



# Governance

# Preparation of the 2022 Annual General Meeting Proposed Resolutions

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Investor Relations

2021 Roadshow presentation, updated with 2021 URD

# Governance Principles at Air Liquide

- **Knowledgeable** and **engaged** Directors
- **Dedicated** and **industry-expert** Management
- **Powerful controls** and fine-tuned organization
- **Regular** and long-term **attention** to **shareholders**
- Importance of **continuous progress** for **Governance**
  - Integrating main shareholders' feedback...
  - ...while showing consistency: long-term value creation, history and culture

# Well-Balanced and Controlled Governance

**NEW**  
AS OF 2022

- Separation of roles between **Chairman** and **Chief Executive Officer**
- **Independent Lead Director**
- **Annual evaluation** questionnaire for Board Directors
- Once a year meeting **without the presence of Air Liquide's** Executive Directors and internal members
- Information of Board regarding **discussions** between Chairman, CEO and main shareholders
- Possibility, on request, where applicable, to **hold discussions** between **main shareholders** and **Lead Director**
- **Joint session** between the Audit & Accounts and the Environment & Society Committees

# Proposed Resolutions for 2022 Shareholders' Meeting

## Ordinary Meeting (1/2)

- #1 Approval of the Company financial statements for the fiscal year ended December 31, 2021
- #2 Approval of the consolidated financial statements for the fiscal year ended December 31, 2021
- #3 Appropriation of earnings and setting of the dividend
- #4 Authorization granted to the Board of Directors for a period of 18 months to allow the Company to trade in its own share
- #5 Renewal of the term of office as a Director of Mr Benoît Potier
- #6 Appointment of Mr François Jackow as Company Director
- #7 Renewal of the term of office as a Director of Ms Annette Winkler
- #8 Renewal of the term as Principal Statutory Auditors of PricewaterhouseCoopers Audit
- #9 Appointment of KPMG S.A. as a Principal Statutory Auditor
- #10 Acknowledgement of the expiration of the terms of office of Auditex company and Mr Jean-Christophe Georghiou, Deputy Statutory Auditors
- #11 Statutory Auditors' special report on agreements covered by the articles L. 225-38 et seq. of the French Commercial Code
- #12 Approval of the elements of remuneration paid during or awarded in respect of the fiscal year ended December 31, 2021 to Mr Benoît Potier

# Proposed Resolutions for 2022 Shareholders' Meeting

## Ordinary Meeting (2/2)

- #13 Approval of information relating to the remuneration of corporate officers stated in article L. 22-10-9-I of the French Commercial Code
- #14 Approval of the remuneration policy for the Chairman and Chief Executive Officer (for the period from January 1, 2022 to May 31, 2022)
- #15 Approval of the remuneration policy for the Chief Executive Officer (as of June 1, 2022)
- #16 Approval of the remuneration policy for the Chairman of the Board of Directors (as of June 1, 2022)
- #17 Approval of the remuneration policy applicable to Directors
- #29 Powers for formalities

# Proposed Resolutions for 2022 Shareholders' Meeting

## Extraordinary Meeting (1/2)

**#18** Authorization granted to the Board of Directors for a period of 24 months to reduce the share capital by cancellation of treasury shares

**#19** Delegation of authority granted to the Board of Directors for a period of 26 months in order to increase the share capital through the incorporation of additional paid-in capital, reserves, profits or any other amounts, for a maximum amount of 300 million euros

**#20** Authorization granted to the Board of Directors for a period of 38 months to grant to employees and Executive Officers of the Group, or some of such employees and Executive Officers, share subscription options or share purchase options resulting in the waiver by Shareholders of their preferential subscription rights to shares to be issued upon exercise of the subscription options

**#21** Authorization granted to the Board of Directors for a period of 38 months to grant existing or new shares to employees and Executive Officers of the Group, or some of such employees and Executive Officers, resulting in the waiver by Shareholders of their preferential subscription rights to the shares to be issued

**#22** 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

**#23** 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

# Proposed Resolutions for 2022 Shareholders' Meeting

## Extraordinary Meeting (2/2)

**#24** Amendment of article 11 of the articles of association (Composition of the Board of Directors) relating to the time limit for the acquisition of the Company's shares by the Directors

**#25** Amendment of article 14 of the articles of association (Board of Directors' meetings and deliberations) to allow the Board of Directors to take decisions by written consultation

**#26** Amendment of article 12 (Organization and management of the Board of Directors) and of article 13 (General Management) of the articles of association concerning the modification of the age limit provided in the articles of association for the Chief Executive Officer in an emergency situation

**#27** Amendment of article 17 of the articles of association (Audit of the Company) concerning the appointment of Deputy Statutory Auditors

**#28** Harmonization of articles 8 (Rights and obligations governing shares), 18 (General Meetings) and 23 (Disputes) of the Company's articles of association with the legal and regulatory provisions in force

# Agenda

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- **Update on Board of Directors**
- Remuneration policies
- Others
- Appendix



