENVIRONMENTAL FOOTPRINT OF TRANSPORTATION

### TRANSPORTATION: INDUSTRIAL MERCHANT BUSINESS

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Kilometers traveled by all vehicles delivering gas in liquid or cylinder form *(in millions of km)* | 596 | 559 | 593 | 590 | 574 * |
| Estimate of $CO_2$ emissions generated by these vehicles in the Industrial Merchant business *(in thousands of tonnes)* | 660 | 483 | 572 | 590 | 575 * |
| Change in distance traveled per tonne of liquid industrial gas delivered (oxygen, nitrogen, argon, carbon dioxide) (a) *(truck delivery)* | 98.1 | 97.6 | 98.3 | 99.0 | 99.0 |
| Estimate of truck transportation kilometers avoided through on-site customer units *(in millions of km)* | -56 | -103 | -106 | -146 | -154 |
| Estimate of $CO_2$ emissions avoided by these on-site customer units *(in thousands of tonnes)* | -56 | -104 | -107 | -155 | -164 |
| Percentage of deliveries of air gases and hydrogen via pipeline or on-site | 85% | 85% | 86% | 87% | 86% |

*(a) In kilometers per tonne delivered for the Industrial Merchant business. 2015 base of 100.*
** Indicator verified by the independent verifier.*

### TRANSPORTATION: HEALTHCARE BUSINESS

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **Transportation: Home Healthcare business** | | | | | |
| Kilometers traveled *(in millions of km)* | 187 | 173 | 148 | 148 | 151 |
| Associated $CO_2$ emissions *(in thousands of tonnes)* | 34 | 30 | 29 | 28 | 29 |
| **Transportation: Medical Gases business** | | | | | |
| Kilometers traveled *(in millions of km)* | 32 | 33 | 24 | 23 | 22 |
| Associated $CO_2$ emissions *(in thousands of tonnes)* | 29 | 30 | 26 | 25 | 23 |
| **TOTAL KILOMETERS TRAVELED HEALTHCARE BUSINESS** *(in millions of km)* | **219** | **206** | **172** | **171** | **173** |
| **TOTAL ASSOCIATED $CO_2$ EMISSIONS** *(in thousands of tonnes)* | **63** | **60** | **55** | **53** | **52** |

## 1.4. THE GROUP'S CLIMATE OBJECTIVES AND INDICATORS FOR THE MANAGEMENT OF ITS ASSETS

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| Objective 1: Reduce emissions in absolute value by -33% by 2035 vs 2020 | | | | | | | |
| $CO_2$ emissions, as reported (a) *(in thousands of tonnes of $CO_2$-eq.)* | 30,867 | 33,058 | 33,166 | 32,529 | 36,364 | 39,306 | 37,617 |
| $CO_2$ Emissions, restated (b) *(in thousands of tonnes of $CO_2$-eq.)* | | | | 39,564 | 40,085 | 39,464 | 37,617 |
| Performance: restated $CO_2$ emissions vs. 2020 | | | | | 1.3 % | -0.3% | -4.9% |

*(a) Emissions are reported using the "market-based" methodology and taking into account significant perimeter changes (upwards and downwards) as of their effective date.*
*(b) 2020 and following years emissions restated to include in each year's emissions figures the emissions of the assets for the full year, taking into account (upwards and downwards) changes in scope that have had a significant impact on $CO_2$ emissions, in order to provide comparable figures with the restated 2020 baseline.*

The Group's total $CO_2$ equivalent emissions as compared to the restated 2020 baseline, are down even though in 2023 the Group's business is growing with new units start-ups, particularly in China and the United States. The decline is the result of the Group's efficiency projects and the acceleration of voluntary renewable electricity procurement, and is amplified in 2023 by lower volumes demanded by certain customers.

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|
| Objective 2: Reduce Carbon Intensity by -30% by 2025 vs 2015 | | | | | | | | | |
| $CO_2$ emissions, as reported (a) *(in thousands of tonnes of $CO_2$-eq.)* | 29,414 | 29,363 | 30,867 | 33,058 | 33,166 | 32,529 | 36,364 | 39,306 | 37,617 |
| Carbon intensity (b) | 7.3 | 6.5 | 6.0 | 5.8 | 5.5 | 5.2 | 5.5 | 5.5 | 4.9 |

*(a) Emissions are reported using the "market-based" methodology, integrating significant changes in scope that have an impact on $CO_2$ emissions during the year from the effective date.*
*(b) In kg $CO_2$-equivalent/euro of Operating income recurring before depreciation and amortization at 2015 exchange rate and excluding IFRS 16 for greenhouse gas emissions Scopes 1 and 2 reported using the "market-based" methodology (See methodology of the Scopes calculations in the paragraph 1.3.4 in the Annual Reporting section of the Chapter 5, pages 394 and 395 and reconciliation in Performance indicators paragraph of Chapter 1 – page 62).*

The reduction in Scope 1 and 2 emissions and the strong growth in the Group's results have also led to a reduction of more than 10% in carbon intensity in 2023.

| Indicators | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| Driver 1: Purchases of renewable electricity (TWh) [(a)] | 5.6 | 6.2 | 5.6 | 6 | 6.8 | 7.5 | 7.5 |
| Driver 2: Energy efficiency (ASU) [(b) (c)] | 1.9% | 2.2% | 1.6% | 0.5% | -0.1% | 0.3% | -4,4% * |
| Driver 2: Energy efficiency (HyCO) [(b) (d)] | 0.6% | -0.2% | 0.1% | -0.1% | -2.0% | -4.4% | -4.0% * |
| Driver 3: Operated or decided Electrolyzer capacity [(e) (f)] | — | — | — | — | 65 | 83 | 265 |
| Driver 4: Carbon footprint of air gases ($N_2$, $O_2$ and Air) delivered in bulk, cylinders or On-Site products (Industrial Merchant activity) [(g)] | 300 | 301 | 282 | 289 | 269 | 276 | 279 |

(a) *Air Liquide has upgraded the way power procured for its assets is accounted for in its industrial reporting systems, with more granularity enabling a better distinction between electricity and steam, and using when available, a residual mix for electricity from the grid. Together with the shift to "market-based" reporting for Scope 2 emissions which provides a more accurate primary energy mix for power procured, this leads to a restatement of the amount of renewable energy in the mix. Going forward, Air Liquide's ambitious decarbonization strategy includes increase in renewable power sourcing.*
(b) *These indicators are calculated taking into account the 2015 baseline. By definition, the reference year is equal to 0%. Efficiency can be affected by reliability, maintenance, number of turnarounds, startups and ramps-ups.*
(c) *The efficiency of ASU is measured by the volume of air gases produced per unit of energy consumed. Produced gases (oxygen, nitrogen, argon) accounted in $m^3$ of gaseous oxygen equivalent.*
(d) *Efficiency corresponds to the volume of hydrogen produced per unit of energy consumed. Hydrogen and carbon monoxide.*
(e) *Units: MW.*
(f) *After the revision of the reporting process for small units, the 2021 figure was revised downward in 2022 due to changes in scope, the exclusion of units that were previously double counted as well as units that were found to no longer be in operation.*
(g) *Units: kg $CO_2$-eq. per tonne.*
* *Indicator verified by the independent verifier.*

The variation in hydrogen production efficiency is mainly due to maintenance shutdowns and significant variations in volumes depending on the month of the year.

In 2023, the Group approved the Normand'Hy project. This large-scale electrolyser project using Air Liquide's Proton Exchange Membrane (PEM) technology will supply renewable hydrogen for industrial and heavy mobility applications. Scheduled to be commissioned in 2026, the project will avoid the emission of more than 250,000 tonnes of $CO_2$ per year.

## 1.5. ENERGY AND EFFICIENCY INDICATORS FOR THE GROUP AS A WHOLE

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Annual electricity consumption *(in GWh)* [(a)] | 35,687 | 36,089 | 40,731 | 42,994 | 41,469 * |
| Percentage of electricity consumed by the Group which is renewable | 15.8% | 16.5% | 16.8% | 17.5% | 18.1% |
| Percentage of electricity consumed by the Group which is low-carbon or renewable | 62.0% | 62.3% | 61.1% | 59.5% | 58.6% |
| Annual thermal energy consumption (in LHV terajoules) [(b)] | 307,022 | 295,235 | 300,545 | 310,257 | 304,494 [(c)] |
| Change in air gas produced per energy consumption [(e)] | 101.6 | 100.5 | 99.9 | 100.3 | 95.6 * |
| Change in hydrogen produced per energy consumption [(d) (e)] | 100.1 | 99.9 | 98.0 | 95.6 | 96.0 * |

(a) *Includes a share of steam and compressed air purchased by the Group. Does not include power where it is supplied free of charge.*
(b) *LHV: Lower Heat Value, which includes the fact that energy from water vaporizing in fuel is not recovered. 2022 and earlier data include entities in Russia. 2023 data is lower mostly thanks to lower steam consumption due to efficiency gains in South Africa and customer outages in China, as well as Russia withdrawal impact.*
(c) *Approximately 84,582 GWh LHV.*
(d) *Hydrogen and carbon monoxide.*
(e) *2015 base of 100, efficiency can be affected by reliability, maintenance, turnaround, number of startups and ramp-ups.*
* *Indicator verified by the independent verifier.*

Due to the transition to the "market-based" methodology in 2021, the values for the years prior to 2020 have been recalculated in order to harmonize the accounting of electricity sources with the methodology for calculating indirect emissions (Scope 2) and the comparability of indicators. The variation in efficiency for hydrogen production is mainly due to maintenance shutdowns and strong variations in volumes depending on the month of the year. The energy efficiency variation does not include the volume aspect nor the recent improvement of quality on efficiency data.

## 1.6. WATER CONSUMPTION

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Annual water withdrawal *(estimate in millions of $m^3$)* | 270 | 257 | 950 [(a)] | 973 | 944 * |
| Annual water consumption *(estimate in millions of $m^3$)* [(b)] | 94 | 90 | 82 | 91 | 89 * |

(a) *In 2021, a new reporting tool was implemented and new collection criteria introduced; the increase in reported water quantities for both withdrawals and discharges compared with previous years results from the inclusion of more Open Cooling Circuits, enabled by more granular reporting.*
(b) *Net water consumption, calculated as the difference between the water withdrawn and the water returned to the source.*
* *Indicator verified by the independent verifier.*

Against a backdrop of falling demand and the deployment of efficient water management practices for all the Group activities, the Group's overall annual water consumption decreased by -2% in 2023.

## 1.7. DISCHARGES INTO AIR AND WATER

The 3 main pollutants identified in the Air Liquide activities and monitored at Group level are:

- NOx: In an industrial context, nitrogen oxides (NOx) emissions come from the oxidation of the nitrogen of the air during a non-ideal combustion of a fuel. It is a by-product of the combustion released to the atmosphere with the smoke.
- SOx: In an industrial context, sulfur oxides (SOx) emissions come from the oxidation of the sulfur components included in the fuel by the oxygen in the air during a non-ideal combustion of a fuel. It is a by-product of the combustion released to the atmosphere with the smoke.
- VOCs are any compounds:
  - containing at least the element carbon and one or more of hydrogen or halogen, or oxygen, sulfur phosphorus, silicon, with the exception of carbon oxides and inorganic carbonates and bicarbonates;
  - having a vapor pressure of 0.01 kPa or more at 293.15 °K, or having a corresponding volatility under the particular conditions of use.

Methane ($CH_4$) is usually considered as a VOC but is excluded from the definition of this specific indicator because it is considered and reported as a greenhouse gas (GHG) for reporting purposes.

### DISCHARGES INTO AIR AND WATER *(in tonnes)*

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Discharges into air: NOx (nitrogen oxides) | 5,043 | 3,727 | 3,720 | 3,922 | 3,169 |
| Discharges into air: SOx (sulfur oxides) | <100 | <100 | <100 | <100 | <100 |
| Volatile organic compounds (VOCs) discharged into the atmosphere (estimate) | 299 | 236 | 206 | 208 | 211 |
| Discharges to water: oxidizable matter | <1000 | <1000 | 3,734 | 2,841 | <1000 |
| Discharges to water: suspended solids | <1000 | <1000 | <1000 | <1000 | <1000 |

## 1.8. WASTE AND BY-PRODUCTS

Air Liquide wishes to be part of a process of continuous improvement of its environmental footprint regarding waste. To this end, in 2019, the reporting of waste and by-products changed to provide a more comprehensive view of the types of waste generated and their management.

This approach focuses on the three main hazardous waste groups at each site, allowing a better appreciation of the main environmental impacts associated with waste in each location. This new approach is to be refined in the coming years, in order to provide a view that will allow this environmental footprint to be managed more effectively within the Group.

| Main hazardous waste | % of sites which mentioned it as one of their three main hazardous waste categories | Treatment mode | Volume concerned |
|---|---|---|---|
| Oils | 47% | Recycling | 53% |
| Paints and solvents | 40% | Incineration with energy recovery | 22% |
| Batteries | 72% | Recycling | 45% |

For non-hazardous waste, the main waste groups are metal, paper, wood and plastics. More than half of the Group's sites provide a selective collection of this waste. More than 98% of metal is recycled at all sites.

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **Non-hazardous waste and by-products** | | | | | |
| Annual quantity of lime produced (extracted by dry equivalent) by the acetylene production units *(in tonnes)* | 31,247 | 27,966 | 31,281 | 23,298 | 22,977 [c] |
| *% recycled* | *>90%* | *>90%* | *>90%* | *>87%* | *>85%* |
| Metal waste *(in tonnes)* [a] | 20,632 | 6,861 [b] | 11,755 | 8,450 | 10,180 * |
| *% recycled* | *>99%* | *>99%* | *>99%* | *>99%* | *>99%* |
| **TOTAL NON-HAZARDOUS WASTE AND BY-PRODUCTS** *(estimate in tonnes)* | **51,879** | **34,827** | **43,036** | **31,748** | **33,157** |

*(a) Non-hazardous metal waste.*
*(b) Decrease in 2020 following the divestment of a plant and an economic situation which has caused delays in the disposal of metal waste.*
*(c) In 2022, a new methodology for calculating the amount of lime generated by acetylene production was implemented. The decrease in the amount of lime compared to previous years is the result of the application of this new methodology.*
** Indicator verified by the independent verifier.*

## 2. Safety indicators

### SAFETY INDICATORS FOR THE ENTIRE GROUP

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 [f] | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Number of Group employee and temporary workers lost-time accidents of at least one day [a] | 144 | 152 | 137 | 198 | 161 | 158 | 108 | 138 | 123 | 129 * |
| Accident frequency of Group employees and temporary workers [b] | 1.6 | 1.6 | 1.4 | 1.6 | 1.3 | 1.2 | 0.9 | 1.1 | 0.9 | 1.0 * |
| Accident severity rate [c] | <0.1 | <0.1 | <0.1 | <0.1 | 0.17 | <0.1 | 0.12 | <0.1 | <0.1 | <0.1 |
| Number of accidents of subcontractors [d] [e] | 92 | 94 | 91 | 90 | 93 | 109 | 67 | 83 | 73 | 62 * |
| Frequency of accidents of subcontractors | 2.3 | 2.2 | 2.0 | 2.1 | 2.2 | 2.4 | 1.4 | 1.6 | 1.5 | 1.3 * |
| Frequency rate of serious avoidable accidents involving injuries *(in millions of km traveled)* | — | — | — | 0.013 | 0.030 | 0.022 | 0.019 | 0.021 | 0.023 | 0.026 * |

(a) *Fatal work accidents since 2015: one in 2023, none in 2022, none in 2021, two in 2020, none in 2019, three in 2018, none in 2017, one in 2016, none in 2015.*
(b) *Number of accidents with at least one day's absence from work per million hours worked, involving Group employees and temporary workers. Accidents defined in accordance with the International Labor Office recommendation. Hours worked are defined according to local labor regulations.*
(c) *Average number of days off work per thousand hours worked. Accidents defined according to the International Labour Office recommendation.*
(d) *Employees working under a contract with Air Liquide, on a Group site, or on a customer site, or as drivers of a delivery vehicle.*
(e) *Fatal work accidents since 2015: none in 2023, one in 2022, four in 2021, one in 2020, two in 2019, five in 2018, none in 2017, one road accident in 2016, one road accident in 2015.*
(f) *With Airgas, the data for the previous years concerns Air Liquide exclusively.*
* *Indicator verified by the independent verifier.*

In 2023, the frequency rate of work-related accidents with lost time for Air Liquide employees and temporary workers showed a slight degradation of -4% to reach 1.0 at the end of 2023, compared to 0.9 at the end of 2022. Continued awareness and implementation of prevention actions will further improve safety and significantly and sustainable reduce this lost time accident frequency rate.

In 2023, the Group recorded the death of one employee driver on the road.

The Group has made and will continue to make every effort to analyze all accidents that have occurred in order to learn from them and thus prevent them from happening again.

## 3. Human Resources Indicators

### GROUP EMPLOYEES [a]

| Employees | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Group employees | 67,200 | 64,445 | 66,436 | 67,109 | 67,778 * |
| Women | 17,500 | 17,242 | 18,324 | 18,739 | 19,074 * |
| *as a %* | *26%* | *27%* | *28%* | *28%* | *28%* |
| Men | 49,700 | 47,203 | 48,112 | 48,370 | 48,704 * |
| *as a %* | *74%* | *73%* | *72%* | *72%* | *72%* |
| Joining the Group [b] | 17.4% | 11.1% | 20.0% | 21.1% | 16.8% |
| Leaving the Group [c] | 16.4% | 19.7% | 17.7% | 20.2% | 15.6% |
| % of employees having resigned during the year [d] | 7.5% | 5.8% | 9.6% | 10.3% | 8.6% |

(a) *Employees under contract, excluding temporary employees.*
(b) *Hiring or integration due to acquisitions. The percentage is based on the number of employees as of December 31 of the preceding year.*
(c) *Retirement, resignations, layoffs (approximately 19% of departures), departures due to disposals, etc. The percentage is calculated based on the number of employees as of December 31 of the preceding year.*
(d) *Calculated on the number of employees as of December 31 of the preceding year.*
* *Indicator verified by the independent verifier.*

### HUMAN RESOURCES INDICATORS FOR THE GROUP

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **Parity and diversity** | | | | | |
| **Gender mix** | | | | | |
| % of women among managers and professionals | 29% | 30% | 31% | 31.5% | 32.0% (a) * |
| % of women among managers and professionals hired during the year | 38% | 36% | 38% | 38% | 41% * |
| % of women among employees considered high-potential | 41% | 43% | 46% | 47% | 50% * |
| % of women in positions defined as “Executives” | 19% | 21% | 24% | 24.8% | 24.7% |
| **Number of nationalities** | | | | | |
| Among expatriates | 55 | 51 | 48 | 65 | 52 |
| Among senior executives | 34 | 34 | 35 | 35 | 34 |
| Among employees considered high-potential | 55 | 55 | 53 | 57 | 56 |
| Number of nationalities among senior executives/ Number of countries where the Group is present | 43% | 44% | 47% | 48% | 47% |
| **Training** | | | | | |
| % of total payroll allocated to training | Approx. 2% | Approx. 1% | Approx. 1% | Approx. 1% | Approx. 1% |
| Average number of days of training per employee, per year (order of magnitude) | 3.00 days | 2.10 days | 2.70 days | 3.24 days | 2.65 days (b) |
| % of employees who received training at least once during the year (order of magnitude) | 70% | 65% | 74% | 74% | 70% |
| **Performance review** | | | | | |
| % of employees who had an annual performance review meeting with their direct supervisor during the year | 78% | 83% | 83% | 78% | 79% * |
| % of employees who had a career development meeting with the HR department during the year | 14% | 12% | 13% | 13% | 13% |
| **Remuneration** | | | | | |
| % of employees with an individual variable component as part of their remuneration | 56% | 59% | 60% | 59% | 59% |
| **Absenteeism** | | | | | |
| Absence rate of Air Liquide employees (estimate) | 2.1% | 1.9% | 1.4% | 1.5% | 1.3% |
| **Employee loyalty** | | | | | |
| Average length of service in the Group | 10 years | 10 years | 10 years | 10 years | 9 years |
| Retention rate of managers and professionals over one year (c) | 93% | 95% | 93% | 92% | 93% |
| **Social performance** | | | | | |
| % of employees with disabilities (d) | 1.2% | 1.2% | 1.2% | 2.6% | 1.7% |
| % of employees with access to a representation/ dialog/consultation structure | 80 % | 81 % | 82% | 86% | 87% |
| % of employees who participated in an internal engagement survey (My Voice) during the year (e) | 74% | 80% | 83% | 77% | 81% |
| **Employee shareholders** | | | | | |
| % of capital held by the Group´s employees (f) | 1.7% | 1.7% | 1.9% | 2.0% | 2.1% |
| % of Group employees that are shareholders of L'Air Liquide S.A. | 40% | 40% | 48% | 46% | 53% |

*(a) The share of women among "Managers and Professionals" is rounded off in increments of 0.5%.*
*(b) 20 hours per year when counted in hours (base: 1 day = 7.5 hours), does not take into account training courses if they do not total a minimum of one day (e.g. e-learning).*
*(c) This rate is calculated as follows: 100% - (Number of resignations among managers and professionals/Total number of managers and professionals)*
*(d) For countries where regulations allow this data to be made available.*
*(e) Implementation of My Voice in 2020. Previous years represent the % of employees who participated in a commitment survey over the last three years.*
*(f) As defined by article L. 225-102 of the French Commercial Code.*
** Indicator verified by the independent verifier.*

# 4. Regulations

## 4.1. GHG EMISSION QUOTA SYSTEMS

Air Liquide is present in a number of regions that have implemented or are in the process of implementing quota systems for greenhouse gas emissions. These regulatory developments are being followed by the Air Liquide teams to make sure that the Group's activities comply with the obligations associated with these quota systems.

### 4.1.1. In Europe

In the European Union, the European ETS (Emission Trading Scheme) directive established a system of greenhouse gas emission quotas in 2005, in accordance with the Kyoto Protocol and the European Union's climate change objectives. After an initial phase from 2005 to 2007 and a second phase from 2008 to 2012, a third phase, covering the period from 2013 to 2020, has made it possible to expand the scope of industrial facilities subject to the ETS. The ETS has entered its fourth phase, covering the period 2021-2030, which carries an increase in the reduction factor. A provisional agreement from December 2022 on the next revision of EU ETS in the context of the Fitfor55 package, assumes the reduction of emissions from the stationary industry by 62% by 2030 compared to 2005.

For Air Liquide, in 2022, this directive affected all of its cogeneration sites in Germany, France and the Netherlands, as well as all of the Group's large hydrogen production sites in Europe. With regard to hydrogen production units, a portion of the $CO_2$ emission quotas is allocated for free according to a benchmark established for the top-performing European facilities. Air Liquide acquires the remaining $CO_2$ quotas from the market or its customers in order to cover the hydrogen production site emissions not covered by the free allocations and for all emissions from cogeneration sites. As hydrogen is expected to be included in new rules called Carbon Border Adjustment Mechanism (CBAM), revised ETS rules will lead to gradual phasing-out of the free allowances (to zero in 2034) for hydrogen installation.

From October 1, 2023, the Carbon Border Adjustment Mechanism (CBAM) will apply to EU companies. The CBAM is a regulatory instrument included in the European Union's climate package (Fit for 55), imposing a tariff on carbon emitted by the production of certain goods produced outside the EU and then imported into EU territory.

Implementation of the CBAM begins with a reporting obligation during the transition period, from October 1, 2023 to December 31, 2025. As part of this obligation, Air Liquide will have to identify the entities concerned by its application. From January 1, 2026, the transitional period will be replaced by the introduction of a mechanism for paying an import duty on carbon emitted outside the EU for the production of goods.

### 4.1.2. In China

From 2013, the Chinese government had launched pilot ETS programs. A national carbon market was launched on July 16, 2021. Since 2022 the market also include the electricity sector, the steel and cement industry. Other industries (such as the chemical industry) are expected to be included in the national system over the coming years. China allocates all companies their emission quotas. The allocation is based on a national comparative analysis with each emitter allocated quotas equal to their verified emissions. This approach means that China is not yet a cap-and-trade system. Nevertheless, companies that succeed in reducing the carbon intensity of their production can generate a surplus of tradeable quotas.

### 4.1.3. In Canada

The federal pricing system has two parts: a regulatory charge on fossil fuels like gasoline and natural gas, known as the fuel charge, and a performance-based system for industries, known as the Output-Based Pricing System (OBPS).

The Government of Canada has confirmed that the carbon pollution pricing systems in Quebec, Nova Scotia, Newfoundland and Labrador, the Northwest Territories, and British Columbia continue to meet the federal benchmark stringency requirements, and as of 2021, New Brunswick has a carbon pollution pricing system that also meets the benchmark requirements. As of January 1, 2022, Ontario's provincial output-based pricing system applies alongside the federal fuel charge.

Air Liquide Canada is a market participant in the Quebec cap-and-trade system, a voluntary participant in the Ontario provincial OBPS and a mandatory participant in the Alberta provincial OBPS.

### 4.1.4. In Kazakhstan

The national quota allocation plan for 2021 came into effect on January 13, 2021. A revised version came into effect on January 1, 2022. A revised version came into force on January 1, 2022. The emissions trading system (ETS) applies to all direct emitters of more 20,000 t $CO_2$/year.

### 4.1.5. In California

The California GHG Cap-and-Trade system was established through the Assembly Bill 32 (AB32) for the period 2013-2020, and the first compliance period started in 2013. In 2017, a new bill, AB398, authorizes the California Air Resource Board (CARB) to continue enforcing the Cap-and-Trade regulation over the period 2021 through 2030. The fundamentals of the AB32 remain unchanged with AB39.

### 4.1.6. Synthesis

Other countries, such as South Korea have also implemented a national emission quota exchange system. In 2018, a $CO_2$ taxation system was put in place in Singapore.

| System *(in thousands of tonnes of $CO_2$)* | 2023 Allowances Allocated | 2023 Allowances Purchased (estimated) |
|---|---|---|
| California CaT | 940 | 216 |
| EU ETS [(a)] | 2,556 | 2,222 |
| Kazakhstan ETS | 151 | — |
| Korea ETS | 214 | 33 |
| China ETS [(b)] | 1,602 | 15 |
| Canada ETS | 583 | 6 |

*(a) Taking into account the joint ventures for which the Group's partners are responsible for purchasing the allocations.*
*(b) On Scopes 1 and 2.*

## 4.2. MARKET AUTHORIZATION REGULATIONS

The distribution of substances, products and articles is part of the product stewardship approach developed by the chemical industry.

In terms of market authorizations, Air Liquide is mainly affected by two regulations: chemical substances (REACH) and fluorinated gases (F-gas).

### 4.2.1. European REACH regulation – Regulation (EC) No. 1907/2006

REACH (Registration, Evaluation, Authorisation and restriction of CHemicals) is a European Union regulation that governs the registration, notification, restriction and authorisation of chemical substances produced in or imported into the European Union. Air Liquide also ensures that the raw materials used and placed on the market comply with the REACH regulation.

