

## Authorisation of the Board of Directors of L'Air Liquide S.A. dated February 14, 2018 relating to the commitments made by the Company with regard to Mr Benoît Potier

Published pursuant to Articles L.225-42-1 paragraph 3 and R.225-34-1 of the French Commercial Code

### Termination indemnity

The Board of Directors decides that in the event of the forced departure (removal from office, request for resignation) of Mr Benoît Potier from his corporate offices as Chairman and Chief Executive Officer

1. related to a change of strategy, or
2. that takes place within 6 months following the acquisition of control of Air Liquide by a person acting alone or several persons acting in concert (the notion of control being understood within the meaning of this term as defined, as of the date hereof, by Article L. 233-3 of the French Commercial Code),

and subject to the conditions and limitations set out below, the Company undertakes to pay Mr Benoît Potier a fixed aggregate indemnity in full discharge equal to 24 months' gross fixed and variable remuneration, the calculation being based on the average monthly amount of gross fixed and variable remuneration received by Mr Benoît Potier during the 24 months prior to departure. It is specified that in the case referred to in paragraph (2), the indemnity is due, whether or not the forced departure is related to a change in strategy, but without Mr Potier being able to receive such indemnity in conjunction with that due pursuant to paragraph (1).

In accordance with the provisions of Article L 225-42-1 of the French Commercial Code, payment of the indemnity due in respect of forced departure as provided for above is subject to compliance, as duly recorded by the Board of Directors at the time of termination of such office or thereafter, of conditions related to Mr Benoît Potier's performance assessed in light of the Company's own performance, defined as of the date hereof as follows:

Entitlement to the above indemnity will depend on, and the amount of the indemnity paid will be adjusted on the basis of, the average of the annual gap between the Return on capital employed after tax (ROCE) and the Weighted Average Cost of Capital (WACC) (assessed using the net equity method) calculated (on the basis of the certified consolidated financial statements approved by the annual shareholders' meeting) with respect to the last 3 fiscal years prior to the fiscal year in which the departure occurs. For the purposes of this calculation, the gap between ROCE and WACC will be measured with regard to each fiscal year and will be calculated the average of the three annual gaps for the last 3 fiscal years prior to the fiscal year during which such departure takes place.

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 over 3 years of the annual (ROCE – WACC) gaps in bps*	Proportion of the indemnity due
≥ 300	100 %
250	66 %
200	50 %
100	25 %
< 100	0 %
* <i>bps</i> : basis points	

These conditions will be re-examined by the Board of Directors and modified, where applicable, to take into account, in particular, any changes that have taken place in the company's environment at the time of each renewal of Mr Benoît Potier's term of office and, where applicable, during the course of his term of office.

The Board of Directors also decides that in the event that the above-mentioned forced departure takes place during the 24 months prior to the date on which the term of office of Mr Benoît Potier as Chairman and Chief Executive Officer terminates pursuant to the articles of association as he has reached the age limit stipulated, the amount of the indemnity due will be capped in any case at the number of months of gross remuneration, as defined above, for the period between the date of forced departure and the date on which the age limit will be reached. In any case, no indemnity will be paid if, at the date of forced departure, the beneficiary claims his pension entitlements.

After deliberation, the Board of Directors authorises the aforementioned commitment in accordance with the provisions of Articles L 225-38 *et seq.* of the French Commercial Code effective at the close of the Annual Shareholders' Meeting approving the financial statements for the 2017 fiscal year, on the condition precedent of the renewal of Mr Benoît Potier's term of office as director and Chairman and Chief Executive Officer of the Company, for the length of his term of office as Chairman and Chief Executive Officer, thus renewed where applicable, with Mr Benoît Potier not taking part in the vote.

In accordance with the provisions of Article L 225-42-1 of the French Commercial Code, this decision and the decision by the Board of Directors making an assessment with regard to achievement of the performance conditions at the required time, will be made public in accordance with the terms and conditions and within the deadlines set by the regulations in force.

The above-mentioned decision will be submitted for the approval of the shareholders at such Annual Shareholders' Meeting in a specific resolution for Mr Benoît Potier.

This decision cancels and supersedes the decision made by the Board of Directors on February 17, 2014 concerning the same subject as from the effective date.

Mr Benoît Potier gives his agreement with regard to the above-mentioned decision.

The Statutory Auditors will be informed of this authorisation.

## **Defined benefit pension plan "S"**

The Board of Directors authorised, by decision dated February 12, 2010 and then on February 17, 2014, the application to Mr Benoît Potier, in his capacity as Chairman and Chief Executive Officer, of the collective defined benefit pension plan, known as "S", which benefits certain of Air Liquide's senior managers and executive officers.

The application of this plan to Mr Benoît Potier was approved by the Annual Shareholders' Meeting on May 5, 2010 and, last, by the Shareholders' Meeting held on May 7, 2014 in a specific resolution.