# Board of Directors: High Diversity and Independence

As of December 31, 2021



Term ends:

2022

2023

2024

2025

**91%**  
Independent  
Directors\*

**55%**  
Women\*

**5**  
Nationalities

France, Germany,  
Singapore, United Kingdom,  
United States

**2**  
Employee  
Directors

\* Excluding Employee Directors

# Air Liquide's Board Extremely Engaged

2021 attendance rates

## Board of Directors

100%

6 Board meetings in 2021

## Audit & Accounts

100%

- **Siân Herbert-Jones** (Chair)  
ex-CFO of a large company
- **Sin Leng Low**
- **Anette Bronder**<sup>(1)</sup>
- **Brian Gilvary**<sup>(2)</sup>
- **Thierry Peugeot**<sup>(3)</sup>

4 meetings in 2021  
100% of independent members

## Environment & Society

100%

- **Annette Winkler** (Chair)
- **Geneviève Berger**
- **Philippe Dubrulle**

4 meetings in 2021

## Remuneration

100%

- **Xavier Huillard** (Chair)
- **Jean-Paul Agon**
- **Kim Ann Mink**<sup>(1)</sup>
- **Brian Gilvary**<sup>(2)</sup>

3 meetings in 2021  
100% of independent members

## Appointments & Governance

100%

- **Jean-Paul Agon** (Chair)
- **Xavier Huillard**
- **Annette Winkler**

7 meetings in 2021  
100% of independent members

1 joint session in 2021

(1) From Sept. 2021; (2) Until Sept. 2021; (3) Until May 2021

# New competencies added to the Board in 2021



**Bertrand Dumazy**

- French, born in 1971
- 1st appointment: May 2021
- Independent Director
- Chairman and CEO of Edenred
- **Managerial** skills acquired at several global companies in both the **industrial** and **service** sectors, experience in **digital** transformation and change management



**Aiman Ezzat**

- French, born in 1961
- 1st appointment: May 2021
- Independent Director
- Chief Executive Officer of Capgemini
- Extensive experience in the **digital** sector, **financial** expertise, knowledge of many **industrial** sectors and perspective from a major **international** group

# Term Ending in 2022, New Governance Structure

Resolution #5

**NEW** AS OF 2022



**Benoît Potier**

- French
- Born in 1957
- 1st appointment as Director in 2000
- Chairman of the Management Board from 2001 to 2006
- Chairman and Chief Executive Officer of Air Liquide since 2006



## Separation of roles between **Chairman** and **Chief Executive Officer** of Air Liquide

- **Remains Chairman and CEO** until May 31<sup>st</sup> 2022
- **Renewal** of the term of office as **Director** as of 2022 AGM
- **Renewal** of the term of office as **Chairman** of the Board as from June 1<sup>st</sup> 2022
- **Specific missions** performed **in collaboration with the CEO** to benefit from his strong experience

# Specific Missions of the Chairman, as of June 1<sup>st</sup>, 2022

**NEW** AS OF 2022

- In **consultation** with or **request** from the **CEO**, especially:
  - **Involvement** in major decisions concerning the definition of overall **strategy** and **organization**, attendance of internal meetings on these topics at the CEO's request
  - Meeting with the principal **shareholders** on governance matters (in close collaboration with the CEO), monitoring of **shareholder strategy**, Chairman of the **shareholders' Communication Committee**
  - Making his experience available and ensuring that the Group's values and culture are upheld
- Attendance of the **Appointments & Governance** and the **Remuneration Committees**
- Active role in the **recruitment of Directors** led by the Appointments & Governance Committee.
- Performance on the specific missions reported to the Board

# Appointment of a New CEO, effective June 1<sup>st</sup> 2022

Resolution #6

**NEW** AS OF 2022



**François Jackow**

- French
- Born in 1969
- Member of the Executive Committee Since 2014
- Joined Air Liquide in 1993
- Currently Executive Vice President supervising:
  - Europe and Africa - Middle East - India hubs
  - Healthcare business line
  - Innovation, Technologies, Digital / IT
  - the Customer Experience program
- Former Head of R&D, Large Industries WBL, CEO in Japan, and previously in charge of Corporate strategy
- Experience in Marketing, Business Development, Engineering and Strategy



- Proposed as new **Board Director** to the 2022 AGM
- Resignation as Air Liquide employee to become **Executive Officer**
- CEO role:
  - **oversees** and **manages** the **operations**
  - 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<sup>(1)</sup>

(1) For further details, refer to 2021 URD pages 131 and 132

# Term Ending in 2022



**Jean-Paul Agon**

- 1st appointment: 2010
- Independent Director
- Lead Director since 2017
- Chairman of the Appointments and Governance Committee, member of the Remuneration Committee
- Experience as chairman and CEO of an international corporation



## Independent Lead Director role **maintained**

### Appointment of a new independent Lead Director

- Ability to ask the Chairman of the Board to **convene a Board meeting**
- Ability to propose the **inclusion of additional points** on the agenda for any Board meeting
- Once a year, call of a meeting 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
- Review of **requests made by shareholders** with regard to governance

