

2019 PERFORMANCE SHARE PLANS

The Board of Directors of L’Air Liquide S.A., at its meeting on September 30, 2019, adopted the 2019 performance share plans which are aimed, above and beyond incentive and mandatory profit sharing, at associating employees to a greater extent with the company’s performance.

Principles of the 2019 grant

For the Executive Officer, the 2019 grant is in line with the remuneration policy for 2019 defined by the Board of Directors on February 13, 2019 and approved by the Shareholders' Meeting on May 7, 2019. Thus, (i) the weight of the elements subject to performance conditions represents approximately 75% of the total annual remuneration and (ii) in the balance between fixed part, variable part and long-term incentives (“LTI”), a slightly greater weight (approximately 40% of the total annual target remuneration) continues to be given to the long-term motivation.

In this context, it was agreed by the Board of Directors on February 13, 2019 that the award of performance shares to Benoît Potier in 2019 would represent an IFRS value of approximately 2.25 million euros, stable as compared to 2018.

Moreover, for 2019, the Board of Directors decided on September 30, 2019 to only award performance shares (as opposed to a mix of stock options and performance shares previously) to all beneficiaries, in order to simplify and standardize the LTI scheme.

On the basis of these principles, the Board of Directors made the following grants at its meeting on September 30, 2019:

2019 Performance Share Plans

The Board awarded performance shares in accordance with the following terms:

Volume of awards

- Executive officer

	Volume *	IFRS value in € *	Volume as a % of the share capital *
Benoît Potier	18,650 shares	2,249,563	0.0044%

* Amount calculated on the basis of the IFRS value as at September 30, 2019, with a share price of 129.50 euros.

- Other beneficiaries

The Board of Directors also decided to award 330,523 performance shares to 1,746 distinct beneficiaries (representing 1,811 allocations to employees of the Group).

The lists of employee beneficiaries were prepared with the aim of ensuring a certain rotation and an enlargement of the population of beneficiaries. Around a third of the beneficiaries of the 2019 Plans are employees to whom no stock options/performance shares were granted over the last five years.

In total, 349,173 performance shares representing 0.08% of the share capital were awarded to 1,747 distinct beneficiaries (representing 1,812 allocations), i.e., 2.75% of the workforce.

2019 Plans Regulations

Subject to performance conditions (defined below), the provisions of the 2019 “France” and “World” Performance Share Plans Regulations are identical to those of the 2018 Plans and in particular:

- a. For France, the vesting period is set at three years and the holding period at two years. The “World” Plan Regulation provides for a vesting period of four years with no additional holding obligation.
- b. Definition of a condition of continued employment/presence at the end of the vesting period in order to receive the definitive award of shares.

Performance conditions of the 2019 Performance Share Plans

All performance shares awarded to all beneficiaries under the 2019 Plans are subject to the following performance conditions which apply to both the “France” and “World” Performance Share Plans Regulations. These conditions were adopted by the Board of Directors on February 13, 2019.

Therefore, the number of performance shares that will be definitively awarded within the scope of the 2019 Plans will depend:

- (i) for 60 % 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 2021 fiscal year.

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

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

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

– for 50% of the performance shares referred to in sub-paragraph (ii): on an objective of Total Shareholder Return, defined as the average annual growth rate of an investment in Air Liquide shares, for fiscal years 2019, 2020 and 2021 (“**AL TSR**”). The absolute TSR objective 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 performance shares referred to in sub-paragraph (ii): on the rate of Total Shareholder Return from an investment in Air Liquide shares, reinvested dividends– sourced from Bloomberg (“**B TSR**”), compared to the CAC 40 TSR Index, reinvested dividends (sourced from Bloomberg) for fiscal years 2019, 2020 and 2021.

The rate of achievement will be 0% if the average of the Air Liquide TSR is lower than the average of the CAC 40 TSR, 50% if it is equal to the average of the CAC 40 TSR and 100% if it is at least 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.