#### REACH registration of chemical substances

Any chemical substance imported into or manufactured in Europe in excess of one ton per year must be registered with the European Chemicals Agency, ECHA. Each manufacturer or importer must have its own registration.

The European REACH regulation came into effect in 2007, and the registration procedures for existing substances manufactured or imported in excess of one ton per year were scheduled to run until May 31, 2018. After this date, the obligations relating to the maintenance and updating of files continue in the event of production or import in a higher tonnage band, during the review of registration files by the authorities, during administrative updates and when new information on risks to humans or the environment comes to light.

The same obligations will apply to all new substances from the first ton produced or imported into Europe.

Air Liquide's main products, such as oxygen, nitrogen, hydrogen, $CO_2$, helium and rare gases, are exempt from registration under REACH.

Air Liquide is lead registrant for several substances, in particular specialty gases for the Electronics business ($NF_3$, $CF_4$, $C_4F_8$, $SiF_4$…). Air Liquide is ordinary registrant for several other substances: carbon monoxide, acetylene, methanol, lime, nitrous oxide, ultra-pure fuels have been registered under this regulation by each subsidiary concerned.

In addition, Seppic, manufacturers of specialty ingredients for health and beauty, is subject to REACH regulations for some of its substances. Seppic has anticipated the implementation of the European REACH regulation and ensures continued compliance with the regulation. In parallel with the European dossiers submitted within the framework of the REACH regulation, Seppic also ensures compliance with similar regulations outside Europe.

In 2023, Group sales subject to registration under REACH are representing less than 1% of Group turnover.

#### Restriction under REACH of the use of chemical substances

Air Liquide is mainly impacted by restrictions relating to the use of solvents used to distribute acetylene. The solvent DMF is subject to a restriction under a European regulation of November 2021 that requires occupational exposure during cylinder filling operations to be monitored. NMP, a potential substitute, is also subject to restricted use as of May 2020.

#### Authorization under REACH: transitional authorization of chemical substances

Transitional authorizations before permanent cessation of use in Europe apply to SVHC (Substances of Very High Concern) substances included in the candidate list for authorization.

Air Liquide does not distribute substances subject to authorization. These SVHCs are essentially contained in articles distributed for the commissioning or production of gases.

#### Notification in the SCIP database of items placed on the market

The WFD (Waste Framework Directive) requires distributors of articles containing SVHCs, as defined by REACH, above 0.1% by weight, to fill out a database called SCIP, where the article is described and the location of the SVHC substance is designated. There is no threshold limit as for REACH notifications.

This SCIP database will be used at the end of the article's life when it is dismantled by waste treatment or recycling centers as part of the circular economy.

Air Liquide now requires its equipment suppliers to inform it of the presence and precise location of all elementary parts containing SVHCs.

### 4.2.2. Regulation F-GAS (2014) Regulation (EU) No. 517/2014

This European regulation only applies to fluorinated gases placed on the market within the Union. It imposes marketing quotas on HFC (hydrofluorocarbon)-type gases because of their very high global warming potential. The other gases concerned by this regulation are monitored and are therefore subject to a reporting obligation.

Air Liquide mainly markets this type of gas for the electronics and medical sectors. Fluorinated gases used in the electronics sector are destroyed before discharge into the atmosphere and therefore their use is exempted from the quota system.

### 4.2.3. Globally Harmonized System of Classification and Labelling of Chemicals

The Globally Harmonized System of Classification and Labelling of Chemicals, better known as GHS, was created by the United Nations. This system sets out the classification of chemical products according to the types of danger that they represent and provides standardized hazard information, including labeling.

This labeling must provide key information concerning health, safety and environmental protection to everyone who handles a hazardous product or who could be exposed to one.

In the countries in which GHS is implemented in local regulations, Air Liquide subsidiaries have implemented the principles of GHS in terms of product compliance in accordance with the requirements set out in local regulations.

### 4.2.4. Seveso Directive 3

This European directive concerns the prevention of major industrial risks. It applies to any facility where certain hazardous substances are present above certain quantities. These facilities are classified into two categories according to the quantity of substances present: Seveso 3 "upper tier" and "lower tier." In Europe, 96 "lower tier" and 29 "upper tier" Air Liquide sites are concerned, mainly because of oxygen storage.

Seveso regulations apply mainly in Europe, but if the Seveso "upper tier" criteria were to be applied worldwide, 86 other Group sites would be covered.

# 5. Reporting methodology

## 5.1. PROTOCOL AND DEFINITIONS

In the absence of a relevant and recognized protocol for industrial gas operations, Air Liquide has created its own protocol to define its reporting methods for Human Resources, safety and environmental indicators. This protocol includes all of the definitions, measurement procedures and collection methods for this information. In line with the Group's commitment to continuous improvement, Air Liquide is gradually completing this work to adjust its Sustainable Development indicators protocol to reflect changes in the Group.

This protocol is based on the general principles defined by the Group with regard to scope, responsibilities, controls and limits, and establishes definitions, departmental responsibilities, tools and data-tracing methods for each indicator. This document is regularly updated.

Moreover, this protocol takes into account all the Group's formalized procedures in the framework of the Industrial Management System (IMS) and the global protocol for Group Policies, Codes and Procedures called the BlueBook. This reporting protocol makes it possible to cover the information listed in articles L. 22-10-36 and R. 225-105 of the French Commercial Code, except for the fight against food waste, food insecurity, respect for animal welfare, commitments to responsible, fair and sustainable food and the promotion of the practice of physical activities and sports. Due to its industrial activity, these subjects are not considered a priority by Air Liquide.

In 2021, following the publication of enhanced Sustainable Development objectives, new indicators were developed for monitoring the corresponding action plans and the degree to which the objectives are achieved.

## 5.2. SCOPE AND CONSOLIDATION METHODS

Environmental and Human Resources indicators are consolidated worldwide for all companies integrated within the financial consolidation scope. Entities accounted for by the equity method are excluded from the reporting scope.

Safety indicators are consolidated worldwide for all companies in which Air Liquide has operational control or is responsible for safety management.

Apart from these general rules, there are some specific ones:

- information on the impact of transportation (kilometers traveled, $CO_2$ emitted) is calculated based on data collected in the main countries where the Group is established;
- information on avoided kilometers and avoided $CO_2$ emissions through on-site Air Separation Units and efficiency measures pertains to fully consolidated subsidiaries within the financial consolidation scope;
- environmental and energy indicators for the main types of production units operated by the Group cover about 99% of the Group's Gas & Services revenue and 98% of the Group's total revenue;
- for environmental and energy indicators, production units are included in the reporting system from the effective date of their industrial commissioning;
- electricity consumption and the indirect $CO_2$ emissions related to it are only taken into account when Air Liquide pays for this energy. Energy consumption of on-site units and water consumption specific to the sale of treated water (which is not part of the Group's core business) are excluded from the consolidation scope of the data. When the Group has cogeneration units in a country where ASUs are available, the indirect emissions from the electricity of these units are adjusted to take into account self-consumption;
- the segmentation between advanced economies and developing economies, used for direct and indirect greenhouse gas emissions, is the same as that used by the Finance Department;
- the 2020 base used to monitor the targeted -33% reduction in $CO_2$ emissions by 2035 has been restated following significant changes in the scope regarding industrial gas manufacturing units;
- the avoided $CO_2$ emissions reported on the climate benefit of using hydrogen to desulfurize fuels due to lower black carbon emissions are calculated using methodologies widely used by the industries reporting these climate benefits, and via extrapolations to Group data.

## 5.3. DATA COLLECTION AND RESPONSIBILITIES

The environmental, safety and Human Resources indicators are produced by several data collection systems in the Group, each under the responsibility of a specific department:

- the energy consumption and $CO_2$ emissions indicators for the main Air Separation Units and cogeneration, hydrogen and carbon monoxide units are tracked by the Large Industries business line using a dedicated Intranet tool;
- as a complement, environmental and safety reporting is carried out by the Safety and Industrial System Department using a dedicated Intranet tool, and includes:
  - for all entities, the Group's accident reporting data,
  - for the units of the Large Industries business line, other environmental indicators (atmospheric emissions, water consumption, discharge to water, etc.),
  - for the smaller units (acetylene, nitrous oxide, and carbon dioxide units and Hygiene and Specialty Ingredients businesses), the Engineering & Construction business units, the Research and Development sites and the Technical Centers, all indicators (energy, atmospheric emissions, water consumption, discharge to water, etc.);
- indicators on Industrial Merchant transportation are the responsibility of this business line;
- indicators on transportation for Medical Gases and Home Healthcare are the responsibility of the Healthcare business line;
- among the subjects covered by the French "Grenelle 2" law, soil pollution and the consideration of noise pollution are not relevant for the Industrial Gas business, given the size of the Group's sites and the noise levels generated. They are therefore not mentioned in this report;
- Human Resources indicators, included in the Group's general accounting consolidation tool, fall under the responsibility of the Human Resources Department.

## 5.4. CONTROLS

Each department in charge of collecting data is responsible for the indicators provided. Control occurs at the time of consolidation (review of changes, inter-entity comparisons).

Compliance with the $CO_2$ trajectory is ensured by the Finance Department with the support of the Sustainable Development Department through the management and monitoring of $CO_2$ budgets, as part of a reporting process with responsibilities clearly assigned to the various entities involved (operations for data collection, industrial management teams for verification and variance analysis by the Finance Department).

Safety and energy indicators are tracked monthly. Where the data reported are inconsistent or missing, an estimated value may be used by default.

## 5.5. METHODOLOGICAL LIMITS

The methodologies used for certain environmental, safety and Human Resources indicators can have certain limits due to:

- the representativeness of the measurements taken and required estimates. This is particularly the case for indicators regarding avoided $CO_2$ emissions, water consumption, kilometers avoided per on-site unit, and training;
- the absence of nationally or internationally recognized definitions, in particular for indicators on managers and professionals and social performance indicators.

# 6. Independent verifier's report

## REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE NON-FINANCIAL INFORMATION STATEMENT

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31, 2023

In our capacity as Statutory Auditor of the company L'AIR LIQUIDE (hereinafter the "Entity"), appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac), (Cofrac Inspection Accreditation, n°3-1862,scope available at www.cofrac.fr)), we have undertaken a limited assurance engagement on the historical information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2022 (hereinafter the "Information" and the "Statement", respectively), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (code de commerce).

### Conclusion

Based on the procedures we have performed as described under the "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the consolidated non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

### Preparation of the non-financial performance statement

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, summarised in the Statement.

### Inherent Limitations in Preparing the Information

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

### The entity's responsibility

Management is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- preparing the Statement by applying the Entity's "Guidelines" as referred above; and
- implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the Board of Directors.

### Responsibility of the Statutory Auditor, appointed as an independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to report on:

- the Entity's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the French duty of care law and against corruption and tax evasion);
- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- the compliance of products and services with the applicable regulations.

## Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 *et seq*. of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, Intervention du commissaire aux comptes – Intervention de l'OTI – déclaration de performance extra-financière, and acting as the verification programme and with the international standard ISAE 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information.

## Independence and quality control

Our independence is defined by the provisions of Article L. 821-28 of the French Commercial Code and French Code of Ethics for Statutory Auditors (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

## Means and resources

Our work engaged the skills of 15 people between October 2023 and February 2024 and took a total of 18 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 26 interviews with people responsible for preparing the Statement, representing in particular Sustainable Development, Risk management, Human Resources, , Finance, Ethics, Taxes, Health & safety, Environment and Procurement.

## Nature and scope of our work

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information, we:

- obtained an understanding of all the consolidated entities' activities and the description of the main risks associated;
- assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector;
- verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III as well as information regarding compliance with human rights and anti corruption and tax avoidance legislation, where applicable, an explanation for the absence of the information required under Article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- verified that the Statement provides the information required under Article R. 225-105 II of the French Commercial Code where relevant with respect to the main risks, and includes;
- verified that the Statement presents the business model and a description of the main risks associated with of all the consolidated entities' activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the main risks;
- referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; For some risks, (climate -physical impact on operations, biodiversity, ethics and fight against corruption, fight against tax evasion) our work was carried out on the consolidating entity, for other risks, our work was carried out on the consolidating entity and on a selection of sites: :Pernis (COGEN), Rozenburg SMR 2 (HyCO), ALYL (ASU), ALMPCC (ASU), ALSXYA (ASU), El Segundo (HyCO), Bayport (COGEN), La Porte (HyCO), Bayport (HyCO), Rodeo (HyCO), Geismar (COGEN), Yanbu ALAR (HYCO 1 & 2), Sasol Secunda (ASU East – 240, West – 040, T15 & T16 – 540, T17), IM China, AL S-Africa, AL Far Eastern, AL Korea, Soxal, AL Kazakhstan, AL Germany, Vitalaire GmbH HHC, AL Italia, AL Adv Tech, AL Canada IM, AL China IM;
- verified that the Statement covers the consolidated scope, i.e. all the entities within the consolidation scope in accordance with Article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- obtained an understanding of internal control and risk management procedures the Entity has implemented and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;

- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing sites: :Pernis (COGEN), Rozenburg SMR 2 (HyCO), ALYL (ASU), ALMPCC (ASU), ALSXYA (ASU), El Segundo (HyCO), Bayport (COGEN), La Porte (HyCO), Bayport (HyCO), Rodeo (HyCO), Geismar (COGEN), Yanbu ALAR (HYCO 1 & 2), Sasol Secunda (ASU East – 240, West – 040, T15 & T16 – 540, T17), IM China, AL S-Africa, AL Far Eastern, AL Korea, Soxal, AL Kazakhstan, AL Germany, Vitalaire GmbH HHC, AL Italia, AL Adv Tech, AL Canada IM, AL China I  and covers between 20% and 45% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- assessed the overall consistency of the Statement in relation to our knowledge of all the consolidated entities.

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes); a higher level of assurance would have required us to carry out more extensive procedures.

Neuilly-sur-Seine, March 4 , 2024

One of the Statutory Auditors

PricewaterhouseCoopers Audit

French original signed by

| Cédric Le Gal | Sylvain Lambert |
|---|---|
| Partner | Sustainable Development Partner/Director |

## Appendix: List of the information we considered most important

**Key performance indicators:**

- Direct GHG emissions (scope 1);
- Indirect GHG emissions (scope 2);
- Water consumption;
- Accident frequency and number of accidents of Group employees and temporary workers;
- Share of employees with common basis of care coverage;
- Share of employees who have had an annual performance review meeting during the year;
- Share of women managers and professionals (M&Ps);
- Share of employees who attended the anticorruption e-learning;
- Air Liquide's effective tax rate.

**Other quantitative results:**

- Indirect GHG emissions (scope 3);
- $CO_2$ emissions avoided;
- Metal waste;
- Evolution of the quantity of air gas produced per unit of energy consumed (Energy efficiency ASU);
- Evolution of the quantity of hydrogen produced per unit of energy consumed (Energy efficiency HyCO);
- Kilometers traveled by all vehicles delivering gas in liquid or cylinder form;
- Annual electricity and thermal energy consumption;
- Share of Air Liquide sites located in water stress areas;
- Frequency rate of serious avoidable accidents involving injuries;
- Frequency rate and number of accidents of subcontractors;
- Number of accidents involving an Air Liquide vehicles resulting in the death of an employee or third party.:
- Share of employees who participated in an internal engagement survey (My Voice) during the year;
- Share of employees with access to volunteer initiatives as part of the Citizen at Work program;
- Share of women in total headcount;
- Share of women among managers and professionals hired during the year;
- Share of women among employees considered as high potential;
- Share of women among the 10% of positions with the greatest level of responsibility;
- Gender Equality Index;
- Recruitment of young graduates for managers and professionals (M&Ps) positions;
- Share of employees above 60 years old;
- Share of employees with disabilities;
- Share of Seppic's palm oil entities Mass Balance certified;
- Number of participants to webinars organized to raise awareness among employees on biodiversity;
- Share of biogas in total energy consumed by Seppic's French sites;
- Number of policy breaches notified through the whistleblowing system;
- Number of alerts notified through the whistleblowing system related to discrimination and moral harassment

**Qualitative information (actions and results):**

- Introduction of the latest on-board vehicle driver assistance technologies to prevent road risks;
- Transport safety discussions and knowledge building events held with Air Liquide partners;
- Specific provisions aimed at promoting and sustaining certain skills, such as inventor and entrepreneur recognition programs;
- Organization of a Europe Campus and training courses provided within this framework (e.g. management & leadership, sales & marketing);
- Projects supported as part of the Citizen at Work program;
- Initiatives deployed within the Group to promote an inclusive culture: events, learning opportunities, mentoring, networks and communities for different interest groups such as women's careers;
- "Youth-employment contracts", including initiatives promoting the hiring and retention of older employees;
- Specific 'handimanagement' training;
- Purchases of goods and services from specialized companies (working with people with disabilities);
- Sensitivity study performed in the frame of including a carbon price in Air Liquide's investment decision process;
- "Procure to Neutrality", the Procurement climate roadmap;
- 60 million investment to modernize two air separation units operated by the Group in the Tianjin industrial basin;
- Analysis of the exposure of Air Liquide sites to climate risks;
- Analysis of the vulnerability of Air Liquide sites highly exposed to perils;
- documented water management plan aiming at reducing water withdrawal and use risks for water-intensive operations in areas of high water stress;

- Audit of sites with high water consumption in areas of high water stress;
- Solution developed by Air Liquide facilitating the reuse of water through the application of gases deployed in the food industry in Belgium;
- Organization of webinars open to all employees to raise awareness of biodiversity;
- Seppic annual report on the traceability of its ASD purchases;
- Eco-design approach implemented by Seppic to measure the environmental impact of new products;
- Report from the Group Ethics Officer 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;
- Presentation of the whistleblowing system and its main results shared each year with the employee representatives of Air Liquide;
- Presentation of the Group's main tax risks at least once a year to the Audit and Accounts Committee.


# 6 Annual General Meeting 2024

# BOARD OF DIRECTORS' REPORT ON THE RESOLUTIONS PRESENTED TO THE COMBINED GENERAL MEETING – APRIL 30, 2024

## Results for the fiscal year

The financial statements of L'Air Liquide S.A. that have been prepared by applying the methods provided for by law and the standards of the French General Chart of Accounts are attached to this Report – pages 295 to 296.

Revenue for the fiscal year ended December 31, 2023, amounted to 105.4 million euros, compared to 97.5 million euros in 2022, up by +8.1%.

The income from French and foreign equity securities amounted to 804.9 million euros, compared to 414.1 million euros in 2022.

Net profit for the fiscal year ended December 31, 2023, amounted 977.2 million euros, compared to 924.7 million euros in 2022.

In 2022 and 2023, L'Air Liquide S.A. net profit was impacted by exceptional items.

Consolidated revenue in 2023 amounted to 27,607.6 million euros, compared to 29,934.0 million euros in 2022, down by -7.8%. After adjusting for the cumulative impact of foreign exchange fluctuations, revenues was down by -3.6%. These currency impacts were mainly caused by the depreciation of the US dollar and the argentinian peso against the euro.

Consolidated net profit, after the deduction of minority interests, amounted to 3,078.0 million euros, compared to 2,758.8 million euros in 2022, up by +11.6% (up by +21.0% excluding foreign exchange impact).

These results are detailed in the Management Report and the Financial Statements.

## Information on share capital

### AMOUNT OF SHARE CAPITAL HELD BY EMPLOYEES

Please refer to the chapter "Additional Information" of this Universal Registration Document – page 437.

### CROSSING OF SHARE CAPITAL AND VOTING RIGHTS THRESHOLDS IN 2023

Please refer to the chapter "Additional Information" of this Universal Registration Document – page 437.

## Investments and acquisition of controlling interests

Pursuant to the provisions of article L. 233-6 of the French Commercial Code, L'Air Liquide S.A. did not carry out any new shareholding or control transactions during the 2023 fiscal year.

# Resolutions within the authority of the Ordinary General Meeting

We ask you, having noted:

- the Reports of the Board of Directors;
- the Company's financial statements, income statement, balance sheet and notes thereto;
- the Group's consolidated financial statements;
- the Reports of the Statutory Auditors,

to approve the Company's financial statements and the consolidated financial statements for the year ended December 31, 2023 as presented, as well as the transactions set out in these financial statements or mentioned in these Reports.

Your Company's net profit allows the Board to propose the payment of a dividend of 3.20 euros for each share entitled to a dividend, it being specified that in the event of a change in the number of shares entitled to a dividend compared to the 524,516,778 shares making up the share capital as of December 31, 2023, the overall dividend amount would be adjusted accordingly and the amount appropriated to the retained earnings account would be determined on the basis of the dividends effectively paid.

The proposed dividend amounts to 3.20 euros per share, representing an increase of +8.5% compared to the previous year. Furthermore, an allocation of free shares on the basis of one free share for 10 shares held, as well as the application of a loyalty bonus, are planned for 2024.

The ex-dividend date will be May 20, 2024. The dividend will be paid on May 22, 2024.

In accordance with article 117 quater of the French Tax Code, it is specified that ordinary and loyalty dividends paid to individuals with their tax residence in France are fully subject to the single flat-rate withholding tax of 12.8%. Nonetheless, at the express, irrevocable and global request of the Shareholder, these dividends may be subject to the progressive income tax rate and shall therefore be eligible for the 40% allowance referred to in section 2° of paragraph 3 of article 158 of the French Tax Code, which is applicable under certain conditions. In all cases, these ordinary and loyalty dividends shall also be subject to social contributions at a rate of 17.2%.

In addition, Shareholders who have held their shares in registered form for at least two years as of December 31, 2023, and who retain such shares in registered form up to the dividend payment date, shall be entitled, for such shares (i.e. a total number of 145,320,778 shares at December 31, 2023), to a loyalty dividend of 10% compared with the dividend paid to the other shares, i.e. an additional dividend of 0.32 euros per share.

The difference between the loyalty dividend calculated on the number of shares known to exist at December 31, 2023, and the loyalty dividend actually paid will be allocated to the retained earnings account.

You are also asked to record the distributable profit for the fiscal year, consisting of the profit for the 2023 fiscal year of 977,202,213 euros plus retained earnings available at December 31, 2023 of 3,671,836,412 euros, i.e. 4,649,038,625 euros.

We propose to appropriate the distributable earnings for fiscal year 2023, i.e. 4,649,038,625 euros, as follows:

| | |
|---|---|
| Legal reserve | 586,579 euros |
| Retained earnings | 2,923,495,707 euros |
| Dividend (including the loyalty dividend) | 1,724,956,339 euros |

## Distribution

In accordance with French law, we wish to remind you that the distributions made in respect of the last three fiscal years were as follows:

| | Total amount distributed [(a)] *(in euros)* | Number of shares concerned [(b)] | Dividend distributed eligible in its entirety for the 40% deduction referred to in article 158-3-2° of the French Tax Code [(c)] *(in euros)* |
|---|---|---|---|
| **Fiscal year 2020** | | | |
| Ordinary dividend | 1,302,566,991 | 473,660,724 | 2.75 |
| Loyalty dividend | 35,573,380 | 131,753,261 | 0.27 |
| **Fiscal year 2021** | | | |
| Ordinary dividend | 1,378,344,007 | 475,291,037 | 2.90 |
| Loyalty dividend | 39,148,116 | 134,993,503 | 0.29 |
| **Fiscal year 2022** | | | |
| Ordinary dividend | 1,544,178,299 | 523,450,271 | 2.95 |
| Loyalty dividend | 43,256,757 | 149,161,232 | 0.29 |

*(a) Theoretical values calculated based on the number of shares as of December 31 for each fiscal year.*
*(b) Number of shares expressed historically as of December 31 for each fiscal year.*
*The amounts effectively paid after adjustment were as follows:*
*– fiscal year 2020 – ordinary dividend: 1,298,589,273 euros for 472,214,281 shares; loyalty dividend: 37,480,931 euros for 138,818,263 shares;*
*– fiscal year 2021 – ordinary dividend: 1,372,465,400 euros for 473,263,931 shares; loyalty dividend: 39,396,398 euros for 135,849,648 shares;*
*– fiscal year 2022 – ordinary dividend: 1,540,365,457 euros for 522,157,782 shares; loyalty dividend: 42,571,128 euros for 146,796,994 shares.*
*The adjustment especially arises from the change in the number of treasury shares, from the final determination of the loyalty dividend taking into account shares sold between January 1 and the ex-dividend date, from the exercise of options over this same period and the capital increase reserved for employees.*
*(c) Applicable, under certain conditions, when the progressive income tax rate is chosen.*

## Buyback by the Company of its own shares

### A. Information on the completion in the fiscal year 2023 of the Company's share buyback program (pursuant to the provisions of article L. 225-211 of the French Commercial Code)

Reminder of the terms and conditions of the share buyback program authorized by the Combined General Meeting on May 3, 2023

The Combined General Meeting of May 3, 2023 authorized the Board, for a period of 18 months, in accordance with articles L. 22-10-62 *et seq.* of the French Commercial Code and the directly applicable provisions of European Commission Regulation No. 596/2014 of April 16, 2014, to allow the Company to repurchase its own shares in order to:

- cancel them;
- tender them following the exercise of rights attached to marketable securities conferring entitlement to Company shares by redemption, conversion, exchange, presentation of a warrant or any other means;
- implement (i) any share purchase option plans or (ii) plans for free share attributions, or (iii) any employee share ownership transactions reserved for members of a Company Savings Plan, performed through the transfer of shares acquired previously by the Company, or providing for a free share grant in respect of a contribution in shares by the Company and/or to replace the discount, or (iv) allocation of shares to employees and/or Company Officers and those of affiliated companies, in accordance with the laws and regulations in force;
- maintain an active market in the Company's shares pursuant to a market liquidity contract in accordance with an Ethics Charter recognized by the French financial market authority (*Autorité des marchés financiers*).

The buyback by the Company of its own shares was also intended to enable the implementation of any market practice that may be permitted by the French financial market authority and, more generally, the achievement of any other transaction which would comply with the regulations in force.

The maximum purchase price was set at 250 euros per share, and the maximum number of shares that could be bought back was set at 10% of the total number of shares making up the share capital as of December 31, 2022, namely 52,345,027 shares for a maximum total amount of 13,086,256,750.00 euros, subject to the legal limits.

These shares may be purchased at any time, excluding the periods for takeover bids on the Company's share capital, on one or more occasions and by all available means, either on or off a stock exchange, over-the-counter, including the purchase of blocks of shares, or through the use of derivative financial instruments, and, if applicable, by all third parties acting on behalf of the Company, under the conditions stipulated in the provisions of the final paragraph of article L. 225-206 of the French Commercial Code.