# Terms Ending in 2022 and Renewal



**Annette Winkler**

- German
- Born in 1959
- 1st appointment: 2014
- Independent Director
- Chair of the Environment and Society Committee, Member of the Appointments and Governance Committee
- Experience of a large **German industrial** group with an **international** reach in the **automotive** sector

Resolution #7



**Philippe Dubrulle**

- French
- Born in 1972
- 1st appointment: 2014
- Director representing employees
- Member of the Environment and Society Committee
- Programmes & Services Manager, **Aerospace & Defense Air Liquide**
- Member of the French Institute of Directors

Renewed by the Group Committee in France in Dec. 2021 for 4 years from AGM 2022



# Term Ending in 2022 with no renewal



**Sin Leng Low**

- Singaporean
- Born in 1952
- 1<sup>st</sup> appointment: 2014
- Independent Director
- Member of the Audit and Accounts Committee
- held various positions in Sembcorp Industries, including Group COO
- Experience of Management of industrial activities and knowledge of the Asian markets

# Executive Committee

## Diverse profiles and complementary skills

**14**  
Members

**~30%**  
Women

**4**  
Nationalities



*Members as of December 31, 2021*

# Agenda

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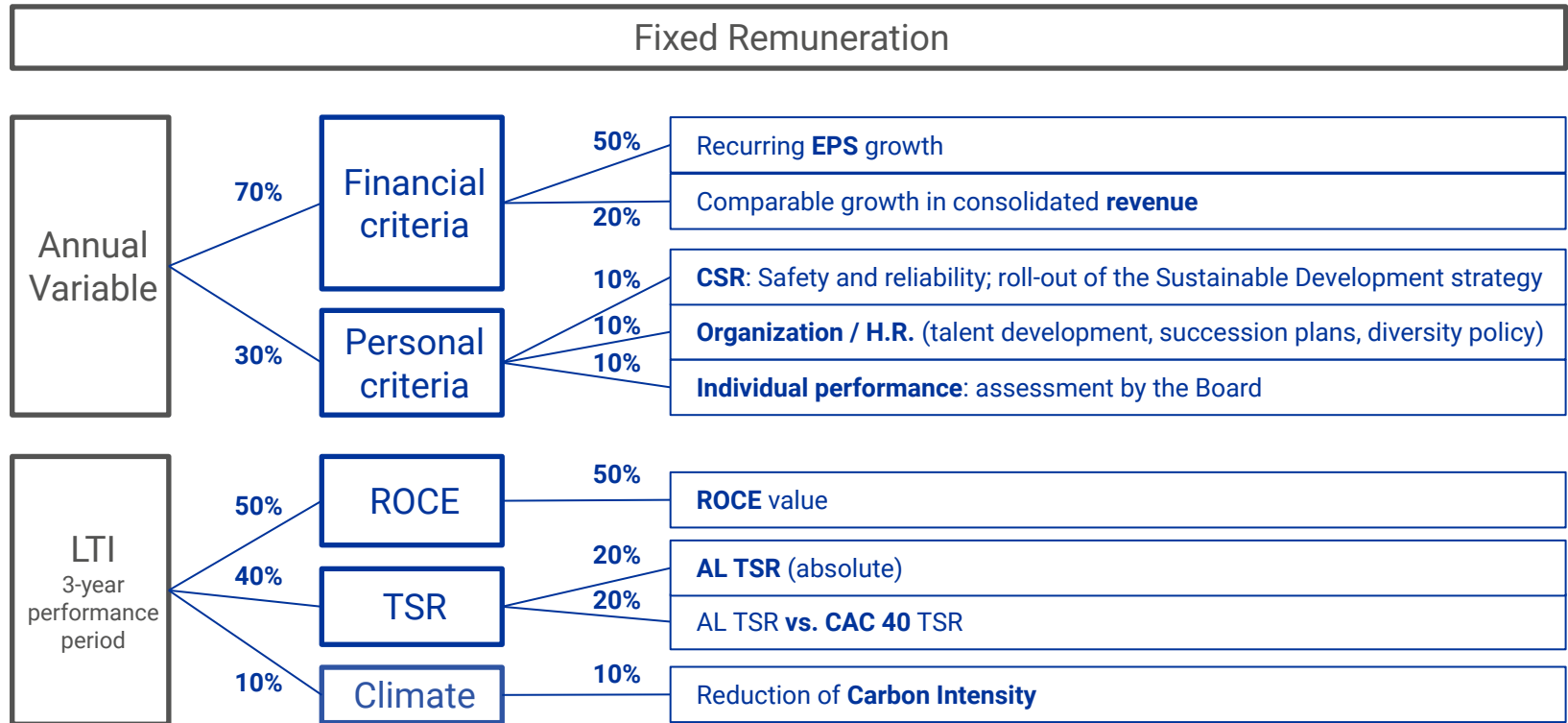
- Update on Board of Directors
- **Remuneration policies**
- Others
- Appendix

