2020
Universal Registration Document

INCLUDING THE ANNUAL FINANCIAL REPORT

Air Liquide

Content

2020 UNIVERSAL REGISTRATION DOCUMENT

Including the annual Financial Report

AUTORITÉ DES MARCHÉS FINANCIERS AMF

This Universal Registration Document has been filed on March 3, 2021 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

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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 402 to 405.

MESSAGE FROM BENOÎT POTIER,

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

“Thanks to the mobilization of the teams, the Group was able to step up to the mark when faced with the health crisis and support our customers and patients.”

Mobilization

Unprecedented. That is the first word that comes to my mind to describe 2020. The pandemic that is still affecting us today has profoundly changed our lives. It is in such challenging times that the full strength of a group like ours reveals itself. Air Liquide’s teams across the world have been working harder than ever to support our customers and patients, while being resolutely committed to the fight against covid-19 alongside governments and healthcare workers. The teams have demonstrated their professionalism, both on site and remotely, and have done a remarkable job. I would like to underline my immense pride in the extent of this mobilization.

Performance

This unprecedented year has, once again, confirmed the strength of our business model and of our strategy. The Group’s performance against the background of this crisis was outstanding. In 2020, we generated revenue of more than €20 billion, which was almost stable on a comparable basis compared with 2019. Gas & Services sales, comprising 96% of Group revenue, held up well, as did Global Markets & Technologies which retained its momentum. Healthcare, which was at the front line during the pandemic notably with the supply of medical oxygen, and Electronics have grown significantly. Geographically, the situation was varied with Europe faring well and a solid performance from the developing economies, particularly China, Eastern European and Latin American countries.

The results obtained highlight the Group’s resilience in a crisis context. The operating margin improved sharply due both to structural efficiencies, which reached €441 million, and to exceptional cost control measures.

> **“We have made pioneering investments in the field of hydrogen,** convinced from the outset of its immense potential as a clean energy carrier.”

Finally, 2020 saw a high level of investment decisions, which were maintained despite the context and reached €3.2 billion, representing a guarantee of the Group’s future growth.

Responsibility

Resilience, therefore, but also responsibility in terms of the challenges facing our world and society. We believe that the future is a shared asset which can only be shaped through responsible growth. Faced with the climate emergency and changes in society, which have been accelerated by the crisis, it is time for action, more than ever, and companies must play their full part. Two years after Air Liquide announced the most ambitious Climate Objectives in its sector, we therefore wanted to take our sustainable development commitments even further.

In practical terms, for our Group, that means adopting a proactive policy to reduce our own emissions. That also means committing to a low-carbon society, in particular through hydrogen which will play a key role in the energy transition. And finally, that also means being a model corporate citizen, in terms of our actions and with all of our stakeholders, and working together to invent and live the future. In 2021, these commitments have taken on a new dimension, with the implementation of a more ambitious strategy and the definition of new sustainable development objectives.

Outlook

The Group has unique advantages which allows it to have a long-term vision of its performance. These assets are based, in particular, on the strength of its business model, the expertise of its teams, and the quality of its positions on markets of the future which pave the way to new growth opportunities.

Air Liquide is deeply committed to the climate and the energy transition and we fully believe in the major role that our decarbonization solutions – and in particular hydrogen – will play in the development of a low-carbon society.

Healthcare, which has reached a new level during the health crisis, also represents one of the focuses of our future growth.

Finally, in a world where technological progress is accelerating, in particular in the digital field, our expertise places us in a perfect position in the race to future growth, for example to support the expansion of the electronics industry and that of high tech sectors such as deep cryogenics, space, and quantum technology. We firmly believe that our technologies and our ability to innovate will make a difference in the transformation that is currently underway.

Confidence

During this period which remains uncertain, we are facing the future with caution, but also with audacity and confidence. Confidence in the opportunities before us. Confidence, too, in our ability to seize them. Inventing the future has been our business for over a century. I sincerely believe that, together, we can continue to invent this future and, more than ever, to live it.

> “The climate and energy transition, Healthcare, Technologies and in particular digital, **the Group is well positioned on the markets of the future.”**

A GROUP INVOLVED IN THE FIGHT AGAINST HEALTH CRISIS

Air Liquide is present in 78 countries with approximately 64,500 employees and serves more than 3.8 million customers and patients. Oxygen, nitrogen and hydrogen are essential small molecules for life, matter and energy. In the context of the coronavirus pandemic, which impacts each and everyone of us, **our first objective has been and continues to be the health and safety of everyone.**

Health and safety have always been Air Liquide's top priorities. This is why we are closely monitoring the evolution of this unprecedented crisis in all the countries in which the Group is present. **From the outset, we have implemented measures to protect efficiently the health of our employees, patients, customers and partners.**

Crisis management organizations have been set-up at Group level and in each entity. The worldwide presence of the Group has enabled us to **share best practices** efficiently and set up clear protocols. Strict protocols and work organization adjustments have been put in place and are continuously adapted according to the evolution of the situation. **Human Resources and Health & Safety teams have worked together very closely to adapt the work organization** on site to enable our field operations to continue while protecting the health of our employees.

Throughout the world, the different **Human Resources teams are staying in contact with employees,** in particular through regular communication (e-mails, calls and surveys). They are providing updates on the evolution of local health situations and restrictions, informing on the processes to follow, offering support, reminding employees of the different tools they have at their disposal (like medical insurance schemes, phone support helpline) and sharing tips on improving the well-being at home through short videos. The collaborative platform called "Kite" was leveraged by providing employees with the opportunity to create and access Google+ communities. Employees were also reminded about cyber risks on a regular basis.

To ensure motivation and close follow-up of Air Liquide employees, support has been provided to management (Engagement survey with virtual close the loop sessions, virtual workshops to organize, as well as virtual coffee break where anyone can join, open Q&A with management). E-learnings on "working remotely" and "managing remotely" were available at the end of March for all. The crisis was also leveraged to digitize further our Learning offer, and two digital campuses were organized, and powered by our Kite platform, enabling presentations, working in small Groups, etc. The first one starting as early as mid-April, has regrouped more than 3,500 employees around 200 sessions, 150 being internal webinars animated by Air Liquide experts. On top of learning, it has enabled our teams throughout the world to directly interact, reinforcing a sense of belonging. The second one took place in November-December. From June to September, a first capitalization of the work organization took place, with the support of more than 100 managers and employees throughout the world, built around four pillars (Mobile working, Managing remotely, Interacting with customers and patients and Organizing office spaces)

Simultaneously, the **continuity of our activities** to serve **industry and healthcare** has been organized to ensure the best possible response to the needs of our customers and patients. Close contacts have been kept with our customers and patients to focus on their satisfaction, leveraging tools that had been rolled out recently, notably the Voice of the Customer program, which collects and analyzes customer opinion worldwide. With that open dialogue, the Group was able to maintain the presence of **financial guidance** throughout the year and continue to sign contracts with our customers.

In **Healthcare** especially, our teams are fully mobilized. Air Liquide provides medical gases to more than **15,000 hospitals and clinics,** especially **medical oxygen** to treat covid-19 patients in **intensive care.** In areas where the virus has been particularly active, our production units have been running at full load and our technicians have been installing temporary oxygen tanks in hospitals or delivering cylinders on an ongoing basis to increase treatment capacities. During the spring of this year, faced with the urgent need for more **ventilators** in France and with the support of several French industrial companies, Air Liquide delivered at cost 10,000 units, the equivalent of three years of normal production. This industrial challenge followed our previous commitment to triple our ventilator production capacity. In **Homecare,** when in-person visits were not allowed, Air Liquide switched to digital visits and thus ensured the continuity of care for patients.

Air Liquide strives to **build long-lasting relationships with its suppliers,** in an environment of mutual trust. This is why our French subsidiaries have been encouraged to pay cash invoices of less than 50,000 euros from small-size suppliers. In the same spirit, and in order to give priority to the companies which need it most, **the Group has not benefited from** any **Government aids** put in place in France to support the economy.

In response to the Health crisis, the **Air Liquide Foundation** launched as early as March 2020 the covid-19 Initiative. **More than 2 million euros have been mobilized over two years,** with a double objective: to support scientific research projects and to reinforce the help given to associations working with the most vulnerable people to covid-19. In an emergency context, the Foundation has already approved support to **10 scientific projects and 21 social emergency aid projects** on all continents.

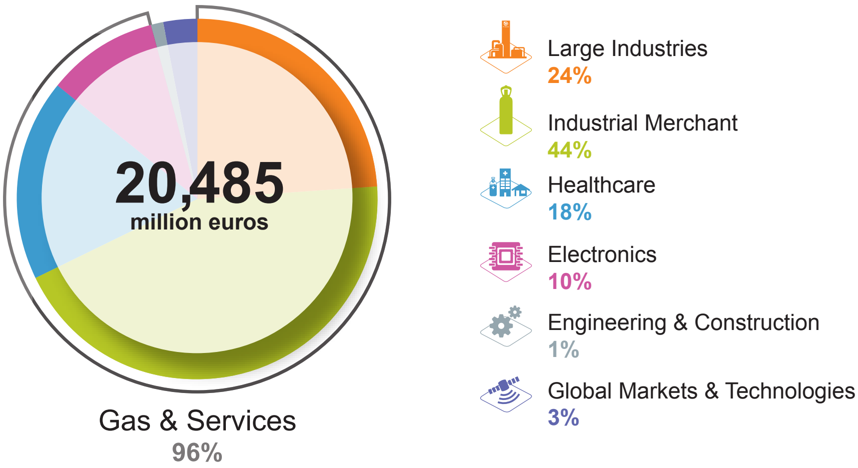
A GLOBAL PRESENCE

Present in
78
COUNTRIES

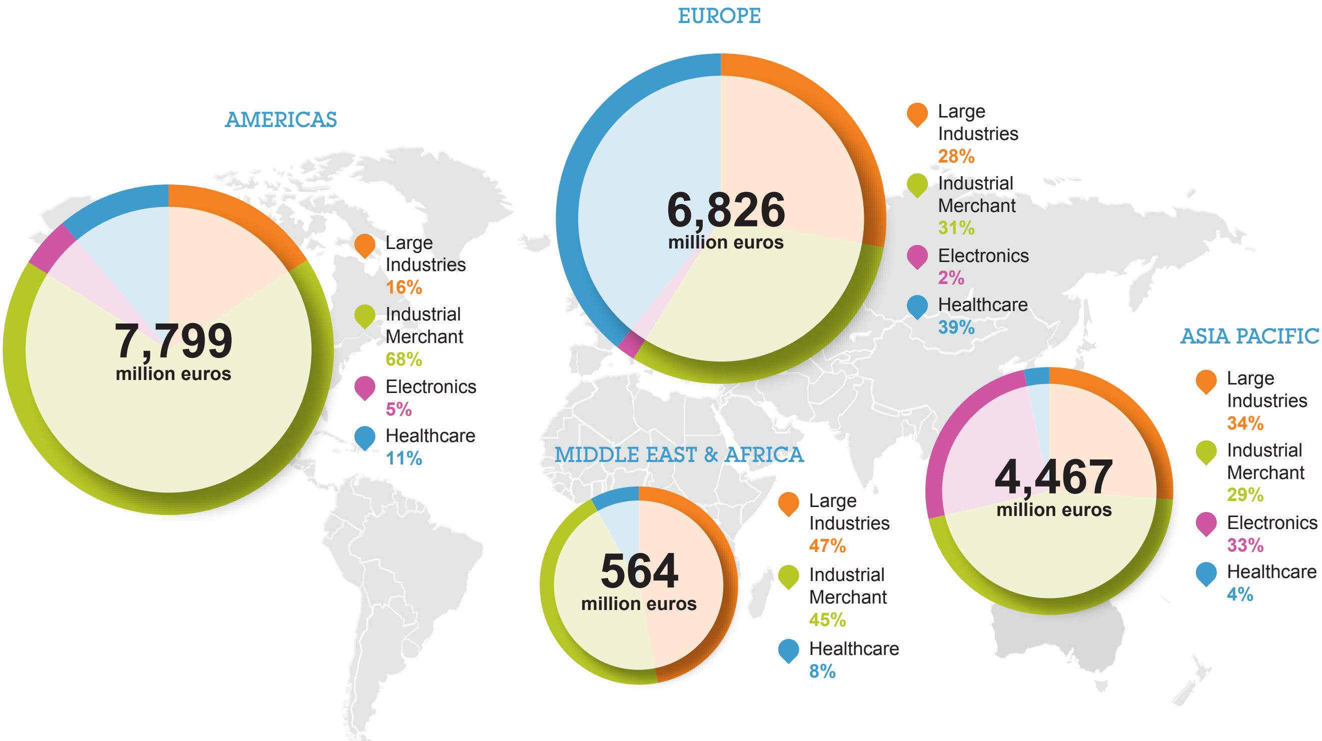
~ 64,500
employees

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

2020 GROUP REVENUE BY ACTIVITY



2020 GROUP REVENUE BY REGION AND BY ACTIVITY, FOR GAS & SERVICES (G&S)



A WIDE RANGE OF MARKETS AND A STRONG BUSINESS MODEL

KEY ELEMENTS BY BUSINESS LINE [(a)]

LARGE INDUSTRIES

24% of Group revenues
4,972 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

44% of Group revenues
8,959 million euros

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

HEALTHCARE

18% of Group revenues
3,724 million euros

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

ELECTRONICS

10% of Group revenues
2,001 million euros

- Technological solutions with ultra high purity gases and advanced materials
- Long-term contracts for nitrogen, with minimum volumes covered by take-or-pay clauses, and indexation on energy costs
- Concentration of the activity in Asia

ENGINEERING & CONSTRUCTION

1% of Group Revenues
250 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
579 million euros

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

a) Published data.

CONSTANT EVOLUTION FOR MORE THAN 100 YEARS

1902

ORIGIN

Air Liquide was born of innovation and began with 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.

1913

LISTING ON THE STOCK EXCHANGE

The critical role played by shareholders became evident in the first years of the Company's development.

1952

THE CRYOGENIC REVOLUTION

Storing gas in liquid form in cryogenic tanks allows vast quantities to be transported by road or rail.

1960

PIPELINE NETWORK STRATEGY

Air Liquide linked its production units to one another, increasing its production capacity to meet demand from large industries.

1985

A NEW MARKET: ELECTRONICS

In Japan, the Group began to supply ultra-high purity gases to the semi-conductor industry.

1995

EXTENDED OFFERING: HYDROGEN AND STEAM

In addition to oxygen and nitrogen, Air Liquide extended its offering to hydrogen and steam. The Group gets involved to protect the environment and to provide more competitive energy.

HEALTHCARE

In addition to oxygen supply to hospitals, Air Liquide became a specialist in the healthcare sector. The Group launched its Home Healthcare business and set up a dedicated network of specialized teams.

2016

AIRGAS ACQUISITION BY AIR LIQUIDE

This acquisition enabled the Group to be integrated on the whole value chain of the American market, combining Air Liquide's production capacities with Airgas' distribution channels.

2018

ENERGY TRANSITION AND CLIMATE OBJECTIVES

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 ecosystems.

2019

INCREASING IMPORTANCE OF NEW HYDROGEN MARKETS

Air Liquide invested in new hydrogen markets at large scale: production using electrolysis, hydrogen liquefaction for mobility, and a first project where coal is partially replaced with hydrogen to produce low-carbon steel.

2020

MOBILIZATION OF THE GROUP AGAINST COVID-19

The Healthcare teams were highly mobilized to cope with the increasing demand for medical oxygen and ensure equipment supply such as respirators for hospitals.

In a context of global health and economic crisis, the Group has once again proven its resilience and the contribution of its activities to society.

AN INNOVATIVE COMPANY

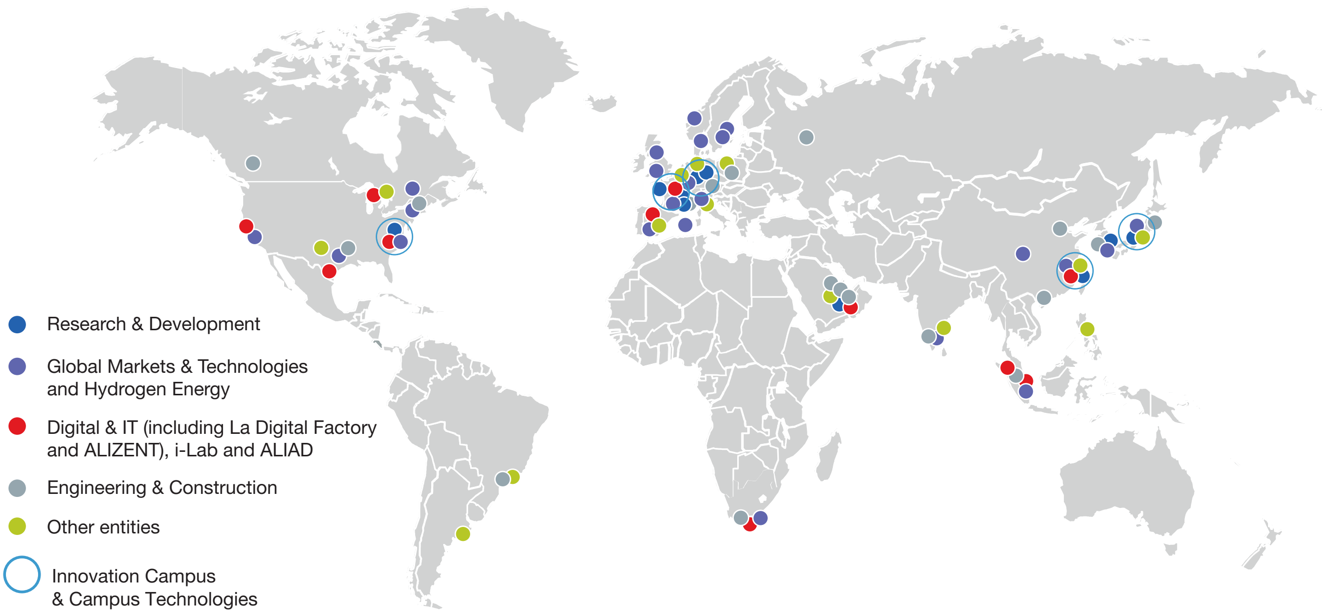
303 million euros
of Innovation expenses in 2020
including **100** million dedicated
to energy transition

347 new patents
filed in 2020

More than 300
innovation partnerships
with academics, industrial partners
and start-ups

A GLOBAL INNOVATION ECOSYSTEM

4,300 employees
in entities dedicated or contributing to innovation



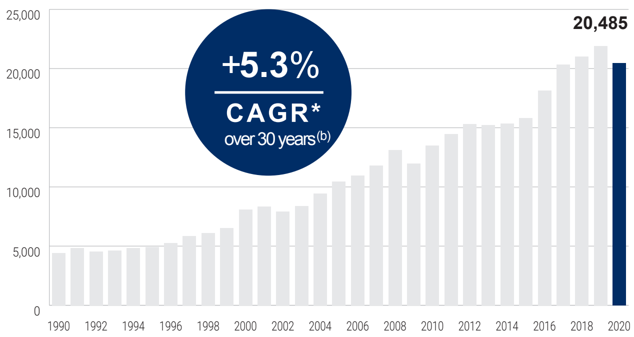
REGULAR AND SUSTAINED PERFORMANCE

Created in
1902

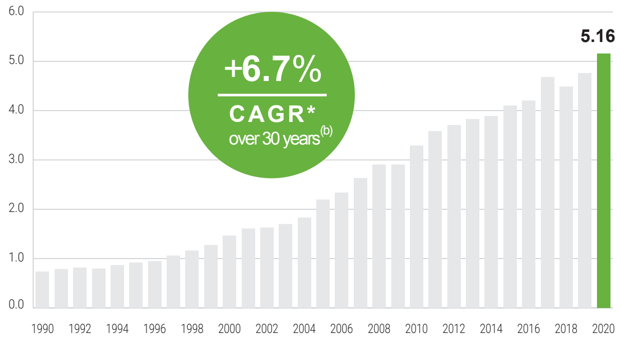
20.4%
2020 Gas & Services Operating Margin / Revenue

CONSISTENT PERFORMANCE OVER 30 YEARS

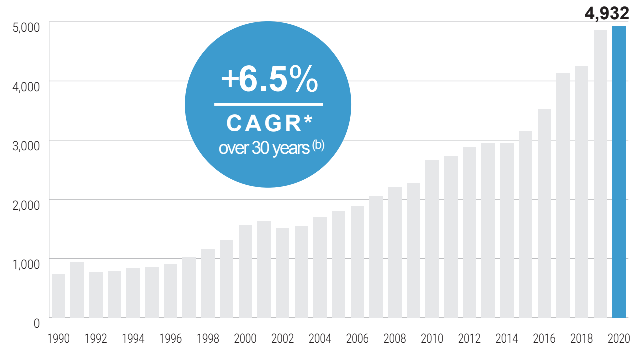
REVENUE
(in million euros)



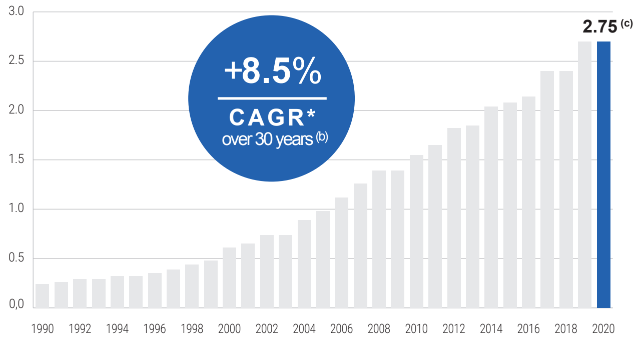
EPS (a)
(in euros)



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 May 4, 2021.*

TSR
Total Shareholder Return
for a single registered share

+13.1%
over 5 years (d)

+11.0%
over 10 years (e)

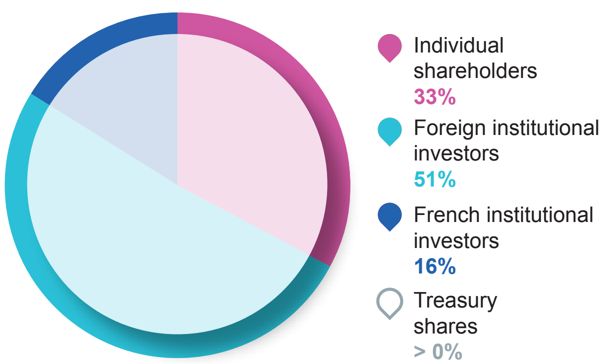
(d) *At December 31, 2020, for an invested capital since December 31, 2015.*
(e) *At December 31, 2020, for an invested capital since December 31, 2010.*

STOCK MARKET PERFORMANCE

	2016	2017	2018	2019	2020
Market Capitalization at December 31 *(in million euros)*	41,085	45,003	46,571	59,706	63,589
Adjusted closing share price [(a)] *(in euros)*					
high	*87.64*	*101.32*	*104.68*	*126.90*	*142.75*
low	*71.41*	*82.19*	*89.04*	*93.09*	*99.22*
At December 31	87.31	95.50	98.59	126.20	134.25
Net earnings [(b)] – EPS *(in euros)*	4.2	4.68	4.49	4.76	5.16
Net Dividend per share [(b)] – DPS *(in euros)*	2.14	2.40	2,40	2.70	2.75 [(c)]
Pay ratio	56.0%	52.8%	55.1%	58%	54.9%
Dividend yield	2.5%	2.5%	2.4%	2.1%	2.0%
Ex-dividend date	May 15, 2017	May 28, 2018	May 20, 2019	May 11, 2020	May 17, 2021

(a) Adjusted following current Euronext regulation.
(b) Data adjusted for attribution of free shares and capital increase.
(c) Dividend 2020, subject to the approval of shareholders during the General Meeting on May 4, 2021.

SHARE OWNERSHIP BREAKDOWN AT DECEMBER 31, 2020



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

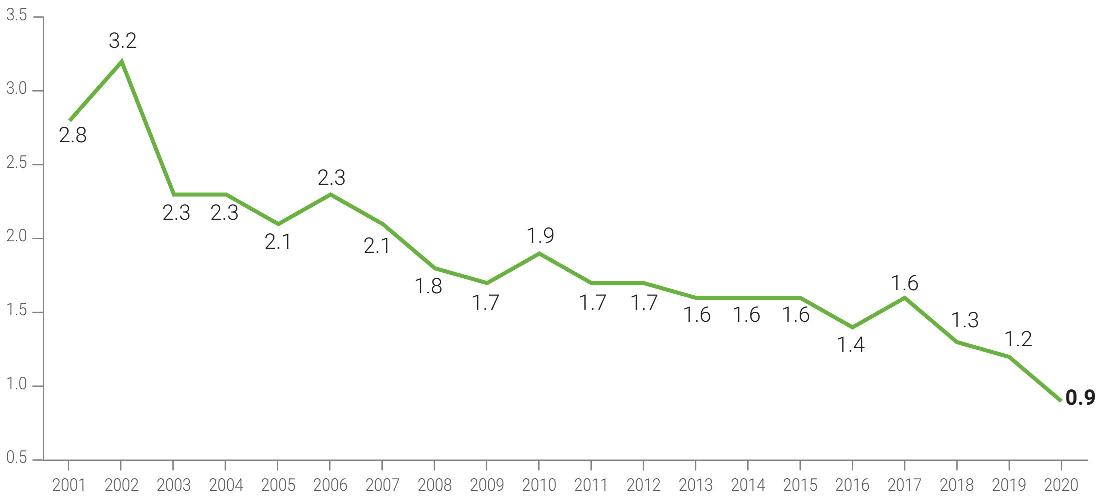
Ensuring integrity and transparency in all our operations.

HUMAN RIGHTS

Guaranteed compliance with Human Rights

Complying to the highest Human Rights standards and prohibiting any breach of these fundamental rights.

FREQUENCY OF ACCIDENTS (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 GLOBAL CLIMATE APPROACH

CLIMATE OBJECTIVES

TAKING ACTION
OUR ASSETS

Committing to reduce the impact our production, distribution and service activities

TAKING ACTION WITH
CUSTOMERS

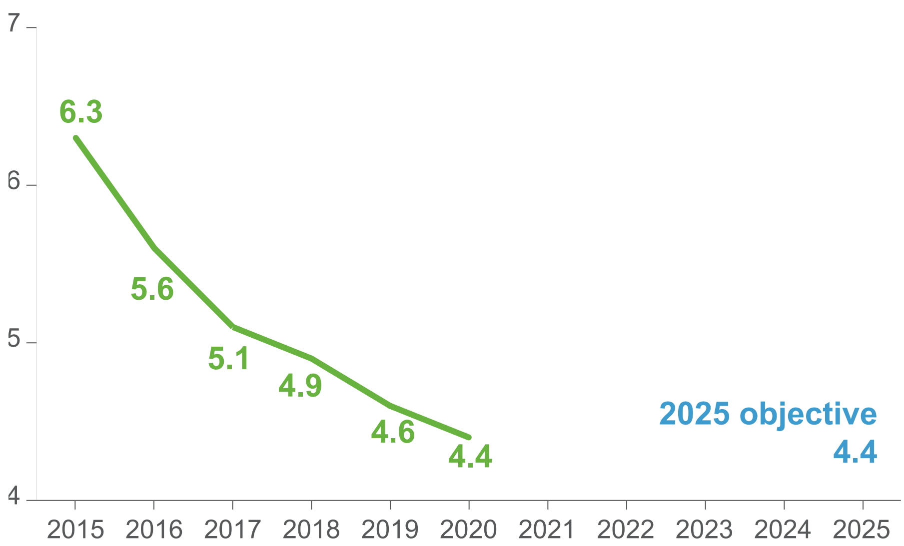
Innovate to reduce our customers' greenhouse gas emissions, and work together for a cleaner industry

TAKING ACTION FOR
OUR ECOSYSTEMS

Contribute to the growth of a low-carbon society by developing energy transition solutions to fight climate change

CLIMATE OBJECTIVE

Reduce our carbon intensity [(a)] by **30%** by 2025, based on 2015 emissions



(a) *In kg CO_2-equivalent/euro of operating income recurring before depreciation and amortization at 2015 exchange rate and excluding IFRS16 for greenhouse gas emissions scopes 1 and 2.*

A STRENGTHENED DIALOG WITH STAKEHOLDERS

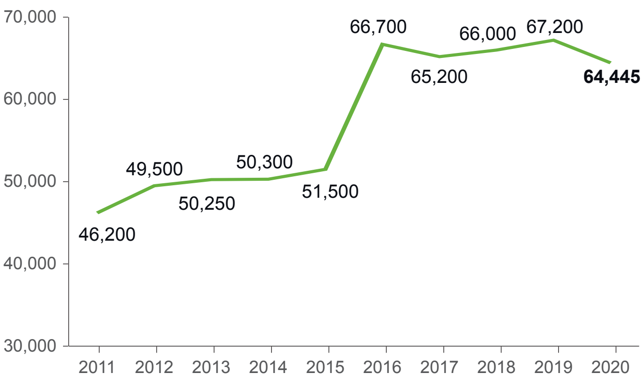
EMPLOYEES

Objectives and KPIs

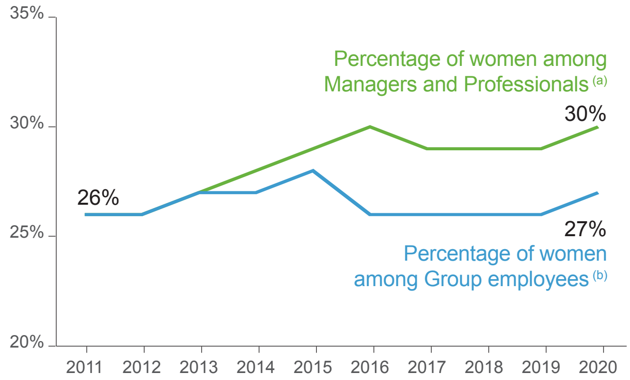
Increase the number of women among managers and professionals to **35%** and

Hire **33%** of recent graduates among managers and professionals by 2025

GROUP HEADCOUNT SINCE 2011



PERCENTAGE OF WOMEN AMONG MANAGERS AND PROFESSIONALS SINCE 2011



THE CLIENTS

150,000

customer/patient returns collected since 2017

90%

satisfied or very satisfied Air Liquide customers (c)

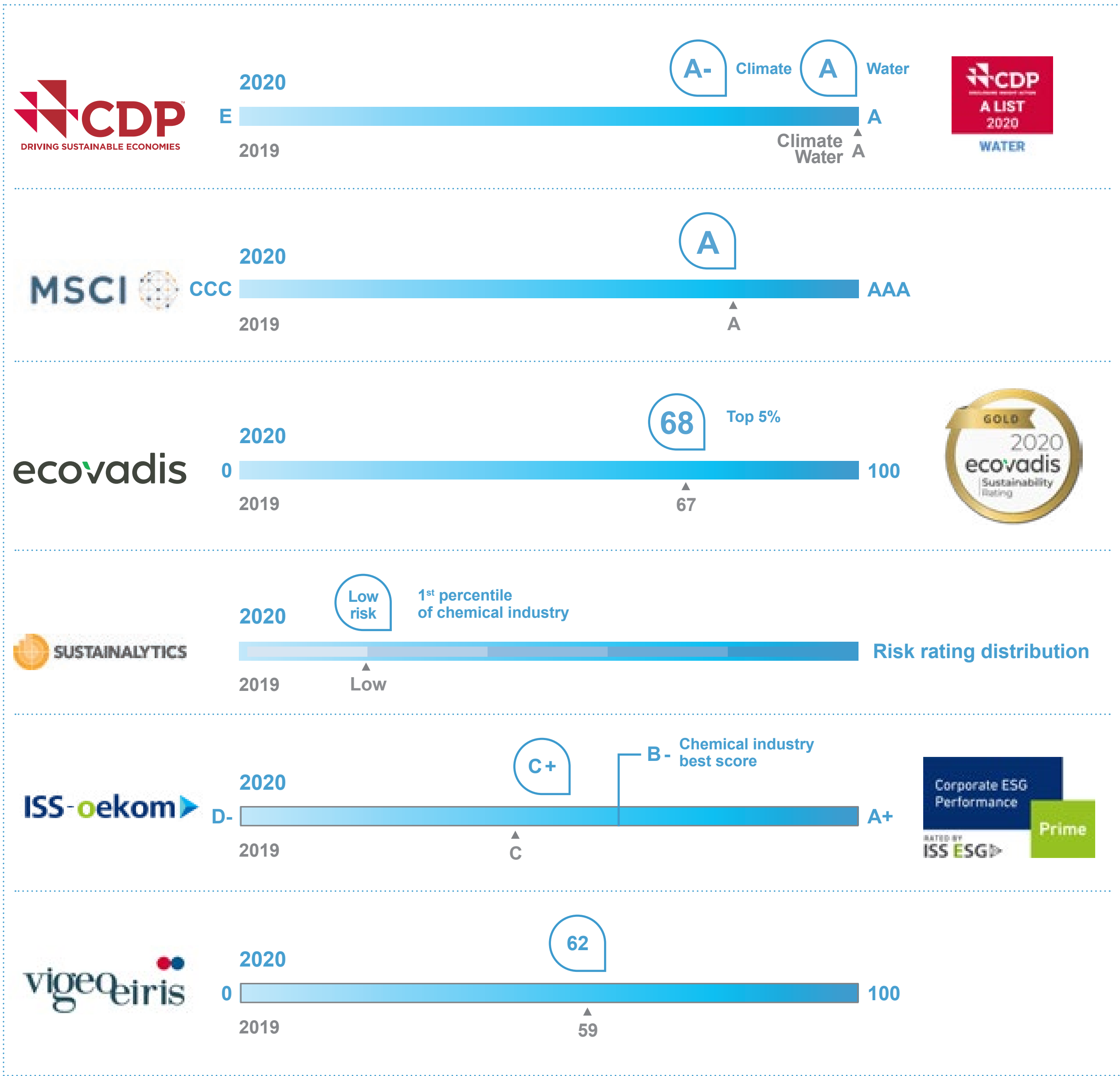
Fondation Air Liquide

Several hundreds of employees involved

More than 400 projects in around 52 countries for more than 10 years

(a) *Including Airgas since 2017.*
(b) *Including Airgas since 2016.*
(c) *Based on customer satisfaction survey feedback.*

A COMPANY REWARDED FOR ITS EXTRA-FINANCIAL PERFORMANCE



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

ORIGIN

Air Liquide was born of innovation and began with 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.

1906

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).

1913

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. 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 over the 100 years to 2013 of +11.9%.

1952-1960

THE CRYOGENIC REVOLUTION

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.

PIPELINE NETWORK STRATEGY

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.

1962

SPACE INDUSTRY

Convinced of the industrial potential of cryogenics, Jean Delorme, Chairman & CEO of Air Liquide, decided to create a research center near Grenoble dedicated to these technologies. The first applications were rapidly integrated in the space industry. Air Liquide has been a partner of the space adventure for 65 years.

1970

A TRADITION OF INVENTIONS

The Claude Delorme Research Center, located on the Saclay plateau and now called the Innovation Campus Paris, was created. 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, North America and Asia.

1985-1986

A NEW MARKET: ELECTRONICS

In Japan, the Group began to supply ultra-high purity gases to the semi-conductor 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 semi-conductors. 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, a Large Industries business along the Gulf Coast.

1995

EXTENDED OFFERING: HYDROGEN AND STEAM

In addition to oxygen and nitrogen, Air Liquide extended its offering to hydrogen and steam. 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 based on a pipeline network, providing customers with flexibility, distribution reliability and service quality at the best price.

HEALTHCARE

Originally an oxygen supplier to hospitals, Air Liquide became a specialist in the healthcare sector. The Group launched its Home Healthcare business 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

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 activities in Germany, the United Kingdom and the United States.

2007-2009

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, 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 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.

2013-2015

NEW INITIATIVES IN THE INNOVATION FIELD – HYDROGEN ENERGY

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, the creation of a center for the development and industrialization of gas cylinders for industry and healthcare, 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 charging stations (United States, Japan, France, Germany, Belgium, Denmark, the Netherlands and Korea).

2016

AIRGAS ACQUISITION BY AIR LIQUIDE

On May 23, 2016, Air Liquide completed the acquisition of the American company Airgas. 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.

THE LAUNCH OF THE NEW COMPANY PROGRAM 2016-2020: NEOS

The Group acquired a new dimension following the acquisition of Airgas and thus entered a new phase of its development. On July 6, 2016, Air Liquide published its new mid-term company program, NEOS, for the 2016-2020 period.

Air Liquide's 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. Air Liquide's ambition is to be a leader in its industry, deliver long-term performance and contribute to sustainability.

CREATION OF THE GLOBAL MARKETS & TECHNOLOGIES BUSINESS

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

2017

REFOCUSING ON GAS & SERVICES BUSINESSES

Following the disposal of its Aqua Lung (diving) and Air Liquide Welding (welding) subsidiaries, Air Liquide focused on its Gas & Services businesses and the implementation of its NEOS company program. After these disposals, the share of Gas & Services revenue in Group sales increased to 90% in 2015 and 96% in 2018.

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 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 with the start-up of several production units in Europe and the United States, and by hydrogen energy with the commissioning of new hydrogen charging stations for mobility. Moreover, the Hydrogen Council, which was founded in 2017, brings together more than 60 global leaders in the energy, transport and industry sectors to promote hydrogen with a view to achieving climate change-related objectives, and has held a meeting in China for the first time.

2019

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. This 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, to step up the sharing of its best practices with other Group regions.

INCREASING IMPORTANCE OF NEW HYDROGEN MARKETS

Air Liquide acquired a stake in Canadian company Hydrogenics Corporation, a leader in electrolysis hydrogen production equipment, and 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.

Air Liquide joined forces with its steel customers as part of a pioneering project to develop low-carbon steel production where hydrogen will be injected on a large scale to partially replace pulverized coal in the blast furnace, thus reducing emissions in the production process.

On the West Coast of the United States, Air Liquide took a stake in FirstElement Fuel, a leading hydrogen station operator in California. Air Liquide will invest 150 million US dollars in the production and liquefaction of carbon-free hydrogen through the partial use of biomethane.

2020

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 respirators for hospitals, ensure stabilized patients can return home and guarantee chronic patients are continually monitored. Faced with the pressing need for respirators to treat the patients most affected by covid-19, Air Liquide successfully led a French industrial partnership in order to produce 10,000 units in record time in response to a request by the French government. Moreover, Home Healthcare teams are mobilized to treat patients at their home in order to relieve pressure on hospitals.

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.

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

Guaranteed compliance with Human Rights

Complying to the highest Human Rights standards and prohibiting any breach of these fundamental rights.

OUR ACTIONS

Safety

12 vital safety 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 and **Anti-corruption code of conduct**
- Available in 20 languages
- Mandatory training for 100% of employees.

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

Mandatory training in local customs, regulations and codes of conduct.

ETHICALL ETHICSPOINT

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

Human Rights

Compliance with fundamental statements

Universal Declaration of Human Rights: equality, freedom and respect for all.

United Nations Guiding Principles on Business.

Compliance with international guidelines that are some of **the strictest in this area**

OCDE **OECD** Guiding Principles.

International Labor Organization Conventions.

Voluntary commitments

United Nations Global Compact.

Responsible Care

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

Further information on the prerequisites for action are available in:
- Vigilance Plan (Chapter 2): management of safety and Human Rights risks;
- the Extra-financial Performance Declaration (Chapter 5): treatment of safety and ethical risks and description of Air Liquide's Human Rights approach.

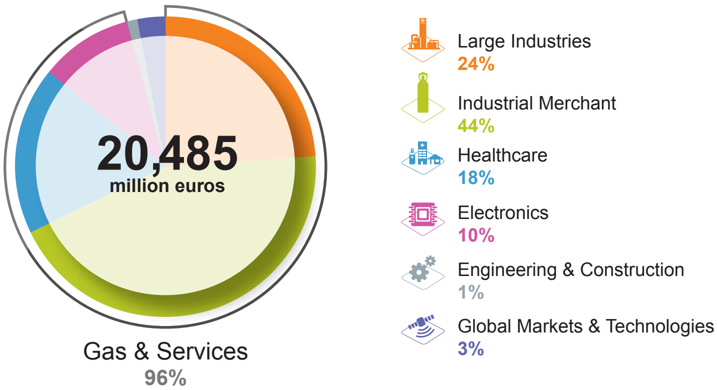
2. Description of activities

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 21 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 and administrative 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.

2020 GROUP REVENUE BY ACTIVITY

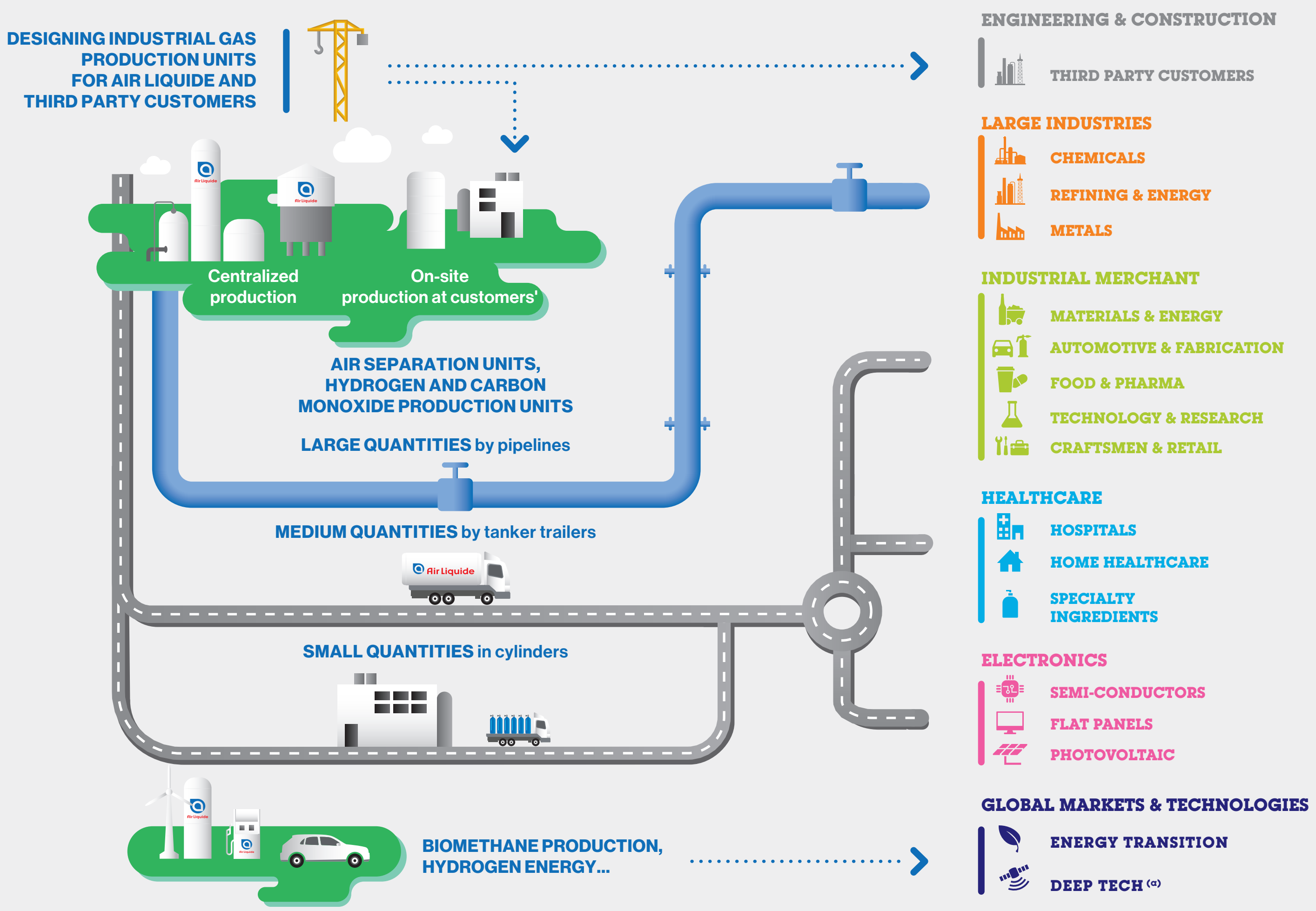


2.1. GAS & SERVICES

The Gas & Services business includes of 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 & 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, hygiene products, 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 and vaccine markets.
- **Electronics** supplies gases, materials (complex molecules) used in manufacturing processes, and services mainly used for the production of semi-conductors, but also for 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

Among the four Gas & Services World Business Lines, Large Industries and Healthcare are the two which are the least affected by economic cycles. They represent 44% of Gas & Services revenue. Industrial Merchant is impacted by local industrial production momentum and consumer demand, whereas Electronics is linked to the semi-conductor sector.

In Large Industries, the supply of gas is contracted for a duration of 15 years, or more for specific projects, 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 semi-conductor industry with its numerous digital applications is the main source of sales growth in Electronics, an industry which is maturing.

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.

Moreover, through its various World Business Lines, the Group serves more than 3.8 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

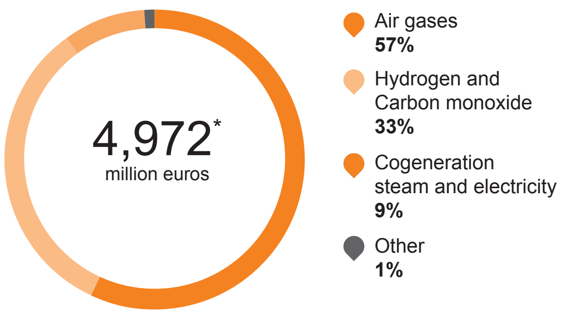
1. BUSINESS OVERVIEW, BUSINESS MODEL AND INDUSTRIAL PROCESSES

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.

2020 LARGE INDUSTRIES REVENUE BY PRODUCT



** 25% 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.

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 2019, the Group also launched the construction of the first electrolysis facilities that use water and electricity to produce hydrogen without releasing CO_2. The energy and capital intensity of these industrial processes is generally high.

Air gases production (ASU: Air Separation Unit)

An 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 rare gases. Electricity consumption is significant. A simplified diagram of an ASU operation is presented page 24.

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 a hydrogen unit's operation is presented page 23.

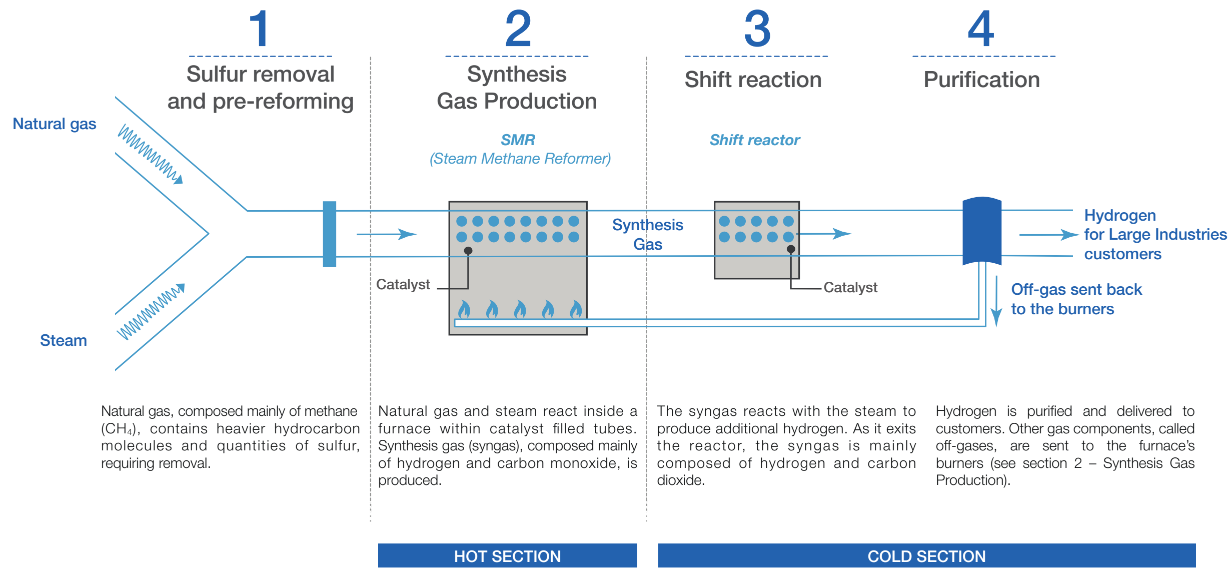
Hydrogen production through electrolysis

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 carbon-free hydrogen for industry and mobility, as well as for electricity storage. A simplified diagram of hydrogen production through electrolysis is presented page 23.

Cogeneration

Cogeneration consists of simultaneously and efficiently producing electricity and steam generally by consuming natural gas and water. The electricity is used by the plant or supplied to the local network, while the steam is required for certain industrial processes.

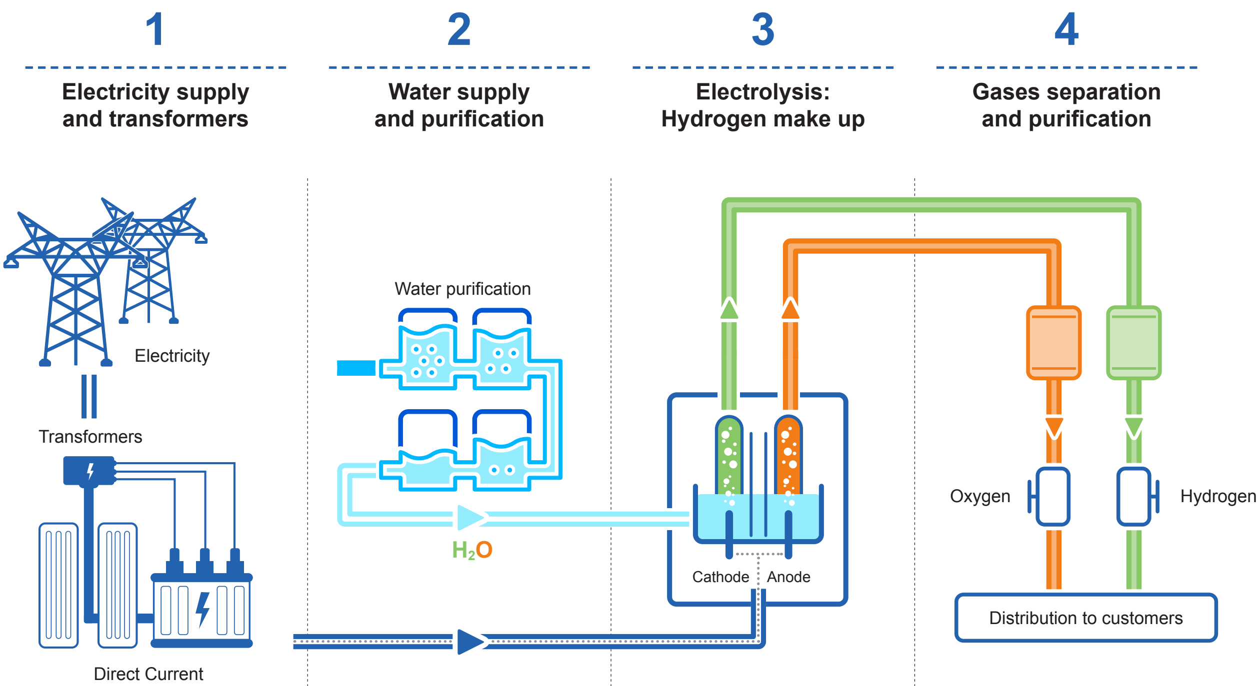
SIMPLIFIED DIAGRAM OF THE OPERATION OF A HYDROGEN PRODUCTION UNIT



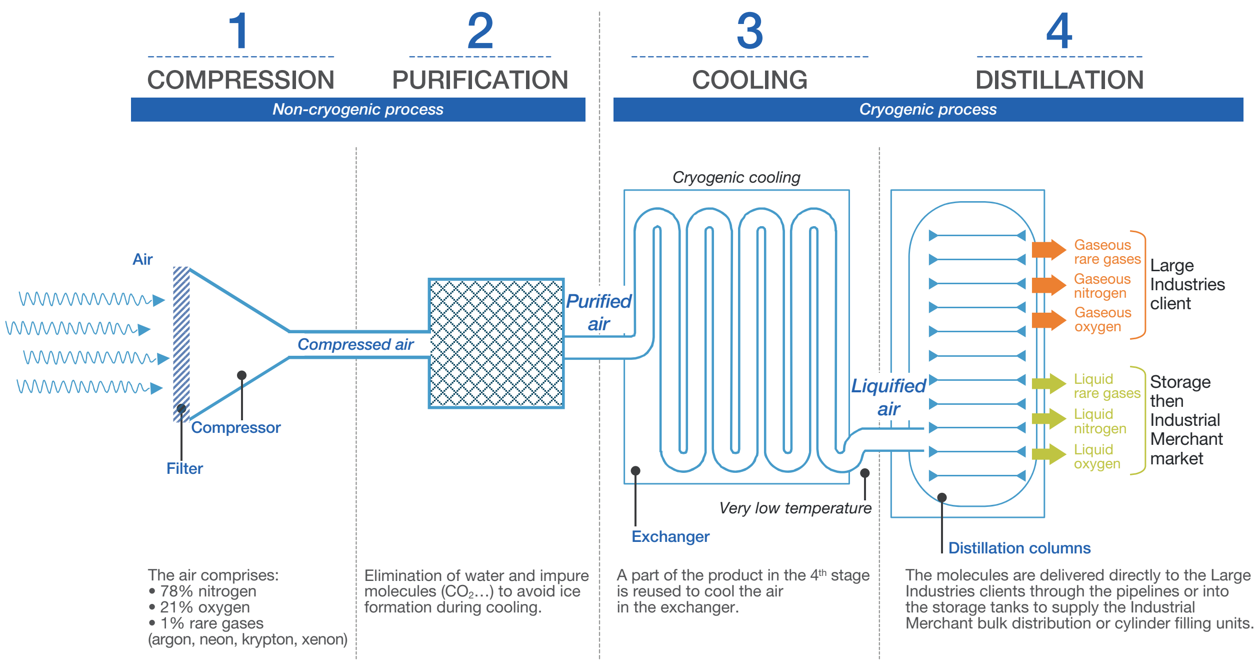
GAS SEPARATION TECHNOLOGIES FOR THE CAPTURE AND USE OF CO_2

Air Liquide's portfolio of technologies also includes separation and gas capture technologies. Based on cryogenic distillation, separation membranes and amine-based processing, these technologies are used to capture the carbon dioxide generated by Air Liquide's industrial processes and those of its customers. These solutions can be installed, for example, at hydrogen production units, syngas facilities and in the blast furnaces of steel mills. Captured carbon dioxide is then used in the customer's processes, such as the treatment of alkaline water, or by Industrial Merchant customers, who use it for example to produce carbonated beverages, package food in a protective atmosphere, or in welding gas mixtures.

SIMPLIFIED DIAGRAM OF THE OPERATION OF AN ELECTROLYZER



SIMPLIFIED DIAGRAM OF THE OPERATION OF AN AIR SEPARATION UNIT



2. LARGE INDUSTRIES KEY FIGURES

- 373 large air separation units;
- 53 hydrogen and/or carbon monoxide production units;
- > 9,700 km of pipeline networks;
- 19 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. As part of Air Liquide's aim to offer solutions to its customers that will help them reduce their emissions, the Group is also taking part in a pilot project, with one of its steelmaking customers, which consists of injecting hydrogen at large scale to partially replace pulverized coal in blast furnaces, thus reducing carbon dioxide emissions from the steel production process.

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 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 costs and to inflation. 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.

Industrial Merchant

1. BUSINESS OVERVIEW, BUSINESS MODEL AND SUPPLY MODES

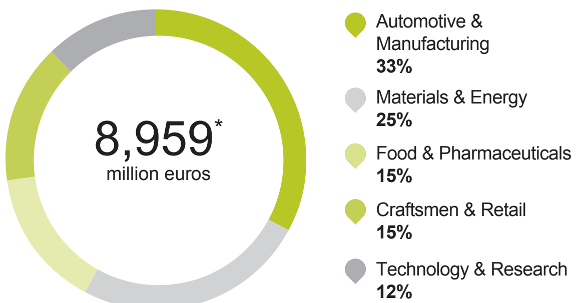
a. Business overview

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 building 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 serves a wide variety of markets and is constantly inventing new applications for its molecules which address the challenges of new markets and help to improve 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 and the quality of the services provided to the customers.

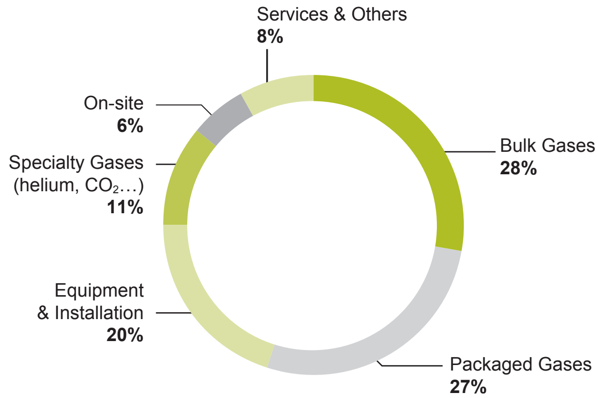
2020 INDUSTRIAL MERCHANT REVENUE BY END-MARKET



** 46% 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 fuel 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 more than 73 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 in the United States and China.

c. Supply methods

On page 27, 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") application described on page 69, 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 first-class customer experience.

2. INDUSTRIAL MERCHANT KEY FIGURES

- ~ 33,000 employees;
- ~ 20 million cylinders;
- ~ 8,400 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

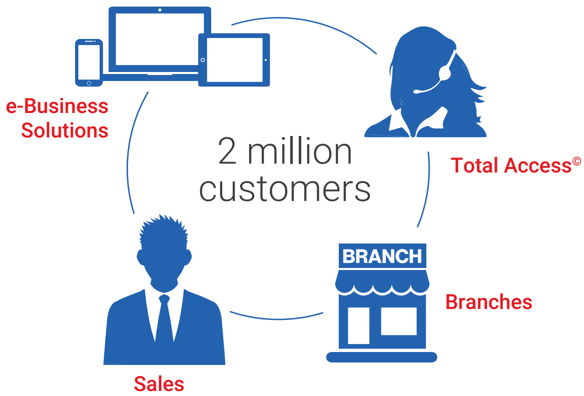
a. A customer-centric culture

Customers and markets served by Industrial Merchant are presented in the drawing on page 27. 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 first-class customer experience requires listening to customers' needs, providing a diversified and customized offering and an excellent quality of service. Air Liquide is therefore 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 offering as well as transactional channel is also a differentiating characteristic of the Industrial Merchant business line. The integration of Airgas has boosted this customer-centric culture within the Group, both in terms of the excellence of operational service and the multi-channel sales approach. Airgas' know-how in telesales, e-commerce and its ability to integrate all channels, is currently being transferred to certain Group subsidiaries.

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 data management, the Industrial Merchant teams are able to drive the performance of operations in real time, compare with other entities of the Group and reproduce best practices to improve value creation. 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 their 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 and customer mix**, the business increases its profitability, captures new volumes and diversifies its customer base.

DIAGRAM OF SUPPLY MODES

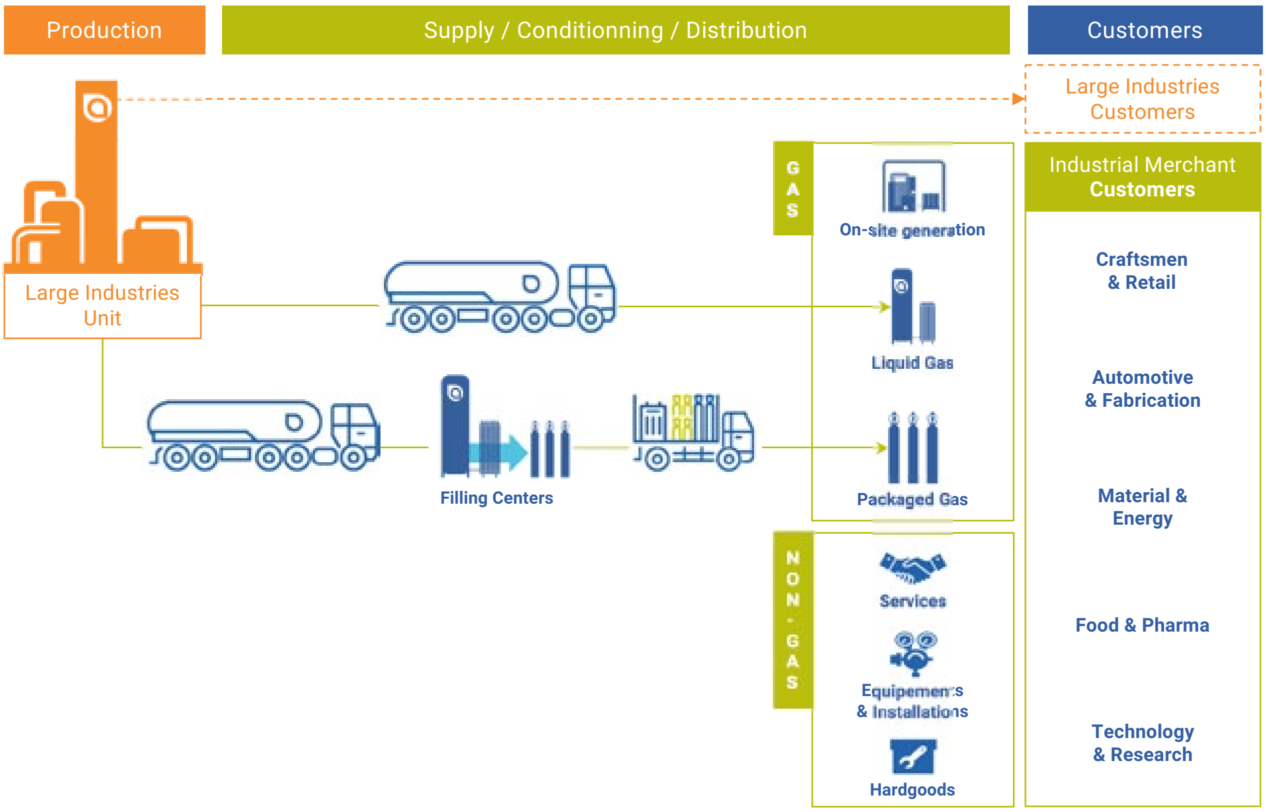


DIAGRAM OF CUSTOMER MARKETS

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. Ease of the customer experience	Pressure on quality and prices of fabricated products Development of lightweight materials (composites) and new processes (additive manufacturing)	Digitalization Need for smarter products and services, more efficient and more reliable	Need for increased productivity 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 2 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, coupled with an Industrial Merchant business model which includes a share of fixed income from sales, strengthens the resilience of the business. Thus, more than 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 and in-depth knowledge of their industrial processes, Industrial Merchant teams and their experts in gases applications develop new product or services offerings which are a major growth and performance driver.

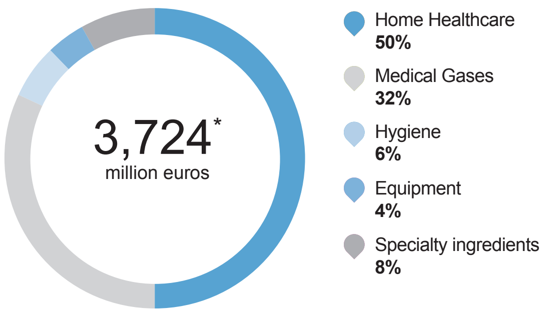
Healthcare

1. BUSINESS OVERVIEW AND BUSINESS MODEL

a. Business overview

The Healthcare business line provides gases and medical products, specialty ingredients and services which support patients along the continuum of care, from the hospital to their home. The Group is committed, alongside patients, healthcare professionals and hospitals, to contributing to making the healthcare system more efficient. Air Liquide is one of the world leaders in this constantly changing business sector and subject to both stringent regulatory requirements as well as to multiple stakeholders (patients, doctors, health authorities and payers). Faced with a health crisis, the Healthcare teams are ready to cope with the increase in requirements for medical oxygen, provide equipment such as respirators for hospitals, ensure stabilized patients can return home and guarantee chronic patients are cared for at all times. The Healthcare business Line is also ready to roll out health emergency plans in support of governments.

2020 HEALTHCARE REVENUE BY ACTIVITY



** 19% of Gas & Services revenue*

b. Business model

The Healthcare activity, in particular Medical Gases, 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

- ~15,600 employees;
- 35 countries worldwide;
- ~1,800,000 home healthcare patients;
- more than 15,000 hospitals and clinics.

3. CUSTOMERS AND MARKETS

Over the last 20 years, Air Liquide strengthened a leading healthcare role in Western Europe, Canada and Australia. The Group also has businesses in the United States (medical gases only), South America and certain Asian, African and Eastern European countries. It continues to grow in all regions, in particular according to the expansion of healthcare systems. As a result, some 70% of the Healthcare business line's sales are in Europe and more than 20% in the Americas.

The business line provides products and services in four areas:

- **Medical Gases:** Air Liquide provides medical gases to 15,000 hospitals and clinics. Among the main medical gases and their areas of application, Air Liquide provides: medical oxygen for respiratory diseases and intensive care units; medical nitrous oxide, a mixture of oxygen and nitrous oxide O_2/N_2O (KALINOX™) and xenon (LENOXe™) for anesthesia/analgesia; and nitrogen monoxide (KINOX™ and VasoKINOX™) for resuscitation.

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

  Air Liquide's medical gases and services are provided to certain specialists in the community or to new care facilities outside of the hospital.
- **Home healthcare:** Air Liquide cares for more than 1.8 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, on-going support, interventions by trained nurses or technicians and the implementation of therapies in the fields of respiratory, perfusion or other.

  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 services for long-term follow-up care.

Demographic and sociological factors such as an aging population and urbanization are contributing to the increase in the number of chronic diseases. 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 offering using digital monitoring in particular. In developing economies, Home Healthcare is growing in areas where health systems are being introduced.

- **Healthcare specialty ingredients:** For over 70 years, through its subsidiary Seppic, Air Liquide has designed and developed innovative 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/Respirators:** With its Air Liquide Medical Systems subsidiary, Air Liquide has been designing innovative medical devices for more than 40 years, in particular respirators, both for intensive care, transportation and use in the home along with equipment for the administration of medical gases and aerosol therapy.
- **Hygiene:** With its subsidiary Schülke, a leader in hospital disinfection, Air Liquide contributes to the fight against infections and pandemics through a wide range of products used in hospitals and private practice (dentists, family practitioners, etc.) or sold in pharmacies. Schülke also develops anti-bacterial products, mainly for the cosmetics industry but also for the general public. **The Hygiene business was disposed of by the Group in 2020 for strategic reasons.**

KEY POINTS

The **Healthcare** business line produces and distributes medical gases for hospitals and provides support and healthcare services for the care of patients at home. It operates in a constantly changing landscape and a strict regulatory framework. Medical expertise, quality of healthcare services, operational excellence and digital technologies are essential criteria that help offset the pricing pressures of healthcare systems, particularly in advanced economies.

Faced with a health crisis, the Healthcare Business is mobilizing and adapting to ensure critical supply of medicinal oxygen, equipment and services for hospitals and patients as well as for the rollout of the emergency plans to support governments.

Air Liquide 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 medical gases in hospitals), the treatment of chronic diseases (with Home Healthcare) and in prevention/well-being (with Healthcare Specialty Ingredients).

Underlying trends such as aging populations and the escalating need for care due to the increase in chronic diseases, as well as the continuing expansion of healthcare systems in developing economies, makes the Healthcare activity a solid growth driver for the Group.

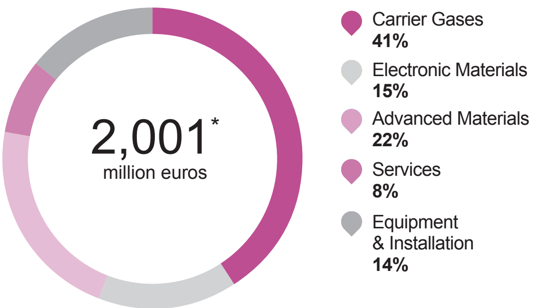
Electronics

1. BUSINESS OVERVIEW AND BUSINESS MODEL

a. Business overview

With its long-term vision, Air Liquide provides innovative solutions mainly to the semi-conductor market, and to the flat screen and photovoltaic markets. To do so, the Electronics business line leverages its expertise, global infrastructure and strategic proximity to key players in these sectors. Products manufactured by Electronics customers 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 semi-conductor production.

2020 ELECTRONICS REVENUE BY PRODUCT



* 10% of Gas & Services revenue.

b. Business model

Air Liquide's Electronics business line 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, in particular via 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 Electronic business line works on reducing emissions, mainly associated with electricity consumption for the production of carrier gases, along with those of its customers, in particular by providing them with low impact materials which are able to replace some of the more-polluting components currently in use.

2. ELECTRONICS KEY FIGURES

- ~3,850 employees;
- ~50,000 cylinders of specialty materials delivered each year;
- ~20,000 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 (~74%), the Americas (~20%) and Europe (~6%). Air Liquide is the market leader in the Electronics business line.

Products and services supplied include:

- **Carrier gases:** Carrier gases (primarily ultra-pure nitrogen) 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 15 years from customers with the building of production units near their premises or even on the customer's site.
- **Electronic materials:** Electronic Specialty Materials are used in semi-conductor, flat screen and photovoltaic cell manufacturing. Advanced Materials are key to the processes used in the manufacturing of more advanced chips. The acquisition of Voltaix in 2013 extended the Group's range of advanced deposition materials. The Group develops and markets offerings with strong added value, including the ALOHA™, Voltaix™ and enScribe™ offerings. The most sophisticated advanced materials are developed in partnership with our customers and their ecosystems. These materials are essential for the miniaturization and energy efficiency of the new generation of electronic chips.
- **Equipment and 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 covers four different categories:

- Carrier Gases with a business model based on long-term contracts including minimum volumes guaranteed by take-or-pay type clauses;
- Electronic Materials, with a high level of technical expertise and constant innovation;
- Equipment & Installation, relating to our customers' production plants;
- Services.

In a growing electronics sector, the mix of business specific to Air Liquide with its long-term contracts, offers a true competitive advantage.

2.2. 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. Air Liquide complies with the increasingly strict safety, reliability and competitiveness requirements of Air Separation Units and hydrogen units.

Since the acquisition of Lurgi in 2007, the Group has expanded its range of technological expertise. It possesses its own proprietary technologies (as developed by Lurgi over 50 years) to produce hydrogen and carbon monoxide through steam methane reforming. This acquisition also expanded the Group's offering of natural gas conversion technologies to produce syngas, synthetic natural gas, methanol, propylene, liquid fuels and biofuels. This expanded Engineering & Construction aptitude has assisted the Group's involvement, upstream of industrial gas production projects, as well as the development of its customer processes, thus boosting sales growth.

The majority of Air Liquide's Engineering & Construction business is geared toward industrial gas production technologies, and in particular the manufacture of air gas or hydrogen and carbon monoxide production units.

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 relevant engineering resources during the investment phase of the 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. It provides support for the Group during site takeovers, by ensuring the appropriate assessment of the quality of assets purchased.

The Engineering & Construction business also serves third-party customers. Air Liquide designs and builds customized units which customers will own and operate. Also, this third-party customer business allows the Group to permanently assess the competitiveness of its own technologies and commercial offering. In particular, Air Liquide is 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 of 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 2020, published consolidated third-party sales for Engineering & Construction totaled 250 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 and reduction in the cost of its industrial assets.

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.

2.3. GLOBAL MARKETS & TECHNOLOGIES

The Global Markets & Technologies (GM&T) World Business Unit delivers technological solutions – molecules, equipment and services – to support the rising markets of **energy transition**, mainly in transport, energy and waste revalorization as well as those related to **deep tech** (see page 21), in the space exploration, aerospace and big science, in order to accelerate the sustainable growth of Air Liquide.

To support the energy transition, from production to customer usage, GM&T markets eco-friendly solutions.

The GM&T World Business Unit invests in **biomethane** production units and develops stations for distributing Natural bio-Gas for Vehicles and hydrogen to support clean mobility and in particular the deployment of hydrogen energy. It also operates biogas digesters which inject biomethane into domestic grid, along with multimodal and gas supply solutions, equipment and services for the maritime industry. These solutions are based on resource recovery and their use with a **circular economy approach.**

In **hydrogen**, Air Liquide masters the entire supply chain, from production to storage, to distribution and the development of applications for end users thus contributing to the wider use of hydrogen as a source of clean energy, especially for mobility. Currently, the Group has designed and installed 120 hydrogen stations around the world and is investing in the production of **low-carbon hydrogen** (see pages 66-67).

To support **deep tech**, GM&T designs and develops, with its customers and ecosystems, disruptive technologies for the space exploration, aerospace and big science markets. Through its patented technologies and its expertise in cryogenics, GM&T continues to push back the frontiers of science and open up new markets.

GM&T employs 2,200 people around the world, and generated a revenue in 2020 of 579 million euros.

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 field of energy transition with a circular economy approach.

3. Description of the business model

Air Liquide's economic growth is accompanied by value creation for society and the environment to ensure the Group's long-term sustainability.

RESOURCES AND STAKEHOLDERS

Human capital and stakeholders

- 64,445 employees, with a range of profiles;
- 30% of women among managers and professionals;
- 4,300 employees contribute to innovation;
- Long-term shareholders, of which 470,000 are individual shareholders;
- Collaboration with tens of thousands of suppliers and more than 300 innovation partnerships with academics, industrial partners and start-ups;
- Regular dialog with the authorities and local communities.

Industrial capital

- 3.0 billion euros of industrial investment decisions in 2020;
- More than 300 million euros of innovation expenses per year;
- Proprietary technologies and more than 11,000 patents;
- A strong presence in major industrial basins;
- More than 600 production units, 24 million cylinders, more than 10,000 trucks.

Financial capital

- Long-term customer contracts;
- Breakdown of share capital: 33% individual shareholders and 67% institutional shareholders;
- Strong balance sheet;
- "A" credit rating.

Natural capital

- 36.1 TWh of electricity of which 22% is renewable;
- 90 millions of m³ of water consumed;
- 262,000 TJ of natural gas consumed.