Review of the implementation of the share buyback program in 2023

Pursuant to this authorization granted by the Combined General Meeting of May 3, 2023 and the previous delegation granted by the Combined General Meeting of May 4, 2022,

- pursuant to the **liquidity contract**, the following movements occurred during fiscal year 2023:
  - 665,461 shares were purchased for a total price of 104,120,132 euros, i.e. an average purchase price of 156.46 euros,
  - 673,861 shares were sold for a total price of 105,725,067 euros, i.e. an average purchase price of 156.89 euros;
- on February 21, 2023, under the **share buy-back program**, 550,000 shares were bought back for a total amount of 83,014,635.00 euros, i.e. an average price of 150.94 euros per share, representing 0.11% of the share capital as of December 31, 2022.

No other shares were bought before the end of fiscal year 2023.

The total cost of the buybacks was thus limited to 83,014,635.00 euros.

The total amount of the **transaction fees** (exclusive of taxes) was 0.2 million euros.

- During the fiscal year, the Company also proceeded to the **tender of treasury shares** to beneficiaries of performance share plans as follows:
  - 145,068 shares definitively vested under the 2019 performance share plan ("World" Plan),
  - 136,213 shares definitively vested under the 2020 performance share plan ("France" Plan),
  - 75 shares delivered following the death of a beneficiary under the 2022 performance share plan ("France" Plan).
- In addition, the Board of Directors, making use of the authorization granted by the General Meeting of May 3, 2023, proceeded on September 28, 2023 to **cancel** 120,000 shares acquired on February 21, 2023.

Shares registered in the name of the Company as of December 31, 2023

As of December 31, 2023, the Company directly owned 1,100,477 shares valued at an average purchase price of 136.89 euros, i.e. a balance sheet value of 150,648,995 euros. These shares, each with a par value of 5.50 euros, represent 0.21% of the Company's share capital.

The 1,100,477 treasury shares are fully assigned for implementation of any performance share plans.

Under the liquidity contract, as of December 31, 2023, a total of 2,100 shares were on the balance sheet for a net value of 369,251 euros.

It is specified that the shares held by the Company were not reallocated during the 2023 fiscal year for purposes other than those initially planned at the time of their buyback.

### B. Description of the share buyback program submitted to the General Meeting (pursuant to articles 241-1 *et seq.* of the General Regulation of the French financial market authority (*Autorité des marchés financiers*) – Draft resolution

As the authorization granted by the Ordinary General Meeting of May 3, 2023 was partially used, the Board proposes to replace it with a new authorization to allow the Company to repurchase its own shares in order to:

- cancel them, subject to the adoption of the 17th resolution;
- tender them following the exercise of rights attached to marketable securities conferring entitlement to Company shares by redemption, conversion, exchange, presentation of a warrant or any other means;
- implement (i) any share purchase option plans or (ii) plans for free share attributions, or (iii) any employee share ownership transactions reserved for members of a Company Savings Plan, performed under the terms and conditions set forth in articles L. 3331-1 *et seq.* of the French Labor Code through the transfer of shares bought back previously by the Company under this resolution, or providing for free share attributions in respect of a contribution in shares by the Company and/or to replace the discount, or (iv) share grants to employees and/or Company Officers and those of affiliated companies;

- maintain an active market in the Company's shares pursuant to a liquidity contract in accordance with the market practice recognized by the French financial market authority.

The buy-back by the Company of its own shares shall be also intended to enable the implementation of any market practice that may be permitted by the French financial market authority and, more generally, the achievement of any other transaction which would comply with the regulations in force. In this case, the Company would inform its Shareholders by means of a press release.

The maximum purchase price will be set at 300 euros (excluding acquisition costs) per share with a par value of 5.50 euros, and the maximum number of shares that can be bought back will be set at 10% of the total number of shares making up the share capital as of December 31, 2023, i.e. 52,451,677 shares with a par value of 5.50 euros, for a maximum total amount of 15,735,503,100 euros, subject to the legal limits.

As in previous years, the resolution stipulates that the authorization does not apply during takeover bid periods. These shares may thus be purchased at any time, excluding the periods for takeover bids on the Company's share capital, on one or more occasions and by all available means, either on or off a stock exchange, over-the-counter, including the purchase of blocks of shares, or through the use of derivative financial instruments, and, if applicable, by all third parties acting on behalf of the Company, under the conditions stipulated in the provisions of the final paragraph of article L. 225-206 of the French Commercial Code.

Shares bought back may be commuted, assigned or transferred in any manner on or off a stock exchange or over-the-counter, including the sale of blocks of shares, in accordance with the applicable regulations.

As own shares do not confer entitlement to a dividend, the amount of the unpaid dividends will be allocated to retained earnings.

This authorization shall be granted for a period of 18 months starting from the date of this General Meeting. It shall be valid as of the date of the Board of Directors' meeting called to decide on the implementation of the share buyback program and, at the latest, as of November 3, 2024. It supersedes the authorization granted by the Ordinary General Meeting of May 3, 2023, in its 4th resolution with respect to its non-utilized portion.

Pursuant to the provisions of article 241-2 II of the General Regulation of the French financial market authority (*Autorité des marchés financiers*, AMF), during the completion of the buyback program, any change in any of the information listed in this document will be brought to the attention of the public as soon as possible, in accordance with the terms set out in article 221-3 of the General Regulation of the French financial market authority, in particular by posting it on the Air Liquide website: www.airliquide.com.

## Renewal of the term of office of two Directors

The Board of Directors currently comprises 14 members: 12 members appointed by the General Meeting, including five foreign nationals (i.e. 42%) and five women (i.e. 42%), and two Directors representing the employees. With 10 Directors qualified as independent, the percentage of independent Directors is 83%.

The terms of office of Ms Kim Ann Mink and Ms Monica de Virgiliis expire at the end of this Meeting.

In the 5th resolution, you are asked to renew the term of office as Director of Ms Kim Ann Mink for a period of four years. An American national, Ms Kim Ann Mink has been an independent Director on the Board of Directors since May 2020 and a member of the Remuneration Committee since September 2021. Having spent most of her career in major international groups in the chemicals industry, where she held various management positions, Ms Kim Ann Mink brings her experience in the fields of research and innovation and her managerial skills to the Board of Directors, in addition to her scientific expertise.

In addition, the Board has been assured that Ms Kim Ann Mink will continue to be available to participate assiduously in the work of the Board. In 2023, Ms Kim Ann Mink's attendance rate at Board meetings was 100%. During her current term of office, her overall attendance rate at Board meetings was 100%.

In the 6th resolution, you are asked to renew the term of office as Director of Ms Monica de Virgiliis for a period of four years. A French-Italian national, Ms Monica de Virgiliis has been an independent Director on the Board of Directors since February 15, 2023, following her provisional appointment by the Board of Directors ratified by the General Meeting of May 3, 2023, replacing Ms Anette Bronder for the remainder of her term of office, i.e. until the end of this Meeting. She has also been a member of the Environment and Society Committee since May 2023. Ms Monica de Virgiliis brings to the Board of Directors her experience of more than 15 years in the Electronics business, her skills in the field of technology and energy, her managerial skills and her commitment to energy transition.

In addition, the Board has been assured that Ms Monica de Virgiliis will continue to be available to participate assiduously in the work of the Board [(1)]. Since her appointment to the Board of Directors on February 15, 2023, Ms Monica de Virgiliis' attendance rate at Board meetings has been 100%.

The Board of Directors has qualified Ms Kim Ann Mink and Ms Monica de Virgiliis as independent Directors.

In addition and for information, the term of office of Ms Fatima Tighlaline as Director representing the employees expires at the end of this General Meeting. During its plenary meeting of November 9, 2023, the European Works Council renewed the term of office as Director representing the employees of Ms Fatima Tighlaline for a period of four years expiring at the end of the 2028 General Meeting, which will approve the financial statements for the 2027 fiscal year.

At the end of this General Meeting, subject to approval by the Meeting of all the resolutions proposed, the Board of Directors composition would therefore remain unchanged at 14 members: 12 members appointed by the General Meeting, most of whom are independent (i.e. 83% independent Directors), including five women (i.e. 42%), five foreign nationals (i.e. 42%) and two Directors representing the employees.

## Regulated agreements

During the 2023 fiscal year, no new regulated agreements were submitted for the prior approval of the Board of Directors.

As provided by law, the Board of Directors carried out an annual review of agreements approved and concluded during previous fiscal years which continued to be applied during the year ended December 31, 2023.

(1) *In addition, as she had undertaken when she was co-opted, and in order to take into account the policy of certain investors, Ms Monica de Virgiliis did not seek the renewal of her term of office as a member of the Supervisory Board of ASM, which will expire in May 2024. Subject to the renewal of her term of office as Director of L'Air Liquide S.A. by this General Meeting, she will therefore hold only two terms of office as a director in listed companies in addition to her term of office as Chairwoman of SNAM.*

In the 7th resolution, you are asked to take note of the fact that the Statutory Auditors' Special Report on regulated agreements does not mention any new agreements.

The Special Report is included in Chapter 6 of the 2023 Universal Registration Document.

## Approval of the remuneration of Company Officers paid or awarded in respect of the 2023 fiscal year

Pursuant to article L. 22-10-34 II of the French Commercial Code, you are asked:

- in the 8th resolution to approve the fixed, variable and exceptional elements of the total remuneration and other benefits paid in 2023 or awarded in respect of the 2023 fiscal year to Mr François Jackow as Chief Executive Officer. It is specified that no exceptional remuneration was paid or awarded to him in 2023;
- in the 9th resolution to approve the fixed, variable and exceptional elements of the total remuneration and other benefits paid in 2023 or awarded in respect of the 2023 fiscal year to Mr Benoît Potier as Chairman of the Board of Directors. It is specified that no variable remuneration, LTI or exceptional remuneration were paid or awarded to him in 2023.

These elements of remuneration are described in the Report on Corporate Governance included in Chapter 3 of the 2023 Universal Registration Document. They were paid or awarded in line with the remuneration policy approved by the General Meeting on May 3, 2023.

## Approval of information relating to the remuneration of corporate officers stated in article L. 22-10-9-I of the French Commercial Code

In accordance with article L. 22-10-34 I of the French Commercial Code, you are asked to approve the 10th resolution on the information relating to the remuneration of the Company's corporate officers (Chief Executive Officer, Chairman of the Board of Directors and Directors) listed in article L. 22-10-9 I of the French Commercial Code.

This information includes in particular elements which establish the link between the Executive Officer's remuneration and the Company's performance, as well as communication of remuneration ratios, both on the legal scope and on an expanded scope.

This information is described in the Report on Corporate Governance included in Chapter 3 of the 2023 Universal Registration Document.

## Approval of the remuneration policy applicable to corporate officers

Pursuant to article L. 22-10-8 II of the French Commercial Code, you are asked to approve the remuneration policy applicable to corporate officers.

The elements of this policy, including the remuneration policy for Executive Officers and non-executive Company officers, their application to each Company Officer and the policy applicable to Directors, are described in the Report on Corporate Governance in Chapter 3 of the 2023 Universal Registration Document, in the section entitled "Remuneration policy applicable to corporate officers".

The approval of the remuneration policy is the subject of the 11th resolution for the Chief Executive Officer (applicable to Mr François Jackow), the 12th resolution for the Chairman of the Board of Directors (applicable to Mr Benoît Potier) and the 13th resolution for the Company's Directors.

## Setting of the total annual remuneration of Directors

The 14th resolution sets the amount of the total annual remuneration of Directors authorized per fiscal year. It should be noted that, by decision of the General Meeting of May 5, 2020, this amount was increased to 1.3 million euros. On the recommendation of the Remuneration Committee, the Board of Directors proposes to set the amount of the total annual remuneration that may be allocated to the Directors at 1.5 million euros, from 2024.

The proposed increase takes into account in particular the new composition of the Board of Directors which, since the recent appointments approved by the General Meeting of May 3, 2023, now comprises 14 members, including 12 appointed by the General Meeting, and the evolving regulatory context requiring an increased number of meetings of the Board of Directors and/or certain Committees.

The remuneration comprises fixed remuneration and variable remuneration based on lump-sum amounts per meeting, thereby taking into account the actual participation of each Director in the work of the Board and its Committees, as well as a fixed amount per trip for Directors who are not residents. For more details on these items, see information presented in the Company's 2023 Universal Registration Document, in Chapter 3 "Corporate governance", in the section entitled "Remuneration of L'Air Liquide S.A. corporate officers" in the paragraph headed "Remuneration of the non-Executive Directors (including information mentioned in article L. 22-10-9-I of the French Commercial Code)" and in the section entitled "Remuneration policy applicable to corporate officers," in the paragraph headed "Remuneration policy applicable to Directors."

## Appointment of the company PricewaterhouseCoopers Audit and the company KPMG S.A. as Statutory Auditors in charge of certifying the sustainability information

As from 2025, the Company will publish information on sustainability for the 2024 fiscal year in application of the provisions of Order no. 2023-1142 of December 6, 2023 on the publication and certification of information relating to sustainability and the environmental, social and corporate governance obligations of commercial companies, transposing Directive (EU) no. 2022/2464 (known as "CSRD"). The first publication relating to this information will appear in the 2024 Universal Registration Document.

In this context, on the recommendation of the Audit and Accounts Committee formulated following discussions with the Environment and Society Committee in a joint session of the two Committees, the Board of Directors proposes that the General Meeting appoints the college currently in charge of certifying the accounts as Statutory Auditors in charge of certifying the Company's sustainability information and issuing a certification report on this information. The 15th and 16th resolutions therefore propose the appointment of the company PricewaterhouseCoopers Audit and the company KPMG S.A. to these functions respectively.

In accordance with the provisions of article L. 821-26 of the French Commercial Code, this certification assignment will respectively be carried out in the name of PricewaterhouseCoopers Audit and in the name of KPMG S.A. by a natural person partner, shareholder or manager of the concerned company, duly registered on the list of Statutory Auditors authorized to perform the certification of sustainability information held by the Haute autorité de l'audit (French national audit authority), as provided for in article L. 821-13 of the French Commercial Code.

Following an internal selection process, open to the two Statutory Auditors, the Board of Directors considered that, in addition to the appropriate geographical coverage offered by the two companies of Statutory Auditors, their good understanding of Air Liquide's challenges and operations as part of their assignment to certify the Group's financial statements would be particularly useful in the implementation of the new regulations, and would allow to strengthen the connectivity between financial and sustainability information.

For all practical purposes, it is specified that in the context of this recommendation, the Audit Committee was not influenced by a third party and that no contractual clause that had the effect of restricting its choice was imposed on it.

Pursuant to the transitional provisions of Order no. 2023-1142 of December 6, 2023, it is proposed that the term of office of PricewaterhouseCoopers Audit and KPMG S.A. in respect of the sustainability information certification assignment be the same as that of the remaining term in respect of their financial statement certification assignment. The term of office of the two companies would thus expire at the end of the Ordinary General Meeting called to approve the 2027 financial statements.

# Resolutions within the authority of the Extraordinary General Meeting

## Authorization to reduce the share capital by cancellation of treasury shares

In the 17th resolution you are asked, as every year, to authorize the Board of Directors to cancel any or all of the shares purchased in the share buyback program and reduce share capital under certain conditions, particularly in order to fully offset, where necessary, any potential dilution resulting from capital increases relating to employee shareholding transactions.

The difference between the carrying amount of the canceled shares and their nominal amount will be allocated to reserve or additional paid-in capital accounts.

This authorization granted to the Board of Directors will be for a period of 24 months.

## Share capital increase through capitalization of additional paid-in capital, reserves, profits or any other amounts

The Combined General Meeting of May 4, 2022 authorized the Board of Directors, for a period of 26 months, to increase the share capital, on one or more occasions, through the incorporation of additional paid-in capital, reserves, profits or other amounts, including with a view to free shares attributions for Shareholders.

This authorization was partially used in 2022: the Company allocated one free share for 10 existing shares following a capital increase by incorporation of a sum of 268 million euros deducted from the “Issue premiums” item, thus creating 48,905,499 new shares (amount including the 10% increase, i.e. one additional free share for every 100 existing shares held in registered form for more than two full calendar years).

The aim of the 18th resolution is to renew this authorization up to a maximum of 320 million euros. As in 2022, in order to provide Shareholders with the right to express an opinion on such a capital increase during periods of takeover bids, it is proposed that this delegation of authority be suspended during periods of takeover bids. On the basis of this resolution, an allocation of free shares at the rate of one free share for 10 shares held, as well as the application of a loyalty bonus, are planned for 2024.

## Capital increase reserved for employees with cancellation of Shareholder preferential subscription rights

In accordance with legal provisions, these draft resolutions are submitted again to the vote at the General Meeting. The two resolutions proposed to the General Meeting are identical to those approved on May 3, 2023.

The previous employee shareholding operation took place in November 2023, in accordance with the authorization given by the 21st resolution of the General Meeting of May 3, 2023 (see the Supplementary Board of Directors’ Report, Chapter 3 – pages 218 to 220). The subscription price of the shares was 126.49 euros (134.40 euros in the United States) per share. 22,093 employees (and retirees) in 57 countries representing 32.49% of eligible employees subscribed to this operation. The General Meeting, having read the Board of Directors’ Report and the Statutory Auditors’ Special Report, is therefore asked to authorize the Board of Directors to decide on one or more share capital increases, at the time or times and in the proportions that it deems appropriate, via the issuance of ordinary shares of the Company, as well as other marketable securities granting access to the Company’s share capital, reserved for:

- under the 19th resolution, the members, from the Company and the French or foreign companies which are affiliated to it within the meaning of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code, of a Company or Group Savings Plan (directly or through a Company mutual fund or any other structures or entities permitted by applicable legal or regulatory provisions). The delegation shall be valid for a period of 26 months starting from the date of this General Meeting;
- under the 20th resolution, a category of beneficiaries, defined as any bank or subsidiary of such an institution mandated by the Company, which would subscribe to shares, or other share capital issued by the Company pursuant to the 19th resolution, with the sole intent of enabling employees and corporate officers of foreign companies, affiliated to the Company within the meaning of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code, to benefit from a plan with an economic profile comparable to an employee share ownership scheme that would be set up in connection with a share capital increase undertaken in accordance with the 19th resolution of this General Meeting, taking into account the regulatory and fiscal and/or social framework applicable in the country of residence of the employees and corporate officers of the aforementioned foreign companies. The delegation shall be valid for a period of 18 months starting from the date of this General Meeting.

The Board of Directors shall be competent to determine, within those categories, the identity of the beneficiaries of these share capital increases.

The total amount of share capital increases likely to be performed in accordance with these two resolutions may not exceed a maximum nominal amount of 22 million euros, corresponding to the issue of a maximum of 4 million shares. Furthermore, the maximum nominal amount of share capital increases likely to be performed on the basis of these two resolutions shall be deducted from the overall limit stipulated in paragraph 2 of the 19th resolution of the Extraordinary General Meeting of May 3, 2023. In the event that they are used, the proposed resolutions will automatically result in the cancellation of the Shareholders’ preferential subscription rights in favor of the above-mentioned beneficiaries.

The subscription price of the shares that would be issued pursuant to these two resolutions may not exceed the average, determined pursuant to the provisions of article L. 3332-19 of the French Labor Code, of the opening trading prices for the Company’s share during the 20 stock exchange trading days preceding the date of the decision setting the opening date for the subscription to a share capital increase made on the basis of the 19th resolution, or be more than 20% lower than such average, bearing in mind that the General Meeting will officially authorize the Board of Directors, if deemed appropriate, to reduce or cancel the aforementioned discount, within especially the legal, regulatory and tax limits under the applicable foreign law. In accordance with article L. 3332-21 of the French Labor Code, the Board of Directors may provide for the attribution, on a bonus basis, to the beneficiaries referred to in the 19th resolution, of shares to be issued or already issued or other marketable securities granting access to the Company’s share capital to be issued or already issued, in respect of (i) the contribution that could be paid in accordance with the regulations governing Company or Group Saving Plans, and/or (ii) where appropriate, the discount.

Should the beneficiaries referred to in the 19th resolution not subscribe to the entire share capital increase within the allotted deadlines, the share capital increase would only be performed for the amount of the shares subscribed, and the non-subscribed shares may be offered again to the beneficiaries concerned within the scope of a subsequent share capital increase.

Finally, the General Meeting shall grant full powers to the Board of Directors, with the option of sub-delegation under the conditions determined by law, to set, within the limits described above, the various terms and conditions governing the implementation of the two proposed resolutions.

## Proposed amendment to the statutory age limit applicable to a percentage of Directors and to the Chairman of the Board of Directors

On the recommendation of the Appointments and Governance Committee, it is proposed that the General Meeting modify the age limit applicable to a percentage of Directors, i.e. that the number of Directors whose age exceeds 72 years (instead of 70 years in the current wording of the articles of association) should not exceed one third of the total number of Directors.

This change would make it possible, in particular in the context of an extension of working lives and in line with market practices, to continue to benefit from the skills and expertise of experienced Directors and, in the interest of the Company, to leave as many options open as possible when renewing terms of office.

Under the 21st resolution you are asked to amend article 11 of the articles of association accordingly.

In this context, it is also proposed to set the age limit for the **Chairman of the Board of Directors** at **72 years** instead of the current 70 years. Consequently, the exemption provided for by the articles of association in the event of exceptional circumstances, according to which the age limit of the Chairman may be increased to 72 years (instead of 70 years), upon the discretion of the Board, when the Chairman of the Board of Directors does not also assume the role of Chief Executive Officer, would be deleted.

Under the 22nd resolution you are asked to amend article 12 of the articles of association accordingly.

# RESOLUTIONS PRESENTED FOR THE APPROVAL OF THE COMBINED GENERAL MEETING – APRIL 30, 2024

## Ordinary General Meeting

### Resolutions 1 and 2 Approval of the financial statements for the year

**Purpose**

You are asked in the **1st and 2nd resolutions** to approve both the Company and consolidated financial statements of Air Liquide for the fiscal year ended December 31, 2023, as presented in Chapter 4 of the 2023 Universal Registration Document.

#### First Resolution

**(Approval of the Company financial statements for the fiscal year ended December 31, 2023)**

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having noted:

- the Reports of the Board of Directors and the Statutory Auditors;
- the Company's financial statements, income statement, balance sheet and notes thereto,

approves the Company financial statements for the year ended December 31, 2023 as presented, and approves the transactions reflected in these financial statements or mentioned in these Reports.

The General Meeting determines the amount of net earnings for the fiscal year to be 977,202,213 euros.

#### Second Resolution

**(Approval of the consolidated financial statements for the fiscal year ended December 31, 2023)**

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having noted:

- the Reports of the Board of Directors and the Statutory Auditors;
- the Group's consolidated financial statements;

approves the consolidated financial statements for the year ended, December 31, 2023, as presented.

### Resolution 3 Appropriation of earnings and setting of the dividend

**Purpose**

In the **3rd resolution**, the Board of Directors asks you to approve the distribution of a dividend of **3.20 euros per share**, representing growth of **+8.5%** compared to the previous year. In addition, an allocation of free shares at the rate of one free share for 10 shares held, as well as the application of a loyalty bonus, are planned for 2024.

A loyalty dividend of 10%, i.e. **0.32 euros** per share, is granted to shares which have been held in registered form since December 31, 2021 and which remain held in this form continuously until May 22, 2024, the dividend payment date. As of December 31, 2023, 27.71% of the shares making up the share capital are likely to benefit from this loyalty dividend.

With an estimated pay-out ratio of 56% of the Group's published net profit, the dividend proposed to the Meeting is an integral part of Air Liquide's policy to reward and grow Shareholder portfolios over the long term.

The ex-dividend date will be **May 20, 2024**. The dividend will be paid on **May 22, 2024**.

## Third Resolution

**(Appropriation of 2023 earnings; setting of the dividend)**

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having noted that, considering the fiscal year 2023 earnings of 977,202,213 euros and the retained earnings of 3,671,836,412 euros as of December 31, 2023, distributable earnings for the fiscal year amount to a total of 4,649,038,625 euros, approves the proposals of the Board of Directors regarding the appropriation of earnings. The General Meeting hereby decides to appropriate distributable earnings as follows:

| | |
|---|---|
| Legal reserve | 586,579 euros |
| Retained earnings | 2,923,495,707 euros |
| Dividend (including the loyalty dividend) | 1,724,956,339 euros |

Hence, a dividend of 3.20 euros shall be paid to each of the shares conferring entitlement to a dividend, it being specified that in the event of a change in the number of shares conferring entitlement to a dividend compared to the 524,516,778 shares making up the share capital as of December 31, 2023, the overall dividend amount would be adjusted accordingly and the amount appropriated to the retained earnings account would be determined on the basis of the dividend effectively paid.

The dividend will be paid on May 22, 2024:

- for direct registered shares: directly by the Company;
- for intermediary registered shares, as well as for bearer shares which are registered in Shareholder accounts: by the authorized intermediaries to which the management of these shares has been entrusted.

The dividend distributions made with respect to the last three fiscal years are as follows:

| | Total amount distributed [(a)] *(in euros)* | Number of shares concerned [(b)] | Dividend distributed eligible in its entirety for the 40% deduction referred to in article 158-3-2° of the French Tax Code [(c)] *(in euros)* |
|---|---|---|---|
| **Fiscal year 2020** | | | |
| Ordinary dividend | 1,302,566,991 | 473,660,724 | 2.75 |
| Loyalty dividend | 35,573,380 | 131,753,261 | 0.27 |
| **Fiscal year 2021** | | | |
| Ordinary dividend | 1,378,344,007 | 475,291,037 | 2.90 |
| Loyalty dividend | 39,148,116 | 134,993,503 | 0.29 |
| **Fiscal year 2022** | | | |
| Ordinary dividend | 1,544,178,299 | 523,450,271 | 2.95 |
| Loyalty dividend | 43,256,757 | 149,161,232 | 0.29 |

*(a) Theoretical values calculated based on the number of shares as of December 31 for each fiscal year.*
*(b) Number of shares expressed historically as of December 31 for each fiscal year.*
*The amounts effectively paid after adjustment were as follows:*
*– fiscal year 2020 – ordinary dividend: 1,298,589,273 euros for 472,214,281 shares; loyalty dividend: 37,480,931 euros for 138,818,263 shares;*
*– fiscal year 2021 – ordinary dividend: 1,372,465,400 euros for 473,263,931 shares; loyalty dividend: 39,396,398 euros for 135,849,648 shares;*
*– fiscal year 2022 – ordinary dividend: 1,540,365,457 euros for 522,157,782 shares; loyalty dividend: 42,571,128 euros for 146,796,994 shares.*
*The adjustment especially arises from the change in the number of treasury shares, from the final determination of the loyalty dividend taking into account shares sold between January 1 and the ex-dividend date, from the exercise of options over this same period and the capital increase reserved for employees.*
*(c) Applicable, under certain conditions, when the progressive income tax rate is chosen.*

Pursuant to the provisions of the articles of association, a loyalty dividend of 10%, i.e. 0.32 euros per share with a par value of 5.50 euros, shall be granted to shares which have been held in registered form since December 31, 2021, and which remain held in this form continuously until May 22, 2024, the dividend payment date.