- Approved by the 2021 AGM
- Proportionate **balance** between 3 **remuneration components**:
  - Fixed ~25%
  - Variable ~35%
  - LTI ~40% } ~75%, subject to performance conditions
- **Criteria** for the variable remuneration
  - **Quantifiable** for financial criteria (greater relative weight)
  - **Qualitative** for personal criteria (with specific weight for each criteria)
- **Upper limits** on the grant of LTI
  - Performance Shares: max **0.1%** of the capital over 38 months
  - Must represent **~40%** of remuneration

# 2021 - Chairman & CEO Remuneration Structure

Reminder

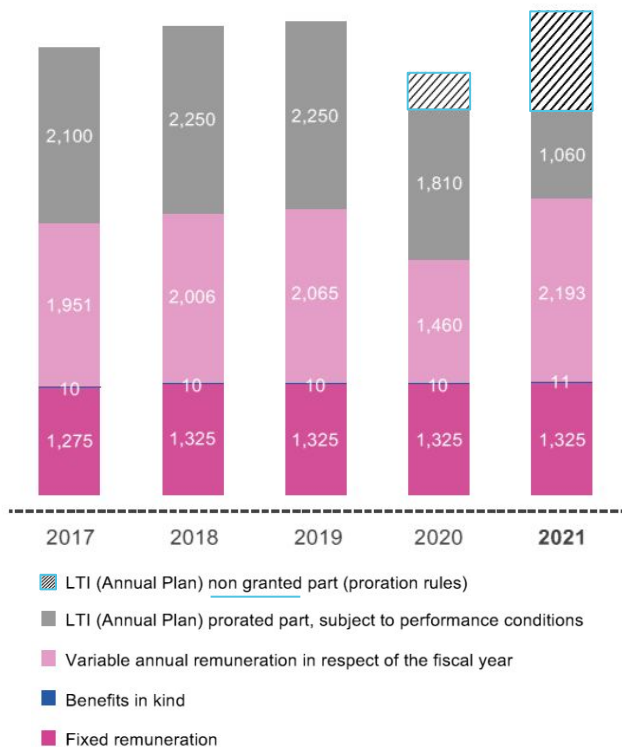
As a % based on 100



# 2021 - Evolution of Chairman & CEO Remuneration

Resolution #12

In thousands of euros, rounded off



- 2021: **stable fixed remuneration** and **LTI**
- **Fixed remuneration stable since 2018**
- **LTI grant stable since 2018**  
prorated and subject to performance conditions:

- 2021 plan: 17/36 months granted
- 2020 plan: 29/36 months granted

# 2021 - Fixed & Variable Remuneration Compliant with the Voted Remuneration Policy

Resolution #12

	<i>Approved by the 2021 AGM</i>						
	<b>Target</b>		<b>Maximum</b>		<b>Achievement</b>		
	<i>% of fixed remuneration</i>	<i>% based on 100</i>	<i>% of fixed remuneration</i>	<i>% based on 100</i>	<i>% of target</i>	<i>% of fixed remuneration</i>	<i>in thousands of euros</i>
<b>Financial criteria</b>	<b>105</b>	<b>70</b>	<b>122</b>	<b>73</b>	<b>116</b>	<b>122</b>	<b>1,617</b>
Recurring EPS	75	50	87	52	116	87	1,153
Revenue	30	20	35	21	116	35	464
<b>Personal criteria</b>	<b>45</b>	<b>30</b>	<b>45</b>	<b>27</b>	<b>96.7</b>	<b>43.5</b>	<b>576</b>
CSR	15	10	15	9	90	13.5	179
Organization/HR	15	10	15	9	100	15	199
Individual performance	15	10	15	9	100	15	199
<b>TOTAL</b>	<b>150</b>	<b>100</b>	<b>167</b>	<b>100</b>	<b>110.3</b>	<b>165.5</b>	<b>2,193</b>

# 2021 – LTI Subject to 3-year Performance Conditions:

Resolution #12

- **LTI grant:**
  - **€2,250k granted**, stable since 2018
  - Prorated 17/36 months: **€1,060k**
  
- Subject to **performance conditions:**

<b>ROCE</b>	<b>50%</b>	objective to get back to double digit by 2023-24 0% if -200bp lower than objective
<b>Climate</b>	<b>10%</b>	objective set within the trajectory of the Group’s Climate Objectives: -30% in Carbon Intensity between 2015 and 2025
<b>TSR</b>	<b>40%</b>	<p><b>AL:</b> average share annual growth rate, dividends reinvested; objective set in accordance with historic performance</p> <p><b>CAC 40:</b> rate of AL TSR, dividends reinvested, compared with CAC 40 TSR, dividends reinvested. source: Bloomberg</p> <p><b>0%</b> if AL TSR &lt; CAC 40 TSR; <b>50%</b> if AL TSR = CAC 40 TSR; <b>100%</b> if AL TSR ≥ by 2% CAC 40 TSR</p>