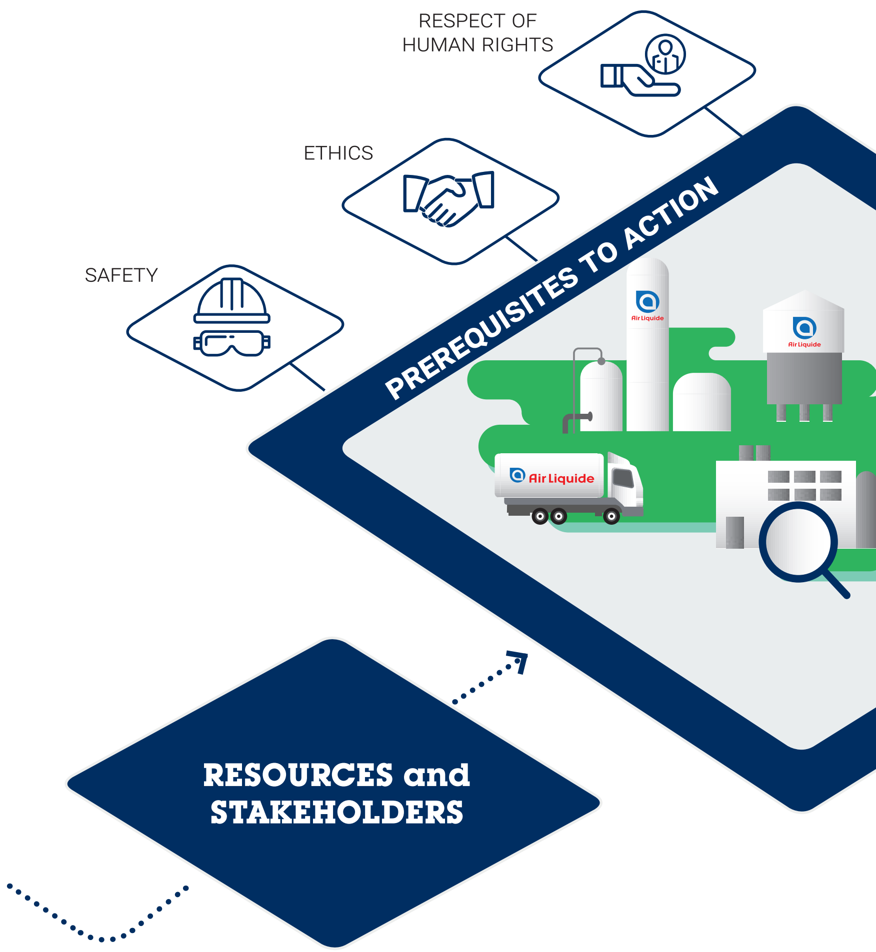
Data 2020

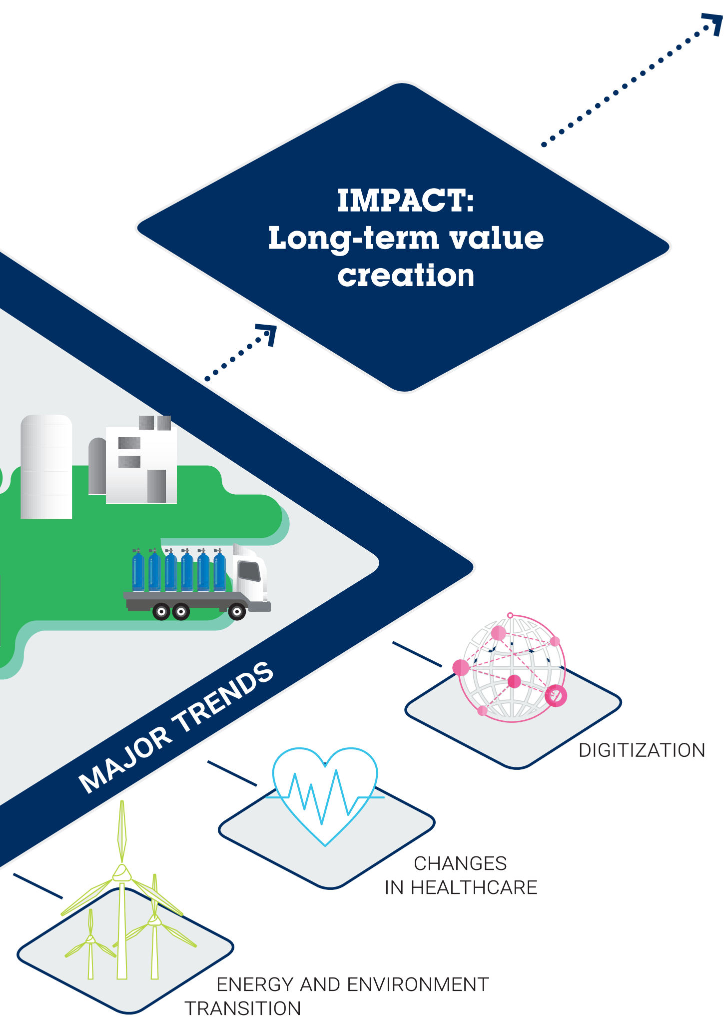
AIR LIQUIDE BUSINESS:

Gas, technologies and services for industry and health

The Group is a world leader in gas, technologies and services for industry and healthcare and supports the growth of nearly all economic sectors by drawing on its extensive scientific and technical expertise. Its offering includes:

- The production and valorization of molecules;
- The integration and marketing of proprietary technologies;
- The provision of related services and digital solutions.





IMPACT :

Long-term value creation

Company

- Priority given to the safety of employees, customers, subcontractors and suppliers;
- Reliability of production and deliveries;
- Support for more than 2 million industrial customers worldwide;
- Introduction of the "Voice of Customer" program in 60 countries;
- The Healthcare business, with 1.8 million patients cared for in their homes and service provided to 15,000 hospitals;
- More than 236 critical suppliers assessed based on their environment, social, business ethics and procurement policies;
- Local growth: present in 78 countries, dense territorial coverage;
- 69 Air Liquide Foundation projects.

Environment

- > 40% of sales are related to solutions to protect life and the environment;
- CO_2 emissions and Avoided emissions:
  Scope 1: 15.0 Mt CO_2-eq.; Scope 2: 12.5 Mt CO_2-eq.;
  Avoided emissions at clients place: 11.2 Mt CO_2-eq.;
- 30% of carbon intensity reduction compared to 2015;
- Over 9,700 km of pipelines, reducing road transport;
- 109 members in the Hydrogen Council for a low-carbon society.

Long-term sustainability

- Revenue: +5.3% [a] compound annual growth rate (CAGR) over 30 years;
- Adjusted net earnings [b] per share: +6.7% [a] compound annual growth rate (CAGR) over 30 years;
- Adjusted dividend [b] per share: +8.5% [a] compound annual growth rate (CAGR) over 30 years;
- 30th free share attribution in 2019;
- Five Chairmen & CEOs since 1902;
- Employee loyalty: 95% loyalty rate among managers and professionals [c].

(a) Data calculated according to prevailing accounting rules over 30 years.
(b) 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.
(c) Rate calculated based on resignations.

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 20 billion euros each, and Air Products (United States) with revenue which is more than two times lower. Linde Plc is the new entity following the merger of equals between two global players, Linde AG (Germany) and Praxair (United States), which was completed in October 2018. There are also a number of global and regional players, such as Taiyo Nippon Sanso (Japan), Messer (Germany), Yingde (China), Air Water (Japan) and Hangzhou Oxygen Plant Group (China). 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 upon 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, the world leader in Large Industries, is 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 ensuring gas production and distribution, 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, 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.

Finally, in Electronics, five companies play a major role: Air Liquide, Linde Plc, Merck KGaA (Germany), Air Products and Taiyo Nippon Sanso. Air Liquide is the leader in this industry.

In Engineering & Construction, Air Liquide also competes with industrial gas players. In “cold” technologies used for air gas separation, the main competitors are Linde Plc, Hangzhou Hangyang (China), Kaifeng (China) and Air Products. Chinese competitors are gaining ground due to strong demand in their country. In “hot” technologies used for producing hydrogen and the chemical conversion of syngas, the largest competitors are Technip (France), Haldor Topsoe (Denmark) and Linde Plc.

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

STRATEGY AND OBJECTIVES

1. Ambition and strategic pillars

Air Liquide is a world leader in gases, technologies and services for industry and health. The Group's strategy is customer-centric. It aims to deliver profitable and responsible growth over the long term and is based on four cornerstones:

- operational excellence, to boost customer experience and supported by reinforced competitiveness and the digitalization of our operations;
- the quality of its investments, which is in line with the Group's business profile and targeting, as a priority, the most promising markets and technologies;
- open innovation, in both core business and disruptive technologies, by fostering external partnerships (customers, academic partners, start-ups, etc.) to contribute to operational excellence and to create new offers;
- a network-based structure, which provides agility and efficiency, supported by the use of collaborative digital tools.

These strategic cornerstones are the foundations of the Group's economic and societal development. Air Liquide strives to be a leader in its industry, deliver long-term performance and contribute to a more sustainable world.

BEING A LEADER IN ITS INDUSTRY

The Group aims to outperform its market growth by excelling in customer experience. To do so, safety and reliability of its products are a priority. Being a leader also means adopting a pioneering role and constantly innovating, in particular in the three main fields of energy transition and the climate, changes in healthcare, and digital. This innovation contributes to operational excellence and drives the development of new technologies, new expertise and helps open new markets, in particular that of hydrogen energy.

DELIVER LONG-TERM PERFORMANCE

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 nature of the industrial gases market, which enjoys steady growth, our investments, and the strength of Air Liquide's business model. It is also based on cornerstones including operational excellence, the capacity to innovate, and the permanent optimization of its business portfolio.

AIR LIQUIDE'S PERFORMANCE OVER 30 YEARS

- **Revenue:** +5.3% on average per year.
- **Cash flow from operating activities before changes in working capital:** +6.5% on average per year.
- **Net profit:** +6.8% on average per year.
- **Earnings per share** [(a)]**:** +6.7% on average per year.
- **Dividend per share** [(a) (b)]**:** +8.5% on average per year.
- **Safety – Reduction in the accident frequency rate:** -6.4% on average per year.
- **Number of employees:** +2.9% 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 May 4, 2021.

CONTRIBUTE TO SUSTAINABILITY

Air Liquide's performance and its sustainability commitment go hand in hand. This commitment is key for both motivating the Group's teams, nurturing the long-term trust of stakeholders and the Company's long-term sustainability.

The Group's businesses are rolled out in a way that contributes to major environmental and societal challenges, providing industrial, transportation and healthcare solutions. These challenges, such as the climate and air quality, are growth drivers for Air Liquide. The risks associated with these areas are also taken into account in the Group's risk prevention program as are meeting the various regulations in the Vigilance Plan and the Non-Financial Performance Declaration.

The Group is a responsible industry player, and at the end of 2018 committed to reducing the carbon intensity of its operations. Air Liquide contributes through its business and its commitment to reach certain Sustainable Development Goals (SDGs) introduced by the UN. These are detailed in the Extra-financial Performance Declaration (p. 319).

NEW HYDROGEN MARKETS

Within the Large Industries Business, hydrogen sales currently represent more than 2 billion euros and are the result of business relationships, technological transformations and strategic positioning built up over about fifty years. On this solid footing, Air Liquide is actively pursuing the development of new applications for hydrogen, notably low-carbon hydrogen for industry and mobility.

In these new markets, the Group's ambition is to control the whole value chain for industry and mobility which includes the supply 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 and storage of CO_2 and hydrogen liquefaction.

Since 2014, Air Liquide's cumulative investments for the development of these new markets have exceeded 500 million euros with more than 60 assets deployed including a large-scale 20 MW electrolysis unit in Canada, a CO_2 capture unit based on AL Cryocap technology in France, a 30-ton per day liquefier for mobility in the US and more than 60 hydrogen stations across the world.

On March 23, 2021, Air Liquide will organize a "Sustainability Day" during which it will present to the financial markets its strategy and medium to long-term ambitions for these new hydrogen markets in conjunction with its strategic analysis for energy transition and the revision of its climate, social and societal objectives.

2. NEOS company program and mid-term objectives

The NEOS company program provides a framework to build a Group which is sustainably more efficient, more connected to its stakeholders and more innovative. This program has two series of objectives: financial as well as societal and environmental. Due to the public health crisis and the unprecedented economic environment in 2020 which has had a major impact on sales growth as well as on costs and investment management, the Group believes that including 2020 results in the assessment of its medium-term performance is not relevant.

As a result, the achievement of the financial objectives set out in the NEOS program initially planned to cover the 2016-2020 period was terminated early at the end of 2019, except for the ROCE target which had been set for a longer period of time. Over 2016-2019, all of the objectives were achieved. A new five-year company program should be announced during the first quarter of 2022 and will cover the 2021-2025 period, using 2021 as its reference year.

2.1. ACHIEVEMENT OF FINANCIAL OBJECTIVES

The financial aims of the NEOS company program are based on the following four objectives.

+6% to +8%
CAGR 2016-2020 [(a)]

Efficiencies >€300m on average/year [(b)]
Increased to >€400m since 2019
+ Airgas synergies >$300m

ROCE >10%
In 2021-2022

Maintain "A" range rating

(a) Including Airgas scope effect in 2017 corresponding to a +2% CAGR.
(b) Over the 2017-2020 period.

The compound average annual growth rate (CAGR) of revenue over the 2016-2019 period was +6.5% and +7.8% excluding the currency impact, of which +2% was related to the Airgas acquisition. This was in line with the target of +6% to +8% between 2016 and 2020 including the Airgas impact.

The initial target of 300 million US dollars in cumulated synergies relating to the Airgas acquisition was reached during the first quarter of 2019, one year before the initial date. Furthermore, in 2019, the Group raised its initial target of 300 million euros in efficiencies to 400 million euros. More than 1.1 billion euros in cumulated efficiencies were therefore achieved over 2017-2019, largely exceeding the initial target.

Air Liquide maintained its "A" rating for the entire period. The net debt-to-equity ratio, which was initially above 150% following the Airgas acquisition, stood at 64.0% at the end of 2019. This sharp reduction in debt was recognized by the Standard & Poors rating agency which published a positive outlook on the Group.

Moreover, the Group also maintained its level of investment at between 10% and 12% of sales during the period, in line with guidance.

The Group had set a ROCE target of more than 10% for 2021-2022, but the covid-19 pandemic is very likely to have an impact of more than one year on net profit growth. Furthermore, in preparation for future growth, Air Liquide has decided to step up its investments despite the public health crisis, in particular those related to the energy transition. The Group therefore maintains its ROCE target of more than 10% and has rescheduled its achievement to 2023 or 2024, depending on when the covid-19 crisis will end.

A new five-year company program should be announced during the first quarter of 2022 and will cover the 2021-2025 period, using 2021 as its reference year.

2.2. ENVIRONMENTAL AND SOCIETAL OBJECTIVES

The NEOS company program includes sustainable development objectives which support the Group's strategy and contribute to its long-term performance.

2.2.1. Environmental objectives

CLIMATE OBJECTIVES

Reduce carbon intensity by **30%** [(a)] by 2025 (4.4), based on 2015 emission levels (6.3).

(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 (see reconciliation in the appendix to Chapter 1, page 57. The greenhouse gas emissions balance sheet is available on page 304).

TAKING ACTIONS FOR THE CLIMATE

Air Liquide is convinced that climate change and energy transition must be absolute priorities of business and social concerns. This is why, in implementing its "Taking Action" global approach, the Group has placed climate at the heart of its strategy. Through its climate objectives and initiatives, Air Liquide is aligning itself with the Paris Agreements.

AN APPROACH THAT IMPACTS ALL OUR ACTIVITIES THROUGH 3 COMPLEMENTARY PILLARS

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 covers all of the Group's impacts: in the measures it takes to limit the environmental footprint of our assets, helping customers in the development of sustainable solutions and taking part in the emergence of a low-carbon society.

CLIMATE OBJECTIVES

TAKING ACTION OUR ASSETS

Committing to reduce the impact our production, distribution and service activities

OUR DRIVERS

- Increase purchases of **renewable electricity**
- Improve the **energy efficiency** of our production units
- Reduce **the carbon footprint** of bulk and cylinder products

TAKING ACTION WITH CUSTOMERS

Innovate to reduce our customers' greenhouse gas emissions, and work together for a cleaner industry

OUR DRIVERS

- Rolling-out **low-carbon offerings and solutions**
- Co-developing **innovative processes with our customers**

TAKING ACTION FOR OUR ECOSYSTEMS

Contribute to the growth of a low-carbon society by developing energy transition solutions to fight climate change

OUR DRIVERS

- **Develop hydrogen** for clean mobility
- GAZ — Grow **the circular economy**
- Create a **global hydrogen economy**
- Use our cryogenic expertise for **clean transport solutions**

Actions on scopes 1 & 2

Actions on scopes 3

Air Liquide has carried out its assessment of Scope 3 emissions in 2020. The scope definition and calculation is detailed on page 343 of Chapter 5 of the present Universal Registration Document.

2.2.2. Strengthening dialog with stakeholders

Strengthening dialog with Group employees, customers and patients, shareholders, suppliers, local communities and the public sphere is a strategic objective which contributes directly to the responsible growth that the Group seeks to implement. Through these ongoing discussions, the Group is committed to take into account their issues, identify priority development issues and share its ambition to contribute to a more sustainable world.

To strengthen the dialog with its stakeholders and respond to regulatory changes, Air Liquide updated the **materiality matrix of its Sustainable Development stakes** in 2020. Thus, 21 stakes covering environmental, corporate, societal, economic, Human Rights and governance aspects were submitted for analysis by the Group's stakeholders: employees, shareholders, investors, members of the public sphere, customers, patients, etc.

Nearly 1,400 returns were collected, compiled and analyzed to constitute Air Liquide's materiality matrix of Sustainable Development stakes shown on page 322. The purpose of this matrix is to integrate the main risks and opportunities into the Group's strategy according to the importance allocated to them by the various stakeholders. At this point, the Group would like to extend its thanks to the contributors to this analysis which will allow it to move its Sustainable Development program forward and the involvement of its stakeholders in this strategic area.

HUMAN RESOURCES OBJECTIVES

35% of women among Group managers and professionals

33% of young graduates among managers and professional recruitments by 2025.

New model for employees

Our environment is characterized by an accelerated change in society and economy through digitalization, rapid technological development, aging of the active population and new enterprise models. For example, new generations have higher priorities with regard to their working environment (search for meaning, forms of apprenticeship, flexibility at work). The environment is uncertain and, at the same time, the search for sustainability is essential.

From a co-creation bringing together more than 700 employees, Air Liquide is changing its working methods within the company, not only to meet today's requirements, but also those of tomorrow while remaining true to its fundamental principles. To this end, in 2020 the Group rolled out its new model entitled **Be Act Engage** which allows its employees to develop within a safe, ethical and committed environment in order to deliver sustainable performance.

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 73.

SIR meetings (Strategic Investment Review) are chaired by the Chairman and CEO in order to periodically review the Group's strategy, major investments and policies. The Executive Committee meets on a regular basis to review the strategy and its implementation.

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

Finally, investments are validated through the Resources and Investment Committees (RIC), the operation of which is described on page 41 of this Chapter.

Taking environmental and societal challenges into account are also an integral part of the Group's strategy. The Sustainable Development Department, which reports to an Executive Vice President, thus contributes to the development of the strategy and defines the specific measures to be included in the NEOS company program. Moreover, this Executive Vice President takes part in the above-mentioned meetings and contributes their sustainable development vision.

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. 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 the next: 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. Capital intensity varies greatly from one business to another.

CLIMATE AND INVESTMENT DECISIONS

For all its major projects, Air Liquide includes an internal carbon price of 50 euros per ton of CO_2 in its investment decision process. This is a value that Air Liquide voluntarily sets for itself to assess the economic cost of greenhouse gases emissions. The analysis of investments with this internal carbon price ensures the robustness and sustainability of the customer project: for major projects, the potential costs associated with a possible tax on CO_2 emissions from Group's assets are reflected in the price of industrial gases and paid by the customer. 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, whenever possible.

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 gases production has a capital intensity of around 3. It varies with the trend in electricity prices,
  - hydrogen and cogeneration have a capital intensity of between 1.5 and 2, due to the high proportion of natural gas 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 of around 2.5;
- in Healthcare, capital intensity, excluding acquisitions, is around 1 depending on the product mix.

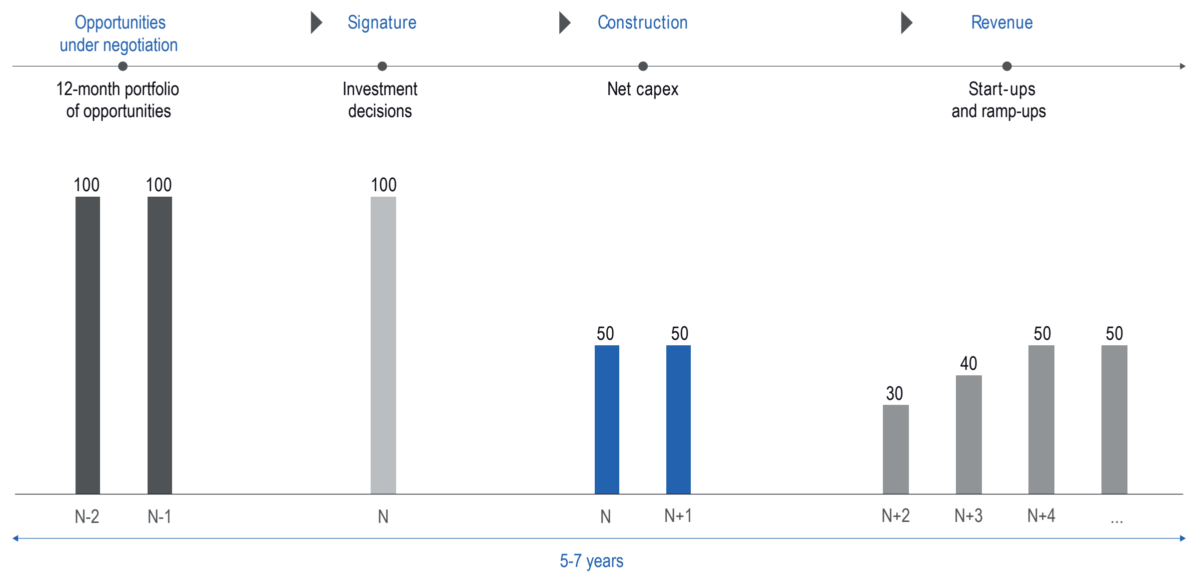
The Group's capital intensity therefore continues to vary depending on the business mix, project type and prices of raw materials. It is much higher for renewal and efficiency investments.

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 (01R 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

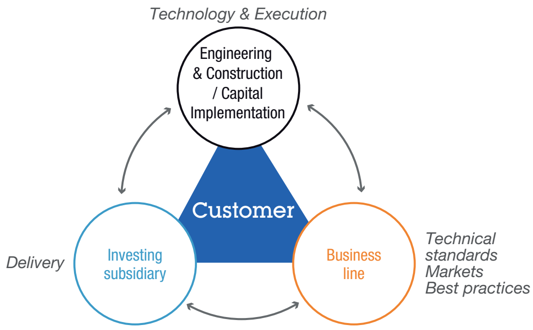


Applying a theoretical capital intensity of 2, an investment of 100 million euros in a new project should generate 50 million euros of sales per annum, when fully ramped-up.

- **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 technical aspect and works with local Capital Implementation site management assistance teams (CI within the hubs) which are responsible for executing the project.

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, two major bodies validate the relevance of the project: the RIC (Resources & Investment Committee – see below page 41) which is responsible for assessing and validating investment requests, and the ERC (Engineering Risk Committee) which is responsible for assessing technical and execution risk.

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 of Engineering & Construction, under the supervision of the geographic hub.

The type, complexity, geography and size of investment opportunities have changed significantly during recent years. A dedicated CIG (Capital Implementation Group) made up of experts strengthens the team in charge of executing investments.

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 Committees 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 & 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 Executive Management.

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;
- 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;
- Social and Environmental Responsibility criteria, in particular relating to greenhouse gas emissions, water consumption, and relations with local communities;
- the compatibility of projects with the Group's Climate Objectives, based on a minimum of 50 euros per ton of CO_2-equivalent for the cost of a project's greenhouse gas emissions.

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

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 on page 238) 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 and Moody's long-term minimum "A" category rating. This credit profile depends on key ratios such as net debt to equity and cash flow from operating activities after change in working capital requirements to net debt.

The Air Liquide Group applies the following principles of prudence:

- pursuing the diversification of 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 Air Liquide.

3.3.1. Diversifying and securing financing sources

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

Air Liquide uses the short-term commercial paper market, in France, through two French Commercial Paper 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, pound sterling and Russian ruble).

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 which is covered by committed credit facilities from its core banks.

Investments are generally funded in the currency in which the cash flows are generated, creating a natural currency hedge.

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 energy risk for the Group's subsidiaries in those countries where it is permitted by law.

In the countries where local regulations permit, 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 Infra-structure Regulation) relating to its status as a non-financial counterparty (NFC) and ensures risk mitigation and derivative transaction reporting are in line with technical standards published by ESMA.

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

3.3.3. Staggering debt maturity schedules

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

Debt maturity schedules are regularly reviewed by Executive Management.

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, either during the tender period (bid bond), or after contract award, during contract execution until the end of the warranty period (advance payment bond, retention 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.

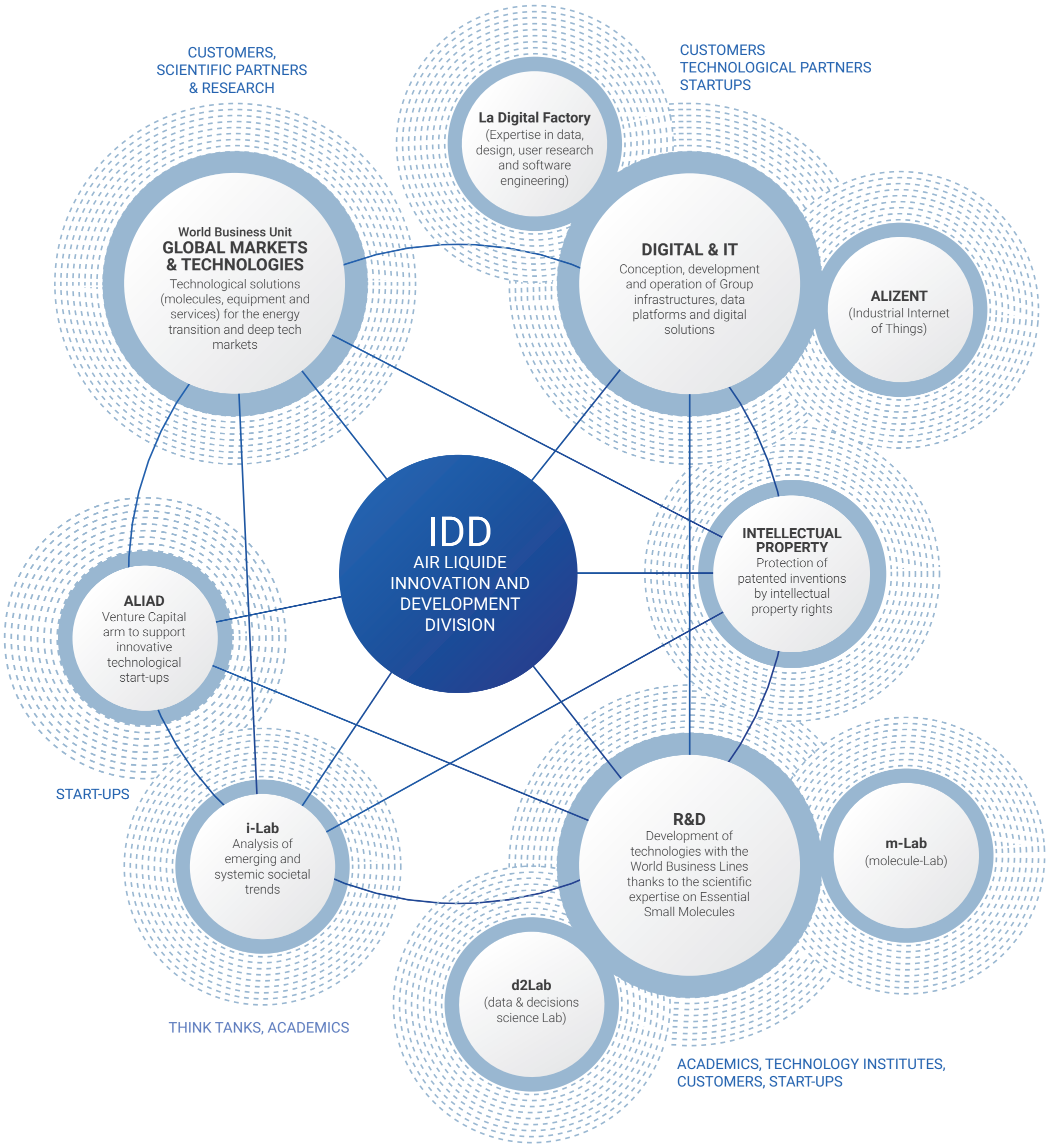
In the Group's ordinary course of business, certain subsidiaries are required to provide financial payment guarantees to secure rental or insurance obligations.

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 for the Group's Hubs and Operations. It contributes to the operational excellence and future growth of the Group by creating new offers in both traditional and new businesses. It is responsible for imaging, developing and incubating new solutions until they are brought to market, particularly when it comes to offers with a high technological content (including Digital and IT).

The Innovation and Development Division relies both on its Innovation campuses, which gather the experts of its internal ecosystem, and on its partnerships with external innovation ecosystems.



The investment decisions and resources relating to innovation depend on the **Group's governance bodies (Resources and Investment Committee – RIC, Risk Committee),** the operation of which is described on page 41 of the present Universal Registration Document.

Research & Development projects are subject to joint governance by the R&D Program directors and the World Business Lines in order to ensure the projects are aligned 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 also helps improve customer centricity and reduces the time to market of innovations.

Furthermore, **Technology Roadmaps (TRM)** dedicated in particular to the Hydrogen energy, Global Markets & Technologies and Engineering & Construction 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 relating to pilot or demonstration projects carried out for the first time by the Group, meets every month. The Digital Committee validates digital projects when they are in the development phase before deployment (Minimum Viable Products – MVP) along with the associated expenses.

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 2019	FY 2020	2020/2019 published change	2020/2019 comparable change [(a)]
Total Revenue	**21,920**	**20,485**	**-6.5%**	**-1.3%**
of which Gas & Services	*21,040*	*19,656*	*-6.6%*	*-1.2%*
Operating Income Recurring (OIR)	3,794	3,790	-0.1%	+3.6%
Group OIR Margin	17.3%	18.5%	+120 bps	
Variation excluding energy			*+80 bps*	
Other Non-Recurring Operating Income and Expenses	(188)	(140)		
Net Profit (Group share)	2,242	2,435	+8.6%	
Net Profit Recurring (Group share) [(b)]	2,307	2,341	+1.5%	
Earnings per Share *(in euros)*	**4.76**	**5.16**	**+8.5%**	
Net Dividend per Share *(in euros)* [(c)]	**2.70**	**2.75**	**+1.9%**	
Cash flow from operating activities before changes in net working capital	4,859	4,932	+1.5%	
Net Capital Expenditure [(d)]	2,616	1,971		
Net Debt	€12.4 bn	€10.6 bn		
Net Debt to Equity ratio	64.0%	55.8%		
Return on Capital Employed after tax – ROCE	8.4%	9.0%	+60 bps	
RECURRING ROCE [(e)]	**8.6%**	**8.6%**	**-**	

(a) Change excluding the currency, energy (natural gas and electricity) and significant scope impacts, see reconciliation in appendix.
(b) Excluding exceptional and significant transactions that have no impact on the operating income recurring, see reconciliation in appendix.
(c) 2020 proposed dividend.
(d) Including transactions with minority shareholder.
(e) Based on the recurring net profit, see reconciliation in appendix.

2. Income Statement

REVENUE

Revenue *(in millions of euros)*	**FY 2019**	**FY 2020**	**2020/2019 published change**	**2020/2019 comparable change**
Gas & Services	21,040	19,656	-6.6%	-1.2%
Engineering & Construction	328	250	-23.7%	-23.0%
Global Markets & Technologies	552	579	+5.0%	+6.0%
TOTAL REVENUE	**21,920**	**20,485**	**-6.5%**	**-1.3%**

Revenue by Quarter *(in millions of euros)*	**Q1 2020**	**Q2 2020**	**Q3 2020**	**Q4 2020**
Gas & Services	5,191	4,729	4,777	4,959
Engineering & Construction	52	52	60	86
Global Markets & Technologies	127	122	143	187
TOTAL REVENUE	**5,370**	**4,903**	**4,980**	**5,232**
2020/2019 Group published change	**-1.3%**	**-11.0%**	**-8.7%**	**-5.1%**
2020/2019 Group comparable change	**+0.6%**	**-6.9%**	**-0.9%**	**+2.0%**
2020/2019 Gas & Services comparable change	**+1.1%**	**-6.5%**	**-0.9%**	**+1.6%**

Group

Group revenue for 2020 totaled **20,485 million euros**, almost flat on a comparable basis compared with 2019, at **-1.3%**, in a context of global health and economic crisis. The business model thus demonstrated its robustness, supported by the Group's global presence and the diversity and balance of its portfolio between growth businesses and resilient sectors. **Engineering & Construction** consolidated revenue, which was down -23% over the year, enjoyed a strong +24.1% increase in the 4th quarter. **Global Markets & Technologies** was up **+6.0%,** with a dynamic momentum in biogas with the start-up of new units. Group revenue as published was down **-6.5%** due to negative currency (-2.0%), energy (-1.8%), and significant scope (-1.4%) impacts.

Gas & Services

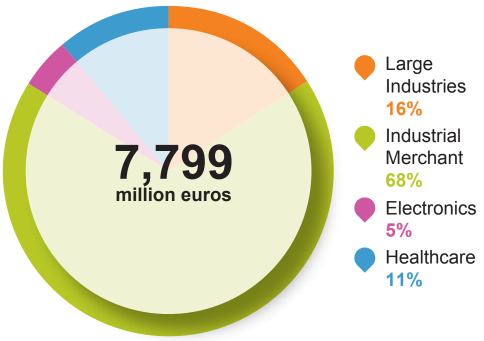
Gas & Services revenue totaled **19,656 million euros**, very close to 2019 on a comparable basis, at **-1.2%**. Healthcare and Electronics sales enjoyed growth during each quarter of 2020, despite the public health and economic crisis. Healthcare was fully committed to ensuring the supply of oxygen to hospitals to treat covid-19 patients and posted significant growth of +8.5% for 2020. Electronics also recorded a very solid growth of +3.9% and +7.9% excluding Equipment & Installations sales. Large Industries sales remained stable at -0.1% despite the public health context, mainly driven by the contribution from the start-up and ramp-up of new production units, and the quick return to growth of certain developing economies including China. Industrial Merchant sales were down -6.3%, negatively impacted by the crisis but supported by solid pricing impacts of +2.6% and growth in developing economies including China and Eastern Europe. Sales as published were down -6.6% in 2020, affected by unfavorable currency (-2.1%), energy (-1.9%) and significant scope (-1.4%) impacts. The significant scope impact reflects mainly the disposal of Schülke in Healthcare and the reduction or disposal of the Group's stakes in several non-strategic distributors in Japan during the 2nd half of the year, as well as the disposal of Fujian Shenyuan units in September 2019.

Revenue by geography and business line *(in millions of euros)*	**FY 2019**	**FY 2020**	**2020/2019 published change**	**2020/2019 comparable change**
Americas	8,460	7,799	-7.8%	-3.7%
Europe	7,172	6,826	-4.8%	+1.3%
Asia Pacific	4,794	4,467	-6.8%	-0.1%
Middle East & Africa	614	564	-8.2%	-2.6%
GAS & SERVICES REVENUE	**21,040**	**19,656**	**-6.6%**	**-1.2%**
Large Industries	5,629	4,972	-11.7%	-0.1%
Industrial Merchant	9,754	8,959	-8.2%	-6.3%
Healthcare	3,693	3,724	+0.8%	+8.5%
Electronics	1,964	2,001	+1.9%	+3.9%

Americas

Gas & Services revenue in the Americas totaled **7,799 million euros** in 2020, a decline of **-3.7%**. In North America, after being strongly hit by the pandemic during the 2nd quarter, sales started improving sequentially in the 3rd quarter but remained down compared with 2019. Sales were up markedly in Latin America in 2020, mainly driven by a start-up in Large Industries in Argentina and strong demand for medical oxygen. Large Industries revenue in the region was up +1.4%. Industrial Merchant saw a strong sequential recovery over the 2nd half of the year, but annual revenue remained down by -7.1%. Healthcare is still fully committed to the fight against the pandemic notably with the supply of medical oxygen, and posted annual sales growth of +7.7%. Electronics posted solid growth of +5.2%.

AMERICAS GAS & SERVICES 2020 REVENUE



- **Large Industries** revenue was up **+1.4%** over 2020. In the United States, following a substantial decline during the 2nd quarter, air gas volumes and, to a lesser extent, hydrogen volumes, saw a marked sequential recovery starting in the 3rd quarter but closed 2020 at lower levels than in 2019. Sales were up significantly in Latin America in 2020, mainly driven by the start-up of a unit in Argentina and strong air gas demand during the 4th quarter in Brazil and Argentina.
- **Industrial Merchant** sales **(-7.1%)** were impacted by the public health crisis, but enjoyed a strong sequential improvement starting in the 3rd quarter. The slowdown was partly offset by high pricing impacts of +3.6% over the year. The contribution from helium gradually declined and represented less than 15% of pricing impacts during the 4th quarter. Sales were up in the Food, Pharmaceuticals, Research, and Retail & Craftsmen markets during the 4th quarter, whereas sales in industrial sectors such as Metal Fabrication and Automotive remained down despite a gradual recovery during the 2nd half of the year. In the United States and Canada, gas volumes, in particular cylinders, were up markedly during the 2nd half of the year following a major decline during the 2nd quarter at the peak of the public health crisis. In Latin America, revenues were up over the year with a good momentum for liquid gas sales in Brazil and Argentina during the 4th quarter, notably to the Metal Fabrication sector.
- **Healthcare** revenue was up **+7.7%** in 2020 with medical liquid oxygen and hospital installations sales up significantly across the region, in particular during the 2nd wave of the covid-19 pandemic in the 4th quarter. In the United States, proximity care recovered quickly following a marked decline during the 2nd quarter due to the interruption of elective care at the peak of the pandemic. In 2020, Home Healthcare enjoyed strong growth in Latin America across all therapies and recovered gradually in Canada following a material slowdown during the 2nd quarter.
- **Electronics** revenue was up **+5.2%** over the year, with an increase in Carrier Gases sales and excellent momentum for Equipment & Installation sales.

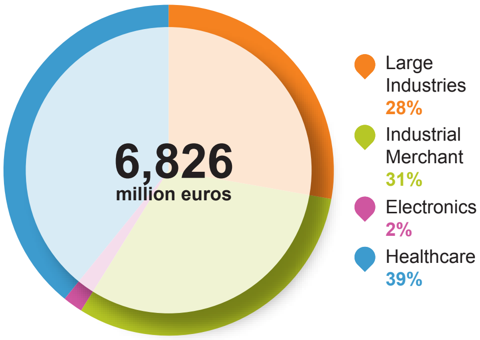
AMERICAS

- Air Liquide announced a **long-term supply agreement with Eastman Chemical Company** to provide additional gaseous oxygen, nitrogen and syngas supporting Eastman's growth and production in Longview, Texas. **Air Liquide will invest more than 160 million U.S. dollars** to modernize existing assets and build a new Air Separation Unit (ASU) and Partial Oxidation Unit (POX).

Europe

Revenue in Europe was up **+1.3%** in 2020 to **6,826 million euros.** Industrial activities, which were particularly affected by the public health crisis from mid-March, started to recover from the beginning of May and markedly accelerated its recovery during the second half of the year. Large Industries sales were down by -1.0% over the year. Industrial Merchant recovered during the 2nd half of the year, but its annual revenue, which was down -5.6%, remains impacted by the public health crisis. Healthcare activities, which account for almost 40% of Gas & Services sales in Europe, were strongly mobilized in the fight against covid-19, and posted revenue growth of +9.7% over the year.

EUROPE GAS & SERVICES 2020 REVENUE



- Over 2020, **Large Industries** sales were down slightly by **-1.0%** and continued to enjoy good sequential growth since the 3rd quarter. Chemicals and Steel volumes improved towards the end of the year, driven notably by the recovery in the automotive sector in Germany. Hydrogen volumes for refineries remained down, impacted by several customer turnarounds during the 4th quarter and a slowdown in activity linked to weaker demand for transportation fuels. Sales in Eastern Europe were up in 2020, and particularly over the 4th quarter thanks to an increased demand for air gases in Poland and Finland, and a one-off sale in Russia.
- **Industrial Merchant** revenue was down **-5.6%** in 2020. The entire region was affected by the public health crisis starting in the 1st quarter, in particular Western and Southern Europe, but gas sales recovered rapidly, in particular cylinders sales which returned to levels similar to 2019 during the 2nd half of 2020. Sales to the Automotive, Metal Manufacturing, Materials, Energy, and Retail and Craftsmen sectors saw a return to growth in the 4th quarter. Momentum was good in Eastern Europe, in particular in the 4th quarter, with strong growth in gas volumes, notably in liquid form, in Poland, Russia and Turkey. Pricing impacts remained solid at +1.7% for 2020.
- **Healthcare** has been very involved in the fight against covid-19 and posted an improvement of **+9.7%** over 2020. Medical Gases sales remained high, in particular during the 4th quarter. The business line was also supported by exceptional ventilator sales at cost price and exceptionally strong demand for medical equipment due to the pandemic. Home Healthcare saw a return to a more dynamic growth during the 2nd half of the year, following the slowdown in new homecare installations during the 2nd quarter at the peak of the pandemic. This was notably driven by the contribution from new bolt-on acquisitions and the increase in the number of patients treated for diabetes at home in Scandinavia, Germany, and in the Iberian peninsula.

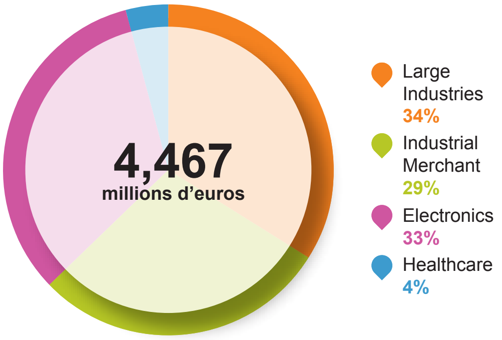
EUROPE

- Air Liquide announced a **40% stake acquisition in the capital of the French company H2V Normandy,** which aims to build a **large-scale electrolyzer complex of up to 200 MW for the production of renewable and low-carbon hydrogen** in France. This strategic investment demonstrates Air Liquide's long-term commitment to hydrogen energy and its ambition to be a major player in the supply of renewable and low-carbon hydrogen, in order to contribute to the decarbonization of the industry and mobility markets.
- Air Liquide announced an investment of **125 million euros** in July to build the first world-scale **Air Separation Unit (ASU)** for oxygen production with an **energy storage** system that helps facilitate more renewable energy on the electricity grid due to its grid stabilizing capability. **This highly efficient plant, with circa 10% less electricity consumption**, will have a production capacity of **2,200 tons of oxygen per day**, and will be built in Port of **Moerdijk** in the **Netherlands**. This project illustrates Air Liquide's strategy to grow in strategic industrial basins, and the Group's ability to design and implement innovative solutions contributing to the **energy transition**, in line with its **Climate Objectives**.

Asia Pacific

Revenue in Asia Pacific remained stable (**-0.1%**) in 2020 and stood at **4,467 million euros**, with all industrial activities displaying growth during the 4th quarter. China (+3.4%) contributed strongly to growth for the region thanks to a rapid recovery across all activities following the covid-19-related decline seen during the 1st quarter. The pick-up in business was slower in the rest of the region, impacted by the public health crisis. Large Industries (+0.2%) was driven by the strength of its business model and the ramp-up of a unit in South Korea. Industrial Merchant (-3.6%) remained sluggish, despite the strong recovery in sales in China during the 2nd half of the year. Electronics (+3.6%) momentum was excellent with growth exceeding +10% over the year excluding Equipment & Installation sales.

ASIA PACIFIC GAS & SERVICES 2020 REVENUE



- **Large Industries** sales were up slightly over the year (**+0.2%**), driven mainly by strong demand in oxygen for Steel and Chemicals in China in the 2nd half and the ramp-up of a hydrogen unit in South Korea. At the end of the year, oxygen volumes in China were higher than in 2019 but the recovery was slower in the rest of the region, in particular in Japan where volumes remained weak. In the 4th quarter, hydrogen and carbon monoxide sales were impacted by customer maintenance turnarounds in China. This was partially offset by strong demand for hydrogen for refining in Singapore.
- **Industrial Merchant** revenue was down **-3.6%** over the year, due to the impact of the covid-19 pandemic. The region saw a return to growth during the 4th quarter. This was driven by China which posted a strong sales increase of +9.9% over the quarter and of +3.6% for the year, with a marked increase in cylinder gas sales and gas produced on site in particular. Momentum across the rest of the region remained slower due to the public health crisis, in particular in Japan and Singapore, but has seen a sequential improvement during the second half of the year. Sales were up in the Research, Metal Manufacturing, and Retail & Craftsmen markets in the region and pricing impacts were stable across the year.
- **Electronics** sales for 2020, which were up **+3.6%**, posted marked growth of **+10.7%** excluding Equipment & Installation sales, which had been particularly high during the 1st half of 2019. This growth was driven by Advanced Materials and Carrier Gases with, in particular, the ramp-up of an Advanced Materials supply contract in South Korea and of several Carrier Gases production plants in China, Japan, Taiwan and Singapore.

ASIA PACIFIC

- **Air Liquide and BASF have signed a contract in South Korea's Yeosu** National Industrial Complex to extend the term of their existing agreements over the long term. Within this context, Air Liquide leveraged the start-up in 2020 of its fourth hydrogen and carbon monoxide unit in this major industrial complex to increase by 20% the contractual volumes dedicated to BASF.

Middle East & Africa

Revenue in the Middle East & Africa reached **564 million euros**, down **-2.6%** over 2020. Following a customer turnaround at a large hydrogen production unit at the beginning of the year, Large Industries sales were up during the 2nd half of the year, in particular in Saudi Arabia, Egypt and South Africa. Industrial Merchant revenue, which was strongly hit by the covid-19 crisis during the 2nd quarter, recovered during the 3rd quarter and saw a return to growth during the 4th quarter driven by good momentum in India and Egypt. Africa remained sluggish. Healthcare is committed to the fight against covid-19 and posted strong growth across the region.

Engineering & Construction

Consolidated Engineering & Construction revenue stood at **250 million euros** for 2020, supported by a substantial +24% increase in the 4th quarter driven by the sale of technology licenses and the progress of major third-party projects. Third-party customer sales were down -23% over the year, reflecting the slowdown due to the public health crisis and the allocation of resources to internal projects in Large Industries and Electronics. Total sales, which includes intra-group sales, saw a more moderate decline of -9% for the year.

Order intake for the 4th quarter increased markedly and reached **820 million euros** in 2020, an amount comparable to 2019. This confirms the efforts made by the sales teams and the postponement until the end of the year of certain projects due to the public health crisis. More than half of orders are for projects in Asia. These mainly relate to Air Separation Units and ultra-pure nitrogen production units, with orders for the Group very slightly exceeding those for third-party customers.

Global Markets & Technologies

Global Markets & Technologies revenue for 2020 reached **579 million euros**, representing growth of **+6.0%** during a period marked by the public health crisis. The biogas activity was strong, with the start-up and ramp-up of production units in the United States and markedly higher biomethane sales for transport in Europe. Technology equipment sales were stable for 2020 as a whole, despite being affected by the public health crisis during the 2nd quarter.

Order intake for Group projects and third-party customers totaled **598 million euros**, representing a dynamic increase of +14.3%. They included in particular major contracts for helium cryogenic refrigerators, Turbo-Brayton LNG reliquefaction units and, in the 4th quarter, hydrogen stations for China and South Korea.

GLOBAL MARKETS & TECHNOLOGIES

- One of the leading retailers in the United Kingdom, ASDA, has contracted Air Liquide to **install and operate six biomethane (BioNGV) distribution stations to refuel trucks** on its sites. Alongside other investments to increase Air Liquide's production and distribution capacities, this major contract marks a significant acceleration in the Group's development of its biomethane activity in the UK.
- Air Liquide announced the construction of its **first two biomethane production units in Italy**, recycling organic material from agricultural and livestock activities to convert it into biomethane, a renewable energy source. These investments to support the **circular economy** are in line with Air Liquide's **Climate Objectives**, and contribute to the **development of a low carbon society**.

OPERATING INCOME RECURRING

Operating income recurring before depreciation and amortization totaled **5,928 million euros**, stable (**-0.1%**) compared with 2019. **Personnel costs** were down -3.9% and -1.3% excluding currency and scope impacts, mainly due to workforce reduction in mature economies, in particular at Airgas. **Purchases** were down markedly by -11.7%, thanks to energy purchases, which benefited notably from a decrease in market prices, and purchases of other raw materials and equipments such as hardgoods. **Other operating expenses and income** were down -8.9% and included a steep reduction in subcontracting costs and travel expenses. Operating costs relating to the covid-19 pandemic and in particular idle-capacity costs, are included in operating expenses. **Depreciation and amortization** reached **2,138 million euros**, stable compared with 2019, with scope effects, contract renewals, the end of the depreciation and amortization of certain assets, and currency effects offsetting the start-up of new units in 2020.

The Group's **operating income recurring (OIR)** amounted to **3,790 million euros** in 2020, stable as published (**-0.1%**) but up **+3.6%** on a comparable basis versus 2019. The **operating margin (OIR to revenue)** stood at **18.5%**, marking a strong improvement of **+120 basis points** compared with 2019 and of **+80 basis points excluding the energy impact**. Ongoing efficiency programs and the exceptional cost containment plan launched by the Group in response to the covid-19 crisis contributed significantly to performance improvement despite a decline in business. The exceptional cost containment plan is estimated to contribute around **+20 basis points** out of the +80 basis points of margin improvement.

Efficiencies [(a)] reached **441 million euros** for 2020. They increased slightly by +1.8% compared with 2019, despite the decline in volumes due to the public health crisis, and largely exceeded the annual objective which had been set at more than 400 million euros. These efficiencies represent cost savings of 2.8%. **Industrial efficiencies** accounted for close to 50%, supported by investment in efficiency projects, notably the **optimization of the supply chain** in Industrial Merchant, and **energy efficiencies** in Large Industries. The implementation of **digital tools** aimed at the Group's **transformation** continued, with the acceleration of the roll-out of remote operation centers for Large Industries production units (Smart Innovative Operations, SIO), new optimization tools for delivery routes in Industrial Merchant (Integrated Bulk Operations, IBO), and the introduction of a remote patient monitoring platform in Healthcare.

Moreover, exceptional cost reductions under the public health crisis response plan were due to the low level of activity and **are not, due to their nature, sustainable in the long-term**.

Portfolio and pricing management also contributed to margin improvement.

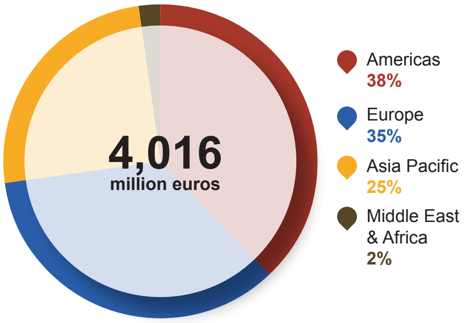
EFFICIENCIES

- Air Liquide is deploying at a global scale its **bulk gases supply chain digitalization program**, IBO (Integrated Bulk Operations). Digital technology enables the improvement of operational performance and in particular a reduction in the carbon footprint, in line with the Group's Climate Objectives. The deployment of IBO in its Industrial Merchant business line will further accelerate **Air Liquide's digital transformation** for an always better customer experience.

(a) *See definition in Appendix.*

Gas & Services

GAS & SERVICES 2020 OPERATING INCOME RECURRING



Gas & Services operating income recurring totaled **4,016 million euros**, down just -0.3% as published compared with 2019, but up **+3.1%** on a comparable basis, despite the decline in activity due to the public health crisis. The operating margin as published stood at **20.4%**, an improvement of **+130 basis points** compared with 2019, and of **+90 basis points excluding the energy impact**.

Selling prices were up +1.3% in 2020, driven mainly by Industrial Merchant where prices were up markedly (+2.6%) due in particular to pricing campaigns launched at the beginning of the year, in particular in the United States, coupled with contributions from helium, notably over the first three quarters.

Gas & Services Operating margin [(a)]	FY 2019	FY 2020	FY 2020 excluding energy impact	2020/2019 excluding energy impact
Americas	18.2%	19.6%	19.4%	+120 bps
Europe	20.0%	20.6%	19.9%	-10 bps
Asia Pacific	19.8%	22.0%	21.6%	+180 bps
Middle East & Africa	17.9%	16.9%	16.7%	-120 bps
TOTAL	**19.1%**	**20.4%**	**20.0%**	**+90 bps**

(a) Operating income recurring/revenue as published.

Operating income recurring for the **Americas** region reached **1,530 million euros** in 2020, stable compared with 2019 (**-0.4%**). Excluding the energy impact, the operating margin stood at **19.4%**, marking a significant increase of **+120 basis points** compared with 2019. The exceptional cost-cutting plan launched in response to the public health crisis was implemented rapidly and efficiently across the region, in particular at Airgas. This was in addition to the good performance of the efficiencies plan across all business lines (and more specifically in Industrial Merchant), strong price management with increases applied at the beginning of the year, as well as favorable mix effects. The combination of these effects were reflected in the marked increase in margins for the region, driven notably by the performance of Airgas.

Operating income recurring for **Europe** reached **1,405 million euros**, a slight decrease of **-1.8%** compared with 2019. Excluding the energy impact, the operating margin was **19.9%**, down just **-10 basis points.** The improvement in the Healthcare operating margin, due to volume effects, efficiencies generated and pricing impacts which were stable over the year, did not fully offset the impact of the slowdown on other businesses, and in particular on Large Industries which has the highest margin level. Moreover, the load rates of Large Industries production units, which were high in 2019, were impacted by irregular and slower customer demand which generated additional costs. Industrial Merchant's operating margin proved resilient thanks to efficiency efforts, exceptional costs reduction plan, and price management.

Operating income recurring for **Asia Pacific** totaled **985 million euros**, an increase of **+3.6%**. The operating margin was **21.6%** excluding the energy impact, up by a significant **+180 basis points**. Structural efficiency and exceptional cost containment measures made a major contribution to improving the margin. Moreover, in Electronics, the mix effect had a significant positive impact on the operating margin thanks to the excellent growth momentum of Carrier Gases and Advanced Materials sales, whereas Equipment & Installation sales were weaker. Finally, the Group's active business portfolio management, which included the disposal of the Fujian Shenyuan units in 2019 and the reduction or disposal of the Group's stakes in several distributors in Japan, also contributed to this improvement.

Operating income recurring for the **Middle East & Africa** was **95 million euros**, down **-12.9%** compared with 2019. Excluding the energy impact, the operating margin totaled **16.7%**, down **-120 basis points** as a result of the major decline in activity across the region due to the public health crisis, notably in Industrial Merchant in Africa, that cost reduction measures could not compensate for.

OPERATING PERFORMANCE – DIVESTITURES

- Air Liquide **closed in mid-August the divestiture of its subsidiary Schülke & Mayr GmbH,** a global leader in infection prevention and hygiene, to global investment firm EQT. This sale illustrates Air Liquide's strategy to review its business portfolio regularly and to focus on its core gases and healthcare businesses, thereby enhancing Air Liquide's performance.
- Air Liquide announced in early August the **divestment of its subsidiary CryoPDP** that has more than 250 employees in 12 countries to French private equity firm Hivest Capital Partners. CryoPDP provides global innovative temperature-controlled logistics solutions to the Clinical Research and Cell & Gene Therapy Communities.
- **Air Liquide closed the divestiture of Czech Republic and Slovakia entities to Messer** early-May.

Engineering & Construction

Operating income recurring for **Engineering & Construction** was **12.8 million euros** in 2020. The operating margin stood at **5.1%**, with a marked improvement during the 2nd half of the year due to the pick-up in business and an exceptional allowance relating to the relocation of a production site in China.

Global Markets & Technologies

Operating income recurring for **Global Markets & Technologies** amounted to **78 million euros** with an operating margin of **13.5%** for 2020, representing a **+130 basis point** increase compared with 2019.

Corporate Costs and Research & Development

Corporate costs and Research & Development expenses, which increased slightly despite the public health context, stood at **317 million euros**, up +2.1% compared with 2019.

NET PROFIT

Other operating income and expenses showed a net balance of **-140 million euros**. They notably included costs relating to the realignment plans implemented in various countries and businesses and exceptional expenses of around 65 million euros associated with the management of the covid-19 public health crisis. They also included the capital gain on the disposal of the Schülke subsidiary during the 2nd half of the year. Moreover, some asset impairments were recorded on certain markets and geographies as part of the strategic review of the Group's asset portfolio, taking into account certain post-crisis strategic changes.

The **financial result** amounted to **-440 million euros**, due mainly to the **cost of net debt** which stood at **-353 million euros** (representing a decrease of -2.4% compared with 2019). This cost included the impact of the early redemption in December 2020 of bonds ("senior notes") issued by Airgas before its acquisition by Air Liquide. The average cost of net debt, excluding the early redemption of the Airgas senior notes, was **2.8%**, lower than in 2019 due notably to the decrease in US dollar and emerging market-denominated debt which carries a higher cost. Other financial income and expenses amounted to -87 million euros compared with -106 million euros in 2019.

Income tax expense stood at **678 million euros**, corresponding to an effective tax rate of **21.1%** in 2020, a marked exceptional decline, from 25.5% in 2019, due to the reduced tax rate on the capital gain on the disposal of Schülke.

The **share of profit of associates** amounted to **-4 million euros**. The share of **minority interests** in net profit reached **93 million euros**, representing a slight decline of -3.3% due to the slowdown of activity at subsidiaries with minority shareholders.

Despite the pandemic and the resulting decline in business, **net profit (Group share)** amounted to **2,435 million euros** in 2020, a significant increase of **+8.6%** as published and of **+11.2% excluding the currency impact**. **Recurring net profit** [(a)] **(Group share)** reached **2,341 million euros**, up **+1.5%** and **+4.4% excluding the currency impact**.

Net earnings per share at **5.16 euros**, were up significantly (**+8.5%**) compared with 2019, in line with the increase in net profit (Group share). The average number of outstanding shares used for the calculation of net earnings per share as of December 31, 2020 was **471,603,408**.

CHANGE IN THE NUMBER OF SHARES

	FY 2019	FY 2020
Average number of outstanding shares	**471,214,966**	**471,603,408**

DIVIDEND

At the Annual General Meeting on May 4, 2021, the payment of a dividend of **2.75 euros per share** will be proposed to shareholders for the fiscal year 2020. The proposed dividend is up **+1.9%** compared with prior year, in line with the recurring net profit growth. The total estimated pay-out taking into account share buybacks and cancellations would amount to **1,337 million euros**, representing a **pay-out ratio of 55%** of the published net profit. The ex-dividend date has been set for May 17, 2021 and the payment is scheduled for May 19, 2021. In addition, the Board of Directors has decided to allot again one free share for every 10 shares. This allotment is considered for June 2022.

(a) See definition and reconciliation in Appendix.

3. 2020 Cash Flow and Balance Sheet

(in millions of euros)	2019	2020
Cash flow from operating activities before changes in net working capital	**4,859**	**4,932**
Changes in working capital	(37)	364
Other cash items	(111)	(91)
Net cash flows from operating activities	**4,712**	**5,206**
Dividends	(1,237)	(1,387)
Purchase of property, plant and equipment and intangible assets, net of disposals [(a)]	(2,616)	(1,971)
Proceeds from issues of share capital	39	44
Purchase of treasury shares	(148)	(50)
Lease liabilities repayments and net interests paid on lease liabilities	(287)	(282)
Impact of exchange rate changes and net indebtedness of newly consolidated companies & restatement of net finance costs	(302)	203
Change in net debt	**162**	**1,764**
Net debt as of December 31	(12,373)	(10,609)
DEBT-TO-EQUITY RATIO AS OF DECEMBER 31	**64.0%**	**55.8%**

(a) *Including transactions with minority shareholders.*

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

Cash flow from operating activities before changes in net working capital totaled **4,932 million euros**, representing an increase of **+1.5%** despite a slowdown in activity due to the public health crisis, and once again underlining the resilience of the business model. This corresponds to a record high of **24.1% of sales**, a marked improvement of **+190 basis points** compared with 2019.

Working capital requirement (WCR) decreased significantly, by **364 million euros** compared with December 31, 2019. This was due to the slowdown in activity relating to the public health crisis, active inventory control (in particular for hardgoods), specific attention to debt recovery, and the grace period introduced by the US authorities during the pandemic for the payment of payroll taxes. The WCR excluding taxes to sales ratio improved to 2.3% from 4.4% in 2019.

Net cash flows from operating activities after changes in working capital requirement, amounted to 5,206 million euros, i.e., a marked increase of +10.5% compared with the end of 2019.

CAPITAL EXPENDITURE

(in millions of euros)	Industrial Investments	Financial Investments [(a)]	Total capital expenditures [(a)]
2016	2,259	12,180	14,439
2017	2,183	144	2,327
2018	2,249	131	2,380
2019	2,636	568	3,205
2020	**2,630**	**145**	**2,775**

(a) *Including transactions with minority shareholders.*

Gross capital expenditure totaled **2,775 million euros** in 2020, including transactions with minority shareholders.

Gross **industrial capital expenditure** reached **2,630 million euros** and was stable overall compared with 2019. This represented **12.8% of sales**, reflecting strong project developments despite the public health crisis. For Gas & Services, this expenditure totaled 2,416 million euros and its breakdown by region is presented in the table below.

	Gas & Services				
(in millions of euros)	Europe	Americas	Asia Pacific	Middle East & Africa	Total
2019	815	946	588	62	2,411
2020	**873**	**914**	**577**	**53**	**2,416**

Financial investments totaled **129 million euros** and compared with the high amount of 537 million euros in 2019 which included, in particular, the acquisition of Tech Air in the United States. A total of 23 acquisitions were completed in 2020.

Proceeds from sale of assets were exceptionally high in 2020 at **800 million euros** and underlined the Group's commitment to maintaining its active business portfolio management. These notably included the disposal of the Schülke and CryoPDP subsidiaries, as well as the disposal of businesses in Slovakia and the Czech Republic.

Net capital expenditure [(a)] amounted to **1,971 million euros.**

Over the past 3 years, 60% of the 14 billion euros cumulative cash flow were reinvested in the Group's activities, mainly through industrial investments but also acquisitions. Shareholder remuneration represented 30% of 2018-2020 cash flow use, and the remaining was allocated notably to manage working capital requirement or reduce net debt.

NET DEBT

Net debt at December 31, 2020 reached **10,609 million euros**. Despite the high level of investment, net debt was down significantly by 1,764 million euros compared with December 31, 2019 due to the increase in the Group's cash flow from operating activities, the decrease in working capital requirement, a favorable currency impact, and the disposal of Schülke. The **net debt-to-equity ratio** stood at **55.8%**, a marked decrease compared with the end of 2019 (64.0%) and a return to pre-Airgas acquisition levels.

ROCE

The **return on capital employed after tax (ROCE)** was **9.0%** in 2020. **Recurring ROCE** [(b)] stood at **8.6%**, stable compared with 2019 despite the decline in business due to the public health crisis.

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
2016	2.0	12.2	14.2
2017	2.4	0.2	2.6
2018	3.0	0.2	3.1
2019	3.2	0.6	3.7
2020	**3.0**	**0.1**	**3.2**

In 2020, **industrial and financial investment decisions** reached an exceptionally high level of **3,170 million euros**, despite the public health crisis. This comes after the record high of 3.7 billion euros in 2019, which included the acquisition of Tech Air in the United States for more than 300 million euros. Decisions for 2020 did not include the acquisition of the 16 Air Separation Units from Sasol in South Africa, as the deal has not yet been officially closed.

Industrial investment decisions were higher than **3.0 billion euros** for the second year in a row despite the challenging public health context. **Electronics** achieved a record level of investment, in particular thanks to the signing of new units for Advanced Materials in Singapore and for Carrier Gases in Taiwan, as well as decisions made during the 4th quarter in Japan and China. Business development was also strong in **Large Industries** with the signature of the takeover of sites in Kazakhstan and Russia, as well as new Air Separation Units in Russia, Poland and, during the 4th quarter, Germany. Investment decisions relating to the production of biogas for **Global Markets & Technologies** were also high, in particular in Italy and the United States. **More than 20%** of industrial decisions contribute to the **Climate objectives** and **13%** support margin improvement (**efficiencies**).

Financial investment decisions reached **148 million euros** in 2020 for more than twenty bolt-on acquisitions, in particular in Home Healthcare in Europe, Industrial Merchant in North America and China, and in Engineering & Construction in the United States. This compares with a high level of 580 million euros in 2019 which included the acquisition of Tech Air in the United States.

The **investment backlog** reached **3.1 billion euros** representing an increase of almost 300 million euros compared with the end of 2019. Large Industries projects for Chemicals customers represented the highest share of the backlog, the share of Electronics projects was at a record high, and the Oil and Gas market only represented around 10% of the total backlog. These investments should lead to a future contribution to annual sales of approximately **1.0 billion euros per year** after the full ramp-up of the units, an increase compared to 0.9 billion euros at the end of 2019.

(a) Including transactions with minority shareholders.
(b) See reconciliation in Appendix.

Start-ups

There were **20 major start-ups** during 2020. These notably included several **Electronics** units in Asia and new hydrogen production units for **Large Industries**, including one to supply the pipeline network of a major industrial basin in South Korea and another one to meet growing refining needs in Argentina. These also included biomethane production units in the United States and United Kingdom for **Global Markets & Technologies** and a nitrous oxide production unit for **Industrial Merchant** and **Healthcare** needs in the United States. In the 4th quarter, the Group has also started up the world's largest PEM (Proton Exchange Membrane) electrolyzer (20 megawatts), producing **renewable hydrogen** in Bécancour, Canada.

The **additional contribution** to sales of unit start-ups and ramp-ups totaled 191 million euros in 2020 despite the public health crisis, which was 11 million euros more than forecast in the 3rd quarter.

The additional contribution to 2021 sales of unit start-ups and ramp-ups should reach around **250 million euros**, with an additional contribution from the 16 units that are currently being acquired in South Africa representing an **estimated amount of around 100 million euros** for 2021, as Air Liquide will not initially be responsible for managing the energy. Sales should exceed 400 million euros per year during the second phase, when energy management will be fully integrated, without any significant impact on operating income.

INVESTMENT

- Air Liquide has now entered into a business purchase agreement with **Sasol** for Air Liquide to acquire the **largest oxygen production site in the world** located in Secunda, South Africa. In addition to the benefits this would bring in terms of safety, reliability and efficiency, the solution provided by Air Liquide would allow, in coordination with Sasol, **a targeted reduction of 30% to 40% in CO_2 emissions arising from the oxygen production by 2030**. The amount of the initial investment would be approximately 8.5 billion South African Rand (circa **440 million euros**).

Investment opportunities

The **12-month portfolio of investment opportunities** stood at **3.1 billion euros** at the end of December, with several new entries during the 4th quarter offsetting investment decisions and the removal from the portfolio of several projects that were either postponed beyond 12 months or awarded to the competition.

The type of opportunities has changed significantly and the **energy transition** represents **44%** of the portfolio, notably with low-carbon hydrogen production projects through electrolysis, as well as the capture and storage of carbon dioxide ("CCS") in **Large Industries**. These projects may, however, be subject to accessing subsidies. The share of **Electronics** projects is also up significantly compared with 2019.

Europe, where the majority of **energy transition** projects are based, has therefore become the leading region in the portfolio and has reached a record level with close to 40% of opportunities. This region is followed closely by **Asia** which represents more than one-third of the portfolio, driven by **Electronics** projects, followed by the Americas and the Middle East & Africa which have similar levels of opportunities.

2020 FINANCING

"A" category financial rating confirmed

Air Liquide is rated by two main rating agencies, Standard & Poor's and Moody's. The long-term rating **from Standard & Poor's is "A-" and from Moody's is "A3"**. These are in line with the Group's strategy. Moreover, the short-term ratings are "A2" for Standard & Poor's and "P2" for Moody's. Standard & Poor's confirmed its ratings on July 24, 2020 and maintained its positive outlook. Moody's confirmed its ratings on July 7, 2020 and maintained its stable outlook.

Diversifying and securing financial sources

As of December 31, 2020, Group financing through capital markets accounted for **93% of the Group's total debt**, for a **total amount of outstanding bonds of 11.3 billion euros** including all types of bonds, and 0.2 billion euros of commercial paper.

The total amount of credit facilities was stable at **3.6 billion euros**. The second one-year extension option was applied to this syndicated credit facility on November 6, 2020. The extension covers an unchanged amount of **2.5 billion euros** and now matures in December 2025. Since 2019, this facility includes an indexation mechanism between its financial costs and three of the Group's CSR targets in the areas of carbon intensity, gender diversity, and safety.

The amount of total debt maturing in the next 12 months is 2.2 billion euros, an increase of 0.4 billion euros compared with December 31, 2019.

2020 issues and redemptions

In March 2020, the Group issued a **five-year private placement** for an amount of **100 million euros**.

In March 2020, under its EMTN program, the Group issued a public bond in **two tranches of 500 million euros each**, **maturing in five and ten years**.

FINANCING

- On March 26, 2020, Air Liquide successfully launched a **€1 billion long term bond issuance.** Proceeds from this issuance allowed the Group to refinance its June 2020 bond maturities in advance and will secure financing to support long term profitable growth. This issue will be rated "A-" by Standard & Poor's and "A3" by Moody's.

In June 2020, two bond issues for a total amount of 500 million euros each were redeemed.

In December 2020, the last two bond issues held by Airgas, for 250 and 300 million US dollars (for a total equivalent of 448 million euros), were redeemed early. As of December 31, 2020, Airgas no longer held any bond debt.

At the end of 2020, outstanding bonds issued under the EMTN program amounted to 6.9 billion euros (nominal amount).

Net Debt by currency as of December 31, 2020

	December 31, 2019	December 31, 2020
Euro	45%	47%
US Dollar	40%	40%
Chinese renminbi	0%	0%
Japense Yen	2%	2%
Other	13%	11%
TOTAL	**100%**	**100%**

Investments are generally funded in the currency in which the cash flows are generated, creating a natural currency hedge. In 2020, net debt decreased in terms of volume for all of the main currencies. The share of the euro increased whereas that of the US dollar declined, following the redemption of the bond debt held by Airgas, and due to the currency impact (appreciation of the euro against the US dollar).

Centralization of cash and funding

Air Liquide Finance pools the cash balances of Group entities.

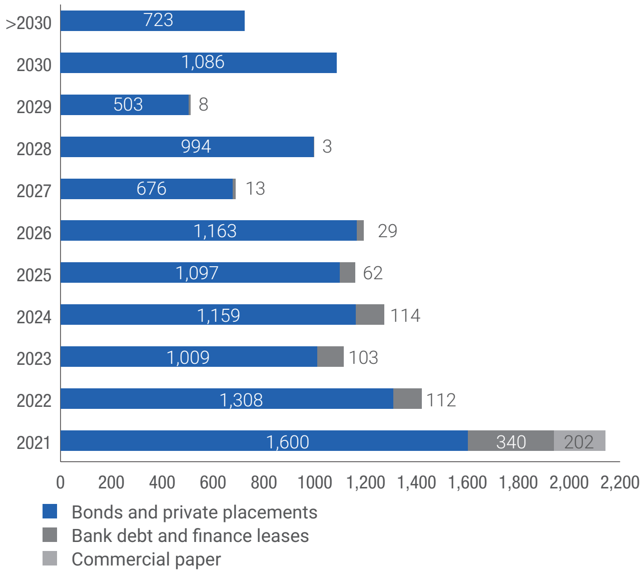
At December 31, 2020, Air Liquide Finance had granted to Group subsidiaries, directly or indirectly, the equivalent of 13.3 billion euros in loans and received 3.3 billion euros in excess cash as deposits from them. These transactions were denominated in 29 currencies (primarily the euro, US dollar, Japanese yen, Chinese renminbi and Singapore dollar). 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 **5.8 years** at December 31, 2020, a decrease compared to December 31, 2019. Thanks to the generation of net cash flow in 2020, bond issues reached maturity or were redeemed early in 2020 without the need for refinancing.

The following chart shows the Group's debt maturity schedule. The single largest annual maturity represents approximately 11% of total debt.

DEBT MATURITY SCHEDULE



Appendices

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:

- Group revenues Compound Annual Growth Rate (CAGR) 2016-2019;
- Currency, energy and significant scope impacts;
- Comparable sales change and comparable operating income recurring change;
- Operating margin and operating margin excluding energy;
- Operating income recurring before depreciation and amortization excluding IFRS 16 at 2015 exchange rate;
- Recurring net profit Group share;
- Recurring net profit excluding currency effect;
- Net Profit Excluding IFRS 16;
- Net Profit Recurring Excluding IFRS 16;
- 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.