It is noted that, pursuant to this plan, it is provided in particular that his rights:

(I) may be applied for, if he ends his career with the Company in a final manner and decides to claim his basic pension and mandatory supplementary pension entitlements (Arrco and Agirc), whether or not at full rate. In the event of termination of the corporate office at the Company's initiative, the beneficiary who is over 55 years of age and who has at least five years' length of service shall retain his rights, if he does not resume any professional activity until his retirement. The rules also provide for the maintenance of the potential rights of the beneficiary in the event of a disability of the 2<sup>nd</sup> or 3<sup>rd</sup> category;

(II) will be equal to 1 % per year of service of the average of the three best years of the last five years of remuneration exceeding 24 times the PASS (the annual social security ceiling) (the "Reference Remuneration"). The

basis for calculation of the pension annuity will be limited to the fixed and variable remuneration only, to the exclusion of any other form of remuneration, whether paid by the Company or any French or foreign subsidiary. For this calculation, the average of the total variable portions taken into account cannot exceed 100% of the average of the total fixed portions used for this calculation;

(III) will be capped, in all cases, at 45% of the Reference Remuneration;

(IV) are the subject of contributions paid to an insurance body and of provisions in the Group's consolidated financial statements.

The Board of Directors states that Air Liquide's pension plan "S" is already more restrictive than the new Article L. 225-42-1 paragraph 8 of the French Commercial Code, according to which conditional rights cannot increase annually by an amount of more than 3% of the annual remuneration used as a reference for the calculation of the annuity paid under that plan, since it provides that the retirement benefits shall be equal to 1% per year of service.

Pursuant to Article L.225-42-1 of the French Commercial Code, as amended by Law n°2015-990 dated August 6, 2015, known as the "Macron Law", with effect from the renewal of his office as Chairman and Chief Executive Officer, the increase, in respect of each fiscal year, in the pension rights pursuant to the defined benefit pension plan "S" which Mr Benoît Potier benefits from, shall be subject to conditions linked to Mr Benoît Potier's performance assessed in light of the Company's performance.

The Board of Directors therefore decides that, with effect from the renewal of his office as Chairman and Chief Executive Officer, following the Shareholders' Meeting held to approve the financial statements for the 2017 fiscal year, the increase, in respect of each fiscal year, in Mr Benoît Potier's conditional rights under the defined benefit pension plan "S" which he benefits from will depend, and the amount of that increase shall be adjusted in accordance with, the average of the annual gap between the Return on Capital Employed after tax (ROCE) and the Weighted Average Cost of Capital (WACC) (assessed using the net equity method), calculated (on the basis of the certified consolidated financial statements approved by the Shareholders' Meeting) for the last three fiscal years prior to the said fiscal year.

For the purposes of this calculation, the gap between the ROCE and the WACC will be measured for each fiscal year, and shall be calculated the average of the three annual gaps over the last three fiscal years prior to the said fiscal year.

The proportion of the annual increase in the conditional rights will be determined as shown in the table set forth below with a rate of increase per linear segments between each of the thresholds between 100 bps and 300 bps inclusive:

Average of the annual gaps (ROCE – WACC) over 3 years in bps*	Proportion of increase
≥ 300	100 %
250	66 %
200	50 %
100	25 %
< 100	0 %

\* bps : basis points

It is noted that, for the 2018 fiscal year, these performance conditions will only apply to the increase in the pension rights which Mr Benoît Potier will benefit from in respect of his new term of office as Chairman and Chief Executive Officer.

Compliance with the conditions set forth above shall be verified on an annual basis, before the Ordinary Shareholders' Meeting held to approve the financial statements for the most recently ended fiscal year, by the Board of Directors, which shall determine the increase, in respect of that fiscal year, in the conditional rights which the Chairman and Chief Executive Officer benefits from.

After deliberation, and pursuant to Articles L 225-38 et seq. of the French Commercial Code, the Board of Directors **decides**, Mr Benoît Potier not taking part in the vote, with effect from the renewal of Mr Benoît Potier's term of office as Chairman and Chief Executive Officer, after the Annual Shareholders' Meeting convened to approve the financial statements for the 2017 fiscal year and subject to the condition precedent of the renewal of Mr Benoît Potier's term of office as Chairman and Chief Executive Officer of the Company:

- to make the annual increase of his rights subject to performance conditions, as stated above, with effect from the renewal of his term of office as Chairman and Chief Executive Officer of the Company, and
- to submit for the approval of the Annual Shareholders' Meeting held to approve the financial statements for the 2017 fiscal year the increase in Mr Benoît Potier's conditional rights under the terms provided for in the defined benefit pension plan "S".

Insofar as necessary, it is specified that this decision shall have no effect on the conditional rights granted to Mr Benoît Potier up until the renewal of his office as Chairman and Chief Executive Officer at the close of the Annual Shareholders' Meeting held to approve the financial statements for the 2017 fiscal year.

Pursuant to Article L 225-42-1 of the French Commercial Code, this decision shall be published in accordance with the terms and time limits set forth by the applicable regulations.

Mr Benoît Potier expresses his consent to the aforementioned decision.

The statutory auditors shall be notified of this authorisation.