# 2022 - Continuity of Remuneration Policy for New CEO

Resolution #15

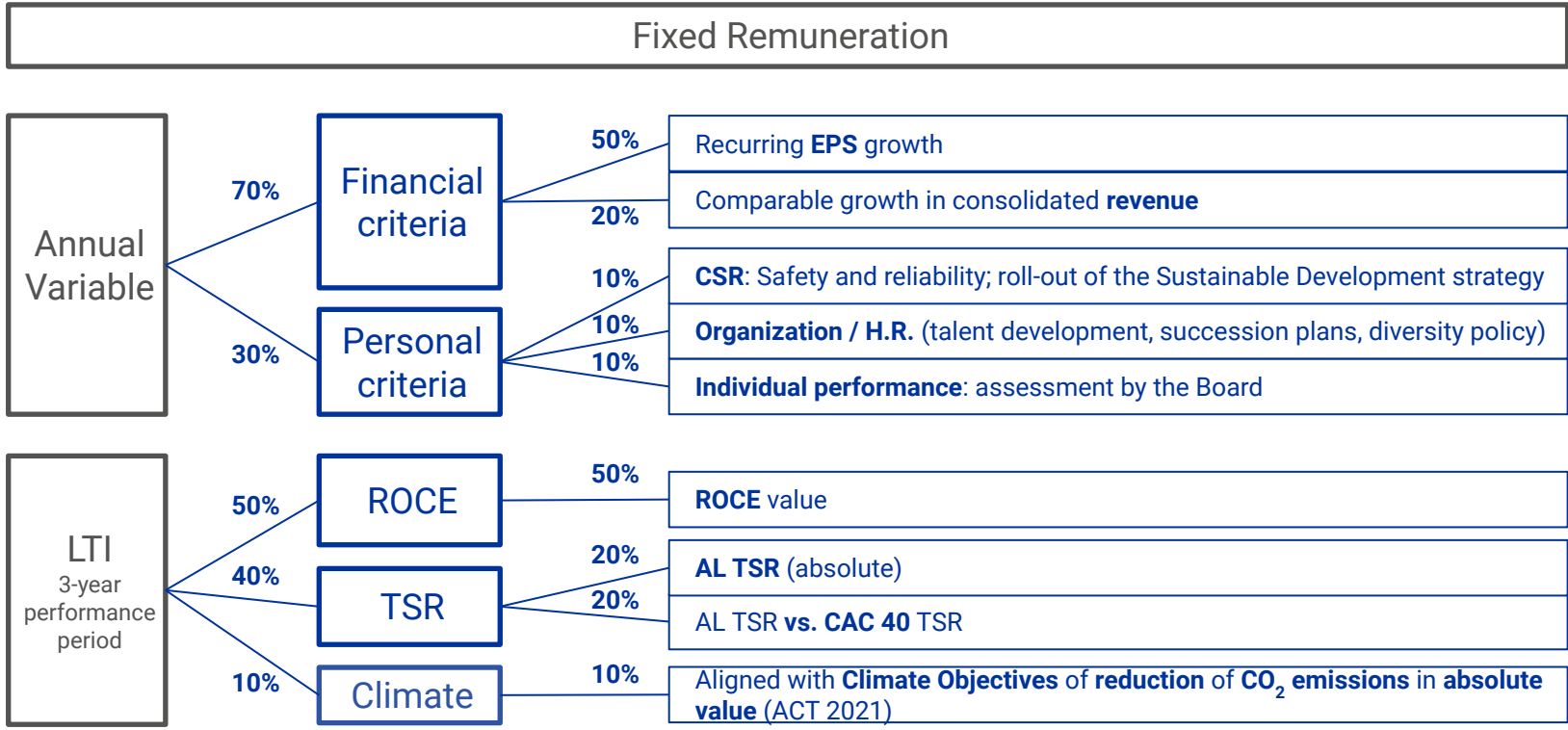
- **Continuity of the policy:** similar structure and principles, improvement of a few points
- Recommendations from the **Remuneration Committee** based on:
  - a **dedicated benchmark** (24 CAC 40 companies and 14 large European companies)
  - the **previous remuneration practices**
  - the **regulations** in place
- Same proportionate **balance** between **3 remuneration components**
  - **Fixed €1,100k**     ~25%
  - **Variable**             ~35%
  - **LTI**                     ~40% } ~75%, subject to performance conditions
- **Change in the Variable target and maximum**, as a percentage of the fixed remuneration:
  - **target at 120%** vs. 150% previously
  - **maximum at 150%** vs. 167% previously