Group revenues Compound Annual Growth Rate (CAGR) 2016-2019

(in millions of euros)	2016	2019	CAGR
(A) Group revenues	**18,135**	**21,920**	**+6.5%**
(B) Currency impact (2016)		(787)	
(A) – (B) = Group revenues excluding currency impact (2016)	**18,135**	**22,707**	**+7.8%**

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. For** 2020, the calculations are the following:

(in millions of euros)	FY 2020	FY 2020/2019 Published Growth	Currency impact	Natural gas impact	Electricity impact	Significant scope impact	FY 2020/2019 Comparable Growth
Revenue							
Group	20,485	-6.5%	(442)	(318)	(87)	(303)	-1.3%
Impacts in %			*-2.0%*	*-1.4%*	*-0.4%*	*-1.4%*	
Gas & Services	19,656	-6.6%	(434)	(318)	(87)	(303)	-1.2%
Impacts in %			*-2.1%*	*-1.5%*	*-0.4%*	*-1.4%*	
Operating Income Recurring							
Group	3,790	-0.1%	(98)	-	-	(40)	+3.6%
Impacts in %			*-2.6%*	-	-	*-1.1%*	
Gas & Services	4,016	-0.3%	(97)	-	-	(40)	+3.1%
Impacts in %			*-2.4%*	-	-	*-1.0%*	

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 energy corresponds to the operating income recurring, not affected by the indexation effect of electricity and natural gas, divided by revenue excluding the energy impact.

		FY 2020	Natural gas impact	Electricity impact	FY 2020, excluding energy impact
Revenue	Group	20,485	(314)	(88)	20,887
	Gas & Services	19,656	(314)	(88)	20,058
Operating Income Recurring	Group	3,790	-	-	3,790
	Gas & Services	4,016	-	-	4,016
Operating Margin	**Group**	**18.5%**			**18.1%**
	Gas & Services	**20.4%**			**20.0%**

Operating income recurring before depreciation and amortization excluding IFRS 16 at 2015 exchange rate

	2015	2020	2015/2020 change
(A) Operating income recurring before depreciation and amortization	**4,033**	**5,928**	
(B) Currency impact (2015)		(667)	
(C) IFRS 16 Impact [(a)]		279	
(A) – (B) – (C) = (D) EBITDA used for Carbon Intensity calculation	**4,033**	**6,315**	
(E) CO_2-equivalent emissions (Scopes 1 + 2) (in thousands of tons)	25,268	27,496	
Carbon Intensity (E) / (D)	**6.3**	**4.4**	**-30%**

(a) The IFRS 16 impact on operating income recurring before depreciation and amortization includes the neutralisation of rental expenses, which are then reintegrated into depreciation and amortisation and other financial expenses booked in relation to IFRS 16.

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 2019	FY 2020	2020/2019 Change
(A) Net Profit (Group share) – As Published	**2,241.5**	**2,435.1**	**+8.6%**
(B) Exceptional and significant transactions after-tax with no impact on OIR			
■ After-tax loss on the Fujian Shenyuan divestment	(65.9)		
■ Exceptional expenses linked to the management of the covid-19 pandemic		(48.6)	
■ Strategic review of asset portfolio		(300.3)	
■ Capital gain on Schülke divestiture		473.2	
■ Early reimbursement cost of Airgas senior notes		(30.3)	
(A) – (B) = Net Profit Recurring (Group share)	**2,307.4**	**2,341.1**	**+1.5%**
(C) Currency impact		(66.8)	
(A) – (B) – (C) = Net Profit Recurring (Group share) excluding currency impact		**2,407.9**	**+4.4%**

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

Net profit excluding IFRS 16

	FY 2019	FY 2020
(A) Net Profit as Published	**2,337.6**	**2,528.0**
(B) = IFRS 16 Impact [(a)]	(14.4)	(13.2)
(A) – (B) = Net Profit excluding IFRS 16	**2,352**	**2,541.2**

(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 2019	FY 2020
(A) Net Profit as Published	**2,337.6**	**2,528.0**
(B) Exceptional and significant transactions after-tax with no impact on OIR	(65.9)	94.0
(A) – (B) = Net Profit recurring	**2,403.5**	**2,434.0**
(C) IFRS 16 Impact [(a)]	(14.4)	(13.2)
(A) – (B) – (C) = Net Profit recurring excluding IFRS 16	**2,417.9**	**2,447.2**

(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 IFRS 16 – net finance costs after taxes for the period in question.

For the denominator: the average of (total shareholders' equity excluding IFRS 16 + net debt) at the end of the past three half-years.

(in millions of euros)		FY 2019 (a)	H1 2020 (b)	FY 2020 (c)	ROCE Calculation
Numerator (c)	Net Profit Excluding IFRS 16			2,541.2	2,541.2
	Net Finance costs			(352.8)	
	Effective Tax Rate [(a)]			26.5%	
	Net Finance costs after tax			(259.3)	(259.3)
	Net Profit – Net financial costs after tax			**2,800.5**	**2,800.5**
Denominator ((a)+(b)+(c))/3	Total Equity Excluding IFRS 16	19,338.8	18,777.5	19,032.2	19,049.5
	Net Debt	12,373.3	13,175.7	10,609.3	12,052.8
	Average of (total equity + net debt)	**31,712.1**	**31,953.2**	**29,641.5**	**31,102.3**
ROCE					**9.0%**

(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 2019 (a)	H1 2020 (b)	FY 2020 (c)	Recurring ROCE Calculation
Numerator (c)	Net Profit Recurring Excluding IFRS 16			2,447.2	2,447.2
	Net Finance costs			(352.8)	
	Effective Tax Rate [(a)]			26.5%	
	Net Finance costs after tax			(259.3)	
	Neutralizing Airgas "senior notes" from Net Finance Costs after tax [(b)]			(30.3)	
	Net Finance costs after tax excluding Airgas senior notes [(b)]			(229.0)	(229.0)
	Recurring Net Profit Excluding IFRS 16 – Net financial costs after tax excluding Airgas senior notes [(b)]			**2,676.2**	**2,676.2**
Denominator ((a)+(b)+(c))/3	Total Equity Excluding IFRS 16	19,338.8	18,777.5	19,032.2	19,049.5
	Net Debt	12,373.3	13,175.7	10,609.3	12,052.8
	Average of (total equity + net debt)	**31,712.1**	**31,953.2**	**29,641.5**	**31,102.3**
RECURRING ROCE					**8.6%**

(a) Excluding non-recurring tax impact.

(b) The impact of the reimbursement of Airgas senior notes is removed from Net Finance costs after tax as it is already excluded in the calculation of Net Profit Recurring in numerator.

5. Environment and society

The extra-financial indicators monitored as part of the NEOS company program 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.

5.1. CLIMATE

Air Liquide acknowledges the importance and urgency of climate issues. The Group's ambition is to participate in achieving the Paris Agreement, which sets a global framework designed to avoid dangerous climate change by limiting global warming to a level below 2°C.

To reach this ambition, Air Liquide published its Climate Objectives for 2025 in late November 2018. They represent a global approach acting on the Group's assets, customers and ecosystems. The three areas of action are described in detail below.

CLIMATE OBJECTIVES

TAKING ACTION OUR ASSETS

Committing to reduce the impact our production, distribution and service activities

TAKING ACTION WITH CUSTOMERS

Innovate to reduce our customers' greenhouse gas emissions, and work together for a cleaner industry

TAKING ACTION FOR OUR ECOSYSTEMS

Contribute to the growth of a low-carbon society by developing energy transition solutions to fight climate change

TAKING ACTION

OUR ASSETS

Reduce the carbon impact of our production, distribution and service activities

2025 Objective

30%

reduction in carbon intensity*

(i.e. 4.4) based on 2015 emissions (6.3)

In 2020, the Group's carbon intensity is 4.4 kg of CO_2-equivalent per euro of EBITDA, at the level of the target initially set for 2025, i.e. a reduction of more than 30% over the last 5 years.

Carbon intensity: a key monitoring indicator

Carbon intensity measures the relationship between CO_2-eq. generated and operating income recurring before depreciation and amortization.

Monitoring this metric ensures that any increase in emission occurring from company's growth is associated with an economic value creation at a sufficient level.

3 KEY DRIVERS

1 Increase purchase of renewable electricity

2025 OBJECTIVE +70%

2020 RESULTS

30% increase in renewable electricity purchase.

2 Improve the energy efficiency of production units

2025 OBJECTIVE +5%

2020 RESULTS

0.5% increase in energy efficiency of air gas units.

0.1% decrease in energy efficiency of hydrogen units.

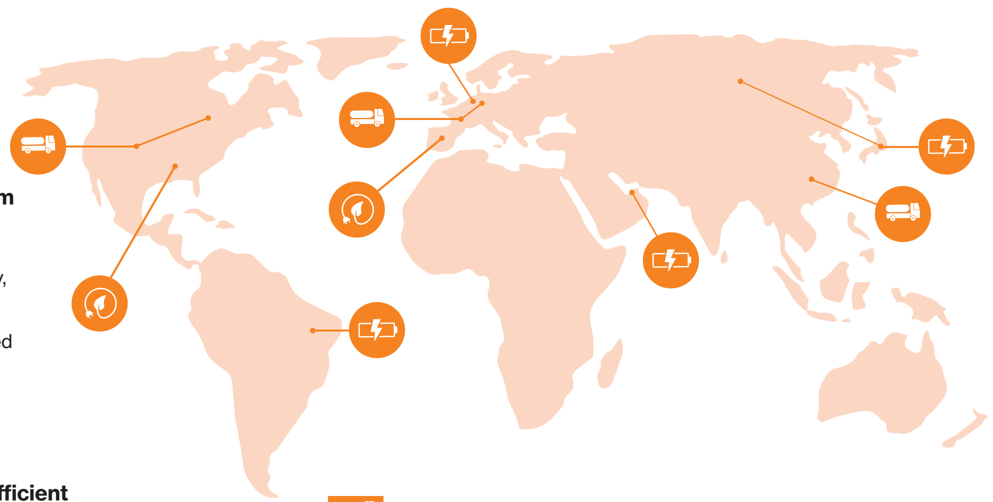
3 Reduce the carbon footprint of bulk and cylinder products

2025 OBJECTIVE -10%

2020 RESULTS

2.4% decrease in the distance travelled per ton of bulk products sold.

2020 EXAMPLES



Spain

Signature of a long-term renewable electricity purchase contract.

- Wind-generated electricity,
- Under development and operational in 2021,
- 250,000 tons of CO_2 saved over the contract lifetime.

Netherlands

Investment in a more efficient oxygen production unit, powered by more renewable energy.

- Adaptation to the intermittency of renewable energy in the power grid using the production unit energy storage capacity of 40 MWh,
- A reduction of around 10% in electricity consumption,
- A strategic location that reduces truck deliveries, by around 400,000 km/year.

Canada - United States - France - Germany - China

Continued roll-out of the liquid gas supply chain digitalisation program.

- 5 pilot projects around the world to improve industrial performance and reduce carbon footprint,
- Data collection enabling predictive analysis of customer, demand and streamlining supply and truck delivery routes.

* In kg of CO_2-equivalent/euro of operating income from recurring activities before depreciation and amortization and excluding IFRS 16 at 2015 exchange rates on scopes 1 and 2 of greenhouse gas emissions. (see reconciliation in appendices to Chapter 1, page 57)

A summary of the Group's greenhouse gas emissions are shown on page 343 of Chapter 5.
The carbon intensity data is shown on page 345.

TAKING ACTION WITH CUSTOMERS

Innovating with our customers for a low carbon industry

Avoided emissions

Air Liquide solution 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 its customers.

Solution 2: Reducing our customers' carbon footprint
Co-development of solutions reducing the carbon footprint of our customers' industrial processes (oxycombustion, CO_2 capture, storage and reuse).

2 KEY DRIVERS

1 Offering our customers low-carbon solutions, particularly via:

Outsourcing of customer processes
→ **Pools equipment.**

Installation of units directly at customer sites
→ **Avoids transportation.**

Use of lighter new-generation cylinders
→ **Reduces CO_2 emissions from transport.**

3.6 Mt due to the optimization of our assets.

2 Working with our customers to co-develop innovative processes to:

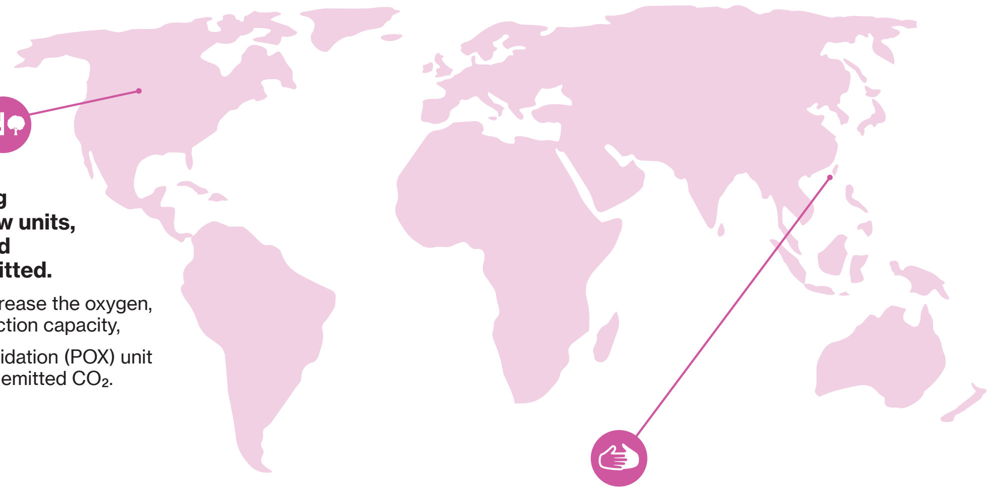
Capture the CO_2 they emit, enabling it to be recycled or permanently stored.

Reduces their energy consumption.

→ **Reduce the CO_2 emissions from their processes.**

11.2 Mt of CO_2 emissions avoided for our customers in 2020.

2020 EXAMPLES



United States

Air Liquide invests in Eastman Chemical to modernize its existing assets and build two new units, enabling the capture and recycling of the CO_2 emitted.

- $160 million invested to increase the oxygen, nitrogen and syngas production capacity,
- Construction of a partial oxidation (POX) unit for capturing and recycling emitted CO_2.

World

Reducing the carbon footprint of precast concrete with Solidia Technologies®.

- Industrialization of innovative Solidia Concrete™ which uses CO_2 to set and harden the concrete,
- Carbon footprint up to 70% lower than traditional concrete.

Taiwan

Investment to supply ultra high purity hydrogen and oxygen to two science parks in Taiwan.

- Production of low carbon hydrogen from renewable resources avoiding the emission of 20,000 tons CO_2-eq. per year.

TAKING ACTION FOR
OUR ECOSYSTEMS

Contributing to the emergence of a low-carbon society

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 dominated by renewable energies.

Air Liquide is a key player in the creation of a global hydrogen economy

The Group co-founded the Hydrogen Council, a unique worldwide initiative, whose ambition is to define a common goal for hydrogen as an accelerator of energy transition.

4 KEY DRIVERS

1 Promote hydrogen (H_2) for clean mobility by facilitating its production and distribution

Project carried out with the port of Rotterdam, Netherlands, enabling 1,000 zero emission hydrogen trucks in Netherlands, Belgium and West Germany by 2025

100,000 T reduction of CO_2 emissions per year.

2 Grow the circular economy via the development and diversification of biomethane

(-85% fine particles, -50% CO_2 and -50% noise compared to diesel)

1.3 TWh of annual installed biomethane production capacity.

3 Create a global hydrogen economy

109 companies involved

in the Hydrogen Council, co-founded by Air Liquide.

4 Use cryogenic expertise to offer our customers efficient solutions

~20 Turbo-Brayton cryogenic systems delivered

provides a means for reliquefying natural gas emissions from ships.

2020 EXAMPLES

Canada

Air Liquide is investing in the world's largest membrane electrolysis unit for production of decarbonated hydrogen.

- This PEM (Proton Exchange Membrane) electrolyser with a capacity of 20 MW will produce hydrogen for industry and mobility,
- This installation will avoid the emission of nearly 27,000 tons of CO_2 per year.

United Kingdom

Air Liquide steps up its biomethane activities with a major contract with ASDA (mass distribution).

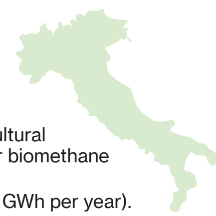
- Air Liquide will provide bio-NGV (Natural Gas for Vehicles) for 300 new trucks that are to enter circulation,
- Installation of biomethane stations at 6 of ASDA's 15 sites.

China

Air Liquide partners with Houpu to develop hydrogen distribution infrastructure.

- Creation of a joint venture to develop, manufacture and market hydrogen filling stations,
- A project to promote the establishment of hydrogen station distribution network in China.

Italy



Air Liquid launches its biomethane business in Italy.

- Signature for the installation of two production units for recovering agricultural and animal waste from local farms for biomethane production,
- Will fuel up to 100 trucks per day (50 GWh per year).

Air Liquide believes the major challenges of our society can be overcome. This is why Air Liquide has become an active member of the TCFD (Task Force for Climate-related Financial Disclosures), a working group which brings together institutional investors, audit firms and listed companies whose aim is to formulate recommendations on information to be provided, on a voluntary basis, relating to the financial risks associated with changes to the climate. **Air Liquide has also declared its support for the TCFD.**

The Sustainability Accounting Oversight Board (SASB) is a non-profit organization created in 2011, producing sustainable development reporting standards by industry sector. The SASB takes five elements into account when establishing its standards: environment; social capital; human capital; innovation and economic model; and leadership and governance.

Cross-reference tables are available in Chapter 5 pages 320 and 321 of the present Universal Registration Document which show the relationships between the recommendations and the Air Liquide various initiatives and actions.

5.2. DIVERSITY

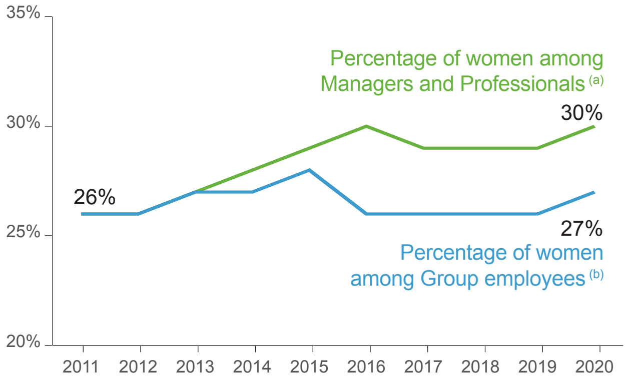
In 2020, Air Liquide employed 64,445 women and men of more than 150 nationalities in 78 countries.

At group level, the objectives are to increase diversity within the managerial population to strengthen the balance between men and women and representation of younger generations. To this end, quantified objectives have been set under the neos company program.

Gender diversity

2025 Goals		2020 Results	
35%	of women among Group managers and professionals.	30%	of women among Group managers and professionals.

PROPORTION OF WOMEN AMONG MANAGERS AND PROFESSIONALS



(a) Including Airgas since 2017.
(b) Including Airgas since 2016.

The Group has set a number of ambitious gender goals, which aim to reach:

- 35% women at "Managers and professionals" level, by 2025. These objectives are in line with the results obtained over the last ten years, which have seen an increase from 26% to 30% in the proportion of women at "Managers and professionals" level within the Group;
- 25% women at the highest level of responsibility (executive positions) by 2025.

The ambitious objectives set for gender equality at "Managers and Professionals" and "Senior Executive" level, along with maintenance of the gender equality target among the Group's "high flyers" also aims, by developing female talents towards upper management levels, to build a pool of talents which will ensure a balanced representation of men and women within the Executive Committee.

In 2020, women represented 43% of employees considered as high flyers, this level has been increasing regularly for a number of years and must be maintained. The Executive Committee includes five women among its fourteen members. Three of these were appointed in 2019, having previously held executive positions within the Group. Six women are currently members of the Board of Directors of L'Air Liquide S.A., out of a total of eleven members appointed by the General Meeting.

In a more general sense, and taking into consideration those with the highest levels of responsibility across the whole Group, women occupy 20% of the "Top 100" positions, and 21% of all positions described as "Executive" beyond the targets set by the Board of Directors for 2020. This percentage has increased from 19% to 21% in the last three years.

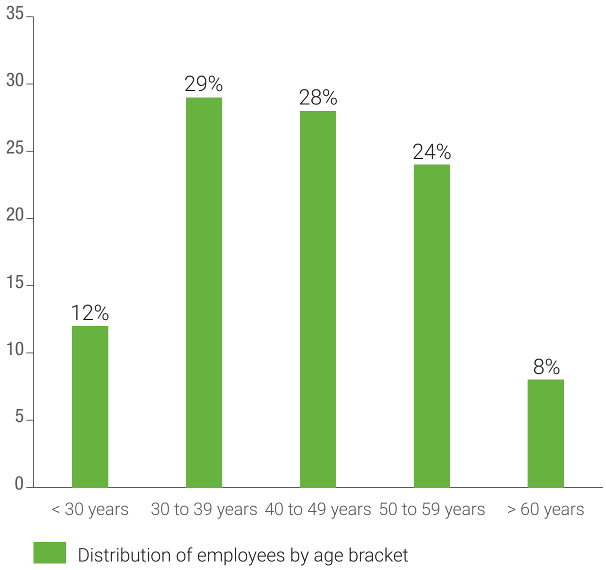
The 10% of positions with the highest responsibility within the Company have a proportion of 27% women, these women having an average age of 51.8 years and a median age of 52.4 years, i.e. respectively 2.4 and 2.8 years less than the average age (54.2 years) and median age (55.2 years) of men. This difference shows the results of the policy intended to promote women to top levels of responsibility and to do so earlier in their careers, and thus eliminate career-development differences which may appear without deliberate and specific action.

Age

2025 Targets		2020 Results	
33%	young graduates among manager and professional hires.	22% (a)	young graduates among manager and professional hires.

(a) Indicator calculated annually.

AGE PYRAMID 2020



The Group is committed to better qualifications and vocational training for young people in order to help them integrate into the business world.

The Group encourages internship and apprenticeship contracts. In France, 533 young people have benefited from work-study contracts and 345 obtained an internship, enabling them to combine theoretical education at their university or school with a practical internship at Air Liquide.

International exchange programs are in place to attract and develop young talents: ALLEX programs for executives and EVE for technicians (those programs include more than 550 people since they were first created). These programs were all maintained in 2020.

Meanwhile, senior employees will represent an increasing share of Air Liquide employees over the coming years. Their contribution to mentoring programs (particularly within the context of the "Technical Community Leaders" program), and to training intended for a younger workforce, will be further promoted.

6. Innovation: contributing to sustainable growth

The **Group's Innovation expenses** amounted to **303 million euros in 2020.** Innovation expenses correspond to the OECD definition, namely research and development, market launch and marketing expenses for new offerings and products.

This amount, **which has increased steadily over 10 years**, illustrates the Group's commitment to develop and maintain a broad and balanced portfolio of innovations, enhancing its **operational excellence** and **sustainable growth**. These innovations, which are co-developed with the ecosystems, meet the customers' and patients' needs and usages and contribute to major societal challenges. Likewise, by applying the OECD's definition, **4,300 employees** work within entities dedicated to innovation or which contribute to innovation by developing and launching new offers and products.

Patented inventions contribute to the Group's competitiveness and differentiation of its offers, and illustrate its capacity for technological innovations. **347 new inventions** were protected in 2020. Air Liquide has a portfolio of 3,436 inventions protected by at least one patent. The Air Liquide portfolio is made up of 11,234 patents**,** the largest in its industry.

303 million euros
including 100 million dedicated to energy transition

347
new patents

4,300 employees
contributing to innovation

2020 figures

6.1. OUR INNOVATIONS FOR THE BENEFIT OF SOCIETY

The Group's innovations are in line with major mega-trends representing promising areas of development while responding to the challenges of the Group's customers and patients, which were confirmed in 2020 during the covid-19 crisis: the energy and climate transition, changes in healthcare, digital, development of deep tech, whether in electronics, extreme cryogenics or space exploration.

Digital to contribute to the Group's operational performance

Digital is now part of all new offers and is also at the heart of all **efficiency initiatives,** as it allows more efficient processes, a better Customer and User experience and a greater efficiency to enhance operational excellence. Innovation supports **revenue growth** through the development and the launch of new offers, both in traditional and future markets. It is also a **resilience factor** for the Group.

ENERGY TRANSITION

100 million euros of innovation expenses dedicated to the energy transition [(a)]

590 million euros of investments in biomethane and hydrogen [(b)]

Biomethane serving the circular economy: providing energy by recovering waste

Through its technologies and skills along the whole biomethane value chain, Air Liquide purifies biogas from the fermentation of organic and agricultural wastes to obtain biomethane. It is then injected into the domestic grid or liquefied for transportation, storage and distribution as a clean alternative fuel or as industrial fuel. In 2020, new developments were launched in **Italy,** in **the UK,** in **Norway** and in **the United States,** where the existing production units also ramped up. Air Liquide has 20 biomethane production units around the world with an annual production capacity of **1.3 TWh.**

- **250,000 tons of CO_2** avoided over the last 3 years

Hydrogen and CO_2 at the core of an integrated industrial scheme

The new-generation **SMR-X** hydrogen production unit commissioned in 2020 on the **Covestro site,** a long-standing customer and world leader in the production of high-tech polymeric materials at Antwerp in **Belgium,** produces hydrogen without excess steam. These proprietary technologies increase energy efficiency and reduce the carbon footprint. Impact: the overall consumption of natural gas to produce hydrogen and CO_2 emissions are reduced by about 5% compared to a traditional SMR. Moreover, some of the CO_2 generated during the production process is captured by Covestro and used as a raw material in its own production process.

- **-5% CO_2 emissions** compared to a traditional SMR

Renewable hydrogen thanks to the largest electrolyzer in the world

In 2020, the Group built and started up at Bécancour in **Canada, the largest PEM (Proton Exchange Membrane) electrolyzer in the world**, with a capacity of 20 megawatts, allowing it to produce 8.2 tons a day of low-carbon hydrogen on an industrial scale, for the industrial and mobility markets of North America. This will allow to fuel 2,000 hydrogen cars per day. This electrolyzer, the **first to be incorporated on an Air Liquide industrial production site,** uses technology from the Canadian company Hydrogenics, expert in hydrogen production, by water electrolysis and fuel cells. Air Liquide took a minority share in the company's capital in 2019, alongside the Cummins Group, the major shareholder. The Group already uses Hydrogenics' equipment in the **HyBalance** project in **Denmark.**

- **27,000 tons of CO_2 per year avoided,** equivalent to the annual emissions from 10,000 cars
- **Zero noise and zero particle emissions**

(a) Technologies to reduce the CO_2 emissions of the Group and its clients: improvements in the energy efficiency of production units, use of oxygen and hydrogen to reduce carbon footprint, carbon capture and storage of CO_2, biomethane and hydrogen energy.
(b) Cumulative capital expenditures for the 2014-2020 period in biomethane and in hydrogen mobility, beyond Innovation expenses.

Saving energy by recovering the cooling capacity of cryogenic gases

To help its customers reduce their carbon footprint, Air Liquide has developed an **energy-saving equipment** which reuses the cooling capacity of gases. **The circular approach of the Eco Chiller system** is mainly used by customers in the food industries, electronics, water treatment and combustion, who need cryogenic gases, such as CO_2, oxygen or nitrogen, but also a cooling system for their industrial processes. Eco Chiller recovers the cooling capacity of the gases to cool hot water flows and thus avoids the need to install an additional energy-consuming cooling system.

125,000 kW/h avoided per year with an Eco Chiller supplying nitrogen

Hydrogen to produce low-carbon steel

The **first hydrogen injection tests** for steel production have been successfully completed in 2020 in a **thyssenkrupp Steel** blast furnace on the Duisburg site, in **Germany.** For the first time, hydrogen replaced a part of the pulverized coal used in the blast furnace for steel production. Transferred to all blast furnaces on this thyssenkrupp's site, this innovative process will enable to reduce CO_2 from the production processes by 20%.

Ambition: -20% CO_2 emissions from the production process

Producing oxygen by adapting to the intermittency of renewable energy sources

The future large-scale air separation unit (2,000 tons of oxygen per day) of the Group, in the port of Moerdijk in the **Netherlands,** will include an energy storage system which helps to stabilize the electric grid and allow to increase the quantity of renewable energy used. In 2022, this highly-powerful ASU will incorporate the proprietary Alive™ solution, an innovation which will allow to **store/unstore** 25 MWh in the first instance, and then 40 MWh (which corresponds to the daily consumption by 4,000 households). While ensuring continuity of production for customers, this flexible system will adapt to the intermittency of **renewable energies**, thus allowing an increase in the quantity of wind and solar power on the grid.

Ambition: reduction in electricity consumption of 10% through renewables

Simultaneously producing high-purity low-carbon oxygen and hydrogen

The investment of nearly 200 million euros in the scientific parks of Tainan and Hsinchu in Taiwan to support a **leader of the semiconductor market** on the long term, will include a number of breakthrough innovations. To produce **ultra-pure hydrogen and oxygen** from 2021, Air Liquide will integrate large-size ALCALIN electrolyzers (among the biggest in the world) to convert water into ultra-pure hydrogen at a rate of 5,000 Nm^3/hour. The production site will also be the **first of its kind to recover hydrogen and oxygen** from water electrolysis. The hydrogen will be guaranteed to be low-carbon, the electrolyzers being partly powered by renewable energies. Ultra-pure nitrogen, oxygen and hydrogen are essential to support the development of some of the world's most advanced logical integrated circuits intended to improve speed and reliability of digital connections of IT infrastructures and 5G.

Ambition: avoid 20,000 tons of CO_2 emissions per year

Capturing CO_2 from industrial ports and storing it under the North Sea

Air Liquide is a stakeholder in **CO_2 capture and storage projects for the ports of Antwerp and Rotterdam.** The joint projects carried out with Equinor, Shell and Total as part of the *Northern Lights* project is based on the development of offshore storage of CO_2 on the Norwegian continental plate which could become the first storage site in the world to receive CO_2 from the industrial sources of a number of European countries. Supported by European subsidies, the *Antwerp@C* project, made up of seven leading companies (Air Liquide, BASF, Borealis, ExxonMobil, INEOS, Fluxys, Port of Antwerp and Total) aims to carry out of technical and economic studies on the **cross-border transportation infrastructures for CO_2** to reduce emissions from the port of Antwerp by half: create a liquid CO_2 export terminal and a CO_2 pipeline in the port of Antwerp to the Netherlands. Air Liquide is working in particular on liquefaction with the production of a CO_2 liquefier, producing 4,000 tons per day, in order to consider transportation of CO_2, either by boat in liquid form to a natural reservoir at sea, or by pipeline in gas form.

Ambition: reduce CO_2 emissions by half from the port of Antwerp to 2030
(i.e. more than 9 million tons of GHG avoided)

The first high-pressure hydrogen station for long-distance trucks in Europe

To fuel the first **European fleet of long-distance hydrogen trucks,** Air Liquide is developing the first high-pressure low-carbon hydrogen station in Europe. This high-capacity hydrogen station (1 ton/day, at 700 bar) will be located on an Air Liquide site at Fos-sur-Mer in France. It will enable up to 20 refuelings per day of long-distance trucks with low-carbon hydrogen for up to 800 km of autonomy. The station will be built in the framework of the HyAMMED project which brings together industrial companies, carriers and large retailers such as Carrefour, Coca-Cola European Partners and Monoprix, to facilitate the transition to clean and sustainable solutions in transportation of goods. The station will be commissioned early 2022.

Ambition: reduce CO_2 emissions by more than 1,500 tons per year
(equivalent of more than 2 million kilometers traveled by truck)

Water enriched with hydrogen to reduce pesticides

In the continuity of the partnership formed with Professor Sheng of the Nanjing Agricultural University in China, the R&D teams are working on a new offer based on **hydrogen rich water** to reduce the use of pesticides in **vegetable greenhouses.** The Innovation Campus Shanghai teams have shown a real impact on strawberries and tomatoes in terms of yield and quality. The Innovation Campus Delaware teams explore, with the Hutson School of Agriculture in the US, the relevance of its use to treat and preserve **cut flowers:** hydrogen rich water would extend the life of the flowers by 10 to 40%, depending on the flower type.

Ambition: reduce inputs in agriculture

HEALTH

A new innovative medical oxygen cylinder

Air Liquide has launched its **new medical oxygen cylinder,** which brings ergonomic innovations to healthcare staff. More compact, this cylinder is more intuitive to use, and is central to the new mobile Air Liquide oxygen therapy offer. The pilot launch of OYAN™ took place in Germany and France at healthcare facilities and Departmental Fire and Rescue Services which use them for transporting patients.

3,000 cylinders manufactured

The Air Liquide Healthcare offer in telemedicine: Chronic Care Connect

In 2020, Air Liquide continued to deploy its medical remote offer **Chronic Care Connect Cardiac,** as part of the ETAPES experimentation program, for patients with heart failure. It brings together a medical decision support software platform which uses clinical remote medical data processed by predictive algorithms, with a monitoring center in which nurses check the relevance of the alerts generated. The aim of Chronic Care Connect is to improve the quality of patient care, to reduce unplanned hospital readmissions and the associated costs by optimizing care after hospitalization.

A reduction of 21% in the risk of first hospitalization [a]

A digital Healthcare platform for more personalized services

To meet its ambition of being a key actor in health transformation, Air Liquide is building a digital platform that will offer more personalized services with a higher medical value. Ultimately, it will allow **all those involved in medical treatment to better connect,** to optimize operations and to **maximize patient and prescriber satisfaction,** to facilitate and more closely **personalize the patient's treatment through new data-based solutions.** This solution is subject to CE marking and complies with the regulations applying to personal data and health.

Ambition: 100% of at-home patients in 30 countries on the new digital platform

(a) *OSICAT (Optimisation de la Surveillance ambulatoire des Insuffisants Cardiaques par Télécardiologie) Clinical Trial, issued in 2020, including 990 cardiac patients in France, on the risk of first hospitalization. Although the primary endpoint is not reached, the results show a 21% reduction in the risk of occurrence of the first hospitalization for heart failure.*

An adjuvant to enhance vaccines efficiency

Sepivac SWE™, an **adjuvant** industrialized by Seppic with the objective to enter into the **manufacture of innovative vaccines** to fight seasonal and pandemic influenza, is currently available to the scientific community for integration into **preclinical and clinical trial programs for covid-19 vaccines.** Developed in partnership with the Vaccine Formulation Institute (VFI), a non-profit organization from the WHO, Sepivac SWE™ is presented in the form of an **oil-in-water micro-emulsion,** a proven technology that **increases the efficiency of the vaccine,** by stimulating and directing the immune response. This new adjuvant is being marketed to laboratories on an open access basis, without a license agreement, to make it widely available for use in the fight against covid-19. Seppic has been producing it since April 2020 for preclinical research programs and since July for human clinical trials. In particular, it is integrated in the **VIDO** (Vaccine and Infectious Disease Organization)-COVAC-2 **clinical study** in Canada for the covid-19 Bio-pharma vaccine, which phase I was launched early 2021.

Ambition: manufacture innovative vaccines to fight influenza

DIGITAL

Data at the heart of remote centers

With seven remote operational centers around the world, Air Liquide is continuing the deployment of its global **Smart & Innovative Operations (SIO)** program which relies on data analysis to improve the **reliability** of oxygen, nitrogen and hydrogen plants and **optimize energy consumption.** This program ensures the optimal operation of the production facilities by monitoring in real time that the plants are running at optimal levels in terms of energy efficiency. It is also used to maximize their reliability rate, which is another key element of energy consumption. The **predictive maintenance tool,** applied to **212 production sites,** has allowed roll out 7,500 models, to identify around 600 preventive actions and thus avoid an impact on customers' industrial production. SIO is a strong contributor to the Group's efficiencies program.

585 early detections of maintenance needs

In 2020, Air Liquide launched its **Integrated Bulk Operations (IBO)** program to optimize the liquid **supply chain** from end-to-end. The digital connection of assets in the supply chain, going from the production sites to the tanks located on customer sites and including trucks, allowed data to be collected for analysis. Digital contributes to improve the customer experience as well as the operational performance and the carbon footprint of the supply chain.

Ambition: -10% km traveled by 2025

Automation of order preparation

The gradual automation of the **filling center chain** including **automated facilities** on the order preparation lines, for sorting and filling empty cylinders, as at Feyzin and Nantes in France, allows tasks to be rationalized and optimized. For employees, it reduces the laborious work of handling the heavy steel cylinders. For each order, the robot had to learn around 7000 possible combinations of cylinders and can prepare an order in two minutes, on average. Objective: simplify the customer's experience, from order taking to delivery, as well as contribute to operational efficiency.

2 minutes to prepare each customer's order

An increased customer satisfaction thanks to the myGAS merchant site

Launched in 2017 and rolled out in **13 European countries,** the **online ordering site myGAS** allows industrial customers of Air Liquide to order their gas cylinders, to track their purchases, to find a distributor and to carry out the whole transaction in a dematerialized way. From its rollout, this new digital tool allows customers to manage their interactions with Air Liquide online: the level of IM **customers satisfaction** in Europe, (Net Promoter Score – NPS, customer satisfaction indicator) among those who use it, is 11% higher than for other European customers. Moreover, this merchant site generates **efficiencies** on transactions.

+11% customer satisfaction

Covid-19: Artificial Intelligence to anticipate needs

In 2020, Digital & IT and R&D teams developed and validated **models using Artificial Intelligence (AI)** to predict **hospitals' oxygen requirements,** from open data on the progression of the covid-19 epidemic. First used in the United States and Brazil, they were then used by Operations to predict the oxygen demand of hospitals and to better manage the filling centers in Europe (France, Italy, Spain), but also in support of the Home Healthcare activities to anticipate the availability of concentrators and the demands of patients returning from hospital. The proposed solution in particular allowed to anticipate medical oxygen deliveries when the demand was two times higher than normal in April 2020, and even two-and-a-half times higher than normal in November 2020.

Ambition: Integrate AI to strengthen the reliability of our offers and anticipate critical situations

TECH & DEEP TECH

Electronic chips with lower environmental impact

The production of chips requires over 800 steps, with around 300 different gases and materials. enScribe™ is a family of **advanced etch materials** developed by Air Liquide which enables the fabrication of **complex chips** while reducing the environmental impact. Developed for the production of a **new generation of 3D memories,** these innovative materials are capable of etching the deep structure of the chips. In addition, due to their chemical structure, they have a shorter lifetime in the atmosphere, which reduces the environmental impact of etching. One enScribe™ material has been successfully implemented on the market, and additional materials are currently in development, with several in testing phase at partner sites. The usage of these advanced materials led to a decrease of CO_2 emissions of 140,000 tons in 2020 and are forecasted to reach 240,000 tons by 2025.

140,000 tons of CO_2 emissions avoided in 2020

A cryogenic technological solution which reduces GHG at sea

Using maritime transport, Liquefied Natural Gas (LNG) tends to evaporate and discharge CO_2. The technological solution for refrigeration and liquefaction developed by the Group allows to reliquefy the evaporation of natural gas and to considerably reduce the greenhouse gas (GHG) emissions, allowing the maritime industry to carry out transportation more efficiently and with a lower impact on the environment. This solution is a commercial success: over the last three years, around **sixty Turbo-Brayton cryogenics equipment** have been sold by Air Liquide.

290,000 tons of CO_2-equivalent emissions avoided per year

Ultra pure gases produced on the electronics manufacturers' sites

The electronic manufacturers require total supply reliability of **ultra pure gases (nitrogen in particular).** Air Liquide has developed **large on-site production units (TCN)** for various gases which have maximum levels of safety, reliability and flexibility for a competitive running cost. They produce different gases directly at the customer's premises and guarantee a degree of purity of 99.99999% (less than one impurity per billion). In the last two years, 9 TCNs have come into operation in Asia, particularly in China. They produce carrier gases, compressed air and nitrogen for the leaders in the electronics industry.

9 new on-site production units in operation

Pushing the boundaries of science and technology

With the acquisition of 80% of the capital of **Cryoconcept,** specialist in refrigeration by dilution based on the use of **helium 3** (the liquid with the lowest boiling point in existence) and **helium 4,** Air Liquide has technologies to reach temperatures of less than 10 milliKelvin, near absolute zero, i.e. -273.14°C. The Group is thus developing its offer for **fundamental physics research** in fields such as the detection of dark matter, microscopes to explore the infinitely small, as well as current research projects on quantum computing. Moreover, the Global Markets & Technologies teams have qualified the process to transfer helium 3 in a cylinder, with a very low wastage rate, which constitutes a **major technological advance** for the supply of this rare gas to future customers.

To Absolute Zero

6.2. INNOVATING WITH INNOVATION ECOSYSTEMS

In a social and societal environment characterized by major changes related to scientific and technological advances and digitalization of usages, Air Liquide's innovation strategy is part of an **open ecosystem.** Air Liquide relies on its **Innovation Campuses** in Europe (Paris, Frankfurt), the United States (Delaware) and Asia (Shanghai, Tokyo) to unite the innovation ecosystems in which the Group has played a major role for many years. These Innovation Campuses bring together in-house teams and experts as well as customers, suppliers, start-ups or partners to co-develop innovative solutions.

5 Innovation Campuses
around the world

300 partnerships
with academics, industrial partners and start-ups

Outward looking, Air Liquide's Innovation teams benefit from their position at the heart of Innovation ecosystems to establish partnerships.

R&D and SystemX: Artificial Intelligence and industry 4.0.

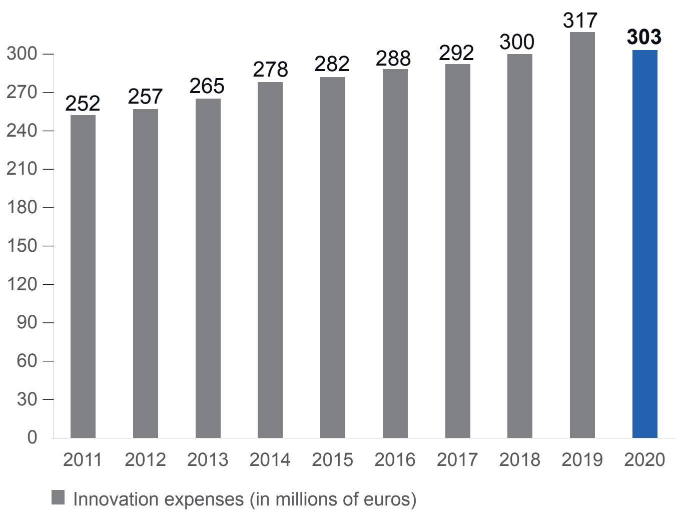
The partnership in France with the SystemX technological research institute on predictive maintenance will allow, by combining Artificial Intelligence, statistical methods and human expertise, to continuously improve and optimize the predictive and prescriptive maintenance of the Group's assets. In the United States, the Group collaborates with the Universities of Carnegie-Mellon, Delaware and the Wharton Business School (University of Pennsylvania) in the field of data science and AI.

30 start-ups accelerated by ALIAD, the Group's venture capital investor

In 2020, ALIAD invested in **Cathay Smart Energy Fund,** a venture fund dedicated to **energy transition in China** which focuses on the development of energy platforms, energy storage, intelligent networks, hydrogen energy, decarbonated transport systems, renewable energies and low-carbon solutions. Combined with the know-how and the experience of the Air Liquide Group, these promising technologies will allow innovative **carbon neutral** solutions to emerge in line with Air Liquide's **Climate objectives.**

300 employees recognized each year for their contribution to innovation

Each year, Air Liquide rewards its employees who have contributed to innovation: the **technical experts** (Technical Community Leaders), **innovators** (employees who implement incremental or breakthrough customer offers) and **inventors** (employees rewarded for their commercialized patented inventions). In 2020, **more than 300 employees** were recognized during the annual Be Innovation event, which aims to recognize the contribution of employees to innovation and **replication of the innovation** within the Group.



2020 Innovation expenses slightly lower than in 2019, due to the perimeter effect related to the divestiture of Schülke and to successive lockdowns.

OUTLOOK

The Group was fully mobilized to serve its customers and patients in 2020, which was an out of the ordinary year, whilst being resolutely committed to the fight against covid-19.

The Group's performance was outstanding in this environment: sales resilience, significant margin improvement, net profit growth and investment decisions continued at a very high level. This performance illustrates the solidity of our business model. It also perfectly positions the Group for future growth and enables it to already benefit from the acceleration seen in healthcare, energy transition, and the increasing presence of technologies, in particular digital, in all sectors.

Over the full year, **2020 sales were practically stable** on a comparable basis, with business **back to growth** in the **fourth quarter**. The Gas & Services sales, which account for 96% of Group revenue, held up well, as did Global Markets & Technologies which retained their momentum. On a comparable basis, **business was supported by strong sales growth in Healthcare and Electronics. Geographically**, the situation was extremely varied with Europe faring well, driven by demand in Healthcare, and a solid performance from the developing economies, particularly China, and Eastern European and Latin American countries.

The Group's **operating margin improvement plan,** combined with **exceptional cost containment measures** relating to the **situation in 2020,** resulted in a **marked improvement in the margin of +80 bps** excluding energy impact. The structural **efficiencies** stood at **441 million** euros. Operating cash flows were high and the debt-to-equity ratio was reduced significantly. The Group's balance sheet confirms its strength.

The Group has achieved, as of 2019, the sales and efficiencies objectives of its NEOS 2020 company program. As for the **ROCE** of **10%+**, it is maintained, with achievement by 2023-2024 to take into account the impact of the covid-19 crisis as well as the pro-active investment policy in the current favorable context. In 2020, **investment decisions** thus stood at the extremely high level **of 3.2 billion euros**, indicative of future growth.

In an environment marked by global recovery plans and commitment to energy transition, the Group still has numerous **investment opportunities** of which **44%** are projects related to the fight against **climate change,** including the development of **Hydrogen Energy.**

In 2021, in a context of limited local lockdowns in the first half of the year and recovery in the second half, Air Liquide is confident in its ability to further increase its operating margin and to deliver recurring net profit [a] growth, at constant exchange rates.

(a) Recurring net profit: Excluding exceptional and significant items that have no impact on the operating income recurring. Excluding the impact of any US tax reform in 2021.

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, Chapter 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 the Universal Registration Document, 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:

- risk factors which are specific to the issuer and material, after taking in account the related management measures (net risks, Prospectus Regulation, Chapter III), are presented in the "Risk factors and management measures" section of this chapter of the Universal Registration Document (page 74);
- 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 serious 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 97);
- the EFPD, which is included in Chapter 5 of the Universal Registration Document (page 297), presents the Group's main gross extra-financial risks and the related 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, Group Control and Compliance, Legal, Safety and Industrial Systems, etc.).

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 to 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.

Risk factors are presented below as net risks (taking into account management measures already implemented) and divided into a limited number of 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 classed in order of size, 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.

IMPACTS RELATED TO THE COVID-19 PANDEMIC

The current public health crisis related to the global spread of covid-19, which is not specific to the Group, increases some of these risk factors. As a result, the Group has applied adapted management measures in each country and each business.

As of the beginning of 2020, the Group moved quickly to implement crisis management that was both global (travel restrictions, ban on gatherings, digital protection, remote working related rules, etc.) and local (contact with authorities to ensure that the Group's business was classed as essential to enable its operating continuity) while also encouraging the transfer of expertise between regions according to the way in which the pandemic developed.

As part of the Group's crisis management system, the operational business continuity plans were therefore activated, and remote working for teams implemented.

Nevertheless, the Group believes that the uncertainty surrounding the duration, scale and future development of the pandemic (including the additional waves of infection and potential mutations in the virus) coupled with the pace at which vaccines are administered across the world, make it difficult to predict the global impact on the economies of the Group's main markets and, as a result, on its financial situation.

The impact of the crisis has affected the following risk factors and has led to the reinforcement of current management measures and, in certain cases, to specific management measures:

- **Human resources management risks:** an immediate effect of lockdown measures introduced in various countries in which the Group is present was the large-scale introduction of homeworking, the reorganization of production facilities and the increased use of digital tools to ensure business continuity. This adjustment, and the associated risk management, were 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 stepping up of virtual training courses covering remote working and team management. In the workplace, employees and external service providers received specific protocols aimed at the application of health measures required by the governments in order to prevent the risk of contagion. External telephone support helplines have also been introduced to help protect the mental health of employees.
- **Industrial risks:** due to modification of the Company's organization as a result of public health measures and fewer employees physically present at production facilities at times, the Group adapted its processes to maintain the safety of employees and facilities, in addition to specific awareness-raising actions.
- **Digital risks:** the covid-19 pandemic is a prime time for cyber-attacks due to the climate of general uncertainty and worry and the increased use of digital solutions, in particular for homeworking. Against this backdrop, the Group stepped up its awareness-raising action vis-à-vis its teams regarding issues such as fraud and the theft of personal and confidential data. It was also necessary to adjust its user capacities and safety parameters to accommodate for greater levels of homeworking, while maintaining the efficiency of its major incident detection and processing system.
- **Customer risks and industrial investment-related risks:** the pandemic, and its impact on the global economy, has increased the risk of the temporary or permanent interruption to the business of certain customers which could lead to payment defaults and/or late payments in the short term and to a permanent decline in revenue in the longer term. The same applies to industrial investment projects, the execution of which could be delayed for reasons related to the customer or the supply chain. The diversity of the Group's sites, as well as the industries and sectors in which it works, notably those where demand has increased significantly (healthcare, pharmaceuticals) or which have demonstrated their resilience (food and electronics), help reduce, but not neutralize, its exposure to this risk.
- **Supply-related risks:** the temporary shutdown of certain industries and the closure of some borders during lockdowns may have created tension in the supply of particular products or molecules, with the need to implement alternative supply arrangements to continue to meet customers' needs.
- **Counterparty and liquidity risks:** various prudential measures were taken to strengthen the Group's short- and medium-term liquidity and thus contribute to its resilience, with in particular a 1 billion-euro bond issue in March 2020 and the introduction of an additional cost reduction and control plan.
- **Regulatory and legal risks:** in response to the pandemic, some states have modified, using special purpose mechanisms (laws or ordinances), several regulatory and legal provisions governing the manner in which professional activities should be conducted. The Group monitored these changes and, where necessary, integrated them to its processes. Moreover, the pandemic, with the urgent demand for medical supplies, the simplification of rules governing procurement, and the closure of certain borders, may have exposed the Group in certain regions to an increased risk of corruption. Since the beginning of the crisis, the Group has strengthened awareness raising of its anti-corruption framework.

Although this crisis increases the probability and/or the impact of the above-mentioned risk factors, it is not of a nature to call into question the scope and classification of these Group-specific risks as presented in this Universal Registration Document.

Risk categories	Risk factors
Business-related risks	**Industrial risks**
	Industrial investment-related risks
	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
	Risks involving credit ratings
	Tax risks
Digital risks	**Digital risks**
Environmental and societal risks	**Climate risks (greenhouse gas emissions)**
	Climate risks (physical impact on Operations)
	Discrimination-related risks
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 which include 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 geographical locations 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;
- processes and their operation: cryogenics is used to separate gases by distillation, store them and transport them. This very low temperature technique requires specific means of control and protection to avoid in particular:
  - cryogenic burns associated with liquefied gases,
  - anoxia, associated with inert gases,
  - over-oxygenation or fires, associated with oxygen and oxygen mixtures.

  The same applies for high temperature techniques, used in particular in the production of hydrogen, which are particularly exposed to risks of 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;
- logistics and transportation: each year, delivery vehicles, sales staff and technicians travel hundreds of millions of kilometers. Non-compliance with the Highway Code 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 gear which present specific risks (collision, falling packaging, etc.). Training and authorization 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;
- specific standards and regulations, in particular in Healthcare, with the risk of non-compliance of products and services provided to 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), which operates based on:

- empowerment of the Management bodies governing the Group's various entities for the effective implementation of this system;
- the issue of key management and organizational procedures that aim to ensure:
  - compliance with standards and regulations,
  - design management,
  - industrial risk management,
  - hygiene, health and environmental management,
  - the training and certification of personnel,
  - the management of operating and maintenance procedures,
  - the management of industrial purchasing,
  - change management,
  - the analysis and treatment of incidents and accidents,
  - the dissemination of shared technical standards within Group entities.

The IMS document base is updated and supplemented on an ongoing basis.

The Safety and Industrial Systems Department and the Industrial Departments of the World Business Lines supervise and control the implementation of the IMS, by notably relying on:

- on-going awareness-raising actions for teams by providing specifically related training;
- the presentation of various dashboards designed to monitor performance in terms of the safety and reliability of operations;
- 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 facility to prevent any accidents due to a construction defect;
- technical audits carried out by the Industrial Departments to ensure the compliance of operations with Group rules.

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

1.2. INDUSTRIAL INVESTMENT-RELATED RISKS

Identification and description of risks

The Group may be exposed to certain risks specific to its industrial investments. Each investment project may be affected, particularly in its profitability, by different factors linked primarily to project location, customer quality, good project management by the customer, and particularly the respect of implementation schedules, the competitiveness of the site, the environmental footprint or societal impact of the project, as well as to design, cost estimates, quality, and meeting construction deadlines and budgets for gas production units, including for suppliers.

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 some of these market segments or in certain regions.

Risk management measures

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

- a detailed review and approval process of investment requests based on very strict assessment criteria as well as of any associated medium- and long-term contractual commitments, within the Resources and Investment Committees (described on page 41);
- 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; for the largest ones, they are supported by teams of experts ("Group Capital Implementation" teams) in order to secure good preparation and execution;
- more in-depth analysis of the profitability of certain major investments (comparative analysis prior and subsequent to completion).

1.3. 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. Where 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 are exposed when sourcing raw materials relate to:

- energy supply (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 262.

Moreover, and in addition to energy, 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 medium- and long-term gas supply contracts.

The Energy Risk Management Group Committee, "Enrisk", reviews the procurement strategies of the entities, examines the most significant commitments and ensures the relevant procedures are properly applied, in particular in terms of sustainable development.

Each month, this Enrisk Committee brings together the Vice President in charge of the Large Industries World Business Line, the Energy Director, the Group Finance and Treasury Director and the Director in charge of Accounting policies and procedures. Meeting minutes are sent to all Executive Committee members.

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 problems 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 specific political or economic risks.

Risk management measures

The engineering team has implemented a risk management system for the execution of all its projects (of varying size and complexity and which use different types of technology), which is described in the Engineering-specific document the "Playbook".

This system relies on an Engineering Risk Committee and aims to guarantee effective risk assessment for the duration of each project's life and the implementation of adequate risk management measures:

- during the development stage: by identifying, as best as possible, potential threats (but also opportunities) that may have an impact on the project's results during the forthcoming execution stage, thus allowing adequate decisions to be taken;
- during the execution stage: by continuing to regularly assess 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, technical integrity or performance of the project right through until its completion.

1.5. INNOVATION-RELATED RISKS

Identification and description of risks

The Group operates in an environment where change is picking up pace, with the arrival of new products, new players, new business models and new technologies. The Group may not correctly predict the impact of technological changes on its main markets, relating for example to connected objects, hydrogen energy or artificial intelligence. Its growth capacity may thus be reduced.

In terms of digital technologies, the Group may not drive its transformation at an adequate pace and to a sufficient level to meet the challenges faced, with a possible impact on its business model, its organization and, ultimately, its competitiveness. The risk to which the Group is exposed is notably related to the rapid increase in the nature, volume and availability of data, regardless of whether or not this is a result of connected customers and patients, big data, the blockchain or artificial intelligence.

The Group's innovation policy requires significant investments, in particular in research and development for which the expected benefits cannot be guaranteed.

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 creating new offers in both its traditional and new business lines. The Innovation & Development Division (IDD) therefore steers the innovation strategy on behalf of the Group's hubs and operations, and contributes to the Group's sustainable growth.

Drawing on continuous reflection regarding the markets of the future, the IDD is responsible for imagining, developing and incubating new solutions through to their launch on the market, in particular when related to offers with major technological content (including digital and IT). To do so, it relies on its i-Lab (innovation lab or innovation laboratory) which acts as a catalyst to detect and study emerging and systemic trends.

The Group continuously adapts its innovation approach and invests each year in research and development and digital services. In recent years, it has reinforced its open innovation approach, focused on the energy transition and the environment – a significant portion of the innovation spend is indeed allocated to the elaboration of new processes which consume less energy and limit CO_2 emissions –, healthcare, digital solutions and deeptech. Five Innovation campuses, 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 is introducing digital solutions into its operations, to improve efficiency and help steer business and investments with greater speed and agility. The roll out of Smart & Innovative Operations centers which facilitate the remote management of production at its sites, by drawing on predictive analysis and digital technologies, is an example of the contribution to the Group's technological and digital transformation. Moreover, the roll out of Integrated Bulk Operations program, aimed at digitizing the liquid gas supply chain, provides Industrial Merchant customers with access to a service which guarantees greater reliability and safety.

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 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.

These risks would result, in particular, in 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, in particular in the recent context where homeworking has been rapidly implemented during periods of lockdown.

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:

- the acquisition and sustaining of required skills, in particular through the SPRING long-term program, which identifies and manages critical skills. Training provided under the Air Liquide University brand also contributes to this goal and, in particular, the reinforcement of e-learning courses attended by an increasing number of users (more than 62,000 in 2020) in a wide range of domains (ethics, industrial safety, competition law, digital security, management, etc.). This training is part of a program and is managed by a dedicated learning management tool (LMS: Learning Management System).
- supporting employees in their personal development throughout their career, particularly thanks to a centralized career and skills management tool (TMS: Talent Management System) and the communication of career advancement opportunities (TAS: Talent Acquisition System);
- measuring and recognizing performance and contributions for 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 entrepreneur recognition programs, the technical expertise development scheme ("Technical Community Leaders") in a wide range of fields such as industrial operations, industrial safety and, more recently, digital and IT since 2019.

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 is carried out using an employee listening tool called "MyVoice". Operations and support functions use the results from My Voice to define and implement tailored action plans.

The growth in homeworking 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.

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 242.

Risk management measures

The diversity of the Group's geographic presence across 78 countries, as well as the industries and sectors in which it works, helps distribute 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 first customer represents less than 2% of revenue, the Group's top 10 customers represent around 10% of revenue and the top 50 customers represent around 25% of revenue.

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.

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 instruments for hedging, 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.

Investment risk is mainly related to short-term deposits in the event that one of the Group's key banks default and, to a lesser extent, an impairment loss due to use of SICAVs (open-ended investment companies) 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, 2020.

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

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, counterparty risk is monitored on a monthly basis using ratings provided by financial rating agencies, or via an internal rating when there is no specific published rating available. 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 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, 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, 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 prices, the Group works with its key banks on one hand, while also ensuring it diversifies its transactions. These transactions are executed under framework agreements (French Banking Federation (FBF) and International Swaps and Derivatives Association (ISDA) agreements). 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.

Finally, in terms of financing, to ensure its development and independence, the Group ensures that it has sufficient and permanent sources of liquidity, meaning adequate financing resources available at any time and at the lowest cost from a large range of key banks and financial markets.

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.

Following the acquisition of Airgas in the United States, the exposure of the Group's revenue and assets to the US dollar has increased, as has the Group's US dollar-denominated debt, with a risk linked to the translation of the financial statements:

- large fluctuations in the value of the euro against the US dollar have a more significant impact on the Group's published results than before the acquisition;
- these foreign exchange variations have an impact on the figures presented in the Group's balance sheet, particularly concerning the debt.

Note 24.3 to the consolidated financial statements presents net debt by currency and note 25.1 to the consolidated financial statements describes the foreign exchange risk management process, as well as the derivative 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".

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 foreign currency (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 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 24.4 to the consolidated financial statements presents the fixed-rate portion of debt and note 25.1 to the consolidated financial statements 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 90% 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. RISKS INVOLVING CREDIT RATINGS

Identification and description of risks

To gain access to capital markets, Air Liquide relies on the short-term and long-term financial credit ratings of Standard & Poor's and Moody's.

Like all groups that are subject to ratings, Air Liquide could suffer a negative impact on its ability to finance its continuing operations and to refinance its debt should a rating agency significantly downgrade its rating below its current level, due to a higher level of debt than expected or for other credit-related reasons.

Risk management measures

The ratings attributed by Standard & Poor's are A- long term with a Positive outlook and A-2 short term. Those attributed by Moody's are A-3 long term with a Stable outlook and P-2 short term.

Both agencies' models and adjustments have been replicated internally by the Group Treasury and Financing Department to be able to assess changes in key ratios presented to the agencies and identify any potential deviations.

This information is regularly presented to the Finance Committees and a Liquidity Report is shared with both agencies each quarter.

2.5. 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:

- 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 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.

Within this governance framework, the Group's tax affairs are managed by a team of dedicated, qualified tax experts, who work closely with management and respect the Group's values.

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 long-term trust-based, transparent relationship with the French tax authorities.

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 rely on interdependent information systems and communication networks both in functional, technical, as well as human level terms.

The Group's pursuit of this digital transformation increases its exposure to risks relating to data integrity, availability and confidentiality as well as the availability of IT systems and applications. For data confidentiality, the increase in expectations and requirements for protection also adds the risk of regulatory non-compliance.

These risks, which impact all economic and political players, are increasing in intensity due to the severity and frequency of digital attacks and to their changing nature (historically, cyber risks constituted industrial espionage or data hacking and have come to involve the risks of cyber criminality, malware and ransomware, where the user often plays a decisive role). These attacks, which spread at high velocity, have the potential to affect all of the Group's regions and businesses, with significant impacts on its industrial processes (disturbance of production or distribution activities), its capacity for communication, notably internal, and its image (digital identity theft, dissemination of false information, etc.).

The rise in homeworking also contributes to the Group's greater dependency on information systems and therefore to the increased consequences of a potential cyber attack.

Risk management measures

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

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

The Digital Security Department reports directly to the Group Control and Compliance Department and uses resources set aside in the hubs, clusters (groups of countries), World Business Units and World Business Lines. This department coordinates and controls, in conjunction with the Digital & IT teams, the roll-out of this policy based on a risk assessment that is regularly updated according to the development of threats. This roll-out is centered on a long-term operational program aimed at defining the key areas and measures to be taken under the supervision of a member of the Executive Committee, with in particular:

- 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 phishing campaigns, e-learning courses on information protection (notably personal or sensitive data) and use of IT tools. These risk-prevention measures are reinforced during periods of increased homeworking (remote access to IT systems);
- greater consideration of Digital Security from the design phase of projects, as an inherent dimension of any resulting solution, and continued treatment of IT vulnerabilities, protection of critical applications and of the most sensitive information;
- 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) and the implementation of a system to monitor information regarding Air Liquide which may have been leaked online;
- implementing regulatory compliance for the organization using specific projects or programs such as the General Data Protection Regulation; 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;
- revision of the incident management system completed by undertaking a diagnosis to assess the quality and efficiency of the protection of sensitive digital assets.

Moreover, the Group has adapted its crisis management system to the specific characteristics of digital risks; it is also working on a multi-year program aimed at strengthening the digital protection of its industrial assets.

4. Environmental and societal risks

4.1. CLIMATE RISKS (GREENHOUSE GAS EMISSIONS)

Identification and description of risks

Almost 85% of Air Liquide's large production units are Air Separation Units which do not use any combustion processes and consume almost exclusively electrical energy. Electricity used by the Group to power these units generate CO_2 emissions at electricity suppliers which are known as indirect emissions.

The Group's other two main energy consuming activities are hydrogen production and cogeneration. These account for nearly 15% of large production units and use combustion processes emitting CO_2 (direct emissions).

Air Liquide's business model is based on the outsourcing of the industrial gases 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 the customer's greenhouse gas emissions to the Group.

In this respect, the climate risk (greenhouse gas emissions) is closely linked to the access to renewable power sources and 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), or those of its suppliers and customers (indirect impact on the value chain).

Air Liquide is present in regions across the globe that have implemented, or are in the process of implementing, greenhouse gas emissions trading schemes. In the event that the share of emissions covered by free allowances decreases, the Group may be required to introduce compensatory measures.

Risk management measures

Air Liquide plays a key role in limiting the environmental impact of the value chains in which the Group operates. The strategy and Climate Objectives that the Group have set therefore relate to:

- its own production activities (improving the effectiveness of its operations, notably through the access to renewable energy sources and an increased use of digital tools, and expanding renewable energy procurement);
- the environmental footprint of its customers by drawing on its technologies, expertise and investment capacity to co-develop solutions to limit their carbon impact (for example, through CO_2 capture and storage);
- its ecosystems by offering solutions to build a low-carbon society (development of hydrogen energy and biomethane).

At the operating level, these measures include key indicators which help measure and improve the environmental footprint of the Group and its ecosystems. These are subject to regular monitoring and are published in the Extra-financial Performance Declaration (Chapter 5 of this Universal Registration Document).

The Group spends around 100 million euros every year on the energy transition.

Moreover, thanks to its Engineering & Construction business line, the Group continuously improves the energy efficiency of its plants from the project design stage, in order to reduce their future impact. Air Liquide operates Air Separation Units and hydrogen units and therefore benefits from a virtuous circle of steady improvement from the design stage through to the units' operation. Old units are replaced by new ones that are more efficient in terms of the consumption of resources whenever circumstances enable it.

Air Liquide has factored climate risk into its investment process by notably including a CO_2 valuation in the economic analysis of new projects. This helps guide decision-making and better assess a project's resilience to a carbon constraint, by factoring in the potential financial impact of the risks identified.

Finally, in regions across the globe that have implemented, or are in the process of implementing, quota systems for greenhouse gas emissions, specialized teams monitor and adapt to these regulatory changes to ensure that the Group's activities fully comply with these new regulations.

4.2. CLIMATE RISKS (PHYSICAL IMPACT ON OPERATIONS)

Identification and description of risks

Air Liquide does business in certain regions that are exposed to exceptional weather-related phenomena and/or climate change that may slow or interrupt activities or make them more expensive. The same applies to its suppliers and customers. 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 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 which are regularly exposed to the acute risks described above have risk management systems in place aimed at adopting suitable preventative 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.

4.3. DISCRIMINATION-RELATED RISKS

Identification and description of risks

Air Liquide operates businesses in a large number of countries with different cultures. It is therefore naturally exposed to discrimination risks relating in particular to gender mix (gender disparity, particularly in technical and expert professions), diversity and disability.

Risk management measures

The Group's Principles of Action and the key concepts of 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 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 effect, measures are regularly taken aimed at promoting gender mix (for example to increase the number of women among managers and professionals to 35%), nationality mix (Air Liquide's senior executives are now of 35 different nationalities), and inclusion (review of the policy relating to employees with disabilities).

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 in some countries and the terrorist threat, the Group may be exposed in certain countries to economic or financial risks, as well as to risks affecting the security of its facilities or safety of employees, either on-site or during business travel.

Risk management measures

The diversity of the Group's sites, as well as the industries and sectors in which it works, helps reduce its exposure to geopolitical risks.

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 a 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 regions or when traveling for business: e-learning, prior intervention from specialists on certain specific risks (health, hygiene, pollution, kidnapping, etc.). Other measures are also implemented to secure products and sites that are most exposed locally to an external threat.

5.2. REGULATORY AND LEGAL RISKS

Identification and description of risks

In the large number of countries where the Group operates, its entities are exposed to the risk of non-compliance with local 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 the processing of patients' personal data.

The Group is faced, in all regions in which it operates, with risks of non-compliance with competition law, provisions aimed at combating corruption, as well as regulations restricting the export of certain products.

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 to the consolidated financial statements.

Intellectual property-related risks

The external and global environment surrounding intellectual property points to a growth in patent activity as well as, in certain jurisdictions, greater attention to the protection of trade secrets. The Group's business is not dependent on technologies patented by third parties; it relies mainly on technologies, processes and designs developed internally by its innovation teams, Engineering & Construction, the World Business Lines and in the field. The resulting inventions are reviewed and systematically protected by patents, drawings and models, brands, or by other means. Innovation is increasingly achieved in partnership with third parties; in particular the Group develops innovative businesses through partnerships, buying shares in innovative entities, or acquisitions. In addition, third-party technologies can be incorporated in implementing its business.

This could lead to the risks of the infringement of the intellectual property rights of third parties (patents, utility models, copyright, design, etc.) – counterfeiting – in particular when several market players are working on similar technologies (especially in markets or technologies that are "new" in general or "new" for the Group). Risks may also arise from the processing of confidential third-party information as part of partnerships or during the development of digital solutions.

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 (including Europe, the United States and Asia-Oceania), accompanied by surprise audits and training that includes e-learning;
- a memorandum, specifying the rules to be observed to prevent market abuse (insider trading);
- a guidance document for export control and international sanctions, as well as a tool to identify and verify third parties;
- a corruption-prevention program in which Executive Management and management are closely involved; this program relies in particular on the mapping of corruption risks, the key principles of the Codes of Conduct and an Anti-Corruption Code rolled out within the subsidiaries, a full set of training and awareness-raising actions for those exposed to corruption-related risks, a third-party assessment mechanism, a whistleblowing system and accounting controls. This program is regularly updated to take new regulatory and legal requirements into account under the coordination of the Group's Ethics Officer, who relies on a network of ethics correspondents and benefits from the support of the Operational Departments in the hubs and businesses; it is regularly audited. These measures have been reinforced during the current pandemic which, with the urgent demand for medical supplies, the simplification of rules governing procurement, and the closure of certain borders, exposes the Group in certain regions to an increased risk of corruption;
- various contract guides (for Large Industries, Industrial Merchant, Electronics, Engineering & Construction and Financing) and Codes of Good Practices (for Healthcare).

Intellectual property management measures

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

- ensuring Air Liquide's compliance with valid patents and other intellectual property rights held by third parties in its different areas of business, in particular through freedom to operate analysis;
- protecting Group intellectual property assets, by protecting its inventions, designs and brands through their identification (on an official filing basis) and managing Group obligations in terms of the recognition of their inventors;
- in the case of partnerships or other third-party relations, supporting stakeholders within the Group to manage risk relating to the protection of third-party rights;
- raising awareness among Group employees of the risks relating to the intellectual property of third parties.

To this end, the Group relies on an Intellectual Property Department, comprising professionals located at the Group's head office and in the main geographic regions.

To the Group's knowledge, there are no governmental, legal or arbitration proceedings which would be current or looming, 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 NEOS company program, the Group has developed into 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 & Development Division (IDD), which brings together all the research and innovation resources, technology development, Digital & IT (the Digital Factory, ALIZENT, network infrastructure and more) and the Global Markets & Technologies (GM&T) WBU mentioned above.

This organization also includes the Corporate functions, which notably comprise the three key control departments that report to Executive 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), 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, roll-out 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 main disputes. and manages insurance.

Moreover, the Group has a formal whistleblowing system at all its entities, whereby employees can anonymously alert an independent external service provider of any deviations from the Code of Conduct of their entity. Employees can file this alert in their own language by telephone or through the provider's dedicated website. All alerts filed are processed in a confidential manner under the supervision of the Ethics Officer, in line with the principle that any employee who reports something in good faith will not be sanctioned or have any retaliatory measures taken against them. This principle is guaranteed by the Group and reiterated in the Code of Conduct.

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. Details of the indicators relating to reports received and alerts are provided in the Vigilance Plan on page 116.

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 damage 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 over 70 entities representing 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 on page 94).

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.

In terms of environmental and societal risks, these are reviewed by the Environment and Society Committee, which meets once a year, as part of a joint session with the Audit Committee.

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/group/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 reference manual, the BlueBook, which is available to employees on the Intranet. They constitute 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 accounting standards.

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.

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

In 2020, the Group pursued the actions undertaken in previous years, with more than 70 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 Executive 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.

RECENT MEASURES AIMED AT STRENGTHENING THE SYSTEM

In 2020, the Group continued its measures to improve the quality of its internal control and risk management system, with in particular:

- in terms of industrial safety:
  - the creation of an Industrial and Safety Committee; the purpose of this Committee, which is chaired by a member of the Executive Committee, is to further reinforce the Group's safety performance and the management of certain industrial risks; the participation of all industrial departments aims, notably, to maximize across the Group as a whole the lessons learned from certain incidents;
- in terms of governance:
  - the expansion of the Ethics Committee (renamed the Ethics and Compliance Committee) which also covers compliance issues which are not specific to a given activity, such as competition law, export controls, the protection of personal data (GDPR) and the Vigilance Plan. The Group Control Department (renamed

  - the Group Control and Compliance Department) animates the work of this Committee,
  - the creation of a Group Internal Control department which supervises the Internal Control system and drives the Group's network of internal control teams,
  - a review aimed at improving the governance of industrial investments, with a wider consideration of challenges relating to environmental and societal responsibility, including in terms of energy sourcing,
  - in terms of Duty of Vigilance, the launch of a strategy aimed at improving the Group's measures in this field, in terms of both the regulatory framework and also the expectations of third parties;
- in terms of digital security and the management of major crises: the continuation of the project aimed at defining and then rolling out cyber business continuity plans across the Group;
- in terms of human resources management: with the increasing digitalization of activities, the Air Liquide University launched two virtual training campuses in 2020 covering four themes: Management & Leadership, Sales & Marketing, Operational Excellence and Innovation;
- in response to the public health crisis and the accompanying changes to organizational structures, the introduction of a "next normal" management tool to build on this shift in working methods. This tool allows managers to take ownership of this new framework including remote team management, a structured homeworking policy, the design of work spaces, and an in-depth review of our interaction with our customers and patients.

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 with the 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 subsidiary 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 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 19R), methods of consolidation (IFRS 10/11), the classification of major Large Industries' contracts (IFRS 15) and 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 quality and reliability of financial and accounting information also depend on information systems which are increasingly integrated (such as ERP), and in a Group consolidation software package.

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 Executive Management and the work of the Audit and Accounts Committee, according to the methods and principles already described (reports, debriefings, etc.) on pages 134 to 136.

Executive Management exercises its control over risk management, in particular through SIR meetings (Strategy – Investment – Corporate Policies Review) and the monthly Group Performance Meetings (described on page 38).

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 more 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 Corporate functions: Group Control and Compliance, Legal, Finance, Communication, Safety and Industrial System, Human Resources and Group Operations Control Departments.

Chaired by the Chairman and CEO and attended by two Executive Vice Presidents and the Director of Strategy, it meets twice a year to, on one hand, report on the progress of priority mitigation measures for major risks, prepare a risk management synthesis and define Group orientations and, on the other hand, examine 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 Executive Vice President – 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 Chairman & 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 Executive Vice President – 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 Chairman and CEO.

THE RESOURCES & INVESTMENT COMMITTEES (RIC)

The purpose of these Committees is to assess and approve requests for investments that have been submitted, as well as for 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.

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 Executive 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, etc.).