In accordance with article 117 quater of the French Tax Code, it is specified that ordinary and loyalty dividends paid to individuals with their tax residence in France are fully subject to the single flat-rate withholding tax of 12.8%. Nonetheless, at the express, irrevocable and global request of the Shareholder, these dividends may be subject to the progressive income tax rate and shall therefore be eligible for the 40% allowance referred to in section 2° of paragraph 3 of article 158 of the French Tax Code, which is applicable under certain conditions. In all cases, these ordinary and loyalty dividends shall also be subject to social contributions at a rate of 17.2%.

The total amount of the loyalty dividend for the 145,320,778 shares which have been held in registered form since December 31, 2021, and which remained held in this form continuously until December 31, 2023, amounts to 46,502,649 euros.

The total loyalty dividend corresponding to those of the 145,320,778 shares that cease to be held in registered form between January 1, 2024 and the May 22, 2024 dividend payment date, shall be deducted from the aforementioned amount.

# Resolution 4 Buyback by the Company of its own shares

## Purpose

The 4th **resolution** renews the authorization granted to the Board of Directors, for a period of 18 months, to allow the Company to buy back its own shares (including under a liquidity contract). The objectives of the share buyback program are detailed below in the 4th resolution and the buyback program description included in the 2023 Universal Registration Document available on the Company's website, www.airliquide.com, prior to the General Meeting.

In 2023, the buyback program resulted in the purchase of 550,000 shares, representing 0.11% of the capital at December 31, 2022 and the cancellation of 120,000 shares. Over the past 10 years, share buybacks have represented on average less than 0.5% of the share capital per year.

Additionally, under the liquidity contract, 665,461 shares were purchased and 673,861 were sold in fiscal year 2023. As of December 31, 2023, 2,100 shares were held under the liquidity contract.

As of December 31, 2023, the Company directly owned 1,100,477 shares, fully assigned to the objective of implementation of any performance share plans. These shares represent 0.21% of the Company's share capital. They do not have any voting rights and their related dividends are allocated to retained earnings.

The authorization referred to in the **4th resolution** provides that the maximum purchase price is set at 300 euros per share and the maximum number of shares that can be bought back is limited to 10% of the total number of shares comprising the share capital as of December 31, 2023, i.e. 52,451,677 shares, for a maximum total amount of 15,735,503,100 euros.

In keeping with previous practices, the Board of Directors intends to use this authorization for the purpose of employee share ownership transactions, in particular for the purpose of performance share plans in favor of employees and Executive Officers. Subject to the approval of the 17th resolution, treasury shares may also be canceled to offset, in the long term, the potential dilutive impact resulting from capital increases relating to employee shareholding transactions.

The Board also intends to maintain the liquidity contract in place, in line with the French financial market authority (*Autorité des marchés financiers*) regulations.

As in previous years, the resolution stipulates that the authorization does not apply during takeover bid periods.

## Fourth Resolution

**(Authorization granted to the Board of Directors for a period of 18 months to allow the Company to trade in its own shares)**

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having noted the Board of Directors' Report, in accordance with articles L. 22-10-62 *et seq*. of the French Commercial Code and the directly applicable provisions of European Commission Regulation No. 596/2014 of April 16, 2014, authorizes the Board of Directors to allow the Company to repurchase its own shares in order to:

- cancel them, subject to the adoption of the seventeenth resolution;
- tender them following the exercise of rights attached to marketable securities conferring entitlement to Company shares by redemption, conversion, exchange, presentation of a warrant or any other means;
- implement (i) any share purchase option plans or (ii) plans for free share attributions, or (iii) any employee share ownership transactions reserved for members of a Company Savings Plan, performed under the terms and conditions set forth in articles L. 3331-1 *et seq.* of the French Labor Code through the transfer of shares bought back previously by the Company under this resolution, or providing for free share attributions in respect of a contribution in shares by the Company and/or to replace the discount, or (iv) share grants to employees and/or Executive Officers of the Company and of affiliated companies;
- maintain an active market in the Company's shares pursuant to a liquidity contract in accordance with the market practice recognized by the French financial market authority.

The buy-back by the Company of its own shares shall be also intended to enable the implementation of any market practice that may be permitted by the French financial market authority and, more generally, the achievement of any other transaction which would comply with the regulations in force. In this case, the Company would inform its Shareholders by means of a press release.

The General Meeting sets the maximum purchase price at 300 euros (excluding acquisition costs) per share with a par value of 5.50 euros, and the maximum number of shares that can be bought back at 10% of the total number of shares making up the share capital as of December 31, 2023, or 52,451,677 shares with a par value of 5.50 euros, for a maximum total amount of 15,735,503,100 euros, subject to the legal limits.

These shares may be purchased at any time, excluding the periods for takeover bids on the Company's share capital, on one or more occasions and by all available means, either on or off a stock exchange, over-the-counter, including the purchase of blocks of shares, or through the use of derivative financial instruments, and, if applicable, by all third parties acting on behalf of the Company, under the conditions stipulated in the provisions of the final paragraph of article L. 225-206 of the French Commercial Code.

Shares bought back may be commuted, assigned or transferred in any manner on or off a stock exchange or over-the-counter, including the sale of blocks of shares, in accordance with the applicable regulations.

As own shares do not confer entitlement to a dividend, the amount of the unpaid dividends will be allocated to retained earnings.

This authorization is granted for a period of 18 months starting from the date of this Meeting. It shall be valid as of the date of the Board of Directors' meeting called to decide on the implementation of the share buyback program and, at the latest, as of November 3, 2024. With effect from this date, it will supersede the authorization granted by the fourth resolution of the Ordinary General Meeting of May 3, 2023, with respect to the non-utilized portion of such authorization.

The General Meeting gives full powers to the Board of Directors, with the possibility of sub-delegating such powers, to implement this authorization, place orders for trades, enter into all agreements, perform all formalities and make all declarations with regard to all authorities and, generally, do all that is necessary for the execution of any of the Board's decisions made in connection with this authorization.

The Board of Directors shall inform the General Meeting of any transactions performed in light of this authorization in accordance with applicable regulations.

## Resolutions 5 and 6 Renewal of the term of office of two Directors

### Purpose

The Board of Directors currently comprises 14 members: 12 members appointed by the General Meeting, including five foreign nationals (i.e. 42%) and five women (i.e. 42%), and two Directors representing the employees. With 10 Directors qualified as independent, the percentage of independent Directors is 83%.

The terms of office of **Ms Kim Ann Mink** and **Ms Monica de Virgiliis** expire at the end of this Meeting.

In the **5th resolution**, you are asked to **renew the term of office as Director of Ms Kim Ann Mink for a period of four years**. An American national, Ms Kim Ann Mink has been an **independent Director** on the Board of Directors since **May 2020** and a member of the Remuneration Committee since September 2021. Having spent most of her career in major international groups in the chemicals industry, where she held various management positions, **Ms Kim Ann Mink** brings her experience in the fields of research and innovation and her managerial skills to the Board of Directors, in addition to her scientific expertise.

In addition, the Board has been assured that **Ms Kim Ann Mink** will continue to be available to participate assiduously in the work of the Board. In 2023, **Ms Kim Ann Mink**'s attendance rate at Board meetings was 100%. During her current term of office, her overall attendance rate at Board meetings was 100%.

In the **6th resolution**, you are asked to **renew the term of office as Director of Ms Monica de Virgiliis for a period of four years**. A French-Italian national, **Ms Monica de Virgiliis** has been an **independent Director** on the Board of Directors since **February 15, 2023**, following her provisional appointment by the Board of Directors ratified by the General Meeting of May 3, 2023, replacing Ms Anette Bronder for the remainder of her term of office, i.e. until the end of this Meeting. She has also been a member of the Environment and Society Committee since May 2023. **Ms Monica de Virgiliis** brings to the Board of Directors her experience of more than 15 years in the Electronics business, her skills in the field of technology and energy, her managerial skills and her commitment to energy transition.

In addition, the Board has been assured that **Ms Monica de Virgiliis** will continue to be available to participate assiduously in the work of the Board [(1)]. Since her appointment to the Board of Directors on February 15, 2023, **Ms Monica de Virgiliis**' attendance rate at Board meetings has been 100%.

The Board of Directors has qualified **Ms Kim Ann Mink** and **Ms Monica de Virgiliis** as independent Directors.

In addition and for information, the term of office of **Ms Fatima Tighlaline** as Director representing the employees expires at the end of this General Meeting. During its plenary meeting of November 9, 2023, the European Works Council renewed the term of office as Director representing the employees of Ms Fatima Tighlaline for a period of four years expiring at the end of the 2028 General Meeting, which will approve the financial statements for the 2027 fiscal year.

At the end of this General Meeting, subject to approval by the Meeting of all the resolutions proposed, the Board of Directors composition would therefore remain unchanged at 14 members: 12 members appointed by the General Meeting, most of whom are independent (i.e. 83% independent Directors), including five women (i.e. 42%), five foreign nationals (i.e. 42%) and two Directors representing the employees.

## Fifth Resolution

**(Renewal of the term of office of Ms Kim Ann Mink as Director of the Company)**

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having noted the Board of Directors' Report, decides to renew the term of office as a Director of Ms Kim Ann Mink for a period of four years, which will expire at the end of the 2028 General Meeting held to approve the financial statements for the fiscal year ending December 31, 2027.

## Sixth Resolution

**(Renewal of the term of office of Ms Monica de Virgiliis as Director of the Company)**

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having noted the Board of Directors' Report, decides to renew the term of office as a Director of Ms Monica de Virgiliis for a period of four years, which will expire at the end of the 2028 General Meeting held to approve the financial statements for the fiscal year ending December 31, 2027.

*(1) In addition, as she had undertaken when she was co-opted, and in order to take into account the policy of certain investors, Ms Monica de Virgiliis did not seek the renewal of her term of office as a member of the Supervisory Board of ASM, which will expire in May 2024. Subject to the renewal of her term of office as Director of L'Air Liquide S.A. by this General Meeting, she will therefore hold only two terms of office as a director in listed companies in addition to her term of office as Chairwoman of SNAM.*

## Resolution 7 Regulated agreements

### Purpose

During the 2023 fiscal year, no new regulated agreements were submitted for the prior approval of the Board of Directors.

As provided by law, the Board of Directors carried out an annual review of agreements approved and concluded during previous fiscal years which continued to be applied during the year ended December 31, 2023.

In the **7th resolution**, you are asked to take note of the fact that the Statutory Auditors' Special Report on regulated agreements does not mention any new agreements.

The Special Report is included in Chapter 6 of the 2023 Universal Registration Document.

### Seventh Resolution

**(Statutory Auditors' Special Report on agreements covered by the articles L. 225-38 et seq. of the French Commercial Code)**

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, duly notes that the Statutory Auditors' Special Report on the agreements covered by articles L. 225-38 *et seq.* of the French Commercial Code required by the legal and regulatory provisions in force has been submitted to the General Meeting and that it makes no mention of any new agreement during the fiscal year ended December 31, 2023.

## Resolutions 8 and 9 Approval of the remuneration of Company Officers paid or awarded in respect of the 2023 fiscal year

### Purpose

Pursuant to article L. 22-10-34 II of the French Commercial Code, you are asked:

- in the **8th resolution** to approve the fixed, variable and exceptional elements of the total remuneration and other benefits paid in 2023 or awarded in respect of the 2023 fiscal year to Mr François Jackow as Chief Executive Officer. It is specified that no exceptional remuneration was paid or awarded to him in 2023;
- in the **9th resolution** to approve the fixed, variable and exceptional elements of the total remuneration and other benefits paid in 2023 or awarded in respect of the 2023 fiscal year to Mr Benoît Potier as Chairman of the Board of Directors. It is specified that no variable remuneration, LTI or exceptional remuneration were paid or awarded to him in 2023.

These elements of remuneration are described in the Report on Corporate Governance included in Chapter 3 of the 2023 Universal Registration Document. They were paid or awarded in line with the remuneration policy approved by the General Meeting on May 3, 2023.

### Eighth Resolution

**(Approval of the components of the remuneration paid during or awarded in respect of the fiscal year ended December 31, 2023 to Mr François Jackow, Chief Executive Officer)**

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, approves, pursuant to article L. 22-10-34-II of the French Commercial Code, the fixed, variable and exceptional elements of the total remuneration and benefits of any kind paid during the fiscal year ended December 31, 2023, or awarded for the same fiscal year to Mr François Jackow, Chief Executive Officer as presented in the Company's 2023 Universal Registration Document, in Chapter 3 "Corporate governance", in the section entitled "Remuneration of L'Air Liquide S.A. corporate officers," in the paragraph headed "Elements of the total remuneration and benefits of any kind paid during or awarded in respect of the 2023 fiscal year, to Mr François Jackow and on which the General Meeting of April 30, 2024, is invited to vote."

### Ninth Resolution

**(Approval of the components of the remuneration paid during or awarded in respect of the fiscal year ended December 31, 2023 to Mr Benoît Potier, Chairman of the Board of Directors)**

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, approves, pursuant to article L. 22-10-34-II of the French Commercial Code, the fixed, variable and exceptional elements of the total remuneration and benefits of any kind paid during the fiscal year ended December 31, 2023, or awarded for the same fiscal year to Mr Benoît Potier, Chairman of the Board of Directors, as presented in the Company's 2023 Universal Registration Document, in Chapter 3 "Corporate governance", in the section entitled "Remuneration of L'Air Liquide S.A. corporate officers," in the paragraph headed "Elements of the total remuneration and benefits of any kind paid during or awarded in respect of the 2023 fiscal year, to Mr Benoît Potier and on which the General Meeting of April 30, 2024, is invited to vote."

# Resolution 10 Approval of information relating to the remuneration of corporate officers included in the Report on Corporate Governance in accordance with article L. 22-10-9-I of the French Commercial Code

## Purpose

In accordance with article L. 22-10-34 I of the French Commercial Code, you are asked to approve the **10th resolution** on the information relating to the remuneration of the Company's corporate officers (Chief Executive Officer, Chairman of the Board of Directors and Directors) listed in article L. 22-10-9 I of the French Commercial Code.

This information includes in particular elements which establish the link between the Executive Officer's remuneration and the Company's performance, as well as communication of remuneration ratios, both on the legal scope and on an expanded scope.

This information is described in the Report on Corporate Governance included in Chapter 3 of the 2023 Universal Registration Document.

## Tenth Resolution

**(Approval of information relating to the remuneration of corporate officers stated in article L. 22-10-9-I of the French Commercial Code)**

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, approves, pursuant to article L. 22-10-34-I of the French Commercial Code, the information mentioned in article L. 22-10-9-I of the same Code, which is included in the Board of Directors' Report on Corporate Governance as presented in the Company's 2023 Universal Registration Document, in Chapter 3 "Corporate governance", in the section entitled "Remuneration of L'Air Liquide S.A. corporate officers" in the paragraphs headed "Remuneration of the Company Officers (including information mentioned in article L. 22-10-9-I of the French Commercial Code)" and "Remuneration of the non-Executive Directors (including information mentioned in article L. 22-10-9-I of the French Commercial Code)".

# Resolutions 11 to 13 Approval of the remuneration policy applicable to corporate officers

## Purpose

Pursuant to article L. 22-10-8 II of the French Commercial Code, you are asked to approve the remuneration policy applicable to corporate officers.

The elements of this policy, including the remuneration policy for Executive Officers and non-executive Company officers, their application to each Company Officer and the policy applicable to Directors, are described in the Report on Corporate Governance in Chapter 3 of the 2023 Universal Registration Document, in the section entitled "Remuneration policy applicable to corporate officers".

The approval of the remuneration policy is the subject of the **11th resolution** for the **Chief Executive Officer** (applicable to Mr François Jackow), the **12th resolution** for the **Chairman of the Board of Directors** (applicable to Mr Benoît Potier) and the **13th resolution** for the Company's **Directors**.

## Eleventh Resolution

**(Approval of the remuneration policy applicable to the Chief Executive Officer)**

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having noted the Board of Directors' Report on Corporate Governance, approves, pursuant to article L. 22-10-8-II of the French Commercial Code, the elements of the remuneration policy for the Chief Executive Officer as presented in the Company's 2023 Universal Registration Document, in Chapter 3 "Corporate governance", in the section entitled "Remuneration policy applicable to corporate officers," in the paragraph headed "Remuneration policy applicable to Company Officers."

## Twelfth Resolution

**(Approval of the remuneration policy applicable to the Chairman of the Board of Directors)**

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having noted the Board of Directors' Report on Corporate Governance, approves, pursuant to article L. 22-10-8-II of the French Commercial Code, the remuneration policy for the Chairman of the Board of Directors as presented in the Company's 2023 Universal Registration Document, in Chapter 3 "Corporate governance," in the section entitled "Remuneration policy applicable to corporate officers," in the paragraph headed "Remuneration policy applicable to Company Officers."

## Thirteenth Resolution

**(Approval of the remuneration policy applicable to Directors)**

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having noted the Board of Directors' Report on Corporate Governance, approves, pursuant to article L. 22-10-8-II of the French Commercial Code, the remuneration policy for the Directors, as presented in the Company's 2023 Universal Registration Document, in Chapter 3 "Corporate governance," in the section entitled "Remuneration policy applicable to corporate officers," in the paragraph headed "Remuneration policy applicable to Directors."

# Resolution 14 Setting of the total annual amount of Directors' remuneration

### Purposes

The **14th resolution** sets the amount of the total annual remuneration of Directors authorized per fiscal year. It should be noted that, by decision of the General Meeting of May 5, 2020, this amount was increased to 1.3 million euros. On the recommendation of the Remuneration Committee, the Board of Directors proposes to set the amount of the total annual remuneration that may be allocated to the Directors at 1.5 million euros, from 2024.

The proposed increase takes into account in particular the new composition of the Board of Directors which, since the recent appointments approved by the General Meeting of May 3, 2023, now comprises 14 members, including 12 appointed by the General Meeting, and the evolving regulatory context requiring an increased number of meetings of the Board of Directors and/or certain Committees.

The remuneration comprises fixed remuneration and variable remuneration based on lump-sum amounts per meeting, thereby taking into account the actual participation of each Director in the work of the Board and its Committees, as well as a fixed amount per trip for Directors who are not residents. For more details on these items, see information presented in the Company's 2023 Universal Registration Document, in Chapter 3 "Corporate governance", in the section entitled "Remuneration of L'Air Liquide S.A. corporate officers" in the paragraph headed "Remuneration of the non-Executive Directors (including information mentioned in article L. 22-10-9-I of the French Commercial Code)" and in the section entitled "Remuneration policy applicable to corporate officers," in the paragraph headed "Remuneration policy applicable to Directors."

## Fourteenth Resolution

**(Setting of the total annual amount of Directors' remuneration)**

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having noted the Board of Directors' Report, decides, in accordance with article 16 of the Company's articles of association, to set as of fiscal year 2024, the amount of the annual fixed sum provided for in article L. 225-45 of the French Commercial Code to be allocated to the Directors as remuneration for their activities, at 1.5 million euros per fiscal year.

# Resolutions 15 and 16 Appointment of PriceWaterhouseCoopers Audit and KPMG S.A. as Statutory Auditors in charge of certifying the sustainability information

## Purposes

As from 2025, the Company will publish information on sustainability for the 2024 fiscal year in application of the provisions of Order no. 2023-1142 of December 6, 2023 on the publication and certification of information relating to sustainability and the environmental, social and corporate governance obligations of commercial companies, transposing Directive (EU) no. 2022/2464 (known as "CSRD"). The first publication relating to this information will appear in the 2024 Universal Registration Document.

In this context, on the recommendation of the Audit and Accounts Committee formulated following discussions with the Environment and Society Committee in a joint session of the two Committees, the Board of Directors proposes that the General Meeting appoints the college currently in charge of certifying the accounts as Statutory Auditors in charge of certifying the Company's sustainability information and issuing a certification report on this information. The **15th and 16th resolutions** therefore propose the appointment of the company PricewaterhouseCoopers Audit and the company KPMG S.A. to these functions respectively.

In accordance with the provisions of article L. 821-26 of the French Commercial Code, this certification assignment will respectively be carried out in the name of PricewaterhouseCoopers Audit and in the name of KPMG S.A. by a natural person partner, shareholder or manager of the concerned company, duly registered on the list of Statutory Auditors authorized to perform the certification of sustainability information held by the Haute autorité de l'audit (French national audit authority), as provided for in article L. 821-13 of the French Commercial Code.

Following an internal selection process, open to the two Statutory Auditors, the Board of Directors considered that, in addition to the appropriate geographical coverage offered by the two companies of Statutory Auditors, their good understanding of Air Liquide's challenges and operations as part of their assignment to certify the Group's financial statements would be particularly useful in the implementation of the new regulations, and would allow to strengthen the connectivity between financial and sustainability information.

For all practical purposes, it is specified that in the context of this recommendation, the Audit Committee was not influenced by a third party and that no contractual clause that had the effect of restricting its choice was imposed on it.

Pursuant to the transitional provisions of Order no. 2023-1142 of December 6, 2023, it is proposed that the term of office of PricewaterhouseCoopers Audit and KPMG S.A. in respect of the sustainability information certification assignment be the same as that of the remaining term in respect of their financial statement certification assignment. The term of office of the two companies would thus expire at the end of the Ordinary General Meeting called to approve the 2027 financial statements.

## Fifteenth Resolution

**(Appointment of the company PriceWaterhouseCoopers Audit as Statutory Auditor in charge of certifying the sustainability information)**

The General Meeting, deliberating according to the quorum and majority conditions required for Ordinary General Meetings, having noted the Board of Directors' Report, decides, pursuant to articles L. 821-40 et seq. of the French Commercial Code, to appoint the company PriceWaterhouseCoopers Audit as Statutory Auditor in charge of certifying the sustainability information.

Notwithstanding the provisions of article L. 821-44 of the French Commercial Code and in accordance with article 38 of Order no. 2023-1142 of December 6, 2023 on the publication and certification of sustainability information and the environmental, social and corporate governance obligations of commercial companies, the duration of this term of office will be equivalent to that of the remaining term in respect of the financial statement certification assignment and will end at the close of the Ordinary General Meeting called to approve the financial statements for the 2027 fiscal year.

## Sixteenth Resolution

**(Appointment of the company KPMG S.A. as Statutory Auditor in charge of certifying the sustainability information)**

The General Meeting, deliberating according to the quorum and majority conditions required for Ordinary General Meetings, having noted the Board of Directors' Report, decides, pursuant to articles L. 821-40 et seq. of the French Commercial Code, to appoint the company KPMG S.A. as Statutory Auditor in charge of certifying the sustainability information.

Notwithstanding the provisions of article L. 821-44 of the French Commercial Code and in accordance with article 38 of Order no. 2023-1142 of December 6, 2023 on the publication and certification of sustainability information and the environmental, social and corporate governance obligations of commercial companies, the duration of this term of office will be equivalent to that of the remaining term in respect of the financial statement certification assignment and will end at the close of the Ordinary General Meeting called to approve the financial statements for the 2027 fiscal year.

# Extraordinary General Meeting

## Resolution 17 Authorization to reduce the share capital by cancellation of treasury shares

### Purpose

In the **17th resolution** you are asked, as every year, to authorize the Board of Directors to cancel any or all of the shares purchased in the share buyback program and reduce share capital under certain conditions, particularly in order to fully offset, where necessary, any potential dilution resulting from capital increases relating to employee shareholding transactions.

The difference between the carrying amount of the canceled shares and their nominal amount will be allocated to reserve or additional paid-in capital accounts.

This authorization granted to the Board of Directors will be for a period of 24 months.

### Seventeenth Resolution

**(Authorization granted to the Board of Directors for a period of 24 months to reduce the share capital by cancellation of treasury shares)**

The General Meeting, deliberating according to the quorum and majority required for Extraordinary General Meetings, having noted the Board of Directors' Report and the Statutory Auditors' Special Report, authorizes the Board of Directors to cancel, via its decisions alone, on one or more occasions, and within the limit of 10% of the Company's share capital per 24-month period, any or all of the shares bought back by the Company within the scope of the authorization adopted by this Ordinary General Meeting in its fourth resolution and of those shares bought back within the scope of the authorization adopted by the Ordinary General Meeting of May 3, 2023, and to reduce the share capital by this amount.

The difference between the carrying amount of the canceled shares and their nominal amount will be allocated to any reserve or additional paid-in capital accounts.

This authorization is granted for a period of 24 months starting from the date of this Meeting. It supersedes the authorization granted by the Extraordinary General Meeting of May 3, 2023, in its eighteenth resolution with respect to the non-utilized portion of such authorization.

Full powers are granted to the Board of Directors, with the possibility of sub-delegation under the conditions set by law, to implement this authorization, deduct the difference between the carrying amount of the shares canceled and their nominal amount from all reserve and additional paid-in capital accounts and to carry out the necessary formalities to implement the reduction in capital which shall be decided in accordance with this resolution and amend the articles of association accordingly.

## Resolution 18 Share capital increase through capitalization of additional paid-in capital, reserves, profits or any other amounts

### Purpose

The Combined General Meeting of May 4, 2022 authorized the Board of Directors, for a period of 26 months, to increase the share capital, on one or more occasions, through the incorporation of additional paid-in capital, reserves, profits or other amounts, including with a view to free shares attributions for Shareholders.

This authorization was partially used in 2022: the Company allocated one free share for 10 existing shares following a capital increase by incorporation of a sum of 268 million euros deducted from the "Issue premiums" item, thus creating 48,905,499 new shares (amount including the 10% increase, i.e. one additional free share for every 100 existing shares held in registered form for more than two full calendar years).

The aim of the **18th resolution** is to renew this authorization up to a maximum of 320 million euros. As in 2022, in order to provide Shareholders with the right to express an opinion on such a capital increase during periods of takeover bids, it is proposed that this delegation of authority be suspended during periods of takeover bids. On the basis of this resolution, an allocation of free shares at the rate of one free share for 10 shares held, as well as the application of a loyalty bonus, are planned for 2024.

