

2020 GRANTS OF PERFORMANCE SHARES

The Board of Directors of L'Air Liquide SA, at its meeting on September 29, 2020, adopted the performance share plans for 2020 which are aimed, above and beyond incentive and mandatory profit sharing, at associating employees to a greater extent with the company's performance.

2020 Principles of grant

For the Executive Officer, the 2020 grant is in line with the remuneration policy drawn up by the Board of Directors on February 10, 2020 and approved by the General Meeting on May 5, 2020. Accordingly, (i) the weight of the elements subject to performance conditions represents approximately 75% of the total annual remuneration, and (ii) in the balance between the fixed remuneration, the annual variable remuneration and the long-term remuneration, a slightly greater weight (approximately 40% of the total annual target remuneration) continues to be given to the long-term incentive.

In these circumstances, it had been agreed by the Board of Directors on February 10, 2020 that the grant of performance shares to Benoît Potier in 2020 would represent an IFRS value of approximately 2.25 million euros, which has been stable since 2018.

Moreover, as in 2019, the Board of Directors decided, on September 29, 2020, only to grant performance shares (and not stock options) to all the beneficiaries, for reasons of simplification and harmonization.

On the basis of these principles, the Board of Directors made the following grants at its meeting on September 29, 2020:

2020 grants of performance shares

The Board granted performance shares in accordance with the following conditions:

Volume

- Executive Officer

	Volume ¹	IFRS value in € ¹	Volume as a % of the share capital ¹
Benoît Potier	17,640 shares	2,249,629	0.0037%

¹ Amount determined on the basis of the IFRS value as at September 29, 2020, at a share price of €136.70.

- Other beneficiaries

The Board of Directors also decided to grant 328,283 performance shares to 2,106 distinct beneficiaries (representing 2,293 grants to the Group's employees).

The lists of employee beneficiaries were drawn up with a view to ensuring a certain rotation, expansion and a diversity of the beneficiary population. Approximately one-third of the beneficiaries of the 2020 Plans are employees who had not been granted any stock options/performance shares during the last five years.

Overall, 345,923 performance shares representing 0.07% of the capital were thus granted to 2,107 distinct beneficiaries (representing 2,294 grants), i.e. 3.56% of the workforce.

AIR LIQUIDE

Rules which apply in 2020

Subject to the performance conditions (set forth below), the provisions of the 2020 "France" and "World" Performance Share Plan Regulations are identical to those for 2019, and in particular:

- a. For France, the vesting period is fixed at 3 years and the holding period at 2 years. The "World" regulations in turn provide for a vesting period of 4 years with no additional holding period.
- b. Definition of a condition of presence at the end of the vesting period in order for the shares to fully vest.

Performance conditions for the 2020 grants

The whole of the performance shares granted to any beneficiary pursuant to the 2020 Plans is subject to the following performance conditions which apply to both the "France" and the "World" plans. These conditions had been determined by the Board of Directors on February 10, 2020.

Accordingly, the number of performance shares definitively granted will depend:

- (i) **for 50% of the performance shares granted:** on the rate of achievement of an objective, set by the Board, consisting of the Return on capital employed after tax ("ROCE"¹) recorded at the end of the 2022 fiscal year.

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

The objective has been set within the trajectory of the NEOS company program which aims at a ROCE of more than 10% in 2021-2022;

- (ii) **for 40% of the 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, reinvested dividends, for 2020, 2021 and 2022 fiscal years ("AL TSR"). The objective of **absolute TSR** is set in accordance with historic performances. At the objective set, the grant is 100%, then decreases on a straight-line basis, to a lower limit,
 - 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, reinvested dividends – sourced from Bloomberg ("**B TSR**"), as **compared to the CAC 40 TSR index, reinvested dividends (sourced from Bloomberg)**, for 2020, 2021 and 2022 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 performance shares granted:** on the **reduction in Air Liquide's Carbon Intensity**, defined as the following ratio, recorded as at December 31, 2022: Greenhouse gas emissions of the Air Liquide Group for the year 2022 in kg-equivalent CO₂/2022 EBITDA (calculated at constant exchange rate on the basis of the 2015 foreign exchange rates) expressed in euros. Greenhouse gas emissions include direct emissions (Scope 1) and indirect emissions (Scope 2). The objective of this policy 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.