It brings together the IT, Digital, Industrial Safety, and Digital Security managers, as well as a representative of Operations and, when required, other Corporate Departments. It meets each month 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 brings together the Vice Presidents of the five industrial departments of the World Business Lines, the Group Head of Safety, as well as a representative from the Engineering & Construction World Business Unit and one from the Global Markets & Technologies WBU. It meets six to eight times per year under the chairmanship of a member of the Executive Committee.

OTHER COVERAGE SYSTEMS

The Group has adequate insurance coverage, underwritten by first-rate insurers, for civil liability, property damage and business interruption.

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 Group has global coverage which covers all of its businesses under an umbrella policy, underwritten in France, which covers both the Company and its subsidiaries beyond any local coverage provided for the subsidiaries.

This policy covers the liability of Group companies for any damage they might cause to a third party in the course of doing business (operational risk) or arising from their products (product risk).

The coverage amount underwritten exceeds 500 million euros. Coverage is built on several overlapping insurance lines. and 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.

The policy underwritten by the Company in France serves as an umbrella for subsidiaries. Under this umbrella, each foreign subsidiary has its own policy covering damages to third parties incurred through its businesses or products. The amount insured for each subsidiary in its policy depends notably on the amount of its revenue. The coverage under the Group's umbrella policy is supplemental to any local amounts.

3. Captive reinsurance

A portion of property damage and business interruption risk is kept by the Group via a captive reinsurance company located in Luxembourg, which also participates 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 2020 fiscal year, claims of up to a maximum of 34 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 Luxembourg Insurance Commission.

VIGILANCE PLAN

Introduction

OVERVIEW OF THE LAW

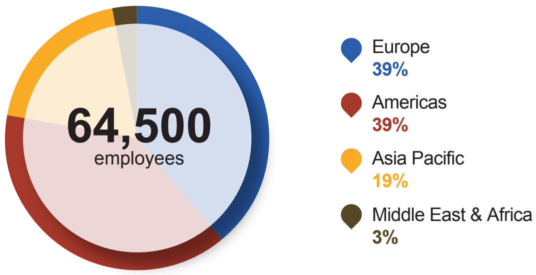
French law no. 2017-399 dated March 27, 2017 relating to the duty of vigilance of parent companies and instructing companies ("Law on the Duty of Vigilance") introduced, in Article L. 225-102-4 of the French Commercial Code, the obligation for parent companies employing more than 5,000 employees in France 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 action 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 reporting on the various measures implemented for each stake: Human Rights and fundamental freedoms (paragraph 2.), the health and safety of individuals (paragraph 3.), and the environment (paragraph 4.). 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. Two measures, risk mapping (paragraph 1.) and the setup of an alert mechanism and collection of reports (paragraph 6.), apply transversally to all three stakes and are presented independently to facilitate their reading.

Air Liquide's ambition is to lead its industry, deliver long-term performance and contribute to sustainability. The Company's customer-centric transformation strategy aims at profitable, steady and responsible growth over the long term. It relies on operational excellence, on selective investments, on open innovation and on a network organization already implemented by the Group worldwide in 78 countries. Through the commitment and the inventiveness of its 64,500 employees in responding to challenges in energy and environmental transition, in healthcare and in digitization, Air Liquide focuses on increasing value creation for all its stakeholders.

BREAKDOWN OF EMPLOYEES BY GEOGRAPHIC AREA



This Vigilance Plan applies to L'Air Liquide S.A. and all Group subsidiaries.

STEERING AND GOVERNANCE OF THE DUTY OF VIGILANCE

As an extension to the Group's commitment to subjects related to the duty of vigilance, Executive Management decided to create a dedicated role within the Group Control and Compliance Department to strengthen the coordination of these subjects. One person was thus appointed in 2020 to oversee the implementation of vigilance obligations to which Air Liquide is subject. This mission notably includes coordinating the structure of the Vigilance Plan to better meet the expectations of the Group's stakeholders and to issue recommendations to the various departments involved. Progress is regularly monitored by Executive Management.

The Procurement, Group Control and Compliance, Sustainable Development, Legal, Human Resources, and Safety and Industrial Systems Departments contributed to monitoring and drafting this Vigilance Plan.

The Ethics and Compliance Committee, which widened its scope in June 2020 and now includes the duty of vigilance, monitors progress regarding the Vigilance Plan. It brings together the Group Control and Compliance, Sustainable Development, Legal and Human Resources Departments as well as a representative of operational functions who is a member of the Group's Executive Committee and meets at least twice a year and more often when required. In 2020, the Committee reviewed the progress of the mission related to the duty of vigilance on two occasions.

The Environment and Society Committee is one of the Board of Directors' special committees dedicated to social and environmental issues. This Committee was created in 2017; it includes three members and meets at least three times a year. In 2020, it continued to supervise the roll out of the Vigilance Plan.

THE REFERENCE FRAMEWORK

Air Liquide is committed to the highest possible standards and ambitions in conducting its business, notably in terms of safety, ethics and the respect for Human Rights, social rights and the environment. This commitment is reiterated in the general statement of the Principles of Action, which were adopted in 2006 and revised in 2016. These Principles are shared with all employees and are available on the Group's website (https://www.airliquide.com/group/groups-principles-action). Air Liquide is committed to its customers and patients, shareholders, employees, the environment, local communities, its suppliers and partners.

In addition to these Principles of Action, the Group has also adopted key concepts, which are included in the Code of Conduct (revised in 2016, which is due to be updated in 2021) which each subsidiary adapts by drafting its own Code of Conduct in its working language. These key concepts are also available on the Air Liquide website (https://www.airliquide.com/group/code-conduct-key-concepts). They cover in particular:

- respect for laws and regulation;
- respect for people in terms of health and safety, discrimination in the workplace, and the respect of third parties;
- respect for the environment;
- transparency and integrity of information;
- implementation of the Code of Conduct;
- sanctions in the event of violation of the Code of Conduct.

Finally, Air Liquide also supports several international and sector initiatives. The Group's Chairman and Chief Executive Officer has been a signatory of the United Nations Global Compact (UN Global Compact, https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/444628) since 2014, and has committed to sustainably adopt the ten principles relating to Human Rights, international labor standards, the environment and the fight against corruption within the Group's strategy and operations. 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 performances in the chemical industry in terms of health, safety and the protection of the environment.

Through its activities and its engagement, Air Liquide 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 appropriate actions to mitigate risks or prevent severe impacts, described in paragraphs 2.3., 3.3. and 4.3., are associated with the corresponding SDGs.

1. Risk mapping – methodology for the assessment of the Group's operations

Since 2018, Air Liquide has introduced a risk assessment mechanism, which meets the duty of vigilance. The risk identification process takes both local characteristics and emerging issues into account. These risks are assessed by the clusters (groups of countries) according to their impact and probability of occurrence. A summary of this assessment is reviewed at the central Group level with the help of experts, in particular for safety, climate and water management-related subjects.

Finally, a summary of all work carried out is presented to the Group Risk Committee. It includes the following risks:

Duty of vigilance stakes	Associated risks
Human Rights and fundamental freedoms	Discrimination
	Labor law
Health and safety of individuals	Health, safety and security of individuals
Environment	Greenhouse gas emissions
	Water management (consumption and discharge)

Details of risks by stake are presented in paragraphs 2.1., 3.1., and 4.1.

2. Human Rights and fundamental freedoms

Air Liquide Group is committed to the highest possible standards in terms of conducting its business, notably with respect for Human Rights and social rights.

2.1. RISK MAPPING

Risks related to the Group's societal impact, in particular with regard to Human Rights and fundamental freedoms, include:

- **discrimination-related risks:** Air Liquide carries out activities with high technological content in a large number of countries with different cultures. Challenges relating to discrimination mainly with regard to gender equality (gender disparity, in particular in technical or expert occupations), disability, origin, religion or age could affect employees of the Group or of its partners;
- **labor law-related risks:** Air Liquide contributes to economic and social growth in 78 countries where it operates through its technical, industrial, medical and economic activities. The Group therefore identifies the applicable laws and regulations, in particular in terms of working conditions, child labor and the freedom of trade unions.

2.2. REGULAR ASSESSMENT PROCEDURES

Air Liquide has introduced provisions aimed at ensuring compliance with the international rules of the International Labour Organization (ILO) in terms of labor law and follows the United Nations Guiding Principles on Business and Human Rights as well as the Organisation for Economic Co-operation and Development (OECD) Guidelines for multinational enterprises. These promote an ethical and responsible approach by companies in their activities and professional relations, in particular in terms of human rights, by encouraging the implementation of due diligence procedures. Safety, ethics and respect for human rights are prerequisites for achieving a high-quality work environment. Each Group entity defines, in agreement with employee representative bodies and in line with local regulations, legal working hours which encourage engagement and performance.

One of the focuses of the Human Resources strategy consists of building an inclusive and collaborative structure capable of addressing the challenges of a continuously changing world.

To assess and manage discrimination-related risks, Air Liquide rolled out in the past a policy based on four cornerstones: age, gender, disability and nationality. To cover the various forms of diversity and promote a more inclusive culture, Air Liquide is changing its policy, striving to fight against **any form of discrimination.**

Diversity is a priority of Air Liquide's Human Resources strategy and policy and the Group considers it as a source of dynamism, creativity and performance. It is a fundamental element of the organization, in terms of both operations and employees, and drives the Group's long-term performance. Established at the Group level, this policy is then applied locally in the subsidiaries.

Objectives at the central level include enhancing diversity among managerial staff to better value the various cultures on which Air Liquide is built and to improve gender equality. In this respect, quantified gender equality targets have been set for the Group and its entities.

At the entity level, the aim is for teams to be made up of employees who represent the setting in which they work. Each entity is therefore responsible for the implementation of specific action plans adapted to its circumstances and legal framework, which can cover various forms of diversity (race, color, origin, religion, sexual orientation etc.).

Furthermore, the alert mechanism (EthiCall and EthicsPoint described in paragraph 6.) enables Human Resources to track the number of alerts related to these risks and to risks related to labor law in general.

2.3. APPROPRIATE ACTION TO MITIGATE RISKS OR PREVENT SEVERE IMPACTS

2.3.1. Discrimination-related risks

A team within Human Resources is responsible for managing diversity projects. The Group's roadmap is based on three criteria:

- deploying the diversity objectives in all entities and ensuring the implementation of all related action plans;
- improving all of the Group's Human Resources processes to reduce any bias and avoid all forms of discrimination;
- promoting an inclusive culture to leverage the diversity of the teams.

An example of this roadmap is the implementation of a new measure to combat harassment and intimidation planned for January 2021 in the United States. Each year, the 17,000 employees at the Airgas subsidiary will receive training to promote a positive working environment and prevent discrimination in the workplace, but also in any professional situation outside of the workplace such as, for example, during business trips, meetings and events sponsored by the Company.

Gender equality

The Group has set several ambitious gender equality objectives aimed at achieving:

5 GENDER EQUALITY

- a rate of 35% of women among "Managers and Professionals" by 2025. This objective is in line with the results obtained over the past ten years which have enabled the share of female "Managers and Professionals" within the Group to increase from 26 to 30%;
- a rate of 25% of women in Executive positions by 2025, versus 21% currently.

The various Human Resources processes are reviewed to encourage diversity, in particular gender equality within the Group. For example, the recruitment process allows the Group to strengthen the place of women within the Company, and the career development process ensures that the list of candidates for a new position always includes at least one woman.

Finally, promoting a culture of inclusion helps leverage the diversity of the Group's talents. Awareness-raising programs and discussions are organized within the Group's entities: dedicated days organized to raise awareness and promote manager involvement, "champions" networks, the sharing of best practices, and the implementation of communities in networks that favor gender equality. Several events were thus organized across the Group in March 2020 just after International Women's Day, to promote diversity and inclusion.

Equal pay

In France, the law dated September 5, 2018, relating to the freedom to choose one's professional future, stipulates that all companies with more than 50 employees must complete an annual gender pay gap review, which will result in a social rating being published for the Company (out of 100 points). This Index and the five related indicators must also be made available to the Social and Economic Committee and be transmitted to the Labor administration.

In 2020, the Group's 30 companies with at least 50 employees in France were audited as in 2019. The weighted average gender equality workforce Index stands at 87.9/100, showing an increase of 2.9 points compared to 2019. L'Air Liquide S.A. published its equal pay Index for the third year, reaching 99/100 (it was 98/100 in 2019 and 82/100 in 2018).

Outside of France, the Group initiated a process in 2019 to assess the gender pay gap in entities with more than 400 employees. Based on the initial results, a global process will be defined and regularly rolled out.

The inclusion of disability – one of our priorities

The aim of the HandivAirsity initiative, which was launched on a European level in 2017, is to encourage diversity by integrating employees with disabilities within the Group's teams and involving its entire ecosystem: employees, suppliers, customers and stakeholders. The signing of the HandivAirsity Charter by employees is the first step towards supporting this initiative. A HandivAirsity Challenge was launched and aimed at developing and awarding projects promoting disability within the Group's entities. Despite the covid-19 pandemic, 36 European projects were launched in 16 countries as part of the 2020 edition.

Every effort is made to support employees with a disability within Air Liquide: ergonomic assessments, adapting workstations, special equipment, interfaces, training, active awareness-raising among personnel such as for example within the Air Liquide France Industrie subsidiary, with events such as DuoDay, European week, the inclusive Hackathon, handilearning, a toll-free number, challenges and newsletters.

Within a scope covering around 5,500 employees based in France, a fifth Disability agreement for a period of three years (2020-2022) was signed at the end of 2019. The aim of this agreement is to continue with measures already implemented in favor of people with disabilities and thus further improve the direct employment rate to reach 4.2% in 2022 vs 3.3% in 2018.

Measures are also in place to help contribute to "indirect" employment, which corresponds to the purchase of goods and services from companies in the adapted and protected sector (STPA) and from independent workers with disabilities, despite the fact that this contribution is no longer factored into the overall employment rate. In France, in 2020, 1.3 million euros was declared to the AGEFIPH (the French association managing the funds for the professional integration of people with disabilities). Since 2018, Air Liquide has organized three annual editions of the "STPA Business Meeting" bringing together Air Liquide key players and STPA companies to promote solidarity procurement. In 2020, the "STPA Business Meeting" was held online due to the covid-19 pandemic. 110 individuals and 10 suppliers took part.

Fighting other forms of discrimination

Actions have been launched to improve local procedures in the subsidiaries to combat other forms of discrimination.

IN SOUTH AFRICA, AIR LIQUIDE PROMOTES EQUAL OPPORTUNITY FROM THE RECRUITMENT STAGE

For example, to promote equal opportunity regardless of race and to avoid nepotism, the recruitment process in South Africa has been strengthened. Questions have been added to the selection framework to verify the candidate's lack of personal ties with a company employee. The candidate is then asked to provide an official statement during the job interview.

IN THE UNITED STATES, AIR LIQUIDE PROMOTES A MORE INCLUSIVE CULTURE

In the United States, in order to develop a more inclusive culture, communities in networks called "Business Resource Groups" are created to promote diversity, in particular with regards to women, veterans, African-Americans, LGBTa, Hispanic and Asian Americans. Moreover, the right to sexual difference is provided for in the 2021 local policy update and it will introduce the risk of harassment between people of the same sex.

2.3.2. Labor law-related risks

Relations with social partners

Air Liquide is committed to maintaining a high-quality social dialog across all of its subsidiaries. This comes in different forms according to local regulations.

In Europe, the European Works Council has 29 employee representatives from 13 countries. It was renewed in 2017 for a term of four years. In 2020, seven plenary meetings chaired by a member of the Executive Committee were held, as well as five other meetings of the Council's board members. The main themes discussed during information and consultation meetings are safety, news on the Group's activities, especially in Europe, the financial results, the well-being and psychological health of employees, the industrial strategy and its implementation in the different countries in which Air Liquide operates.

In France, the Group has sought to improve social dialog for two years, using a debate and project development approach as part of a collaborative initiative. Two social seminars were held to promote working together (employee representatives/trade unions and management/HR) towards a new ambition. This exercise helped define a roadmap and transformation projects:

- anticipating the management of the employability of Group employees in addition to the agreements for forward planning of employment and skills ("Gestion prévisionnelle des emplois et des compétences, GPEC");
- improving the employee representatives pathway within Air Liquide;
- initiating discussions on the prevention of psychosocial risks.

In 2020, the social dialogue continued in spite of the public health crisis. Negotiations with social partners about employability will begin in 2021 with the aim of concluding a company-wide agreement in France.

The reflections on psychosocial risks carried out during the European Works Council meetings have resulted in the production of the "Care & Perform" Charter described in the paragraph below, "Well-being at work".

In addition, 2020 was largely devoted to managing the public health crisis with employee representatives. It was characterized by ongoing and strengthened social dialogue with bodies such as the Social and Economic Committee, the France Group committee, the European Works Council and the Health, Safety and Working Conditions Committee.

In September 2020, a presentation of the duty of vigilance approach was shared with the France Group committee, which includes representatives from all French entities.

IN THE UNITED STATES, AIRGAS IS COMMITTED TO AN OPEN AND CONTINUOUS DIALOG WITH THE LABOR UNIONS

Around 50 collective agreements have been negotiated covering subjects including union security, management rights, overtime, health and wellbeing, working hours, public holidays, paid vacations, pay rises, discipline and dismissal.

Well-being at work

3 GOOD HEALTH AND WELL-BEING

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.

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. These practices were incorporated into principles that were jointly developed with European social partners. In 2019, the Group developed the "Care & Perform" initiative, in partnership with the European Works Council, which aims at preventing psychosocial risks. This initiative led to the drawing up of a charter based on principles of action relating to improving organization, workload and the work-life balance of employees.

More generally, 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 build on this shift in working methods. This project will allow entities to promote a new working framework for their employees, including team management, a structured homeworking policy, the design of work spaces, and an in-depth review of the interaction with customers and patients.

The Group has also launched an internal program called MyVoice to measure the engagement of employees. This program aims to improve the experience and well-being of employees within the Group. It is based on a simple concept: listen, understand and act. Following the launch of the initiative in Asia Pacific in 2019, feedback is now collected from employees throughout the Group each year to help better understand their expectations, identify and introduce appropriate measures and thus significantly improve their commitment.

A short, twenty-question survey is sent to each employee with room to leave comments if desired. These questions cover subjects including safety, work-life balance, career prospects, inclusion, autonomy, professional development and trust. Answers are fully anonymous to ensure complete freedom of speech. Results are collected in real time, aggregated and analyzed in a central platform 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.

As of 2020, the survey is sent out each year in order to measure the impact of any action taken, as well as the change in employees' engagement over time. With MyVoice, Air Liquide aims to offer each employee a successful professional experience, by favoring listening and dialog, at each stage of their careers as Group employees. The importance attached by the Group to the employee experience is a key factor in terms of job attractiveness, retaining talent and the job satisfaction of employees.

2.4. MONITORING SCHEME OF MEASURES IMPLEMENTED AND THE ASSESSMENT OF THEIR EFFECTIVENESS

In terms of gender equality, Air Liquide has created its own protocol to define its reporting methods for Human Resources. This protocol includes all the definitions, measurement procedures and collection methods for this information. Each month, the subsidiaries update the indicators in the Group's reporting tool.

The Group ensures that social dialog is encouraged and, as part of this, 81% of Group employees had access to a representation, dialog or consultation structure in 2020.

Human Resources indicators are consolidated twice a year for all companies included in the financial consolidation scope. The Human Resources Committee, represented by the Group's largest operational departments, meets six to eight times a year to monitor measures implemented and assess their effectiveness.

2025 Objectives		2020 Results
Increase the percentage of women among managers and professionals	35%	30%
Increase the percentage of women in Executive positions	25%	21%

2020 Objective		2020 Result
Response rate for the 2020 MyVoice survey	75%	80%

Internal audits were carried out to verify the alignment of the entities with Human Resources objectives, the monitoring of indicators and the implementation of action plans.

3. Health and Safety / Security

Safety is a fundamental value 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 and suppliers 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.

3.1. RISK MAPPING

3.1.1. Industrial risks that may affect individuals

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 that may affect individuals. These are related to:

- products: the intrinsic properties of industrial gases manufactured, transformed or packaged by the Group classifies them in the dangerous materials category;
- processes and their operation: cryogenics is used to separate gases by distillation, store them and transport them. This very low temperature technique requires specific means of control and protection to avoid in particular:
  - cryogenic burns associated with liquefied gases,
  - anoxia, associated with inert gases,
  - over-oxygenation or fires, associated with oxygen and oxygen mixtures.

  The same applies for high temperature techniques, used in particular in the production of hydrogen, which are particularly exposed to risks of 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;
- logistics and transportation: each year, delivery vehicles, sales staff and technicians travel hundreds of millions of kilometers. Non-compliance with the 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 present specific risks (collision, falling packaging, etc.). Training and authorization 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, which could notably have an impact on a patient's health;
- specific standards and regulations, in particular in Healthcare, with the risk of non-compliance of products and services provided to patients.

Logistics and road transport, as well as manufacturing processes represent major exposure for individuals to the corresponding risks. These risks are subject to dedicated action programs, which are described in paragraph 3.3.

3.1.2. Risks related to the security of individuals

Risks related to the security of individuals are mainly triggered by business travel: security risks during trips to foreign countries, but also public health risks in certain countries affected by "rare diseases" or with medical and hospital infrastructure that is considered "at risk".

In tangible terms, these risks concern all forms of travel and are related, for example:

- before departure, to the lack of information regarding a destination country and the best practices to be implemented;
- upon arrival, to recommendations relating to how to recognize the host and to means of transport;
- during the trip, to the choice of accommodation and means of transport;
- to health recommendations (and food safety) which vary according to regions;
- to physical security recommendations which vary according to the country and its political and social context;
- to information regarding the available means of seeking medical advice, a consultation, hospitalization, or even a medical evacuation.

The same approach was therefore used for those traveling during the global public health crisis due to the covid-19 pandemic: information, guidance, travel recommendations and measures adjusted for each individual and each country. The Group's duty to protect its employees is also applied in the same way to stakeholders (service providers and subcontractors) when they intervene at the request of Air Liquide, regardless of the country.

Overall, the **risk level of each country** is decided on by the Security Department. It is based on the official rating of five countries (France, the United Kingdom, Canada, the United States and Australia), coupled with an assessment by a security service provider. The occurrence of serious or repetitive events results in a review of the country's risk level. The final validation of this level is the responsibility of the country manager. To date, for the countries in which Air Liquide is present, three are classified as very high risk (Nigeria, Mali and Burkina Faso) and nine are high risk. The others are split between moderate and low risk.

Finally, the **protection of sites** against malicious attacks contribute to the protection of the individuals who work at these sites, as well as that of local residents and customers. Any intrusion at a site, regardless of the motive (simple theft or an act of terrorism), creates a disturbance or major damage that will have an impact on the work of employees. Depending on the nature of the offense, the act committed may also have an impact on the safety of local residents, or customers who may suffer delivery problems.

3.2. REGULAR ASSESSMENT PROCEDURES

To assess and manage these risks, the Group has an Industrial Management System (IMS), which operates based on:

- the accountability of the departments of the various Group entities for the effective implementation of this system;
- the issue of key management and organizational procedures that aim to ensure:
  - compliance with standards and regulations,
  - design management,
  - industrial risk management,
  - hygiene, health and environmental management,
  - the training and certification of personnel,
  - the management of operating and maintenance procedures,
  - the management of industrial purchasing,
  - change management,
  - the analysis and treatment of incidents and accidents,
  - the dissemination of shared technical standards within Group entities.

The IMS document base is continuously updated and enriched.

3.2.1. Industrial risks that may affect individuals

The Safety and Industrial Systems Department and the Industrial Departments of the World Business Lines supervise and control the implementation of the IMS, by notably relying on:

- the presentation of various dashboards designed to monitor performance in terms of safety;
- process audits to verify the implementation conditions and compliance of operations with IMS requirements;
- throughout safety reviews prior to the start-up of any new facility to prevent any accidents due to a construction defect;
- technical audits carried out by the Industrial Departments to ensure the compliance of operations with Group rules.

This regular assessment of industrial risks that may affect individuals covers all Group activities in all geographic regions. The frequency of these assessments is adapted to each subject. For example, monthly safety performance reviews or an annual review of technical audits. Other subjects require that assessments be carried out at specially adapted intervals, as for example in the case of the covid-19 pandemic.

3.2.2. Risks related to the security of individuals

In terms of the security of industrial and commercial facilities, regular visits are carried out on site. The purpose of these visits is to ensure the correct application of the processes set out in the document base. They are usually carried out in each region, with the involvement of the Head of Security. A report is drawn up after each country visit and sent to the entity.

For example, over the past two years, 27 sites (of which 11 major) in nine countries (including Mali and Nigeria, countries classified as very high risk), were visited by the Head of Security, accompanied by the Safety Officer for the geographic region in question.

3.3. APPROPRIATE ACTION TO MITIGATE RISKS OR PREVENT SEVERE IMPACTS

3.3.1. Industrial risks that may affect individuals

Air Liquide relies on continuous actions to raise the awareness of its teams through specific training in the mitigation of industrial risks that may affect individuals. Not only are all employees trained in relation to risks relating to their own business line, they are also, more generally, trained in the Group's safety culture.

Since their creation in 2013, Air Liquide is committed to ensuring that its 12 key safety rules are complied with at each site and at all times. The interpretation and meaning of each rule is widely shared. Non-compliance with one of the 12 key safety rules is a serious violation, which, depending on the circumstance, may lead to sanctions.

As identified in the mapping, two risks represent major exposure for individuals. Targeted action plans have been introduced for each of these risks more than 10 years ago, and certain measures were further reinforced about five years ago:

- Air Liquide delivers products to its customers and patients by road in 78 countries. The Group has a structured program to mitigate these **risks on the road;** the main measures include:
  - 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 half of the vehicles are already equipped, and the aim is to reach 80% in the coming years,
  - continuously assess and audit compliance by operations with internal requirements set out in the protocol that was updated in 2020. This protocol is related to both material and human factors (e.g. the recruitment and training of professional drivers).

Thanks to the efforts made for more than five years, the Group's road safety performance has improved, and the current momentum should lead to further progress. For example, the number of truck overturns (such as when driving too quickly on a bend) has decreased from more than 30 per year five years ago to less than ten since 2019, despite the number of trucks in the fleet now exceeding 10,000;

- the **safety of industrial processes** can be difficult to assess 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 measures, the purpose of which are to control the most serious risks relating to production processes. These specific action plans have been assigned the necessary resources (expertise and budgets) and follow a roadmap. Their progress is regularly monitored by the Group's Executive Management.

3.3.2. Risks related to the security of individuals

To reduce travel-related risks, Air Liquide applies a series of measures aimed at protecting those traveling for the duration of their trip:

- factsheets for the countries with one of the three highest levels of risk summarizing the main recommendations to be aware of before departure; these are regularly updated by the Security Department;
- all travel reservations to a very high risk or high-risk country are subject to a validation process by an employee's managers, then by the Safety Officer of the geographic region in question, who may even prohibit the trip;
- within each entity and group of entities, a head of security is responsible for updating the country factsheets and specific recommendations for the subsidiary's employees, expatriates and travelers;
- the reservation tool, which monitors trips, informs the host entities of the arrival of Group employees, and provides, where necessary, updated information;
- for the duration of their trip, travelers benefit from support from the global service provider who informs them of any local situations, answers any questions and can arrange for medical support (ranging from advice by telephone to medical evacuation by air).

During the **covid-19 pandemic,** particular care and attention were paid to the Group employees, as well as to service providers acting on behalf of Air Liquide. A crisis unit, led by the Head of Human Resources, met on a weekly basis and has developed various protocols over the months aimed at all the Group entities. These included:

- covid-19: Recommendations and Business Continuity Plan (March 2020);
- the management of employees of a critical production entity who test positive for covid-19 (March 2020);
- HR – What action to take if an employee tests positive for covid-19? (May 2020);
- guidance for the transition phase and anticipation of a "second wave" (June 2020);
- the use of covid-19 tests (July 2020).

Finally, to facilitate the purchase of personal protection masks, and of other products necessary for the entities' activities, several teams were tasked with defining needs and then ensuring their supply. This special purpose organization, with support from the Group's Procurement Department, ensured that since May 2020 all of the subsidiaries' needs were met.

The **site protection** policy helps protect the employees and service providers who work there, as well as the people living near the industrial facilities. This policy relies on a site assessment process, followed by the measurement of the difference between the current level of protection and the required standard and, finally, on the action plan required to reduce these differences. The fundamentals of our site protection policy include a watertight fence, a well-managed access process, an adapted security and surveillance system, and finally the means to intervene and respond in the event of an intrusion.

All information regarding the security of employees and sites, as well as the pandemic, can be found on the Security intranet site. This site can be viewed by all employees worldwide.

3.4. MONITORING SCHEME OF MEASURES IMPLEMENTED AND THE ASSESSMENT OF THEIR EFFECTIVENESS

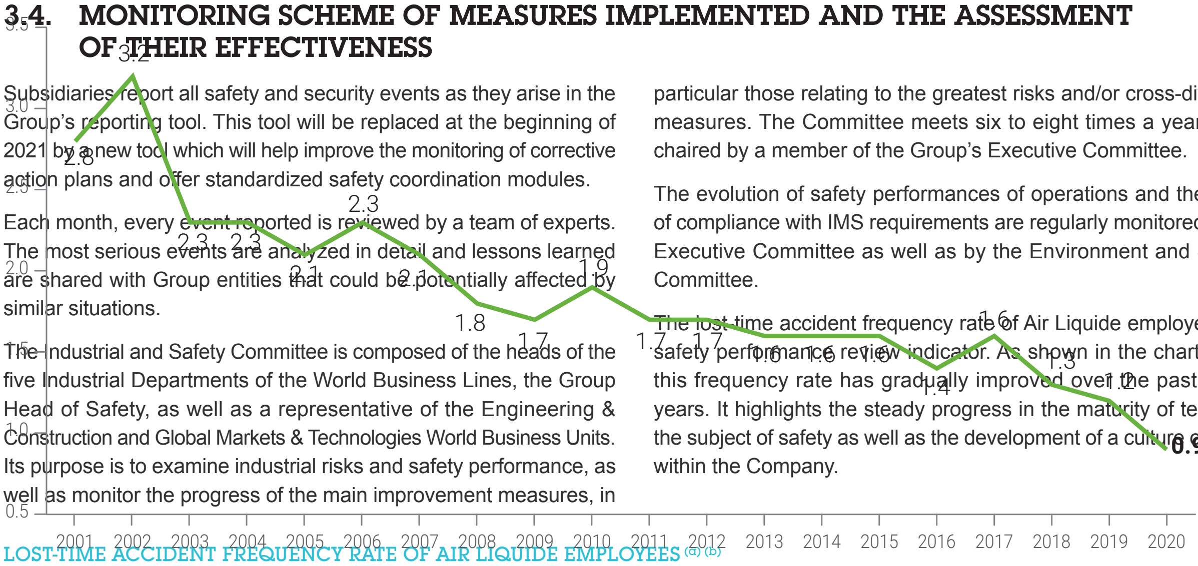
Subsidiaries report all safety and security events as they arise in the Group's reporting tool. This tool will be replaced at the beginning of 2021 by a new tool which will help improve the monitoring of corrective action plans and offer standardized safety coordination modules.

Each month, every event reported is reviewed by a team of experts. The most serious events are analyzed in detail and lessons learned are shared with Group entities that could be 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 safety performances 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.

The lost-time accident frequency rate of Air Liquide employees is a safety performance review indicator. As shown in the chart below, this frequency rate has gradually improved over the past twenty years. It highlights the steady progress in the maturity of teams on the subject of safety as well as the development of a culture of safety within the Company.



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

4. Environment

4.1. RISK MAPPING

4.1.1. Greenhouse Gas Emissions (GHG)-related risks

As a responsible industry player, Air Liquide has identified the risk related to greenhouse gas emissions associated with its businesses. Recognition of this risk, and the related mitigation measures, underline the Group's commitment to fighting climate change while taking into account recommendations by the Intergovernmental Panel on Climate Change (IPCC) and the objectives set out in the Paris Agreement. In this respect, work is currently underway to review the Group's Climate Objectives and to define its contribution to carbon neutrality by 2050.

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.

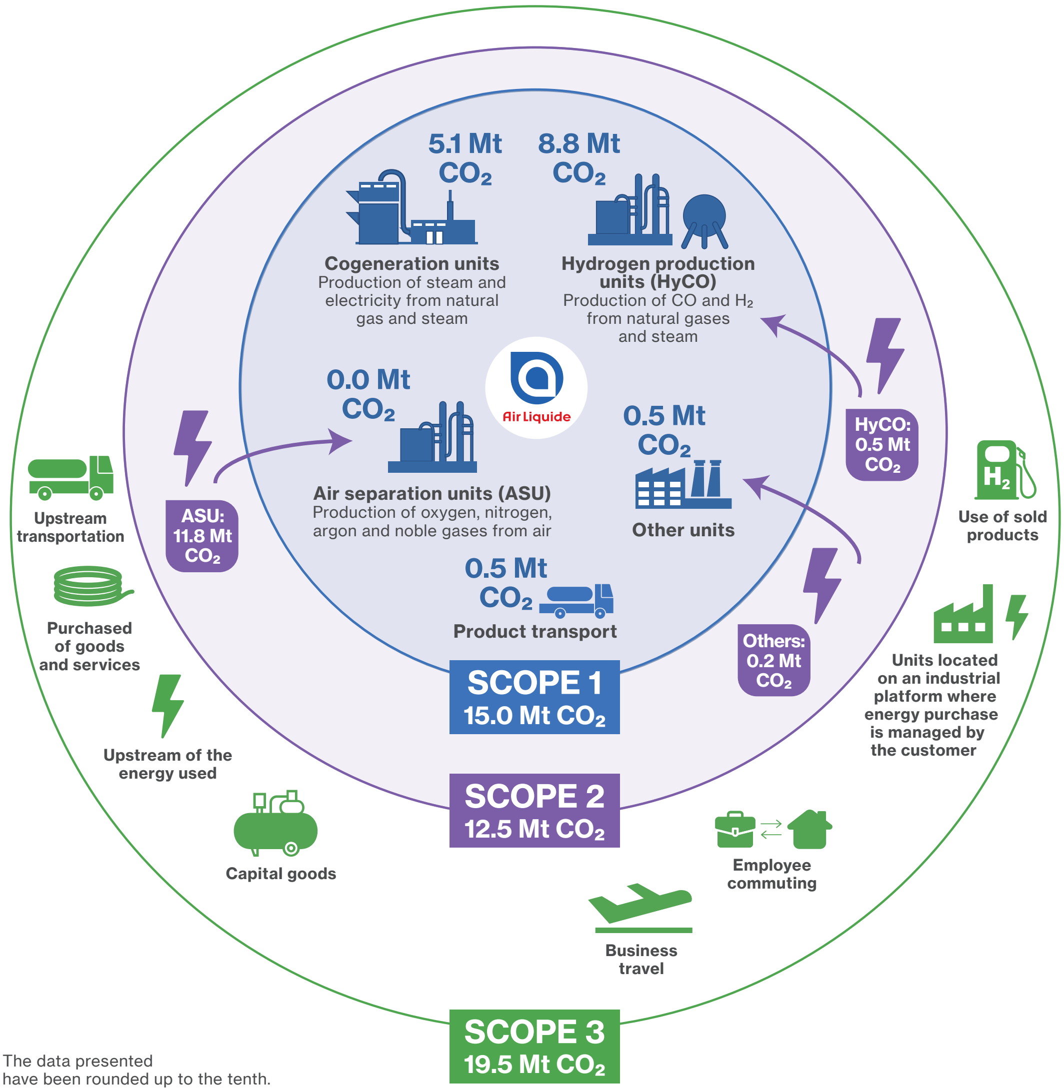
Air Liquide's GHG emissions balance sheet takes into account the 6 greenhouse gas highlighted by the Kyoto Protocol and is carried out in accordance with the GHG Protocol's carbon accounting method proposed by the World Resource Institute and the World Business Council for Sustainable Development.

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.

Scope 1

Air Liquide accounts for carbon dioxide, methane and nitrous oxide emissions. For large units, 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. Reporting takes into account a minimum of 95% of the Group's emissions. The methodology and reporting of unrecognized sources are subject to a continuous improvement process.

Scope 2

Scope 2 totals the indirect GHG emissions generated by the production of electricity and steam purchased outside the Group. These emissions are related to the production of electricity and steam in the various countries where it operates. The reporting takes into account a minimum of 95% of the Group's emissions.

Scope 3

The Group reports other indirect GHG emissions under Scope 3 (categories 1, 2, 3, 4, 6, 7, 11 and 13 of the GHG Protocol [a]), which concern the Gas and Services businesses. The categories not reported represent emissions that are not applicable in Air Liquide's business model (8 and 14), or negligible (5, 12 and 15), or already reported in Scope 1 (9), or for which the methodology and reporting are in the process of being developed (10).

4.1.2. Water management-related risks

For Air Liquide, the risks are related to its water consumption, in particular in areas of water stress.

Water consumption is measured by subtracting water return 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 products such as hydrogen.

With regard to the cooling of Air Separation Units, there are several types of cooling systems:

- more than half of these units have semi-open systems, where part of the water evaporates during the cooling process;
- around one-third of these units have open systems. Water runs through the plant for cooling purposes but all water extracted is returned**. Water consumption is considered to be null in this case.**

Both types of units require continuous back-up water. The cooling process has no material impact on the quality of the water returned;

- finally, the other units have closed systems, which do not extract water from their surrounding environment. These **consume no water** after the initial filling.

4.2. REGULAR ASSESSMENT PROCEDURES

4.2.1. Greenhouse Gas Emissions (GHG)- and water management-related risks

Assessment processes are as follows:

- methodology guidelines, such as, for example, assessment charts to regularly review risks according to their probability of occurrence and their potential impact, are provided to operations by the Sustainable Development Department which oversees the analysis process. Environmental risks are therefore assessed locally by the clusters (groups of countries) under the responsibility of their General Managers;
- a summary of each assessment is reviewed by the Risk Committee. It validates guidelines, analyses decision making and ensures follow-up measures are taken;
- the Environment and Society Committee examines the Group's strategy and commitments in terms of sustainable development and its environmental and societal measures, and reports back to the Board of Directors. It meets at least three times a year, and holds a joint session with the Audit and Accounts Committee once a year.

4.3. APPROPRIATE ACTION TO MITIGATE RISKS OR PREVENT SEVERE IMPACTS

4.3.1. Greenhouse Gas Emissions (GHG)-related risks

Environmental policies and procedures

The procedure relating to greenhouse gas emissions is being updated. It will include:

- a reminder of regulatory requirements to which the Group is currently subject in terms of greenhouse gas emissions;
- the methodology for calculating scope 1, 2 and 3 emissions, as well as the reporting scope and frequency;
- the review of investment decisions, taking into account environmental responsibility criteria, particularly concerning greenhouse gas emissions, as well as an analysis of the opportunities and risks related to climate transition. As an illustration, Air Liquide takes into account an internal carbon price of 50 euros per ton.

The Group's Climate Objectives

Air Liquide is fully aware of the importance and urgent nature of climate-related subjects. 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 and pursuing efforts to limit it to 1.5°C.

In 2018, the Group published its Climate Objectives for reducing its environmental footprint. These objectives break down into three elements: taking measures with regard to its **A**ssets, with its **C**ustomers and for the **E**cosystems (ACE). This global approach applies to all of the Group's activities.

(a) *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.*

Assets (A)

Within its activities, including production, distribution and services, Air Liquide is committed to reducing its carbon intensity [(a)] by 30% by 2025, based on its 2015 emission levels. To reach this objective, the Group has identified the following drivers:

Driver 1: increasing its purchases of renewable electricity by nearly 70%.

To increase its purchases of renewable electricity from 6 TWh in 2015 to 10 TWh in 2025, Air Liquide has introduced a proactive approach to renewable electricity procurement through direct contracts with producers (called PPA – Power Purchase Agreements).

7 AFFORDABLE AND CLEAN ENERGY

In July 2020, Air Liquide signed a long-term power purchase agreement (PPA) for the supply of renewable electricity to cover up to 15% of the current consumption of its activities in Spain.

This contract is the first PPA for renewable energy in Europe and illustrates Air Liquide's commitment to lower its carbon footprint.

Driver 2: improving the energy efficiency of its production units by 5%.

The Group aims to reduce the energy consumption by unit of volume of its plants by 5% by 2025 through:

- innovation to improve the performance of the most recent existing production units;
- investments to modernize production units;
- the automation and centralization of its operations, in particular by optimizing the performances of its plants in terms of energy consumption (CO_2 emissions avoided).

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

In July 2020, Air Liquide announced a 125 million euros investment to build the first world-scale Air Separation Unit (ASU) for oxygen production with an energy storage system that helps facilitate more renewable energy on the electricity grid due to its grid stabilizing capability. This highly efficient plant, with circa 10% less electricity consumption, will have a production capacity of 2,200 tons of oxygen per day, and will be built in Port of Moerdijk in the Netherlands.

Driver 3: reducing the carbon footprint of its bulk products in liquid form and of its cylinder products in gas form by 10% through the optimization of both production and transportation and the efficiency of delivery rounds.

Currently, only 15% of air gases and hydrogen produced by Air Liquide are transported by road (the rest of the deliveries are carried out either by pipeline or the gases are produced by units directly installed at the customers' sites). Moreover, thanks to the success of the delivery optimization programs, the efficiency of industrial gases transportation continues to improve.

13 CLIMATE ACTION

In November 2020, Air Liquide deployed, at a global scale, its bulk gases supply chain digitalization program, IBO (Integrated Bulk Operations). Digital technology and the associated massive collection of data from production plants to the customers' sites enable the improvement of operational performance and in particular a reduction in the carbon footprint.

Present within each operating entity, Climate Champions are responsible for rolling out the Group's Climate Objectives. They are the point of contact of the Sustainable Development Department in the clusters (groups of countries). They develop a roadmap that must define all the operational measures required to achieve the objectives. Their role also includes identifying projects, monitoring key indicators, and reporting progress.

All of the climate roadmaps to 2025 for all regions were updated during 2020.

Customers (C)

The Group is committed with its customers to creating a more sustainable industry through low-carbon solutions. Air Liquide already offers technologies, which allows its customers to reduce their emissions of CO_2 and pollutants. The Group is continuously innovating and is also developing new solutions, such as CO_2 capture and recovery and the injection of hydrogen into the blast furnaces of its metal producer customers. To reach this objective, the Group has identified the following drivers:

Driver 1: rolling out low-carbon offerings and solutions.

Air Liquide provides its customers with the possibility of outsourcing some of their processes in order to pool assets and thus reduce the amount of energy used by up to 20%. The Group is also developing offerings which will reduce transport-related emissions, in particular through small production units installed at customers' sites and new-generation cylinders, which are 40% lighter than those made of steel. To improve the energy efficiency of combustion in the steel and glass industries, Air Liquide provides oxy-combustion solutions. This process consists of enriching air with oxygen to reduce energy consumption.

(a) In kg CO_2-equivalent/euro of operating income recurring before depreciation and amortization at the 2015 exchange rate and excluding IFRS16 for greenhouse gas emissions scopes 1 and 2 (see reconciliation in Chapter 1 appendix, page 57).

13 CLIMATE ACTION

In April 2020, Air Liquide announced a major investment in Taiwan to enter two of the world's most advanced semiconductor basins. This investment underlines Air Liquide's capacity to provide **low carbon and high-purity hydrogen and oxygen differentiated solutions.** Hydrogen will be partially produced from renewable energy sources, which will avoid the emission of an estimated 20,000 tons of carbon dioxide (CO_2) per year.

In September 2020, Air Liquide announced a long-term supply agreement with Eastman Chemical Company to provide additional gaseous oxygen, nitrogen and syngas supporting Eastman's growth and production in Longview, Texas. The Group will build a new Partial Oxidation Unit (POX) on site, using the Company's patented Lurgi technology, which will **capture and recycle CO_2, reducing the carbon intensity of operations.**

Driver 2: co-developing innovative procedures with its customers.

Air Liquide is working in partnership with its customers to introduce new solutions that will reduce the environmental footprint in various business areas:

- either by reducing, where possible, the CO_2 emissions of its customers by offering innovative solutions;
- or by capturing CO_2 to give it a second life (CCUS [(a)] – Industrial Merchant and Large Industries businesses) or by storing it permanently (CCS [(b)] – storage in old offshore natural gas reserves, for example).

17 PARTNERSHIPS FOR THE GOALS

In January 2020, Air Liquide renewed its partnership with Solidia Technologies, a developer of solutions to reduce the environmental footprint of precast concrete manufacturing. The innovative solutions industrialized by Air Liquide and Solidia experts during the pilot phase initiated in 2016 enable the production of concrete **with an up to 70% reduced carbon footprint** compared to traditional concrete.

Ecosystems (E)

With ecosystems, via an active dialog with a set of players (public authorities, industrial partners, NGOs, etc.), Air Liquide is contributing to the development of a low-carbon society, notably by developing biomethane for industry and transport and promoting hydrogen which, in both terms of mobility and energy, will play a key role in the energy transition and fight against climate change. To reach this objective, the Group has identified the following drivers:

Driver 1: expanding the circular economy.

For road freight transport, the use of biomethane reduces particulate matter emissions by 85%, CO_2 emissions by 90% and noise emissions by 50% compared with diesel. The use of biomethane is growing and diversifying into the industrial and transport sectors by using new efficient and environmentally friendly applications.

13 CLIMATE ACTION

Air Liquide launches biomethane activity in Italy with two new production units. Air Liquide has announced the construction of its first two biomethane production units in collaboration with its local partner Dentro il Sole (DIS). These two units will be built in Truccazzano (Milan) and Fontanella (Bergamo) in Italy, recycling organic material from agricultural and livestock activities to convert it into biomethane, a renewable energy source.

One of the leading retailers in the United Kingdom, ASDA, has contracted Air Liquide to install and operate six biomethane (BioNGV) distribution stations to refuel trucks on its sites. British retail group ASDA will commission more than 300 new Bio-NGV (Natural Gas for Vehicles) trucks in 2021 to reduce the environmental footprint of its transport activities.

Driver 2: using cryogenic expertise for clean mobility solutions.

This driver presents all the solutions using Air Liquide's expertise in the field of low temperatures, whether for clean refrigerated transport or those that enable the transport sector to significantly reduce greenhouse gas emissions.

17 PARTNERSHIPS FOR THE GOALS

Air Liquide developed Turbo-Brayton cryogenic equipment to reliquefy the evaporation of natural gas from LNG carriers and reduce greenhouse gas emissions of the maritime industry to reduce greenhouse gas emissions. The success of this technology underlines the Group's ability to offer solutions, which reduce the environmental impact of its customers' activities. In fact, the sale of approximately sixty Turbo-Brayton cryogenic units in the last three years allows to avoid more than 290,000 tons of CO_2-equivalent.

(a) CCUS: Carbon Capture, Utilization and Storage.
(b) CCS: Carbon Capture and Storage.

Driver 3: promoting hydrogen for clean mobility.

Air Liquide is investing in low-carbon hydrogen production assets as well as in a distribution network for hydrogen mobility.

In July 2020, Air Liquide and the Port of Rotterdam announced the launch of a new joint initiative, which aims at enabling 1,000 hydrogen-powered zero-emission trucks on the roads connecting the Netherlands, Belgium and western Germany by 2025. This is one of the largest projects in Europe for the development of hydrogen trucks and related infrastructure and will contribute to reducing CO_2 emissions by an estimated amount of more than 100,000 tons per year.

Driver 4: creating a global hydrogen economy.

Air Liquide is a key driver in the creation of a global hydrogen economy. The Group was one of the founders of the Hydrogen Council, an initiative bringing together more than 100 global industry leaders to share their vision and ambition for hydrogen as an accelerator of the energy transition and to achieve climate change objectives. Hydrogen can decarbonize end uses such as transport, energy for industry or heating and electricity in the residential sector. Hydrogen can also play a major role in the storage of surplus energy in markets dominated by renewables. To foster the development of these initiatives, the French government announced in 2020 that it would commit more than 7 billion euros to hydrogen by 2030. In Germany, funds dedicated to hydrogen total 9 billion euros.

Air Liquide is a founding member of the Hydrogen Council. The Hydrogen Council is the first global initiative of its kind and intends to show that hydrogen is a key solution in energy transition. Its purpose is to present and promote solutions to key decision makers in the global political, economic and financial ecosystem.

4.3.2. Water management-related risks

Water management policy

To minimize the risks relating to water management with respect to third parties, a water policy is currently being drafted. The aim of this policy is to introduce best practices, share a common methodology for the calculation of indicators and measure the impact the water usage at Air Liquide sites may have on the population. This policy will be published in the BlueBook [(a)] in 2021.

Organizational structure and reporting tool

Air Liquide has a network of water experts across all regions. Their role is to verify data and to be the dedicated contact point for all questions relating to water and its use.

To improve the gathering of information and better steer water management at its production sites, Air Liquide set up a working group several years ago to optimize the water consumption of operations, in particular in areas of water stress. Finally, it is currently working on a new reporting tool to improve the comprehensiveness and accuracy of data. The tool is set to be rolled out in 2021 and will be monitored as part of the Vigilance Plan.

4.3.3. Employee commitment

Dedicated internal structure

In support of the climate approach, a specific structure has been implemented to replicate and promote best practices in terms of sustainable development within the Group. The actions of Climate Ambassadors, who are voluntary employees, cover subjects such as recycling, zero waste campaigns and sustainable mobility. They are tasked with sharing their experience and raising awareness of these subjects among employees in the workplace. The Group had 250 Climate Ambassadors at the end of 2020.

These actions are also shared on a dedicated Intranet site where more general information regarding the climate and the Group's strategy in this field can also be found: Climate Objectives, educational videos, articles, projects underway, local initiatives, etc.

(a) *The BlueBook is Air Liquide's reference manual, which gathers the Group's codes, policies and procedures and forms the basis for the Group's internal control system.*

AIR LIQUIDE FAR EASTERN (ALFE) ORGANIZES A SUSTAINABLE DEVELOPMENT MONTH IN TAIWAN

As part of efforts to work towards a more sustainable planet, ALFE has extended its CSR efforts from a “volunteer day” to “a month of sustainable development”. In October 2020, ALFE proposed four week-long activities covering subjects in line with the Group’s Climate Objectives: the daily use of plastics, the responsible management of email inboxes, and sustainable mobility. Those taking part were therefore able, for an entire month, to advance their knowledge, propose solutions and take effective action for the planet.

Employee training

In 2020, despite the impact of the covid-19 pandemic, the Air Liquide University continued to train employees across a wide range of subjects, and in particular those related to the Group’s climate and sustainable development approach. Remote training was put in place covering subjects including the environment, climate, the value chain and life cycle assessments.

Specific training courses were introduced for operational teams to inform employees of the Group’s Climate Objectives and their operational rollout.

4.4. MONITORING SCHEME OF MEASURES IMPLEMENTED AND THE ASSESSMENT OF THEIR EFFECTIVENESS

The results of risk mitigation measures are regularly reviewed by the Sustainable Development Department.

4.4.1. Greenhouse Gas Emissions (GHG)-related risks

The indicators for the most significant greenhouse gas emission measures (ACE approach) are presented below.

Assets (A)

2025 Objectives vs 2015	2020 Results
Driver 1: increasing its purchases of renewable electricity by nearly 70%	30% increase in renewable energy purchases
Driver 2: improving the energy efficiency of its production units by 5%	0.5% increase in energy efficiency for the production of air gases
	0.1% decrease in energy efficiency for hydrogen production
Driver 3: reducing the carbon footprint of its bulk and cylinder products by 10% through the optimization of both production and transportation and the efficiency of delivery rounds	2.4% decrease in the distance travelled per ton of bulk products sold

Customers (C)

	2020 Illustrations
Driver 1: rolling out low-carbon offerings and solutions	11.2 Mt of CO_2 emissions avoided by Air Liquide or its customers
Driver 2: co-developing innovative procedures with its customers	70% reduced carbon footprint for precast concrete manufactured with Solidia Technologies®

Ecosystems (E)

	2020 Illustrations
Driver 1: expanding the circular economy	1.3 TWh of biomethane production capacity
Driver 2: using cryogenic expertise for clean mobility solutions	>20 Turbo-Brayton cryogenic units sold in 2020
Driver 3: promoting hydrogen for clean mobility	1,000 hydrogen-powered zero-emission trucks planned by Air Liquide and the Port of Rotterdam to avoid around 100,000 tons of CO_2 emissions per year
Driver 4: creating a global hydrogen economy	109 companies are now members of the Hydrogen Council

Assessment of the efficiency of measures

The Group's carbon intensity [a] for greenhouse gas emissions scopes 1 and 2 is used to assess the efficiency of measures relating to CO_2 emissions. In 2020, the carbon intensity was 4.4, which represents a 30% reduction compared to the 2015 carbon intensity (6.3).

2025 Objective	2020 Result
To reduce its carbon intensity by 30% by 2025 (4.4), based on 2015 emissions levels (6.3)	100% of the target achieved

4.4.2. Water management-related risks

In 2020, Air Liquide withdrew 257 million m³ of water from various sources. 69% came from customers, 18% came from freshwater sources such as rivers or lakes, 6% from municipal supply and the remaining 7% from various other sources. The Group returned two thirds of this water and the Group's actual consumption was 90 million m³.

Units in areas of water stress

Air Liquide carried out a risk assessment on the water management risks of its sites following the publication in August 2019 of the new "Aqueduc 3.0 Water Risk Atlas" map from the World Resource Institute (WRI). 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.

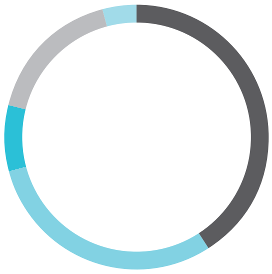
To carry out this assessment, the Group used the "business as usual" scenario (SSP2 RCP8.5 of the GIEC). Each site is thus identified as belonging to an area of water stress or not (area defined according to the intensity of water conflict). This mapping also includes new units.

Based on the mapping of Group units, 1% of facilities are located in regions that the World Resource Institute will consider to be arid zones in 2030.

4.4.3. Employee commitment

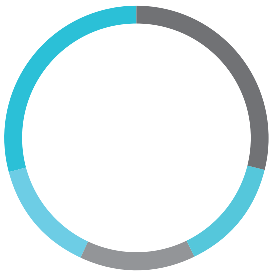
Measures carried out by the Climate Ambassadors community are regularly reviewed. More than 120 measures have been identified since the creation of this network.

TYPES OF INITIATIVES IN 2020



In 2020, the Group showed its will to continue to raise employee awareness of the various actions undertaken in favor of sustainable development (presentation of the Climate Objectives, how to contribute to a more sustainable world through the actions of employees and the Group, etc.). Targeted training programs including new subjects covering the main levers related to reducing the Group's environmental footprint have been developed by Air Liquide University. The training sessions are open to all employees. They can also access the recordings available on the Air Liquide University digital platform.

TRAININGS IN 2020



(a) *In kg CO_2 equivalent/euro of operating income recurring before depreciation and amortization at the 2015 exchange rate and excluding IFRS16 for greenhouse gas emissions scopes 1 and 2 (see reconciliation in Chapter 1 appendix, page 57).*

5. Suppliers and subcontractors

Air Liquide has several tens of thousands of tier-1 suppliers and subcontractors (hereinafter “suppliers”). The Group’s largest procurement categories are energy, equipment and technical services.

Two levels of the organization are involved in procurement activities in the Air Liquide Group. The Group Procurement Department and the corresponding functions in the regional hubs are responsible for the main procurement categories, with the exception of energy purchases. The latter are managed by departments specialized in energy management. The Group Procurement Department drew up a sustainable procurement procedure in 2012, and amends it regularly to take into account any regulatory changes and the Group’s ambitions [(a)].

5.1. RISK MAPPING

5.1.1. Methodology

The risk mapping of human rights and fundamental freedoms, health and safety of individuals, and the environment for Air Liquide Group suppliers is based on the suppliers most exposed to these risks being identified. For this purpose, four main criteria are used:

1° the risk relating to the nature of the supplier’s activity;

2° the risk relating to the country in which the supplier carries out its main activity;

3° Air Liquide current Spend with the supplier; and

4° the supplier’s dependency to Air Liquide.

The nature of a supplier’s activity depends on its allocation to one of 17 procurement categories, which are subdivided into 429 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 six-level scale (severe, medium high, high, medium low, low, very low).

The risk related to the country in which the supplier carries out its activity is assessed based on a weight of recognized public indicators for the environment (e.g. Environmental Performance Index, EPI), the health and social context (e.g. Human Development Index, HDI) and for human rights (e.g. Global Slavery Index, ITUC Global Rights Index), on a three-level scale (high risk, risk, no risk).

The combination of the four selected criteria leads to the identification of the most exposed suppliers (“Sustainability-Critical Suppliers”), who are prioritized in the implementation of assessment and prevention measures. In addition to those common criteria, the procurement functions in the geographies are free to define more stringent conditions, based on local specifities, to identify other Sustainability-Critical Suppliers.

	Assessment criteria				
	1° Nature of activity	**2° Country of location**	**3° Annual Spend**	**4° Dependency**	**Sustainability-Critical Suppliers**
Risks	Severe	All	> €200 K	Regardless of the supplier dependency ratio	Systematically selected
	High and medium high	High risk and risk			
	High and medium high	No risk		if supplier dependency ratio > 25%	
	Medium low, low and very low	All			
	All	All	< €200 K	Regardless of the supplier dependency ratio	According to the assessment of the local procurement functions based on more stringent criteria

5.1.2. 2020 results

The mapping of supplier-related risks is updated on an annual basis by a working group made up of employees in charge of sustainable procurement at Group level, buyers who are specialized by category, and external consultants.

In 2020 and during the previous years, based on the methodology described above, 968 suppliers were identified as being the most exposed to an overall Corporate Social Responsibility (CSR) risk.

(a) The sustainable procurement policy is being gradually rolled out to energy purchasing since 2020.

5.2. REGULAR ASSESSMENT PROCEDURES

The evaluation of Sustainability-Critical Suppliers is mainly carried out based on two kinds of questionnaires:

- via an external platform specialized in the assessment of CSR performance; or
- an internal questionnaire established by Air Liquide.

Answers provided in the questionnaires and supporting documentation produced by the suppliers are assessed by the experts from the external platform or by Air Liquide buyers, on a scale of 100 points. The score obtained reflects the supplier's global CSR performance:

- suppliers which score less than 25/100 are considered as non-compliant. These suppliers are reassessed the following year following the implementation of a corrective action plan;
- suppliers which score between 25/100 and 44/100 are considered as "needing improvement". These suppliers are requested to implement a corrective action plan within three years from their first assessment;
- suppliers which score more than 44/100 are considered as compliant with Air Liquide's responsible procurement procedure.

Air Liquide uses an external platform (in 2020, EcoVadis) which deploys an online questionnaire based on the ISO 26000 standard to assess the commitment of suppliers in terms of CSR. The main themes covered in this questionnaire include the environment, ethics, human rights and working conditions, and the sustainable procurement procedures introduced by suppliers. Suppliers rated compliant during their assessment, but which score less than 20/100 for one of the four themes must implement a corrective action plan.

Since 2019, Air Liquide has developed an internal questionnaire to complement the solution offered by the external platform. This questionnaire is sent to Sustainability-Critical Suppliers selected for the assessment campaign that have refused to reply to the questionnaire sent by the external platform.

In 2020, the assessment campaign covered one-third of Sustainability-Critical Suppliers. 167 suppliers were assessed by the external platform and 69 by Air Liquide (internal method), with an average score of 45/100. To date, 773 Sustainability-Critical Suppliers were assessed at least once on their CSR performance, representing 80% of them.

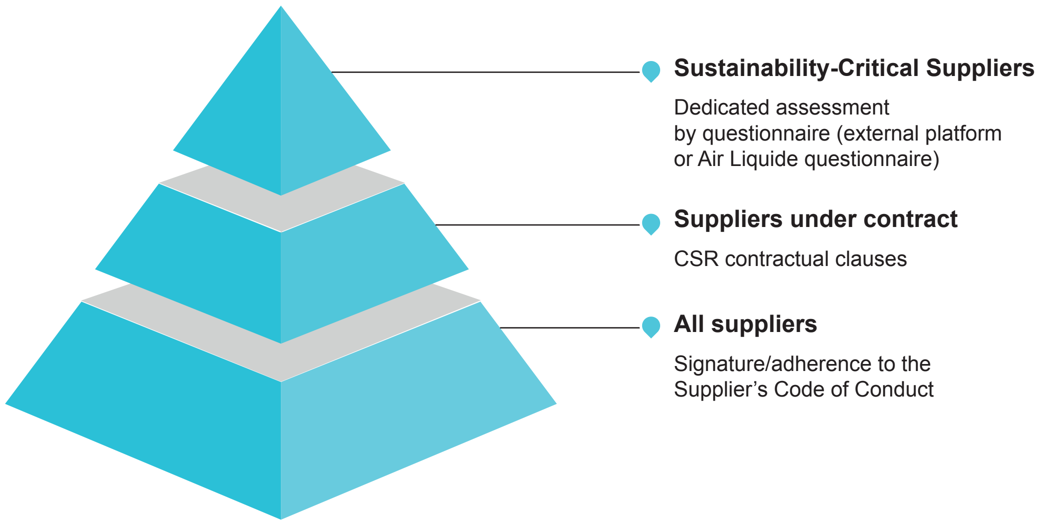
The Sustainability-Critical Suppliers' evaluation procedures provide for a CSR audit, performed by an independent third party, of suppliers which are non-compliant twice in a row. Since 2016, such a situation has not been encountered.

5.3. APPROPRIATE ACTION TO MITIGATE RISKS OR PREVENT SEVERE IMPACTS

5.3.1. Procedures

In order to mitigate risks or prevent severe impacts relating to the duty of vigilance, Air Liquide applies all elements of the sustainable procurement procedure (which was updated in 2019), including in particular the following prevention measures:

- the **Procurement Code of Conduct,** which is available in 14 languages, applies to all Group employees engaged in Procurement activities;
- the **Supplier's Code of Conduct,** which is available in 14 languages, aims to promote and ensure compliance by all suppliers of practices relating to human rights, the protection of the environment and safety. This code is publicly available on the Air Liquide website (https://www.airliquide.com/group/sustainable-procurement);
- a **CSR commitment clause** (covering compliance with the Supplier's Code of Conduct, safety, and the environment) is included in the contract templates.



5.3.2. Corrective action plans

Following the assessment of a Sustainability-Critical Suppliers, it is asked to implement a corrective action plan in the following cases:

Assessment of a Sustainability-Critical Suppliers (score out of 100)	Supplier score for each of the 4 themes [(a)] assessed	Overall supplier score		
		>44	between 25 and 44	<25
	If one theme obtains a score ≥20			
	If one theme obtains a score <20			

(a) The environment, ethics, human rights and working conditions, and the sustainable procurement procedures introduced by suppliers.

- *Reassessment of the supplier every three or five years according to the duration and specific characteristics of the contract.*
- *Reassessment of the supplier every three years and regular monitoring of its corrective action plan (to be implemented within three years from their first assessment).*
- *One month to set up a corrective action plan to be implemented in the following 12 months.*
  Reassessment the following year. A review is carried out each quarter by the procurement steering Committee.

A dedicated sustainable procurement function, within the Procurement Department, coordinates the implementation of corrective action plans through a network of responsible procurement correspondents present in each regional hub.

5.3.3. Training

In 2020, Air Liquide organized training sessions in English, Chinese, French and Russian to raise awareness among buyers and suppliers of the Group's Sustainable Procurement approach and thus strengthen its roll out throughout the organization. Training courses are organized by subject and by region. Some training courses cover, in particular, the commitments of new suppliers, the implementation of corrective action plans, the internal assessment questionnaire, as well as socially inclusive procurement. For buyers, these training modules also present the consistency between Sustainable Procurement and Group strategy, explain the challenges of the Sustainable Procurement approach and position it as a source of value creation. A total of 170 buyers and 160 suppliers were trained in 2020.

5.3.4. The Observatory for Sustainable Procurement

Air Liquide also takes part in collaborative and multi-sector initiatives for sustainable procurement, in particular as a member of ObsAR (the French Observatory for Sustainable Procurement, https://www.obsar.asso.fr/). In 2018, this not-for-profit organization created a working group focused on the challenges presented by the Law on the Duty of Vigilance for procurement functions. Following two years of work, to which Air Liquide contributed, ObsAR published a White Paper entitled "Implementing adapted measures to manage the Duty of Vigilance for suppliers and subcontractors", including best practices, methods and tools.

5.4. MONITORING SCHEME OF MEASURES IMPLEMENTED AND THE ASSESSMENT OF THEIR EFFECTIVENESS

The implementation of the sustainable procurement procedure, and in particular the results of Sustainability-Critical Supplier evaluations, is monitored by the Procurement Department. A steering committee, composed of the Group's sustainable procurement function and each of its regional correspondents, meets once a quarter to review the progress made in terms of objectives set by the Group.

2020 Objectives		2020 Results
Driver 1: Sustainability-Critical Suppliers rate of response to the annual assessment campaign	65%	75%
Driver 2: action plans prepared by suppliers where improvements were needed (annual assessment campaign)	62%	75%
Driver 3: action plans prepared and implemented by non-compliant suppliers	90%	100%

Following the assessment results and a review of corrective action plans, Air Liquide suspended, or significantly reduced, its sales relationship with 14 suppliers during 2020.

These performance indicators and their progress report were presented in April and October 2020 during the Group Procurement Board meetings, which bring together the Group Procurement Department and that of each region.

6. Alert mechanism

6.1. COMPILATION OF REPORTS

Since 2015, the Group has had an alert mechanism across all of its entities (EthiCall for all Group companies excluding Airgas, EthicsPoint for Airgas and its subsidiaries) which allows all employees and external service providers to anonymously file an alert with an independent external service provider.

This alert may cover:

- behavior or a situation that is contrary to the Group's commitments in terms of health and safety;
- a serious violation of human rights;
- behavior or a situation that is contrary to the Group's commitments in terms of the environment;
- deviations from the Code of Conduct of the employee's entity.

Thanks to regular communication (posters, intranet, reminders during e-learning courses, management communication), all employees are aware of the alert mechanism and can easily file an alert in their own language either by telephone or on the service provider's dedicated website.

The Group guarantees that any employee who reports an event in good faith will not be sanctioned or that any retaliatory measures will not be taken. This is also reiterated in the Code of Conduct.

All alerts are processed in a confidential manner and within a reasonable period, generally less than two months. Alerts are processed by internal teams according to their nature and their geographic origin. Employees responsible for processing the alerts may call upon external resources where required. A review of the most serious cases is carried out by an Ethics Committee at the hub or world business unit in question, or by the Group's Ethics and Compliance Committee.

This system is an additional solution to the usual process for reporting incidents within the entities (managers, Human Resources Department, Legal Department, etc.). This allows alerts received to be processed rapidly and in a structured manner, thus minimizing their potential impact on individuals and the Group's organization.

The Group is currently reviewing the possibility of extending access to the alert mechanism to third parties during the second half of 2021.

The reporting process for the most serious safety and security accidents ensures that the relevant management and heads of safety and security within the subsidiary, cluster (group of countries), hub and Group (according to the level of severity) are rapidly informed of these incidents. 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.

6.2. MONITORING SCHEME OF MEASURES IMPLEMENTED AND THE ASSESSMENT OF THEIR EFFECTIVENESS

The alert mechanism is supervised by the Group Ethics Officer who ensures the conformity of its operation, in particular the appropriate Group-wide communication regarding its use, the correct processing of alerts, and the protection of whistleblowers. The Group Ethics Officer reports back to the Group Ethics and Compliance Committee regarding the main indicators and information from this system.

In 2020, 279 alerts were reported in the alert mechanism, and in particular:

- discrimination and psychological harassment: 154 cases;
- health, safety, and environmental violations: 44 cases.

29% of alerts were found to be justified following an investigation and led to sanctions and corrective measures.

An internal audit of the alert mechanism was carried out at the end of 2018 and found the processes in place to be adequate. The opportunities for improvement that were identified, notably the standardization of processing methods, were implemented.

3 CORPORATE GOVERNANCE

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 as its meeting on February 9, 2021, on the recommendation of the Appointment and Governance Committee and the Remuneration Committee.

Those parts of the Report relating to the composition, preparation and organization of the work of the Board of Directors have been prepared on the basis of contributions from several of the Company's coporate functional divisions, including in particular the Legal, Financial and Human Resources Departments.

MANAGEMENT AND CONTROL

1. Board of Directors

DIRECTORS CURRENTLY IN OFFICE (AS OF DECEMBER 31, 2020)

Members of the Board	Changes in 2020 [(a)]	Nationality	Age [(b)]	Gender	Year of first appointment	Years of service on the Board [(b)]	End of current term
Benoît POTIER Chairman and Chief Executive Officer		French	63	M	2000	16	2022
Jean-Paul AGON Lead Director		French	64	M	2010	10	2022
Thierry PEUGEOT		French	63	M	2005	15	2021 [(e)]
Siân HERBERT-JONES		British	60	F	2011	9	2023
Sin Leng LOW		Singaporean	68	F	2014	6	2022
Annette WINKLER	May 5, 2020 (Appointment: Committee Chair ESC)	German	61	F	2014	6	2022
Philippe DUBRULLE Director representing the employees		French	48	M	2014	6	2022
Geneviève BERGER		French	65	F	2015	5	2023
Brian GILVARY	May 5, 2020 (Renewal: member BoD; member AAC - Appointment: member RC)	British	58	M	2016	4	2024
Xavier HUILLARD	May 5, 2020 (Appointment: member AGC)	French	66	M	2017	3	2021 [(f)]
Anette BRONDER	May 5, 2020 (Appointment: member BoD)	German	53	F	2020	7 months	2024
Kim Ann MINK	May 5, 2020 (Appointment: member BoD)	American	61	F	2020	7 months	2024
Fatima TIGHLALINE Director representing the employees	October 1, 2020 (Appointment by the European Work Council)	French	41	F	2020	3 months	2024

(a) BoD: Board of Directors; LD: Lead Director; AAC: Audit and Account 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, 2020 The term of office of 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 9, 2021; for information regarding independence criteria, please refer to this Universal Registration Document – pages 122 and 123.

SOCIAL AND ECONOMIC COMMITTEE DELEGATES

Pierre GAC	Social and Economic delegate
Patrice LEVEE	Social and Economic delegate (until October 2020 – see section 10.2 page 130)

Independent Director [c]	Number of shares as December 31, 2020	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
No	530,070					2	Chairman and Chief Executive Officer
Yes	1,784		Committee Chair	Member		1	Executive Officer of an international corporation with an understanding of consumer products markets
No	2,232	Member				1	Management experience within a large company in the automotive sector
Yes	1,013	Committee Chair				2	Expertise in finance and audit, knowledge of the Service sector
Yes	1,521	Member				0	Management of industrial activities and knowledge of the Asian markets
Yes	1,859		Member		Committee Chair	1	Former Senior Management of a division of a large German industrial group with an international reach in the automotive sector
No	N/A				Member	0	Knowledge of the Air Liquide Group and its activities as an employee
Yes	610				Member	1	Expertise in hospital, health and research
Yes	2,455	Member		Member		1	Knowledge of the energy sector, financial expertise, as well as the global vision of a large international group
Yes	1,024 [g]		Member	Committee Chair		1	Experience as a Chairman and Chief Executive Officer of a large international group and knowledge of construction business
Yes	500					0	Digital expertise, experience of large international groups in the fields of IT and telecom
Yes	500					2	Scientific academic background and experience in research and innovation, leadership skills and understanding of the chemical sector
No	N/A					0	Knowledge of the Air Liquide Group and its activities as an employee

(d) In accordance with the recommendation of the AFEP/MEDEF Code.
(e) The Board of Directors, in agreement with Mr Thierry Peugeot, agreed that the renewal of his office will not be proposed to the General Meeting of May 4, 2021.
(f) Renewal of term proposed to the General Meeting of May 4, 2021.
(g) and 13,220 usufruct shares.

NEW CANDIDATES PROPOSED TO THE GENERAL MEETING OF MAY 4, 2021

Pierre BREBER
Aiman EZZAT
Bertrand DUMAZY

2. Executive Management and Executive Committee as of December 31, 2020

Benoît Potier Chairman and Chief Executive Officer [(a)] Born in 1957 – French	**François Abrial** Group Vice President in charge of the Asia Pacific hub Born in 1962 – French
Michael J. Graff Executive Vice President Supervises the Americas and Asia Pacific hubs, together with the Electronics World Business Line Chairman of the Board of Airgas Born in 1955 – American	**Pascal Vinet** Group Vice President Chief Executive Officer of Airgas Born in 1962 – French
François Jackow Executive Vice President Supervises the Europe Industries, Europe Healthcare, and Africa / Middle East & India hubs, together with the Healthcare World Business Line and the Customers Global Function Born in 1969 – French	**Armelle Levieux** Group Vice President In charge of Human Resources Born in 1973 – French
Fabienne Lecorvaisier Executive Vice President – Chief Financial Officer Supervises the Finance & Operations Control Corporate Functions and the General Secretariat Born in 1962 – French	**Susan Ellerbusch** In charge of the Large Industries and Electronics activities in the United States Born in 1967 – American
Guy Salzgeber Executive Vice President Supervises the following Global and Corporate Functions: Innovation, Intellectual Property, Digital & IT, Safety, Public & International Affairs and Sustainable Development and the Global Markets & Technologies activity Born in 1958 – French	**Matthieu Giard** In charge of H2-Force, the Hydrogen Energy and Industrial Merchant World Business Lines, Procurement Global Function and the Performance Improvement Program Born in 1974 – French
Jean-Marc de Royere Senior Vice President In charge of Inclusive Business Chairman of the Air Liquide Foundation Born in 1965 – French	**Émilie Mouren-Renouard** In charge of Innovation, Digital & IT, Intellectual Property, and the Global Markets & Technologies activity Born in 1979 – French
François Venet Senior Vice President in charge of Strategy Supervises Large Industries business line and the Engineering & Construction activity Born in 1962 – French	**Diana Schillag** In charge of the Healthcare World Business Line and the Europe Healthcare hub Born in 1974 – German

(a) Within the meaning of the French Commercial Code.