## Eighteenth Resolution

**(Delegation of authority granted to the Board of Directors for a period of 26 months to increase the share capital through the incorporation of additional paid-in capital, reserves, profits or any other amounts, for a maximum amount of 320 million euros)**

The Shareholders, deliberating according to the quorum and majority required for Ordinary General Meetings, having noted the Board of Directors' Report and pursuant to the provisions of articles L. 225-129-2, L. 225-130 and L. 22-10-50 of the French Commercial Code:

- delegate to the Board of Directors, with the option of sub-delegation, the authority necessary to increase the share capital on one or more occasions, according to the terms and conditions and at the times it shall determine, through the capitalization of additional paid-in capital, reserves, profits or any other amounts that may be capitalized, the capitalization of which will be possible under law and the articles of association, as a free share attribution to Shareholders and/or an increase in the par value of existing shares;
- the delegation thereby granted to the Board of Directors is valid for a period of 26 months starting from the date of this General Meeting, it being specified, however, that the Board of Directors will not be authorized to make use of it during periods of takeover bids on the Company's share capital;
- decide that the total amount of share capital increases likely to be performed thereby may not exceed 320 million euros, it being specified that to this limit will be added the nominal amount of shares that may be issued pursuant to applicable legal and regulatory provisions, and, when relevant, contractual stipulations providing for other adjustments, to preserve the rights of holders of marketable securities or other rights conferring access to share capital and that this limit is distinct and independent from the limit provided for in paragraph 2 of the nineteenth resolution passed by the Extraordinary General Meeting of May 3, 2023 (or any resolution which would replace it at a later date); in any event, the total amount of share capital increases likely to be performed in this way may not exceed the amount of additional paid-in capital, reserve or profit accounts or any other amounts existing at the time of the capital increase;
- decide that, should the Board of Directors use this delegation, pursuant to the provisions of articles L. 225-130 and L. 22-10-50 of the French Commercial Code, fractional rights shall not be negotiable and the corresponding securities shall be sold; the sums resulting from such sale shall be allocated to the holders of rights under the applicable regulatory conditions;
- take due note that this delegation supersedes the delegation granted to the Board of Directors under the nineteenth resolution of the Extraordinary General Meeting of May 4, 2022, for the unused portion of the delegation;
- grant full powers to the Board of Directors, with the option of sub-delegation under the conditions set by law, to implement this delegation and in particular to set the terms of issue, to deduct from one or more "available reserves" accounts the costs arising from the corresponding share capital increase and, if deemed appropriate, all sums necessary to bring the legal reserve up to one-tenth of the new share capital after each share issue, duly record the completion of the resulting share capital increases, make the corresponding amendments to the articles of association and, generally, complete all the formalities relating to the share capital increases.

## Resolutions 19 and 20 Capital increase reserved for employees

### Purpose

The resolutions authorizing a capital increase reserved for employees are, as in 2023, submitted to this Meeting. The total nominal amount of share capital increases likely to be performed under these resolutions is 22 million euros, corresponding to the issue of a maximum of 4 million shares, or 0.76% of the share capital as at December 31, 2023. This amount shall be deducted from the nominal limit of 470 million euros, i.e. around 16% of the share capital, as stipulated in the 19th resolution of the Extraordinary General Meeting of May 3, 2023 (or any resolution which would replace it at a later date), relating to the overall limit for share capital increases likely to be performed on delegation to the Board of Directors.

The **19th resolution** outlines the conditions of share capital increases reserved for members of a Company or Group Savings Plan; it is accompanied in the **20th resolution** by a similar provision for Group employees and corporate officers based abroad who could not benefit from the shareholding mechanism which will be established pursuant to the **19th resolution**.

These two delegations will be valid for a period of 26 months for the **19th resolution** and for a period of 18 months for the **20th resolution**. They shall result in the waiver by Shareholders of their preferential subscription rights in favor of the concerned beneficiaries.

The previous employee shareholding operation took place in November 2023, in accordance with the authorization given by the 21st resolution of the General Meeting of May 3, 2023. The subscription price of the shares was 126.49 euros (134.40 euros in the United States) per share. 22,093 employees (and retirees) in 57 countries representing 32.49% of eligible employees subscribed to this operation.

The Group wishes to continue increasing the involvement of employees in its development. These employee share ownership offers contribute significantly to increasing employee motivation and a sense of belonging to the Group.

At the end of 2023, the share capital held by employees and former employees of the Group is estimated at 2.9% of which 2.1% corresponds to shares subscribed by employees during capital increases reserved for employees or held through dedicated mutual funds.

## Nineteenth Resolution

**(Delegation of authority granted to the Board of Directors for a period of 26 months to perform share capital increases, with cancellation of preferential subscription rights, reserved for members of a company or group savings plan)**

The General Meeting, deliberating according to the quorum and majority required for Extraordinary General Meetings, having noted the Board of Directors' Report and the Statutory Auditors' Special Report, deliberating pursuant to articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and articles L. 3331-1 *et seq.* of the French Labor Code:

- delegates to the Board of Directors the authority to decide to increase the Company's share capital, on one or more occasions, at the time or times and in the proportions that it deems appropriate, via the issuance of ordinary shares of the Company as well as other equity securities granting access to the Company's share capital, reserved for members of a Company or Group Savings Plan;
- decides that the total amount of share capital increases likely to be performed under this resolution may not exceed a maximum nominal amount of 22 million euros, corresponding to the issue of a maximum of 4 million shares, it being specified that this amount does not include additional shares to be issued, pursuant to applicable legal and regulatory provisions, and, when relevant, contractual stipulations providing for other adjustments, to preserve the rights of holders of equity securities conferring access to share capital and that the total amount of capital increases to be performed under this resolution and the twentieth resolution may not exceed the aforementioned nominal amount of 22 million euros;
- decides that the maximum nominal amount of share capital increases to be performed on the basis of this delegation shall be deducted from the overall limit stipulated in paragraph 2 of the nineteenth resolution of the Extraordinary General Meeting of May 3, 2023 (or any resolution which would replace it at a later date);
- decides that the beneficiaries of these capital increases will be, directly or through an intermediary of a Company mutual fund (FCPE) or all other structures or entities permitted by applicable legal or regulatory provisions, the members, within the Company and the French or foreign companies affiliated to it within the meaning of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code, of a Company or Group Savings Plan;
- decides to cancel the preferential subscription rights of Shareholders to the new shares or other equity securities, and equity securities to which the latter would confer entitlement, which shall be issued in favor of the aforementioned members of a Company or Group Savings Plan in accordance with this resolution;
- decides that the subscription price may not exceed the average, pursuant to the provisions of article L. 3332-19 of the French Labor Code, of the opening trading prices for the Company's share during the 20 trading days preceding the date of the decision setting the opening date for the subscription period, or be more than 20% lower than such average, bearing in mind that the General Meeting officially authorizes the Board of Directors, if deemed appropriate, to reduce or cancel the aforementioned discount, in view of especially the legal, regulatory and tax constraints under the applicable foreign law, where applicable;
- decides, in accordance with article L. 3332-21 of the French Labor Code, that the Board of Directors may provide for the free share attribution, to the aforementioned beneficiaries, of shares to be issued or already issued or other equity securities or securities granting access to the Company's capital to be issued or already issued, in respect of (i) the contribution that could be paid in accordance with the regulations governing Company or Group Saving Plans, and/or (ii) where appropriate, the discount;
- also decides that, should the beneficiaries not subscribe to the entire capital increase within the allotted deadlines, the capital increase would only be performed for the amount of the shares subscribed, and that the non-subscribed shares may be offered again to the beneficiaries concerned within the scope of a subsequent capital increase;
- grants full powers to the Board of Directors with the option of sub-delegation under the conditions set by law, to determine, within the limits described above, the various terms and conditions of the transaction and particularly:
  - define the criteria which the companies must meet in order for their employees to be entitled to benefit from the capital increases,
  - determine a list of these companies,
  - set the terms and conditions of the share issue, the characteristics of the shares, and, where appropriate, the other equity securities, determine the subscription price calculated based on the method defined above, set the terms and conditions and deadline for fully paying up the subscribed shares; deduct from the "additional paid-in capital" account all costs relating to these capital increases and, if deemed appropriate, all sums necessary to bring the legal reserve up to one tenth of the new share capital after each share issue; and generally complete, directly or through an authorized representative, all the transactions and formalities relating to the share capital increases performed under this resolution and, where appropriate, especially take any measures with a view to listing the shares issued pursuant to this resolution for trading on the Euronext Paris regulated exchange,
  - set the opening and closing dates for the subscription period, record the completion of the corresponding capital increase and amend the articles of association accordingly;
- decides that this delegation of authority granted to the Board of Directors is valid for a period of 26 months starting from the date of this General Meeting.

## Twentieth Resolution

**(Delegation of authority granted to the Board of Directors for a period of 18 months to perform share capital increases, with cancellation of preferential subscription rights, reserved for a category of beneficiaries)**

The General Meeting, deliberating according to the quorum and majority required for Extraordinary General Meetings, having noted the Board of Directors' Report and the Statutory Auditors' Special Report, pursuant to the provisions of articles L. 225-129 to L. 225-129-2 and article L. 225-138 of the French Commercial Code:

- delegates to the Board of Directors the authority to decide to increase the Company's share capital, on one or more occasions, at the time or times and in the proportions it shall deem fit, via the issuance of ordinary shares of the Company as well as any other equity securities conferring entitlement to the Company's share capital, reserved for the category of beneficiaries defined hereafter;
- decides that the total amount of share capital increases likely to be performed under this resolution may not exceed a maximum nominal amount of 22 million euros, corresponding to the issue of a maximum of 4 million shares, it being specified that this amount does not include additional shares to be issued, pursuant to applicable legal and regulatory provisions, and, when relevant, contractual stipulations providing for other adjustments, to preserve the rights of holders of equity securities conferring access to share capital and that the total amount of capital increases to be performed under this resolution and the nineteenth resolution may not exceed the aforementioned nominal amount of 22 million euros;

- decides that the maximum nominal amount of share capital increases to be performed on the basis of this delegation shall be deducted from the overall limit stipulated in paragraph 2 of the nineteenth resolution of the Extraordinary General Meeting of May 3, 2023 (or any resolution which would replace it at a later date);
- decides to cancel the Shareholders' preferential subscription rights to the shares or other equity securities, and to the equity securities to which these equity securities would give entitlement, that may be issued pursuant to this resolution, and to reserve the right to subscribe to them for the category of beneficiaries meeting the following characteristics: any financial institution or subsidiary of such an institution mandated by the Company and which may subscribe for shares or other equity securities issued by the Company pursuant to this resolution, for the exclusive purpose of allowing employees and corporate officers of foreign companies, related to the Company within the meaning of articles L. 225-180 of the French Commercial Code and L. 3344-1 of the French Labor Code, to benefit from a shareholding scheme or investment with an economic profile comparable to an employee shareholding plan that may be set up as part of a capital increase carried out in application of the nineteenth resolution submitted to the vote of this General Meeting, taking into account the regulatory and tax and/or social framework applicable in the countries of residence of the employees and corporate officers of the aforementioned foreign companies;
- decides that the unit price for the issue of the shares to be issued pursuant to this resolution shall be determined by the Board of Directors based on the Company's share price; this issue price shall be equal to the average of the opening trading prices for the Company's share during the 20 stock exchange trading days preceding the date of the Board of Directors' decision setting the opening date for the period of subscription to a share capital increase performed on the basis of the nineteenth resolution, with the possibility of reducing this average by a maximum discount of 20%; the amount of this discount shall be determined by the Board of Directors within the aforementioned limit;
- decides that the Board of Directors shall have full powers, under the terms and conditions set forth by law and within the limits defined above, with the option of sub-delegation, so as to implement this delegation and particularly in order to:
  - set the date and price for the issue of shares or other equity securities to be issued in accordance with this resolution as well as the other terms and conditions governing the issue,
  - determine the beneficiary (or list of beneficiaries) for the cancellation of the preferential subscription rights within the above-defined category, as well as the number of shares to be subscribed by such beneficiary (or each beneficiary),
  - where appropriate, determine the characteristics of the other equity securities granting access to the Company's share capital under the applicable legal and regulatory conditions,
  - record the completion of the share capital increase, complete, directly or through an authorized representative, all the transactions and formalities involving the share capital increases and, on its sole decision and if it deems appropriate, deduct the share capital increase costs from the amount of additional paid-in capital relating to such increases, amend the articles of association accordingly and perform all the necessary formalities and, where appropriate, take any measures with a view to listing the shares issued pursuant to this resolution for trading on the Euronext Paris regulated exchange;
- decides that this delegation of authority granted to the Board of Directors is valid for a period of 18 months starting from the date of this General Meeting.

## Resolutions 21 and 22 Proposed modification of the age limit provided in the articles of association applicable to a percentage of Directors and to the Chairman of the Board of Directors

### Purpose

On the recommendation of the Appointments and Governance Committee, it is proposed that the General Meeting **modify the age limit** applicable to a percentage of Directors, i.e. that the number of Directors whose age exceeds **72 years** (instead of 70 years in the current wording of the articles of association) should not exceed **one third of the total number of Directors.**

This change would make it possible, in particular in the context of an extension of working lives and in line with market practices, to continue to benefit from the skills and expertise of experienced Directors and, in the interest of the Company, to leave as many options open as possible when renewing terms of office.

Under the **21st resolution** you are asked to amend article 11 of the articles of association accordingly.

In this context, it is also proposed to set the age limit for the **Chairman of the Board of Directors** at **72 years** instead of the current 70 years. Consequently, the exemption provided for by the articles of association in the event of exceptional circumstances, according to which the age limit of the Chairman may be increased to 72 years (instead of 70 years), upon the discretion of the Board, when the Chairman of the Board of Directors does not also assume the role of Chief Executive Officer, would be deleted.

Under the **22nd resolution** you are asked to amend article 12 of the articles of association accordingly.

## Twenty-first Resolution

**(Amendment of article 11 (Composition of the Board of Directors) of the articles of association concerning the modification of the age limit applicable to a percentage of Directors)**

The General Meeting, deliberating according to the quorum and majority required for Extraordinary General Meetings, having noted the Board of Directors' Report, decides to amend the provisions of article 11 (Composition of the Board of Directors) of the Company's articles of association in order to raise from 70 to 72 the maximum age at which a natural person can't be appointed as a Director, if his/her appointment would have the effect of increasing the number of Directors who have exceeded this age to more than one third.

**Article 11: Composition of the Board of Directors**

The 6th paragraph of article 11 of the articles of association will now read as follows:

| Old text | New text |
|---|---|
| No individual over the age of 70 shall be appointed as a member of the Board of Directors if his appointment increases the number of the members of the Board of Directors who have passed this age to over one third. If during their term, the number of the members of the Board of Directors who have passed 70 years of age exceeds one third of the Board's members, the oldest member of the Board of Directors who has not carried out management functions in the Company is deemed to have resigned at the end of the Annual General Meeting held following the occurrence of this event. | No individual over the age of **72** shall be appointed as a member of the Board of Directors if his/her appointment increases the number of the members of the Board of Directors who have passed this age to over one third. If during their term, the number of the members of the Board of Directors who have passed **72 years of age** exceeds one third of the Board's members, the oldest member of the Board of Directors who has not carried out management functions in the Company is deemed to have resigned at the end of the Annual General Meeting held following the occurrence of this event. |

The other paragraphs of article 11 remain unchanged.

## Twenty-second Resolution

**(Amendment of article 12 (Organization and management of the Board of Directors) of the articles of association concerning the modification of the age limit for the Chairman of the Board of Directors)**

The General Meeting, deliberating according to the quorum and majority required for Extraordinary General Meetings, having noted the Board of Directors' Report, decides to amend the provisions of article 12 (Organization and management of the Board of Directors) of the Company's articles of association in order to raise the age limit for the Chairman of the Board of Directors to 72, when the latter does not also assume the role of Chief Executive Officer. As a result, the Extraordinary General Meeting cancels the derogation authorizing the Board of Directors to raise the age limit of the Chairman of the Board of Directors to 72 years in the event of exceptional circumstances, which becomes irrelevant.

**Article 12: Organization and management of the Board of Directors**

The 4th paragraph of article 12 of the articles of association will now read as follows:

| Old text | New text |
|---|---|
| No Director who does not also assume the role of Chief Executive Officer may be appointed as Chairman of the Board of Directors after the age of 70 (or 72 if the Board decides at its discretion to derogate from this limit in exceptional circumstances). If, during the term of office, this age limit is reached, the Chairman's mandate shall terminate at the close of the General Meeting held to approve the financial statements for the fiscal year during which they have reached the age limit. | No Director who does not also assume the role of Chief Executive Officer may be appointed as Chairman of the Board of Directors after the age of **72**. If, during the term of office, this age limit is reached, the Chairman's mandate shall terminate at the close of the General Meeting held to approve the financial statements for the fiscal year during which they have reached the age limit. |

The other paragraphs of article 12 remain unchanged.

# Ordinary General Meeting

## Resolution 23 Powers

### Purpose

The **23rd resolution** is a standard resolution required for the completion of official publications and legal formalities.

## Twenty-third Resolution

**(Powers for formalities)**

Full powers are granted to a holder of a copy or extract of the minutes of this General Meeting to perform all official publications and other formalities required by law and the regulations.

# STATUTORY AUDITORS' REPORTS

## Statutory Auditors' Special Report on related party agreements

*This is an unofficial translation into English of the Statutory Auditors' Special Report on related-party agreements that is issued in French and provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

*It should be understood that the agreements reported on are only those provided for by the French Commercial Code (Code de commerce) and that the report does not apply to those related-party transactions described in IAS24 or other equivalent accounting standards.*

To the Shareholders of L'Air Liquide,

In our capacity as Statutory Auditors of your Company, we hereby report on the agreements with related parties. We are required to inform you, based on the information provided to us, of the characteristics and principal terms and conditions as well as the reasons justifying the interest for your Company of those agreements of which we have been informed or which we discovered at the time of our engagement, without expressing an opinion on their usefulness and appropriateness or seeking to identify other agreements. It is your responsibility, pursuant to article R. 225-31 of the French Commercial Code (Code de commerce), to assess the benefits resulting from the conclusion of these agreements prior to their approval.

Furthermore, we are required, where applicable, to inform you in accordance with article R. 225-31 of the French Commercial Code (Code de commerce) relating to the performance, during the past fiscal year, of the agreements already approved by the Annual Shareholders' Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

### Agreements authorized and executed during the past financial year

We hereby inform you that we have not been advised of any agreements authorized in the course of the year to be submitted to the General Meeting of Shareholders for approval in accordance with Article L. 225-38 of the French Commercial Code (Code de commerce).

### Agreements approved during previous financial years that remained in force during the past financial year

Pursuant to article R. 225-30 of the French Commercial Code (Code de commerce), we have been informed that the performance of the following agreements already approved by the Annual Shareholders' Meeting during prior fiscal years, continued during the last fiscal year.

#### With Mr Benoît Potier, Chairman and Chief Executive Officer until May 31, 2022

**Life insurance contract**

***Nature, purpose and conditions***

As Executive Officers do no longer benefit from the defined contribution pension plan for senior managers and executives, Mr Benoît Potier benefits from a life insurance contract for the portion of his Reference remuneration amounting to between zero and twenty-four times the annual social security ceiling. The Reference remuneration includes the fixed remuneration and the variable remuneration within the limit of 100% of the fixed remuneration.

The rights resulting from the contributions paid have been definitely acquired by Mr Benoît Potier and are available at any time.

This agreement was last authorized by the Board of Directors on November 20, 2014 and approved by the Annual Shareholders' Meeting on May 6, 2015.

The amount of the contributions paid in respect of this contract in 2023 totals 91,897 euros for Mr Benoît Potier.

Neuilly-sur-Seine et Paris-La Défense, March 4, 2024
The Statutory Auditors
French original signed by

| PricewaterhouseCoopers Audit | | KPMG S.A. | |
|---|---|---|---|
| Olivier Lotz | Cédric Le Gal | Valérie Besson | Laurent Genin |

# Statutory Auditors' report on the share capital reduction
## (Combined General Meeting of April 30, 2024 – 17th resolution)

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of your company and pursuant to the provisions of article L. 22-10-62 of the French Commercial Code (Code de commerce) relating to share capital reductions, in particular as regards the cancellation of shares bought back by the Company, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital reductions.

The Shareholders are asked to delegate to the Board of Directors full powers to cancel, any or all of the shares bought back by the Company under the share buyback program, within the limit of 10% of the capital as of the date of the cancellation, per twenty-four-month period. These powers would be exercisable for a period of twenty-four months from the Shareholders' Meeting, in accordance with article L. 22-10-62 of the French Commercial Code (Code de commerce).

We performed the procedures we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in ensuring that the reasons for and the terms and conditions of the proposed capital reductions, which are not considered to affect shareholder equality, comply with the applicable legal provisions.

We have no matters to report on the reasons for or terms and conditions of the proposed capital decrease.

Neuilly-sur-Seine et Paris-La Défense, March 4, 2024

The Statutory Auditors

French original signed by

| PricewaterhouseCoopers Audit | | KPMG S.A. | |
|---|---|---|---|
| Olivier Lotz | Cedric Le Gal | Valérie Besson | Laurent Genin |

# Statutory Auditors' Report on the issue of ordinary shares and other equity securities giving rights to the share capital reserved for members of a Company or Group savings plan

## (Combined General Meeting of April 30, 2024 – 19th resolution)

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of your Company, and in compliance with articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby report to you on the proposed delegation of authority to the Board of Directors to issue, without shareholders' preferential subscription rights, ordinary shares and equity securities giving rights to the share capital, reserved for the employees of the Company and of any French or foreign companies affiliated to it within the meaning of article L. 225-180 of the French Commercial Code (Code de commerce) and article L. 3344-1 of the French Labor Code (Code du travail), provided that such employees are members of a Company or Group savings plan, an operation upon which you are called to vote.

The maximum nominal amount of share capital increases likely to be performed under this resolution may not exceed 22 million euros (corresponding to the issue of a maximum of 4 million shares), it being specified that:

- the total amount of share capital increases that may be carried out pursuant to the nineteenth and twentieth resolutions of this Combined Shareholders' Meeting, may not exceed the aforementioned nominal amount of 22 million euros;
- the maximum nominal amount of share capital increases that may be carried out pursuant to the nineteenth and twentieth resolutions, will be deducted from the overall limit of 470 million euros stipulated in the nineteenth resolution of May 3, 2023 Shareholders' Meeting (or any resolution which may subsequently replace it).

This operation is submitted for your approval in accordance with the provisions of article L. 225-129-6 of the French Commercial Code (Code de commerce) and articles L. 3332-18 et seq. of the French Labor Code (Code du travail).

Your Board of Directors proposes that, on the basis of its report, the shareholders delegate to it the authority, for a period of 26 months as from the date of this Combined Shareholders' Meeting, to decide one or several issuances and to cancel your preferential subscription rights to the shares to be issued. Where applicable, the Board of Directors will be responsible for setting the final terms and conditions of any such issue.

It is the Board of Directors' responsibility to prepare a report in accordance with articles R. 225-113 et seq. of the French Commercial Code (Code de commerce). It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancellation of shareholders' preferential subscription rights and on certain other information relating to this issue, contained in this report.

We have performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information provided in the Board of Directors' Report pertaining to the transaction and the methods used to set the issue price of the shares to be issued.

Subject to a subsequent examination of the terms and conditions of the proposed issue, we have no matters to report on the methods used to set the issue price of the securities given in the Board of Directors' Report.

Since the final terms and conditions of the issue have not been set, we do not express an opinion in this respect or consequently, on the proposed cancellation of shareholders' preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code (Code de commerce), we will prepare an additional report in the event that the Board of Directors exercises this delegation of authority.

Neuilly-sur-Seine et Paris-La Défense, March 4, 2024
The Statutory Auditors
French original signed by

| PricewaterhouseCoopers Audit | | KPMG S.A. | |
|---|---|---|---|
| Olivier Lotz | Cédric Le Gal | Valérie Besson | Laurent Genin |

# Statutory Auditors' Report on the issue of ordinary shares and other equity securities giving rights to the share capital reserved for a category of beneficiaries
## (Combined General Meeting of April 30, 2024 – 20th resolution)

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of your Company, and in compliance with articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby report to you on the proposed delegation of authority to the Board of Directors for the issue of ordinary shares and other equity securities giving rights to the Company's share capital, without preferential subscription rights and reserved for the category of beneficiaries set out below, an operation upon which you are called to vote.

The issue is reserved for any financial institution or subsidiaries thereof appointed by your Company and which would subscribe to shares, or other equity securities issued by your Company pursuant to this resolution, with the sole aim of allowing employees and Executive Officers of foreign companies related to the Company, within the meaning of articles L. 225-180 of the French Commercial Code (Code de commerce) and L. 3344-1 of the French Labor Code (Code du travail), to benefit from a share ownership or investment mechanism with a similar economic profile to any employee share ownership plan implemented in connection with a share capital increase, pursuant to the nineteenth resolution of this Shareholders' Meeting, taking into account the locally applicable regulatory, tax and/or social framework for employees and Executive Officers of the above-mentioned foreign companies.

The maximum nominal amount of share capital increases likely to be performed under this resolution may not exceed 22 million euros (corresponding to the issue of a maximum of 4 million shares), it being specified that:

- the total amount of share capital increases that may be carried out immediately or in the future pursuant to the nineteenth and twentieth resolutions of this Combined Shareholders' Meeting, may not exceed the aforementioned nominal amount of 22 million euros;
- the maximum nominal amount of share capital increases that may be carried out pursuant to the nineteenth and twentieth resolutions, will be deducted from the overall limit of 470 million euros stipulated in the nineteenth resolution of May 3, 2023 Shareholders' Meeting (or any resolution which may subsequently replace it).

Your Board of Directors proposes that, on the basis of its report, the shareholders delegate to it the authority, for a period of 18 months as from the date of this Combined Shareholders' Meeting, to decide one or several issuances and cancel your preferential subscription rights to the shares to be issued. Where applicable, the Board of Directors will be responsible for setting the final terms and conditions of any such issue.

It is the Board of Directors' responsibility to prepare a report in accordance with articles R. 225-113 et seq. of the French Commercial Code (Code de commerce). It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancellation of preferential subscription rights and on certain other information relating to this issue, contained in this report.

We have performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information provided in the Board of Directors' Report pertaining to the transaction and the methods used to set the issue price of the shares to be issued.