¹ The Return on Capital Employed after tax (“ROCE”) will be calculated as follows: ((net profit after tax before deduction of minority interests - net cost of debt after taxes) for the period 2021)/(weighted average of (shareholders’ equity + minority interests + net indebtedness) at the end of the last three semesters (H2 2021, H1 2021 and H2 2020)), these aggregates being adjusted for the impact of the currency variation as compared to the exchange rate for 2018 and for the application of the new IFRS 16 standard.

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In sum, the applicable performance conditions are as follows:

Weighting	60%	40%	
		Of which 50%	Of which 50%
Performance conditions	ROCE	AL TSR	B TSR
Objective	In line with the NEOS company program which targets ROCE of more than 10% in 2021-2022.	Total Shareholder Return set on a consistent basis with historical performances (the objective will be communicated ex post)	<ul style="list-style-type: none"> - 0% if the Air Liquide rate of return is lower than the average of the CAC 40 TSR - 50% if the Air Liquide rate of return is equal to the average of the CAC 40 TSR - 100% if the Air Liquide rate of return is at least 2% higher than the average of the CAC 40 TSR (change on a straight-line basis).
Achievement of performance conditions	This information will be published in 2022.		

The rate of achievement of the performance conditions will be recorded by the Board at the time of adoption of the financial statements for the 2021 fiscal year. The result achieved and the percentage of performance shares that vest will also be communicated.

Specificities relating to the Executive Officer

✓ **Limits on the grant for the Executive Officer**

Within the scope of the sub-limits authorized by the Annual Shareholders' Meeting for 38 months, and most recently by the Combined Shareholders' Meeting of May 7, 2019 (13th and 14th resolutions), the Board of Directors sets the lower annual limits for grants to the executive officers, expressed (i) as a percentage of the 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 2019 are identical to those for 2018 and are as follows:

- (i) the total number of performance shares granted in 2019 to the Executive Officer may not grant entitlement to a number of shares exceeding 0.012% of the share capital (it being understood that a sub-limit on grants of 0.1% of the share capital for 38 months was set by the Annual Shareholders' Meeting on May 7, 2019);
- (ii) the maximum cumulative IFRS value of performance shares granted to the Executive Officer may not exceed approximately 1.5 times the amount of his maximum gross annual remuneration (fixed + variable

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maximum) (it being specified that the shares granted to the Executive Officer represent approximately 40% of the total annual target remuneration).

✓ **Proration principle**

Pursuant to the decision taken by the Board on February 13, 2019, the 2019 grant of LTI to the Executive Officer shall remain subject to the principle of proration.

In practice, if the Executive Officer leaves for a reason other than his resignation or removal from office for serious cause², the total allocation rate (after applying the performance conditions) shall be reduced pro rata by the number of months of actual presence of the Executive Officer within the Group during the period of assessment of the performance criteria.

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.

In addition, no grant shall be awarded to the Executive Officer in the year of his departure, in accordance with the AFEP/MEDEF code.

✓ **Other specific rules**

The other specific rules applicable to the Executive Officer were reiterated by the Board on September 30, 2019 for the 2019 performance share allocation and are as follows:

- **Obligations regarding the sale** of performance shares during periods set out by law.
- **Commitment not to carry out hedging transactions** with regard to the risk concerning performance shares awarded, for the duration of their term of office.
- **Share holding obligations:**
 - obligation to hold, in registered form, until the termination of their duties, a minimum quantity of shares corresponding to 50% of the capital gain on acquisition net of social charges and taxes for each exercise of stock options/final award of performance shares. This percentage will be adjusted downwards to 5% as soon as the quantity of shares held represents an amount equal to at least 3 times the executive officer's fixed gross annual remuneration.
 - pursuant to the internal rule defined by the Board of Directors since 2008, obligation for the Chairman and Chief Executive Officer to hold, in a registered account, a number of shares equivalent to twice his or her fixed gross annual remuneration. This obligation will remain in force until it is exceeded by the effect of the above-mentioned rules resulting from the French Commercial Code.

These obligations are in line with the recommendations of the AFEP/MEDEF Code of June 2018.

² which shall result in the loss of the LTI.