COMPOSITION, PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

As at December 31, 2020, the Board of Directors comprises thirteen members: eleven members appointed by the General Meeting, including six foreign members (German, American, British, and Singaporean) and six women (representing 55%), and two Directors representing the employees. The term of office is for four years. The Board aims to stagger the renewals of the terms of office.

In May 2021, at the close of the General Meeting, following the expiry of the terms of office of two Directors and subject to the approval of the proposed resolutions, the Board of Directors will comprise fifteen members: thirteen members appointed by the General Meeting, including seven foreign nationals and six women (i.e. 46%) and two Directors representing employees.

1. Code of Corporate Governance

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/2020/01/Afep_Medef-Code-revision-2020-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 January 2020. Pursuant to article L. 22-10-10, 4° of the French Commercial Code, those provisions of the AFEP/MEDEF Code that are currently not applied and the reasons for this are stated in this Report. A summary is presented in table format on page 142.

The AMF Report on Corporate Governance and the remuneration of Executive Officers of listed companies, together with the Report of the Haut Comité de Gouvernement d'Entreprise (French High Committee on Corporate Governance) of November 2020 have been reviewed.

The principles governing the professional ethics of Directors, the diversity policy which applies to the Board of Directors, as well as the composition, role and rules of operation of the Board and its Committees are defined in the internal regulations. The updated version of these internal regulations, approved by the Board of Directors on May 5, 2020, which include in particular the new recommendations of the AFEP/MEDEF Code as amended in January 2020, the changes required by the French PACTE Law, the amendments to the articles of association decided by the General Meeting on May 5, 2020, and an update in line with the Group's practices, are published in their entirety on the Company's website.

2. Composition 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 Annual 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 and technology."

The Board of Directors, which has thirteen members, reflects a diversity of profiles, experience and complementarity of skills, which is appropriate for the issues faced by Air Liquide. The Board of Directors considers that compliance with the diversity policy criteria listed above contributes to the quality of its debates.

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 between 10 and 12), the balance between (former) executive managers and external members, 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 twelve 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 offices of Director. The Appointments and Governance Committee, in liaison with an external consultant, carries out its search for new members on the basis of its evaluation of the needs and developments expressed by the Board of Directors and in consideration of the principles and the diversity policy defined above. Based on a list of candidates submitted by the external consultant, the Appointments and Governance Committee makes its initial selection. Once this first selection is made, the consultant schedules interviews with the potential candidates preselected by the Committee. After the interviews, the consultant draws up a list of candidates for review by the Committee and the Chairman and Chief Executive Officer, who takes part in the recruitment process. Meetings with candidates are held with Committee members and the Chairman and Chief Executive Officer. Finally, the Committee submits to the Board a recommendation to appoint one or several candidates. In 2020, the Committee continued its search for North-American profiles and for candidates with specific experience and skills, particularly in the Digital and Innovation sectors, as part of a search for profiles to complement those of current Board members. This work, which has been reported to the Board, forms part of the policy to continue to improve the diversity of profiles and the complementarity of experience, expertise and cultures on the Board of Directors.

In this context, on the recommendation of the Appointments and Governance Committee, the Board of Directors decided to propose to the General Meeting of May 4, 2021 the appointment of three new Directors, namely Pierre Breber, Aiman Ezzat and Bertrand Dumazy (the individual information sheets for the candidates are found on pages 156 and 157 of the Universal Registration Document, and the draft resolutions proposing their appointment as Directors are on page 367).

In accordance with the AFEP/MEDEF Code, the internal regulations provide for a maximum of four other terms of office held within French or foreign listed companies for non-executive Directors, and two other terms of office for Executive Directors. 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 connection, the Board was informed of the appointment of Brian Gilvary as Executive Chairman of Ineos Energy (company "under creation"). Moreover, 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 the Company's Executive Officers.

3. 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 Board members.

> "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, 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."

An assessment of the independence of its members appointed by the General Meeting is included on the agenda for a Board meeting once a year. 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.

For the criteria relating to business relations, the Board relies upon a chart summarizing the purchases and sales implemented during the previous fiscal year between companies of the Air Liquide Group and companies of groups within which an Air Liquide Director appointed by the General Meeting (or proposed Director) also exercises a term of office or executive role. Such figures are weighed against the total purchases and sales of each group to measure their significance. In addition to the aforementioned **quantitative** criteria, the Board of Directors carries out a **qualitative** review of the situation of each Director holding a term of office or executive role at the group in question.

For the 2020 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 of such groups do not exceed 0.4% of the total sales or purchases by the Air Liquide Group or by any of the relevant groups.

From a qualitative point of view, it was also noted that neither Air Liquide nor the relevant groups have a relationship of economic dependence or exclusivity, as they are large international groups with highly diversified activities. It was asserted that, 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 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.

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:

												(Director representing the employees)	
AFEP/MEDEF Criteria	**Benoît Potier (Chairman & CEO)**	**Jean-Paul Agon**	**Geneviève Berger**	**Anette Bronder**	**Brian Gilvary**	**Siân Herbert-Jones**	**Xavier Huillard**	**Sin Leng Low**	**Kim Ann Mink**	**Thierry Peugeot**	**Annette Winkler**	**Philippe Dubrulle**	**Fatima Tighlaline**
Criterion 1 Employee Executive 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 company officer and Director	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

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 122 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 AMF, a table showing the list of Directors in 2020 who are considered to be independent in light of the criteria provided for in the internal regulations, as compared with the AFEP/MEDEF Code, is set out below.

	As at December 31, 2020 Independence of the Directors elected by the General Meeting in light of the criteria in the	
	Internal regulations	**AFEP/MEDEF Code**
Benoît Potier Chairman and Chief Executive Officer	No	No
Jean-Paul Agon Lead Director	Yes	Yes
Geneviève Berger	Yes	Yes
Anette Bronder	Yes	Yes
Brian Gilvary	Yes	Yes
Siân Herbert-Jones	Yes	Yes
Xavier Huillard	Yes	Yes
Sin Leng Low	Yes	Yes
Kim Ann Mink	Yes	Yes
Thierry Peugeot	No [(a)]	No [(a)]
Annette Winkler	Yes	Yes
Philippe Dubrulle Director representing the employees	N/A	N/A
Fatima Tighlaline Director representing the employees	N/A	N/A

(a) Length of term of office exceeding 12 years.

The Board thus found that, at the end of the 2020 fiscal year, the following members elected by the General Meeting were independent: Jean-Paul Agon, Geneviève Berger, Brian Gilvary, Siân Herbert-Jones, Xavier Huillard, Sin Leng Low, Annette Winkler, Anette Bronder et Kim Ann Mink (namely **82%** are independent Directors). Pursuant to the provisions of the AFEP/MEDEF Code, Philippe Dubrulle and Fatima Tighlaline, Directors representing the employees, were not taken into account when calculating this ratio.

Given the new composition of the Board of Directors following the Combined General Meeting of May 4, 2021, subject to the approval of the proposed resolutions, the percentage of independent Directors on the Board of Directors would be **92%**. In view of the appointment of three new Directors, **Pierre Breber, Aiman Ezzat** and **Bertrand Dumazy**, proposed to the General Meeting of May 4, 2021, the Board of Directors examined the individual situation of each candidate with regard to the criteria of the Board of Directors' internal regulations and of the AFEP-MEDEF Code. Following this assessment, the Board stated that **Pierre Breber, Aiman Ezzat** and **Bertrand Dumazy** are considered independent.

4. Professional ethics of Directors – Rights and obligations of Directors

The internal regulations summarize the main obligations imposed on Directors. The Directors represent all the shareholders and shall act in all circumstances in the Company's best interests.

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. 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, in accordance with the legal conditions. 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 Board members 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 Chairman and Chief Executive Officer	100%	-	-	-	-
Jean-Paul Agon Lead Director	100%	-	100%	100%	-
Geneviève Berger	100%	-	-	-	100%
Anette Bronder (a)	100%				
Pierre Dufour (b)	100%	-	-	-	100%
Brian Gilvary (c)	100%	100%	-	100%	-
Siân Herbert-Jones	100%	100%	-	-	-
Xavier Huillard (d)	100%	-	100%	100%	-
Karen Katen (e)	100%	-	100%	-	-
Sin Leng Low	100%	100%	-	-	-
Kim Ann Mink (a)	100%				
Thierry Peugeot	85.71%	100%	-	-	-
Annette Winkler (f)	100%	-	100%	100%	100%
Philippe Dubrulle Director representing the employees	100%	-	-	-	100%
Fatima Tighlaline (g) Director representing the employees	100%	-	-	-	-
TOTAL	**99.05%**	**100%**	**100%**	**100%**	**100%**

(a) *Anette Bronder and Kim Ann Mink attended Board meetings from May 2020 (following their appointment as Directors by the General Meeting).*
(b) *Pierre Dufour attended meetings of the Board of Directors and the Environment and Society Committee until May 2020 (when his term of office as Director ended).*
(c) *Brian Gilvary attended the meetings of the Remuneration Committee from May 2020.*
(d) *Xavier Huillard attended the Appointments and Governance Committee from May 2020.*
(e) *Karen Katen attended meetings of the Board of Directors and the Appointments and Governance Committee until May 2020 (when her term of office as Director ended).*
(f) *Annette Winkler attended the Environnement and Society Committee from May 2020. She ceased to be a member of the Remuneration Committee from that same date.*
(g) *Fatima Tighlaline, who was appointed Director representing the employees, attended the Board meeting following her appointment on October 1, 2020.*

Considering the restrictions introduced to contain the spread of coronavirus, some members were unable to attend Board and Committee meetings in person and some meetings were fully remote in respect of sanitary measures. The highest quality videoconferencing facilities were used for the meetings to verify Directors' identity and facilitate effective participation.

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.

These provisions do 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 to 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 during 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 during the last five years. They have no conflict of interest (even if it is only potential) with regard to L'Air Liquide S.A. No arrangement or agreement has been entered into with the principal shareholders, customers, suppliers or other persons, pursuant to which 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 Executive Officers. The corporate officers have not been linked to any bankruptcy, receivership or liquidation at any point during 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.

As every year, an internal memo on the prevention of market abuse was sent to the Directors (at the beginning of 2021), which outlines in greater detail the applicable legal and regulatory obligations by which they are bound pursuant to the European and national provisions.

All the provisions governing Directors' rights and obligations are included in the manual for members of the Board of Directors which is updated every year.

5. Combination of the roles of Chairman and Chief Executive Officer

The Board of Directors decided to maintain the combination of the roles of Chairman and Chief Executive Officer, both roles being held by Benoît Potier, at the close of the General Meeting on May 16, 2018 which decided upon the renewal of his term of office as Director. Within the scope of the full evaluation questionnaire concerning the way in which the Board operates, which was prepared at the end of 2019, and in the simplified questionnaire prepared at the end of 2020, , the Directors confirmed their agreement with this Executive Management organization.

This mode of Executive Management of the Company allows for regular, personalized exchanges between the shareholders and the Executive Management through a single contact person, who has an in-depth knowledge of the Group and its businesses and makes it possible to ensure that the definition of the Group's strategy takes due account of shareholders' expectations and interests over the long term. Maintaining the combination of roles therefore promotes a close, trusting relationship between the Executive Officer and the shareholders. This organization is in keeping with the very specific shareholding structure of Air Liquide which has always consisted, alongside institutional investors from all continents, of a significant number of individual shareholders (who hold 33% of the capital at the end of 2020), accompanying the Group over the long term.

In this regard, the Company regularly organizes, in particular through its Shareholder Service, meetings between the Chairman and Chief Executive Officer and the individual shareholders. Accordingly, the Chairman and Chief Executive Officer chairs the Shareholders' Communication Committee, which met three times in 2020, two of which were by video-conference in the context of the public health crisis.

The Chairman and Chief Executive Officer also regularly meets the institutional shareholders, through the intermediary of the Investor Relations Service, either individually or at group meetings which are organized several times a year. These are essentially question and answer sessions. Accordingly, in 2020, Benoît Potier met several dozens of institutional investors at meetings in person in February, before the restriction measures due to the public health crisis were imposed, and in remote meetings for the rest of the year. He also had discussions with financial analysts during two question and answer sessions.

A procedure is in place which enables the Board of Directors to be informed of contacts made between the Chairman and Chief Executive Officer and the principal shareholders.

The combination of the roles of Chairman and Chief Executive Officer complies with the balanced governance rules, ensuring the continued success of the Group and the loyalty of its shareholders. The principal applicable governance rules are described below:

- the presence of an independent Lead Director, Jean-Paul Agon, who has specific powers, including the power to ask the Chairman to convene the Board of Directors on a given agenda, the Chairman being bound by that request. The Lead Director may be asked by the other Directors for individual meetings, whenever they consider necessary and the Directors are regularly questioned on their level of dialogue with the Lead Director. In order to further enrich the dialogue with the principal shareholders, the latter have the right, at their request, to meet with the Lead Director (two meetings thus took place in 2020);

- a composition of the Board which ensures a preponderance of independent Directors and a balance of skills and nationalities. The articles of association grant a power to one-third of the Directors to convene a Board meeting and determine its agenda, if a Board meeting has not been convened for over two months. In addition, the Directors have the possibility of setting up working groups within the Board in the event of a significant acquisition. Every year, the Board holds an executive session, chaired by the Lead Director, without the presence of the Executive Officers and former Executive Officers or of any person internal to the Group;
- the existence of specialist Committees on appointments and governance, remuneration, audit and environment and society. A monitoring task was entrusted to the Appointments and Governance Committee which is responsible for supervising the proper working of the governance bodies. In this regard, pursuant to the internal regulations, the Committee is the organ of dialogue between the non-executive Directors and the Chairman and Chief Executive Officer, in particular in the event of conflicts within the Board; it monitors the changes in the Corporate Governance practices and the process for evaluating the Board.

Since 2014, as part of the annual evaluation questionnaires, the Directors are systematically questioned on the mode of exercise of the Executive Management (combination of roles) and on the actual participation of the members of the Board.

Each year, the Appointments and Governance Committee considers the procedure for the replacement of the Executive Management in the event of an emergency situation.

In connection with the interactions between the Board of Directors, the Chairman and Chief Executive Officer and the management teams, the relations between the Board of Directors, the Chairman and Chief Executive Officer and the Executive Committee are linked as follows:

- a balanced organization:
  - limits on the powers of the Chairman and Chief Executive Officer, the Board's agreement being required for significant transactions,
  - regular interactions between the non-executive Directors and the members of the Executive Committee at the time of specific presentations made to the Board, in particular during the full-day session on strategy or during Committee meetings. The Directors may ask to meet members of the Executive Committee at any time,
  - regular information being provided to the Directors, including in-between Board meetings;
- an annual review of the assessment of performance and remuneration of the Executive Officers by the Committee which is always carried out without the presence of the relevant Executive Officer;
- the Executive Committee, which now comprises 14 members, ensures the coordination between the various Group programs and activities. The Executive Committee focuses principally on the review of Group's strategy, operational management in terms of objectives, state of progress and action plans, the conduct of projects for change, human resources strategy and development. The four Executive Vice-Presidents form part of the Executive Committee.

6. 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.

Within this framework, on May 3, 2017 and on the recommendation of the Appointments and Governance Committee, the Board of Directors appointed Jean-Paul Agon, an independent Director, as Lead Director. Jean-Paul Agon's term of office as Director, having expired, was renewed by the General Meeting on May 16, 2018 for a period of four years. At the close of that General Meeting, the Board of Directors decided to renew Jean-Paul Agon's position as Lead Director for the period of his term of office on the Appointments and Governance Committee.

The meeting of the Board of Directors held on May 16, 2018, at the close of the General Meeting, also decided to renew Jean-Paul Agon's position as Chair of the Appointments and Governance Committee for the period of his term of office as 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 and Chief Executive Officer 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) provide that, within the scope of the annual evaluation of the Board, the Directors will be systematically asked to indicate whether it appears to them to be necessary for the Company's Executive Management organization to be reexamined;

C) 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 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 is bound by such a request.

In addition, certain governance measures promote discussions between the Lead Director and the Directors and dialog between the Lead Director and the shareholders (see page 125).

See page 139 for the 2020 report on the exercise of the Lead Director's term of office.

7. 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 accordance with its corporate interest, taking into account the social and environmental stakes of its activity.** Accordingly, it **examines and approves the Group's major strategic orientations.** It ensures the implementation of these orientations by the Executive 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 Executive 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 law and 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 Corporate Governance report; 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.

Acting on a proposal by Executive Management, the Board sets the diversity targets for the Group's leaderships. Executive Management makes a submission to the Board on how the targets will be implemented, together with an action plan and schedule for completion. Executive Management reports its results to the Board every year.

Diversity, including gender mix, is integral to the Air Liquide Group's strategy. The new AFEP-MEDEF Code provisions, amended in January 2020, according to which the Board determines the gender diversity targets within the Group's leaderships, on the proposal of Executive Management have been taken into account. On the Appointments and Governance Committee's recommendation, the Board meeting of February 2021 reviewed the achievement of the objectives set for 2020, all of which were met. It decided to maintain the ambitious objectives set for 2025. These items are contained in this Universal Registration Document, in Chapter 5, pages 301, 302 and 326.

The non-discrimination and diversity policy in leaderships, and particularly information relating to the manner in which the Company tries to obtain a balanced representation of women and men on the Executive Committee, and to the results concerning the gender mix with regard to the 10% of positions which carry the most responsibility is contained in this Universal Registration Document, at Chapter 5, pages 302 and 326.

8. Limits on powers

The internal regulations specify the rules limiting the powers of the Chairman and Chief Executive Officer, by defining the thresholds above which certain key decisions require prior authorization by the Board of Directors, in accordance with article 13 of the articles of association:

- sureties, endorsements and guarantees for an individual amount in excess of 100 million euros or for an annual aggregate amount in excess of 500 million euros;
- external sales or contributions (to non-controlled companies) of equity investments or lines of business, certain mergers, demergers or partial business transfers, completed for an individual amount in excess of 250 million euros or an annual aggregate amount, for each of these categories of transactions, in excess of 400 million euros; external sales or contributions of real estate assets for an individual amount in excess of 80 million euros or an annual aggregate amount in excess of 150 million euros;
- creation of pledges or security for an individual amount in excess of 80 million euros or an annual aggregate amount in excess of 150 million euros;
- commitments to invest, acquisitions which will be posted under "fixed assets" on the balance sheet, or subscriptions to share capital increases, for an individual amount in excess of 250 million euros or an annual aggregate amount in excess of 400 million euros; the Board of Directors is informed, if possible ex ante and in any event ex post, of transactions for an individual amount in excess of the threshold of 250 million euros, (i) involving purchases of items that cannot be posted under "fixed assets" on the balance sheet, such as electricity or natural gas purchases, and (ii) involving sales to third parties of goods or engineering or construction services;
- financing operations concerning the Group for an amount which is likely to substantially alter the Group's financial structure;
- operations which are likely to substantially alter the Group's strategy.

Furthermore, the Board shall be given prior information in the event of a fundamental modification of the information system, leading to development costs in excess of 250 million euros.

9. 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 Chairman and 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 Board's authorization or opinion. For major substantive issues (major projects, M&A...), 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.

Conduct of meetings: the internal regulations define the frequency of meetings and the rules for convening meetings and for participation by videoconference or telecommunications. They provide, in particular, for the Lead Director's right to ask for a meeting of the Board of Directors to be convened with any specified agenda and also for the conditions of the executive session attended by the members of the Board of Directors without the presence of the Group's Executive Directors (or former Executive Directors) or internal Directors and employee representatives, chaired by the Lead Director. The Statutory Auditors are also heard during the meetings to review the financial statements.

During the meeting, a summary presentation of the items is then 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.

Formation of Committees: the internal regulations define the task and operating procedures for the four Board Committees (a description of Committees' tasks is provided at pages 134, 137, 139 and 141).

Training measures: the internal regulations stipulate that training relating to the Company's businesses and specific features is offered to the Directors, in particular by means of site visits or meetings with senior executives and the Corporate Social Responsibility business challenge. More particularly, trainings on the Group's accounting, financial and operational specificities are offered to the 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 and to the new Directors. It consists of proposals for meetings with the heads of each of the major business lines and main central functions, and site visits.

Within this framework, the Directors may ask to meet Executive Committee members or ask for specific training for each business line, activity or geographical zone.

Accordingly, in 2020, some Directors attended training courses/information meetings organized in particular on (i) activities in the Europe zone, with the relevant Executive Committee member and (ii) the Electronics business, as part of site visits. In addition, following the appointment of the two new Directors by the General Meeting in May 2020, meetings were organized between the new Directors and the relevant Executive Committee members concerning, in particular, the topics of innovation, safety, the Climate Objectives, the Industrial Merchant business, finance and human resources.

The Directors representing the employees may receive training relating to their rights and obligations as Directors, in accordance with the applicable regulations. They benefit from the training time allocated for (i) the preparation of meetings (15 hours/meeting) and (ii) training (40 hours/year), under the PACTE Law. This time is considered as actual working time and remunerated as such.

The breakdown of the trainings carried out in 2020 by the two Directors representing the employees is stated on page 130 below.

10. Participation of employee representatives on the Board of Directors

10.1. WITH A DELIBERATIVE VOTE

Appointed as a Director representing the employees by the France Group committee in 2014, Philippe Dubrulle's office was renewed by the same Committee at its plenary session on December 6, 2017, for a term of four years which will expire at the close of the General Meeting called to approve the financial statements for the 2021 fiscal year.

Pursuant to the applicable regulations at the time of his appointment, on the recommendation of the Appointments and Governance Committee, the Board of Directors had defined the amount of time allocated to Philippe Dubrulle for (i) the preparation of meetings (15 hours/meeting) and (ii) training (20 hours/year or 80 hours on a cumulative basis over the entire length of his term of office). Within this framework, in 2016, Philippe Dubrulle had followed the training course provided by Sciences-Po in partnership with the IFA and obtained the company Director's certificate. As part of the renewal of his term of office in 2017, the Board of Directors defined a new training program. In 2020, Philippe Dubrulle attended meetings organized within the Group as part of site visits on the Electronics business and attended training on the sustainable business model, organized by Centrale Supelec_EXED, (for which the first training session had already been completed in November 2019).

In accordance with the provisions of the PACTE Law and the Company's articles of association, a second Director representing the employees was appointed by the European Works Council: Fatima Tighlaline was appointed as a Director representing the employees on October 1, 2020 by the European works Council. She joined the Group in 2002 and moved to Procurement Department at Santé France in 2014 before taking over as Head of the Ile-de-France planning team in the Vitalaire subsidiary in March 2020.

Training courses were proposed to Fatima Tighlaline upon her appointment. Accordingly, in 2020, she took part in sessions organized with members of the Executive Committee on specific topics (notably Finance and Human Resources) and enrolled in the training provided by Sciences Po, in partnership with the IFA, to obtain the company Director's certificate.

Philippe Dubrulle and 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 mentioned above.

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.

Philippe Dubrulle is also a member of the Board Committee which is in charge of reviewing the environmental and societal issues. He contributes in particular to this Committee, as part of the assignments which are entrusted to it concerning the definition and roll-out of the Group's actions on environmental and societal matters, the vision of Group employees, who are essential stakeholders. Philippe Dubrulle, who had made known his interest in issues relating to sustainable development, has sat on the Environment and Society Committee since it was formed, in May 2017.

10.2. WITH AN ADVISORY VOTE

Taking the appointment of a Director representing the employees into account, the number of Social and Economic Council delegates participating on the Board with an advisory vote, can be reduced to one. Since Philippe Dubrulle was appointed as a Director representing the employees in 2014, pursuant to the provisions of the agreement with the various stakeholders, two delegates from the Social and Economic Council – and not one as provided by law – continued to attend Board meetings with an advisory vote.

The agreement also provides that the Social and Economic Council delegates attending Board meetings with an advisory vote can be reduced to one if there are two Directors representing the employees.

Pursuant to the provisions of this agreement, following the appointment of the second employee Director in October 2020, the Social and Economic Council chose one of its two representatives to continue to represent it on the Board. As a result, one Council member designated by the Council continues to attend Board 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.

11. Appraisal 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."

An evaluation of the functioning of the Board of Directors is carried out every year, alternating, one year, between a full appraisal questionnaire leading to a summary showing the replies and the adoption of recommendations for action and, the next year, a questionnaire aimed at making an assessment of the actions implemented in light of the recommendations made.

The functioning of the Board of Directors and its Committees was fully evaluated in 2019. In this regard, a full appraisal questionnaire was submitted to the Board members and individual interviews were held with the Board's Secretary.

The summary of responses to this full appraisal questionnaire presented by the Chair of the Appointments and Governance Committee to the Board meeting early in 2020 showed a **very favorable overall perception** of the functioning of the Board of Directors. The members highlighted, in particular, the quality of the discussions within the Board, the level of dialog and the contributions of the members. The feedback was also very positive on the **executive session** and on the new **joint session between the Audit Committee and the Environment and Society Committee.** Their answers showed that the members were keen to continue site visits and contacts with management. The focal points concerned in particular the pursuit of efforts to recruit American Directors, the continuation of the work of the Committee responsible for preparing the succession plan, and the pursuit of contacts with management.

In response to Directors' interest in recruiting American Directors, the Board of Directors, based on the work of the Appointments and Governance Committee, proposed the appointment of two new Directors, both women and one an American, Kim Ann Mink, to the Combined General Meeting on May 4, 2020. Efforts to recruit American Directors continued. Concerning the succession plan, the Appointments and Governance Committee has focused its work on preparing a succession plan for the Chairman and Chief Executive Officer and an additional meeting was held on this subject in October 2020. As part of meetings with management, despite the pandemic which reduced the opportunity for meetings, a lunch with members of the Executive Committee took place when the Board met in July 2020. In addition, panels of discussions were held with some Executive Committee members and other senior executives during the Board meeting in September at the Paris-Saclay site and over lunch. Moreover, broadly speaking, specific subjects are always presented to the Board and the Committees by the relevant Executive Committee member for the issue.

During the evaluation carried out in 2020, the Directors expressed their satisfaction with the actions carried out in 2020 following the remarks made in the full appraisal questionnaire for 2019. Members particularly appreciated the gradual **increase** of the weighting of **US Directors** on the Board, with the appointment of Kim Ann Mink by the General Meeting of May 5, 2020, plus the proposed appointment of Pierre Breber at the General Meeting of May 4, 2021. They were also **highly satisfied** with the work of the Appointments and Governance Committee on the **succession** process, which was reported to the Board, **contact** between the Board and the members of the Executive Committee and management, which the members would like to see continued and increased, and the subjects studied by the Board in 2020, particularly **hydrogen** and the energy transition. As in previous years, all members appreciated the **executive session**. The **training** initiatives, especially for new members, that were held online due to the pandemic were considered very useful. The Directors expressed the hope that the Board's work would continue to intensify with regard to Climate issues and, more generally, the **Sustainable Development strategy**, both of which the members unanimously considered to be core subjects, with the support of the specialized Committees and the joint **session** between the Audit Committee and the Environment and Society Committee responsible for the in-depth examination of issues common to both Committees.

In light of the collegiate nature of the Board, the assessment questionnaire concentrates on the collective contribution of members to the Board operation. However, the questionnaire invites the Director to make an evaluation of the actual, individual contribution of Directors in the reflections of the Board of Directors. The contribution by each Director is assessed, furthermore, 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.

The Board considers calling on periodically an external consultant within the scope of conducting these evaluations.

12. Executive session of the non-executive members of the Board of Directors

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."

In 2020, the executive session took place at the close of the November meeting of the Board of Directors. A report was provided to the Chairman and Chief Executive Officer.

13. The Board of Directors' work in 2020

In 2020, the Board of Directors met seven times with an effective attendance rate, or telephone attendance rate, of 99.05% of its members.

The Board's activities related to the following issues:

13.1. MONITORING OF THE GROUP'S DAY-TO-DAY MANAGEMENT

Monitoring of the Group's day-to-day management is carried out particularly by:

- reviewing the 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 strategies and monitoring of the bond program;
- monitoring risks and the procedures for their prevention 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 the review of opportunities;
- monitoring prevention and detection of corruption and influence peddling as part of the measures in place;
- 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);
- making decisions with respect to the investments necessary for the Group's medium-term development, considering the social and environmental challenges and the corresponding financing capacities, and the bond program;
- portfolio review decisions;
- the share buyback/cancellation policy;
- the award of performance shares;
- reviewing, at each meeting, the report on acquisitions, sales and major projects in progress;
- reviewing employment-related documents: the social balance sheet (report on employee-related matters) and forward-planning documents;
- reviewing the composition of the Board of Directors, in particular with regard to the diversity policy which it has defined;
- preparing the Annual General Meeting (agenda, draft resolutions, Annual Management Report, Report on Corporate Governance 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);
- Human Resources issues; monitoring non-discrimination and diversity policy in leaderships; the annual deliberation with regard to the Company's professional equality and equal pay policy pursuant to the law of January 27, 2011, the assessment provided by the law of September 5, 2018 and the three-year professional gender equality agreement within L'Air Liquide S.A.;
- the annual review of ongoing regulated agreements and review of the Audit Committee's report on the implementation of the appraisal procedure in respect of transactions in the ordinary course of business entered into on arm's length terms.

13.2. MONITORING OF THE GROUP'S MAIN STRATEGIES ON SIGNIFICANT ISSUES

Following the presentations made by Executive Management and certain senior executives, the Board of Directors closely considered the following in 2020:

(i) monitoring **the impact of the covid-19 pandemic** on the Group and the measures put in place in order to protect health of employees, on an organizational level, and as part of the relation with all stakeholders;

(ii) **assessing performance,** including, in particular, (i) regularly monitoring the Group's financial and extra-financial performance, taking into account in 2020 the challenges associated with the covid-19 pandemic in 2020, (ii) monitoring the Group's efficiency program and its alignment with the annual target of 400 million euros, as well as the exceptional cost reduction drive to face the current crisis, and (iii) the regular review of the Group's asset portfolio to focus on the key businesses or regions (which led in 2020 to the disposal of its subsidiaries Schülke & Mayr GmbH and CRYOPDP, and targeted acquisitions in the Industrial Merchant business, Healthcare and Global Markets and Technologies);

(iii) questions relating to the Group's **strategy** and the medium-term prospects taking into account environmental and social stakes and the competitive landscape; continued **industrial investment** decisions despite the public health crisis, 30% of which contribute to the Climate Objectives; the agreement signed with Sasol to acquire the biggest oxygen production site in the world located in Secunda, South Africa with the solution provided by Air Liquide to allow a targeted reduction of 30% to 40% in CO_2 emissions arising from the oxygen production by 2030; monitoring innovative industrial projects linked to energy transition (low-carbon hydrogen production plant using the highly energy-efficient SMR-X technology in Antwerp, and building the largest electrolysis plant in the world at Bécancour in Québec to develop carbon-free hydrogen production – both of which started at the end of 2020); financial investment decisions in the context of the portfolio review;

(iv) **hydrogen and the energy transition:** deep-dive meeting of the Strategy Committee in September with presentations by external experts and members of management and operations;

(v) review of **share ownership** and shareholder policy;

(vi) questions relating to **Corporate Social and Environmental Responsibility** and to environmental and societal risks; the Group's ongoing Sustainable Development strategy, including in particular monitoring of the Climate Objectives, defined by the Group based on the work of the Environment and Society Committee and the development of new ESG/Climate objectives which will be presented during the Sustainability Day on March 23, 2021;

(vii) **governance** matters concerning the composition of the Board, including the appointment of new female Directors, the renewal of the term of office of one Director and changes to the composition of Board Committees; drafting the gender diversity policy in leaderships; monitoring the work of the Appointments and Governance Committee aimed at recruiting Directors and the succession plan for the Executive Officer and succession plans in general; proposed amendments to Air Liquide S.A.'s articles of association to comply with the PACTE Law in particular, and amendment of the Board's internal regulations; convening the General Meeting in the context of the covid-19 outbreak and discussions on respecting shareholders' rights. Due to the pandemic, the Combined General Meeting of May 5, 2020 was held behind closed doors in respect of sanitary measures, and shareholders were invited to follow the Meeting live online. To maintain the dialog with shareholders, to which the Group is particularly attached, shareholders were also invited to ask questions via a dedicated platform, which was accessible during the week preceding the Meeting and during the Meeting. The Chairman answered, live during the Meeting, the questions having generated the most interest.

13.3. FUNCTIONING OF THE CORPORATE GOVERNANCE BODIES

The functioning of the corporate bodies is organized in accordance with the recommendations of the AFEP/MEDEF Code of Corporate Governance, and the provisions of the internal regulations of the Board of Directors.

Concerning the Executive Officer

Benoît Potier's office as Chairman and Chief Executive Officer was renewed by decision of the Board of Directors on May 16, 2018.

Employment contract / corporate office of the Chairman and Chief Executive Officer

In accordance with the AFEP/MEDEF Code of Corporate Governance, which recommends that the Chairmen and Chief Executive Officers of listed companies do not combine an employment contract with their corporate office, Benoît Potier put an end to his employment contract as of May 5, 2010.

Remuneration

The Board of Directors assessed the performance of the Executive Officer in respect of the 2020 fiscal year and determined the amount of his remuneration in respect of that fiscal year. The Board also decided the remuneration policy applicable to the corporate officers, which includes the remuneration policy applicable to the Directors as of 2020.

The Board reviewed the work of the Remuneration Committee and decided upon the remuneration policy for the Chairman and Chief Executive Officer and the Directors that is submitted for the vote of the General Meeting on May 4, 2021. This policy is described in the section on remuneration set forth below on pages 188 et seq. This year, the policy for the corporate officers (Benoît Potier) and for the Directors will be covered in separate resolutions.

The components of remuneration paid in 2020 or awarded to the Executive Officer in respect of 2020 are also described in this section. The General Meeting on May 4, 2021 will be invited to decide upon a specific resolution ("Say on pay ex post"). The information referred to in article L. 22-10-9 I of the French Commercial Code concerning the remuneration of the Chairman and Chief Executive Officer are also put to a vote of the General Meeting.

Shareholding obligation

The rules with regard to the holding of shares set by the Board of Directors are described in detail in the section on remuneration set forth below (see pages 167 et 168).

Concerning the Board of Directors

Composition

Appointment – Renewal of terms of office:

- The Board proposed to the General Meeting on May 5, 2020 to:
  - appoint Anette Bronder and Kim Ann Mink as new Directors for a period of four years;
  - renew for a further period of four years Brian Gilvary's term of office which is due to expire at the close of the said General Meeting,

  The Board of Directors also took formal note that Karen Katen's and Pierre Dufour's terms of office expire at the close of this Meeting. For the purpose of composition of its Committees, the Board of Directors decided in May 2020 to appoint Annette Winkler as Chair of the Environment and Society Committee to replace Pierre Dufour, Xavier Huillard as a member of the Appointments and Governance Committee to replace Karen Katen, and Brian Gilvary as a member of the Remuneration Committee to replace Annette Winkler.
- The Board of Directors, on the recommendation of the Appointments and Governance Committee, will propose that the General Meeting on May 4, 2021:
  - renews, for a period of four years, the term of office of Xavier Huillard as Director, Independent Director since 2017, Chairman of the Remuneration Committee and member of the Appointments and Governance Committee. **Xavier Huillard** will continue to provide the Board of Directors with the benefit of his experience as the head of a large international company and his extensive knowledge of the construction business.
  - appoints **Pierre Breber, Aiman Ezzat** and **Bertrand Dumazy** as Directors, for a period of four years:
    - Pierre Breber is an American citizen and Vice President and Chief Financial Officer of Chevron, where he has held several management positions spanning a career of over 30 years. He will bring to the Board his strong operational and financial skills and his very international profile.
    - As Chief Executive Officer of Capgemini, Aiman Ezzat will bring to the Board his extensive experience in the digital sector, his financial expertise, his knowledge of many industrial sectors and the perspective of a chief executive from a major international group.
    - Bertrand Dumazy, Chairman and CEO of Edenred, will bring to the Board his managerial skills acquired at several global companies in both the industrial and service sectors, together with his experience in digital transformation and change management.

Regarding **Thierry Peugeot**, whose term of office as Director is due to expire at the close of the General Meeting of May 2021, the Board, in agreement with Mr Peugeot who will total 16 years of office on the Board of Directors, agreed, as part of good governance practices, that the renewal of his office will not be proposed to the General Meeting. Mr Peugeot was very warmly thanked for his contribution to the work of the Board of Directors, of which he has been a member since 2005, and to the work of the Audit and Accounts Committee, of which he has been a member since 2012.

Remuneration of the Directors

The General Meeting of May 5, 2020 decided to increase the amount of remuneration that may be allocated each year to the Directors to 1.3 million euros as of 2020. The increase takes into account, in particular, the increase in the number of meetings in connection with the consolidation of the work program for the Board of Directors and for certain Committees, together with the intention to continue promoting a diversity of skills and nationalities on the Board of Directors during the intended future recruitments.

Appraisal (see above)

The Board of Directors approved the wording of the simplified questionnaire sent to Directors at the end of 2020. Furthermore, it heard the feedback provided by the Chair of the Appointments and Governance Committee on the Directors' responses.

14. 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.

14.1. THE AUDIT AND ACCOUNTS COMMITTEE

As at December 31, 2020, the Audit and Accounts Committee comprised four members: **Siân Herbert-Jones, Committee Chair, Thierry Peugeot, Sin Leng Low and Brian Gilvary. 75% of the members, including the Chair, are independent.**

The Committee members combine experience in business management with economic and financial expertise (see professional careers in the bibliographical memos on Directors on pages 143 et seq.). A qualified chartered accountant who worked in an audit firm for 13 years (PwC), Siân Herbert-Jones joined the Sodexo group in 1995, where she was Group Chief Financial Officer from 2001 until December 2015. Siân Herbert-Jones, in her capacity as Chair of the Audit and Accounts Committee, provides the Committee with her extensive financial expertise. Moreover, Brian Gilvary, former Chief Financial Officer of the BP group, also provides the Committee with his expertise in this sector, given his considerable experience in Finance.

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 Internal Audit and Control Management;
- 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, 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 report of the Statutory Auditors 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 verbal report is given to the Board by the Committee Chair. 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 and Chief Executive Officer does not attend meetings of the Audit and Accounts Committee.

The Audit and Accounts Committee's work in 2020

The Audit and Accounts Committee met five times with an effective attendance rate, or attendance rate by telephone, of 100% its members.

The Committee reviewed the annual and interim consolidated financial statements and the annual parent company financial statements; it took due note of the Company's financial situation, cash flow position and commitments. During the presentation by the Group Chief Financial Officer, the Committee more particularly analyzed provisions, "Other operating income and expenses", cash flow, taxation, risk exposure, etc. It reviewed the draft presentations on the financial statements for analysts.

In addition, 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, the Committee reviewed the amount of fees paid to the Statutory Auditors in respect of the previous fiscal year.

The Committee took due note of the contents of the three draft reports issued by the Statutory Auditors, pursuant to European Regulation No. 537/2014. The reports on the statutory accounts and the consolidated 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.

The Committee monitored the financial impacts of the covid-19 pandemic on its businesses and regions; the performance analysis with the efficiency programs and the exceptional cost reduction plan introduced in response to the public health crisis; the Group's financing policy, debt and liquidity management, and investment decisions. The Audit Committee was also informed of the non-audit services which were approved in 2020 within the scope of the approval procedure for the Group's non-audit services, which was validated by the Board. The Committee also started on the required work to replace one of L'Air Liquide S.A.'s joint Statutory Auditors in 2022.

Furthermore, specific presentations were made to the Committee on the following points: (i) protecting digital assets and managing cyber crises, (ii) site and employee safety, (iii) managing procurement, a review of the procedures for approving major suppliers and internal control processes, (iv) acquisition management as part of due diligence and consolidation of acquisitions in accordance with recent regulations, (v) sustainable finance, (vi) current disputes, and (vii) tax risks. The Audit Committee also monitored compliance with regulations on ethics, prevention of corruption and influence-peddling (as part of the current procedures within the Group).

The Committee heard regular reports on the main assignments carried out by the Group Control Department, the follow-up of any corrective actions taken and the Group Control Department's main assignments for the forthcoming fiscal year. The Committee also regularly monitored the process for deployment of the risk management procedure within the Group. It reviewed the Group's risk map and the changes made to it. The Committee 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.

In accordance with longstanding practice in the Group, the Committee is tasked with monitoring the management of all the risks identified by the Group, even if particular attention is paid to accounting or financial risks; a methodology for the monitoring of each type of risks (including, in particular, the identification of the management and control bodies and procedures) and an appropriate time scale (annual review or regular review at less frequent intervals, depending on the type of risks) were defined. In 2020, the Committee ensured in particular that the specific risks relating to climate change were taken into account when preparing financial statements. At year-end, the Committee ensures that all of the risks identified on the risk map and subject to regular review have been examined by the Audit Committee according to the frequency specified. The work program prepared for the 2021 fiscal year is consistent with this approach. It was presented to the Board for discussion. The Committee discussed the topics that could be presented to the Board to improve the fit between the work of the Committee and that of the Board on this subject.

The Audit and Accounts Committee also reviewed the implementation of the assessment procedure for ordinary agreements entered into on arm's length terms which has been implemented at the Group. 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 these conditions. It also reminds the Group of the rules for classifying agreements entered into by L'Air Liquide S.A. as either regulated agreements or as ordinary agreements entered into on arm's length terms. At the beginning of 2020, this procedure was widely disseminated within the Group's internal teams for implementation in each division and department of L'Air Liquide S.A. 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.

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 Chair, assisted by the Committee Secretary, the Group Chief Financial Officer and the Group Control Director. In order to prepare the meetings where financial statements are reviewed, the Committee Chair 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 report and then written minutes of each meeting are prepared for the Board of Directors.

The Committee Chair 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 Chair 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 travelling 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 the environmental and societal risk-mapping, and shall jointly review certain specific environmental and societal risks and the associated control procedures, and 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, requested by the Directors in the Board's evaluation questionnaire at the end of 2017, permits good interaction between the two Committees, in particular with regard to the review of risks. The Audit Committee reviews the control procedures for the whole of the risks, including any 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.

During the joint session held in June 2020, the members of the Audit Committee and of the Environment and Society Committee reviewed the mapping of environmental and societal risks and the procedures to control these risks. They also conducted a more granular analysis of a number of specific environmental and societal risks, including in particular safety, the diversity policy, and monitoring climate objectives.

14.2. THE APPOINTMENTS AND GOVERNANCE COMMITTEE/THE LEAD DIRECTOR

As at December 31, 2020, the Appointments and Governance Committee had three members: **Jean-Paul Agon, Committee Chair and Lead Director, Xavier Huillard and Annette Winkler. 100% of the Committee members are independent.**

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 and Chief Executive Officer attends Committee meetings and is closely involved in its discussions. However, he may not be present for any discussions of the Committee relating to him personally. The Committee meets at least three times a year. The conclusions of Committee meetings are presented by the Committee Chair for discussion and decision-making at the next Board of Directors' meeting.

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;
- 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 and Chief Executive Officer or the 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 term of office of the Chairman and Chief Executive Officer, or the terms of office of both the Chairman and of the Chief Executive Officer;
- examine the changes in these duties and provide for solutions for their renewal, where applicable;
- examine the succession plan for members of the Executive Management applicable in particular in the case of an unforeseen vacancy;
- examine periodically developments with regard to the Senior Executive Vice Presidents, hear the Chairman and Chief Executive Officer (or the Chief Executive Officer) on the needs and the potential proposals for their replacement;
- more generally, ensure that it is kept informed by the Chairman and Chief Executive Officer (or the Chief Executive Officer) of planned changes in Executive Management resources (and, in particular, the Executive Committee).

3. Concerning governance:

- examine, at the time of renewal of the term of office of the Chairman and Chief Executive Officer or of the terms of office of the Chairman and of the Chief Executive Officer, or when a request in that respect is made by Directors within the framework of the evaluation of the Board, whether it is appropriate to continue to combine these roles (or to separate them);
- 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 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 Lead Director, upon delegation from the Chairman of the Committee when he is not the Chairman of the Committee himself, conducts the Committee's work concerning the above-mentioned points of governance: the Lead Director can formulate all proposals and make any suggestions that he considers to be necessary in this field. More particularly, 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 to potential situations of conflicts of interest identified in this manner.

He reports on these matters to the Board of Directors."

The powers and tasks of the Lead Director are described in paragraph 6 above.

The Appointments and Governance Committee's work in 2020

The Appointments and Governance Committee met four times in 2020 with an attendance rate, either in person or by telephone, of 100% of its members.

Concerning the Board of Directors

The Committee verified that the composition of the Board of Directors complied with the rules provided in the internal regulations. Taking into consideration the diversity policy discussed on pages 121-122, it made recommendations on the desirable future changes in the composition of the Board of Directors in the short and medium-term and continued to manage the search and assessment procedure for potential candidates.

As a result of these searches, the Committee recommended to the Board of Directors that it propose to the General Meeting of May 5, 2020 the appointment of Anette Bronder and Kim Ann Mink as Directors. The Committee also recommended to the Board that it propose to the General Meeting of May 4, 2021 the appointment of Pierre Breber, Aiman Ezzat and Bertrand Dumazy (for more details, see page 133).

The Committee also recommended submitting the renewal of Brian Gilvary's term of office to the General Meeting of May 5, 2020, as well as Xavier Huillard's term of office to the General Meeting of May 4, 2021.

Pursuant to the PACTE Law, the Committee proposed amending the articles of association in order to provide for the appointment of a second 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 no longer twelve). The amendment to the articles of association was approved by the General Meeting on May 5, 2020. The Committee was informed of the appointment of Fatima Tighlaline as Director representing the employees by the European Works Council on October 1, 2020.

Concerning the composition of the Committees, the Lead Director and the Working Group

The Committee reviewed the composition of the Committees and the "Shareholder Relations" Working Group. In this regard, the Committee recommended to the Board of Directors, given the termination of the terms of office of Pierre Dufour and Karen Katen as Directors at the end of the General Meeting of May 5, 2020, to appoint with effect from that date, (i) Annette Winkler as Chair of the Environment and Society Committee, as a replacement for Pierre Dufour, (ii) Xavier Huillard as a member of the Appointments and Governance Committee, as a replacement for Karen Katen and (iii) Brian Gilvary as a member of the Remuneration Committee, as a replacement for Annette Winkler. The Board meeting on May 5, 2020 approved this new composition of the Committees.

The Committee reviewed the composition of the Committees at the beginning of 2021 taking account of the appointment of Fatima Tighlaline as a Director representing the employees (see page 142) and the non renewal of Thierry Peugeot's term of office at the General Meeting of May 4, 2021. The Committee did not propose any changes to the composition of the Committees at this stage.

Concerning the Chairman and Chief Executive Officer and the management teams

The Committee reviewed the specific procedure and the scenario envisaged in the event of the replacement of the General Management in an emergency situation. This procedure is reviewed each year and updated where applicable. At the beginning of 2021, it was slightly modified in order to take into account recent legal and regulatory evolutions (PACTE Law).

The Committee reviewed the organization of the Group and its management teams. It conducted a detailed review of high-potential profiles, a process it undertakes regularly. It closely examined the composition of the management teams and succession planning.

The Committee has made preparing a succession plan for the Chairman and Chief Executive Officer a consistent priority and held an additional meeting on this subject in October 2020.

Concerning governance

The Committee reviewed **the organization of the General Meeting of May 5, 2020,** which was held in closed session due to the pandemic, examining in particular the measures implemented to ensure the integrity of all aspects of the meeting in respect of shareholders' rights.

The Committee looked at the personal situation of each member of the Board of Directors in light of the independence criteria set forth in the internal regulations. In particular, it reviewed the chart summarizing the flows (purchases and sales) which occurred during the past fiscal year as between the companies in the Air Liquide Group and those Group companies at which a Director of Air Liquide (or candidate proposed for such office) also exercises a term of office or an executive role and made its assessment in the light of both quantitative and qualitative criteria. Pursuant to the AFEP/MEDEF Code, page 123 gives a table detailing each Director's position with respect to the independence criteria.

The Committee 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 124.

The Committee took note of the information provided by the Directors concerning their terms of office as Directors which are external to the Group.

It reviewed the recommendations of the Report of the Haut Comité de Gouvernement d'Entreprise and the AMF Annual Report on Corporate Governance published in November 2020 and made its recommendations concerning the practices followed by the Company. It 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.

It examined the chart showing the deviations of the Group's practices as compared to the AFEP/MEDEF Code (see table on page 142 of this Universal Registration Document). Given the appointment of Fatima Tighlaline as second Director representing the employees, the Committee more particularly examined the deviation relating to the appointment of a Director representing the employees as a member of the Remuneration Committee. Philippe Dubrulle, Director representing the employees since 2014, is a member of the Environment and society committee bringing to this Committee the vision of Group employees, who are essential stakeholders. Fatima Tighlaline was appointed by the European work council on October 1, 2020. Given the very recent nature of her appointment, the Committee recommended that she should be allowed a period of adaptation and training before proposing her appointment to a Committee.

At the start of 2020, the Committee reviewed the summary of the replies to the full evaluation questionnaire of the Board of Directors in respect of the 2019 fiscal year. The summary was reported to the Board meeting in February 2020, including pending items. At the end of fiscal 2020, the Committee updated the content of the simplified evaluation questionnaire before sending it out to Directors. The questionnaire is intended to follow up implementation of the recommendations made in the aforementioned full evaluation. For more details on the evaluation of the Board of Directors, see page 131.

The Committee took note of the principal provisions of the PACTE Law which impact governance. After analysis, the Committee recommended proposing amendments to the articles of association to the General Meeting on May 5, 2020, which will make it possible to bring those articles into line with the provisions of the PACTE Law (appointment of a second Director representing employees, if the number of members of the Board of Directors is more than light – and no longer twelve; incorporation of the amendments made to the French Commercial Code by providing that the Board of Directors should decide the orientations of the Company's activities and supervise their implementation, in accordance with its corporate interests, by taking into account the social and environmental challenges of its business; replacement of the term "Directors' fees" by the term "annual remuneration" with regard to the Directors' remuneration).

The Committee reviewed the internal regulations of the Board of Directors and recommended amendments required to comply with the PACTE Law, with regard to consideration by the Board of the social and environmental challenges facing the Company's business. The amendments also take into account changes in practices, such as the joint session between the Environment and Society Committee and the Audit Committee, and how often these Committees meet in the year.

The Committee reviewed the non-discrimination and diversity policy in leadership roles and its objectives. It debated the action plan rolled out to achieve these goals. The Committee also recommended to the Board to maintain the objectives for 2025. At the start of 2021, the Committee reviewed the results achieved, especially for the 10% top management positions, and reported to the Board. Please see Chapter 5, pages 325-327 in this Universal Registration Document for this information.

The Committee reviewed the training initiatives offered to Directors. These are detailed on page 129 and on page 130 for Directors representing the employees. Fatima Tighlaline was appointed as a Director representing the employees on October 1, 2020 and started a training program for this role in 2020.

Tasks of the Lead Director: report on his activities

Jean-Paul Agon has been Lead Director since May 3, 2017.

The Lead Director's activities during the fiscal year related to the following points:

- The Lead Director conducted the work of the Appointments and Governance Committee concerning the governance tasks entrusted to the Committee and in particular:
  - a review of the Company's practices in light of the recommendations of the AFEP/MEDEF Code, the AMF and the Haut Comité de Gouvernement d'Entreprise included in their respective 2020 reports;
  - the preparation of the questionnaire for evaluation of the functioning of the Board, which included a specific section enabling each Director to give his/her opinion on the individual contributions of the Directors to the Board's reflections. The Lead Director presented a summary of the assessments of how the Board operates and the recommendations made by the Appointments and Governance Committee to the Board meeting in February 2021, which led to debate; For more details on this assessment, see page 131;
  - informing the Board of Directors on the regular contacts between the Chairman and Chief Executive Officer and the principal shareholders.
- A review of the expectations expressed by the shareholders at the General Meeting on May 5, 2020. Interviews were also held with numerous institutional investors as from the autumn of 2020 to prepare for the General Meeting on May 4, 2021.
- The Lead Director took part in two meetings in 2020 as part of dialog with the main shareholders;
- The Lead Director held very regular discussions with the Chairman and Chief Executive Officer with regard to all significant governance topics for the fiscal year; he also spoke at length with the Directors.
- The Lead Director chaired the executive session which was held at the end of the Board meeting in November 2020 and was attended by all the Directors apart from the Group's Executive or internal Directors and employee representatives. The Lead Director held discussions with the Chairman and Chief Executive Officer on the matters raised during this executive session.
- He reported to the Board on his activities in February 2021.

During the 2020 fiscal year, the Lead Director attended all seven Board meetings, all four meetings of the Appointments and Governance Committee, all three meetings of the Remuneration Committee, and the meeting of the "Shareholder Relations" Working Group.

14.3. THE REMUNERATION COMMITTEE

As at December 31, 2020, the Remuneration Committee had **three members: Xavier Huillard, Committee Chair, Jean-Paul Agon and Brian Gilvary. 100% of the Committee members are independent.**

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 Committee meets at least three times a year. The conclusions of Committee meetings are presented by the Committee Chair for discussion and decision-making at the next Board of Directors' meeting.

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 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 Remuneration Committee's work in 2020

The Remuneration Committee met three times in 2020 with an effective attendance rate, or attendance rate by telephone, of 100% of its members. The Chairman and Chief Executive Officer is not present for any discussions by the Committee relating to him personally. At Board meetings, the Committee Chair reports on the work of the Remuneration Committee. At the General Meeting, the Committee Chair reports on the Board's decisions concerning the remuneration applicable to the Group's Executive Officers.

Remuneration of the Executive Officers/long-term incentive policy

The Committee examined the principles of the remuneration policy and its various components.

With regard to 2020, the Committee took note of the provisions of the PACTE Law and of Ordinance No. 2019-1234 and Decree No. 2019-1235 of November 27, 2019 implemented pursuant to that law. In accordance with these new provisions, the Committee reviewed the draft reports and resolutions to be put to the General Meeting of May 5, 2020 concerning the remuneration of the corporate officers (a report containing information on the remuneration of the Executive Officer and the Directors and provided for in article L. 225-37-3-I of the French Commercial Code) and the Executive Officer's remuneration for 2019.

In this regard, the Committee made recommendations concerning the **remuneration policy** for the corporate officers, which now includes the remuneration of the Directors and which was the subject of a resolution put to the General Meeting on May 5, 2020. It examined the possible alternatives to the defined benefit pension plan which Benoît Potier benefits from and recommended the implementation of a collective pension insurance contract with individual subscription, with effect from January 1, 2020. This implementation was integrated into the remuneration policy approved by the General Meeting on May 5, 2020.

As part of its work regarding the granting of performance shares and/or stock options, the Committee recommended amending the performance conditions, providing a new criterion linked to Air Liquide's carbon intensity in the 2020 long-term incentive plans. It also renewed its recommendation to attribute performance shares only (instead of a mix of stock options and performance shares as had been the case until 2018), in order to simplify and standardize the scheme.

For 2021, the Committee reviewed the remuneration policy of the corporate officers. He was informed of the global transfer of the defined contribution pension plan set up for all employees and corporate officers to a PERO (Plan d'Épargne Retraite d'Entreprise Obligatoire – mandatory company pension plan) from January 1, 2021 for compliance with the new legal and regulatory framework arising from the PACTE Law. It recommended the corresponding adaptation of the remuneration policy, to be put to the General Meeting on May 4, 2021.

The Committee reviewed the satisfaction of the performance conditions in the 2018 LTI plans, for which the three-year review period expired on December 31, 2020. It recommended the performance conditions for the 2021 LTI plans, which have been then adopted by the Board of Directors in February 2021.

For the Board of Directors' meeting in February 2021, the Committee prepared the record of the performance conditions for 2020, which are applicable to the collective pension insurance contract from which Benoît Potier benefits.

The Committee reviewed the rules for holding shares which apply to the Executive Officers.

Remuneration of the Directors

The Committee made recommendations concerning the remuneration policy for Directors presented to the General Meeting on May 5, 2020, and concerning the level of remuneration for the Directors, pursuant to article L. 225-45 of the French Commercial Code [(a)], to be granted in respect of the 2020 fiscal year within the total amount authorized by the General Meeting. The Committee also recommended the increase by the General Meeting of the amount of the remuneration that may be allocated each year to the Directors.

The Committee also recommended to propose to the General Meeting on May 4, 2021 to amend the remuneration policy in order to allocate the same remuneration for remote participation at meetings as for in-person attendance (instead of half the flat fee for each meeting) for meeting held since September 2020.

Corporate Governance

As part of its work, the Remuneration Committee analyses the shareholders interviews conducted as part of General Meeting preparations and the results of General Meeting votes on resolutions relating to remuneration.

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 (the section on remuneration), and recommended their approval by the Board of Directors.

(a) Now Article L. 22-10-14 of the French Commercial Code in accordance with the new numbering pursuant to Ordinance No 2020-1142 of September 16, 2020.

14.4. THE ENVIRONMENT AND SOCIETY COMMITTEE

The Environment and Society Committee, which focuses on Corporate Social and Environmental Responsibility issues, was formed on May 3, 2017. As at December 31, 2020, it had **three members: Annette Winkler, Committee Chair, Geneviève Berger and Philippe Dubrulle.**

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;
- monitor the reporting systems, the preparation of extra-financial information, and, in general, any information required by the legislation in force with regard to CSR;
- review the Group's Extra-financial Performance Declaration;
- make an annual review of a summary of the extra-financial ratings made with regard to the Group."

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 Chair 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 Committe by the member of the Executive Committee in charge of sustainable development on the Group's sustainable development strategy and its implementation.

The Environment and Society Committee's work in 2020

The Environment and Society Committee met three times in 2020, with an effective attendance rate, or attendance rate by telephone, of 100% of its members.

At these meetings, the Committee reviewed, in particular, the Group's environmental and societal risks, the changes to such risks, and the related monitoring procedures, taking into account the regulations concerning the duty of vigilance owed by parent companies. The Committee reviewed the environmental and societal risk-mapping which forms part of the Group's general risk-mapping. As part of the Group's Sustainable Development strategy, the Committee was provided with an update on the Climate Objectives defined by the Group which were published on November 30, 2018. A review was also carried out on the development of new ESG / climate objectives.

Information was also presented to the Committee on specific issues concerning, in particular, preventing industrial risks, ensuring people's safety by preventing accidents and in the pandemic, and monitoring the objectives and work of the Air Liquide Foundation.

The Committee reviewed the information in the Extra-financial Performance Declaration in this Universal Registration Document and monitored the work undertaken to revise the Vigilance Plan, as well as the follow-up on the implementation of the materiality matrix. Furthermore, the Committee read the report summarizing the Group's extra-financial ratings. It also drew up a draft work program for 2021.

In the interests of smooth coordination, the Environment and Society Committee and the Audit and Accounts Committee meet in joint session once a year. See page 136 of this Document for information on the 2020 joint session.

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 report and then written minutes of each meeting are prepared for the Board of Directors.

15. Application of the AFEP/MEDEF Corporate Governance Code: summary table

L' Air Liquide S.A. applies the AFEP/MEDEF Code, apart from the following recommendations:

Recommendations	L'Air Liquide S.A. practice and justification
Independence criteria for the Directors Article 9.5: In order to qualify as independent, a Director: must not have been "during the course of the previous five years, an employee or Executive Officer and Director of the Company; an employee, Executive Officer and Director or a Director of a company that the latter consolidates; an employee, Executive Officer and Director or Director of the parent company or a company consolidated within this parent company";	The Board of Directors considers that the former employees or Senior Executive Officers of the Company cannot be considered to be independent, even if their duties ended more than five years ago (see pages 122 and 123).
Remuneration Committee Article 18.1: "It is recommended […] that one of its members be an employee Director."	Philippe Dubrulle, Director representing the employees is a member of the Board Committee which focuses on environmental and societal issues. As part of the tasks assigned to this Committee concerning the definition and deployment of the Group actions on environmental and societal issues, and more generally the Group's Sustainable Development strategy, he provides the Committee with the views of Group employees, who are essential stakeholders. Philippe Dubrulle, who had made known his interest in sustainable development matters, has been a member of the Environment and Society Committee since its formation, in May 2017. Fatima Tighlaline was appointed Director representing employees by the European Works Council on October 1, 2020. Given the very recent nature of this appointment, the Board of Directors decided to give her a period of adaptation and training before proposing she be appointed to a Committee.

16. Shareholder Relations Working Group

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.

17. Participation 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 participation of shareholders at the General Meeting are set out in articles 5 to 10 and 18 and 19 of the Company's articles of association (set out on pages 385 et seq. of this Universal Registration Document).

18. 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 383 of this Universal Registration Document.

INFORMATION CONCERNING MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

(as of December 31, 2020)

Benoît POTIER

Chairman and Chief Executive Officer

Nationality: French
Born on September 3, 1957
Date of first appointment: May 2000
Start of current term: May 2018
End of current term: 2022 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2021)
Number of shares owned as of December 31, 2020: 530,070
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. In 2006, he was appointed Chairman and Chief Executive Officer of L' Air Liquide S.A.

Positions and activities held during 2020

Functions within the Air Liquide Group

- **Chairman and Chief Executive Officer**: L' Air Liquide S.A.*, Air Liquide International, Air Liquide International Corporation (ALIC)
- **Director**: American Air Liquide Holdings, Inc., The Hydrogen Company
- **Director**: Air Liquide Foundation

Positions or activities outside the Air Liquide Group

- **Director**: Danone* (chairman of the Engagements Committee; member of the Governance Committee)
- **Member of the Supervisory Board:** Siemens AG* (member of the Nominating Committee)
- **Co-Chair**: The Hydrogen Council
- **Member**: European Round Table (ERT)
- **Member of the French Board**: INSEAD
- **Member of the Strategic Orientation Committee:** Paris-Saclay University (since October 2020)

Positions and activities held during the last five years and that have expired

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)

2017

- **Chairman**: Air Liquide Foundation (until March 2017)

* *Listed company.*
N.B. : Mr Benoît Potier has been appointed co-chair of the Conseil National de l'Hydrogène since January 11, 2021.

Thierry PEUGEOT

Director – Member of the Audit and Accounts Committee

Nationality: French
Born on August 19, 1957
Date of first appointment: May 2005
Start of current term: May 2017
End of current term: 2021 [(a)] (General Meeting to approve the financial statements for the fiscal year ending December 31, 2020)
Number of shares owned as of December 31, 2020: 2,232
Address: 18, avenue Georges Mandel – 75116 Paris – France

Career

A graduate of ESSEC, Thierry Peugeot began his career with the Marrel Group in 1982 as Export Manager for the Middle East and English-speaking Africa for Air Marrel, and then Director of Air Marrel America. He joined Automobiles Peugeot in 1988 as Regional Manager of the South-East Asia zone, then Chief Executive Officer of Peugeot do Brasil in 1991 and Chief Executive Officer of Slica in 1997. In 2000, he became International Key Accounts Director of Automobiles Citroën and then, in 2002, Vice President of Services and Spare Parts before being appointed to the PSA Peugeot Citroën Vice Presidents Committee. Thierry Peugeot has been Chairman of the Supervisory Board of Peugeot S.A. between 2002 and 2014.

Positions and activities held during 2020

Functions within the Air Liquide Group

- **Director**: L' Air Liquide S.A.* (member of the Audit and Accounts Committee since May 2012)

Positions or activities outside the Air Liquide Group

- **Chief Executive:** Société anonyme de participations
- **Director**: Établissements Peugeot Frères (Chairman of the Accounts Committee)
- **Director**: Compagnie Industrielle de Delle
- **Permanent representative** of the Compagnie Industrielle de Delle on the LISI* Board of Directors (member of the Remuneration Committee and President of the Appointments Committee)
- **Chairman**: CITP
- **Chairman**: SIV
- **Chairman and Chief Executive Officer:** SID
- **Honorary Chairman:** Association nationale des sociétés par actions (ANSA)

Positions and activities held during the last five years and that have expired

2016

- **Director**: Faurecia* (Member of the Strategic Committee) (until May 2016)

2015

- **Director**: Société FFP* (until May 2015)
- **Senior Executive Vice President:** Établissements Peugeot Frères (until April 2015)

(a) The Board of Directors, in agreement with Mr Thierry Peugeot, agreed that the renewal of his office will not be proposed to the General Meeting of May 4, 2021.
** Listed company.*

Jean-Paul AGON

Independent Director – Lead Director – Appointments and Governance Committee Chair – Member of the Remuneration Committee

Nationality: French
Born on July 6, 1956
Date of first appointment: May 2010
Start of current term: May 2018
End of current term: 2022 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2021)
Number of shares owned as of December 31, 2020: 1,784
Business address: L'Oréal – 41, rue Martre – 92110 Clichy – France

Career

A graduate of HEC Business School, Jean-Paul Agon began his career with the L'Oréal Group in 1978. From 1981 to 1997, he held various Senior Management positions first as General Manager of L'Oréal Greece and General Manager of L'Oréal Paris, then International Managing Director for Biotherm International, Managing Director for L'Oréal Germany and finally Managing Director for L'Oréal Asia Zone. From 2001 to 2005, he was Chairman and Chief Executive Officer of L'Oréal USA as well as several subsidiaries of the L'Oréal Group in the USA. In 2005, he was appointed Deputy Chief Executive Officer of the L'Oréal Group, and became Chairman and Chief Executive Officer of the Group in 2006. He is Chairman and Chief Executive Officer of L'Oréal since March 2011.

Positions and activities held during 2020

Functions within the Air Liquide Group

- **Director:** L'Air Liquide S.A.* (Lead Director since May 2017; member of the Appointments and Governance Committee since May 2015, then Chairman of this Committee since May 2017; member of the Remuneration Committee since May 2012 – Chairman of this Committee from May 2015 to May 2018)

Positions or activities outside the Air Liquide Group

- **Chairman and Chief Executive Officer:** L'Oréal*
- **Chairman:** L'Oréal Foundation
- **Director:** Raisesherpas
- **Director:** Association françaises des entreprises privées (AFEP)
- **Director:** Institut français des relations internationales (IFRI)

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 122 and 123.

Siân HERBERT-JONES

Independent Director – Audit and Accounts Committee Chair

Nationality: British
Born on September 13, 1960
Date of first appointment: May 2011
Start of current term: May 2019
End of current term: 2023 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2022)
Number of shares owned as of December 31, 2020: 1,013

Career

Holder of a Master of Art degree in History from Oxford University and a graduate from the Institute of Chartered Accountants in England and Wales, Siân Herbert-Jones first practiced for 13 years with the firm of PriceWaterhouseCoopers, in the London office from 1983-1993 in particular in the capacity of Corporate Finance Manager, then in the Paris office from 1993 to 1995 in the capacity of Mergers & Acquisitions Manager. She then joined the Sodexo Group in 1995 in which she was successively in charge of international development from 1995 to 1998 and the Group's Treasury Department from 1998 to 2000 then Deputy Chief Financial Officer in 2000. From 2001 to December 21, 2015, she was Chief Financial Officer; and member of the Executive Committee of the Sodexo Group. Since 2016, she holds several positions within Board of Directors of large companies and also pursues other consulting activities in societal and environmental fields.

Positions and activities held during 2020

Functions within the Air Liquide Group

- **Director**: L' Air Liquide S.A.* (Chairman of the Audit and Accounts Committee since May 2015; member of this Committee since May 2013)

Positions or activities outside the Air Liquide Group

- **Director**: Cap Gemini SE* (member of the Audit and Risks Committee)
- **Director**: Bureau Veritas* (member of the Audit and Risks Committee)
- **Director**: Compagnie Financière Aurore Internationale (Sodexo Group)

Positions and activities held during the last five years and that have expired

2017

- **Member of the Appointments and Remuneration Committee**: Veritas* (until May 2017)

2015

- **Chief Financial Officer and member of the Executive Committee**: Sodexo Group*
- **Chairman**: Etin SAS (France); Sodexo Etinbis S.A.S. (France); Sofinsod SAS (France)
- **Director**: Sodexho Awards Co, Sodexo Japan Kabushiki Kaisha Ltd., Sodexho Mexico S.A. de CV, Sodexho Mexico Servicios de Personal S.A. de CV, Sodexo Remote Sites the Netherlands B.V., Sodexo Remote Sites Europe Ltd., Universal Sodexho Eurasia Ltd., Sodexo, Inc., Sodexo Management, Inc., Sodexo Remote Sites USA, Inc., Sodexo Services Enterprises LLC, Universal Sodexho Services de Venezuela S.A., Universal Sodexho Empresa de Servicios y Campamentos S.A., Sodexo Global Services UK Ltd.
- **Member of the Management Board**: Sodexo en France SAS (France), Sodexo Entreprises SAS (France), Sodexo Pass International SAS (France), One SAS (France)
- **Permanent representative** of Sofinsod SAS on the Supervisory Board of One SCA (France)

* *Listed company.*

N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 122 and 123.

Information concerning members of the Board of Directors and Executive Management

Sin Leng LOW

Independent Director – Member of the Audit and Accounts Committee

Nationality: Singaporean
Born on June 9, 1952
Date of first appointment: May 2014
Start of current term: May 2018
End of current term: 2022 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2021)
Number of shares owned as of December 31, 2020: 1,521
Business address: Nanyang Academy of Fine Arts – 80 Bencoolen Street – Singapore 189655

Career

Sin Leng Low is a graduate of the University of Alberta (Canada) in Electrical engineering, has a Master of Business Administration from the Catholic University of Leuven (Belgium) and completed the Advanced Management Program at Harvard Business School (USA). After spending part of her career in the Singapore government administrative service, Sin Leng Low held the duties of Executive Vice President at electricity provider Singapore Power and Managing Director of its telecommunications subsidiary from 1995 to 2000. In 2000, she joined energy, water, marine and urban development group Sembcorp Industries, where she successively held the positions of Group Chief Operating Officer and Executive Chairman of the subsidiary spearheading the industrialization and urbanization development business in China, Vietnam and Indonesia until end 2012, and Senior Advisor for four years (2013-2016). Since 2013, Sin Leng Low has been appointed as Chairman, Nanyang Academy of Arts.

Positions and activities held during 2020

Functions within the Air Liquide Group

- **Director**: L' Air Liquide S.A.* (member of the Audit and Accounts Committee since May 2015)

Positions or activities outside the Air Liquide Group

- **Member of the Board of Trustees**: Singapore University of Technology & Design (SUTD)
- **Chairman and Director**: Nanyang Academy of Fine Arts (NAFA)
- **Chairman**: Nanyang Fine Arts Foundation Limited, NAFA International Pte Ltd.
- **Executive Board member**: China Cultural Center

Positions and activities held during the last five years and that have expired

2016

- **Senior Advisor**: Sembcorp Development Ltd.
- **Chairman**: Sino-Singapore (Chengdu) Innovation Park Development Co., Ltd. (in which Sembcorp Development holds a 25% stake indirectly through a joint venture: Singapore-Sichuan Investment Holding Pte Ltd.)
- **Director**: Singapore-Sichuan Investment Holding Pte Ltd. (a 50/50 partnership between Sembcorp Development and Singbridge Pte Ltd. which is wholly owned by Singapore Temasek group)

* *Listed company.*

N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 122 and 123.

Annette WINKLER

Independent Director – Environment and Society Committee Chair – 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 2018
End of current term: 2022 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2021)
Number of shares owned as of December 31, 2020: 1,859
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 2020

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 Nomination and Governance Committee since May 2017 and Chairman of the Environment and Society Committee since May 2020)

Positions or activities outside the Air Liquide Group

- **Director**: Renault S.A.* (Chairman of the Strategy Committee since January 2020); Renault S.A.S.
- **Member of the Counsel for Foreign Economic Affairs** of the German Ministry for Economics (until March 2020)

Positions and activities held during the last five years and that have expired

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 122 and 123.

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 2018
End of current term: 2022 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2021)
Business address: Air Liquide Advanced Technologies, 2, rue de Clémencière, 38360 Sassenage – France

Career

An enginneering graduate from École Supérieure de l'Énergie et des Matériaux, Philippe Dubrulle has held various positions as an engineer, Product Manager and International Sales Manager at several aeronautical groups both in France and abroad. He joined Air Liquide Group in 2008. Based in Sassenage, he is an employee of the subsidiary Air Liquide Advanced Technologies. He is Programmes & Services Manager, Aerospace & Defense. 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, at its plenary session on December 6, 2017. 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 2020

Functions within the Air Liquide Group

- **Director**: L' Air Liquide S.A.* (member of the Environment and Society Committee since May 2017)
- **Programmes & Services Manager, Aerospace & Defense:** Air Liquide Advanced Technologies

Positions and activities held during the last five years and that have expired

–

* *Listed company.*

Geneviève BERGER

Independent Director – Member of the Environment and Society Committee

Nationality: French
Born on January 26, 1955
Date of first appointment: May 2015
Start of current term: May 2019
End of current term: 2023 (General Meeting to approve the financial statement for the fiscal year ended December 31, 2022)
Number of shares owned as of December 31, 2020: 610
Business address: Firmenich S.A., Route des Jeunes, 1 P.O. Box 239, CH – 1211 Geneva 8 – Switzerland

Career

With a Ph.D. in physics, Doctor of Medecine and with a Ph.D. human biology, Geneviève Berger was Director of the mixed laboratory for parametric imaging CNRS-Broussais Hôtel-Dieu from 1991 to 2000. She was General Manager of the CNRS between 2000 and 2003. She served as University Professor and Hospital Managing Director at La Pitié-Salpêtrière between 2003 and 2008 before joining Unilever as Chief Research and Development Officer and then Chief Science Officer from 2008 to 2014. She has been the Head of the research departement at the Swiss company Firmenich since July 1, 2015.

Positions and activities held during 2020

Functions within the Air Liquide Group

- **Director**: L' Air Liquide S.A.* (member of the Environment and Society Committee since May 2017)

Positions or activities outside the Air Liquide Group

- **Head of the Research Department**: Firmenich
- **Non-executive Director and member of the Scientific Committee**: AstraZeneca*

Positions and activities held during the last five years and that have expired

2015

- Non-executive Director: Merz (until March 2015)

Listed company.
N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 122 and 123.