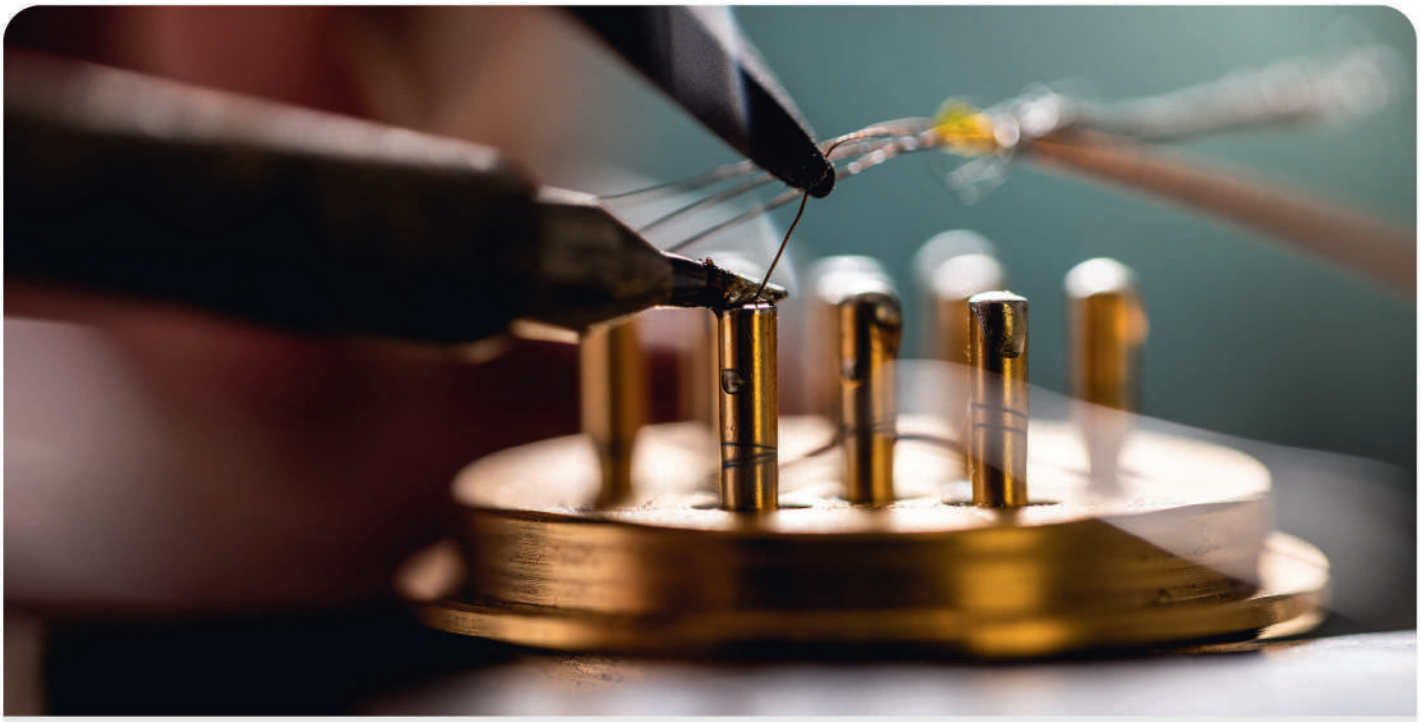
Subject to a subsequent examination of the terms and conditions of the proposed issue, we have no matters to report on the methods used to set the issue price of the securities given in the Board of Directors' Report.

Since the final terms and conditions of the issue have not been set, we do not express an opinion in this respect or consequently, on the proposed cancellation of shareholders' preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code (Code de commerce), we will prepare an additional report in the event that the Board of Directors uses this delegation of authority.

Neuilly-sur-Seine et Paris-La Défense, March 4, 2024
The Statutory Auditors
French original signed by

| PricewaterhouseCoopers Audit | | KPMG S.A. | |
|---|---|---|---|
| Olivier Lotz | Cédric Le Gal | Valérie Besson | Laurent Genin |



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# Additional information

# SHARE CAPITAL

## 1. Trends in share capital over the past three years

| Issue date | Type of transaction | Number of shares issued | Aggregate number of shares | Share capital increase | Issue premiums and reserves | Share capital |
|---|---|---|---|---|---|---|
| *(in euros, except for shares)* | | | | | | |
| February 9, 2021 | Exercise of share subscription options | 71,277 | 473,660,724 | 392,023.50 | 4,597,221.29 | 2,605,133,982.00 |
| July 28, 2021 | Cancelation of shares | (165,000) | 473,495,724 | (907,500.00) | (21,275,034.00) | 2,604,226,482.00 |
| September 29, 2021 | Exercise of share subscription options | 279,134 | 473,774,858 | 1,535,237.00 | 18,608,910.90 | 2,605,761,719.00 |
| December 9, 2021 | Share capital reserved for employees | 1,098,738 | 474,873,596 | 6,043,059.00 | 119,172,394.74 | 2,611,804,778.00 |
| February 15, 2022 | Exercise of share subscription options | 417,441 | 475,291,037 | 2,295,925.50 | 27,665,701.69 | 2,614,100,703.50 |
| May 31, 2022 | Exercise of share subscription options | 179,795 | 475,470,832 | 988,872.50 | 12,383,510.94 | 2,615,089,576.00 |
| May 31, 2022 | Free share attribution (1 for 10) | 47,547,083 | 523,017,915 | 261,508,956.50 | (261,508,956.50) | 2,876,598,532.50 |
| May 31, 2022 | Free share attribution (1 for 100) | 1,358,416 | 524,376,331 | 7,471,288.00 | (7,471,288.00) | 2,884,069,820.50 |
| July 27, 2022 | Cancelation of shares | (1,098,900) | 523,277,431 | (6,043,950.00) | (152,783,263.80) | 2,878,025,870.50 |
| February 15, 2023 | Exercise of share subscription options | 172,840 | 523,450,271 | 950,620.00 | 10,765,197.61 | 2,878,976,490.50 |
| September 29, 2023 | Cancellation of shares | (120 000) | 523,330,271 | (660 000,00) | (17,452,284.00) | 2,878,316,490.50 |
| September 29, 2023 | Exercise of share subscription options | 364,079 | 523,694,350 | 2,002,434.50 | 23,107,163.97 | 2,880,318,925.00 |
| December 7, 2023 | Share capital reserved for employees | 746,401 | 524,440,751 | 4,105,205.50 | 90,866,958.43 | 2,884,424,130.50 |

*Note: Between September 1 and December 31, 2023, 76 027 options were exercised, giving rise to an outstanding capital as at December 31, 2023 of 2,884,842,279.00 euros divided up into 524,516,778 shares.*

# 2. Changes in share capital ownership over the last three years

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| Individual shareholders | 33% | 35% | 34% [(a)] |
| French institutional investors | 15% | 14% | 13% |
| Foreign institutional investors | 52% | 51% | 53% |
| Treasury shares | > 0% | > 0% | > 0% |

(a) *Part of the increase in the proportion of capital held by individual Shareholders between the end of 2021 (33%) and the end of 2022 (35%) is due to the change of the tool used to identify Shareholders in application of the European Shareholder Rights Directive (SRD2). The results obtained thus provide more precise information on the shareholding structure, in particular with regard to individual Shareholders abroad.*

## THRESHOLD NOTIFICATIONS

During fiscal years ending December 31, 2022 and December 31, 2023, no threshold notifications has been declared.

On September 29, 2020, BlackRock declared that it had surpassed the threshold upward. With 23,784,446 shares, this company held 5.02% of the shares and the associated voting rights.

To the Company's knowledge, there is no other shareholder that holds either directly or indirectly, alone or jointly, more than 5% of the capital or voting rights.

# 3. Share capital and voting rights for the last three years

| | Number of shares comprising share capital | Theoretical number of voting rights (including treasury shares) | Actual number of voting rights (excluding treasury shares) |
|---|---|---|---|
| 2021 | 475,291,037 | 475,291,037 | 474,064,902 |
| 2022 | 523,450,271 | 523,450,271 | 522,224,620 |
| **2023** | **524,516,778** | **524,516,778** | **523,152,234** |

There are no double voting rights. To the best of the Company's knowledge, there are no Shareholders' agreements or joint or concerted action agreements. The portion of the L'Air Liquide S.A. share capital comprising the direct registered shares owned by the main Shareholders and pledged is not material.

# 4. Amount of share capital held by employees

Since 1986, L'Air Liquide S.A. has given the employees of certain Group companies the possibility to subscribe to capital increases reserved for them. At the end of 2023, the share of capital held by employees and former employees of the Group is estimated at 2.9%, of which 2.1% (within the meaning of article L. 225-102 of the French Commercial Code), that is 10,873,217 shares, corresponds to shares subscribed by employees during employee reserved capital increase operations or held through mutual funds.

# 5. Delegations of authority granted at the General Meeting

| Nature of the delegation | Validity of the delegation | Authorized amount | Utilization in 2023 |
|---|---|---|---|
| Share buyback | Granted by: GM of May 3, 2023 (4th) *<br>For a period of: **18 months**<br>Maximum price: 250 euros | 10% of share capital, representing 52,345,027 shares, for a maximum amount 13,086,256,750.00 euros | **Treasury shares**<br>As of December 31, 2023, the Company owned 1,100,477 shares at an average purchase price of 136.89 euros, i.e. a balance sheet value of 150,648,995 euros.<br>**Liquidity contract changes**<br>Under the liquidity contract, as of December 31, 2023 a total of 2,100 shares were on the balance sheet for a net value of 369,251 euros.<br>For more details, see pages 414-415 in the Universal Registration Document. |
| Cancelation of shares | Granted by: GM of May 3, 2023 (18th)<br>For a period of: **24 months** | 10% of share capital | 120,000 shares canceled in September 2023 for a total carrying amount of 18,112,284 euros. (See Information on the completion of the Company's share buyback program on page 414). |
| **Increase in share** capital via the issuance of shares or marketable securities, with retention of shareholders' preferential subscription rights | Granted by: GM of May 3, 2023 (19th) *<br>For a period of: **26 months** | 470 million euros nominal amount (overall limit)<br>Maximum nominal amount of marketable securities: 3 billion euros<br>Amounts may be increased by a maximum of 15%, in the event of oversubscription (20th resolution GM of May 3, 2023) | None |
| Capital increase via capitalization of reserves | Granted by: GM of May 4, 2022 (19th) *<br>For a period of: **26 months** | For a maximum nominal amount of 300 million euros | None |
| **Share capital increase** reserved for employees:<br>■ as part of a Group savings plan<br>■ as part of a comparable scheme abroad | Granted by: GM of May 3, 2023 (21st)<br>For a period of: **26 months**<br>Granted by: GM of May 3, 2023 (22rd)<br>For a period of: **18 months** | 22 million euros nominal value and 4 million shares. To be deducted from the aforementioned overall limit of 470 million euros | 746 401 shares issued at nominal value of 5.50 euros as part of the employee share ownership transaction, on December 7, 2023. |
| Stock options | Granted by: GM of May 4, 2022 (20th)<br>For a period of: **38 months** | 2% of the capital on the day the options were granted<br>0.2% of the capital on the date the options were granted to the Executive Officers | None |
| Performance shares | Granted by: GM of May 4, 2022 (21st)<br>For a period of: **38 months** | 0.5% of the capital on the day the shares were granted<br>0.1% of the capital on the date the shares were granted to the Executive Officers | 341 249 performance shares were granted by the Board on September 28, 2023. |

* *Renewal to be proposed to the Combined General Meeting on April 30, 2024.*

# GENERAL INFORMATION

## 1. General information

***Law applicable to L'Air Liquide S.A.***
French law.

***Incorporation and expiration dates***
The Company was incorporated on November 8, 1902, for a set term expiring on May 4, 2119.

***Business and Company register***
552 096 281 RCS Paris
APE code: 7112B
LEI: 969500MMPQVHK671GT54

***Consulting legal documents***
The articles of association, Minutes of General Meetings and other Company documents may be consulted at Company head office.

***Fiscal year***
The Company's fiscal year starts on January 1, and ends on December 31, of the same year.

***Address, phone number of the Head Office and website***
75, quai d'Orsay, 75007 Paris
+33 (0)1 40 62 55 55
https://www.airliquide.com

The information on the website is not included in the Universal Registration Document unless it is incorporated in it by reference.

## 2. Articles of association

### Section I

#### NAME – PURPOSE – HEAD OFFICE – TERM

#### Article 1: Form and name

The Company is a joint stock company, with a Board of Directors. This Company will be governed by the laws and regulations in force and these articles of association.

The Company's name is "L'Air Liquide, société anonyme pour l'étude et l'exploitation des procédés Georges Claude".

#### Article 2: Purpose

The Company's corporate purpose includes:

- the study, exploitation, sale of the patents or inventions of Messrs. Georges and Eugène Claude pertaining to the liquefaction of gases, the industrial production of refrigeration, liquid air and oxygen, and the applications or utilizations thereof;
- the industrial production of refrigeration, of liquid air, the applications or uses thereof, the production and liquefaction of gases, and in particular oxygen, nitrogen, helium and hydrogen, the applications and uses thereof in all forms, pure, in blends and combinations, without any distinction as to state or origin, in all areas of application of their physical, thermodynamic, chemical, thermochemical and biological properties, and, in particular, in the domains of propulsion, the sea, health, agri-business and pollution;
- the purchase, manufacturing, sale, use of all products pertaining directly or indirectly to the aforementioned corporate purpose, as well as all sub-products resulting from their manufacturing or their use, of all machines or devices used for the utilization or application thereof and, more specifically, the purchase, manufacturing, sale, use of all products, metals or alloys, derived or resulting from a use of oxygen, nitrogen and hydrogen, pure, blended or combined, in particular of all oxygenated or nitrogenous products;
- the study, acquisition, direct or indirect exploitation or sale of all patents, inventions or methods pertaining to the same corporate purposes;
- the exploitation, directly or through the incorporation of companies, of all elements connected, directly or indirectly, with the Company's purpose or likely to contribute to the development of its industry;
- the supply of all services, or the supply of all products likely to develop its clientele in the industry or health sectors.

The Company may request or acquire all franchises, perform all constructions, acquire or lease all quarries, mines and all real property, and take over all operations connected with its corporate purpose, sell or lease these franchises, merge or create partnerships with other companies by acquiring Company shares or rights, through advances or in any appropriate manner. It may undertake these operations either alone or jointly.

Lastly, and more generally, it may carry out all industrial, commercial, real estate, personal or financial operations pertaining directly or indirectly to the corporate purposes specified above.

#### Article 3: Head office

The Company's head office is located at 75, quai d'Orsay, Paris.

It may be transferred upon a Board of Directors' decision to any other location in Paris or a neighboring department, subject to the ratification of such decision by the next Ordinary General Meeting, and anywhere else by virtue of a decision by an Extraordinary General Meeting.

#### Article 4: Term

The Company's term, initially fixed at 99 years beginning on February 18, 1929, has been extended as of the Extraordinary General Meeting of May 5, 2020 for a period of 99 years, i.e. until May 4, 2119, except in the event of early dissolution or extension.

## Section II

## SHARE CAPITAL – SHARES – IDENTIFICATION OF SHAREHOLDERS

### Article 5: Share capital

The share capital has been set at 2,884,842,279.00 euros divided into 524,516,778 fully paid-up shares of a par value of 5.50 euros each.

Share capital is increased under the conditions stipulated by law either by issuing ordinary or preferred shares, or by raising the par value of existing shares. It may also be increased by exercising the rights attached to marketable securities granting access to share capital, under the conditions stipulated by law.

In accordance with prevailing legal provisions, unless otherwise decided by the General Meeting, the shareholders have, in proportion to the amount of shares they own, a preferential subscription right to the shares issued in cash in order to increase share capital.

The share capital may also be reduced under the conditions stipulated by law, in particular, by reducing the par value of the shares, or by reimbursing or redeeming shares on the stock exchange and by canceling shares, or by exchanging existing shares for new shares, in an equivalent or lesser number, with or without the same par value, and with or without a cash balance to be paid or received. The General Meeting may always compel the shareholders to sell or purchase existing shares to permit the exchange of existing shares for new shares, with or without a cash balance to be paid or received, even if such reduction is not a result of losses.

### Article 6: Shares

If the new shares are not fully paid up upon issuance, calls for payment shall be performed, on dates set by the Board of Directors, by means of announcements posted one month in advance in one of the Paris official legal publications chosen for the legal publication of the Company's deeds.

Shares not fully paid up shall be held as registered shares until they are fully paid up.

Each payment on any subscribed shares will be registered in an account opened in the name of the subscriber.

All late payments shall automatically bear interest, for the benefit of the Company, as of the due date, without any formal notice or legal action, at the legal interest rate, subject to any personal action that the Company may take against any defaulting shareholder and the compulsory execution measures provided by law.

### Article 7: Type of shares

Paid-up shares are registered as registered shares or bearer shares depending on the choice of the shareholder.

The provisions of the aforementioned paragraph also apply to other securities of any nature issued by the Company.

### Article 8: Rights and obligations governing shares

Shareholders shall not be liable above the amount of their subscription.

Share ownership automatically binds shareholders to the articles of association and the decisions of the General Meetings.

Subject to legal and regulatory restrictions, voting rights attached to the shares are proportionate to the capital quota they represent and each share confers the right to one vote. In accordance with the option provided for in article L. 22-10-46 of the French Commercial Code, double voting rights will not be conferred to paid-up shares and for which a nominative registration for at least two years in the name of the same shareholder can be proved.

Any share grants entitlement, during the Company's term, as in the event of liquidation, to the payment of an identical net amount for any distribution or redemption.

Shares are freely transferable under the conditions provided by law.

### Article 9: Identification of shareholders

The Company may avail itself at any time of the legal and statutory provisions in force permitting the identification of the owners of shares conferring immediately or in the future the right to vote in General Meetings, as well as the number of shares they own.

In addition to the legal obligations to notify the Company, any person, acting alone or jointly, coming in direct or indirect possession of a fraction of the Company's capital or voting rights equal to or greater than 2%, or a multiple of 2% of capital or voting rights (including above the 5% threshold), is required to inform the Company within fifteen days as of the date on which the threshold is exceeded and, as the case may be, independently of the effective transfer date of share ownership. The person shall state the number of shares and marketable securities granting entitlement to capital that he or she owns on the date of notification. Any decrease below the 2% threshold or a multiple of 2% of capital or voting rights shall be notified in the same manner.

To determine share capital and voting rights thresholds, the crossing of which must be declared under the previous paragraph, assimilation rules set out in article L. 233-9 of the French Commercial Code are applied.

In the event of a failure to meet this additional notification obligation, one or several shareholders, owning a fraction of the Company's capital or voting rights amounting to at least 2%, may, at a General Meeting, request that the shares exceeding the fraction which should have been reported, be stripped of their voting rights for any General Meeting held until the end of a two-year period following the date on which the notice is rectified. The request is recorded in the Minutes of the General Meeting.

### Article 10: Co-ownership and usufruct

As all shares are indivisible from the point of view of the Company, all joint owners of shares are required to be represented vis-à-vis the Company by a single owner selected from among them or proxy under the conditions provided by law.

The voting right attached to the share is exercised by the beneficial owner at both Ordinary and Extraordinary General Meetings. However, the bare-owner shall be entitled to attend all General Meetings. He or she may also represent the beneficial owner at General Meetings.

The heirs, creditors, trustees or successors of a shareholder may not, on any grounds whatsoever, call for the affixing of seals on the Company's assets and securities, request the distribution thereof, or interfere in any manner whatsoever in its administration.

In order to exercise their rights, they must consult the Company's records and decisions of the General Meetings.

## Section III

# MANAGEMENT OF THE COMPANY

## Article 11: Composition of the Board of Directors

The Company is managed by a Board of Directors, comprising a minimum of three members and a maximum of 14 members (unless temporarily waived in the event of a merger), physical persons or legal entities.

The members of the Board of Directors are appointed by the Ordinary General Meeting for a term of four years expiring at the close of the General Meeting held to approve the Financial Statements for the previous year and which is held in the year during which the mandate expires. As an exception to this rule, the members of the first Board of Directors who exercised functions as members of the Supervisory Board in the Company under its former mode of administration shall be appointed for a period equal to the remaining term of their mandate as members of the Supervisory Board.

The members of the Board of Directors may be re-elected.

Each Director must own at least 500 registered shares in the Company during the term of his functions. If, on the date of his appointment, a Director does not own the required number of shares or if, during his term, he ceases to own them, he is deemed to have resigned with immediate effect if he has not rectified the situation within the time limit stipulated in the regulations in force.

In the event of a vacancy of one or more seats due to death or resignation, the Board of Directors may, between two General Meetings, make temporary appointments. Provisional appointments made by the Board of Directors are subject to the approval of the next Ordinary General Meeting. If the number of Directors falls below the legal minimum, the remaining Directors must immediately convene an Ordinary General Meeting in order to make up the numbers of the Board.

No individual over the age of 70 shall be appointed as a member of the Board of Directors if his appointment increases the number of the members of the Board of Directors who have passed this age to over one third. If during their term, the number of the members of the Board of Directors who have passed 70 years of age exceeds one third of the Board's members, the oldest member of the Board of Directors who has not carried out management functions in the Company is deemed to have resigned at the end of the Annual General Meeting held following the occurrence of this event.

During the Company's term, Directors are appointed and their mandates renewed under the conditions provided by law.

They may be dismissed by the Ordinary General Meeting at any time.

### Director(s) representing employees

In accordance with statutory requirements, if the number of members of the Board of Directors, calculated in accordance with article L. 225-27-1-II of the French Commercial Code, is less than or equal to eight, the Group Committee in France shall proceed to appoint a Director representing employees.

If the number of members of the Board of Directors, calculated in accordance with article L. 225-27-1-II of the French Commercial Code, is more than eight, and provided this criterion is still fulfilled on the date of the appointment, a second Director representing employees shall be appointed by the European Works Council.

If the number of members of the Board of Directors, calculated in accordance with article L. 225-27-1-II of the French Commercial Code, was originally more than eight members but becomes less than or equal to eight members, the Director appointed by the European Works Council shall remain in office until his term of office expires.

As an exception to the foregoing, the Director representing employees appointed by virtue of this clause is not required to hold at least 500 registered shares during his term of office.

The Director representing employees shall be appointed for a four-year term expiring at the close of the General Meeting called to approve the Financial Statements for the previous year and which is held in the year in which his term of office expires. The tenure of the Director representing employees may be renewed.

The tenure of the Director representing employees shall be terminated in accordance with statutory requirements and the provisions contained in this clause, particularly in the event of termination of said Director's employment contract; if the criteria for the application of article L. 225-27-1 of the Commercial Code are no longer met, the tenure of the Director(s) representing employees shall expire at the end of the meeting during which the Board of Directors observes that the Company has been released from this obligation.

In the event that the seat of a Director representing employees is vacant for any reason whatsoever, the vacant seat shall be filled under the conditions set forth in article L. 225-34 of the French Commercial Code.

In addition to the provisions of the second paragraph of article L. 225-29 of the French Commercial Code, it is stipulated, if need be, that any failure to appoint a Director representing employees by the body designated herein, in accordance with the law and with this clause, shall not invalidate the resolutions of the Board of Directors.

## Article 12: Organization and management of the Board of Directors

The Board of Directors elects from among its members who are individuals, a Chairman. It determines his remuneration and sets his term of office which may not exceed his term of office as Director. The Chairman may be re-elected.

The Chairman of the Board of Directors performs the duties entrusted to him by law. He chairs the Board of Directors, organizes and manages its work and reports on such work to the General Meeting. He ensures that the Company's bodies operate properly and, in particular, that the Directors are able to fulfill their assignments.

The Board may also appoint from among its members one or more Vice Chairmen, whose term of office shall be determined within the limit of their term as Director and whose role it is, subject to the legal provisions applicable in the event of the temporary impediment or death of the Chairman, to convene and chair Board meetings or chair General Meetings in accordance with these articles of association when the Chairman is impeded.

No Director who does not also assume the role of Chief Executive Officer may be appointed as Chairman of the Board of Directors after the age of 70 (or 72 if the Board decides at its discretion to derogate from this limit in exceptional circumstances). If, during the term of office, this age limit is reached, the Chairman's mandate shall terminate at the close of the General Meeting held to approve the Financial Statements for the year during which he has reached the age limit.

If the Chairman of the Board of Directors also assumes the role of Chief Executive Officer, the applicable age limit is that applicable to the Chief Executive Officer (other than in exceptional circumstances, if the Board decides at its discretion to apply, on a temporary basis, the age limit for the Chairman referred to in the preceding paragraph).

The Chairman and each Vice Chairman may be dismissed by the Board of Directors at any time. They may also be re-elected.

The Board may appoint a secretary who need not be a shareholder or one of its members.

## Article 13: General Management

### Management organization

In accordance with the law, the Company's General Management is assumed either by the Chairman of the Board of Directors or by any other physical person, Director or not, appointed by the Board of Directors and who assumes the role of Chief Executive Officer.

The choice between either of the two General Management organizations described above is made by the Board of Directors. The Board of Directors makes its decision relating to the choice of General Management organization under the quorum and majority conditions stipulated in article 14 of these articles of association. The shareholders and third parties are informed of the Board of Directors' decision under the conditions stipulated by the regulations in force.

When the Company's General Management is assumed by the Chairman of the Board of Directors, the Board of Directors must appoint, among its members considered as independent by the Board of Directors, a Lead Director. The conditions of appointment, the tasks and powers of the Lead Director (in particular, if applicable, the power to ask to convene a meeting of the Board of Directors), are set out in the Board of Directors' internal regulations.

The choice made by the Board of Directors remains valid until it decides otherwise.

The Board of Directors will review, as necessary, the choice made each time the mandate of the Chairman of the Board of Directors or the Chief Executive Officer comes up for renewal.

### Chief Executive Officer

If the Company's Chief Executive Officer is assumed by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer are applicable (apart from the situation referred to in article 12 paragraph 5).

The Board of Directors sets the term of office and determines the remuneration of the Chief Executive Officer.

No individual over the age limit set by law may be appointed as Chief Executive Officer. If, during the term of office, this age limit is reached, the Chief Executive Officer's mandate shall terminate at the close of the General Meeting held to approve the Financial Statements for the year during which he has reached the age limit set by law.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. The discharge of a Chief Executive Officer who does not assume the role of Chairman may give rise to damages if decided without reasonable cause.

The Chief Executive Officer may always be re-elected.

### Powers of the Chief Executive Officer

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company within the limit of the Company's corporate purpose, the articles of association, and subject to the powers expressly granted by law to General Meetings and the Board of Directors.

The Board of Directors is responsible for defining the decisions of the Chief Executive Officer that require its prior approval. The Board of Directors' prior approval should be sought particularly for external acquisitions or sales of interests or assets, and for investment commitments, in each case under the conditions and exceeding the amounts corresponding to an efficient operation of the Company as set by the Board of Directors. It should also be sought for financing operations of any amount likely to substantially alter the Company's financial structure and for any decision likely to substantially alter the Company's strategic orientations determined by the Board of Directors.

### Senior Executive Vice-Presidents

On the Chief Executive Officer's proposal, whether he be Chairman of the Board of Directors or any other person, the Board of Directors may appoint one or more physical persons as Senior Executive Vice-Presidents to assist the Chief Executive Officer.

The maximum number of Senior Executive Vice Presidents is set at three.

In accordance with the Chief Executive Officer, the Board of Directors determines the scope and term of the powers granted to the Senior Executive Vice Presidents and sets their remuneration.

The Senior Executive Vice Presidents have the same powers as the Chief Executive Officer vis-à-vis third parties.

In the event of impediment of the Chief Executive Officer or the cessation of his functions, the Senior Executive Vice Presidents shall maintain, unless decided otherwise by the Board of Directors, their functions and powers until a new Chief Executive Officer is appointed.

The Senior Executive Vice Presidents may be dismissed at any time by the Board of Directors, at the Chief Executive Officer's proposal. They are subject to the age limit provided by law.

Senior Executive Vice-Presidents may be re-elected.

## Article 14: Board of Directors' Meetings and deliberations

The Board of Directors meets as often as the interest of the Company so requires, by notice from its Chairman or in the case of impediment, from the oldest Vice Chairman, if one or more Vice Chairmen have been appointed, at the Head Office or in any other location indicated in the Notice of Meeting.