**NEW AS OF 2022**

# 2022 - Same Remuneration Structure for New CEO

As a % based on 100

Resolution #15



# 2022 - Same Remuneration Structure for New CEO Change in the Variable Target and Maximum

Resolution #15

	<b>Proposed to 2022 AGM</b>			
	<b>Target</b>		<b>Maximum</b>	
	<i>% of fixed remuneration</i>	<i>% based on 100</i>	<i>% of fixed remuneration</i>	<i>% based on 100</i>
<b>Financial criteria</b>	<b>84</b>	<b>70</b>	<b>105</b>	<b>70</b>
Recurring EPS	60	50	75	50
Revenue	24	20	30	20
<b>Personal criteria</b>	<b>36</b>	<b>30</b>	<b>45</b>	<b>30</b>
CSR	12	10	15	10
Organization/HR	12	10	15	10
Individual performance	12	10	15	10
<b>TOTAL</b>	<b>120</b>	<b>100</b>	<b>150</b>	<b>100</b>
	<b>NEW</b>		<b>NEW</b>	

# 2022 - Continuity for the new CEO Pension Scheme

Resolution #15

- Pension scheme definition based on:
  - **continuity** of existing plan for Senior Executives
  - while taking into account the **specificity** of the status of “Executive officer”
  - aiming at a **simplified** scheme
  - with **best financial efficiency**
  - in the **average** of **benchmark**
- Pension scheme includes **mandatory basic** and **supplementary** pension schemes
- Detail of **supplementary pension scheme**:
  - portions of remuneration between 0 and 8 PASS<sup>(1)</sup>: defined contribution pension plan for the benefit of the senior executives
  - portions of remuneration > 8 PASS<sup>(1)</sup>: **pension insurance contract 100% subject to performance condition**, based on the average annual difference between ROCE and WACC over the previous 3 exercises (same condition as before)
- **Total contribution** (mandatory and supplementary):
  - 15% of fixed and target variable remuneration, aligned with the average benchmark

(1) PASS: reference remuneration, defined by the annual social security ceiling, €41,136

## 2022 - Continuity of the other remuneration benefits (1/2)

Resolution #15

- **Death and disability benefits plan and health coverage. Same** as for employees.
- **Termination indemnities. Same plan** as previously.
  - In case of **forced departure** related to **a change of strategy or a change in control**
  - **Maximum** amount of **24 months** of **fixed** remuneration + **2 previous annual variable** remuneration actually **paid**<sup>(1)</sup>
  - **Gradual decrease** when approaching the age limit defined in the Company's articles of association
  - Subject to **performance condition**, based on the average annual difference between ROCE and WACC over the previous 3 exercises (same condition as pension insurance)

(1) For further details, refer to 2021 URD page 210

## 2022 - Continuity of the other remuneration benefits (2/2)

Resolution #15

- **Non-compete indemnity:** **NEW AS OF 2022**
  - duration of commitment **24 months**
  - amount at maximum **12 months** of **fixed** and **variable** remuneration
  - included in the ceiling for termination indemnity, so that **sum of the non-compete and termination indemnities is maximum 24 months** of fixed and variable remuneration
  - freely **revocable at any time** by the Company
- **Benefits in kind:** same as for previous CEO
  - company car
  - payment to a third-party of the “unemployment insurance contributions for company managers and corporate officers”

# 2022 - Chairman & CEO Remuneration Policy January to May 2022

Resolution #14

- **Prorated (January to May 2022)**
- **Stable Fixed remuneration**
- **Same target and maximum variable remuneration**
- **No LTI grant**
- **Previous LTI attribution:** prorated and subject to performance conditions:
  - 2021 plan: 17/36 months granted
  - 2020 plan: 29/36 months granted

# 2022 - Chairman Remuneration Policy as from June 1<sup>st</sup> 2022

Resolution #16

- **Fixed annual remuneration of €800k** in line with market practices and benchmark
- **No variable** remuneration
- **No LTI** grant
- **Benefits in kind:**
  - company car



# Contacts



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L'Air Liquide S.A.

Corporation for the study and application of processes developed by

Georges Claude with registered capital of 2,611,804,778.00 euros

# Agenda

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- Update on Board of Directors
- Remuneration policies
- **Others**
- Appendix

# Recent evolution of ESG reporting

- 2017: Creation of **Environment and Society Committee**
- 2018: Announcement of Air Liquide's first **Climate Objectives**, including the reduction of our carbon intensity in 2025 vs. 2015 by -30%
- 2018: First **Integrated Management Report**
- 2019: First **joint session** between the **Environment and Society Committee** and the **Audit and Account Committee**
- URD 2020: Publication of cross-reference tables following the frameworks of **Sustainability Accounting Standards Board (SASB)** and the **Task Force on Climate-related Financial (TCFD)**
- March 23, 2021: **Sustainability Day** and announced commitment to **carbon neutrality by 2050** with key mid-term milestones
- March 22, 2022: Announcement of **new strategic plan ADVANCE**, combining financial and extra-financial performance
- April 7, 2022: Publication of the first **Sustainable Development Report**

# Agenda

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- Update on Board of Directors
- Remuneration policies
- Others
- **Appendix**