Brian GILVARY

Independent Director – Member of the Audit and Accounts Committee – Member of the Remuneration Committee

Nationality: British
Born on February 12, 1962
Date of first appointment: May 2016
Start of current term: May 2020
End of current term: 2024 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2023)
Number of shares owned as of December 31, 2020: 2,455
Business address: Ineos Energy – Anchor House – 15-19 Britten Street – London SW3 3TY – United-Kingdom

Career

A British citizen, holder of a PhD in mathematics from the University of Manchester (UK), Brian Gilvary is Executive Chairman of Ineos Energy, a division of the Ineos group focused on oil & gas and the energy transition. Prior to this Brian was BP plc's Group Chief Financial Officer and Board Director from 2012-2020, having joined the company in 1986. His 34-year career at BP spanned all areas of the business in the upstream, downstream and trading of the oil and gas. In November 2020, the Energy Council presented him with the lifetime achievement award for his outstanding contribution to the energy industry. He is Senior independent Director of Barclays Plc since February 2020.

Positions and activities held during 2020

Functions within the Air Liquide Group

- **Director**: L'Air Liquide S.A.* (member of the Audit and Accounts Committee since May 2017; Member of the Remuneration Committee since May 2020)

Positions or activities outside the Air Liquide Group

- **Senior independent Director**: Barclays Plc* (since February 1, 2020) (Member of the Board Remuneration Committee since March 1, 2020)
- **Chief Financial Officer and Executive Director**: BP Plc* (until June 30, 2020)
- **Director**: BP International Limited, BP Plc (Member of the "Results Committee") (until June 30, 2020)
- **Chairman**: The 100 Group (until June 2020)
- **Trustee:** Royal Navy & Royal Marines Charity (since April 2020)

Positions and activities held during the last five years and that have expired

2019

- **Director** (until July 8, 2019) : BP Capital Markets Plc, BP Car Fleet Limited, BP Corporate Holdings Limited, BP Finance Plc, BP Global Investments Limited, BP Holdings North America Limited, The BP Share Plans Trustees Limited

2016

- **External advisor**: HM Treasury Financial Management Review Board

N.B.: Mr Brian Gilvary has been appointed Executive Chairman of Ineos Energy since January 2021.
* *Listed company.*
N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 122 and 123.

Xavier HUILLARD

Independent Director – Remuneration Committee Chair – Member of the Appointments and Governance Committee

Nationality: French
Born on June 27, 1954
Date of first appointment: May 2017
Start of current term: May 2017
End of current term: 2021 [(a)] (General Meeting to approve the financial statements for the fiscal year ending December 31, 2020)
Number of shares owned as of December 31, 2020: 1,024 and 13,220 usufruct shares
Business address: VINCI – 1, cours Ferdinand de Lesseps, 92851 Rueil-Malmaison 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 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 and was appointed Chairman of the Board of Directors and Chief Executive Officer of VINCI on May 6, 2010. He was Chairman of the Institut de l'Entreprise from January 2011 to January 2017. Xavier Huillard is Chairman of Vinci Concessions since June 20, 2016.

Positions and activities held during 2020

Functions within the Air Liquide Group

- **Director**: L' Air Liquide S.A.* (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)

Positions or activities outside the Air Liquide Group

- **Chairman and Chief Executive Officer**: VINCI*
- **Permanent representative** of VINCI on the Board of Directors of Aéroports de Paris* (member of the Remuneration, Nomination and Governance Committee) (until December 15, 2020)
- **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 of 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
- **Director**: Kansai Airports
- **Honorary Chairman**: Institut de l'entreprise

Positions and activities held during the last five years and that have expired

2019

- **Vice-President**: Aurore Association (until December 2019)

2017

- **Chairman**: Institut de l'Entreprise (until January 2017)

2015

- **Permanent representative** of VINCI on the Board of Directors of Eurovia

(a) Renewal of term proposed to the General Meeting of May 4, 2021.
** Listed company.*
N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 122 and 123.

Information concerning members of the Board of Directors and Executive Management

Anette BRONDER

Independent Director

Nationality: German
Born on December 13, 1967
Date of first appointment: May 2020
Start of current term: May 2020
End of current term: 2024 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2023)
Number of shares owned as of December 31, 2020: 500
Business address: Swiss Re Management Ltd. – Mythenquai 50/60, 8022 Zürich – Switzerland

Career

A German citizen, Anette Bronder is a graduate of the University of Stuttgart (holder of a Master in Economics and Social Sciences). She started her career with Hewlett Packard GmbH in 1997, specializing in IT and Consulting, and held a number of senior management positions. In 2010, she was appointed Director of Enterprise Technology at Vodafone Germany, and became Director of Enterprise Technology for Vodafone Group worldwide in London in 2013. In 2015, Anette Bronder joined T-Systems International, a subsidiary of Deutsche Telekom, as Director Digital Division and a member of the Management Board, responsible for building up and managing the growth areas “Internet of Things”, “Public Cloud” and “Cybersecurity”. Since June 1, 2019, Anette Bronder is the Group Chief Operating Officer of Swiss Re, a world leading provider of re-insurance, based in Zurich.

Positions and activities held during 2020

Functions within the Air Liquide Group

- **Director**: L’Air Liquide S.A.*

Positions or activities outside the Air Liquide Group

- **Chief Operating Officer**: Swiss Re*

Positions and activities held during the last five years and that have expired

2019

- **Director**: Elumeo SE (until September 2019)

2018

- **Director**: Ströer SE (until December 2018)
- **Director**: German Research Center for artificial intelligence (until December 2018)

2017

- **Director Digital Division and Member of the Management Board**: T-Systems International

* *Listed company.*

N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 122 and 123.

Kim Ann MINK

Independent Director

Nationality: American
Born on December 4, 1959
Date of first appointment: May 2020
Start of current term: May 2020
End of current term: 2024 (General Meeting to approve the financial statements for the fiscal year ending December 31, 2023)
Number of shares owned as of December 31, 2020: 500
Business address: 105 Cobblestone Blvd. – Monroe Township – NJ 08831 – USA

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. 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 in 2020

Functions within the Air Liquide Group

- **Director**: L'Air Liquide S.A*

Positions or activities outside the Air Liquide Group

- **President, Chairman and Chief Operating Officer**: Innophos* (until February 7, 2020)
- **Director**: Eastman Chemical Company*; Avient Corp.* (formerly PolyOne Corp.*)

Positions and activities held during the last five years and that have expired

2016

- **Member of the Board of Trustees**: National ALS Association

2015

- **Member of the Board of Advisors**: Catalyst

* *Listed company.*

N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 122 and 123.

Fatima TIGHLALINE

Director representing the employees

Nationality: French
Born on November 14, 1979
Date of the first appointment by the European Work Council: October 1, 2020
Start of current term: October 2020
End of current term: 2024 (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

Carreer

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) as manager of the Ile 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.

Positions and activities held in 2020

Functions within the Air Liquide Group

- **Director:** L'Air Liquide S.A.*
- **Head of the Ile-de-France and O_2 planning team:** VitalAire France

Positions and activities held during the last five years and that have expired

-

* *Listed company.*

NEW CANDIDATES PROPOSED TO THE GENERAL MEETING OF MAY 4, 2021

Pierre BREBER

Independent Director

Nationality: American
Born on August 12, 1964
Business address: 6001 Bollinger Canyon Road – San Ramon – CA 94583 – USA

Career

An American citizen, Pierre R. Breber holds a bachelor's and master's degrees in mechanical engineering from the University of California, Berkeley, and a master's degree in business administration from Cornell University. Pierre R. Breber started his career with Chevron, one of the world's leading energy companies, and one of the largest corporate groups in the world, in 1989. During his more than 30 years of service within the group, he has served in a number of leadership positions with increasing responsibilities including in particular Managing Director, Asia South Business Unit; Chevron Vice President and Treasurer; manager, Finance and Business Services, Chevron Upstream Europe Business Unit ; Executive Vice President, Chevron Downstream; and Executive Vice President, Chevron Gas & Midstream. Pierre R. Breber is Vice President and Chief Financial Officer of Chevron, responsible for control, tax, treasury, audit and investor relations activities worldwide, since 2019.

Positions and activities held during 2020

Positions or activities outside the Air Liquide Group

- **Vice President and Chief Financial Officer:** Chevron Corporation* (since 2019)
- **Chair of the board of directors:** United Way Bay Area

Aiman EZZAT

Independent Director

Nationality: French
Born on May 22, 1961
Business address: 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 since May 2020.

Positions and activities held during 2020

Positions or activities outside the Air Liquide Group

- **Chief Executive Officer: Capgemini SE * (since May 2020)**
- **Chief Operating Officer: Capgemini SE * (until May 2020)**
- **Chairman: Capgemini Service SAS (since May 2020); Capgemini Latin America SAS (USA) (since May 2020); Altran Technologies SAS (since April 2020); Sogeti France 2005 SAS (since May 2018)**
- **Chair of the Board of Directors and Chief Executive Officer: Capgemini North America, Inc. (USA) (since May 2020)**
- **Chair of the Board of Directors: Capgemini America, Inc. (USA) (since May 2020)**
- **Director: Purpose Global PNC (USA) (since April 2020); Capgemini International BV (Netherlands) (since May 2020); Sogeti UK Ltd. (United Kingdom) (until July 1, 2020); Capgemini España S.L. (Spain) (until July 28, 2020); Capgemini Solutions Canada Inc. (Canada) (until June 19, 2020); Capgemini Technologies LLC (USA) (until June 19, 2020) ; Capgemini UK Plc (United Kingdom)
(until July 1, 2020), Capgemini (Hangzhou) Co. Ltd (China) (until November 4, 2020); Restaurant Application Development International (USA) (until June 19, 2020); Radi Holding LLC (USA) (until June 12, 2020)**
- **Member of the Supervisory Board: Sogeti Nederland BV (Netherlands) (since December 2012)**

* *Listed company.*
N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 122 and 123.

Bertrand DUMAZY

Independent Director

Nationality: French
Born on July 10, 1971
Business address: 14-16, boulevard Garibaldi – 92130 Issy-les-Moulineaux – France

Career

A graduate of ESCP Europe with an MBA from Harvard Business School, Bertrand Dumazy started his career in 1994 as a Consultant at Bain & Company, first in Paris and then in Los Angeles. He then became Investment Director at BC Partners in 1999, before founding Constructeo. In 2002, he joined the Neopost group, where he started as Head of Marketing and Strategy. He became Chairman and Chief Executive Officer of Neopost France in 2005, and then Executive Vice President, Finance of the group in 2008. In 2011, he was appointed President and CEO of the Deutsch group, a world leader in high performance connectors, which he managed until it was acquired by TE Connectivity. In 2012, he joined the Materis group as Executive Vice President, before becoming CEO and then, finally, President and CEO of Cromology. He was appointed Chairman and Chief Executive Officer of Edenred group in October 2015.

Positions and activities held during 2020

Positions or activities outside the Air Liquide Group

- **Chairman and Chief Executive Officer:** Edenred SA*
- **Director:** Neoen SA* – France
- **Director:** Terreal SAS – France
- **Chair of the Supervisory Board:** Union Tank Eckstein GmbH & Co. KG – Germany (company of Edenred group)

* *Listed company.*

N.B.: For information regarding independence criteria, please refer to this Universal Registration Document – pages 122 and 123.

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 May 4, 2021 is invited to vote:

- with regard to the Chairman and Chief Executive Officer 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 161 to 179 of this Universal Registration Document and are the subject of the 11th resolution proposed to the General Meeting [(a)];
- with regard to the Chairman and Chief Executive Officer: the elements which make up the total remuneration and the benefits of all kinds paid during 2020 or awarded in respect of 2020. These elements are described on pages 180 to 187 of this Universal Registration Document and are the subject of the 10th resolution proposed to the General Meeting [(b)];
- with regard to all the corporate officers of L' Air Liquide S.A. : the remuneration policy for the corporate officers, set out on pages 188 to 196 of this Universal Registration Document and which is the subject of the 12th resolution with respect to the Executive Officers, and the 13th resolution with respect to the Directors. [(c)]

The resolutions proposed to the General Meeting of May 4, 2021 are contained in Chapter 6 of this Universal Registration Document.

The information included in this section also takes into account the provisions of the AFEP/MEDEF Code of Corporate Governance for listed companies, as interpreted by the Haut Comité de Gouvernement d'Entreprise (French High Committee on Corporate Governance) (Application guide for the AFEP/MEDEF Code; Activity report of the Haut Comité de Gouvernement d'Entreprise of November 2020) and the AMF's recommendations included in the AMF Guide on the preparation of universal registration documents and the AMF Report on Corporate Governance and the remuneration of Executive Officers of listed companies dated November 24, 2020. For a summary of the application of the AFEP/MEDEF Code, see the table in the Report on Corporate Governance, on page 142 of this Universal Registration Document.

In accordance with the AFEP/MEDEF Code, the remuneration components of the Executive Officers are made public after the Board meeting during which they are approved.

(a) Pursuant to article L. 22-10-34 I of the French Commercial Code.
(b) Pursuant to article L. 22-10-34 II of the French Commercial Code.
(c) Pursuant to article L. 22-10-8 II of the French Commercial Code.

General principles taken into account for the determination of the remuneration of the Executive Officers

Traditionally, the remuneration policy determined by the Board of Directors includes incentive elements reflecting the Group's strategy which is steered toward profitable long-term growth, while acting responsibly 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 transaction, while maintaining an on-going effort over time in favor, in particular, of safety and security, innovation, employee training and development, together with the sustainable development. In this context, the elements taken into account for the determination of the remuneration of the Executive Officers are as follows:

- a **short-term component,** comprising a **fixed remuneration** and a **variable remuneration;**
- a **long-term incentive** (hereinafter the **"LTI"**) through the grant of share subscription options and/or performance shares, both tools being subject in full to all the same performance conditions calculated over three years;
- other benefits attached to the performance of the Executive Officers' term of office, including:
  - a **supplementary pension mechanism** [a], comprising specifically for Benoît Potier, and with effect from January 1, 2020, a collective pension insurance contract **subject to performance conditions,** which from this date has replaced the defined benefit pension plan which applies to eligible senior managers and Executive Officers and is applicable for the period up to December 31, 2019,
  - a collective **life insurance** plan,
  - a **death and disability benefits** plan,
  - commitments to pay an **indemnity in the event of the termination of duties** at the Company's initiative, in certain circumstances, subject to performance conditions calculated over a three-year period,
  - entitlement to **unemployment insurance for company managers and corporate officers,** in the absence of an employment contract with the Group.

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.

The remuneration policy reflects the level of responsibility of the Group's senior executives and is adapted to the Group context, remains competitive and is an incentive to promote the Group's performance over the medium to long-term, in compliance with the corporate interest and the interests of all the stakeholders.

(a) Which supplements the defined contribution pension plan which applies to all the employees and corporate officers.

1. Summary of the remuneration of the Executive Officer

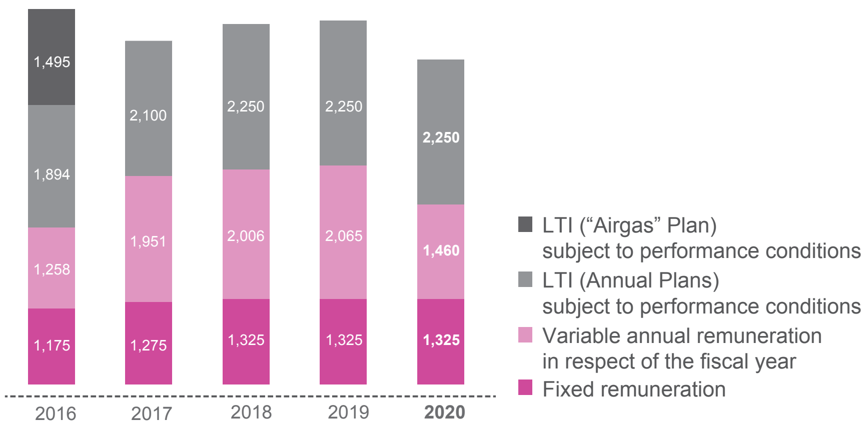
Table 1 below presents a summary of all remuneration components paid to the Executive Officer with regard to 2018, 2019 and 2020 fiscal years. They are then more fully described in the following tables.

TABLE 1 – SUMMARY OF THE REMUNERATION AND STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO THE EXECUTIVE OFFICER

(in thousands of euros, rounded off)	2018	2019	2020
Benoît Potier – Chairman and Chief Executive Officer:			
Remuneration granted in respect of the fiscal year (see breakdown in Table 2)	3,341	3,400	2,795
Value of stock options granted during the fiscal year (see breakdown in Table 4)	450	-	-
Value of performance shares granted during the fiscal year (see breakdown in Table 6)	1,800	2,250	2,250
TOTAL	**5,591**	**5,649**	**5,045**

BREAKDOWN OF THE REMUNERATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER OVER THE LAST FIVE YEARS

(in thousands of euros, rounded off)



2. Remuneration of the Executive Officer (including information stated in article L. 22-10-9 I of the French Commercial Code)

The **remuneration policy** applicable to the Chairman and Chief Executive Officer, in relation to his office, as decided upon by the Board of Directors on February 10, 2020 and presented in the 2019 Universal Registration Document (pages 178 to 186) was **approved by the Ordinary General Meeting on May 5, 2020** (11th resolution). This General Meeting also approved for the first time the information relating to the remuneration of the Chairman and Chief Executive Officer and the Directors which was presented in the Report on Corporate Governance [(a)] (10th resolution).

The Board of Directors maintained the fixed remuneration for 2020 at the same level as for 2018 and 2019, the level of the total annual target remuneration being thus stable.

In 2020, the structure and principles which apply to the remuneration are in line with earlier fiscal years, although some adjustments have been made taking into account remarks from shareholders. Moreover, amendments have been made to the pension mechanism following the PACTE Law of May 22, 2019 and Ordinance No. 2019-697 of July 3, 2019.

The principal elements of the remuneration policy approved in 2020 are as follows:

- In accordance with a recurring practice at Air Liquide, **the fixed remuneration represents approximately 25%, the variable remuneration 35% and the long-term incentive (hereafter "LTI") 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 remuneration.**

  The collective pension insurance contract and the termination indemnity are also subject to performance conditions.

  The performance conditions, as described below, reflect the **Group's ambition to achieve profitable long-term growth, while acting responsibly in the interests of all the stakeholders.**
- **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 fixed target objectives are demanding and are completely consistent with the trajectory of the NEOS company program;
  - a **greater relative weight is given to the quantifiable criteria** as compared to the qualitative criteria.
  - a **weighting continues to be given to each of the qualitative criteria** in order to meet the expectations of certain shareholders.
- **LTI:**
  - **All the LTI granted to the Executive Officers are subject to performance conditions calculated over a period of three years.** As of 2020, the LTI plans incorporate a new performance condition linked to the Group's Carbon Intensity, in addition to the ROCE and TSR criteria. The objective of this new condition is consistent with the trajectory of the Group's Climate Objectives announced at the end of 2018 and which aim to reduce Carbon Intensity by 30% between 2015 and 2025.
  - Limits on the grants to Executive Officers: in accordance with the authorizations given by the General Meeting on May 7, 2019, 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 granted if any to the Executive Officers 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, moreover, that, as stated above, the LTI must represent approximately 40% of the annual remuneration for the Executive Officer.
  - The other principles which apply to the LTI are unchanged (proration of the LTI in the event of the Executive Officer's departure during the period of assessment of the performance conditions, the level of requirement of the objectives, the rules which apply to the Executive Officers as described on pages 167-168).
- In accordance with the remuneration policy approved by the General Meeting on May 5, 2020, a **collective pension insurance contract** with individual and optional subscription is set up as from January 1, 2020, specifically for Benoît Potier in order to replace the acquisition of rights under the defined benefit pension plan with effect from such date pursuant to the PACTE Law of May 22, 2019 and Ordinance No. 2019-697 of July 3, 2019 (see details below).

Finally, as in 2019, the Board of Directors decided on September 29, 2020 only to grant performance shares (instead of a mix of stock options and performance shares) to all the beneficiaries, in order to simplify and standardize the LTI plan.

The elements of Benoît Potier's remuneration, as determined by the Board of Directors pursuant to the remuneration policy approved by the General Meeting on May 5, 2020, are described below.

(a) Information listed in article L. 225-37-3 I of the French Commercial Code (now article L. 22-10-9 I of the same Code).

2.1. SHORT-TERM BENEFITS

The gross annual remuneration before tax of the Chairman and Chief Executive Officer*, including the benefits in kind, amounts, for 2018, 2019 and 2020 fiscal years, to the figures shown in the following Table 2:

TABLE 2 – SUMMARY OF THE EXECUTIVE OFFICER'S REMUNERATION

	For information, reminder of previous years:					
	2018		2019		2020	
(in thousands of euros, rounded off)	Amounts awarded	Amounts paid	Amounts awarded	Amounts paid	Amounts awarded	Amounts paid
Benoît Potier – Chairman-Chief Executive Officer (a) (b)						
■ Fixed remuneration	1,325	1,325	1,325	1,325	1,325	1,325
including remuneration in respect of his term of office as Director	-	-	-	-	-	-
■ Variable annual remuneration	2,006	1,951	2,065	2,006	1,460	2,065 (c)
■ Benefits in kind	10	10	10	10	11	11
TOTAL	**3,341**	**3,286**	**3,400**	**3,341**	**2,795**	**3,400**

(a) Pursuant to the recommendations of the AFEP/MEDEF Code of Corporate Governance, Benoît Potier resigned from his employment contract in May 2010. Benoît Potier receives all of his remuneration for his corporate office.

(b) With respect to the 2020 fiscal year, the Group (i) also paid, during this fiscal year, contributions to third parties, for the benefit of Benoît Potier, pursuant to the defined contribution pension plan (9,836 euros), pursuant to the collective death and disability benefit plan (3,357 euros) and pursuant to the collective life insurance plan (218,830 euros), i.e. a total amount of 232,023 euros and (ii) will also pay in 2021 in respect of 2020, in terms of the collective life insurance contract, contributions amounting to 222,134 euros and in terms of the collective pension insurance contract, an amount of 340,000 euros (split between a payment to the insurer and a payment to Benoît Potier intended to cover the social security contributions and taxes due on the payments made to the insurer). This contract was set up with effect on January 1, 2020, following legislative changes and in accordance with the remuneration policy. It replaces the acquisition of conditional rights under the defined benefit pension plan with effect from this date in order to maintain rights which are equivalent to those which would have existed under such plan, if it had been possible to maintain them for Benoît Potier.

Details of these plans are set forth below.

(c) Amount already approuved by the General Meeting of May 5, 2020 (9th résolution).

Within the fixed remuneration and the variable remuneration in respect of 2020, after recording the achievement of the criteria for the variable remuneration in respect of the 2020 fiscal year by the Board meeting of February 9, 2021, the fixed remuneration represents 47.6% and the variable remuneration represents 52.4%**. For the record, in respect of 2019, the fixed remuneration represented 39% and the variable remuneration (paid in 2020) represented 61%.

2.1.1. Fixed remuneration for 2020

In accordance with the policy approved by the General Meeting on May 5, 2020, the fixed remuneration was determined taking account of the level of responsibilities, the experience in executive management duties and market practices.

As announced, the Executive Officer's fixed remuneration for 2020 amounts to **1,325,000 euros, stable since 2018.**

2.1.2. Variable remuneration for 2020 for the Chairman and Chief Executive Officer

The principles and criteria for the variable remuneration, as decided upon by the Board of Directors on February 10, 2020 were approved by the General Meeting on May 5, 2020 (11th resolution).

On the proposal of the Remuneration Committee, the Board of Directors on February 9, 2021 assessed the performance of the Executive Officer in 2020.

The criteria for the variable remuneration, their weighting and their rate of achievement are detailed in the following summary table.

A. Quantifiable financial criteria

In accordance with the remuneration policy approved by the General Meeting of May 5, 2020, the variable remuneration for 2020 is based on two financial criteria: increase in recurring net earnings per share (hereinafter **"recurring EPS"**) and comparable growth in consolidated **revenue**. Details of these criteria are contained in the following summary table (page 165).

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 NEOS company program also incorporated efficiency objectives, the achievement of which contributes to the increase in the recurring EPS.

* *The Chairman and Chief Executive Officer does not receive any remuneration from Group companies other than L'Air Liquide S.A.*

** *As approved by the General Meeting on May 7, 2019 and in accordance with a recurring practice at Air Liquide, the fixed remuneration represents approximately 25%, the variable remuneration 35% and the LTI 40% of total annual remuneration. After the Board meeting of February 9, 2021 recorded the achievement of the criteria for the variable remuneration for the 2020 fiscal year, the fixed remuneration represents approximately 26%, the variable remuneration 29% (due to the sanitary crisis that minored the achievement level of the 2020 quantifiable objectives - cf. infra) and the LTI 45% of the total annual remuneration (the LTI being subject to performance conditions over three years).*

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 NEOS company program which targeted, for the period 2016-2020, average annual growth in Group revenue of +6% to +8%, including a scope impact linked to the consolidation of Airgas corresponding to +2% as an annual average. **These ambitious objectives were set before the covid-19 health crisis and have not been reviewed despite this context. Therefore, these objectives apply to the 2020 fiscal year.**

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 remuneration 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 fraction of the variable remuneration corresponding to this criterion is equal to zero.**

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 (116% 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 at page 165.

At the end of an extraordinary year 2020, marked by the **covid-19 pandemic**, the Group has demonstrated the strength and resilience of its business model. Revenue has been gradually recovering since the third quarter of 2020, and is thus almost stable as compared to 2019 on a comparable basis. Recurring net profit (Group share) excluding foreign exchange impact is in turn increasing by more than 4% compared with 2019. Concerning the Executive Officer's remuneration, the **quantifiable criteria objectives** for 2020 (increase in recurring EPS excluding foreign exchange impact and comparable growth in consolidated revenue), set by the Board of Directors on February 10, 2020, i.e. before the development of the pandemic and the unprecedented crisis which followed, **could not, for obvious reasons, be fully achieved, which results in a reduction in Benoît Potier's variable remuneration compared with 2019.** The Board of Directors has, however, decided, on the recommendation of the Remuneration Committee, **not to adjust the financial criteria objectives during the course of the year, so that the level of the Executive Officer's variable remuneration reflects the true economic situation.**

The total amount of the variable remuneration is below target and amounts to 1,459,719 euros, **down by -29.3%** as compared to the variable remuneration for 2019.

B. Qualitative personal criteria

Pursuant to the remuneration policy approved by the General Meeting on May 5, 2020, the variable remuneration for 2020 is also based on the following (qualitative) personal criteria:

- **Corporate Social Responsibility** (hereinafter "CSR"):
  - Safety and reliability: continue efforts to improve safety (lost time accident frequency rate, road traffic accidents and job-related accidents);
  - Continue the roll-out of the Sustainable Development strategy (Implementation of the Group's Climate Objectives – Air Liquide Foundation – Contribution to the development of the hydrogen ecosystem).
- **Organization/Human Resources** (talent development, 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.

An identical target and maximum weight are set for each qualitative criterion.

For 2020, 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:

- **Continue the roll-out of the Sustainable Development strategy:**

  Implementation of the Group's Climate objectives: The Environment and Society Committee met on three occasions in 2020. It reviewed the governance put in place to monitor and advance the roll-out of the Climate Objectives announced by the Group at the end of 2018, together with the environmental and societal risks and the Vigilance Plan.

  Concerning the achievement of the climate Objectives, and in particular the 30% reduction in the Group's Carbon Intensity between 2015 and 2025, this reduction continued in 2020. All country groups (industrial clusters) have drawn up their Climate roadmap up until 2025, with a detailed action plan for each of the three topics: Assets/Customers/Ecosystems.

  In each of these groups of countries (clusters), a Climate Champion is responsible for coordinating this matter and volunteer Climate Ambassadors carry out local initiatives and share good practices.

  The Group has reinforced its strategic analysis on energy transition and launched a review of its climate objectives, which will be communicated on March 23, 2021 at a Sustainable Development Day.

Concerning the Group's financing, a one-year extension option was exercised, on November 6, 2020, with regard to the syndicated credit facility for an unchanged amount of 2.5 billion euros and with a maturity of December 2025. Since 2019, this facility provides for a correlation mechanism between its financial costs and three CSR objectives in the areas of carbon intensity, gender diversity, and safety.

Contribution to the development of the Hydrogen Ecosystem: Benoît Potier is co-Chair of the Hydrogen Council. This Council, formed in 2017, brings together over 100 leaders in the energy, transport and industry sectors in order to promote hydrogen with a view to achieving climate change objectives. At the annual meeting in January 2020 in Versailles, the chairmen and chief executive officers presented the results of the latest report: "Path to Hydrogen Competitiveness: A Cost Perspective" which shows that the cost of hydrogen solutions should fall more rapidly than previously expected. Hydrogen is now recognized as a key element for a low-carbon future.

Benoît Potier was also involved in setting up the French National Hydrogen Council, made up of around fifteen French industrialists, tasked with contributing to the roll-out of carbon-free hydrogen in France, the creation of which was announced by the government in September 2020. He was appointed co-chair thereof on January 11, 2021.

He had also chaired the panel of experts mandated by the French government within the framework of the Productive Pact, announced by the President of the Republic in April 2019, to identify those emerging markets where France should position itself. In this regard, he submitted the panel's report to the government on February 7, 2020, which proposes to select 22 key markets, including 10 priority markets, of which hydrogen is one.

In September 2020, an in-depth session of the Board of Directors was organized on Hydrogen and energy transition, with the intervention of some high-profile personalities from outside the Company and from members of the management and operations teams. In December 2020, Air Liquide, in the presence of Benoît Potier and with the participation of Bertrand Piccard, Initiator and Chairman of the Solar Impulse Foundation, organized the "Hydrogen Generation" digital event, in partnership with the Les Echos - Le Parisien group and Usbek & Rica, concerning the role of hydrogen in energy transition.

Air Liquide Foundation: The covid-19 pandemic has made strong demands on the Foundation partners, research teams and NGOs, in France and abroad. The Foundation has been able to react quickly to this crisis thanks to its founders, L'Air Liquide S.A. and Air Liquide Santé International (exceptional support of more than 2 millions euros, a significant portion of which has already been committed in 2020), to its Board of Directors, its partners and its network of Group employees.

The Foundation's covid-19 initiative aims at allowing understanding the effect of the coronavirus on the respiratory system (10 research projects) and at addressing emergency humanitarian needs (23 projects supported in France and abroad). One-third of the NGOs involved are new partners for the Foundation, introduced by Group employees during this crisis.

In total, the Foundation has approved in 2020 a record of 69 projects over the year, notably in the scientific field, and promoting professional integration, education and disability, both in France and abroad.

In a survey of individual shareholders of Air Liquide, which collected over 6,000 responses, the shareholders expressed strong support for the work of the Foundation.

- **Safety and reliability:** based on the estimated hours worked, the lost-time accident frequency rate of Group employees stood at 0.9 in 2020, compared to 1.2 in 2019 and 1.3 in 2018. This is the Group's best performance since the introduction of this indicator.

  However, 2020 was marked by the deaths of 2 employees and of a subcontracted driver. In 2020, road safety formed part of a consolidated action plan aimed at raising awareness of all persons affected and at introducing technical assistance tools in vehicles, as commenced a few years ago and continued in 2020 despite the public health crisis. Concerning industrial safety / reliability, the Group's IMS (Industrial Management System) program set up 15 years ago has helped improve the management of industrial risks. The new IMS reference system was rolled out to around two-thirds of the clusters, the end of the roll-out to the remaining third being envisaged in mid-2022 due to the sanitary crisis.

  In 2020, in terms of process safety, a plan to upgrade safety of the production sites has been rolled out and should be finalized by the end of 2021. The Board also noted the leading role of Air Liquide notably in developing harmonized international standards.

Organization/Human Resources:

Performance was considered excellent. In this context of a public health crisis, very particular attention has been paid to employee health since the start of the covid-19 crisis. Capitalizing on its international presence and its network organization, the Group set up a crisis unit, in February 2020, headed by the Director of Human Resources who reports to the Executive Committee. Accordingly, the experience of the Chinese subsidiaries was immediately put to good use.

Psychological support, as well as proximity and communication with management have been strengthened. Special attention has been paid to employee commitment. A first worldwide survey, MyVoice, was launched as planned and specific questions have made it possible to monitor as closely as possible the feedback on the crisis. The roll-out of the "BeActEngage" leadership program proceeded as planned, permitting regular exchanges, although all the workshops were conducted online.

An initial assessment of the crisis has been made and international teams have worked on four areas (teleworking, managerial support, relations with our customers and patients, and office design) to capitalize on the experience gained and accelerate our transformations.

The **Executive Committee** stepped up its meetings throughout the year to steer the Group, while pursuing its transformation and conducting strategic reflection in the context of accelerating trends (digital, energy transition and healthcare systems, in particular).

Since continuity is key, the Group is pursuing its **talent development** policy. Despite the circumstances, regular reviews of talent and their development have been conducted online, at the level of operating clusters and up to Executive Committee level. Regular reviews of the **most promising talent** have taken place with the Appointments and Governance Committee.

Good progress continued to be made with the implementation of the inclusion and **diversity** policy within all Group entities (a detailed description of the actions and results is contained in the "Human Resources" section of Chapter 5 of the URD). A "diversity lab" was conducted with international HR leaders and managers to analyze all processes and practices, identify potential biases and implement corrective measures ("nudges") to limit those biases. Accordingly, as part of the regular reviews of talent with the highest potential, the diversity of profiles is taken into account, with the aim of continuing to enhance such diversity within the Group's key positions in order to promote the many cultures found within the Group and improve the gender balance.

Individual performance:

The individual performance was considered excellent, the executive officer having managed, in the context of a global crisis of unprecedented severity, to steer the Group and to further its development both in terms of performance and in terms of environmental and societal commitment.

SUMMARY TABLE OF THE VARIABLE REMUNERATION FOR 2020

	Approved elements by the Annual General Meeting in 2020:							
	Target [(a)]		Maximum		Achievement [(d)]			
Indicator	*As a % of the fixed remuneration*	*As a % based on 100*	*As a % of the fixed remuneration*	*As a % based on 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)*
Financial criteria (quantifiable) including:	**105**	**70**	**122**	**73**	-	**66**	**60**	**873**
Increase in recurring net earnings [(b)] excluding the foreign exchange impact, per share (recurring EPS)	75	50	87	52	88	66	60	873
Comparable growth in consolidated revenue [(c)]	30	20	35	21	0	0	0	0
Personal criteria (qualitative) including:	**45**	**30**	**45**	**27**	-	**44**	**40**	**586**
CSR: ■ Safety and reliability: continue efforts to improve safety (lost time accident frequency rate, road traffic accidents and job-related accidents) ■ Continue the roll-out of the Sustainable Development strategy (implementation of the Group's Climate Objectives – Air Liquide Foundation – Contribution to the development of the hydrogen ecosystem)	15	10	15	9	95	14	13	189
Organization/Human Resources (talent development, succession plans, diversity policy)	15	10	15	9	100	15	14	199
Individual performance: assessment by the Board of Directors, notably in light of the external environment for the year	15	10	15	9	100	15	14	199
TOTAL (FINANCIAL AND PERSONAL CRITERIA)	**150**	**100**	**167**	**100**	-	**110**	**100**	**1,460**

(a) The target corresponds to the 100% achievement of the performance criterion.
(b) Excluding exceptional and significant transactions which do not impact the operating income recurring. The calculation is based on the recurring net profit (Group share), excluding the foreign exchange impact (compared to 2019), reconciled in Chapter 1, page 57 of this 2020 Universal Registration Document.
(c) Excluding significant scope impact, foreign exchange impact and energy. See reconciliation in Chapter 1, page 56 of this 2020 Universal Registration Document.
(d) As per decision of the Board of Directors on February 9, 2021.

The total amount of the variable remuneration due for the 2020 fiscal year will be paid in 2021, 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 elements of remuneration paid during or awarded in respect of 2020 fiscal year to Benoît Potier.

2.1.3. Total fixed and variable remuneration 2020 – Changes

For the reasons explained above, Benoît Potier's total fixed and variable remuneration for 2020 is **down by -17.9%** as compared to 2019.

2.1.4. Other elements of annual remuneration

The benefits in kind paid for the benefit of the Executive Officer in 2020 include the use of a Company car and the contributions to the unemployment insurance for Company managers and corporate officers.

2.2. LTI: STOCK OPTIONS AND PERFORMANCE SHARES

2.2.1. 2020 performance share plan (plan dated September 29, 2020)

A. Principles of grant for 2020

For the Executive Officer, the grant for 2020 forms part of the 2020 remuneration policy defined by the Board of Directors on February 10, 2020 and approved by the General Meeting on May 5, 2020.

The grant of LTI to Benoît Potier in 2020 represents an IFRS value of **2,249,629 euros, which is stable since 2018,** as announced.

Moreover, for 2020 and as in 2019, the Board of Directors on September 29, 2020 decided **to grant only performance shares** (instead of a mix of stock options and performance shares) to all the beneficiaries, in order to simplify and standardize the LTI plan.

B. Performance conditions of the 2020 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 are made public ex post, at the end of the Board of Directors' meeting at the time when the financial statements are adopted for the 2022 fiscal year. The results achieved, the rate of achievement of the performance conditions and the percentage of performance shares definitively awarded will also be published at the end of this Board meeting. The percentage of performance shares definitively awarded may in no event exceed 100% of the initial grant.

In keeping with the Group's responsible growth approach, the 2020 performance share plans incorporate **a new performance condition linked to the Group's carbon intensity.** Accordingly, the number of performance shares definitively awarded pursuant to the 2020 Plans 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"** [a]) recorded at the end of the 2022 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, making it possible to take advantage of external growth opportunities.

The objective has been set within the trajectory of the NEOS company program which aimed 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 the 2020, 2021 and 2022 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%, then decreases on a straight-line basis, to a lower limit below which there will be no grant,
- 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**"), as compared to the CAC 40 TSR index, reinvested dividends (sourced from Bloomberg) for the 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.

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 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 2022 in kg-equivalent CO_2/2022 EBITDA (calculated at constant exchange rate on the basis of the 2015 foreign exchange rates) expressed in euros. For the purposes of this policy, greenhouse gas emissions include direct emissions (Scope 1) and indirect emissions (Scope 2).

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.

(a) 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 – cost of net debt after taxes) for the period 2022)/(weighted average of (shareholders' equity + minority interests + net debt) at the end of the last three half years (H2 2022, H1 2022, H2 2021)).

DIAGRAM SHOWING THE PERFORMANCE CONDITIONS APPLICABLE TO THE PERFORMANCE SHARES IN 2020

50% ROCE	40% TSR over 3 years		10% Carbon intensity
	50% AL TSR	50% B TSR (AL TSR/CAC 40 TSR)	

C. Rules applying to the Executive Officers

In accordance with the remuneration policy, the grant 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.

The grant of LTI 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. 225-197-6 [(a)] of the French Commercial Code, which aims at involving all staff in France in the Company's performance are satisfied. Therefore in 2020, 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 the Executive Officers

Within the scope of the sub-limits authorized for 38 months by the General Meeting, 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 for 2019 and are as follows (no subscription option having been attributed in 2020):

(i) the total number of performance shares granted to the sole Executive Officer in 2020 cannot give rise to a number of shares in excess of 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 7, 2019);

(ii) the maximum 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.

Proration principle

Pursuant to the decision made by the Board on February 10, 2020 and the policy approved by the General Meeting on May 5, 2020, the 2020 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 [(b)], 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.

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 the Executive Officers with effect from September 28, 2015, the Executive Officers shall 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 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 Executive Officer resulting from the exercise of stock options or the definitive award of performance shares (all plans combined since the 2007 plan for Benoît Potier) represents a minimum amount equal to at least three times the Executive Officer's gross annual fixed remuneration.

This rule is regularly reviewed by the Board at the time of each grant. In 2020, the Board of Directors decided to maintain this rule in identical form.

(a) Article L. 22-10-60 of the French Commercial Code on the date of drafting.
(b) Situations which will result in the loss of the LTI.

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 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 9, 2021.

Additional share ownership obligation – Recommendation made by the AFEP/MEDEF Code

In addition, the internal rule defined by the Board of Directors since 2008 remains in effect, pursuant to which the Executive Officers must hold, in a registered share account, a number of shares equivalent to twice his gross annual fixed remuneration for the Chairman and Chief Executive Officer 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 aforementioned 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 as at January 1 and July 1, 2020 and as at January 1, 2021 by the Chairman and Chief Executive Officer was much greater than the amounts required and concluded that the shareholding obligation was complied with by the Executive Officer.

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 Executive 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/options arising from the exercise of options, throughout the length of their term of office.

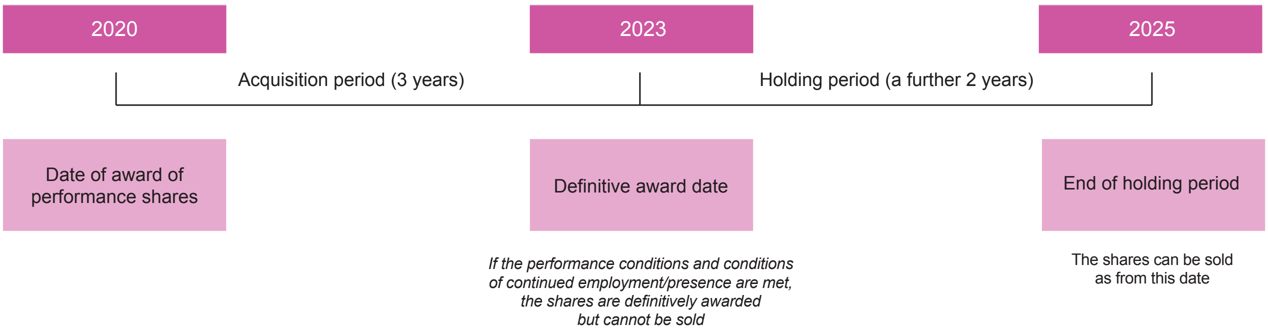
2.2.2. Grants to the Executive Officer within the scope of the September 29, 2020 plan

Plan Regulations

The grant to the Executive Officer is governed by the September 29, 2020 "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 – 2020 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 Executive Officer occurring in the event of resignation or removal from office for serious cause.

The 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 Benoît Potier on September 29, 2020 in compliance with the authorization given to the Board of Directors by the General Meeting of May 7, 2019 (14th resolution).

TABLE 6 – PERFORMANCE SHARES AWARDED DURING THE 2020 FISCAL YEAR TO THE EXECUTIVE OFFICER

	Plan grant date	Number of performance shares awarded	Value of the performance shares (pursuant to IFRS2) [(a)] *(in euros)*	Definitive award date	Availability date	Performance conditions
Benoît Potier	09/29/2020	17,640	2,249,629	09/29/2023	09/29/2025	Three performance conditions calculated over three years: ■ ROCE ■ TSR, including an element of relative comparison ■ Carbon intensity

(a) As at September 29, 2020.

The performance shares awarded to Benoît Potier on September 29, 2020 represent 0.0037% of the number of shares making up the share capital. This award is made by the Company to the exclusion of any other Group company.

2.2.3. Options exercised/remaining to be exercised in 2020 by the Executive Officer – Performance shares that became available in 2020 [(a)]

Stock option plan mechanism

As the Board of Directors did not attribute share subscription options since 2018, the chart below illustrates previous plans (the 2018 Plan in this example).

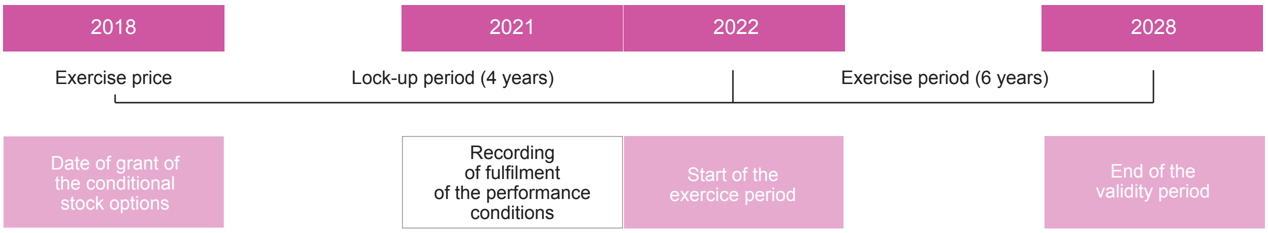


TABLE 4 – STOCK OPTIONS GRANTED DURING THE FISCAL YEAR TO THE EXECUTIVE OFFICER

Not applicable (no stock options granted in 2020)

TABLE 5 – SHARE SUBSCRIPTION OPTIONS EXERCISED DURING THE 2020 FISCAL YEAR BY THE EXECUTIVE OFFICER

	Plan grant date	Number of options exercised during the fiscal year	Exercise price [(a)] *(in euros)*
Benoît Potier	10/14/2011	97,752	57.28

(a) Exercise price on the date of exercise.

TOTAL ADJUSTED STOCK OPTIONS REMAINING TO BE EXERCISED BY THE EXECUTIVE OFFICER AS AT DECEMBER 31, 2020

	Total number of outstanding adjusted options	Average price *(in euros)*
Benoît Potier	531,349	77.33

For more details on the adjusted number of stock options by plan, see table page 199.

TABLE 7 – PERFORMANCE SHARES THAT BECAME AVAILABLE DURING THE 2020 FISCAL YEAR FOR THE EXECUTIVE OFFICER

	Plan grant date	Number of shares that became available during the fiscal year
Benoît Potier	09/28/2015	10,276

(a) For information purposes.

2.2.4. Recording of the achievement of the performance conditions under the September 25, 2018 stock option and performance share plans (a)

On the basis of the financial statements for the 2020 fiscal year submitted for the approval of the General Meeting of May 4, 2021, the Board of Directors on February 9, 2021 recorded the rate of achievement of the performance conditions, which apply to the whole of the performance shares and stock options awarded to any beneficiary and were determined at the time of the grant of the September 25, 2018 performance share and stock option plans.

The **annual 2018 plans** provided that the number of stock options which could effectively be exercised out of the total number of stock options granted, together with the number of performance shares definitively awarded, would depend on the rate of achievement of the following objectives:

(i) **for 65% of the stock options/performance shares granted,** an objective of the average annual increase in the undiluted Recurring Earnings Per Share excluding the impact of foreign exchange and significant exceptional items **"recurring EPS"** for the 2018, 2019 and 2020 fiscal years set at +6% (a) in order to be able to exercise all the stock options and (b) in order for all the shares to be awarded, and then decreasing on a straight-line basis to 0% growth.

The average annual growth of recurring EPS over the aforementioned period amounts to +6.9%, i.e. an objective achieved as to 100%;

(ii) **for 35% of the stock options/performance shares granted,** an objective of **Total Shareholder Return:**

- for 50% of the stock options/performance shares referred to in sub-paragraph (ii): of an objective of Total Shareholder Return defined as the average annual growth rate of an investment in Air Liquide shares, with dividends reinvested, for the 2018, 2019 and 2020 fiscal years ("**AL TSR**"). The objective was set at +6% (a) in order to be able to exercise all stock options, and (b) in order for all shares to be awarded and then decreasing on a straight-line basis to +2%.
  This growth, over the aforementioned period, amounts to +14.95% per annum, i.e. an objective achieved as to 100%;
- for 50% of the stock options/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**"), as compared to the CAC 40 TSR index, reinvested dividends (sourced from Bloomberg), for the 2018, 2019 and 2020 fiscal years.
  The applicable formula provided that the rate of achievement of this performance condition was (i) 0% if the 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 15.21%. That of the CAC 40 index over the same period is 5.78%. This gives the difference between the average rate of return for Air Liquide and the average rate of return for the CAC 40 as 9.43%, i.e. an objective achieved as to 100%.

Consequently, the Board of Directors recorded that the **rate of achievement of the performance conditions** for the September 25, 2018 stock option and share performance plans amounts to **100%**. For further details on the definitive award to Benoît Potier, see tables on pages 199 and 202 of this 2020 Universal Registration Document.

(a) For information purposes.

2.3. REMUNERATION RATIOS – ANNUAL VARIATION IN THE REMUNERATION, PERFORMANCES AND RATIOS

Pursuant to article L. 22-10-9 of the French Commercial Code, the ratios between the level of remuneration of the Chairman and Chief Executive Officer and of the Senior Executive Vice President (for the period of exercise of this mandate) and the average and median* remunerations of L'Air Liquide S.A.'s employees are disclosed below, as well as 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.

REMUNERATION RATIOS [(a)]

Chairman and Chief Executive Officer (Benoît Potier)	2015	2016	2017	2018	2019 [(b)]	2020 [(c)]
Remuneration ratio compared to the Company employee **average** [(d)]	45	57	50	50	50	49
N/N-1 change in %	*-2.2%*	*26.7%*	*-12.3%*	*0.0%*	*0.0%*	*-2.0%*
Remuneration ratio compared to the Company employee **median** [(d)]	62	79	72	73	73	70
N/N-1 change in %	*-1.6%*	*27.4%*	*-8.9%*	*1.4%*	*0.0%*	*-4.1%*

Senior Executive Vice President (Pierre Dufour, from November 8, 2007 to May 3, 2017)	2015	2016	2017 [(e)]
Remuneration ratio compared to the Company employee **average** [(d)]	27	22	18
N/N-1 change in %	*0.0%*	*-18.5%*	*-18.2%*
Remuneration ratio compared to the Company employee **median** [(d)]	37	31	26
N/N-1 change in %	*0.0%*	*-16.2%*	*-16.1%*

(a) *Per the AFEP guidelines, the remuneration is presented in respect of the year in question and includes:*

For Executive 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 the IFRS standard at their attribution date. For the Executive Officer, these elements and the corresponding amounts due or awarded in respect of 2020 are contained at pages 180 to 185 of the Universal Registration Document.

For employees:

Individual bonuses (seniority bonuses, study bursary, vacation, accommodation, transportation, etc.), profit-sharing bonus, incentives, and employer's contribution on profit-sharing/incentives.

The post-employment benefits, and notably the pension and similar commitments have not been taken into account in the calculations. For the Chairman and Chief Executive Officer, these elements are presented at pages 185 to 187. The only amount that will be paid directly to Benoît Potier in 2021 in respect of 2020 relates to the collective pension insurance contract that has been set up, following legislative changes and in accordance with the remuneration policy, as of January 1, 2020, to replace the acquisition of conditional rights under the defined benefit pension plan with effect from that date and in order to maintain equivalent rights to those that would have existed under this plan, if it could have been maintained for Benoît Potier. This amount stands at 170,000 euros in respect of 2020 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 2020 amount to 50 (remuneration ratio compared to the employee average) and 72 (remuneration ratio compared to the employee median), i.e. a low impact.

(b) *The data for 2019, which had been presented as an estimate, based on the nominal/target variable component in the 2019 Universal Registration Document, has been updated.*

(c) *The data for 2020 is presented as an estimate, based on the nominal/target variable component (value of variable components in respect of 2020 not known for the entire perimeter of the Company at the date of publication). The final ratios based on the variable remunerations paid in respect of 2020 will be published in the 2021 Universal Registration Document. Given the specific context due to covid-19, Benoît Potier's variable remuneration in respect of 2020 is below the target, down by -29.3% as compared to the variable remuneration in respect of 2019. As a consequence, Benoît Potier's remuneration defined above is down by -10.7% as compared to 2019. The employees' variable remuneration is being calculated at the date of this Universal Registration Document. Given its limited weight in the average of employee total remuneration, the final ratios for 2020 should be lower than those mentioned in the table above.*

(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 2015 to 2020.*

(e) *On an annual basis.*

* *On a full-time equivalent basis.*

COMPARATIVE CHANGES IN REMUNERATIONS* AND PERFORMANCES

	2016/2015	2017/2016	2018/2017	2019/2018 [b]	2020/2019 [b] [c]	CAGR [e] 5 years 2015-2020 [c]
Chairman and CEO	27.2% [a]	-8.5% [a]	4.8% [a]	1.1%	-1.4%	4.0%
Senior Executive Vice President	-16.6%	-14.7% [g]	-	-	-	-
Company employee average	1.4%	2.6%	5.1%	1.5%	1.0%	2.3%

	2016/2015	2017/2016	2018/2017	2019/2018	2020/2019	CAGR [e] 5 years 2015-2020
Published growth in revenue	14.6% [a]	12.2% [a]	3.3%	4.3%	-6.5%	4.6%
Comparable growth in revenue [d]	0.9%	2.9%	6.1%	3.2%	-1.3%	nd
Published growth in net profit (Group share)	5.0% [a]	19.3% [a]	-3.9%	6.1%	8.6%	6.8%
Growth in net profit recurring (Group share) [f]	nd	10.0%	4.2%	11.1%	1.5%	nd

(a) *Impact of the acquisition of Airgas completed in May 2016.*
(b) *The data for 2019, which had been presented as an estimate, based on the nominal/target variable component in the 2019 Universal Registration Document, has been updated.*
(c) *The data for 2020 is presented as an estimate, based on the nominal/target variable component (value of variable components in respect of 2020 not known for the entire perimeter of the Company at the date of publication).*
(d) *See definition on page 56 of this 2020 Universal Registration Document.*
(e) *CAGR: Compound Annual Growth Rate*
(f) *See definition of net profit recurring (Group share) on page 57 of this Universal Registration Document and reconciliations respectively on page 49 of the 2017 Reference Document, page 69 of the 2018 Reference Document, page 61 of the 2019 Universal Registration Document and page 57 of the 2020 Universal Registration Document.*
(g) *On an annual basis.*

2.4. LONG-TERM COMMITMENTS

The elements set out below which Benoît Potier benefits from are taken into account for the determination of his total remuneration.

2.4.1. Company's pension and similar benefit obligations

In addition to the mandatory basic and supplementary pension schemes (Agirc/Arrco) with which he is, or was affiliated, Benoît Potier has been authorized to benefit from various supplementary social benefit schemes set up by L'Air Liquide S.A.

A. Defined benefit pension plan

Pursuant to PACTE Law No. 2019-486 of May 22, 2019 and Ordinance No. 2019-697 of July 3, 2019 on supplementary professional pension plans, the defined benefit pension plan described below **no longer grants a right to acquire supplementary conditional rights as of January 1, 2020.** The conditional rights to which Benoît Potier is entitled pursuant to this plan for the period running up until December 31, 2019 shall continue to be subject to the plan's regulations, including in particular the condition that he ends his professional career with the Company. As from January 1, 2020, a collective pension insurance contract with individual and optional subscription has been established to replace the acquisition of rights under the defined benefit pension plan.

Pursuant to articles L. 911-1 and L. 911-2 of the French Social Security Code, and in accordance with article L. 137-11 of the same Code, the collective defined benefit pension plan "S" had been set up by Air Liquide for the benefit of the **employee senior executives and executive officers:**

(i) whose remuneration exceeded 24 times the annual social security ceiling (PASS);
(ii) who had a total of three years' length of service with the Air Liquide Group, in accordance with the AFEP/MEDEF Code of Corporate Governance; and
(iii) who were not classed as a participant under the supplementary defined benefit pension plan with guaranteed cover ("garantie de ressources") which was closed in 1996.

Benoît Potier's rights under this plan:

(i) may be applied for, if the beneficiary **definitively ends his professional career with the Company** and decides to claim his mandatory basic and supplementary pension (Arrco/Agirc) entitlements, whether or not at the full rate.

In the event of the termination of his corporate office at the Company's initiative, a beneficiary who is over 55 years of age and has at least five years' length of service shall retain his rights, if he does not resume any professional activity until his retirement. The condition of ending his career at the Company is then considered to be met, as he has not performed any activity after leaving the Company. This rule, which is in line with the position of the social security administration reflects the Human Resources policy at Air Liquide, for which long careers within the Group constitute a key element; given the length of service of the potential beneficiaries of this plan, some of whom have spent the whole of their career at the Group, it would not be justified for them to lose the benefit of this plan in the event of a forced departure (except in the event of gross or willful misconduct) at the end of their careers.

Furthermore, in accordance with the position of the social security administration, the rules also provide for the maintenance of the potential rights of the beneficiaries in the event of a disability of the 2nd or 3rd category;

* *See definition on previous page.*

(ii) will be equal to 1% for each year of service (as at December 31, 2019) of the average of the three best years in the last five years of remuneration exceeding 24 times the annual social security ceiling ("PASS") (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 by 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 taken into account. Where applicable, an annuity equal to 60% of the aforementioned benefits will be paid to the surviving spouse, subject to certain conditions, notably with regard to age;

(iii) will be capped, in all cases, as they are for all the senior managers and executives benefiting from the defined benefit plan, and for all pension plans combined, whether public or private, in France or abroad, at 45% of the Reference Remuneration. Should this ceiling be reached, the amount paid under the defined benefit plan would be reduced accordingly;

(iv) have been the subject of:

- contributions paid to an insurance body, that are deductible from the corporate income tax base, and
- provisions in the Group's consolidated financial statements;

(v) are estimated, as at December 31, 2020, at 648,379 euros gross per year, Benoît Potier having a total of 38.6 years' length of service in the Group as at December 31, 2019;

(vi) will be subject to the employer's contribution due on pension annuities provided for by article L. 137-11 of the French Social Security Code at a rate of 32%.

The application of this plan to Benoît Potier has been authorized by decisions of the Board of Directors on February 12, 2010, February 17, 2014 and February 14, 2018 and approved, in resolutions specific to Benoît Potier, by the General Meeting on May 5, 2010 (9th resolution), May 7, 2014 (10th resolution) and May 16, 2018 (10th resolution). Between May 16, 2018 and December 31, 2019 (when the scheme was frozen as per Ordinance No. 2019-697 of July 3, 2019), an increase in Benoît Potier's conditional entitlements under the scheme was subject to performance conditions. These performance conditions were similar to those now applicable to Benoît Potier under the collective pension insurance contract set up on January 1, 2020 to replace the defined benefit pension plan (see details below).

B. Collective pension insurance contract with individual and optional subscription (as of January 1, 2020)

As additional conditional rights can no longer be acquired under the defined benefit pension plan as of **January 1, 2020** (see above), **a collective pension insurance contract with individual and optional subscription (known as "article 82 of the French General Tax Code")** was introduced to replace the acquisition of rights under the defined benefit pension plan as of this date.

Pursuant to the PACTE Law and Ordinance No. 2019-1234 of November 27, 2019, implementation of this new system for the benefit of Benoît Potier was **approved by the General Meeting of May 5, 2020** pursuant to the remuneration policy (11th resolution).

In this system, the amount paid by the Company is split between a payment to the insurer and a payment to Benoît Potier 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.

Benoît Potier **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.**

This mechanism is **specific to Benoît Potier and adapted to his individual situation** in light of his seniority and the fact that it is only intended to apply up until the end of his career as an Executive Officer. It is **without prejudice to the mechanism which would apply in the future to a new Executive Officer.**

This mechanism was selected from among several alternatives and represents **the lowest cost for the Company, being over 20% less than that of the previous plan (see description of this plan in §A above).** For **Benoît Potier,** it simply **supplements the rights** accumulated under the defined benefit pension plan and makes it possible to **maintain rights which are equivalent** to those which would have existed under such plan, if it had been possible to maintain them for Benoît Potier. Although, pursuant to the new legislation, this pension insurance contract is not subject to a condition of the beneficiary's presence at the Company at the end of his career, in any event, with regard to Benoît Potier, the application of this condition under the defined benefit pension plan has become very theoretical: a beneficiary who is over 55 years of age and has at least five years' length of service (which is the case for Benoît Potier) shall retain his rights, even if his term of office is terminated provided that he does not resume any professional activity before his retirement. Consequently, the fact that this condition does not apply to the new mechanism is neutral in this specific situation.

The gross annual contribution amounts to approximately 10% of the annual target fixed and variable remuneration for 2020, subject to the achievement of **similar performance conditions to those which apply to the defined benefit pension plan,** which had been determined by the Board of Directors and approved by the General Meeting of May 16, 2018 in its 10th resolution. Consequently, the amount of contributions for a fiscal year depends on the average annual gap between the Return on Capital Employed after tax **(ROCE)** and the Weighted Average Cost of Capital **(WACC)** (net equity method), 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. For the purposes of this calculation, the gap between the ROCE and the WACC is measured for each fiscal year and the average of the three annual gaps is calculated for the last three fiscal years prior to the said fiscal year.

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 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.

Finally, the new mechanism is taken into account when determining the upper limit of 45% of the Reference Remuneration that applies to the defined benefit pension plan (see page 172), this upper limit being not reached.

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 2020, the Board meeting on February 9, 2021 took note of the 100% achievement of the performance conditions. Accordingly, the amount to be paid in 2021 in respect of 2020 under the collective pension insurance contract with individual and optional subscription will amount to 340,000 euros (split, in accordance with the remuneration policy approved by the General Meeting of May 5, 2021, between a payment to the insurer and a payment to Benoît Potier intended to cover the social security contributions and similar charges and taxes due on the payments made to the insurer).

In respect of this financial year, under the collective pension insurance contract with individual and optional subscription:

- rights acquired correspond to 10.3% of the target fixed and variable remuneration for 2020;
- In the event of a conversion of the capital into a life annuity, Benoît Potier's rights under this plan are estimated, at December 31, 2020 at 6,800 euros gross per year.

C. Defined contribution pension plans

- 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, the Air Liquide Group has set up, at several companies including L'Air Liquide S.A., a **defined contribution pension plan for the benefit of all the employees.**

  Benoît Potier'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 or have been financed by monthly contributions broken down as follows: 50% borne by the Company and 50% borne by the beneficiary;
  - these contributions are assessed on bracket 1 (formerly bracket A) (the portion of remuneration that is less than one PASS) at a rate of 2.32%, and on bracket 2 (formerly brackets B and C) (those portions of remuneration amounting, respectively, to between one PASS and eight times the PASS) at a rate of 6.50%. Furthermore, they are deductible from the corporate income tax base, are subject to the social levy at the rate of 20%, 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;
  - are estimated, as at December 31, 2020, at 8,507 euros gross per year.

  The individual application of this plan to Benoît Potier was authorized by a decision of the Board of Directors on February 12, 2010, in accordance with the regulated agreements and commitments procedure, and approved by the General Meeting on May 5, 2010 (9th resolution).

  The amount paid by the Company, in 2020 for that fiscal year, to the third party responsible for managing the aforementioned supplementary defined contribution pension plan for the benefit of Benoît Potier is stated in the footnotes to Table 2 (see page 162).

- In addition, pursuant to articles L. 911-1 and L. 911-2 of the French Social Security Code, and in accordance with article L. 242-1, sections 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.

  Since 2015, Benoît Potier no longer benefits from this defined contribution pension plan set up for the benefit of the senior executives, the contribution paid for his benefit having been transferred to the life insurance plan (see below).

  Benoît Potier'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;
  - were financed by annual contributions paid in their entirety by the Company. These contributions were last set at 2.5% of the portion of remuneration that is lower than eight times the PASS. Furthermore, they were subject to the same tax and social security treatment as those paid pursuant to the defined contribution pension plan set up for the benefit of all the staff (see above);
  - are estimated, as at December 31, 2020, at 190,119 euros gross per year.

2.4.2. Other life benefits

A. Life insurance plan

As the Executive Officers are no longer beneficiaries of the defined contribution pension plan for senior executives (see above), L'Air Liquide S.A. has entered into a collective life insurance contract which enables them to create savings which are available at any time.

The insurance contract provides that the beneficiaries can ask for the payment of a single capital sum or conversion of the capital into a life annuity.

In the event of a conversion of the capital into a life annuity, Benoît Potier's rights under this plan:

- are estimated, as at December 31, 2020, at 71,182 euros gross per year;
- are, or were, financed by contributions paid by the Company to an insurance body and which concern the brackets of remuneration ranging from 0 to 24 times the PASS.

  The opening of this plan, for the third bracket (16 to 24 times the PASS) and then the second bracket (8 to 16 times the PASS), and finally its extension to the first bracket (0 to 8 times the PASS) of the Reference Remuneration, at an unchanged cost for the Company, responded to a concern for good management. The contributions paid by the Company to the third-party plan manager are assessed on the basis of the portions of the Reference Remuneration of the beneficiaries corresponding to each of the three brackets, in accordance with conditions identical to those of the previous plan.

  These contributions are deductible from the corporate income tax base and are subject to social security contributions.

For Benoît Potier, the signature of this contract, for the third and then the second bracket, was authorized by decisions of the Board of Directors on November 20, 2012 and February 13, 2013 in accordance with the regulated agreements and commitments procedure, and approved by the General Meeting on May 7, 2013 in a specific resolution (7th resolution). The extension of the plan to the first bracket concerning the band of Reference Remuneration amounting to between 0 and 8 times the annual social security ceiling was authorized by decision of the Board of Directors on November 20, 2014, in accordance with the regulated agreements and commitments procedure, and approved by the General Meeting on May 6, 2015 in a specific resolution for Benoît Potier (7th resolution).

The amount paid by the Company in 2020 for fiscal year 2019 to the insurance body pursuant to the life insurance plan for the benefit of Benoît Potier is disclosed in the footnotes to Table 2 (see page 162). The amount which will be paid in 2021 in respect of 2020 is also stated in these notes.

B. Death and disability benefits plan

Benoît Potier benefits from the additional "incapacity, disability, death" benefits plan, unified as from January 1, 2015, covering all the personnel and the corporate officers who are duly authorized to benefit from such plan, which 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 460,723 euros, and
  - 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 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 amounts to 0.85% of the Reference Remuneration up to 16 PASS and to 0.65% 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 individual application to Benoît Potier of this unified benefit plan covering all the personnel, in respect of his duties as Chairman and Chief Executive Officer, was authorized by decision of the Board of Directors on November 20, 2014, in accordance with the regulated agreements and commitments procedure, and approved by the General Meeting on May 6, 2015 in a specific resolution (7th resolution).

The amount of the contribution paid in 2020 for that fiscal year by L'Air Liquide S.A. in respect of the death and disability benefits plan for the benefit of Benoît Potier, is disclosed in the footnotes to Table 2 (see page 162).

2.4.3. Commitments relating to termination of duties

A. Termination indemnity

The main terms of the termination indemnity applicable to Benoît Potier are:

- only the cases of forced departure of Benoît Potier from his terms of office as Chairman and 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 gross fixed and variable remuneration;
- the amount of the indemnity due decreases gradually as Benoît Potier, in his capacity as Chairman and 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:

Payment of the termination indemnity concerning Benoît Potier 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 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 General Meeting) with respect to the last three fiscal years prior to the fiscal year during which the departure occurs. For the purposes of this calculation, the gap between the ROCE and the WACC will be measured with regard to each fiscal year, and the average of the three annual gaps for the last three fiscal years prior to the fiscal year during which such departure takes place will be calculated.

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 set forth 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 three years of the annual (ROCE – WACC) gaps in bps [a]	Proportion of indemnity due
≥ 300	100%
250	66%
200	50%
100	25%
< 100	0%

(a) bps: basis points.

The decision of the Board of Directors on February 14, 2018 [a] relating to this indemnity was made in accordance with the regulated agreements and commitments procedure and published on the Company's website on February 16, 2018. It was approved by the General Meeting on May 16, 2018 in a specific resolution (9th resolution).

(a) For the record, in order to take account of the expectations of certain shareholders, the Board of Directors on February 14, 2018 amended the terms of the agreement applicable to Benoît Potier before the renewal of his term of office in 2018. The Board thus decided (i) to remove the non-renewal of office from the list of events of forced departure which grant an entitlement to the indemnity; (ii) that when the departure is related to a change of control, the termination indemnity is only due if the departure occurs within six months of the change of control, as compared to 24 months previously; (iii) to review the performance conditions, the thresholds for an increase having been made more exacting than before.

B. Unemployment insurance for the Company managers and corporate officers

By decision of the Board of Directors in May 2006, Benoît Potier benefits, in his capacity as Executive Officer, from the unemployment insurance for Company managers and corporate officers taken out by the Company. The contributions paid by the Company are added back to Benoît Potier's remuneration as benefits in kind.

This decision had been approved by the General Meeting on May 9, 2007, in accordance with the regulated agreements procedure (7th resolution).

The Board of Directors confirmed, at its meeting on May 16, 2018, that Benoît Potier continues to benefit from this unemployment insurance within the scope of the latest renewal of his duties.

TABLE 8 (SEE PAGE 198), TABLE 9 (SEE PAGES 199-200) AND TABLE 10 (PAGE 201) [(a)]

TABLE 11

The table shown below presents a summary of the commitments relating to the termination of the duties of the Executive Officer and Director, as set out above.

Executive Officer and Director	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-competition clause
Benoît Potier Chairman and Chief Executive Officer Start date of term of office: 2006 Date of renewal of term of office: 2018 Date of end of term of office: 2022	NO	Defined benefit pension plan for senior executives and Executive Officers: no conditional rights acquired as of January 1, 2020 (following the reform at end 2019), when a collective pension insurance contract was introduced. Defined contribution pension plan for the benefit of all the employees and Executive Officers: YES Defined contribution pension plan for senior managers and executives: NO (Benoît Potier no longer benefits from this plan, the Company does not pay contribution to this plan anymore)	Termination indemnity: YES ■ Applicable in the event of a forced departure related to a change of strategy or control; ■ Maximum amount of 24 months of gross fixed and variable remuneration; ■ Subject to performance conditions; ■ 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.	NO

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 and Director's actual presence in the Group during the period of assessment of the performance conditions (see page 167).

(a) For information purposes.

3. Remuneration of the non-executive Directors (including information stated 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 2020 fiscal year was calculated according to the remuneration policy approved by the General Meeting on May 5, 2020 (11th resolution) and outlined in the 2019 Universal Registration Document (on page 186 for these Directors).

3.1. REMUNERATION IN RESPECT OF 2018, 2019 AND 2020

TABLE 3 – REMUNERATION RECEIVED BY THE GROUP'S NON-EXECUTIVE AND NON-EMPLOYEE CORPORATE OFFICERS

(in euros)		Amounts paid in 2019 in respect of 2018	Amounts paid in 2020 in respect of 2019	Amounts paid in 2021 in respect of 2020
Thierry Peugeot	**Total**	**71,500**	**71,750**	**69,500**
	% fixed remuneration	*28*	*28*	*29*
	% variable remuneration	*72*	*72*	*71*
Karen Katen (a)	**Total**	**76,750**	**82,750**	**28,833**
	% fixed remuneration	*26*	*24*	*29*
	% variable remuneration	*74*	*76*	*71*
Jean-Paul Agon (b)	**Total**	**99,000**	**101,500**	**104,250**
	% fixed remuneration	*51*	*49*	*48*
	% variable remuneration	*49*	*51*	*52*
Siân Herbert-Jones (c)	**Total**	**91,500**	**91,750**	**92,250**
	% fixed remuneration	*44*	*44*	*43*
	% variable remuneration	*56*	*56*	*57*
Sin Leng Low	**Total**	**83,250**	**91,750**	**62,250**
	% fixed remuneration	*24*	*22*	*32*
	% variable remuneration	*76*	*78*	*68*
Annette Winkler	**Total**	**89,750**	**95,250**	**93,416**
	% fixed remuneration	*22*	*21*	*29*
	% variable remuneration	*78*	*79*	*71*
Geneviève Berger	**Total**	**76,000**	**82,250**	**64,000**
	% fixed remuneration	*26*	*24*	*31*
	% variable remuneration	*74*	*76*	*69*
Brian Gilvary	**Total**	**70,500**	**77,500**	**76,750**
	% fixed remuneration	*28*	*26*	*26*
	% variable remuneration	*72*	*74*	*74*
Xavier Huillard (d)	**Total**	**73,333**	**71,000**	**79,000**
	% fixed remuneration	*32*	*42*	*38*
	% variable remuneration	*68*	*58*	*62*
Pierre Dufour (e)	**Total**	**80,000**	**98,750**	**32,166**
	% fixed remuneration	*38*	*30*	*36*
	% variable remuneration	*63*	*70*	*64*
Anette Bronder (f)	**Total**	**-**	**-**	**29,833**
	% fixed remuneration	-	-	*45*
	% variable remuneration	-	-	*55*
Kim Ann Mink (f)	**Total**	**-**	**-**	**29,833**
	% fixed remuneration	-	-	*45*
	% variable remuneration	-	-	*55*
TOTAL		**811,583**	**864,250**	**762,081**

(a) Term of office ended on May 5, 2020.

(b) The disclosed amounts include additional remuneration of 10,000 euros for acting as Chair of the Remuneration Committee until 2018 (pro rata in respect of 2018) and, as from 2017, as Chair of the Appointments and Governance Committee. As from 2017, the amount also include an additional remuneration of 20,000 euros for acting as Lead Director.

(c) The disclosed amounts include additional remuneration of 20,000 euros for acting as Chair of the Audit and Accounts Committee.

(d) As from 2018, the amounts include additional remuneration of 10,000 euros for acting as Chair of the Remuneration Committe (pro rata in respect of 2018).

(e) Term of office ended on May 5, 2020. Pierre Dufour received remunerations as Director since July 14, 2017 (date on which his executive duties in the Group ended).

(f) Term of office begun on May 5, 2020.

(g) These amounts include the part of remuneration that will be paid subject to approval by the General Meeting of the proposal to allocate same remuneration for remote participation at meetings as for in-person attendance for meetings held between September and December 2020 (see details below)

The non-executive Directors did not receive any remuneration other than that mentioned in the above table.

In accordance with the remuneration policy, the Chairman and Chief Executive Officer does not receive any remuneration pursuant to article L. 225-45 paragraph 1 in respect of his office as Director so long as he performs executive duties at L'Air Liquide S.A.

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 Director would not receive any remuneration for his office as Director [(a)].

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 5, 2020, 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 Group'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. **The variable remuneration for participation at the Board and Committee meetings is more important than the fixed remuneration.**

The amounts decided for **2020** break down as:

3.2.1. Fixed remuneration (for an entire fiscal year)

- Each member receives fixed annual remuneration set at 20,000 euros.
- The Chairman of the Audit and Accounts Committee receives additional fixed annual remuneration of 20,000 euros.
- The Chairmen of the Appointments and Governance Committee, the Remuneration Committee and the Environment and Society Committee receive additional fixed annual remuneration of 10,000 euros.
- The Lead Director receives additional fixed annual remuneration of 20,000 euros.