The agenda is set by the Chairman and may only be finalized at the time of the meeting.

Directors representing at least one third of members of the Board of Directors may, while specifying the meeting's agenda, ask the Chairman to summon the Board if it has not met for more than two months.

Likewise, the Chief Executive Officer, if he does not chair the Board of Directors, may ask the Chairman to summon the Board of Directors on any specified agenda.

The Chairman is bound to the requests made to him.

In the event that the Chairman is impeded or fails in performing the aforementioned tasks, the oldest Vice Chairman, if one or more Vice Chairmen have been appointed, shall have the authority to call the Board and set the meeting's agenda at the request of at least one third of members of the Board of Directors or the Chief Executive Officer, as the case may be. In the absence of a Vice Chairman, the minimum of one third of members of the Board of Directors or the Chief Executive Officer, depending on the case, shall have the authority to call the Board and set the meeting's agenda.

Notices may be made by all means, including verbally.

The presence of one half of the members of the Board of Directors is required for the validity of the Board's decisions.

Decisions are made by a simple majority of the votes of the members present or represented. In the event of a tie, the Chairman shall have the casting vote.

The Board of Directors will set its internal rules that it may amend by simple resolution.

The Board of Directors may stipulate in its internal rules that the members of the Board of Directors who take part in the Board's meeting by videoconference or telecommunications in accordance with the conditions provided by the regulations in force shall be considered as present for calculating the quorum and voting majority of the members, for all decisions in which the law does not exclude such possibility.

The Board of Directors may make certain decisions by written consultation of the Directors, under the conditions set forth in the regulations in force.

### Article 15: Powers of the Board of Directors

The Board of Directors determines the orientations of the Company's activities and ensures their implementation, in line with its corporate interest, by taking into account the social and environmental stakes of its activity.

Subject to the powers expressly attributed to General Meetings by law and these articles of association and in accordance with the corporate purpose, the Board deals with any issues concerning the smooth running of the Company and manages corporate business pursuant to its decisions.

The Board of Directors may conduct controls and verifications as it deems appropriate.

It may also decide to create Committees of its members responsible for analyzing issues which it itself or its Chairman submits thereto for review. The Board determines the composition and powers of the Committees which conduct their activities under its responsibility.

Issues related to the performance, remuneration and, where appropriate, the renewal of the term of office of the Chairman and Chief Executive Officer, or the Chief Executive Officer, shall be decided by the Board of Directors as and when required, and at least once a year, after analysis by the Committee(s) of the Board of Directors that deal with appointment and remuneration issues.

### Article 16: Remuneration

The Ordinary General Meeting may allocate to the members of the Board of Directors, as remuneration for their activity, a fixed annual amount. The Board of Directors is free to distribute the overall sum thus allocated among its members. It may also allocate a greater amount to the Directors who are members of Committees set up within the Board than that allocated to the other Directors.

The Board may allocate exceptional sums to remunerate assignments or mandates entrusted to the members of the Board.

## Section IV

## STATUTORY AUDITORS

### Article 17: Audit of the Company

At the Ordinary General Meeting, the shareholders appoint the principal Statutory Auditors, under the conditions and with the assignments set by law.

## Section V

## SHAREHOLDERS' MEETINGS

### Article 18: Shareholders' Meeting

The General Meeting is comprised of all the shareholders, regardless of the number of shares they own, provided that all shares are fully paid up and that they are not stripped of voting rights.

The right to attend General Meetings of the Company shall be justified by the recording of the shares, in the book-entry form, in the name of the shareholder or of the intermediary registered on behalf of the shareholder within the time frames and under the conditions provided for by French law.

The owners of registered shares or bearer shares must furthermore have filed a proxy or absentee ballot form, or a single document presented in lieu thereof, or if the Board of Directors has so decided, a request for an admission card, at least three days prior to the Meeting. The Board of Directors may however reduce this time period if it deems appropriate. It may also authorize the submission to the Company of the proxy or absentee ballot forms by teletransmission (including electronically) in accordance with prevailing regulatory and legal provisions.

The electronic signature can, when used, take the form of a process that satisfies the conditions defined in the second paragraph of article 1367 of the French Civil Code.

The General Meeting, duly constituted, represents all of the shareholders.

Ordinary and Extraordinary General Meetings, and where necessary, Special General Meetings are convened, meet and deliberate under the conditions provided by law and these articles of association.

Meetings take place at the Head Office or at any other place designated by the author of the notice, even outside of the Head Office or the Head Office's department.

General Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by the Vice Chairman or the oldest Vice Chairman of the Board, if one or more Vice Chairmen have been appointed, or otherwise by a Director specifically appointed for this purpose by the Board.

In the event of impediment of the Vice Chairman or Vice Chairmen when Vice Chairmen have been appointed or if the Board has not appointed a Director, the shareholders shall themselves appoint the Chairman.

The two members of the General Meeting with the highest number of votes and having accepted the position act as ballot inspectors for the General Meeting. The officers of the Meeting appoint a secretary who need not be a shareholder.

In the event that the Meeting is convened by a Statutory Auditor or by a judicial representative, the General Meeting is chaired by the author of the notice.

Upon the decision of the Board of Directors published in the Notice of Meeting or notice of convocation to rely on means of telecommunication, the shareholders who take part in the General Meeting by videoconference or using telecommunications means permitting their identification in accordance with the conditions provided by prevailing law, shall be considered as present for calculating the quorum and voting majority.

### Article 19: Powers of Shareholders' Meetings

Ordinary and Extraordinary General Meetings, and where necessary, Special General Meetings allow shareholders to exercise the powers defined by law and these articles of association.

## Section VI

## INVENTORY – RESERVES – DISTRIBUTION OF PROFITS

### Article 20: Fiscal year

The fiscal year begins on January 1 and ends on December 31.

### Article 21: Inventory, distribution of profits

The Company’s net proceeds, established in the annual inventory, after deducting overheads and other costs, including all amortization, depreciation and provisions, constitute the net profits.

From these profits, less, as the case may be, previous losses, a deduction of at least 5% is first of all made to create the reserve required by law. This deduction ceases to be mandatory when the reserve amounts to 10% of the share capital. It is resumed if this reserve is ever used.

The distributable profits are made up of the annual net profits, less previous losses, as well as the sums to be placed on reserve pursuant to law, plus the profit carried forward.

From these profits, a deduction is made of the amount necessary to pay the shareholders, as a first dividend, 5% of the sums paid-up on their shares, and not amortized, and 5% of the sums from premiums on shares issued in cash, and appearing in a “share premium” account, without it being possible, if the profits of a given year do not permit this payment, for the shareholders to claim such amounts from the profits of subsequent years.

The General Meeting may decide to earmark any portion of the available surplus of said profits it wishes for the creation of general or special providence or reserve funds, under any name whatsoever or even simply as an amount carried forward.

The balance constitutes a surplus fund which is intended for the distribution of the second dividend as well as the amount provisionally assessed as necessary to pay a 10% increase to the registered shares satisfying the following conditions.

Starting on January 1, 1996, the shares registered at December 31 of each year in registered form for at least two years, and which remain registered until the date of the payment of the dividend, will entitle their owners to collect a dividend per share which is 10% higher, rounded down if necessary to the lower centime, than the dividend per share distributed in respect of other shares, provided that the amount of the dividend per share prior to any increase is at least equal to the amount of the dividend per share prior to any increase distributed in the preceding year, adjusted to take into account the change in the number of shares from one year to the next resulting in a capital increase by capitalizing premiums, reserves or profits or a share split.

In the event that, starting on January 1, 1996, the Board of Directors, with the approval of the shareholders decides to increase the capital by capitalizing reserves, profits or premiums, the registered shares held on December 31 prior to the attribution for at least two years and that remain held until the day before the share attribution date will entitle their owners to an attribution of shares which is 10% higher than the attribution made in favor of other shares, and according to the same procedure.

The new shares created in this manner will be comparable in all respects to the existing shares from which they are issued, for calculating the entitlement to the higher dividends and the higher attributions.

The increases defined in each of the two preceding paragraphs may be modified or eliminated by simple decision during the Extraordinary General Meeting, according to the procedures it determines.

Pursuant to law, the number of shares eligible for these increases shall not for any given shareholder exceed 0.5% of the Company’s share capital.

The General Meeting held to approve the Financial Statements for the year shall have the possibility of granting to each shareholder, for all or part of the dividend or interim dividends, an option for payment of the dividend or interim dividends in either cash or shares.

## Section VII

### LIQUIDATION

#### Article 22: Liquidation

At the expiration of the Company's term, or in the event of early dissolution, the shareholders determine the method of liquidation, in accordance with the conditions stipulated by law. They appoint and determine the powers of one or more liquidators.

The liquidators may, pursuant to a decision of the shareholders, transfer to another company or sell to a company or to any other entity or person, all or part of the assets, rights and obligations of the dissolved Company.

The duly constituted General Meeting retains the same prerogatives during the liquidation as during the Company's term. In particular, it has the power to approve the accounts of the liquidation and to grant a discharge thereof.

After the Company's commitments have been settled, the net proceeds from the liquidation are used first to fully redeem the shares, and the surplus is then distributed equally among them.

## Section VIII

### DISPUTES

#### Article 23: Disputes

All disputes which may arise during the Company's term or liquidation, either between the shareholders and the Company or among the shareholders themselves, regarding Company affairs, are settled in accordance with law and submitted to the jurisdiction of the competent Paris courts.

For this purpose, in the event of disputes, all shareholders shall elect domicile in Paris, and all summonses and notices are duly served at this domicile.

Failing election of domicile, summonses and notices are validly served at the Office of Public Prosecution of the French Republic at the Paris judicial court.

# 3. Dividends

| Year | Paid | Ordinary dividend [(a)] Loyalty dividend [(b)] | | Number of shares | Distribution (in euros) |
|---|---|---|---|---|---|
| 2021 [(e)] | May 18, 2022 | 2.9 | (a) | 473,263,931 | 1,372,465,400 |
| | | 0.29 | (b) | 135,849,648 | 39,396,398 |
| | | | | | **1,411,861,798** |
| 2022 [(e)] | May 17, 2023 | 2.95 | (a) | 522,157,782 | 1,540,365,457 |
| | | 0.29 | (b) | 146,796,994 | 42,571,128 |
| | | | | | **1,582,936,585** |
| **2023 [(c) (d)]** | May 22, 2024 | 3.20 | (a) | 524,516,778 | 1,678,453,690 |
| | | 0.32 | (b) | 145,320,778 | 46,502,649 |
| | | | | | **1,724,956,339** |

*(a) Ordinary dividend paid on all shares.*
*(b) Loyalty dividend paid only on registered shares held continuously for two full calendar years.*
*(c) Subject to the approval of the General Meeting on April 30, 2024.*
*(d) For 2023, amounts distributed are theoretical values calculated based on the number of shares as of December 31, 2023.*
*(e) For 2021 and 2022, amounts actually paid.*

# 4. Property, plant and equipment

The Group's facilities and establishments are located in 72 countries [(1)] around the world, with extremely diversified production capacities and characteristics. No material tangible fixed asset exists at Group level. The number of main plants by unit types is detailed in the Environmental and Societal Reporting section of the Chapter 5 of this Universal Registration Document – page 392.

# 5. Documents accessible to the public

Documents, or copies of the documents listed below may be consulted during the period of the Universal Registration Document's validity at Shareholder Services located at the head office of Air Liquide (75, quai d'Orsay, 75007 Paris) and, if applicable, on the Company's Internet website (https://www.airliquide.com/investors/regulated-information), subject to the documents made available at the Company's head office or Internet site under the applicable laws and regulations:

- the Company's articles of association;
- all reports, letters and other documents, historical financial information, evaluations and official assertions and declarations prepared by an expert at the Company's request, some of which are included or referred to in this Universal Registration Document;
- historical financial information of the Group, for each of the two fiscal years preceding publication of this Universal Registration Document.

*(1) Excluding Russia, where the entities are no more consolidated following the loss of control on September 1, 2022.*

# 6. Incorporation by reference

Pursuant to the article 19 of the EC Regulation (EU) 2017/1129, the following information is included in this Universal Registration Document:

- the consolidated and parent company Financial Statements for the year ended December 31, 2021, accompanied by the Statutory Auditors' Reports which appear on pages 294 to 297 and on pages 311 to 313, respectively, of the 2021 Universal Registration Document filed on March 7, 2022 with the French financial markets authority (AMF) under number D.22-0070;
- the financial information shown on pages 16 to 74 of the 2021 Reference Document filed on March 7, 2022 with the French financial markets authority (AMF) under number D.22-0070;
- the consolidated and parent company Financial Statements for the year ended December 31, 2022, accompanied by the Statutory Auditors' Reports which appear on pages 318 to 321, and on pages 318 to 321, respectively, of the 2022 Universal Registration Document filed on March 2, 2023 with the French financial markets authority (AMF) under number D.23-0068;
- the financial information shown on pages 18 to 73 of the 2022 Universal Registration Document filed on March 2, 2023 with the French financial markets authority (AMF) under number D.23-0068.

The sections not included in these documents serve no useful purpose to investors or are already covered in this Universal Registration Document. Furthermore, the information appearing on the websites mentioned by the hypertext links in this Universal Registration Document does not form part of it.

# INFORMATION RELATING TO PAYMENT DEADLINES FOR SUPPLIERS AND CUSTOMERS

Pursuant to the provisions of Article D. 441-4 of the French Commercial Code and Decree No. 2015-1553 of November 25, 2015, the breakdown of the balance of trade payables and receivables of L'Air Liquide S.A. as at December 31, 2023 is as follows:

| | Invoices received outstanding at the closing date of the financial year that has ended | | | | | |
|---|---|---|---|---|---|---|
| | **0 day** | **1 to 30 days** | **31 to 60 days** | **61 to 90 days** | **91 days or more** | **Total (1 day and more)** |
| **A) Late payment tranches** | | | | | | |
| Number of invoices concerned | 1,033 | | | | | 1,554 |
| Total amount of invoices concerned (all taxes included) *(in millions of euros)* | 22.0 | 15.5 | 1 | 0.4 | 0.4 | 17.3 |
| Percentage of total amount of purchases net of taxes for the financial year | 5.7% | 4.1% | 0.2% | 0.1% | 0.1% | 4.5% |
| **B) Invoices excluded from (A) relating to disputed and unrecorded debts** | | | | | | |
| Number of invoices excluded | | | | | | |
| Total amount of invoices excluded *(in millions of euros)* | | | | | | |
| **C) Reference payment terms used (contractual or statutory period - article L. 441-6 or article L. 443-1 of the French Commercial Code)** | | | | | | |
| Payment deadlines used to calculate late payments | Contractual deadlines: | 0 to 60 days | | | | |

| | Invoices issued outstanding at the closing date of the financial year that has ended | | | | | |
|---|---|---|---|---|---|---|
| | **0 day** | **1 to 30 days** | **31 to 60 days** | **61 to 90 days** | **91 days or more** | **Total (1 day and more)** |
| **A) Late payment tranches** | | | | | | |
| Number of invoices concerned | 84 | | | | | 210 |
| Total amount of invoices concerned (all taxes included) *(in millions of euros)* | 1.7 | 1.7 | 0.8 | 0.1 | 0.6 | 3.2 |
| Percentage of total amount of revenues net of taxes for the financial year | 1.6% | 1.6% | 0.7% | 0.1% | 0.6% | 3.0% |
| **B) Invoices excluded from (A) relating to disputed and unrecorded debts** | | | | | | |
| Number of invoices excluded | | | | | | |
| Total amount of invoices excluded *(in millions of euros)* | | | | | | |
| **C) Reference payment terms used (contractual or statutory period - article L. 441-6 or article L. 443-1 of the French Commercial Code)** | | | | | | |
| Payment deadlines used to calculate late payments | Contractual deadlines: | 0 to 60 days | | | | |

# PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

## 1. Person responsible for the Universal Registration Document

François JACKOW, Chief Executive Officer of L'Air Liquide S.A.

## 2. Certification by the person responsible for the Universal Registration Document

I hereby attest that the information contained in this Universal Registration Document reflects, to the best of my knowledge, the current situation and does not omit any information that could alter its scope.

I certify that, to the best of my knowledge, the Financial Statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, and of the financial position and results of the Company and of its consolidated subsidiaries, and that the Management Report defined on the Cross-reference table available in Chapter 7 of this Universal Registration Document pages 456 to 458 provides a true and fair view of the evolution of the business, results and financial condition of the Company and of its consolidated subsidiaries, and a description of the main risks and uncertainties the Company and its consolidated subsidiaries are subject to.

Paris, March 4, 2024

**François Jackow**

Chief Executive Officer

# CROSS-REFERENCE TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

The cross-reference table identifies the main information required by the Delegated Regulation No. 2019/980 of the European Commission dated March 14, 2019 (the “Regulation”). The table indicates the pages of this Universal Registration Document where is presented the information related to each item. The table indicates, when required by the Regulation, the pages of the Universal Registration Document related to the year ended December 2022, filed on March 2, 2023 under the number D.23-0068 (the “URD 2022”), and the pages of the Universal Registration Document related to the year ended December 2021, filed on March 7, 2022 under the number D.22-0070 (the “URD 2021”), which are incorporated by reference in this document.

| No. | Items of the Annex I of the Regulation | Pages |
|---|---|---|
| **1.** | **Persons Responsible, Third party information, experts’ reports and competent authority approval** | |
| 1.1 | Indication of persons responsible | 451 |
| 1.2 | Declaration by persons responsible | 451 |
| 1.3 | Statement or report attributed to a person acting as an expert | N/A |
| 1.4 | Information sourced from third parties | N/A |
| 1.5 | Approval statement of the competent authority | 1 |
| **2.** | **Statutory Auditors** | |
| 2.1 | Names and addresses of the auditors | 289 |
| 2.2 | Indication of the removal or resignation of auditors | N/A |
| **3.** | **Risk factors** | **72 to 83, 274 to 279** |
| **4.** | **Information about the issuer** | |
| 4.1 | The legal and commercial name of the issuer | 441 |
| 4.2 | The place and the number of registration | 441 |
| 4.3 | The date of incorporation and the length of life of the issuer | 441 |
| 4.4 | The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office | 441 |
| **5.** | **Business Overview** | |
| 5.1 | Main activities | |
| 5.1.1 | Nature of the issuer’s operations and its principal activities | 6, 7, 24 to 36, 49 to 56, 245 to 247, 464<br>6, 7, 22 to 35, 48 to 56, 271 to 273 of URD 2022<br>5, 6, 20 to 34, 44 to 51, 229 to 231 of URD 2021 |
| 5.1.2 | New products | 66 to 68 |
| 5.2 | Main markets | 6, 7, 24 to 36, 49 to 56, 245 to 247, 464<br>6, 7, 22 to 35, 48 to 56, 271 to 273 of URD 2022<br>5, 6, 20 to 34, 44 to 51, 229 to 231 of URD 2021 |
| 5.3 | The important events in the development of the issuer’s business | 18 to 20, 51 to 54, 58 to 59, 66 to 68 |
| 5.4 | Strategy and objectives | 38 to 48 |
| 5.5 | Dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes | 76 |
| 5.6 | Basis for statements made by the issuer regarding its competitive position | 37 |
| 5.7 | Investments | |
| 5.7.1 | Principal investments realized | 18 to 20, 58 to 59, 230<br>18 to 20, 57 to 58, 254 of URD 2022<br>6, 16 to 18, 54, 232 of URD 2021 |
| 5.7.2 | Principal investments in progress or for which firm commitments have already been made | 58 to 59, 281 to 289 |
| 5.7.3 | Participation in joint ventures and undertakings | 286 to 288, 306 |
| 5.7.4 | Environmental issues that may affect the utilization of the tangible fixed assets | 40 to 42, 64 to 65, 282 to 284, 319 to 340, 392 to 398 |

# CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

In order to facilitate the reading of this document, the cross-reference table, hereafter, enables to identify in this Universal Registration Document the information which constitutes the annual Financial Report that must be published by the listed companies in accordance with article L. 451-1-2 of the French Monetary and Financial Code and article 222-3 of the French financial markets authority's general regulations.

# CROSS-REFERENCE TABLE FOR THE MANAGEMENT REPORT

In order to facilitate the reading of this document, the cross-reference table, hereafter, enables to identify in this Reference Document the Management Report information required by provisions of the French Commercial Code (Code de commerce) applicable to joint stock companies with a Board of Directors.

| Required element | Reference text | Chapter/Pages |
|---|---|---|
| **1. Group situation and activity** | | |
| Objective and comprehensive analysis of changes in business, results and the financial situation of the Company and the Group | L. 225-100-1-I-1°, L. 232-1-II, L. 233-6 and L. 233-26 of the French Commercial Code | Key figures/p. 6 to 16<br>Chapter 1/p. 18 to 21, 24 to 37, 49 to 63 |
| Key financial performance indicators | L. 225-100-1-I-2° of the French Commercial Code | Key figures/p. 6, 7, 8, 9, 11<br>Chapter 1/p. 49 to 63 |
| Key non-financial performance indicators relating to the Company and the Group's specific activity | L. 225-100-1-I-2° of the French Commercial Code | Key figures/p. 14 to 16<br>Chapter 1/p. 64 to 65 |
| Significant events occurring between the fiscal year closing date and the Management Report preparation date | L. 232-1-II and L. 233-26 of the French Commercial Code | Chapter 4/p. 285 |
| Identity of the main shareholders and voting rights holders in the general assembly, and modifications occurring during the current fiscal year | L 233-13 of the French Commercial Code | Key figures/p.9<br>Chapter 5/p. 375<br>Chapter 7/p. 439 |
| Existing branch offices | L 232-1-II of the French Commercial Code | N/A |
| Significant acquisitions during the fiscal year of equity interests in companies which have their registered office in France | L. 233-6 paragraph 1 of the French Commercial Code | Chapter 6/p. 412 |
| Cross-shareholdings | L 233-29, L 233-30 and R 233-19 of the French Commercial Code | N/A |
| Company and Group foreseeable trends and outlook | L. 232-1-II and L. 233-26 of the French Commercial Code | Chapter 1/p. 38 to 48, 69 |
| Information on suppliers and customers payment terms | D. 441-4 of the French Commercial Code | Chapter 7/p. 450 |
| Table of Company results over the past five fiscal years | R. 225-102 of the French Commercial Code | Chapter 4/p. 310 to 311 |
| Research and Development activities | L. 232-1-II and L. 233-26 of the French Commercial Code | Chapter 1/p. 66 to 68 |
| Intragroup loans confirmed and auditors declaration | L. 511-6 and R. 511-2-1-3 of the French Monetary and Financial Code | N/A |
| **2. Internal control and risk management** | | |
| Description of the main risks and uncertainties and indication of the use of financial instruments by the Company and the Group | L. 225-100-1-I-3° and 4° of the French Commercial Code | Chapter 2/p.72 to 83<br>Chapter 4/p. 274 to 279 |
| Description and management of the environmental and climatic risks | L. 22-10-35-1° of the French Commercial Code | Chapter 2/p.81 to 82 |
| Internal control and risk management procedures implemented by the Company | L. 22-10-35-2° of the French Commercial Code | Chapter 2/p.84 to 88 |
| Anti-corruption system | Law No. 2016-1691 of December 9, 2016 called "Sapin 2" | Chapter 2/p. 79, 83<br>Chapter 5/p. 349 to 352 |
| Vigilance Plan and report on its effective implementation | L. 225-102-4 of the French Commercial Code | Chapter 2/p. 90 to 125 |

| Required element | Reference text | Chapter/Pages |
|---|---|---|
| **3. Corporate governance** | | |
| **Information on remuneration** | | |
| Remuneration policy of the corporate officers | L. 22-10-8-I, paragraph 2 of the French Commercial Code | Chapter 3/p. 203 to 211 |
| Remuneration and benefits of any kind paid during or awarded in respect of the fiscal year to each corporate officer | L. 22-10-9-I-1° of the French Commercial Code | Chapter 3/p. 172 to 191 |
| Relative proportion of the fixed and variable remuneration | L. 22-10-9-I-2° of the French Commercial Code | Chapter 3/p. 172, 173, 175 and 189 to 191 |
| Use of the possibility to reclaim variable remuneration | L. 22-10-9-I-3° of the French Commercial Code | N/A |
| Commitments of any kind made by the Company for the benefit of corporate officers, corresponding to elements of remuneration, indemnities or benefits due or likely to be due as a result of the assumption, termination or change in their duties, or thereafter | L. 22-10-9-I-4° of the French Commercial Code | Chapter 3/p.181 to 184 |
| Remuneration paid or awarded by a company included in the scope of consolidation pursuant to article L. 22-10-9 of the French Commercial Code | L. 22-10-9-I-5° of the French Commercial Code | Chapter 3/p. 190 |
| Ratios between the remuneration of each Executive Officer and the average and median remunerations of the Company employees | L. 22-10-9-I-6° of the French Commercial Code | Chapter 3/p. 187 to 188 |
| Annual change in the remuneration, the Company's performances, the average remuneration of the Company employees and the above-mentioned ratios over the five past fiscal years | L. 22-10-9-I-7° of the French Commercial Code | Chapter 3/p. 188 |
| Explanation on how the total remuneration complies with the remuneration policy adopted, including the way it contributes to long term performances of the Company and the way the performance criteria has been applied | L. 22-10-9-I-8° of the French Commercial Code | Chapter 3/p. 172 to 188 |
| Manner in which the vote of the last Ordinary General Meeting provided for by I of article L. 22-10-34 of the French Commercial Code has been taken into account | L. 22-10-9-I-9° of the French Commercial Code | Chapter 3/p. 172 |
| Deviation from the procedure for the implementation of the remuneration policy and any derogations | L. 22-10-9-I-10° of the French Commercial Code | N/A |
| Application of article L. 225-45 al. 2 of the French Commercial Code | L. 22-10-9-I-11° of the French Commercial Code | N/A |
| Attribution and retention of stock options by Executive Officers<br>Attribution and retention of free share grants to Executive Officers | L. 225-185 of the French Commercial Code<br>L. 225-197-1 and L. 22-10-59 of the French Commercial Code | Chapter 3/p. 177 à 181 |
| **Information on governance** | | |
| List of all terms of office and functions held in any company by each Executive Officer during the fiscal year | L. 225-37-4-1° of the French Commercial Code | Chapter 3/p. 128 and 130, 155 to 163 |
| Agreements between an Executive Officer or a major shareholder and a subsidiary | L. 225-37-4-2° of the French Commercial Code | N/A |
| Summary table of delegations of authority currently in force granted by the Shareholders' Meeting relating to an increase in capital | L. 225-37-4-3° of the French Commercial Code | Chapter 7/p. 440 |
| Exercising conditions of the general management of the Company | L. 225-37-4-4° of the French Commercial Code | Chapter 3/p. 131 to 133 |
| Composition, preparation and organization of the work of the Board of Directors | L. 22-10-10-1° of the French Commercial Code | Chapter 3/p. 131 to 154 |
| Application of the balanced representation principal of women and men in the Board | L. 22-10-10-2° of the French Commercial Code | Chapter 3/p. 131 and 133 to 136 |
| Limits brought by the Board of Directors on Chief Executive Officer's powers | L. 22-10-10-3° of the French Commercial Code | Chapter 3/p. 131 to 132 |
| Reference to a Code of corporate governance and application of the principle comply or explain | L. 22-10-10-4° of the French Commercial Code | Chapter 3/p. 131, 154 |
| Specific conditions governing shareholders' attendance at the Annual General Meeting | L. 22-10-10-5° of the French Commercial Code | Chapter 3/p. 154<br>Chapter 7/p. 442 and 444 to 446 |
| The implementation of an appraisal procedure in respect of transactions in the ordinary course of business entered into on arm's length terms. | L. 22-10-10-6° of the French Commercial Code | Chapter 3/p. 144 and 148 |
| Information that may have an impact in the event of a takeover bid | L. 22-10-11 of the French Commercial Code | Chapter 3/p. 223 to 224 |

| Required element | Reference text | Chapter/Pages |
|---|---|---|
| **4. Share ownership and capital** | | |
| Structure and change in Company capital and threshold notifications | L. 233-13 of the French Commercial Code | Key figures/p. 9<br>Chapter 5/p. 375<br>Chapter 7/p. 438, 439 |
| Acquisition and disposal by the Company of treasury shares | L. 225-211 of the French Commercial Code | Chapter 6/p. 414, 415, 422, 423<br>Chapter 7/p. 440 |
| Employee share ownership | L. 225-102 al. 1 of the French Commercial Code | Chapter 3/p. 212 to 220<br>Chapter 7/p. 439 |
| Possible adjustments for securities giving access to share capital in case of buybacks of shares or financial transactions | R. 228-90 and R. 228-91 of the French Commercial Code | Chapter 3/p. 213 to 217 |
| Information on Company's shares trading by Executive Officers and related persons | L. 621-18-2 of the French Monetary and Financial Code | Chapter 3/p. 222 |
| Amount of dividends paid out in respect of the three previous fiscal years | 243 bis of the French Tax Code | Chapter 6/p. 413<br>Chapter 7/p. 448 |
| **5. Extra-financial Performance Declaration** | | See Cross-reference table for the Extra-financial Performance Declaration on p. 459 |
| **6. Additional information** | | |
| Additional tax information | 223 quater and 223 quinquies of the French Tax Code | N/A |
| Injunctions or financial penalties in respect of anti-competitive practices | L. 464-2 of the French Commercial Code | N/A |