# Board Members

## Choice criteria & diversity policy

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- **Skills:** marketing, services, industry, finance, health, research, technology, **digital** and **innovation**
- **Integrity and independence of mind**
- **Gender and geographic diversity**
- Determination to take into account the **interests of all shareholders**
- **Recruitment process:** led by the Appointments and Governance Committee with the assistance of an external advisor

## Term of office

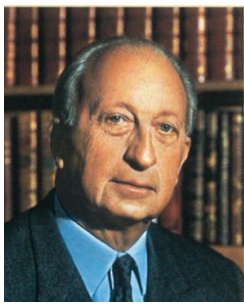
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- **Four years**
- **Staggered renewals:** whenever possible, no more than 3 terms of office expiring during the same financial year
- Number of members having more than 12 years of combined terms of office **not greater than 1/3**

# Only 5 CEOs and Chairmen since 1902



**Paul Delorme**  
1902 - 1945



**Jean Delorme**  
1945 - 1985



**Edouard de Royère**  
1985 - 1995



**Alain Joly**  
1995 - 2001



**Benoît Potier**  
2001-present

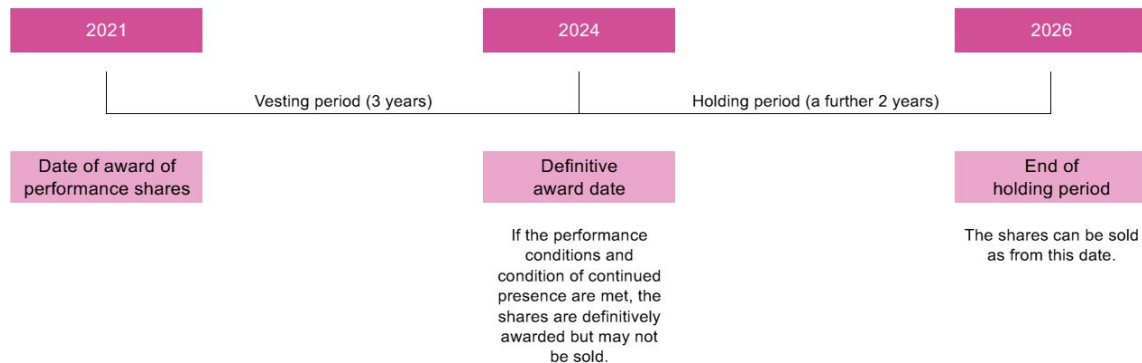
2001-2006  
President of the  
Management Board