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	3,500 euros
■ a meeting of the Remuneration Committee	3,500 euros
■ a meeting of the Environment and Society Committee	3,500 euros
■ a joint session of the Audit Committee and the Environment and Society Committee	3,500 euros
■ a meeting of the Shareholder Relations Working Group	3,000 euros
■ one trip for a non-resident:	
- in Europe	3,000 euros
- Intercontinental	6,000 euros

Travel expenses incurred by non-French residents at the time of their trips to meetings are reimbursed by the Company.

On the recommendation of the Remuneration Committee, the Board of Directors decided to amend the remuneration policy to be put to the General Meeting of May 4, 2021 to **allocate the same remuneration for remote participation at meetings as for in-person attendance** (instead of half the flat fee for each meeting). Measures introduced to contain the spread of coronavirus curbed in-person attendance at Board and Committee meetings in 2020, with many foreign Directors unable to attend meetings since March 2020. Some meetings were even fully remote to comply with lockdown restrictions and guarantee safety with regard to health. However, the Board notes that members were able to attend meetings using high-quality video-conferencing facilities and take part in discussions, in as smooth and efficient conditions as if they were there in person. Subject to approval of the remuneration policy for the Directors by the General Meeting of May 4, 2021, this change will be effective for all meetings held since September 2020. 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. Remuneration in respect of 2020 presented in the table above (§ 3.1) includes this change. However, payment of the additional amounts is subject to approval of the remuneration policy for Directors by the General Meeting of May 4, 2021 (13th resolution).

(a) Philippe Dubrulle receives a remuneration pursuant to his employment contract with the subsidiary Air Liquide Advanced Technologies. Fatima Tighlaline receives a remuneration pursuant to her employment contract with the subsidiary Vitalaire.

4. Elements of the 2020 remuneration of the Executive Officer on which the General Meeting of May 4, 2021 is invited to vote

(Pursuant to article L. 22-10-34 II of the French Commercial Code)

ELEMENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING OR AWARDED IN RESPECT OF THE FISCAL YEAR ENDED DECEMBER 31, 2020 TO MR BENOÎT POTIER AND ON WHICH THE GENERAL MEETING OF MAY 4, 2021 IS INVITED TO VOTE

	Amounts in respect of the past fiscal year or accounting valuation	Comments
Fixed remuneration	€1,325,000	In accordance with the remuneration policy established by the Board of Directors on February 10, 2020 and approved by the General Meeting on May 5, 2020, the fixed remuneration was determined taking account of the level of responsibilities, the experience in executive management duties and market practices. As announced, the amount of the 2020 fixed remuneration for the Executive Officer was **1,325,000 euros, stable since 2018.**
Annual variable remuneration	€1,459,719	**Variable remuneration in respect of 2020:** **The target variable remuneration is equal to 150% of the fixed remuneration.** The variable remuneration is limited to 167% of the fixed remuneration. The target variable remuneration is linked in 2020: ■ For 105% of the fixed remuneration (with a maximum of 122% of the fixed remuneration), to two (quantifiable) financial criteria which are based on: (i) for 75% (a max. of 87%) of the fixed remuneration, an objective of an increase in recurring net earnings [(a)] excluding the foreign exchange per share (hereinafter the "recurring EPS"); (ii) for 30% (a max. of 35%) of the fixed remuneration, an objective of comparable growth in consolidated revenue [(b)]. For each criterion, the Board of Directors had defined a target objective. The target objectives were exacting and completely consistent with the trajectory of the NEOS company program. **These ambitious objectives were set before the covid-19 health crisis and have not been reviewed despite the context. Therefore, these objectives apply to the 2020 fiscal year.** For each criterion, a formula makes it possible to calculate the amount of the variable remuneration due (within a maximum limit) by taking into account the value achieved for the criterion as compared to the target objective set. The objectives are not made public for confidentiality reasons. Nevertheless, the rate of achievement of each objective for the variable remuneration (as a % of the fixed remuneration and as a % of the target variable remuneration for this criterion) is communicated hereafter; ■ For 45% of the fixed remuneration (target variable and maximum remuneration), to (qualitative) personal criteria linked: (i) as to one-third, to Corporate Social Responsibility (hereinafter "CSR") (Safety and reliability: continue efforts to improve safety (lost time accident frequency rate, road traffic accidents and job-related accidents) / continue the roll-out of the sustainable development strategy: implementation of the Group's Climate Objectives – Air Liquide Foundation – contribution to the development of the hydrogen ecosystem); (ii) as to one-third, to organization/Human Resources (talent development, succession plans, diversity policy); and (iii) as to 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 recurring net profit (Group share) excluding the foreign exchange impact (as compared to 2019).

(b) Excluding significant scope impact, foreign exchange impact and energy.

Amounts in respect of the past fiscal year or accounting valuation	Comments

Assessment for 2020:

At the end of an extraordinary year 2020, marked by the **covid-19 pandemic**, the Group has demonstrated the strength and resilience of its business model. Revenue has been gradually recovering since the third quarter of 2020, and is thus almost stable as compared to 2019 on a comparable basis. Recurring net profit (Group share) excluding foreign exchange impact is in turn increasing by more than 4% compared with 2019. Concerning the Executive Officer's remuneration, the **quantifiable criteria objectives** for 2020 (increase in recurring EPS excluding foreign exchange impact and comparable growth in consolidated revenue), set by the Board of Directors on February 10, 2020, i.e. before the development of the pandemic and the unprecedented crisis which followed, **could not, for obvious reasons, be fully achieved, which results in a reduction in Benoît Potier's variable remuneration compared with 2019.** The Board of Directors has, however, decided, on the recommendation of the Remuneration Committee, **not to adjust the financial criteria objectives during the course of the year, so that the level of the Executive Officer's variable remuneration reflects the true economic situation.**

The total amount of the variable remuneration is below target and amounts to 1,459,719 euros, **down by -29.3%** as compared to the variable remuneration for 2019.

The amount of the variable remuneration relating to the financial criteria is as follows:

- **Recurring EPS:** 66% of the fixed remuneration, representing 88% of the target remuneration for this criterion,
- **Revenue:** no variable remuneration will be paid for this criterion.

The amount of the variable remuneration relating to the qualitative criteria is as follows:

- **CSR:** 14% of the fixed remuneration, representing 95% of the target remuneration for this criterion,
- **Organization/Human Resources:** 15% of the fixed remuneration, representing 100% of the target remuneration for this criterion,
- **Individual performance:** 15% of the fixed remuneration, representing 100% of the target remuneration for this criterion.

The amount of the variable remuneration relating to the personal objectives is thus 44% of the fixed remuneration, representing 98.3% of the target remuneration for the personal objectives.
The Board of Directors noted the following elements:

CSR*:*

Performance was considered very good:

- **Continue the roll-out of the Sustainable Development strategy:**

  Implementation of the Group's Climate objectives: The Environment and Society Committee met on three occasions in 2020. It reviewed the governance put in place to monitor and advance the roll-out of the Climate Objectives announced by the Group at the end of 2018, together with the environmental and societal risks and the Vigilance Plan.

  Concerning the achievement of the climate Objectives, and in particular the 30% reduction in the Group's Carbon Intensity between 2015 and 2025, this reduction continued in 2020. All country groups (industrial clusters) have drawn up their Climate roadmap up until 2025, with a detailed action plan for each of the three topics: Assets/Customers/Ecosystems.

  In each of these groups of countries (clusters), a Climate Champion is responsible for coordinating this matter and volunteer Climate Ambassadors carry out local initiatives and share good practices.

  The Group has reinforced its strategic analysis on energy transition and launched a review of its climate objectives, which will be communicated on March 23, 2021 at a Sustainable Development Day.

  Concerning the Group's financing, a one-year extension option was exercised, on November 6, 2020, with regard to the syndicated credit facility for an unchanged amount of 2.5 billion euros and with a maturity of December 2025. Since 2019, this facility provides for a correlation mechanism between its financial costs and three CSR objectives in the areas of carbon intensity, gender diversity, and safety.

  Contribution to the development of the Hydrogen Ecosystem: Benoît Potier is co-Chair of the Hydrogen Council. This Council, formed in 2017, brings together over 100 leaders in the energy, transport and industry sectors in order to promote hydrogen with a view to achieving climate change objectives. At the annual meeting in January 2020 in Versailles, the chairmen and chief executive officers presented the results of the latest report: "Path to Hydrogen Competitiveness: A Cost Perspective" which shows that the cost of hydrogen solutions should fall more rapidly than previously expected. Hydrogen is now recognized as a key element for a low-carbon future.

  Benoît Potier was also involved in setting up the French National Hydrogen Council, made up of around fifteen French industrialists, tasked with contributing to the roll-out of carbon-free hydrogen in France, the creation of which was announced by the government in September 2020. He was appointed co-chair thereof on January 11, 2021.

Amounts in respect of the past fiscal year or accounting valuation	Comments
	He had also chaired the panel of experts mandated by the French government within the framework of the Productive Pact, announced by the President of the Republic in April 2019, to identify those emerging markets where France should position itself. In this regard, he submitted the panel's report to the government on February 7, 2020, which proposes to select 22 key markets, including 10 priority markets, of which hydrogen is one. In September 2020, an in-depth session of the Board of Directors was organized on Hydrogen and energy transition, with the intervention of some high-profile personalities from outside the Company and from members of the management and operations teams. In December 2020, Air Liquide, in the presence of Benoît Potier and with the participation of Bertrand Piccard, Initiator and Chairman of the Solar Impulse Foundation, organized the "Hydrogen Generation" digital event, in partnership with the Les Echos - Le Parisien group and Usbek & Rica, concerning the role of hydrogen in energy transition. **Air Liquide Foundation:** The covid-19 pandemic has made strong demands on the Foundation partners, research teams and NGOs, in France and abroad. The Foundation has been able to react quickly to this crisis thanks to its founders, L'Air Liquide S.A. and Air Liquide Santé International (exceptional support of more than 2 millions euros, a significant portion of which has already been committed in 2020), to its Board of Directors, its partners and its network of Group employees. The Foundation's covid-19 initiative aims at allowing understanding the effect of the coronavirus on the respiratory system (10 research projects) and at addressing emergency humanitarian needs (23 projects supported in France and abroad). One-third of the NGOs involved are new partners for the Foundation, introduced by Group employees during this crisis. In total, the Foundation has approved in 2020 a record of 69 projects over the year, notably in the scientific field, and promoting professional integration, education and disability, both in France and abroad. In a survey of individual shareholders of Air Liquide, which collected over 6,000 responses, the shareholders expressed strong support for the work of the Foundation. ■ **Safety and reliability:** based on the estimated hours worked, the lost-time accident frequency rate of Group employees stood at 0.9 in 2020, compared to 1.2 in 2019 and 1.3 in 2018. This is the Group's best performance since the introduction of this indicator. However, 2020 was marked by the deaths of 2 employees and of a subcontracted driver. In 2020, road safety formed part of a consolidated action plan aimed at raising awareness of all persons affected and at introducing technical assistance tools in vehicles, as commenced a few years ago and continued in 2020 despite the public health crisis. Concerning industrial safety / reliability, the Group's IMS (Industrial Management System) program set up 15 years ago has helped improve the management of industrial risks. The new IMS reference system was rolled out to around two-thirds of the clusters, the end of the roll-out to the remaining third being envisaged in mid-2022 due to the sanitary crisis. In 2020, in terms of process safety, a plan to upgrade safety of the production sites has been rolled out and should be finalized by the end of 2021. The Board also noted the leading role of Air Liquide notably in developing harmonized international standards. **Organization/Human Resources:** Performance was considered excellent. In this context of a public health crisis, very particular attention has been paid to employee health since the start of the covid-19 crisis. Capitalizing on its international presence and its network organization, the Group set up a crisis unit, in February 2020, headed by the Director of Human Resources who reports to the Executive Committee. Accordingly, the experience of the Chinese subsidiaries was immediately put to good use. Psychological support, as well as proximity and communication with management have been strengthened. Special attention has been paid to employee commitment. A first worldwide survey, MyVoice, was launched as planned and specific questions have made it possible to monitor as closely as possible the feedback on the crisis. The roll-out of the "BeActEngage" leadership program proceeded as planned, permitting regular exchanges, although all the workshops were conducted online. An initial assessment of the crisis has been made and international teams have worked on four areas (teleworking, managerial support, relations with our customers and patients, and office design) to capitalize on the experience gained and accelerate our transformations.

	Amounts in respect of the past fiscal year or accounting valuation	Comments
		The **Executive Committee** stepped up its meetings throughout the year to steer the Group, while pursuing its transformation and conducting strategic reflection in the context of accelerating trends (digital, energy transition and healthcare systems, in particular). Since continuity is key, the Group is pursuing its **talent development** policy. Despite the circumstances, regular reviews of talent and their development have been conducted online, at the level of operating clusters and up to Executive Committee level. Regular reviews of the **most promising talent** have taken place with the Appointments and Governance Committee. Good progress continued to be made with the implementation of the inclusion and **diversity** policy within all Group entities. A "diversity lab" was conducted with international HR leaders and managers to analyze all processes and practices, identify potential biases and implement corrective measures ("nudges") to limit those biases. Accordingly, as part of the regular reviews of talent with the highest potential, the diversity of profiles is taken into account, with the aim of continuing to enhance such diversity within the Group's key positions in order to promote the many cultures found within the Group and improve the gender balance. **Individual performance:** The individual performance was considered excellent, the executive officer having managed, in the context of a global crisis of unprecedented severity, to steer the Group and to further its development both in terms of performance and in terms of environmental and societal commitment. The total amount of the variable remuneration due for the 2020 fiscal year will be paid in 2021, 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 elements of remuneration paid during or awarded in respect of 2020 fiscal year to Benoît Potier. For the record, the **variable remuneration paid in 2020 in respect of 2019** totaled 2,064,913 euros. It was paid following approval of the resolution relating to elements of remuneration paid or awarded to Benoît Potier for 2019 (9th resolution) by the General Meeting of May 5, 2020.
There is no deferred annual variable remuneration mechanism, multi-annual variable remuneration mechanism or exceptional remuneration.		

	Amounts in respect of the past fiscal year or accounting valuation	Comments
Stock options, performance shares or any other long-term incentive	0 stock option 17,640 performance shares Accounting valuation of the performance shares (according to IFRS2 norm): € 2,249,629	**September 29, 2020 plan (performance shares)** **Principles of grant for 2020** For the Executive Officer, the grant for 2020 is consistent with the 2020 remuneration policy defined by the Board of Directors on February 10, 2020 and approved by the General Meeting on May 5, 2020. The allocation of performance shares to Benoît Potier in 2020 represents an IFRS value of approximately 2.25 million euros, stable since 2018 as announced. For 2020, the Board of Directors decided on September 29, 2020 to grant only performance shares (instead of a mix of stock options and performance shares) to all beneficiaries, in order to simplify and standardize the scheme. **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 2020 are identical to those for 2019 and are as follows: ■ the total number of performance shares granted in 2020 to the sole 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 7, 2019); ■ the maximum 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 and variable maximum), it being noted that the performance shares granted represent approximately 40% of the total target annual remuneration. **Performance conditions** The performance shares awarded are all accompanied by performance conditions calculated over three years. They are calculated: (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** [(c)]**"**) recorded at the end of the 2022 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, making it possible to take advantage of external growth opportunities. The objective has been set within the trajectory of the NEOS company program which aimed 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 the 2020, 2021 and 2022 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%, then decreases on a straight-line basis, to a lower limit, - for 50% of the performance shares referred to in sub-paragraph (ii): of 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 the 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 2022 in kg-equivalent CO_2/2022 EBITDA (calculated at constant exchange rate on the basis of the 2015 foreign exchange rates) expressed in euros. For the purposes of this policy, greenhouse gas emissions include direct emissions (Scope 1) and indirect emissions (Scope 2). 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.

(c) 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 – cost of net debt after taxes) for the period 2022)/(weighted average of (shareholders' equity + minority interests + net debt) at the end of the last three half years (H2 2022, H1 2022, H2 2021)).

	Amounts in respect of the past fiscal year or accounting valuation	Comments
		Other conditions/shareholding obligation The shareholding obligation defined pursuant to the French Commercial Code is completed by an internal rule which requires Benoît Potier to hold a number of shares which is equivalent to twice his annual fixed remuneration. Benoît Potier has made a commitment not to carry out any hedging transactions during his term of office. **Plan Regulations:** The "France" performance share plan comprises a three-year vesting period, followed by a two-year holding period during which the shares cannot be transferred, as well as a condition of continued presence.
Other elements	N/A	No allocation.
Remuneration as a Director	N/A	Benoît Potier does not receive any remuneration in respect of his term of office as Director.
Other benefits	€10,586	The benefits in kind (accounting valuation) include the use of a company car and the payment to a third-party of the unemployment insurance contributions for company managers and corporate officers.
Termination indemnity	€0 received	The terms of the commitment applicable to Benoît Potier, since the renewal of his office as Chairman and Chief Executive Officer in 2018 are as follows: (i) only the cases of forced departure related to a change of strategy or a change in control may give rise to an indemnity; (ii) the amount of the indemnity is set at 24 months of gross fixed and variable remuneration; (iii) it decreases gradually as he approaches the age limit defined in the articles of association; (iv) the entitlement to the indemnity is subject to performance conditions which were amended in 2018, the thresholds for increases having been made more exacting: the amount of the indemnity paid will be adjusted on the basis of the average 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) with respect to the last three fiscal years prior to the departure. This gap, in a highly capital-intensive business activity, makes it possible to measure the regular creation of value. 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. The proportion of the indemnity due shall be established as follows, with an increase by straight-line segments between each of the thresholds 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 decision of the Board of Directors on February 14, 2018 taken in accordance with the regulated agreements and commitments procedure of the "TEPA" Law was approved by the General Meeting on May 16, 2018 in a specific resolution (9th resolution).

Non-competition indemnity: there is no commitment with regard to a non-competition indemnity.

	Amounts in respect of the past fiscal year or accounting valuation	Comments
Supplementary pension plans	€170,000 received (i.e. 50% of the amounts due under this plan – see comments opposite)	**Collective pension insurance contract** As additional conditional rights can no longer be acquired under the defined benefit pension plan as of January 1, 2020, a collective pension insurance contract with individual and optional subscription **(known as "article 82 of the French General Tax Code")** was introduced to replace the acquisition of rights under the defined benefit pension plan as of this date. Implementation of this new system for the benefit of Benoît Potier was approved by the **General Meeting of May 5, 2020 pursuant to the remuneration policy** (11th resolution). In this system, the amount paid by the Company is split in equal shares between a payment to the insurer and a payment to Benoît Potier 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. Benoît Potier 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. The performance conditions that apply are similar to those that applied to the defined benefit plan: the total contribution for a fiscal year depends on the average annual difference between the return on capital employed after tax (ROCE) and the weighted average cost of capital (WACC) (net equity method), 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. For the purposes of this calculation, the gap between the ROCE and the WACC is measured for each fiscal year and the average of the three annual gaps is calculated for the last three fiscal years prior to the said fiscal year. 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 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.

In respect of 2020, the Board meeting on February 9, 2021 took note of the 100% achievement of the performance conditions. Accordingly, the amount to be paid in 2021 in respect of 2020 under the collective pension insurance contract with individual and optional subscription will amount to 340,000 euros gross (split, in accordance with the remuneration policy approved by the General Meeting of May 5, 2020, between a payment to the insurer and a payment to Benoît Potier intended to cover the social security contributions and similar charges and taxes due on the payments made to the insurer).

Pension commitment pursuant to a defined contribution pension plan

Benoît Potier benefits from the defined contribution pension plan which applies to all the employees and the Executive Officers, the contribution to which is paid in equal shares by the employer and the beneficiary on the remuneration which does not exceed eight times the PASS. The application of this plan to Benoît Potier was authorized by the Board of Directors on February 12, 2010 and approved by the General Meeting on May 5, 2010 (9th resolution).

The amount of the contributions paid in 2020 (for that fiscal year) under the supplementary defined contribution pension plan for the benefit of Benoît Potier amounts to 9,836 euros.

	Amounts in respect of the past fiscal year or accounting valuation	Comments
Collective life insurance plan	€0 received	Since the Executive Officers are no longer beneficiaries of the defined contribution pension plan for senior managers, a collective life insurance plan was entered into which makes it possible to create savings for the benefit of the beneficiary which are available at any time. The contributions paid by the Company are calculated on identical terms to those of the previous plan. The opening of this plan, for the third bracket (16 to 24 times PASS) and then the second bracket (8 to 16 times PASS), and finally its extension to the first bracket (0 to 8 times PASS) of the Reference Remuneration, at an unchanged cost for the Company, responded to a concern for good management. For Benoît Potier, the signature of this contract was authorized by decisions of the Board of Directors on November 20, 2012 and February 13, 2013, in accordance with the regulated agreements and commitments procedure, and approved by the General Meeting on May 7, 2013 in a specific resolution for Benoît Potier (7th resolution). The extension of the plan to the first bracket was authorized by decision of the Board of Directors on November 20, 2014, in accordance with the regulated agreements and commitments procedure, and approved by the General Meeting on May 6, 2015 in a specific resolution for Benoît Potier (7th resolution). **The amount of the contributions paid in 2020 (in respect of 2019) pursuant to the life insurance plan for the benefit of Benoît Potier is 218,830 euros. The amount of contributions to be paid in 2021 (in respect of 2020) will total 222,134 euros.**
Collective death and disability benefits plan	€0 received	Benoît Potier benefits from the supplementary death and disability plan, unified with effect from January 1, 2015, covering the whole of the personnel and the Executive Officers who are duly authorized to benefit from it, in which (a) the remuneration taken into account for the calculation of the contributions is capped at (i) 16 times the annual social security ceiling for the incapacity and disability cover, (ii) 24 times the annual social security ceiling for the death cover; and (b) the rate of the employer's contribution amounts to 0.85% up to 16 PASS and to 0.65% between 16 and 24 PASS. The individual application to Benoît Potier, in respect of his duties as Chairman and Chief Executive Officer, of this unified death and disability benefits plan covering all the personnel, was authorized by decision of the Board of Directors on November 20, 2014, in accordance with the regulated agreements and commitments procedure, and approved by the General Meeting on May 6, 2015 in a specific resolution for Benoît Potier (7th resolution). **The amount of the contribution paid in 2020 (in respect of this fiscal year) under the death and disability benefits plan for the benefit of Benoît Potier is 3,357 euros.**

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. described in this section is submitted for approval by the General Meeting on May 4, 2021 in the 12th resolution for the Executive Officers (§5.1 below) and the 13th resolution for the Directors (§5.2 below).

5.1. REMUNERATION POLICY APPLICABLE TO EXECUTIVE OFFICERS

This remuneration policy for Executive Officers was drawn up by the Board of Directors on February 9, 2021, upon the recommendation of the Remuneration Committee which had carried out in-depth analyses on the subject on which it reported to the Board of Directors. The Chairman and Chief Executive Officer does not attend deliberations by the Remuneration Committee relating to his personal case and does not take part in deliberations or votes by the Board of Directors on the remuneration components that concern him. The decision-making process followed to determine the policy is also applicable when said policy is reviewed and implemented.

The principles and structure of the remuneration policy are in line with the policy approved by the General Meeting of May 5, 2020.

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.

5.1.1. General principles

The elements compromising the remuneration for 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 share subscription options and/or performance shares, both tools being subject in full to the same performance conditions calculated over three years;
- other benefits attached to the performance of the Executive Officer's term of office, including:
  - a supplementary pension mechanism [(a)], comprising specifically for Benoît Potier, since January 1, 2020, a collective pension insurance contract subject to performance conditions, which from this date has replaced the defined benefit pension plan which applies to eligible employee senior executives and Executive Officers and is applicable for the period up to December 31, 2019,
  - a collective life insurance plan,
  - a death and disability benefits plan,
  - commitments to pay an indemnity in the event of the termination of duties at the Company's initiative, in certain circumstances, subject to performance conditions calculated over a three-year period,
  - entitlement to unemployment insurance for Company managers and corporate officers, in the absence of an employment contract with the Group.

The remuneration policy reflects the level of responsibility of the Group's senior executives and is adapted to the Group's context, remains competitive and is an incentive to promote the Group's performance over the medium to long-term, in compliance with the Company's interests and the interests of all the stakeholders.

This remuneration policy, which is applicable to the Chairman and Chief Executive Officer, applies whether the Group's senior Executive Officer acts as the Chairman and Chief Executive Officer or, if circumstances so require, the Chief Executive Officer of the Company. In such circumstances, a Chairman who does not also have the duties of Chief Executive Officer would receive fixed remuneration to the exclusion of any variable remuneration.

There are no employment contracts between the Executive Officer and any of the Group's companies [(b)].

Furthermore, if such a situation were to arise, the remuneration policy applicable to a Senior Executive Vice President would be determined on the basis of the policy applicable to a Chief Executive Officer of the Company, after taking account, however, of the difference in the level of responsibility, consistent with the earlier practices applied at the Company for this type of Executive Officer.

5.1.2. Structure of the total remuneration for the Executive Officers

The structure and principles applicable to the remuneration are **in line with previous fiscal years**.

- 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).

  The fixed remuneration represents approximately 25%, the variable remuneration 35% and the LTI 40% of the total annual remuneration. The components which are subject to **performance conditions** therefore represent **75% of this total remuneration.** The collective pension insurance contract and the termination indemnity are also subject to performance conditions.

  The **variable part** continues to be expressed as a target variable remuneration (as a percentage of the fixed remuneration) with a maximum. The total target variable remuneration which is determined represents approximately 90% of the total maximum variable remuneration, for a very good performance. Consequently, for a fixed remuneration of 100, the target is 150% and the maximum is 167%.

(a) Which supplements the defined contribution pension plan which applies to all the employees and corporate officers. See the explanation below relating to collective transfer from this plan to a mandatory company retirement savings plan ("PERO").

(b) In the event that a corporate officer holding such an employment contract is appointed, it shall be proceeded in accordance with the recommendations of the AFEP/MEDEF Code.

Concerning the weighting of the various criteria adopted (see table below):
- A **greater relative weight is still given to the quantifiable criteria** as compared to the qualitative criteria.
- **Quantifiable criteria:** as before, 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 (expressed as a percentage of the fixed remuneration).
- **Qualitative criteria:**
  - a **weighting is allocated to each of the qualitative criteria;**
  - the qualitative criteria continue to be based, as to two-thirds, on three to four categories or sub-categories of objectives which are defined each year and, as to one-third, on an assessment of the individual performance.
- The target weighting and the maximum weighting are made public ex ante; 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 as a percentage of the fixed remuneration and as a percentage of the target variable remuneration for this criterion, will be made public ex post.

- The performance conditions reflect the **Company's strategy. For 2021**, they were set in the **trajectory of the principal objectives of the NEOS company program** incorporating notably sales growth and the ROCE.

  Accordingly, the **quantifiable components** of the annual variable remuneration include a **criterion of an increase in the recurring EPS** which makes it possible to take into account all the items in the income statement. The criterion of an **increase in sales** in turn reflects the **momentum of the activity.** The two criteria, growth in revenue and the recurring EPS reflect **the Group's ambition to achieve profitable growth.** Moreover, the efficiency objectives that were reevaluated in 2019 compared to the initial NEOS objective contribute to the increase in the recurring EPS.

  The LTI performance conditions in turn incorporate the **ROCE,** which makes it possible to measure the Return on Capital Employed and 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 with effect from 2020 a performance condition linked to the Group's **Carbon Intensity** (see definition below). The objective of this condition is consistent with 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.

  The performance conditions which apply to the termination indemnity and the collective pension insurance contract are based on the gap between the **ROCE** and the **WACC** (average gap over three years) which makes it possible to **measure the regular value creation** given the fundamental importance, in the highly capital-intensive industrial gas industry, of the management and control of investment processes.

  The **qualitative components** of the annual variable remuneration incorporate the pursuit over the long-term of objectives related to **safety**, **sustainable development, Human Resources** and the preparation of the **succession** plans, thus supporting **the Company's sustainability**.

  These **incentive elements** thus reflect **the Group's strategy** which is steered toward profitable long-term growth, while acting responsibly with regard to all 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 transaction, while maintaining an ongoing effort over time in favor, in particular, of safety and security, innovation, employee training and development, together with the environment.

  The selection of the components for the remuneration of the Executive Officers by the Board of Directors on the recommendation of the Remuneration Committee is made by taking into account **the conditions of remuneration and employment of the Company's employees.** Accordingly, the quantifiable and qualitative components of the variable remuneration for the Company's Executive Officers and senior executives are identical. These objectives are also reflected in those for the Company's employees who have a short-term variable remuneration. Moreover, the LTI performance conditions are **identical for all the employee beneficiaries** (for the record, approximately 1,800 Group employees each year) **and for the Executive Officers.** These alignments provide for greater **coherence** of efforts in **achieving the Company's performance objectives.** The importance given to the safety objectives helps implement a high-quality working environment for the employees that has a direct impact on their engagement 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 **defined contribution pension plan applicable to all employees and Executive Officers** is being **transferred on a collective basis** to a mandatory company retirement savings plan ("PERO") on January 1, 2021 to bring it into line with the **new legal and regulatory framework** arising from the PACTE Law (see details below).

- The **other principles which apply to the LTI are unchanged** (the proration of the LTI in the event of the Executive Officer's departure from the Group during the period of assessment of the performance conditions, the level of requirement of the objectives and the rules which are specific to the Executive Officers as described below, the limits on grants).

5.1.3 Implementation for the determination of the 2021 remuneration

By applying the principles defined above, the criteria for the determination, distribution and allocation of the elements which make up the Executive Officer's total remuneration for 2021 are as follows:

A. Fixed remuneration

The fixed remuneration is determined on the basis of the level of responsibility, the experience in the executive management duties and market practices.

Fixed remuneration will represent approximately 25% of the total target annual remuneration and, as per the above-mentioned principles, will amount for Benoît Potier to roughly 1,325,000 euros (unchanged since 2018).

B. Variable remuneration

The variable remuneration will be based on:

- **two quantifiable financial criteria,** which were already included in the criteria for the variable remuneration for 2020:
  - 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"**),
  - comparable growth in **consolidated revenue** (excluding significant scope impact and the impact of currency and energy).

  The weighting of each criterion is shown in the table below.

  For each criterion, the Board of Directors has defined a 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, will be made public ex post.

  For each financial criterion, 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**;
- **qualitative personal criteria,** a weighting being allocated to each of them. They are detailed in the table below and relate:
  - as to one-third, to **Corporate Social Responsibility** (hereinafter "CSR"),
  - as to one-third, to **organization and to Human Resources,**
  - as to 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.

  An identical target and maximum weight are set for each qualitative criterion.

The allocation key for the quantifiable/qualitative criteria and, within each category, the target and the maximum weights for each element, determined by applying the principles set forth above, is as follows:

	Target [(a)]		Maximum	
Indicator	*As a % of the fixed remuneration*	*As a % based on 100*	*As a % of the fixed remuneration*	*As a % based on 100*
Financial criteria (quantifiable) including:	**105**	**70**	**122**	**73**
Increase in recurring net earnings [(b)] excluding the foreign exchange impact, per share (recurring EPS)	75	50	87	52
Comparable growth in consolidated revenue [(c)]	30	20	35	21
Personal criteria (qualitative) including:	**45**	**30**	**45**	**27**
CSR: ■ Safety and reliability: continue efforts to improve safety (lost time accident frequency rate, road traffic accidents and job-related accidents) ■ Continue the roll-out of the sustainable development strategy (implementation of the Group's new ESG/Climate Objectives – contribution to the development of the hydrogen ecosystem)	15	10	15	9
Organization / Human Resources (talent development, succession plans, diversity policy)	15	10	15	9
Individual performance: assessment by the Board of Directors, notably in light of the external environment for the year	15	10	15	9
TOTAL (FINANCIAL AND PERSONAL CRITERIA)	**150** [(d)]	**100**	**167**	**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 recurring net profit (Group share) 2021 excluding the foreign exchange impact (compared to 2020).

(c) Excluding significant scope impact, foreign exchange impact and energy.

(d) Which corresponds to a variable remuneration of roughly €1,987,500 at the target for Benoît Potier.

The total amount of the variable remuneration due for the 2021 fiscal year will be paid in 2020, after approval of the financial statements by the General Meeting, it being noted that its payment is conditional on approval by an Ordinary General Meeting of the elements 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 elements of annual remuneration

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. By way of information, these benefits traditionally amount to around 10,000 euros.

In accordance with the Group’s internal practice, the Chairman of the Board of Directors, like any other Executive Officer, does not receive any remuneration in respect of his office as Director, if he holds executive duties at L’Air Liquide S.A.

D. Long-term remuneration components

1. Principles of grant

- In accordance with the principle that has been adopted since 2016, the Board confirmed that the award of LTI to the Executive Officer and the changes therein over time will be assessed in terms of the IFRS value (and not in terms of the volumes granted), for all stock option and performance share plans combined.

  For 2021, the Board of Directors intends to grant LTIs to Benoît Potier representing an IFRS value of approximately 2.25 million euros, which is stable by comparison with the grants since 2018, representing 40.4% of the total target remuneration for 2021, in accordance with the weighting defined above.
- All the LTI granted are subject to **performance conditions** calculated over a period of **three years.** The performance conditions, which apply to the plans decided upon in the 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.

  On the recommendation of the Remuneration Committee, the Board has retained the **ROCE,** total shareholder return **(AL TSR and relative TSR) and Group carbon intensity criteria.**
- For each performance condition, a formula adopted by the Board 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 Executive Officers who are beneficiaries of the “France” performance share Plan, the vesting period is three years from the meeting of the Board of Directors which decided upon their grant. This period, at the end of which the performance shares vest, 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.

2. Performance conditions

As a consequence of the above, the performance conditions which apply to all the beneficiaries of the LTI Plans which will be allocated in 2021 have been determined by the Board of Directors on February 9, 2021. The number of LTI that will be definitively awarded/can be exercised pursuant to the 2021 Plans will depend:

(i) **for 50% of the LTI granted,** on the rate of achievement of an objective, set by the Board, consisting of the Return on Capital Employed after tax (**“ROCE** [(a)]**”**) 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 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 in the trajectory of the ROCE target announced by the Company that is maintained at more than 10% though in 2023-2024, which reflects the impact of the crisis but also a pro-active investment policy in a context of numerous and qualitative opportunities;

(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 of an investment in Air Liquide shares, reinvested dividends, for fiscal years 2021, 2022 and 2023 (**“AL TSR”**). The objective of an 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 fiscal years 2021, 2022 and 2023.

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;

(a) *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 – cost of net debt after taxes) for the period 2023) / (weighted average of (shareholders’ equity + minority interests + net debt) at the end of the last three half years (H2 2023, H1 2023, H2 2022)).*

(iii) for 10% of the LTI granted, on 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 rate on the basis of the 2015 foreign exchange rates) expressed in euros. For the purposes of this policy, greenhouse gas emissions include direct emissions (Scope 1) and indirect emissions (Scope 2). 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 rate of achievement of the performance conditions will be recorded by the Board at the time when the financial statements are adopted for the 2023 fiscal year.

3. Rules specific to the Executive Officers

The grant 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 at pre-established periods in the autumn, in the form of performance shares and/or share subscription options granted without any discount.

The grant of LTI is 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.

Limits on the grants to Executive Officers

Within the scope of the sub-limits authorized by the General Meeting [a], 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 for each Executive Officer (ii) as a multiple of their remuneration, in accordance with the recommendations of the AFEP/MEDEF Code. Accordingly, 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, it being noted moreover that, in accordance with the remuneration policy referred to above, the grant of LTI represents approximately 40% of the Executive Officer's total annual remuneration.

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. They lead to the obligation, for the Executive 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.

This percentage will be lowered to 5%, as soon as the quantity of shares held by the Executive Officer represents an amount equal to at least three times the Executive Officer's gross annual fixed remuneration.

Additional shareholding obligation – Recommendation made by the AFEP/MEDEF Code

In addition, the internal rule defined by the Board of Directors since 2008, pursuant to which the Chairman and Chief Executive Officer must hold in a registered share account a number of shares equivalent to twice his gross annual fixed remuneration (one time the annual fixed remuneration for a Senior Executive Vice President) remains in effect. This obligation will remain in force until it is exceeded by the effect of the aforementioned 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.

Other rules applicable to the Executive Officer

- **Condition of presence:** 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.
- **Principle of a proration on the basis of the actual presence of the Executive Officer:** in the event of a departure from the Group of an Executive Officer for a reason other than resignation or removal from office for serious cause [b], the total allocation rate (after applying the performance conditions) will be reduced on a prorated basis to the number of months' actual presence of the Executive Officer at the Group during the period of assessment of the performance criteria. In addition, no grant will be made to an 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.
- **Obligation regarding the 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-yearly consolidated results and 15 calendar days before 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 stock options/shares resulting from the exercise of stock options and concerning the performance shares awarded, throughout the length of their term of office.

(a) Lastly the Combined General Meeting on May 7, 2019 (13th and 14th resolutions).
(b) Situations which will result in the loss of the LTI.

E. Long-term commitments and commitments relating to termination of duties

The Board of Directors takes into account, in the overall assessment and determination of the Executive Officers' remuneration, the other commitments relating to the elements of remuneration described below, some of which have been submitted for the approval of the General Meeting within the scope of the regulated agreements and commitments procedure [(a)].

At the Company, the long-term commitments and commitments relating to termination of duties for the Executive Officers are usually as follows:

- a supplementary pension mechanism [(b)], comprising specifically for Benoît Potier, from January 1, 2020, a collective pension insurance contract subject to performance conditions, which from this date has replaced the defined benefit pension plan which applies to eligible employee senior executives and Executive Officers and is applicable for the period up to December 31, 2019;
- a collective life insurance plan;
- a death and disability benefits plan;
- commitments to pay an indemnity in the event of the termination of duties at the Company's initiative, in certain circumstances, subject to performance conditions calculated over a three-year period;
- entitlement to unemployment insurance for company managers and corporate officers, in the absence of an employment contract with the Group.

In the case of Benoît Potier, these commitments are as follows:

1. Long-term commitments

The Company's pension obligations

Benoît Potier has been authorized to benefit from various supplementary social protection schemes set up by L'Air Liquide S.A., as follows:

Collective pension insurance contract with individual and optional subscription

Pursuant to the PACTE Law and Ordinance No. 2019-697 of July 3, 2019, the supplementary pension plans which make the vesting of rights conditional upon the beneficiaries' presence at the Company at the time of retirement can no longer grant a right to acquire supplementary conditional rights as from January 1, 2020. For the period up until this date, Benoît Potier's rights under the defined benefit pension plan ("Plan S") will remain subject in their entirety to the pension plan regulations.

Since January 1, 2020, **a collective pension insurance contract with individual and optional subscription** replaces the acquisition of rights under the defined benefit pension plan. Pursuant to the PACTE Law and Ordinance No. 2019-1234 of November 27, 2019, implementation of this new system for the benefit of Benoît Potier was approved by the General Meeting of May 5, 2020 pursuant to the remuneration policy (11^{th} resolution).

In this mechanism, the amount paid by the Company will be split between a payment to the insurer and a payment to Benoît Potier intended to cover the social security contributions and taxes due on the payments made to the insurer. This amount shall be paid in arrears every year for the period until the end of the executive office.

Benoît Potier **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.

This scheme is **specific to Benoît Potier and tailored to his individual situation** in light of his seniority and the fact that the scheme is only intended to apply up until the end of his career as an Executive Officer. It is **without prejudice to the mechanism which would apply in the future to a new Executive Officer.**

The scheme was selected from among several alternatives and represents **the lowest cost for the Company, being over 20% less than that of the previous plan.** For **Benoît Potier,** it simply **supplements the rights** accumulated under the defined benefit pension plan and makes it possible to **maintain rights which are equivalent** to those which would have existed under such plan, if it had been possible to maintain them for Benoît Potier. Although, pursuant to the new legislation, this pension insurance contract is not subject to a condition of the beneficiary's presence at the Company at the end of his career, in any event, with regard to Benoît Potier, the application of this condition under the defined benefit pension plan has become very theoretical: a beneficiary who is over 55 years of age and has at least five years' length of service (which is the case for Benoît Potier) shall retain his rights, even if his term of office is terminated provided that he does not resume any professional activity before his retirement. Consequently, the fact that this condition does not apply to the new mechanism is neutral in this specific situation.

The gross annual contribution amounts to approximately 10% of the annual target fixed and variable remuneration for 2020, subject to the achievement of **similar performance conditions to those which apply to the defined benefit pension plan,** which had been determined by the Board of Directors and approved by the General Meeting of May 16, 2018 in its 10^{th} resolution. Consequently, the amount of contributions for a fiscal year will depend on the **average annual gap** between the Return on Capital Employed after tax (**ROCE**) and the Weighted Average Cost of Capital (**WACC**) (net equity method), 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. For the purposes of this calculation, the gap between the ROCE and the WACC will be measured for each fiscal year and the average of the three annual gaps will be calculated for the last three fiscal years prior to the said fiscal year.

(a) For information only, note that Benoît Potier also acquired entitlements under the defined contribution plan for senior executives. Benoît Potier is no longer covered by this plan and the Company has ceased contributions to the plan for him.

(b) Which supplements the defined contribution pension plan which applies to all the employees and corporate officers. See the items below relating to the collective transfer from this plan to a mandatory company retirement savings plan ("PERO").

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.*

Finally, this mechanism is taken into account when determining the upper limit of 45% of the Reference Remuneration that applies to the defined benefit pension plan, this upper limit being not reached.

Defined contribution pension plan – Transfer to a mandatory company retirement savings plan (PERO) on January 1, 2021

Benoît Potier benefits from the defined contribution pension plan which applies to all the employees and the Executive Officers, the contribution to which is paid in equal shares by the employer and the beneficiary on the remuneration which does not exceed eight times the PASS. For information purposes, contributions paid in 2020 by the Company for Benoît Potier totaled 9,836 euros.

Note that in order to bring it into line with the new legal and regulatory plan arising from the PACTE Law [(a)], this retirement plan is **being transferred collectively to a mandatory company retirement savings plan (PERO) on January 1, 2021.** As Benoît Potier is covered by this collective plan, his entitlements are also transferred to the PERO on this date. As for the defined contribution plan, the employer and beneficiaries pay equal contributions into the mandatory company retirement plan on remuneration up to a limit of eight times the PASS.

Individual application of the defined contribution plan to Benoît Potier was authorized by decision of the Board of Directors on February 12, 2010, in accordance with the regulated agreements and commitments procedure, and approved by the General Meeting on May 5, 2010 (9th resolution).

Other benefits

Life insurance plan

As Benoît Potier is no longer a beneficiary of the defined contribution pension plan for employee senior executives, a collective life insurance contract was entered into which enables them to create savings on behalf of the beneficiary which are available at any time.

The contract provides that the beneficiaries can request the payment of a single capital sum or the conversion of the capital into a life annuity.

The Executive Officer's rights under this plan are financed by contributions paid by the Company to an insurance body and concern the brackets of remuneration ranging from 0 to 24 times the PASS.

The opening of this plan, for the third bracket (16 to 24 times PASS) and then the second bracket (8 to 16 times PASS), and finally its extension to the first bracket (0 to 8 times PASS) of the Reference Remuneration, at an unchanged cost for the Company, responded to a concern for good management. The contributions paid to the third-party plan manager are assessed on the basis of the portions of the beneficiaries' Reference Remuneration which correspond to each of the three brackets, in accordance with conditions which are identical to those of the previous plan. The contributions are reviewed each year on the basis of the amount of the PASS. For information purposes, in 2020, they amounted to 218,830 euros.

For Benoît Potier, the signature of this contract, for the third and then the second bracket, was authorized by decisions of the Board of Directors on November 20, 2012 and February 13, 2013 in accordance with the regulated agreements and commitments procedure, and approved by the General Meeting on May 7, 2013 in a specific resolution (7th resolution). The extension of the plan to the first bracket concerning the band of Reference Remuneration amounting to between 0 and 8 times the annual social security ceiling was authorized by decision of the Board of Directors on November 20, 2014, in accordance with the regulated agreements and commitments procedure, and approved by the General Meeting on May 6, 2015 in a specific resolution for Benoît Potier (7th resolution).

Death and disability benefits plan

Benoît Potier benefits from the additional "incapacity, disability, death" benefits plan, unified as from January 1, 2015, covering all the personnel and the Executive Officers duly authorized to benefit from such plan in which the remuneration taken into account for the calculation of the contributions is capped at (i) 16 times the annual social security ceiling for the incapacity and disability cover, (ii) 24 times the annual social security ceiling for the death cover. For information purposes, contributions paid in 2020 by the Company for Benoît Potier totaled 3,357 euros.

The individual application to Benoît Potier, in respect of his duties as Chairman and Chief Executive Officer, of this unified death and disability benefits plan covering all the personnel, was authorized by decision of the Board of Directors on November 20, 2014, in accordance with the regulated agreements and commitments procedure, and approved by the General Meeting on May 6, 2015 in a specific resolution for Benoît Potier (7th resolution).

(a) *The PACTE Law of May 22, 2019 and the Ordinance of July 24, 2019 reforming retirement savings, the decree of July 30, 2019 and order of August 7, 2019.*

2. Commitments relating to termination of duties

Termination indemnities

This termination indemnity was the subject of a decision of the Board of Directors on February 14, 2018 made in accordance with the regulated agreements and commitments procedure and published on the Company's website on February 16, 2018. It was approved by the General Meeting on May 16, 2018 in a specific resolution (9th resolution). The main terms are as follows:

- only the cases of forced departure of Benoît Potier from his terms of office as Chairman and 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 gross fixed and variable remuneration;
- the amount of the indemnity due decreases gradually as Benoît Potier, in his capacity as Chairman and 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 Benoît Potier 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 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 General Meeting) with respect to the last three fiscal years prior to the fiscal year during which the departure occurs. For the purposes of this calculation, the gap between the ROCE and the WACC will be measured with regard to each fiscal year, and the average of the three annual gaps for the last three fiscal years prior to the fiscal year during which such departure takes place will be calculated.

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 three years of the annual (ROCE – WACC) gaps in bps [(a)]	Proportion of indemnity due
≥ 300	100%
250	66%
200	50%
100	25%
< 100	0%

(a) bps: basis points.

Unemployment insurance for the company managers and corporate officers

By decision of the Board of Directors in May 2006, Benoît Potier benefits, in his capacity as Executive Officer, from the unemployment insurance for Company managers and corporate officers taken out by the Company. The contributions paid by the Company are added back to Benoît Potier's remuneration as benefits in kind (which for 2020 were 10,586 euros, for illustrative purposes).

This decision had been approved by the General Meeting on May 9, 2007, in accordance with the regulated agreements procedure (7th resolution). The Board of Directors confirmed, at its meeting in May 2018, that Benoît Potier continues to benefit from this unemployment insurance within the scope of the latest renewal of his duties.

The commitments described above may be terminated according to common law.

5.2. REMUNERATION POLICY APPLICABLE TO DIRECTORS

The remuneration policy for Directors of L'Air Liquide S.A. was drawn up by the Board of Directors on February 9, 2021, upon the recommendation of the Remuneration Committee which had carried out in-depth analyses on the subject on which it reported to the Board of Directors. The decision-making process followed to determine the policy is also applicable when said policy is reviewed and implemented.

The principles and structure of the remuneration policy for Directors are in line with the policy approved by the General Meeting of May 5, 2020.

The remuneration policy for the Directors aims to determine, pursuant to the total package voted by the Ordinary General Meeting (to date, a maximum annual pay package of 1.3 million euros, in accordance with the 12th resolution voted by the Combined General Meeting on May 5, 2020), a remuneration which is competitive internationally to attract the **best skills and expertise,** in compliance with the Board's diversity policy.

First of all, it 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 [(a)], 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, in accordance with the AFEP/MEDEF Code, in the form of the allocation of a fixed amount for each attendance at a meeting.

The Board will seek to harmonize fixed remuneration awarded to the Committee Chairs, since they have a comparable workload, as well as the remuneration awarded for attending each Committee meeting.

On the recommendation of the Remuneration Committee, the Board of Directors decided to slightly **amend the remuneration policy** to be put to the General Meeting of May 4, 2021 to **allocate the same remuneration for remote participation at meetings as for in-person attendance** (instead of half the flat fee for each meeting). Measures introduced to contain the spread of coronavirus curbed in-person attendance at Board and Committee meetings in 2020, with many foreign Directors unable to attend meetings since March 2020. Some meetings were even fully remote to comply with lockdown restrictions and guarantee safety with regard to health. However, the Board notes that members were able to attend meetings using high-quality video-conferencing facilities and take part in discussions, in **qualitative conditions equivalent to in-person meetings.** Subject to approval of the remuneration policy for the Directors by the General Meeting of May 4, 2021, this change will be effective for all **meetings held since September 2020.** 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). Travel expenses are refunded by the Company.

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** assisting the combined executive management functions, 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 specialist 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, 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.**

It is stated that the **Executive Officers do not receive remuneration in respect of their office as Director** or as Chair 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 in agreement with the various stakeholders, the employee Directors do not receive remuneration in respect of their office as Director. Travel expenses are refunded by the Company.

(a) And the working group, if chaired by a member other than an Executive Officer.

DESCRIPTION OF THE STOCK OPTION AND PERFORMANCE SHARE PLANS

1. Allotment policy

The Company attributes annually, in principle, performance shares and/or stock options (hereinafter referred to as "LTIs") 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 7, 2019 for a period of 38 months.

Since 2019, the Board of Directors has decided 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 LTIs and changes to them 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 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 indeed 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, around 34% of the beneficiaries of the Plans dated September 29, 2020 are employees who had not been awarded stock options/performance shares during the last five years.

ALLOTMENTS OF PERFORMANCE SHARES ON SEPTEMBER 29, 2020

Total number of performance shares	**345,923**
% of the share capital	0.07%
Number of grants [(a)]	2,294
% of employees	3.56%

(a) Including 2,107 distinct beneficiaries.

Performance conditions apply to all the performance shares which are awarded to all the beneficiaries. They are described on page 166.

At December 31, 2020, the aggregate total of outstanding performance shares for which the definitive grant date has not yet occurred and the outstanding stock options have not yet been exercised is a number of shares representing 0.78% 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.

Stock options are granted for a minimum 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.

The outstanding stock options thus attributed by the Board of Directors in the context of the authorizations voted by the General Meetings and which have not yet been exercised amounted, after adjustment, to 2,268,200 stock options (at an average price of 76.61 euros) as at December 31, 2020, i.e. 0.48% % of the shares which make up the capital, including 531,349 stock options (at an average price of 77.33 euros) awarded, during their term of office, to the Executive Officer present as at December 31, 2020.

Of the total stock options authorized for issue by the General Meeting of May 7, 2019, there was still a potential attribution of 9,473,214 stock options as at December 31, 2020 (no stock options were attributed in 2019 and 2020, as the Board of Directors decided to only attribute performance shares).

TABLE 8 – SUMMARY OF THE ONGOING STOCK OPTION PLANS IN 2020

	2011	2012	2012	2013	2014	2015	2016	2017	2018	Total
Date of authorization by the EGM	05/05/10	05/05/10	05/05/10	05/07/13	05/07/13	05/07/13	05/12/16	05/12/16	05/12/16	-
Date of Board meeting	10/14/11	05/11/12 (e)	09/27/12	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)	675,680	6,000	704,791	768,866	868,385	467,194	143,240	73,540	73,380	-
Benoît Potier (a)	*88,000*	-	*88,000*	*100,000*	*100,000*	*70,000*	*60,000*	*23,100*	*23,690*	-
Pierre Dufour (a)	*50,000*	-	*50,000*	*57,000*	*57,000*	*39,900*	-	-	-	-
Of which the top ten employee beneficiaries (excluding executive officers)	*172,000*	-	*183,000*	*208,000*	*212,000*	*92,090*	*23,160*	*7,160*	*6,540*	-
Number of grants	578	1	672	727	863	399	243	204	217	-
% of share capital represented by each grant	0.24%	NS	0.23%	0.25%	0.25%	0.14%	0.04%	0.02%	0.02%	-
Rate of achievement of performance conditions (f)	98%	100%	90.50%	94.90%	83.38%	82.50%	82.87%	100%	100%	-
Option exercise period start date	10/14/15	05/11/16	09/27/16	09/26/17	09/22/18	09/28/19	11/29/20	09/20/21	09/25/22	-
Expiration date	10/13/21	05/10/22	09/26/22	09/25/23	09/21/24	09/27/25	11/28/26	09/19/27	09/24/28	-
Subscription price in euros	87.00	97.00	96.61	102.00	97.00	105.00	93.00	104.00	107.00	-
As of 12/31/20, subscription price in euros (b)	57.28	63.87	70.14	74.06	77.67	84.08	76.47	85.52	97.02	-
At 12/31/20, adjusted number of stock options (b)	918,801	8,265	908,817	992,409	1,027,568	568,096	170,958	89,372	80,989	-
At 12/31/20, number of shares subscribed (d)	758,243	8,265	415,219	376,908	244,164	94,406	8,368	-	-	-
Number of stock options cancelled (b)(c)	77,766	-	93,670	61,641	197,457	119,186	34,613	4,800	2,369	-
NUMBER OF STOCK OPTIONS REMAINING (b)	**82,792**	**-**	**399,928**	**553,860**	**585,947**	**354,504**	**127,977**	**84,572**	**78,620***	**2,268,200 ***
						As of % of the share capital				**0.48%**
										473,660,724

(a) Stock options granted (historical data).

(b) Adjusted to take into account share capital increases through free share issues (2019, 2017, 2014, 2012) and the share capital increase in cash on October 11, 2016.

(c) Loss of exercise rights.

(d) Number of shares or stock options (historical data).

(e) Pursuant to a delegation by the Board of Directors on May 9, 2012.

(f) The stock options granted to the Executive Officers depend on performance conditions, the objectives set being made public ex post. For the 2018 plan, the objectives set are described on page 170.

The May 2012 plan, which concerns one employee, is based on an objective of an average gap: ROCE-WACC (weighted average cost of capital over seven years).

* Number of stock options after applying the rate of achievement of the performance conditions recorded by the Board on February 9, 2021 (2018 plan). As of December 31, 2020, the outstanding options which have not yet been exercised amounted to 2,268,200 options; after applying the rate of achievement of the performance conditions, it amounts to 2,268,200 options.

DETAIL OF THE ONGOING OPTION PLANS IN 2020 FOR BENOÎT POTIER

	2011	2012	2013	2014	2015	2016	2017	2018
Number of stock options granted [(a)]	88,000	88,000	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)]	97,024	97,052	110,283	102,700	79,263	66,161	28,092	26,127
Rate of achievement of the performance conditions	98.00%	90.50%	94.90%	83.38%	82.50%	82.87%	100%	100%
Number of stock options after applying the rate of achievement of the performance conditions	**94,986**	**87,832**	**104,659**	**85,631**	**65,391**	**54,827**	**28,092**	**26,127**
Adjustements impact after applying the rate of achievement of the performance conditions	32,766	21,870	26,048	18,501	6,728	5,643	-	-
Adjusted total number of stock options granted after applying the rate of achievement of the performance conditions	127,752	109,702	130,707	104,132	72,119	60,470	28,092	26,127

(a) *Stock options granted (historical data).*

(b) *To take into account, if applicable, capital increase through free share issues (2019, 2017, 2014, 2012) and the capital increase in cash in October 11, 2016.*

N.B.: See on page 169 the adjusted number of stock options remaining to be exercised by the Executive Officer and Director as at December 31, 2020.

2.1. STOCK OPTIONS GRANTED IN 2020

No stock options were attributed in 2020. As in 2019, the Board of Directors' meeting of September 29, 2020 decided to award only performance shares (instead of a mix of stock options and performance shares as before) 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 2020).

2.2. STOCK OPTIONS EXERCISED IN 2020

Part of the stock options granted between 2011 and 2016 by the Board of Directors were exercised during the 2020 fiscal year for a total of 555,210 shares at an average price of 69.01 euros.

TABLE 9.2 – STOCK OPTIONS EXERCISED BY THE 10 EMPLOYEES OF L'AIR LIQUIDE S.A. AND ITS SUBSIDIARIES (EXCLUDING CORPORATE OFFICERS) WHO HAD THE HIGHEST NUMBER OF OPTIONS EXERCISED

Year of grant	Number of options exercised	Average price *(in euros)* [(a)]
10/14/2011	38,822	57.28
09/27/2012	37,111	70.14
09/26/2013	25,802	74.06
09/22/2014	24,804	77.67
09/28/2015	3,194	84.08
TOTAL	**129,733**	**68.85**

(a) *Historical data.*

TABLE 9.3 – STOCK OPTIONS EXERCISED BY THE 10 EMPLOYEES OF L'AIR LIQUIDE S.A. (EXCLUDING CORPORATE OFFICERS) WHO HAD THE HIGHEST NUMBER OF OPTIONS EXERCISED

Grant date	Number of stock	Average price *(in euros)*
10/14/2011	23.826	57.28
09/27/2012	36.873	70.14
09/26/2013	21.706	74.06
09/22/2014	20.684	77.67
11/29/2016	362	76.47
TOTAL	**103,451**	**69.53**

Rate of achievement of the performance conditions for the stock options plan dated September 25, 2018

Based on the financial statements adopted for the 2020 fiscal year subject to the approval of the next General Meeting, the Board of Directors' meeting of February 9, 2021 recorded the rate of achievement of the performance conditions defined at the time of the attribution of the stock option plan dated September 25, 2018. As a result, the total proportion of stock options that may be exercised is 100% (for more details on the achievement of performance conditions, see page 170; the performance conditions are identical to the performance share plans of this same date).

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 more dynamically and to reward performance over the medium term.

The Extraordinary General Meeting of May 7, 2019 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 service required – paragraph a) below, and to the correlative absence of any holding requirement for the "World" Plan – paragraph c) below.

The performance shares are accompanied by:

- a condition of presence during the vesting period: the shares granted to a beneficiary will only be definitively acquired if they continue to be an employee or Executive Officer of a Group company during a vesting period, which is calculated from the attribution date – three years for the beneficiaries of the "France" Plan and four years for the beneficiaries of the "World" Plan. In the event of retirement, the beneficiary retains their 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 requirement: 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 pages 359-360).

The outstanding performance shares attributed by the Board of Directors pursuant to the authorizations voted by the General Meetings, for which the definitive attribution date has not yet occurred, amounted, after adjustment, to 1,423,078 shares as at December 31, 2020, i.e., 0.30% 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 7, 2019 for 38 months, 1,673,208 performance shares remained potentially available for award as at December 31, 2020.

TABLE 10 – SUMMARY OF THE ONGOING PERFORMANCE SHARE PLANS IN 2020

	Performance shares 2015	PPR Plan Performance shares 2015	"Airgas" Plan performance shares 2016	Performance shares 2016	Performance shares 2017	Performance shares 2018	Performance shares 2019	Performance shares 2020	Total
Date of authorization by the EGM	06/05/2015	06/05/2015	12/05/2016	12/05/2016	05/12/2016	05/12/2016	05/07/2019	05/07/2019	
Date of award by the Board meeting	28/09/2015	28/09/2015	29/07/2016	29/11/2016	09/20/2017	09/25/2018	09/30/2019	09/29/2020	
Total number of performance shares awarded (a)	287,172	1,132	75,230	426,346	416,579	393,774	349,173	345,923	
Benoît Potier	*10,000*	-	*20,000*	*17,800*	*17,980*	*18,230*	*18,650*	*17,640*	
Pierre Dufour	*5,700*	-	*10,000*	-	-	-	-	-	
of which the top ten employee beneficiaries (excluding executive officers) receiving the highest number of shares	*36,166*	*1,132*	*22,425*	*63,046*	*71,363*	*69,100*	*57,120*	*54,150*	
Share capital represented by each award	0.08%	0.00%	0.02%	0.11%	0.11%	0.09%	0.07%	0.07%	
Number of grants	1,744	5	89	1,955	1,832	1,734	1,812	2,294	
Performance conditions ("France" and "World" Plans), over a period of three years	■ EPS ■ TSR, including an element of relative comparison	Annual gap between Return on Capital Employed (ROCE) and weighted average cost of capital (WACC)	■ Recurring EPS ■ TSR, including an element of relative comparison	■ Recurring EPS ■ TSR, including an element of relative comparison	■ Recurring EPS ■ TSR, including an element of relative comparison	■ Recurring EPS ■ TSR, including an element of relative comparison	■ ROCE ■ TSR, including an element of relative comparison	■ ROCE ■ TSR, including an element of relative comparison ■ Group's Carbon Intensity	
Number of performance shares cancelled before definitive award	78,256	-	16,467	115,906	31,501	13,059	9,073	-	
Rate of achievement of the performance conditions (b) (d)	82.50%	100%	82.87%	82.87%	100%	100%	To be recorded in 2022	To be recorded in 2023	
"France" Plan									
Definitive award date	28/09/2018	28/09/2018	29/07/2019	29/11/2019	09/20/2020	09/25/2021	09/30/2022	09/29/2023	
End of holding period	28/09/2020	28/09/2020	29/07/2021	29/11/2021	09/20/2022	09/25/2023	09/30/2024	09/29/2025	
Number of performance shares after definitive award	80,660	1,132	47,053	139,848	195,990	409	331	-	
Adjusted number of performance shares after definitive award (c)	91,612	1,270	50,585	170,505	195,990	409	331	-	
Adjusted number of performance shares in acquisition period (c)	**-**	**-**	**-**	**-**	**-**	**178,873**	**153,981**	**142,989**	
"World" Plan									
Definitive award date (no additional holding period)	09/28/2019	-	07/29/2020	11/29/2020	09/20/2021	09/25/2022	09/30/2023	09/29/2024	
Number of performance shares after definitive award	134,270	-	22,658	221,995	-	-	-	-	
Adjusted number of performance shares after definitive award (a)	152,612	-	22,658	221,995	-	-	-	-	
Adjusted number of performance shares in acquisition period (c)	**-**	**-**	**-**	**-**	**279,309**	**242,436**	**222,556**	**202,934**	
ADJUSTED NUMBER OF PERFORMANCE SHARES DEFINITIVELY AWARDED ("FRANCE" AND "WORLD") (c)	**244,224**	**1,270**	**73,243**	**392,500**	**195,990**	**409**	**331**	**-**	
ADJUSTED NUMBER OF PERFORMANCE SHARES IN ACQUISITION PERIOD ("FRANCE" AND "WORLD") (c)	**-**	**-**	**-**	**-**	**279,309**	**421,309**	**376,537**	**345,923**	**1,423,078***

(a) Number of performance shares expressed in historical data.

(b) The objectives set are made public ex post. For the 2018 plans, the objectives set are described page 170.

(c) Adjusted to take into account share capital increases through free share issues (2019, 2017) and the share capital increase in cash on October 11, 2016.

(d) The number of performance shares definitively awarded depends upon rate of achievement of the perfomance conditions which ranges from 0% to 100%. If the objective set is achieved or exceed, the award is 100% (no additional award in the event of an overperformance).

* *Number of performance shares after applying the rate of achievement of the performance conditions recorded by the Board on February 9, 2021 (2018 plans). As of December 31, 2020 the outstanding performance shares which have not yet been definitively awarded amounted to 1,423,078 shares; after applying the rate of achievement of the performance conditions, it amounts to 1,423,078 shares.*

Transactions involving Company shares performed by Executive Officers in accordance with article L. 621-18-2 of the French Monetary and Financial Code

DETAIL OF THE PERFORMANCE SHARE PLANS UNDERWAY IN 2020 FOR BENOÎT POTIER

	Performance shares 2015	"Airgas" Plan performance shares 2016	Performance shares 2016	Performance shares 2017	Performance shares 2018	Performance shares 2019	Performance shares 2020
Number of performance shares awarded [(a)]	10,000	20,000	17,800	17,980	18,230	18,650	17,640
Adjusted number of perfomance shares awarded, before applying the rate of achievement of the performance conditions [(b)]	11,324	24,977	21,299	21,864	20,106	20,569	17,640
Rate of achievement of performance conditions	82.50%	82.87%	82.87%	100%	100%	To be recorded in February 2022	To be recorded in February 2023
Adjusted number of perfomance shares on the definitive award date	9,342	20,698	17,937	21,864	20,106 [(c)]	-	-

(a) Number of shares (historical data).
(b) In order to take into account share capital increases through free share issues (2019, 2017) and the share capital increase in cash on October 11, 2016.
(c) Subject to definitive award on September 25, 2021.

3.2. PERFORMANCE SHARE PLANS DATED SEPTEMBER 29, 2020

Pursuant to the authorization of the Combined General Meeting of May 7, 2019, in connection with the "France" and "World" Plans dated September 29, 2020, the Board of Directors made a conditional allocation of a total of 345,923 shares representing 0.07% of the share capital in terms of the number of shares to 2,107 distinct beneficiaries (142,989 shares allocated to the beneficiaries of the "France" Plan and 202,934 shares allocated to the beneficiaries of the "World" Plan).

The IFRS individual fair value for these performance shares amounts to 127.53 euros for the "France" Plan and to 123.02 euros for the "World" Plan (see details of this IFRS value in Note 21.3 "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 29, 2023 for the "France" Plan (but cannot be sold until September 29, 2025) and on September 29, 2024 for the "World" Plan.

For this award, the Board adopted performance conditions calculated over three fiscal years (for a full description, see page 166).

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 2022 fiscal year.

SEPTEMBER 29, 2020 PERFORMANCE SHARES PLANS – DISTRIBUTION BETWEEN THE VARIOUS CATEGORIES OF BENEFICIARIES

	Number of beneficiaries	Number of shares
Executive Officers of L'Air Liquide S.A.	1	17,640
Senior executives (who are not corporate officers of L'Air Liquide S.A.), managers and special contributors	134	128,452
Other employees, new beneficiaries	1,972	199,831

SEPTEMBER 29, 2020 PERFORMANCE SHARES PLAN – SHARES ALLOCATED TO THE 10 EMPLOYEES (EXCLUDING EXECUTIVE 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.	35,880
For L'Air Liquide S.A. and its subsidiaries	54,150

3.3. RATE OF ACHIEVEMENT OF THE PERFORMANCE CONDITIONS FOR THE AWARD OF SEPTEMBER 25, 2018

Based on the financial statements adopted for the 2020 fiscal year, subject to the approval of the next General Meeting, the Board of Directors' meeting of February 9, 2021 recorded the rate of achievement of the performance conditions defined at the time of the award of the performance share plans dated September 25, 2018. Consequently, the total proportion of shares subject to conditions which are fully vested for the beneficiaries is 100% (for more details, see page 170).

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 54,6 million euros for 2019 performance. This year these schemes cover over 99% of employees in France.

Under the main Company Savings Plans, Group employees in France can make payments to dedicated and diversified investment funds, managed by equal-representation supervisory boards, on a voluntary basis or based on profit-sharing, incentives and, where applicable, contributions, and thus benefit from the preferential tax regime applicable in consideration for locking-in their assets over a period of five years.

In 2020, L'Air Liquide S.A. paid 7.63 million euros to 1,166 beneficiaries in respect of profit-sharing and incentives. Company contributions to the Company Savings Plan are negotiated every year and amounted to nearly 1.01 million euros in 2020. These payments correspond to an average amount of 6,545 euros per employee excluding employer contribution.

In 2020, L'Air Liquide S.A. employees invested 90.1% of their profit-sharing and incentives in savings plans, respectively in bond-weighted assets (20%) and equity-weighted assets (80%).

A total of 42% of employee savings was invested in corporate mutual fund holding only Air Liquide shares instead of 37% last year.

2. Employee share ownership

The Group is keen to involve its employees in its development. These employees share ownership transactions contribute significantly to increasing employee motivation and 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 2018, resulted in the subscription of 1,049,529 shares by 19,078 Group employees, representing 29.4% of the eligible employees in 72 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 2020, the share of capital held by Group employees and former employees was estimated at 2.5%, of which 1.7% corresponds (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 40% 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.

TRANSACTIONS INVOLVING COMPANY SHARES PERFORMED BY EXECUTIVE OFFICERS IN ACCORDANCE WITH ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE

In 2020, the following transactions involving Company shares were performed by Executive Officers and members of Executive Management, pursuant to article L. 621-18-2 of the French Monetary and Financial Code:

Average price	**Nature of the transactions**	**Date of transaction**	**Average price** *(in euros)*
Benoît Potier	Definitive free share award of 20,698 shares of L'Air Liquide S.A.	February 12, 2020	
Pierre Dufour	Exercise of 29,109 options of L'Air Liquide S.A.	February 14, 2020	84.08
Pierre Dufour	Sale of 29,109 shares of L'Air Liquide S.A.	February 14, 2020	138.87
Diane Chayer	Sale of 1,058 shares of L'Air Liquide S.A.	February 14, 2020	138.93
Brian Gilvary	Purchase of 512 shares of L'Air Liquide S.A.	February 18, 2020	139.32
Pierre Dufour	Exercise of 12,000 options of L'Air Liquide S.A.	February 21, 2020	84.08
Anette Bronder	Purchase of 500 shares of L'Air Liquide S.A.	April 22, 2020	116,45
Kim Ann Mink	Purchase of 500 shares of L'Air Liquide S.A.	April 22, 2020	117,30
Benoît Potier	Exercise of 97,752 options of L'Air Liquide S.A.	April 27, 2020	57.28
Xavier Huillard	Donation of 13.220 shares of L'Air Liquide S.A.	June 16, 2020	74.10
Xavier Huillard	Purchase of 500 shares of L'Air Liquide S.A.	September 18, 2020	141.10
Benoît Potier	Definitive free share award of 21.864 shares of L'Air Liquide S.A.	September 21, 2020	
Fabienne Lecorvaisier	Definitive free share award of 11.918shares of L'Air Liquide S.A.	September 21, 2020	
Xavier Huillard	Purchase of 500 shares of L'Air Liquide S.A.	December 2, 2020	136,43
Fabienne Lecorvaisier	Sale of 146 shares of L'Air Liquide S.A.	December 8, 2020	135.20
Fabienne Lecorvaisier	Exercise of 319 options of L'Air Liquide S.A.	December 14, 2020	57.28
Fabienne Lecorvaisier	Exercise of 744 options of L'Air Liquide S.A.	December 17, 2020	57.28
Fabienne Lecorvaisier	Exercise of 3,301 options of L'Air Liquide S.A.	December 18, 2020	57.28
Fabienne Lecorvaisier	Sale of 3,301 shares of L'Air Liquide S.A.	December 18, 2020	134.60

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. Board of Directors' powers

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 General Meeting of May 5, 2020 (14th resolution) to increase the share capital through capitalization of additional paid-in capital, reserves, profits or any other amounts;
- the delegation of authority granted to the Board of Directors by the General Meeting of May 7, 2019 (11th resolution) to increase the share capital via the issuance of ordinary shares or marketable securities; which would replace it subject to the Approval of the General Meeting of May 4, 2021.

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 198 of this Universal Registration Document.

2. Agreements 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 118,6 million euros equivalent [a]);
- bond issued in October 2012 maturing in October 2021 (500 million euros);
- bond issued in March 2013 maturing in September 2023 (300 million euros);
- 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 (500 million euros);
- private placement issued in September 2014 maturing in September 2022 (130 million swiss francs, or 120.3 million euros equivalent [a]);
- bond issued in January 2015 maturing in January 2022 (500 million renminbis, or 62.3 million euros equivalent [a]);
- bond issued in June 2015 maturing in June 2025 (500 million euros);
- bond issued in April 2016 maturing in April 2022 (300 million euros);
- bonds issued in June 2016 maturing in June 2022 (500 million euros), maturing in June 2024 (500 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 (500 million euros), maturing in April 2030 (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 2022 (400 million US dollars, or 326.0 million euros equivalent [a]), September 2024 (200 million US dollars, or 163.0 million euros equivalent [a]) and September 2027 (100 million US dollars, or 81.5 million euros equivalent [a]);
- US public bond (144a format) issued in September 2016 maturing in September 2021 (1,000 million US dollars, or 814.9 million euros equivalent [a]), maturing in September 2023 (750 million US dollars, or 611.2 million euros equivalent [a]), maturing in September 2026 (1,250 million US dollars, or 1,018.7 million euros equivalent [a]) and maturing in September 2046 (750 million US dollars, or 611.2 million euros equivalent [a]);
- US public bond (144a format) issued in September 2019 maturing in September 2029 (500 million US dollars, or 407.5 million euros equivalent [a].

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.

(a) Closing rate as of December 31, 2020 as follow 1 EUR = 126.49 JPY, 1 EUR = 1.2271 USD, 1 EUR = 8.0225 CNY et 1 EUR = 1.0802 CHF.

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 176 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	2019	2020
Revenue	**(3)**	**21,920.1**	**20,485.2**
Other income	(4)	200.9	216.1
Purchases	(4)	(8,153.9)	(7,197.7)
Personnel expenses	(4)	(4,410.9)	(4,239.8)
Other expenses	(4)	(3,624.7)	(3,336.3)
Operating income recurring before depreciation and amortization		**5,931.5**	**5,927.5**
Depreciation and amortization expense	(4)	(2,137.7)	(2,137.9)
Operating income recurring		**3,793.8**	**3,789.6**
Other non-recurring operating income	(5)	1.5	481.2
Other non-recurring operating expenses	(5)	(189.0)	(620.7)
Operating income		**3,606.3**	**3,650.1**
Net finance costs	(6)	(361.6)	(352.8)
Other financial income	(6)	8.4	6.9
Other financial expenses	(6)	(114.5)	(94.0)
Income taxes	(7)	(801.7)	(678.2)
Share of profit of associates	(14)	0.7	(4.0)
PROFIT FOR THE PERIOD		**2,337.6**	**2,528.0**
■ Minority interests		96.1	92.9
■ Net profit (Group share)		2,241.5	2,435.1
Basic earnings per share *(in euros)*	**(8)**	**4.76**	**5.16**
Diluted earnings per share *(in euros)*	**(8)**	**4.73**	**5.14**

Accounting principles and notes to the financial statements begin on page 215.