¹ For the purposes hereof, the Return on Capital Employed after tax ("ROCE") will be calculated as follows: ((Net profit after tax before deduction of minority interests – net cost of debt after taxes) for the period 2022) / (weighted average of (shareholders' equity + minority interests + net indebtedness) at the end of the last three half years (H2 2022, H1 2022, H2 2021)).

AIR LIQUIDE

The rate of achievement of the performance conditions will be recorded by the Board at the time when the financial statements are adopted for the 2022 fiscal year.

In summary, the applicable performance conditions are as follows:

Indicator	Weighting	Objective
ROCE	50%	Objective set within the trajectory of the NEOS company program which aims at a ROCE of more than 10% in 2021-2022.
TSR <i>of which:</i>	40%	
• AL TSR	20%	Total shareholder return is set in accordance with historic performances (the objective will be communicated ex post).
• B TSR	20%	- 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, - 100%, if it is at least 2% higher than the average of the CAC 40 TSR (on the basis of a straight-line change).
Carbon Intensity	10%	Objective set within the trajectory of the Group's Climate Objectives announced at the end of 2018 and which aim to reduce the Carbon Intensity by 30% between 2015 and 2025.

Specific rules applicable to the Executive Officer

Limits on the grant for the Executive Officer

Within the scope of the sub-limits authorized for 38 months by the General Meeting, most recently by the Combined General Meeting of May 7, 2019 (13th and 14th resolutions), 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 2020 are identical to those adopted for 2019 and are as follows:

- (i) the total number of performance shares granted in 2020 to the Executive Officer may not grant entitlement to a number of shares exceeding 0.012% of the capital (it being understood that a sublimit on grants of 0.1% of the capital for 38 months was set by the General Meeting on May 7, 2019),
- (ii) the maximum cumulative IFRS value of the performance shares granted to the Executive Officer may not exceed approximately 1.5 times the amount of his maximum gross annual remuneration (a fixed + variable maximum) (it being noted that the shares granted to the Executive Officer represent approximately 40% of the total annual target remuneration).

Proration principle

Pursuant to the decision made by the Board on February 10, 2020, the 2020 grant of performance shares to the Executive Officer remains subject to the proration principle.

Accordingly, if the Executive Officer leaves the Group for a reason other than his resignation or removal from office for serious cause², the total allocation rate (after applying the performance conditions) would be reduced pro rata the number of months' actual presence of the Executive Officer at 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.

² Situations which will result in the loss of the performance shares.

AIR LIQUIDE

The Executive Officer will remain subject to all the provisions of the plans and, more specifically, to those relating to the vesting period, the lock-up and the holding periods of the shares granted.

Other specific rules

The other specific rules which apply to the Executive Officer are as follows:

- Obligations regarding the restriction on the sale of the performance shares during the periods defined by law.
- Commitment not to carry out hedging transactions with regard to the risk concerning the performance shares awarded, throughout the whole of his term of office.
- Shareholding obligations:
 - obligation to hold, in registered account, until the termination of his duties, a minimum quantity of shares corresponding to 50% of the capital gain on acquisition, net of social security charges and tax, resulting from each exercise of stock options/each definitive award of performance shares. This percentage will be lowered to 5% as soon as the quantity of shares owned represents a minimum amount equal to at least 3 times the Executive Officer's gross fixed annual remuneration;
 - pursuant to the internal rule defined by the Board of Directors since 2008, the Chairman and Chief Executive Officer must hold, in a registered account, a number of shares which is equivalent to twice his gross fixed annual remuneration. This obligation will remain in force until it is exceeded by the effect of the aforementioned rules resulting from the French Commercial Code.

These obligations comply with the recommendations of the AFEP/MEDEF Code of January 2020.