2006-present  
Chairman  
and CEO

## A long-term vision and management

# Long-Term Variable Remuneration - Understanding Timelines

## Performance shares – Plan “France”



## Stock Options (no attribution in 2019 and 2020)



/// Setting A New Standard

# ADVANCE



**Delivering financial performance**

**And beyond,**



**Decarbonizing the planet**



**Unlocking progress via technologies**



**Acting for all**







### 3 Performance Objectives

**Sales growth**  
+5-6% CAGR<sup>(1)</sup>



**ROCE**

>10% by 2023  
and forward



**Air Liquide**



**CO<sub>2</sub> emissions  
inflection**  
around 2025



### 2 Key Enablers



**Capital  
efficiency**



**Margin  
Improvement**

# An ESG Commitment Structured around **3 Main Priorities**

1



**A**batement > of CO<sub>2</sub> emissions

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2



**C**are > for patients

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3



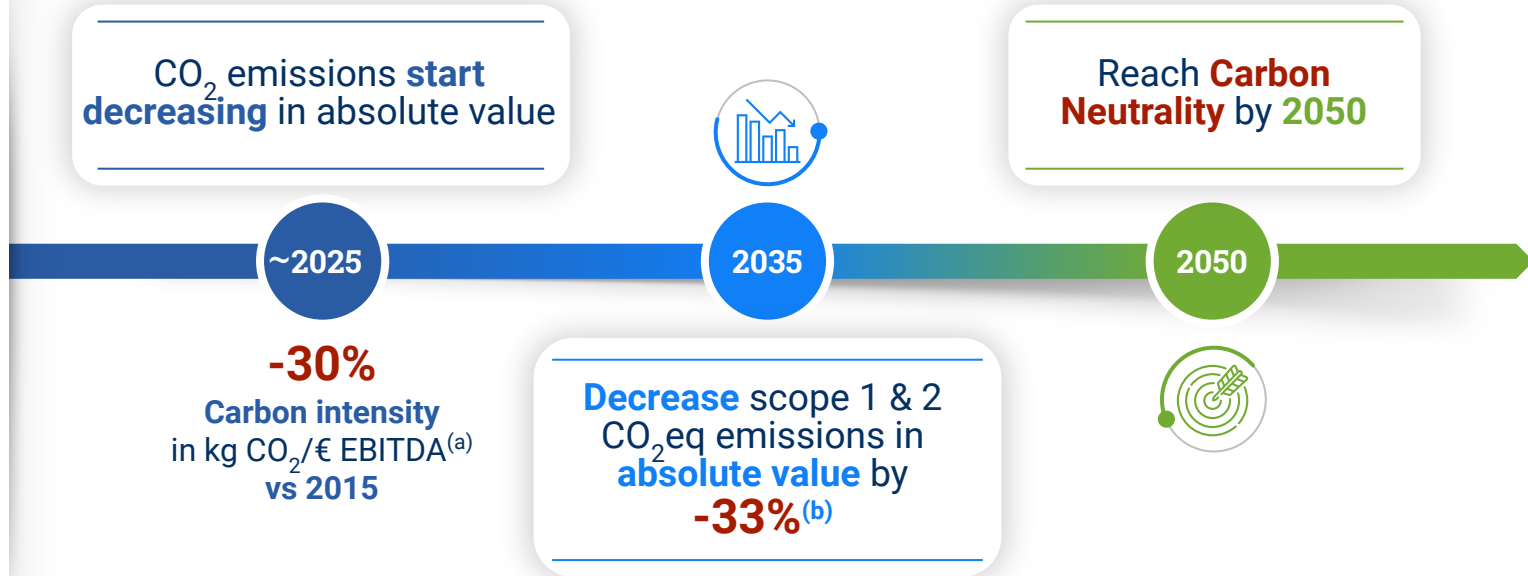
**T**rust > as the base

- > to engage with our employees
- > to build a best in class governance

# Abatement Of Co2

## Setting a Trajectory to Reach **Carbon Neutrality**

### Air Liquide Commitments



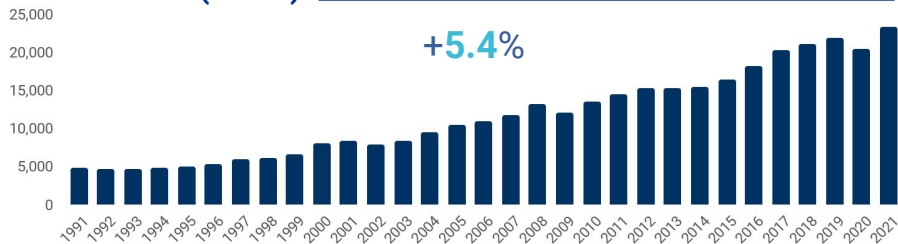
(a) at 2015 exchange rate and excluding IFRS16 for greenhouse gas emissions scopes 1 and 2

(b) from 2020 Market based emissions of 32.5 million tonnes CO<sub>2</sub>eq (Scope 1+2)

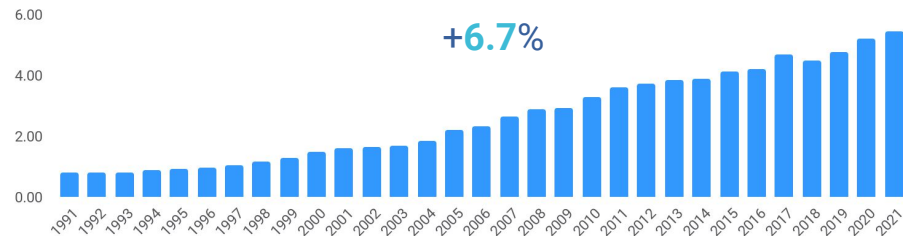
# Regular and Sustained performance

CAGR over 30 years<sup>(1)</sup>

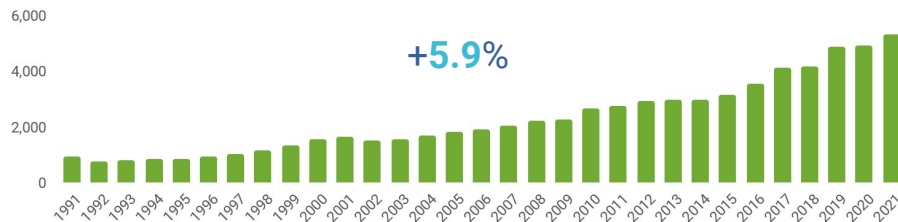
## Revenue (in €m)



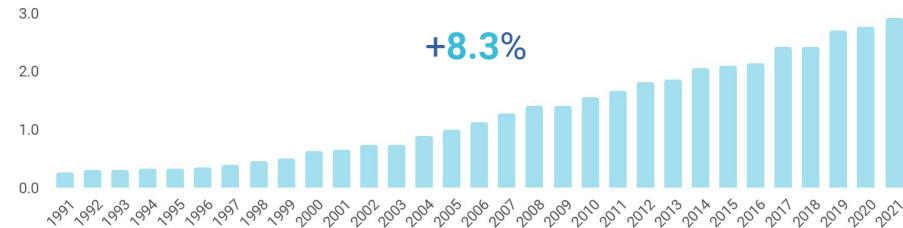
## EPS <sup>(2)</sup> (in €)



## Cashflow (in €m)



## Dividend <sup>(2)</sup> (in € per share)



(1) Calculated according to prevailing accounting rules over 30 years

(2) Adjusted for the 2-for-1 share split in 2007, for free shares attributions and for the capital increase completed in October 2016