# CROSS-REFERENCE TABLE FOR EXTRA-FINANCIAL PERFORMANCE DECLARATION

| Required element | Reference text | Chapter/Pages |
|---|---|---|
| Business model | L. 225-102-1 and R. 225-105-I of the French Commercial Code | Chapter 1/p. 21 to 37 |
| Description of the main risks related to the Group activity | L. 225-102-1 and R. 225-105-I-1° of the French Commercial Code | Chapter 5/p. 318 to 354 |
| Information on the manner in which the Group considers societal and environmental implications of its activity | L. 225-102-1-III R. 225-104 and R 225-105-I-2° of the French Commercial Code | Chapter 5/p. 319 to 354 |
| Results of the politics applied by the Group, including key performance indicators | L. 225-102-1 and R. 225-105-I-3° of the French Commercial Code | Chapter 5/p. 318 to 354 |
| Social information | L. 225-102-1 and R. 225-105-II-A-1° of the French Commercial Code | Chapter 5/p. 341 to 349 |
| Environmental information | L. 225-102-1 and R. 225-105-II-A-2° of the French Commercial Code | Chapter 5/p. 319 to 340 |
| Societal Information | L. 225-102-1 and R. 225-105-II-A-3° of the French Commercial Code | Chapter 5/p. 349 to 354 |
| Fight against corruption | L. 225-102-1 and R. 225-105-II-B-1° of the French Commercial Code | Chapter 5/p. 349 to 351 |
| Information related to actions undertaken in favor of Human Rights | L. 225-102-1 and R. 225-105-II-B-2° of the French Commercial Code | Chapter 5/p. 352 to 354 |
| Specific information for companies operating at least one site classed Seveso “high threshold” | L. 225-102-2 of the French Commercial Code | Chapter 5/p. 402 |
| Collective agreements concluded in the Company and their impact on the economic performance of the Company as well as on the working conditions of employees | L. 225-102-1-III and R. 225-105 of the French Commercial Code | Chapter 5/p. 372 to 373 |
| Independent verifier’s report | L. 225-102-1-III and R. 225-105-2 of the French Commercial Code | Chapter 5/p. 405 to 409 |

# GLOSSARY

## 1. Financial glossary

### A

#### *Adjusted price*

Share price adjusted to take account of changes in capital (issue of new shares, share split, etc.). The adjusted share price is used to produce meaningful comparisons of price changes over time.

#### *AMF (Autorité des Marchés Financiers, the French financial market authority*)

The AMF governs and oversees the conduct and professional ethics of the markets and protects the interests of investors and shareholders.

### B

#### *Bearer share*

Share held in a security account at the shareholder's financial broker.

#### *BlueBook*

A global reference manual, the BlueBook brings together Air Liquide's codes, policies and procedures and forms the basis of the Group's internal control and risk management system.

#### *Bond*

Tradable debt security issued by a public or private company, a group, an association or a government. Bonds carry fixed interest for a specific period and are redeemable on maturity.

### C

#### *CAC 40 (cotation assistée en continu – Continuous-Automated Trading)*

The flagship stock market index of Euronext in Paris, the CAC 40 tracks the evolution of a selection of 40 stocks registered on this stock market. A Committee of Euronext specialists regularly revises its composition to ensure that it remains representative. Air Liquide has been included in the CAC 40 since its inception in 1988.

#### *Capital employed*

Balance sheet capital corresponding to financial resources used by a company to develop its business. It is the sum of equity, minority interests and net debt.

#### *Capital gain*

Gain realized on the sale of a security, that is, the difference between its sale price and its original purchase price, or book value.

#### *Cash flow from operating activities before changes in net working capital*

This indicator provides the exact measure of annual cash flow that the Company is able to generate from its operations, independently of the evolution of the working capital requirement, which can be seasonal or erratic. This indicator is presented before payment of interests on net debt and of interests paid on lease liabilities and after payment of income taxes.

#### *Conditional grant of shares to employees (CGSE)*

Means of remuneration that grants free shares of the Company to all the employees or a specific employee category. The employee only becomes the owner of the shares after a given acquisition period and according to the plan's conditions. If the acquisition period is shorter than four years, the law provides that the employee must keep his/her shares for a minimum additional two-year period.

#### *Custody fees*

Fees charged by a financial intermediary for maintaining a share account. They generally represent a percentage of the portfolio or a set fee per line of shares held. Air Liquide's Shareholder Services provide this service free of charge for shares held in a direct registered account.

### D

#### *Deferred settlement service (SRD)*

Fee-based service available for the most traded stocks through which settlement for orders or delivery of shares is deferred to the last trading day of the month. Air Liquide shares are eligible for this service.

#### *Diluted earnings per share (Diluted EPS)*

Net profit Group share divided by the average weighted number of shares which would be outstanding, assuming conversion of all potential shares (exercise of share subscription options, definitive grant of free shares, etc.). The equivalent accounting term is diluted net profit by share.

#### *Direct registered shares*

Direct registered shares are managed by Air Liquide and registered in its accounts. They are held in a securities account opened at Air Liquide.

### E

#### *Earnings per share (EPS)*

Net profit Group share divided by the average weighted number of shares outstanding. The equivalent accounting term is net profit per share.

#### *ESG (Environmental, Social and Corporate Governance)*

Environmental, social and corporate governance are the three main areas appraised by SRI analysts. A positive appraisal of these criteria is a guarantee of quality. It reflects the sustainability of a company's development.

#### *Euronext Paris*

Name of the firm which organizes, manages and develops the securities market in Paris, and acts as market regulator (financial transactions, monitoring of companies listed on the stock market) with the delegated authority of the AMF.

### Euro Stoxx 50

Stock Exchange index composed of 50 of the highest capitalizations and most actively traded stocks listed in the eurozone.

## F

### Fractional right

Part of a share that cannot be distributed in the case of a free share attribution or subscription if the number of shares held is not a multiple of the transaction. Example: in a 1 for 10 free share attribution, a shareholder holding 68 shares is allocated 6 new shares and 8 fractional rights.

### Free float

The part of a company's capital publicly available and tradable on the stock markets. The higher the free float, the greater the liquidity of the shares. Nearly 100% of Air Liquide's capital is floated.

### Free share attribution

Transaction by which the Company issues new shares by capitalizing undistributed earnings at no cost to shareholders, and allocates new shares in proportion to the number of shares already held. Air Liquide allocates regularly such free shares.

## G

### Goodwill

Difference between the purchase price of a company and its net tangible assets on the day of the acquisition.

## I

### IFRS (International Financial Reporting Standards)

International accounting standards with effect from January 1, 2005, conceived by the International Accounting Standards Board, or IASB, for quoted companies to harmonize the presentation and increase the transparency of their financial statements.

### Indirectly/intermediary registered shares

Indirectly/intermediary registered shares are registered in the Air Liquide accounts and held in a securities account at the shareholder's financial institution.

## L

### Liquidity

Ratio of the volume of shares traded over the total number of shares outstanding, which make up the capital.

### Loyalty bonus

The loyalty bonus increases the dividend distributed and the number of free shares attributed by 10% for registered shares held for more than two full calendar years and subject to the conditions defined by Air Liquide's articles of association.

### Loyalty dividend

Pursuant to Air Liquide's articles of association, a dividend premium of 10%, granted to loyal shareholders for registered shares held continuously for more than two full calendar years and until the date of the payment of the dividend.

## M

### Market capitalization

A company's market value equal, at any given time, to the quoted share price multiplied by the total number of shares outstanding.

### Market sheet

The market sheet presents all the buy and sell orders for a share, as well as the latest orders executed. Investors can only have access to the five best offers (sales) and the five best demands (purchases).

## N

### Net Dividend Per Share

The part of a company's net profit distributed to shareholders. Shareholders vote the dividend at the Annual General Meeting after approval of the financial statements and the allocation of earnings proposed by the Board of Directors.

### Net profit (Group share)

Profit or loss made by the Company. It is calculated by adding operating income recurring, other non recurring operating expenses, net finance costs, other net financial expenses, share of profit of associates, profit (loss) from discontinued operations, then subtracting Company tax and minority interests.

### Net profit (Group share) recurring

The recurring net profit Group share corresponds to the net profit Group share excluding exceptional and significant transactions that have no impact on operating income recurring.

### Net profit recurring excluding IFRS 16

Net profit recurring excluding IFRS 16 corresponds to net profit recurring restated for the impact of IFRS 16. The impact of IFRS 16 includes the reintegration of rental charges less depreciation and other financial charges recognized under IFRS 16.

## O

### OPCVM (Organisme de Placement Collectif en Valeurs Mobilières – pooled-investment-funds)

A savings product that makes it possible to hold part of a collective marketable security portfolio handled by a professional, like SICAVs (open-ended investment companies) or FCPs (mutual funds).

### Operating income recurring

Annual sales minus the cost of producing, distributing and selling products and the depreciation or amortization on capital expenditures. It provides an operating performance indicator before financing and taxes.

## P

### Par value

The issue price of a share as defined in a company's articles of association. A company's total capital is the par value of the share multiplied by the total number of shares outstanding.

### PER (Price Earnings Ratio)

The ratio of the market price of a share over earnings per share.

### Preferential subscription right

Tradable right giving shareholders priority in subscribing to a number of new shares in proportion to the number of shares already held in the event of a share issue. This is a negotiable right in the stock exchange. In exceptional cases, the Company may ask its shareholders to suspend their subscription right at an Extraordinary Shareholders' Meeting.

## Q

### Quorum

Minimum percentage of shares with voting rights required to be present or represented for a General Shareholders' Meeting to be validly constituted.

## R

### Registered share

Share registered in the Air Liquide accounts.

### Retained earnings

Undistributed profit, held by the Company until further decision.

### Roadshow

Organized series of meetings during which a listed company, represented by its management or an Investor Relations team, travels to meet with institutional investors in their offices.

### ROCE (Return On Capital Employed)

Return On Capital Employed after tax: ((net profit after tax before deduction of minority interests – net finance costs after taxes) for the period)/(average (total shareholders' equity + net debt) at the end of the three last semesters).

### Recurring ROCE (Return On Capital Employed)

The recurring ROCE is calculated in the same manner as the ROCE using the recurring net profit for the numerator.

### ROE (Return On Equity)

The ratio of Net Profit over shareholders' equity. It represents the net return on money invested by shareholders.

## S

### Share

Tradable security representing a portion of a company's capital. The owner of a share, the shareholder, is a part-owner of the Company and enjoys certain rights. Shares can be held as registered or bearer shares.

### Share buyback

Transaction by which a company buys its own stock on the market, up to the limit of 10% of its capital. The transaction requires shareholder approval at the Company's General Shareholders' Meeting. Bought back shares are not taken into account in the net earnings per share calculation and do not receive any dividends.

### Shareholders' equity

The part of the Company's capital belonging to its shareholders. It includes the value of issued shares, retained earnings and Net Profit for the financial year.

### SRI (Socially Responsible Investment)

Socially responsible investment integrates, over and above the standard financial criteria, environmental, social and corporate governance (ESG) criteria in the analysis process and investment decision.

### Stock option

A subscription option that offers the right to subscribe, at a price set in advance, for a fixed period, a company's shares.

### Share split

Split of a share's par value to improve its liquidity. A share split leads, in the same proportions, to a split in the share's market value and the multiplication of the number of shares comprising the capital. The value is unchanged.

## U

### Usufruct

The legal right to use and derive profit or benefit from property that belongs to another person, as long as the property is not damaged. The holder of an usufruct has the right to use and enjoy the property, as well as the right to receive profits from the fruits of the property.

## V

### Volatility

The degree of variation of a share over a given period. It is a risk indicator: the greater the volatility, the higher the risk.

## Y

### Yield

Ratio of dividend per share over market share price.

# 2. Technical glossary

### *Advanced materials*

Replaces the ALOHA range and the advanced precursors and includes ALOHA and Voltaix.

### *Alternative energy*

Energy that represents an alternative to traditional energies, produced by transformation of natural gas or coal using gasification and/or gas cleaning techniques.

### *ASU*

Air Separation Unit.

### *Biogas*

Renewable energy that is produced during the methanization of biomass (treatment of household waste, industrial or agricultural waste, sewage sludge), then transformed using Air Liquide purification and liquefaction technologies.

### *Bio-GNV*

Clean fuel, produced from biogas.

### *Carrier gases*

Carrier gases (nitrogen, oxygen, hydrogen, etc.) are used to transport and dilute process gases or to protect semiconductors from minute dust particles.

### *Cogen*

Cogeneration is the simultaneous production of electricity and steam. It is an environmentally virtuous process as it avoids energy loss by harnessing the heat emitted during electricity production to produce steam.

### *Cold/cryogenic technologies*

All cryogenic-related technologies used, primarily, in the production of air gases.

### *Cryogenics*

Very low temperatures, necessary to the liquifaction of air gases, hydrogen and helium. Concerns temperatures below -150 degrees Celsius.

### *Fab*

Production facility in the electronics sector.

### *Fellow*

The second highest international level of expertise (among four) in the Air Liquide Technical Career Ladder. Fellows are recognized as worldwide authorities within their given field of expertise. Fellows are consultants of the top management in long-term company strategy.

### *Greenhouse gas (GHG) emissions*

- The release of GHGs into the atmosphere. GHGs are the six gases listed in the Kyoto Protocol;
- Direct GHG emissions: emissions from sources owned or controlled by the reporting company. These emissions are reported in “Scope 1”;
- Indirect GHG emissions: emissions that are a consequence of the reporting company's activities, but which come from sources owned or controlled by another company. Indirect emissions induced by the production of electricity and steam purchased by the Group are reported in Scope 2, while other relevant indirect emissions are reported in Scope 3;
- Avoided GHG emissions: emission reductions achieved by activities, products or services that emit less GHG than would have been emitted in a reference scenario.

### *Hot/non cryogenic technologies*

All heat-producing technologies, such as combustion processes. For Air Liquide, hot technologies comprise steam reforming of methane to produce hydrogen and carbon monoxide and cogeneration units.

### *HyCO unit*

Unit that simultaneously produces hydrogen ($H_2$) and carbon monoxide (CO).

### *NACE*

The Statistical Classification of Economic Activities in the European Community, or NACE, refers to the classification of economic activities in force in the European Union (EU).

### *On-site*

On-site installations consist of gas production units installed directly on Industrial Merchant or Electronic customer premises, thanks to which truck deliveries can be avoided.

### *Orders in hand*

They represent the contractual value of all Group and third-party engineering and construction contracts managed by the Engineering & Construction entities, excluding projects under warranty, from the signature date.

### *Orders intake*

They represent the sum of all Group and third-party engineering contracts which entered into force during the period.

### *Renewable energy*

Forms of energy whose production does not lead to a decline in resources on a human scale, e.g. solar, wind, geothermal and hydroelectric energies.

### *Syngas*

Syngas, or synthesis gas, is a gas mixture consisting primarily of hydrogen, carbon monoxide, and in some cases carbon dioxide.

### *Substrate*

Material on or in which components of a micro-electronic system or circuit are manufactured.

### *Take-or-Pay*

Contracts used in Large Industries integrating fixed minimum payments below minimum volume thresholds.

### *Traditional energy*

As opposed to renewable energies, energy whose production exhausts resources by consuming them more quickly than they are created. It is directly produced from fossil fuels: coal, oil, natural gas.

ADDITIONAL INFORMATION 7
Ten-year consolidated financial summary

# TEN-YEAR CONSOLIDATED FINANCIAL SUMMARY

| | 2014 | 2015 restated [j] | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Key figures** *(in millions of euros)* | | | | | | | | | | |
| **Consolidated income statement** | | | | | | | | | | |
| Revenue | 15,358.3 | 15,818.5 | 18,134.8 | 20,349.3 | 21,011.1 | 21,920.1 | 20,485.2 | 23,334.8 | 29,934.0 | 27,607.6 |
| *of which Gas & Services* | *13,800.1* [i] | *14,752.3* | *17,331.0* | *19,641.9* | *20,106.9* | *21,040.0* | *19,655.5* | *22,267.3* | *28,573.0* | *26,359.9* |
| Operating income recurring | 2,633.8 | 2,856.2 | 3,023.9 | 3,363.8 | 3,448.5 | 3,793.8 | 3,789.6 | 4,160.3 | 4,861.8 | 5,068.0 |
| Operating income recurring/revenue | 17.1% | 18.1% | 16.7% | 16.5% | 16.4% | 17.3% | 18.5% | 17.8% | 16.2% | 18.4% |
| Net profit (Group share) | 1,665.0 | 1,756.4 | 1,844.0 | 2,199.6 | 2,113.4 | 2,241.5 | 2,435.1 | 2,572.2 | 2,758.8 | 3,078.0 |
| **Consolidated cash flow statement** | | | | | | | | | | |
| Cash flow from operating activities before changes in net working capital | 2,942.7 | 3,149.5 | 3,523.2 | 4,133.0 | 4,138.2 | 4,859.4 | 4,932.4 | 5,292.1 | 6,255.2 | 6,357.3 |
| Purchase of property, plant and equipment and intangible assets | 1,901.7 | 2,027.7 | 2,258.6 | 2,182.5 | 2,249.2 | 2,636.4 | 2,630.2 | 2,916.8 | 3,273.0 | 3,393.4 |
| Purchase of property, plant and equipment and intangible assets/Revenue | 12.4% | 12.8% | 12.5% | 10.7% | 10.7% | 12.0% | 12.8% | 12.5% | 10.9% | 12.3% |
| Acquisition of consolidated companies and financial assets | 179.0 | 384.4 | 12,165.3 | 140.4 | 129.2 | 536.9 | 129.1 | 659.8 | 135.8 | 103.0 |
| Total capital expenditures/Revenue [a] | 13.5% | 15.2% | 79.5% | 11.4% | 11.3% | 14.5% | 13.5% | 15.3% | 11.4% | 12.7% |
| Dividends related to fiscal year and paid in the following year [b] | 897.8 | 920.3 | 1,031.3 | 1,160.2 | 1,163.8 | 1,309.6 | 1,335.6 | 1,412.4 | 1,582.8 | 1,722.8 [k] |
| **Consolidated balance sheet** | | | | | | | | | | |
| Shareholders' equity at the end of the period | 11,536.5 | 12,405.7 | 16,741.8 | 16,317.9 | 17,783.1 | 18,870.4 | 18,542.3 | 21,462.3 | 23,736.4 | 24,321.5 |
| Net debt at the end of the period | 6,306.3 | 7,238.7 | 15,368.1 | 13,370.9 | 12,534.9 | 12,373.3 | 10,609.3 | 10,448.3 | 10,261.3 | 9,220.9 |
| Gearing | 53.3% | 56.7% | 89.7% | 80.0% | 68.8% | 64.0% | 55.8% | 47.5% | 41.8% | 36.8% |
| Capital employed at the end of the period [c] | 18,133.2 | 20,009.5 | 32,493.1 | 30,089.3 | 30,742.3 | 31,697.7 | 29,613.9 | 32,447.1 | 34,833.3 | 34,264.0 |
| **Share capital** | | | | | | | | | | |
| Number of shares issued and outstanding at the end of the period | 344,872,883 | 344,163,001 | 388,875,761 | 428,397,550 | 429,423,434 | 473,105,514 | 473,660,724 | 475,291,037 | 523,450,271 | 524,516,778 |
| Adjusted weighted average number of shares outstanding [d] | 472,541,588 | 471,994,824 | 483,780,016 | 518,641,180 | 518,963,476 | 519,682,719 | 520,111,115 | 520,828,581 | 522,069,020 | 522,110,068 |
| **Key figures per share** *(in euros)* | | | | | | | | | | |
| Net profit per share [e] | 3.52 | 3.72 | 3.81 | 4.24 | 4.07 | 4.31 | 4.68 | 4.94 | 5.28 | 5.90 |
| Dividend per share | 2.55 | 2.60 | 2.60 | 2.65 | 2.65 | 2.70 | 2,75 | 2.90 | 2.95 | 3.20 |
| Adjusted dividend per share [f] | 1.85 | 1.89 | 1.94 | 2.18 | 2.18 | 2.45 | 2.49 | 2.63 | 2.95 | 3.20 |
| **Ratios** | | | | | | | | | | |
| Return on equity (ROE) [g] | 15.3% | 14.7% | 13.5% | 13.5% | 12.6% | 12.5% | 13.2% | 13.1% | 12.8% | 13.5% |
| Return on capital employed after tax (ROCE) [h] | 10.8% | 10.3% | 7.8% | 8.2% | 8.0% | 8.4% | 9.0% | 9.3% | 9.1% | 9.8% |

*Loyalty dividend:*
*Since 1995, a 10% loyalty dividend is attributed to shareholders holding their shares in registered form for at least two years in the year preceding the period of distribution, and owned until the date of payment of the dividend.*
*The dividend proposed to the Annual General Meeting for fiscal year 2023 amounts to 3.20 euros per share, and the enhanced dividend to 0.32 euros per share representing a total distribution of 1,722.8 million euros.*

(a) *The total capital expenditures include the purchases of property, plant and equipment and of intangible assets and the long-term investments. Industrial and financial capital expenditures and transactions with minority shareholders are included.*
(b) *Including a loyalty dividend of 47.4 million euros in 2023, 43.3 million euros in 2022, 39.1 million euros in 2021, 37.4 million euros in 2020, 37.2 million euros in 2019, 32.7 million euros in 2018, 29.6 million euros in 2017, 26.6 million euros in 2016, 26.8 million euros in 2015 and 25.7 million euros in 2014.*
(c) *Capital employed at the end of period: shareholders' equity + minority interests + net debt.*
(d) *Adjusted to take into account, on a basis of a weighted number of shares outstanding, capital increases by capitalization of reserves and additional paid-in capital (2021, 2019, 2017, 2014, 2012), cash subscription of 2016 and treasury shares.*
(e) *Calculated on the adjusted weighted number of shares outstanding during the year excluding treasury shares.*
(f) *Adjusted to account for share capital movements.*
(g) *Return on equity: (Net profit Group share)/(weighted average of shareholders' equity over the year). These aggregates are adjusted for the application of the IFRS16 standard.*
(h) *Return on capital employed after tax: ((Net profit after tax before deduction of minority interests and excluding IFRS16 impact – net cost of debt after taxes) for the period 2023)/(weighted average of (shareholders' equity excluding IFRS16 impact + minority interests + net debt) at the end of the last three half years (H2 2022, H1 2023 and H2 2023)).*
(i) *Restatement related to the business line, Global Markets & Technologies.*
(j) *Restatement related to the classification in accordance with IFRS5 "Non-current Assets Held for Sale and Discontinued Operations".*
(k) *The dividend payment related to the financial year ended December 31, 2023 is estimated taking into account share buybacks and cancellations.*

# Cautionary note regarding forward-looking statements

This Universal Registration Document contains information on the Group's prospects, objectives and trends for growth. These forward-looking statements can be identified by the use of the future tense, conditional or of forward-looking terms such as "consider", "intend", "anticipate", "believe", "estimate", "plan", "expect", "think", "aim", or, as the case may be, the negative of these words, or any other terms with a similar meaning. This information is not based on historical data and should not be considered as a guarantee that the prospects and objectives described will be achieved. These statements are based on data, assumptions and estimates considered reasonable by the Group as of the date of this Universal Registration Document. They may be affected by known or unknown risks, uncertainties and other factors which might impact future results, performances and achievements of the Group in a way that is substantially different from the objectives described. This information might therefore change due to uncertainties relating notably to the economic, financial, competitive and regulatory environment or due to the occurrence of certain risks described in Chapter 2 of this Universal Registration Document. This information is given solely as of the date of this Universal Registration Document. All forward-looking statements contained in this Universal Registration Document are qualified in their entirety by this cautionary note.

# Notes

# Notes

**Realisation**: Ruban Blanc

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Air Liquide

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@air_liquide_group

### Shareholder Services

0800 166 179
Calls are free from a French landline

or +33 (0)1 57 05 02 26
from outside France

### Write to us

directly through the website:
airliquide.com/shareholders/contact-us

### Shareholders Lounge

Visitors area
75, quai d'Orsay - 75007 Paris - France

### Investor Relations

+33 (0)1 40 62 51 50

### Contact us

directly:
IRteam@airliquide.com

Air Liquide - Company established for the study and application of processes developed by Georges Claude with issued capital of €2,884,842,279.00