Statement of net income and gains and losses recognized directly in equity

For the year ended December 31

(in millions of euros)	2019	2020
Profit for the period	**2,337.6**	**2,528.0**
Items recognized in equity		
Change in fair value of financial instruments	(10.6)	(2.9)
Change in foreign currency translation reserve	315.8	(1,474.9)
Items that may be subsequently reclassified to profit	**305.2**	**(1,477.8)**
Actuarial gains / (losses)	(120.1)	(12.6)
Items that may not be subsequently reclassified to profit	**(120.1)**	**(12.6)**
Items recognized in equity, net of taxes	**185.1**	**(1,490.4)**
Net income and gains and losses recognized directly in equity	**2,522.7**	**1,037.6**
■ Attributable to minority interests	105.7	66.8
■ Attributable to equity holders of the parent	2,417.0	970.8

Consolidated balance sheet

For the year ended December 31

ASSETS *(in millions of euros)*	Notes	2019	2020
Goodwill	(10)	13,943.0	13,087.4
Other intangible assets	(11)	1,555.0	1,397.8
Property, plant and equipment	(12)	21,117.8	20,002.9
Non-current assets		**36,615.8**	**34,488.1**
Non-current financial assets	(13)	646.0	602.5
Investments in associates	(14)	154.4	160.9
Deferred tax assets	(15)	256.6	268.4
Fair value of non-current derivatives (assets)	(25)	26.3	90.9
Other non-current assets		**1,083.3**	**1,122.7**
TOTAL NON-CURRENT ASSETS		**37,699.1**	**35,610.8**
Inventories and work-in-progress	(16)	1,531.5	1,405.9
Trade receivables	(17)	2,477.9	2,205.8
Other current assets	(19)	803.0	737.7
Current tax assets		98.0	90.4
Fair value of current derivatives (assets)	(25)	31.3	44.1
Cash and cash equivalents	(20)	1,025.7	1,791.4
TOTAL CURRENT ASSETS		**5,967.4**	**6,275.3**
ASSETS HELD FOR SALE		**-**	**91.0**
TOTAL ASSETS		**43,666.5**	**41,977.1**

EQUITY AND LIABILITIES *(in millions of euros)*	Notes	2019	2020
Share capital		2,602.1	2,605.1
Additional paid-in capital		2,572.9	2,608.1
Retained earnings		11,582.7	11,033.8
Treasury shares		(128.8)	(139.8)
Net profit (Group share)		2,241.5	2,435.1
Shareholders' equity		**18,870.4**	**18,542.3**
Minority interests		**454.0**	**462.3**
TOTAL EQUITY (a)	**(21)**	**19,324.4**	**19,004.6**
Provisions, pensions and other employee benefits	(22, 23)	2,521.2	2,418.3
Deferred tax liabilities	(15)	2,051.9	1,871.5
Non-current borrowings	(24)	11,567.2	10,220.2
Non-current lease liabilities	(12)	1,087.8	969.4
Other non-current liabilities	(26)	261.6	206.5
Fair value of non-current derivatives (liabilities)	(25)	45.8	11.5
TOTAL NON-CURRENT LIABILITIES		**17,535.5**	**15,697.4**
Provisions, pensions and other employee benefits	(22, 23)	268.4	316.1
Trade payables	(27)	2,566.6	2,437.9
Other current liabilities	(26)	1,629.0	1,809.2
Current tax payables		200.1	215.2
Current borrowings	(24)	1,831.8	2,180.5
Current lease liabilities	(12)	243.6	218.2
Fair value of current derivatives (liabilities)	(25)	67.1	59.0
TOTAL CURRENT LIABILITIES		**6,806.6**	**7,236.1**
LIABILITIES HELD FOR SALE		**-**	**39.0**
TOTAL EQUITY AND LIABILITIES		**43,666.5**	**41,977.1**

(a) A breakdown of changes in shareholders' equity and minority interests is presented on pages 213 and 214.

Consolidated cash flow statement

For the year ended December 31

(in millions of euros)	Notes	2019	2020
Operating activities			
Net profit (Group share)		**2,241.5**	**2,435.1**
Minority interests		**96.1**	**92.9**
Adjustments:			
■ Depreciation and amortization	(4)	2,137.7	2,137.9
■ Changes in deferred taxes [(a)]		67.9	(68.4)
■ Changes in provisions		(106.0)	411.8
■ Share of profit of associates	(14)	(0.7)	4.0
■ Profit/loss on disposal of assets		35.1	(454.7)
■ Net finance costs		249.2	249.0
■ Other non cash items		138.6	124.8
Cash flows from operating activities before changes in net working capital [(b)]		**4,859.4**	**4,932.4**
Changes in working capital	(18)	(36.7)	364.3
Other cash items		(110.5)	(91.0)
Net cash flows from operating activities		**4,712.2**	**5,205.7**
Investing activities			
Purchase of property, plant and equipment and intangible assets	(11, 12)	(2,636.4)	(2,630.2)
Acquisition of consolidated companies and financial assets		(536.9)	(129.1)
Proceeds from sale of property, plant and equipment and intangible assets [(c)]		584.0	81.3
Proceeds from the sale of activities, net of net debt sold, and of financial assets [(c)]		0.4	718.8
Dividends received from equity affiliates		4.1	4.6
Net cash flows used in investing activities		**(2,584.8)**	**(1,954.6)**
Financing activities			
Dividends paid [(d)]			
■ L'Air Liquide S.A.		(1,163.0)	(1,307.9)
■ Minority interests		(73.7)	(78.6)
Proceeds from issues of share capital [(d)]		39.2	43.7
Purchase of treasury shares [(d)]		(148.1)	(49.9)
Net financial interests paid		(225.4)	(255.1)
Increase (decrease) in borrowings		(891.0)	(482.0)
Lease liabilities repayments		(248.0)	(245.2)
Net interests paid on lease liabilities		(38.9)	(36.6)
Transactions with minority shareholders		(31.3)	(16.0)
Net cash flows from (used in) financing activities		**(2,780.2)**	**(2,427.6)**
Effect of exchange rate changes and change in scope of consolidation		0.7	(1.4)
Net increase (decrease) in net cash and cash equivalents		**(652.1)**	**822.1**
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**1,548.6**	**896.5**
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**896.5**	**1,718.6**

(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 and of interests paid on lease liabilities and after payment of income taxes.

(c) From the end of 2020 onwards, proceeds from activities are reported in the line proceeds from the sale of activities, net of net debt sold, and of financial assets while they were presented within the proceeds from sale of property, plant and equipment and intangible assets in 2019. These two lines would have respectively amounted to 46.8 million euros and 537.6 million euros if this adjustement had been applied as of December 31, 2019.

(d) A breakdown of dividends paid, share capital increases and treasury share purchases is provided on pages 213 and 214.

The analysis of net cash and cash equivalents at the end of the period is as follows:

(in millions of euros)	Notes	2019	2020
Cash and cash equivalents	(20)	1,025.7	1,791.4
Bank overdrafts (included in current borrowings)		(129.2)	(72.8)
NET CASH AND CASH EQUIVALENTS		**896.5**	**1,718.6**

Consolidated statement of changes in equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2020 TO DECEMBER 31, 2020

(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, 2020		**2,602.1**	**2,572.9**	**14,534.9**	**(269.1)**	**(441.6)**	**(128.8)**	**18,870.4**	**454.0**	**19,324.4**
Profit for the period				**2,435.1**				**2,435.1**	**92.9**	**2,528.0**
Items recognized directly in equity				(12.2)	(2.9)	(1,449.2)		(1,464.3)	(26.1)	(1,490.4)
Net income and gains and losses recognized directly in equity [(a)]				**2,422.9**	**(2.9)**	**(1,449.2)**		**970.8**	**66.8**	**1,037.6**
Increase (decrease) in share capital		3.0	35.2					38.2	5.4	43.6
Distribution	(9)			(1,309.6)				(1,309.6)	(78.6)	(1,388.2)
Purchases/Disposals of treasury shares [(c)]							(49.9)	(49.9)		(49.9)
Share-based payments				(0.4)			38.9	38.5		38.5
Transactions with minority shareholders recognized directly in equity				(11.3)				(11.3)	(5.5)	(16.8)
Others [(e)]				7.4		(12.2)		(4.8)	20.2	15.4
EQUITY AND MINORITY INTERESTS AS OF DECEMBER 31, 2020		**2,605.1** [(b)]	**2,608.1** [(d)]	**15,643.9**	**(272.0)**	**(1,903.0)**	**(139.8)** [(c)]	**18,542.3**	**462.3**	**19,004.6**

(a) *The statement of net income and gains and losses recognized directly in equity is presented on page 210.*

(b) *Share capital as of December 31, 2020 was made up of 473,660,724 shares at a par value of 5.50 euros. During the fiscal year, share capital was increased by the creation of 555,210 shares in cash with a par value of 5.50 euros resulting from the exercise of options.*

(c) *The number of treasury shares as of December 31, 2020 totaled 1,525,395 (including 1,289,830 held by L'Air Liquide S.A.). During the fiscal year, movements affecting treasury shares were mainly as follows:*
- *acquisitions, net of disposals, of 371,000 shares;*
- *allocation of 461,272 shares as part of performance shares.*

(d) *During the fiscal year, additional paid-in capital was increased by the amount of share premiums relating to the capital increases in the amount of 35.2 million euros.*

(e) *Including the effects of hyperinflation in Argentina.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2019 TO DECEMBER 31, 2019

(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, 2019	**2,361.8**	**2,884.5**	**13,664.1**	**(258.5)**	**(747.8)**	**(121.0)**	**17,783.1**	**424.3**	**18,207.4**
Profit for the period			**2,241.5**				**2,241.5**	**96.1**	**2,337.6**
Items recognized directly in equity			(120.1)	(10.6)	306.2		175.5	9.6	185.1
Net income and gains and losses recognized directly in equity (a)			**2,121.4**	**(10.6)**	**306.2**		**2,417.0**	**105.7**	**2,522.7**
Increase (decrease) in share capital	2.9	34.5					37.4	1.8	39.2
Free share attribution	242.6	(242.6)					-		-
Distribution			(1,163.8)				(1,163.8)	(73.7)	(1,237.5)
Cancelation of treasury share	(5.2)	(103.5)				108.7	-		-
Purchases/Disposals of treasury shares						(147.9)	(147.9)		(147.9)
Share-based payments			8.8			31.4	40.2		40.2
Transactions with minority shareholders recognized directly in equity			7.3				7.3	(4.0)	3.3
Others (b)			(102.9)				(102.9)	(0.1)	(103.0)
EQUITY AND MINORITY INTERESTS AS OF DECEMBER 31, 2019	**2,602.1**	**2,572.9**	**14,534.9**	**(269.1)**	**(441.6)**	**(128.8)**	**18,870.4**	**454.0**	**19,324.4**

(a) The statement of net income and gains and losses recognized directly in equity is presented on page 210.
(b) Including the effects of the 1st application of IFRIC23 and of hyperinflation in Argentina.

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, 2020 have been prepared in accordance with IFRS (International Financial Reporting Standards), as endorsed by the European Union as of December 31, 2020, and with IFRSs without use of the carve-out option, as published by the IASB (International Accounting Standards Board). The IFRS standards and interpretations as adopted by the European Union are available at the following website:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en

Except for amendments "Interest Rate Benchmark Reform – phase 2" (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16), 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, 2020.

The financial statements are presented in millions of euros. They were approved by the Board of Directors on February 9, 2021. They will be submitted for approval to the Shareholders' Meeting on May 4, 2021.

NEW IFRS AND INTERPRETATIONS

1. Standards, interpretations and amendments endorsed by the European Union whose application is mandatory as of January 1, 2020

The following texts have no material impact on the Group financial statements:

- amendments to IAS 1 and IAS 8 "Definition of Material", issued on October 31, 2018;
- amendments to References to the Conceptual Framework in IFRS Standards, issued on March 29, 2018;
- amendments to IFRS 3 "Business Combinations", issued on October 22, 2018.

2. Standards, interpretations and amendments endorsed by the European Union whose application is optional in 2020

The Group has opted for early application of amendments "Interest Rate Benchmark Reform – phase 2" (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16), issued on August 27, 2020.

The Group did not apply the amendment to IFRS 16 "Covid-19 – Related Rent Concessions", issued on May 28, 2020 and of which the implementation is optional.

In addition, the following texts are not applicable to the Group:

- amendments to IFRS 4 "Insurance Contracts – deferral of IFRS 19", issued on June 25, 2020.

3. Standards, interpretations and amendments not yet endorsed by the European Union

The impacts on the financial statements of texts published by the IASB as of December 31, 2020 and not yet endorsed by the European Union are currently being analyzed. These texts are as follows:

- amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date", issued on January 23, 2020 and July 15, 2020 respectively;
- amendments to IFRS 3 "Business Combinations", to IAS 16 "Property, Plant and Equipment", to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", and the annual Improvements 2018-2020, issued on May 14, 2020.

In addition, the following texts are not applicable to the Group:

- IFRS 17 "Insurance contracts", issued on May 18, 2017.

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 11.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;
- the risk assessment to determine the amount of provisions for contingencies and losses;
- 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.

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 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.

e. Inter-company transactions

All inter-company receivables and payables, income and expenses and profits or losses are eliminated.

2. 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.

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.

Since July 1, 2018, Argentina appears among hyperinflationary countries. The impacts of hyperinflation of this country for 2020 financial year are not significant for the Group.

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 Industry

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 Industry 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 Industry business do not contain leases.

Customers of the Large Industry 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 Industry 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 associates, 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

Business combinations as of January 1, 2010

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 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 cash-generating units 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.

Business combinations prior to January 1, 2010

Business combinations achieved prior to January 1, 2010 have been accounted for in accordance with the former versions of IFRS 3 and IAS 27. These standards had already adopted the acquisition method in the version published by the IASB in March 2004. The main provisions that differed from the revised standards are as follows:

- minority interests were measured based on their share of the net identifiable assets of the acquiree and the fair value measurement option did not exist;
- earn-outs were included in the acquisition cost, without time limits, when the payment was deemed probable and the amount could be reliably measured;
- acquisition-related costs were recorded in the cost of the business combination.

For an acquisition achieved in stages, the fair value remeasurement of any previously held net asset was recognized in equity.

For an acquisition of minority interests in a previously held company, the difference between the acquisition cost and the net carrying amount of the minority interests was recorded in goodwill.

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 activity 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 to determine if the goodwill is subject to impairment. 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).

For other cash-generating units or groups of cash-generating units, and assets whose value is tested on an individual basis, the Group determines the recoverable amount using the estimated cash flow approach (value in use).

The market multiples used are determined based on the market value of the Air Liquide Group. The differences between the resulting multiples and those of comparable companies are not material.

The growth rates, taken into account with respect to the cash flow estimates for cash-generating units or groups of cash-generating units, are determined based on the activity and geographical location of the CGU considered.

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 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).

6. FINANCIAL INSTRUMENTS

a. Non-current financial instruments

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.

Loans and other financial assets

Loans and other financial assets are initially recognized at their fair value and subsequently carried at amortized cost. Impairment tests are performed at each closing date. Any impairment losses are recognized immediately in the income statement.

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 in 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 do not present a material risk of a 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 (see section 10 "Minority Interests"), 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.

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. INVENTORIES AND WORK-IN-PROGRESS

Inventories are measured at the lower of cost or net realizable value. Cost includes raw materials, direct and indirect labor costs and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

9. 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.

10. MINORITY INTERESTS

Transactions with minority interests, without impact on the control, are considered as transactions with the Group's shareholders and are registered in shareholders' equity.

In accordance with IAS 32, 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.

11. 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 necessitate 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";
- 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 financial 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".

12. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

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.

13. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities arise from past events, the outcome of which depends on future uncertain events.

Contingent liabilities represent:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the control of the entity; or,
- present obligations that arise from past events, but that are not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and liabilities that are material are disclosed in the notes to the consolidated financial statements, except for contingent liabilities assumed in a business combination, which are recognized in accordance with IFRS 3 revised.

14. 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 coherent with such substance.

15. 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.

For employee savings plans, the capital increases reserved for employees and performed under conditions that differ from market conditions result in the recognition of an expense. This expense corresponds to the contribution paid by the entity and the discount on the share price less the cost of non-transferability for the employees.

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.

16. 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. 2012-03. 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.

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 activity is 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 recurring operating income.

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, minus the fair value of hedging derivative assets to cover borrowings;

reduced by:

- cash and cash equivalents, as defined in section 6.c of accounting policies, minus the fair value of hedging derivative instruments recorded in liabilities to cover loans.

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.

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, 2020

Note 1 Impacts of health crisis on the financial statements

On January 30, 2020, the World Health Organization declared a worldwide health emergency due to the propagation of the Covid-19 virus and designated it as a pandemic on March 11, 2020. Consequently, governments from all over the world have been forced to adopt social and economic restrictive measures in order to limit the spread of the virus.

These measures have significantly affected the worldwide economy. In this context, Air Liquide Group has assessed the consequences of the pandemic in its financial statements and has reported the impact on the evolution of its activities (upwards or downwards) as well as inefficiencies caused by the health crisis in each line within operating income recurring.

Nevertheless, in order to ensure the continuity of its accounting methods and the presentation of its Consolidated Income Statement, Air Liquide has decided to report some expenses related to the Covid-19 outbreak in «Other non-recurring operating expenses». The criterias to be met are the following:

- direct or incremental expenses linked to the pandemic and pertaining to specific and limited natures of cost;
- expenses related to recurring activity and operations of the Group should remain within "Operating income recurring" even if they have been adversely impacted by the crisis.

The impact of these costs on the Group Financial Statements amounts to 65.2 million euros (before taxes) and is reported in «Other non-recurring operating expenses».

Given the current environment:

- Air Liquide has not identified any signs of impairment directly resulting from the current health crisis;
- in addition, as part of the preparation of its medium-term plan, the Group has carried out a strategic review of its activities and its assets portfolio, taking into account the impacts of the health crisis on specific markets. The impairment losses resulting from this strategic review have been taken into account in the financial statements as of December 31, 2020;
- Air Liquide has reviewed indicators of impairment of trade receivables and has not identified any item that could justify a significant increase in credit losses. The expected credit risk assessment has however been adjusted to reflect the increased risk of bankruptcies;
- Air Liquide has reviewed the impact of the pandemic on its cash position (presented in note 20) and has not identified any impact on the Group liquidity position.

Note 2 Segment information

2.1. INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

	Gas & Services								
(in millions of euros)	Europe	Americas	Asia Pacific	Middle East & Africa	Sub-total	Engineering & Construction	Global Markets & Technologies	Reconciliation	Total
Revenue	**6,825.8**	**7,798.9**	**4,467.4**	**563.4**	**19,655.5**	**250.3**	**579.4**		**20,485.2**
Inter-segment revenue						*386.0*	*460.4*	*(846.4)*	
Operating income recurring	**1,405.0**	**1,530.4**	**985.0**	**95.4**	**4,015.8**	**12.8**	**78.0**	**(317.0)**	**3,789.6**
incl. depreciation and amortization	*(657.4)*	*(867.9)*	*(420.7)*	*(73.8)*	*(2,019.8)*	*(25.7)*	*(54.1)*	*(38.3)*	*(2,137.9)*
Other non-recurring operating income									481.2
Other non-recurring operating expenses									(620.7)
Net finance costs									(352.8)
Other financial income									6.9
Other financial expenses									(94.0)
Income taxes									(678.2)
Share of profit of associates									(4.0)
Profit for the period									**2,528.0**
Purchase of intangible assets and property, plant and equipment	(875.9)	(935.2)	(581.9)	(54.5)	(2,447.5)	(10.1)	(191.6)	19.0	(2,630.2)

2.2. INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

	Gas & Services								
(in millions of euros)	Europe	Americas	Asia Pacific	Middle East & Africa	Sub-total	Engineering & Construction	Global Markets & Technologies	Reconciliation	Total
Revenue	**7,172.3**	**8,460.5**	**4,793.7**	**613.5**	**21,040.0**	**328.1**	**552.0**		**21,920.1**
Inter-segment revenue						*380.7*	*454.4*	*(835.6)*	
Operating income recurring	**1,431.4**	**1,536.6**	**950.8**	**109.5**	**4,028.3**	**8.9**	**67.2**	**(310.6)**	**3,793.8**
incl. depreciation and amortization	*(645.6)*	*(876.0)*	*(436.2)*	*(72.1)*	*(2,029.9)*	*(26.4)*	*(46.5)*	*(34.9)*	*(2,137.7)*
Other non-recurring operating income									1.5
Other non-recurring operating expenses									(189.0)
Net finance costs									(361.6)
Other financial income									8.4
Other financial expenses									(114.5)
Income taxes									(801.7)
Share of profit of associates									0.7
Profit for the period									**2,337.6**
Purchase of intangible assets and property, plant and equipment	(815.3)	(945.7)	(588.1)	(61.6)	(2,410.7)	(8.6)	(191.4)	(25.7)	(2,636.4)

2.3. BALANCE SHEET AS OF DECEMBER 31, 2020

(in millions of euros)	Gas & Services					Engineering & Construction	Global Markets & Technologies	Reconciliation	Total
	Europe	Americas	Asia Pacific	Middle East & Africa	Sub-total				
Segment assets	**10,465.5**	**18,373.4**	**6,768.5**	**1,319.3**	**36,926.7**	**675.5**	**1,480.4**	**357.4**	**39,440.0**
Goodwill	3,034.7	8,262.1	1,349.6	92.8	12,739.2	217.4	130.8		13,087.4
Intangible assets and property, plant and equipment, net	5,793.1	9,065.8	4,342.4	957.1	20,158.4	218.8	772.4	251.1	21,400.7
Other segment assets	1,637.5	1,045.6	1,076.5	269.5	4,029.1	239.3	577.2	106.3	4,951.9
Non-segment assets									2,446.1
Assets held for sale									91.0
Total assets									**41,977.1**
Segment liabilities	**2,627.3**	**1,571.1**	**934.9**	**210.3**	**5,343.6**	**975.3**	**399.9**	**469.3**	**7,188.1**
Non-segment liabilities									15,745.4
Equity including minority interests									19,004.6
Liabilities held for sale									39.0
Total equity and liabilities									**41,977.1**

2.4. BALANCE SHEET AS OF DECEMBER 31, 2019

(in millions of euros)	Gas & Services					Engineering & Construction	Global Markets & Technologies	Reconciliation	Total
	Europe	Americas	Asia Pacific	Middle East & Africa	Sub-total				
Segment assets	**10,614.7**	**20,327.7**	**6,963.1**	**1,607.7**	**39,513.2**	**697.8**	**1,479.7**	**383.5**	**42,074.2**
Goodwill	3,087.1	8,993.3	1,397.3	101.7	13,579.4	237.0	126.6		13,943.0
Intangible assets and property, plant and equipment, net	5,788.8	10,036.6	4,408.9	1,174.4	21,408.7	258.1	748.2	257.8	22,672.8
Other segment assets	1,738.8	1,297.8	1,156.9	331.6	4,525.1	202.7	604.9	125.7	5,458.4
Non-segment assets									1,592.3
Total assets									**43,666.5**
Segment liabilities	**2,432.1**	**1,631.1**	**995.0**	**221.3**	**5,279.5**	**759.3**	**373.4**	**834.5**	**7,246.7**
Non-segment liabilities									17,095.4
Equity including minority interests									19,324.4
Total equity and liabilities									**43,666.5**

The Research and Development and Holdings activities (corporate) are presented in the “Reconciliation” column. Operating income recurring of the Engineering & Construction activity includes financial income generated from advances received from customers. It is included in net finance costs in the consolidated income statement. The adjustment arising from the presentation difference is included in the “Reconciliation” column.

2.5. OTHER INFORMATION ON GEOGRAPHICAL AREAS

2020 *(in millions of euros)*	France	Europe excl. France	United States	Americas excl. United States	Asia Pacific	Middle East & Africa	Total
Revenue	2,740.5	4,701.3	6,749.1	1,158.7	4,569.0	566.6	20,485.2
Non-current assets [(a)]	2,683.3	7,161.7	16,084.8	1,680.3	5,830.7	1,208.2	34,649.0
incl. Investments in associates	*2.3*	*27.6*	*5.2*	*-*	*29.9*	*95.9*	*160.9*

(a) Excluding non-current financial assets, deferred taxes and non-current derivative assets.

2019 *(in millions of euros)*	France	Europe excl. France	United States	Americas excl. United States	Asia Pacific	Middle East and Africa	Total
Revenue	2,734.8	5,048.6	7,287.0	1,284.3	4,948.1	617.3	21,920.1
Non-current assets [(a)]	2,725.6	7,197.0	17,460.6	1,994.7	5,937.1	1,455.2	36,770.2
incl. Investments in associates	*3.5*	*28.0*	*8.5*	*-*	*18.8*	*95.6*	*154.4*

(a) Excluding non-current financial assets, deferred taxes and non-current derivative assets.

Due to the substantial number of customers served by the Group (almost two million worldwide), to their significant diversity in multiple sectors and to their wide geographical dispersion, the Group's main customer represents only 1.4% of Air Liquide's revenue.

Note 3 Revenue

In 2020, consolidated revenue amounted to 20,485.2 million euros, down -6.5% compared to 2019. Revenue was down -4.5% after adjusting for the cumulative impact of foreign exchange fluctuations. The foreign exchange fluctuations essentially stemmed from the depreciation of the US dollar and to a lesser extent of the Brazilian real and Argentinian peso against the Euro.

3.1. REVENUE BY GEOGRAPHY AND BUSINESS LINE FOR THE YEAR ENDED DECEMBER 31, 2020

(in millions of euros)	Europe	Americas	Asia Pacific	Middle East & Africa	Total
Industrial Merchant	2,100.8	5,306.8	1,300.1	251.2	8,958.9
Large Industries	1,949.5	1,248.0	1,510.7	263.8	4,972.0
Healthcare	2,651.1	833.9	190.6	48.4	3,724.0
Electronics	124.4	410.2	1,466.0	-	2,000.6
Gas & Services Revenue	**6,825.8**	**7,798.9**	**4,467.4**	**563.4**	**19,655.5**
Engineering & Construction					250.3
Global Markets & Technologies					579.4
Total Revenue					**20,485.2**

3.2. REVENUE BY GEOGRAPHY AND BUSINESS LINE FOR THE YEAR ENDED DECEMBER 31, 2019

(in millions of euros)	Europe	Americas	Asia Pacific	Middle East & Africa	Total
Industrial Merchant	2,238.9	5,846.9	1,384.9	284.2	9,754.9
Large Industries	2,213.2	1,375.4	1,753.4	286.2	5,628.2
Healthcare	2,599.0	841.1	210.0	43.1	3,693.2
Electronics	121.2	397.1	1,445.4	-	1,963.7
Gas & Services Revenue	**7,172.3**	**8,460.5**	**4,793.7**	**613.5**	**21,040.0**
Engineering & Construction					328.1
Global Markets & Technologies					552.0
Total revenue					**21,920.1**

Note 4 Operating income recurring and expenses

Operating income recurring and expenses include 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)	2019	2020
Wages and social security charges	(4,252.6)	(4,085.1)
Defined contribution pension plans	(82.3)	(81.6)
Defined benefit pension plans	(35.8)	(34.6)
Share-based payments	(40.2)	(38.5)
TOTAL	**(4,410.9)**	**(4,239.8)**

Fully consolidated companies employed 64,445 individuals as of December 31, 2020 (67,200 individuals as of December 31, 2019).

4.3. OTHER OPERATING EXPENSES

Other operating expenses primarily include transport and 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 2020, innovation costs amounted to 303.0 million euros (317.0 million euros in 2019) including Research and Development costs of 173.0 million euros (200.0 million euros in 2019).

4.5. DEPRECIATION AND AMORTIZATION EXPENSE

(in millions of euros)	2019	2020
Intangible assets	(172.2)	(173.2)
Property, plant and equipment (PP&E) [(a)]	(1,965.5)	(1,964.7)
TOTAL	**(2,137.7)**	**(2,137.9)**

(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)	2019	2020
Income		
Net gain on the disposals of activities or group of assets	1.5	481.2
TOTAL OTHER NON-RECURRING OPERATING INCOME	**1.5**	**481.2**
Expenses		
Reorganization, restructuring and realignment programs costs	(94.8)	(112.1)
Integration costs related to the acquisition of Airgas	(27.7)	(29.1)
Acquisition costs	(20.8)	(7.4)
Political risks and legal procedures	(6.4)	(8.1)
Net loss on the disposals of activities or group of assets and impairments of assets	(25.1)	(399.1)
Purchases of protection equipments and sanitizing costs	-	(23.1)
Others	(14.2)	(41.8)
TOTAL OTHER NON-RECURRING OPERATING EXPENSES	**(189.0)**	**(620.7)**
TOTAL	**(187.5)**	**(139.5)**

In 2020, the Group recognized:

- capital gains on disposals amounting to 481.2 million euros, including in particular the disposal of Schülke & Mayr GmbH;
- costs corresponding to realignment programs primarily in Gas & Services;
- Airgas integration costs corresponding to long-term incentives specifically implemented as part of this operation;
- as mentioned in note 1, impairment of assets for 395.5 million euros following a strategic review of its activities and its portfolio of assets in connection with the new strategic plan of the Group;
- purchases of protection equipments for employees and sanitizing costs directly attributable to the consequences of the outbreak.

In 2019, the Group recognized:

- impairment of assets and results from disposals for 25.1 million euros, mainly related to operations in China (including Air Liquide Fuzhou Co. Ltd sale);
- costs resulting from realignment programs for 94.8 million euros, mainly relating to Gas & Services;
- Airgas integration costs mainly corresponding to long-term incentives specifically implemented as part of this operation;
- acquisition costs mainly related to the acquisition of Tech Air in the United States.

Note 6 Net finance costs and other financial income and expenses

6.1. NET FINANCE COSTS

(in millions of euros)	2019	2020
Net finance costs	(378.9)	(368.6)
Financial income from short-term investments and loans	17.3	15.8
TOTAL	**(361.6)**	**(352.8)**

The average net finance costs, excluding capitalized finance costs of +35.1 million euros (+45.7 million euros in 2019) and excluding the non-recurring cost of -40.4 million euros linked to the anticipated repayment of bonds issued by Airgas (described in note 24), stood at 2.8% in 2020. As a reminder, the average net finance costs stood at 3.0% in 2019.

6.2. OTHER FINANCIAL INCOME AND EXPENSES

(in millions of euros)	2019	2020
Other financial income	8.4	6.9
TOTAL OTHER FINANCIAL INCOME	**8.4**	**6.9**
Other financial expenses	(51.9)	(42.2)
Interest expense on the net defined benefit liability	(20.9)	(11.1)
Interest on lease liabilities	(41.7)	(40.7)
TOTAL OTHER FINANCIAL EXPENSES	**(114.5)**	**(94.0)**

Note 7 Income taxes

7.1. INCOME TAX EXPENSE

(in millions of euros)	2019	2020
Income tax expense payable	(722.1)	(737.4)
TOTAL CURRENT TAX	**(722.1)**	**(737.4)**
Temporary differences	(79.7)	51.7
Impact of tax rate changes	0.1	7.5
TOTAL DEFERRED TAX	**(79.6)**	**59.2**
TOTAL	**(801.7)**	**(678.2)**

7.2. RECONCILIATION BETWEEN THE STANDARD TAX RATE AND THE GROUP EFFECTIVE TAX RATE

(in %)	2019	2020
Standard tax rate	**26.5**	**26.6**
Impact of transactions taxed at reduced rates	(3.0)	(6.7)
Impact of tax rate changes	-	(0.2)
Impact of tax exemptions and others	2.0	1.4
Average effective tax rate	**25.5**	**21.1**

The decrease in average effective tax rate compared to 2019 is due in particular to tax impact of Schülke & Mayr GmbH sale mentioned in note 5. This impact is included in the transactions taxed at reduced rates.

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

	2019	2020
Net profit (Group share) attributable to ordinary shareholders of the parent *(in millions of euros)*	2,241.5	2,435.1
Weighted average number of ordinary shares outstanding	471,214,966	471,603,408
Basic earnings per share *(in euros)*	**4.76**	**5.16**

8.2. DILUTED EARNINGS PER SHARE

	2019	2020
Net profit used to calculate diluted earnings per share *(in millions of euros)*	**2,241.5**	**2,435.1**
Weighted average number of ordinary shares outstanding	471,214,966	471,603,408
Adjustment for dilutive impact of share subscription options	971,354	1,090,344
Adjustment for dilutive impact of performance shares	1,485,534	1,426,047
Adjusted weighted average number of shares outstanding used to calculate diluted earnings per share	**473,671,854**	**474,119,799**
Diluted earnings per share *(in euros)*	**4.73**	**5.14**

Every instruments issued by the Group 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 2019 dividend on ordinary shares declared and paid on May 13, 2020 to the Group shareholders was 1,309.6 million euros (including fidelity premium) and amounted to 2.70 euros per share and a fidelity premium of 0.27 euro per share.

A dividend payment of 2.75 euros per ordinary share and a fidelity premium of 0.27 euros per share amounting to 1,336.6 million euros (estimated amount taking into account share buybacks and cancelations) will be proposed to the Annual General Meeting in respect of the financial year ended December 31, 2020.

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 [(a)]	Foreign exchange differences	Other movements	As of December 31
2019	13,345.0	377.2	(2.9)	223.7	-	13,943.0
2020	**13,943.0**	**68.7**	**(86.9)**	**(846.6)**	**9.1**	**13,087.4**

(a) Goodwill removed during the period include the impact of the divestiture Schülke & Mayr GmbH.

10.2. SIGNIFICANT GOODWILL

	2019	2020		
(in millions of euros)	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount
Gas & Services	13,579.4	12,739.3	(0.1)	12,739.2
Europe	*3,087.0*	*3,034.9*	*(0.1)*	*3,034.8*
Americas [(a)]	*8,993.3*	*8,262.1*	*-*	*8,262.1*
Asia Pacific	*1,397.4*	*1,349.6*	*-*	*1,349.6*
Middle East & Africa	*101.7*	*92.7*	*-*	*92.7*
Engineering & Construction	237.0	217.4	-	217.4
Global Markets & Technologies	126.6	132.2	(1.4)	130.8
TOTAL GOODWILL	**13,943.0**	**13,088.9**	**(1.5)**	**13,087.4**

(a) Goodwill recognized within Gas & Services Americas mainly comes from the United States contributing up to 8,088.1 million euros as of December 31, 2020.

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. The key model assumptions used, such as market multiples and the discount rate, took into account the stock market and world economic context.

The market multiples used were determined using the Air Liquide Group market value as of December 31, 2020. Multiples obtained do not materially differ from those of companies whose activity is similar to that of the Group.

The growth rates used for estimating the cash flows of cash-generating units or groups of cash-generating units were significantly lower than the Group's historical average growth rates. Growth rates are comprised between 1% and 3% in mature markets, and up to 5.5% in emerging markets.

The weighted average cost of capital used was 4.4% as of December 31, 2020 (6.4% as of December 31, 2019). The weighted average cost of capital is adjusted for the activity and the geographical location of the cash-generating units being tested.

As of December 31, 2020 and December 31, 2019, the recoverable amounts of each cash-generating unit or groups of cash-generating units significantly exceeded their net carrying amounts.

Considering the activity of the Air Liquide Group, no reasonably possible change in key assumptions would result in an impairment. The Gas & Services activity favors synergies between the different business lines by pooling assets for a given geographical area. The geographical development of the activity is generally based on local industrial investments and external growth operations throughout 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

2020 *(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	655.7	34.4	(8.6)	(18.0)	-	14.0	677.5
Other intangible assets	2,464.6	69.4	(51.4)	(122.5)	4.1	(4.8)	2,359.4
TOTAL GROSS INTANGIBLE ASSETS	**3,120.3**	**103.8**	**(60.0)**	**(140.5)**	**4.1**	**9.2**	**3,036.9**

(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.

2019 *(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	630.9	41.3	(47.9)	4.6	0.4	26.4	655.7
Other intangible assets	2,387.1	51.0	(22.2)	33.3	8.3	7.1	2,464.6
TOTAL GROSS INTANGIBLE ASSETS	**3,018.0**	**92.3**	**(70.1)**	**37.9**	**8.7**	**33.5**	**3,120.3**

(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.

11.2. AMORTIZATION AND IMPAIRMENT LOSSES

2020 *(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	(412.8)	(50.5)	(5.7)	5.3	8.8	-	(9.5)	(464.4)
Other intangible assets	(1,152.5)	(122.6)	(9.6)	44.7	42.9	-	22.4	(1,174.7)
TOTAL INTANGIBLE ASSET AMORTIZATION	**(1,565.3)**	**(173.1)**	**(15.3)**	**50.0**	**51.7**	**-**	**12.9**	**(1,639.1)**
TOTAL NET INTANGIBLE ASSETS [(b)]	**1,555.0**	**(69.3) [(c)]**	**(15.3)**	**(10.0)**	**(88.8)**	**4.1**	**22.1**	**1,397.8**

(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.
(b) Other intangible assets mainly include the Airgas trademark for 382.8 million euros as of December 31, 2020.
(c) This amount is the net of additions and charges for the period.

2019 *(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	(384.0)	(50.1)	14.3	9.9	(1.6)	-	(1.3)	(412.8)
Other intangible assets	(1,035.3)	(122.1)	(1.4)	11.5	(11.9)	-	6.7	(1,152.5)
TOTAL INTANGIBLE ASSET AMORTIZATION	**(1,419.3)**	**(172.2)**	**12.9**	**21.4**	**(13.5)**	**-**	**5.4**	**(1,565.3)**
TOTAL NET INTANGIBLE ASSETS [(b)]	**1,598.7**	**(79.9) [(c)]**	**12.9**	**(48.7)**	**24.4**	**8.7**	**38.9**	**1,555.0**

(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.
(b) Other intangible assets mainly include the Airgas trademark for 445.4 million euros as of December 31, 2019.
(c) This amount is the net of additions and charges for the period.

As of December 31, 2020, 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

2020 *(in millions d'euros)*	As of January 1	Additions	Disposals	Foreign exchange differences	Acquisitions related to business combinations	Other movements [(a)]	As of December 31
Land	443.5	6.4	(3.3)	(26.9)	1.9	10.4	432.0
Buildings	2,166.2	6.8	(22.1)	(107.2)	(1.0)	85.1	2,127.8
Equipment, cylinders, installations	37,070.6	368.2	(527.4)	(1,928.1)	8.2	1,116.8	36,108.3
Rights of use	1,516.9	151.4	(5.2)	(98.0)	2.8	(2.7)	1,565.2
TOTAL PROPERTY, PLANT AND EQUIPMENT IN SERVICE	**41,197.2**	**532.8**	**(558.0)**	**(2,160.2)**	**11.9**	**1,209.6**	**40,233.3**
Construction in progress	2,559.2	2,178.6	-	(199.4)	-	(1,641.8)	2,896.6
TOTAL PROPERTY, PLANT AND EQUIPMENT	**43,756.4**	**2,711.4**	**(558.0)**	**(2,359.6)**	**11.9**	**(432.2)**	**43,129.9**

(a) *Other movements primarily include account reclassifications and changes in the scope of consolidation.*

2019 *(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	444.7	1.2	(10.7)	8.2	0.6	(0.5)	443.5
Buildings	2,090.4	15.3	(18.6)	30.8	6.2	42.1	2,166.2
Equipment, cylinders, installations	35,675.7	413.2	(432.8)	513.4	81.8	819.3	37,070.6
Rights of use	-	150.2	(20.1)	0.8	22.9	1,363.1	1,516.9
TOTAL PROPERTY, PLANT AND EQUIPMENT IN SERVICE	**38,210.8**	**579.9**	**(482.2)**	**553.2**	**111.5**	**2,224.0**	**41,197.2**
Construction in progress	1,852.9	2,143.8	-	14.2	-	(1,451.7)	2,559.2
TOTAL PROPERTY, PLANT AND EQUIPMENT	**40,063.7**	**2,723.7**	**(482.2)**	**567.4**	**111.5**	**772.3**	**43,756.4**

(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

2020 *(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	(1,086.2)	(96.9)	-	18.3	46.2	-	24.6	(1,094.0)
Equipment, cylinders, installations	(21,298.0)	(1,631.9)	(286.1)	460.7	954.4	-	231.3	(21,569.6)
Rights of use	(254.4)	(242.4)	(17.6)	7.0	23.9	-	20.1	(463.4)
TOTAL PROPERTY, PLANT AND EQUIPMENT DEPRECIATION	**(22,638.6)**	**(1,971.2)**	**(303.7)**	**486.0**	**1,024.5**	**-**	**276.0**	**(23,127.0)**
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	**21,117.8**	**740.2** [(b)]	**(303.7)**	**(72.0)**	**(1,335.1)**	**11.9**	**(156.2)**	**20,002.9**

(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.

2019 *(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	(993.1)	(96.1)	-	13.5	(14.3)	-	3.8	(1,086.2)
Equipment, cylinders, installations	(19,822.4)	(1,634.9)	2.6	367.3	(273.3)	-	62.7	(21,298.0)
Rights of use	-	(242.7)	(0.5)	5.4	(0.1)	-	(16.5)	(254.4)
TOTAL PROPERTY, PLANT AND EQUIPMENT DEPRECIATION	**(20,815.5)**	**(1,973.7)**	**2.1**	**386.2**	**(287.7)**	**-**	**50.0**	**(22,638.6)**
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	**19,248.2**	**750.0** [(b)]	**2.1**	**(95.9)**	**279.7**	**111.5**	**822.3**	**21,117.8**

(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 LIABILITIES

The maturity of the lease liabilities related to rights-of-use is as follows:

2020 *(in millions of euros)*	Carrying amount	Maturity								
			≥ 1 year and ≤ 5 years				> 5 years			
		< 1 year	2022	2023	2024	2025	2026	2027	2028	> 2028
Non-current lease liabilities	969.4		194.4	155.5	119.5	96.7	74.1	57.7	47.9	223.6
Current lease liabilities	218.2	218.2								
TOTAL LEASE LIABILITIES	**1,187.6**	**218.2**	**194.4**	**155.5**	**119.5**	**96.7**	**74.1**	**57.7**	**47.9**	**223.6**

2019 *(in millions of euros)*	Carrying amount	Maturity								
			≥ 1 year and ≤ 5 years				> 5 years			
		< 1 year	2021	2022	2023	2024	2025	2026	2027	> 2027
Non-current lease liabilities	1,087.8		222.1	166.5	143.1	112.5	87.8	64.7	62.5	228.6
Current lease liabilities	243.6	243.6								
TOTAL LEASE LIABILITIES	**1,331.4**	**243.6**	**222.1**	**166.5**	**143.1**	**112.5**	**87.8**	**64.7**	**62.5**	**228.6**

Note 13 Non-current financial assets

(in millions of euros)	2019	2020
Non-consolidated investments	251.2	247.7
Loans	56.7	53.6
Other long-term receivables	318.0	286.3
Employee benefits	20.1	14.9
NON-CURRENT FINANCIAL ASSETS	**646.0**	**602.5**

As of December 31, 2020, Other long-term receivables contain the receivable related to the refund claim for the equalization charge paid for the period 2000 to 2004 in the amount of 16.1 million euros (compared to 70.6 million euros as of December 31, 2019). With regards to the litigation concerning the reimbursement of the receivable, the Administrative Court of Montreuil partially sided with Air Liquide on July 21, 2014. Following the court order, L'Air Liquide S.A. received 30.3 million euros in principal and 15.0 million euros in interest on arrears. The Group appealed the decision of the Administrative Court of Montreuil on September 19, 2014 for the recovery of the balance. On appeal, the Administrative Court of Versailles partially sided with Air Liquide on July 7, 2020. Following this decision, Air Liquide received 31.8 million of euros in principal and 23.1 million of euros in interest on arrears on July 27, 2020.

Following the decisions rendered by the Court of Appeal of Versailles and in order to challenge some of those decisions, Air Liquide and the tax administration have filed a plea before the Supreme Court («Conseil d'État»). On October 23, the Conseil d'État decided to refer a question to the Court of Justice of the European Union. The Air Liquide Group, being a party to this case, is entitled to send a statement to the Court of Justice of the European Union before the end of February 2022.

Note 14 Investments in associates

14.1. FINANCIAL INFORMATION RELATED TO JOINT VENTURES AND ASSOCIATES

Group share of associates and joint ventures as of December 31, 2020 *(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	5.7	118.3	2.4
Associates	(9.7)	42.6	11.9
TOTAL	**(4.0)**	**160.9**	**14.3**

(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, 2019 *(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	12.4	115.6	11.6
Associates	(11.7)	38.8	13.9
TOTAL	**0.7**	**154.4**	**25.5**

(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
2019	142.1	0.7	(7.3)	2.2	16.7	154.4
2020	**154.4**	**(4.0)**	**(4.6)**	**(11.2)**	**26.3**	**160.9**

None of the consolidated companies using the equity method of accounting is individually material.

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)	2019	2020
AS OF JANUARY 1	**255.0**	**256.6**
Income (charge) to the income statement	(26.9)	6.3
Income (charge) to equity for the period [(a)]	32.4	1.5
Changes related to business combinations	0.3	2.7
Foreign exchange differences	3.7	(5.9)
Others [(b)]	(7.9)	7.2
AS OF DECEMBER 31	**256.6**	**268.4**

(a) *Relates to deferred taxes recognized in other items in the statement of net income and gains and losses recognized directly in equity: -5.1 million euros relate to changes in the fair value of derivatives and non-consolidated investments and +6.6 million euros relate to actuarial gains and losses. In 2019, the respective effects amounted to +12.5 million euros relating to changes in the fair value of derivatives and non-consolidated investments and +19.9 million euros relating to actuarial gains and losses.*

(b) *Other movements primarily include account reclassifications between accounts and changes in the scope of consolidation.*

As of December 31, 2020, unrecognized deferred tax assets amounted to 132.5 million euros (155.4 million euros as of December 31, 2019).

15.2. DEFERRED TAX LIABILITIES

The change in deferred tax liabilities over the fiscal year is as follows:

(in millions of euros)	2019	2020
AS OF JANUARY 1	**2,037.7**	**2,051.9**
Charge (income) to the income statement	52.7	(52.9)
Charge (income) to equity for the period [(a)]	(27.6)	(16.6)
Changes related to business combinations	(19.5)	0.7
Foreign exchange differences	42.0	(140.4)
Others [(b)]	(33.4)	28.8
AS OF DECEMBER 31	**2,051.9**	**1,871.5**

(a) *Relates to deferred taxes recognized in other items in the statement of net income and gains and losses recognized directly in equity: +0.9 million euros relate to changes in the fair value of derivatives and non-consolidated investments and -17.5 million euros relate to actuarial gains and losses. In 2019, the respective effects amounted to -0.3 million euros relating to changes in the fair value of derivatives and non-consolidated investments and -27.3 million euros relating to actuarial gains and losses.*

(b) *Other movements primarily include account reclassifications between accounts and changes in the scope of consolidation.*

15.3. DEFERRED TAX BY NATURE

The net deferred taxes are broken down as follows:

(in millions of euros)	2019	2020
Amortization/depreciation	(2,250.0)	(2,099.9)
Provisions, pensions and other employee benefits	412.5	387.3
Other provisions	222.3	266.1
Tax loss carryforwards	106.2	85.7
Other	(286.4)	(242.3)
TOTAL	**(1,795.4)**	**(1,603.1)**

Note 16 Inventories and work-in-progress

(in millions of euros)	2019	2020
Raw materials and supplies	385.5	362.7
Finished and semi-finished goods	1,044.5	960.4
Work-in-progress	101.5	82.8
NET INVENTORIES	**1,531.5**	**1,405.9**

(in millions of euros)	2019	2020
Write-down of inventories	(26.2)	(41.2)
Reversals of write-down	7.3	22.0
NET WRITE-DOWN RECOGNIZED IN THE INCOME STATEMENT	**(18.9)**	**(19.2)**

Note 17 Trade receivables

(in millions of euros)	2019	2020
Trade and other operating receivables	2,661.5	2,409.8
Provisions for impairment	(183.6)	(204.0)
TRADE RECEIVABLES	**2,477.9**	**2,205.8**

Trade and other operating receivables include gross amounts relating to Engineering & Construction contracts for 119.5 million euros (109.6 million euros as of December 31, 2019).

As of December 31, 2020, cumulative revenue recognized using the percentage of completion method and cumulative cash in over the past years from the beginning of the projects in progress amounted respectively to 1,308.6 million euros (1,651.3 million euros as of December 31,2019) and 1,296.4 million euros (1,618.4 million euros as of December 31,2019).

17.1. BREAKDOWN OF TRADE AND OTHER OPERATING RECEIVABLES

(in millions of euros)	Gross carrying amount	Not yet due	Impaired and overdue	Not impaired and overdue
2019	2,661.5	1,898.4	166.0	597.1
2020	**2,409.8**	**1,812.6**	**199.5**	**397.7**

Trade receivables overdue and not impaired at the year-end mainly included receivables due within three months.

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
2019	(178.3)	(49.9)	44.1	(1.5)	1.9	(183.6)
2020	**(183.6)**	**(64.1)**	**30.5**	**10.2**	**3.0**	**(204.0)**

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 1,062.3 million euros compared to 1,133.3 million euros at the end of 2019.

The European program, set up in 2015, reaching maturity in March 2021 has been renewed in December 2020 for 500 million euros, until February 28, 2026. The assigned receivables, in the amount of 356.8 million euros, were derecognized as of December 31, 2020 (367 million euros as of December 31, 2019).

The American program hold by Airgas and set up in December 2018, covers 700 million US dollars (623 million euros). 593.9 million US dollars (484.0 million euros) were derecognised as of December 31, 2020.

Other non-recourse factoring programs exist in various countries and activities, mainly in Asia and Healthcare.

Almost all the risks and rewards were transferred to the assignees.

Note 18 Working capital requirement

The decrease in working capital requirement by -364.3 million euros, presented in the consolidated cash flow statement, mainly comes from the decrease in working capital requirement of Gas & Services, Engineering & Construction and Global Market & Technologies by respectively -297.7 million euros, -22.3 million euros and -8.9 million euros.

Note 19 Other current assets

(in millions of euros)	2019	2020
Advances and down-payments made	149.0	155.3
Prepaid expenses	132.1	112.8
Other sundry current assets	521.9	469.6
OTHER CURRENT ASSETS	**803.0**	**737.7**

Note 20 Cash and cash equivalents

(in millions of euros)	2019	2020
Short-term loans	44.9	53.6
Short-term marketable securities	169.1	137.4
Cash in bank	811.7	1,600.4
CASH AND CASH EQUIVALENTS	**1,025.7**	**1,791.4**

As of December 31, 2020, cash and cash equivalents include 86 million euros subject to restrictions (50 million euros as of December 31, 2019), mainly in four countries: in Luxembourg (regulatory restrictions relating to the Group's captive reinsurance company), in Egypt (because of effective currency restrictions), in China and in Germany (joint venture companies).

Furthermore, 17 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 37 million euros as of December 31, 2019.

From March 2020 and in order to address the liquidity risk related to the health crisis, the Group significantly increased its cash position from 1 billion euros as of December 31, 2019 to approximately 1.5 billion euros as of June 30, 2020 and 1.8 billion euros as of December 31, 2020. According to the strategy of diversifying the financing sources, the various debt markets have been accessed: commercial paper, bonds and bank debt.

Note 21 Shareholders' equity

21.1. SHARES

Number of shares

	2019	2020
NUMBER OF SHARES AS OF JANUARY 1	**429,423,434**	**473,105,514**
Free share attribution	44,117,721	-
Options exercised during the period	517,359	555,210
Cancelation of treasury shares	(953,000)	-
NUMBER OF SHARES AS OF DECEMBER 31	**473,105,514**	**473,660,724**

Shares have a par value of 5.50 euros each and are all issued and fully paid-up.

In 2020, a total of 371,000 shares were repurchased (net of disposals).

21.2. COMPANY TREASURY SHARES

Treasury shares are Air Liquide shares held by the Group, including shares forming part of the liquidity contract in accordance with an Ethics Charter recognized by the French financial markets authority (Autorité des marchés financiers). As of December 31, 2020, the Group held 1,525,395 treasury shares (1,616,458 as of December 31, 2019) including 11,000 treasury shares under a liquidity contract (5,000 as of December 31, 2019). Changes in the number of treasury shares are explained in the consolidated statement of changes in equity.

21.3. 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 Group had adopted share subscription plans for some of the senior executives of the Company and its subsidiaries worldwide, as well as corporate officers.

The purpose of these options is to provide an incentive to key executives, by rewarding the loyalty of high-performing executives and their actions in exceptional situations, as well as associating them with the long-term interests of shareholders.

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, 2020, the number of outstanding share options granted by the Board of Directors under the plans approved by Annual General Meetings amounted to 2,268,200 options after adjustment (average price of 76.61 euros), or 0.48% of share capital, of which 531,349 options (average price of 77.33 euros) were granted to executive officer present as of December 31, 2020.

Out of the total number of options issued pursuant to the approval by the Annual General Meeting on May 7, 2019, 9,473,214 options were retained for possible grant by the Board of Directors as of December 31, 2020.

Performance shares plans

An additional compensation system involving performance shares was set up in 2008 as a way to reward our best employees and associate their medium-term performance with the Company's objectives.

The 14th resolution adopted by the Extraordinary Annual General Meeting held on May 7, 2019 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 30, 2019 ("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 differ as 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;
- two different general regulations on September 29, 2020 ("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 differ as 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 in the market prior to such date.

To date, performances 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 29, 2020, the Board of Directors decided to grant 345,923 performance shares to employees (2,294 beneficiaries).

Subscription options and 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 which are now identical to performance requirements applicable to stock-options;

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 2020, no options have been granted.

Options exercised in 2020 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)]
10/14/2011	38,822	57.28
09/27/2012	37,111	70.14
09/26/2013	25,802	74.06
09/22/2014	24,804	77.67
09/28/2015	3,194	84.08
TOTAL	**129,733**	**68.85**

(a) *Historical data.*

Options exercised in 2019 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)]
10/14/2011	68,010	63.18
09/27/2012	17,387	77.36
09/26/2013	27,385	81.68
09/22/2014	13,011	85.66
09/28/2015	516	84.08
TOTAL	**126,309**	**71.54**

(a) *Historical data.*

Number of share subscription options and weighted average strike price

	2019		2020	
	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)*	**3,393,362**	**74.21**	**2,829,394**	**75.14**
Options exercized during the period *(adjusted number and price)*	517,359	74.69	555,210	69.01
Options canceled during the period *(adjusted number and price)*	46,609	84.92	5,984	83.27
Total number of options as of December 31 *(adjusted number and price)*	**2,829,394**	**75.14**	**2,268,200**	**76.61**
of which total number of options eligible for exercize	***2,526,119***	***74.02***	***2,105,008***	***75.49***

Information on the fair value of share subscription options and attribution of performance shares

Share subscription options

No options have been granted in 2019 and 2020.

Attribution of performance shares

The achievement of performance conditions limited with Group result is not considered as an underlying assumption and was deemed to have been fully achieved at the valuation date.

	2019		2020	
	Plan 1 [(e)]		Plan 1	
	09/30/2019		09/29/2020	
Duration of performance shares	5 years [(a)]	4 years [(b)]	5 years [(c)]	4 years [(d)]
Fair value of performance shares *(in euros)*	120.62 [(a)]	116.25 [(b)]	127.53 [(c)]	123.02 [(d)]

(a) *Performance share to employees for beneficiaries located in France for which the fair value depends for 60% on performance conditions linked to the Group's results and 40% on shareholder's return.*
(b) *Performance share to employees for beneficiaries located outside France for which the fair value depends for 60% on performance conditions linked to the Group's results and 40% on shareholder's return.*
(c) *Performance share to employees for beneficiaries located in France for which the fair value 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.*
(d) *Performance share to employees for beneficiaries located outside France for which the fair value 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.*
(e) *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 38.5 million euros (excluding taxes) relating to share subscription options and the attribution of performance shares was recognized in the income statement in 2020 compared to 40.2 million euros in 2019. The corresponding entry is recorded in equity.

Note 22 Provisions, pensions and other employee benefits

2020 *(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	1,748.6	45.6	(110.6)		84.4	(14.8)		(140.4)	1,612.8
Restructuring plans	16.0	27.9	(8.2)	(0.1)		(0.3)		(5.5)	29.8
Guarantees and other provisions related to engineering contracts	83.0	44.9	(18.4)	(14.2)		(0.6)		3.7	98.4
Dismantling	229.5		(2.7)	(0.5)	5.6	(7.6)		14.5	238.8
Provisions and contingent liabilities as part of a business combination	217.6	1.5	(19.9)	(9.7)	1.9	(16.5)		6.5	181.4
Other provisions	494.9	209.6	(76.2)	(37.3)	1.4	(16.6)	1.4	(4.0)	573.2
TOTAL PROVISIONS	**2,789.6**	**329.5**	**(236.0)**	**(61.8)**	**93.3**	**(56.4)**	**1.4**	**(125.2)**	**2,734.4**

(a) Other movements correspond to account reclassifications, disposals and provisions for dismantling, with no impact on the consolidated cash flow statement. As of December 31, 2020, they primarily include the impact of the divestiture of Schülke & Mayr GmbH.

2019 *(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	1,622.4	57.0	(107.4)		168.5	5.5		2.6	1,748.6
Restructuring plans	26.6	6.7	(12.9)	(2.2)		0.1		(2.3)	16.0
Guarantees and other provisions related to engineering contracts	78.9	36.8	(16.7)	(16.4)		0.3		0.1	83.0
Dismantling	220.3		(1.0)	(2.8)	6.7	1.9		4.4	229.5
Provisions and contingent liabilities as part of a business combination	244.0		(45.4)	(9.7)	2.6	4.8	12.7	8.6	217.6
Other provisions	543.6	114.5	(123.8)	(28.0)	2.1	2.0	3.0	(18.5)	494.9
TOTAL PROVISIONS	**2,735.8**	**215.0**	**(307.2)**	**(59.1)**	**179.9**	**14.6**	**15.7**	**(5.1)**	**2,789.6**

(a) Other movements correspond to account reclassifications, disposals 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. Contingency provisions recorded with respect to all Group litigations amounted to 215.9 million euros as of December 31, 2020 (167.9 million euros as of December 31, 2019) and are presented in "Other provisions". They include provisions for industrial disputes and for tax risks, excluding taxes on income, respectively for 165.0 and 50.9 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. These plans are 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.

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. The effects related to the revaluation cap and floor were accounted for in "Other financial expenses".

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 activity. 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 7 million US dollars.

23.2. OBLIGATIONS

Group obligations related to pension plans and similar benefits as of December 31, 2020 are shown below:

2020 *(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	(1,467.5)	(198.3)	(24.5)	(38.3)	(1,728.6)
(Acquisition) divestiture / transfer	137.9	0.3	1.7		139.9 [(c)]
(Expense) income recognized	(30.5)	(12.1)	(1.8)	(1.2)	(45.6)
Employer contributions	101.7	5.3	1.6	2.4	111.0
Gains (losses) for the period	(80.3)	(8.0)		(0.1)	(88.4)
Exchange rate movements	13.1	0.7	0.4	(0.4)	13.8
Net liabilities at the end of the period	**(1,325.6)**	**(212.1)**	**(22.6)**	**(37.6)**	**(1,597.9)**
B. Expense recorded in 2020					
Service cost	25.9	10.8	2.0	0.7	39.4
Interest expense on the net defined benefit liability	8.9	1.4	0.2	0.5	11.0
Past service cost	(4.3)				(4.3) [(a)]
Actuarial (gains) losses			(0.4)		(0.4)
Curtailment / settlement		(0.1)			(0.1) [(a)]
Expense (income) recognized	**30.5**	**12.1**	**1.8**	**1.2**	**45.6**
C. Change in present value of obligations in 2020					
DBO at the beginning of the period	2,738.3	198.6	24.5	38.5	2,999.9
Acquisition (divestiture) / transfer	(145.7)	(0.3)	(1.7)		(147.7) [(c)]
Service cost	25.9	10.8	2.0	0.7	39.4
Interest cost	32.7	1.4	0.2	0.5	34.8
Employee contributions	2.1				2.1
Plan amendments	(4.3)				(4.3) [(a)]
Curtailment / settlement		(0.1)			(0.1) [(a)]
Benefit payments	(164.4)	(5.2)	(1.7)	(2.4)	(173.7)
Actuarial (gains) losses	162.2	7.9	(0.4)	0.1	169.8
Exchange rate movements	(85.7)	(0.7)	(0.3)	0.4	(86.3)
Obligations at the end of the period	**2,561.1**	**212.4**	**22.6**	**37.8**	**2,833.9**
D. Change in plan assets in 2020					
Fair value of assets at the beginning of the period	1,270.8	0.3		0.2	1,271.3
Acquisition (divestiture) / transfer	(7.8)				(7.8) [(c)]
Actual return on plan assets	105.5	(0.1)			105.4
Employer contributions	86.1	5.3	1.6	2.4	95.4
Employee contributions	2.1				2.1
Benefit payments	(148.8)	(5.2)	(1.7)	(2.4)	(158.1)
Exchange rate movements	(72.4)		0.1		(72.3)
Fair value of assets at the end of the period	**1,235.5**	**0.3**	**-**	**0.2**	**1,236.0**
E. Funded status at the end of 2020					
Present value of obligations	(2,561.1)	(212.4)	(22.6)	(37.8)	(2,833.9)
Fair value of plan assets	1,235.5	0.3		0.2	1,236.0
Net liabilities	**(1,325.6)**	**(212.1)**	**(22.6)**	**(37.6)**	**(1,597.9)**
F. Actuarial (gains) and losses recognized directly in equity					
(Gains) and losses at the beginning of the period	1,296.6	60.0		7.2	1,363.8
Acquisition (divestiture) / transfer	(74.9)	0.1			(74.8) [(c)]
(Gains) and losses on obligations	162.2	7.9		0.1	170.2
(Gains) and losses on plan assets	(81.7)	0.1			(81.6)
Change in surplus management reserve	(0.2)				(0.2)
Exchange rate movements	(36.4)	(0.5)		0.4	(36.5)
(Gains) and losses at the end of the period [(b)]	**1,265.6**	**67.6**		**7.7**	**1,340.9**

(a) Past service costs and plan amendments mainly relate to pension plans and medical costs in France.
(b) Losses (gains), net of tax, recognized in equity, amounted to 981.0 million euros as of December 31, 2020.
(c) Aquisition (divestiture) / transfer mainly relates to the divestiture of Schülke & Mayr GmbH.

Group obligations related to pension plans and similar benefits as of December 31, 2019 are shown below:

2019 *(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	(1,367.4)	(175.5)	(23.7)	(38.5)	(1,605.1)
(Acquisition) divestiture / transfer	(0.2)				(0.2)
(Expense) income recognized	(43.2)	(10.9)	(2.4)	(0.2)	(56.7)
Employer contributions	96.9	5.0	1.7	2.5	106.1
Gains (losses) for the period	(149.2)	(17.2)		(1.6)	(168.0)
Exchange rate movements	(4.4)	0.3	(0.1)	(0.5)	(4.7)
Net liabilities at the end of the period	**(1,467.5)**	**(198.3)**	**(24.5)**	**(38.3)**	**(1,728.6)**
B. Expense recorded in 2019					
Service cost	27.7	9.1	1.7	0.5	39.0
Interest expense on the net defined benefit liability	18.0	2.0	0.2	0.7	20.9
Past service cost	(2.4)		(0.1)	(0.9)	(3.4) (a)
Actuarial (gains) losses			0.6		0.6
Curtailment / settlement	(0.1)	(0.2)		(0.1)	(0.4) (a)
Expense (income) recognized	**43.2**	**10.9**	**2.4**	**0.2**	**56.7**
C. Change in present value of obligations in 2019					
DBO at the beginning of the period	2,490.5	175.8	23.7	38.7	2,728.7
Acquisition (divestiture) / transfer	0.2				0.2
Service cost	27.7	9.1	1.7	0.5	39.0
Interest cost	48.4	2.1	0.2	0.7	51.4
Employee contributions	2.0				2.0
Plan amendments	(2.4)		(0.1)	(0.9)	(3.4) (a)
Curtailment / settlement	(0.2)	(0.2)		(0.1)	(0.5) (a)
Benefit payments	(145.5)	(5.0)	(1.7)	(2.5)	(154.7)
Actuarial (gains) losses	278.3	17.2	0.6	1.6	297.7
Exchange rate movements	39.3	(0.4)	0.1	0.5	39.5
Obligations at the end of the period	**2,738.3**	**198.6**	**24.5**	**38.5**	**2,999.9**
D. Change in plan assets in 2019					
Fair value of assets at the beginning of the period	1,123.1	0.3		0.2	1,123.6
Actual return on plan assets	159.5				159.5
Employer contributions	80.4	5.0	1.7	2.5	89.6
Employee contributions	2.0				2.0
Benefit payments	(129.0)	(5.0)	(1.7)	(2.5)	(138.2)
Settlement	(0.1)				(0.1)
Exchange rate movements	34.9				34.9
Fair value of assets at the end of the period	**1,270.8**	**0.3**	**-**	**0.2**	**1,271.3**
E. Funded status at the end of 2019					
Present value of obligations	(2,738.3)	(198.6)	(24.5)	(38.5)	(2,999.9)
Fair value of plan assets	1,270.8	0.3		0.2	1,271.3
Net liabilities	**(1,467.5)**	**(198.3)**	**(24.5)**	**(38.3)**	**(1,728.6)**
F. Actuarial (gains) and losses recognized directly in equity					
(Gains) and losses at the beginning of the period	1,135.4	43.1		5.9	1,184.4
(Gains) and losses on obligations	278.3	17.2		1.6	297.1
(Gains) and losses on plan assets	(129.0)				(129.0)
Change in surplus management reserve	(0.1)				(0.1)
Exchange rate movements	12.0	(0.3)		(0.3)	11.4
(Gains) and losses at the end of the period (b)	**1,296.6**	**60.0**		**7.2**	**1,363.8**

(a) Past service costs and plan amendments mainly relate to pension plans and medical costs in Switzerland.

(b) Losses (gains), net of tax, recognized in equity, amounted to 995.6 million euros as of December 31, 2019.

The amounts mentioned above can be broken down as follows by geographical area as of December 31, 2020:

2020 *(in millions of euros)*	**Obligations**	**Plan assets**	**Provisions in the balance sheet**	**Surplus management reserve**
Europe / Africa	(1,825)	388	(1,437)	-
Americas	(941)	795	(146)	-
Asia Pacific	(68)	53	(15)	-
TOTAL	**(2,834)**	**1,236**	**(1,598)**	**-**

The amounts mentioned above can be broken down as follows by geographical area as of December 31, 2019:

2019 *(in millions of euros)*	**Obligations**	**Plan assets**	**Provisions in the balance sheet**	**Surplus management reserve**
Europe / Africa	(1,947)	389	(1,558)	-
Americas	(973)	822	(151)	-
Asia Pacific	(80)	60	(20)	-
TOTAL	**(3,000)**	**1,271**	**(1,729)**	**-**

23.3. MAIN ASSUMPTIONS

The main discount rates used are as follows:

	2019	**2020**
Euro zone	0.9%	0.6%
Canada	3.1%	2.6%
Japan	0.4%	0.6%
Switzerland	0.3%	0.1%
United States	3.2%	2.4%
United Kingdom	1.9%	1.3%

Differences between expected returns on plan assets and the main discount rates are as follows:

2020	**Expected return on assets** (a)	**Discount rate 2019**	**Impact** *(in bp)*
Euro zone	2.5%	0.9%	(160)
Canada	5.9%	3.1%	(280)
Japan	2.5%	0.4%	(210)
Switzerland	2.8%	0.3%	(250)
United States	3.1%	3.2%	10
United Kingdom	4.5%	1.9%	(260)

(a) The expected return on long-term assets was determined by taking into account, in each country, the asset allocation in the portfolio.

2019	**Expected return on assets** (a)	**Discount rate 2018**	**Impact** *(in bp)*
Euro zone	3.0%	1.6%	(140)
Canada	4.4%	3.8%	(60)
Japan	3.0%	0.4%	(260)
Switzerland	3.1%	0.9%	(220)
United States	5.6%	4.2%	(140)
United Kingdom	5.4%	2.7%	(270)

(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)	2019	2020
Experience gains and losses on present value of the obligation	15	(22)
Gains and losses on present value of the defined obligation related to changes in assumptions	(312)	(148)
Experience gains and losses on fair value of assets	129	82

Breakdown of experience gains and losses on financial assets

2020 *(in millions of euros)*	Interest income on financial assets	Actual return on assets	Gains and losses on assets
Europe / Africa	2.7	13.7	11.0
Americas	20.8	92.6	71.8
Asia Pacific	0.3	(0.9)	(1.2)
TOTAL	**23.8**	**105.4**	**81.6**

2019 *(in millions of euros)*	Interest income on financial assets	Actual return on assets	Gains and losses on assets
Europe / Africa	4.8	29.8	25.0
Americas	25.5	129.8	104.3
Asia Pacific	0.4	0.1	(0.3)
TOTAL	**30.7**	**159.7**	**129.0**

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 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, 2020 *(in millions of euros)*	% of total obligations as of December 31, 2020
Europe / Africa	62	3.4%
Americas	30	3.2%
Asia Pacific	1	1.0%
TOTAL	**93**	**3.3%**

	Impact on obligations as of December 31, 2019 *(in millions of euros)*	% of total obligations as of December 31, 2019
Europe / Africa	67	3.4%
Americas	30	3.1%
Asia Pacific	-	0.5%
TOTAL	**97**	**3.3%**

Impact of a +0.25% increase in discount rates

	Impact on obligations as of December 31, 2020 *(in millions of euros)*	% of total obligations as of December 31, 2020
Europe / Africa	(60)	-3.3%
Americas	(29)	-3.1%
Asia Pacific	(1)	-1.0%
TOTAL	**(90)**	**-3.2%**

	Impact on obligations as of December 31, 2019 *(in millions of euros)*	% of total obligations as of December 31, 2019
Europe / Africa	(65)	-3.3%
Americas	(29)	-3.0%
Asia Pacific	-	-0.5%
TOTAL	**(94)**	**-3.1%**

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 movement in 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 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.

2020 *(in millions of euros)*	Shares		Bonds		Real estate		Cash		Others		Total	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Europe / Africa	80	20.8%	128	32.9%	107	27.6%	46	11.8%	27	6.9%	388	100.0%
Americas	187	23.5%	553	69.6%	22	2.8%	4	0.5%	29	3.6%	795	100.0%
Asia Pacific	5	9.5%	44	82.5%	-	0.0%	-	0.0%	4	8.0%	53	100.0%
TOTAL	**272**		**725**		**129**		**50**		**60**		**1,236**	

2019 *(in millions of euros)*	Shares		Bonds		Real estate		Cash		Others		Total	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Europe / Africa	81	20.8%	136	34.9%	103	26.5%	19	4.9%	50	12.9%	389	100.0%
Americas	199	24.2%	563	68.5%	25	3.0%	4	0.5%	31	3.8%	822	100.0%
Asia Pacific	13	21.7%	44	73.3%	1	1.7%	-	0.0%	2	3.3%	60	100.0%
TOTAL	**293**		**743**		**129**		**23**		**83**		**1,271**	

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, 2019	December 31, 2020
Non-current borrowings	(11,567.2)	(10,220.2)
Current borrowings	(1,831.8)	(2,180.5)
TOTAL GROSS DEBT	**(13,399.0)**	**(12,400.7)**
Cash and cash equivalents	**1,025.7**	**1,791.4**
TOTAL NET DEBT AT THE END OF THE PERIOD	**(12,373.3)**	**(10,609.3)**

Statement of changes in net debt

(in millions of euros)	December 31, 2019	December 31, 2020
Net debt at the beginning of the period	**(12,534.9)**	**(12,373.3)**
Net cash flows from operating activities	4,712.2	5,205.7
Net cash flows used in investing activities	(2,584.8)	(1,954.6)
Net cash flows from (used in) financing activities excluding changes in borrowings	(1,663.8)	(1,690.5)
Total net cash flows	**463.6**	**1,560.6**
Effect of exchange rate changes, opening net debt of newly acquired companies and others	(62.4)	443.1
Adjustment of net finance costs	(239.6)	(239.7)
Change in net debt	**161.6**	**1,764.0**
TOTAL NET DEBT AT THE END OF THE PERIOD	**(12,373.3)**	**(10,609.3)**

The Air Liquide Group net debt breaks down as follows:

	2019			2020		
	Carrying amount			Carrying amount		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Bonds and private placements	10,978.1	1,123.6	12,101.7	9,717.9	1,600.1	11,318.0
Commercial paper programs		191.1	191.1		201.8	201.8
Bank debt and other financial debt	530.4	476.0	1,006.4	444.1	339.7	783.8
Put options granted to minority shareholders	58.7	41.1	99.8	58.2	38.9	97.1
TOTAL BORROWINGS (A)	**11,567.2**	**1,831.8**	**13,399.0**	**10,220.2**	**2,180.5**	**12,400.7**
Short-term loans		44.9	44.9		53.6	53.6
Short-term marketable securities		169.1	169.1		137.4	137.4
Cash in bank		811.7	811.7		1,600.4	1,600.4
TOTAL CASH AND CASH EQUIVALENTS (B)		**1,025.7**	**1,025.7**		**1,791.4**	**1,791.4**
NET DEBT (A) – (B)	**11,567.2**	**806.1**	**12,373.3**	**10,220.2**	**389.1**	**10,609.3**

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 91% of gross debt as of December 31, 2020. Outstanding notes under these sources amounted to 11.3 billion euros at the end of 2020.

The carrying amount of commercial paper amounted to 0.2 billion euros as of December 31, 2020, stable compared to December 31, 2019.

Gross debt decreased by 1.0 billion euros. Bond debt decreased by 0.8 billion euros, firstly because bond issues matured or repaid by anticipation were only partially renewed, and secondly because of a favorable exchange rate effect for 0.4 billion euros. In addition, bank debt decreased by 0.2 billion euros.

Two bonds were issued in 2020 by Air Liquide Finance, guaranteed by L'Air Liquide S.A.:

- a private placement of 100 million euros, maturity March 31, 2025, at a reoffer yield of 1.081% (1.081% coupon);
- a public bond issue of one billion euros in two tranches:
  - 500 million euros, maturity April 2, 2025, at a reoffer yield of 1.022% (1.000% coupon),
  - 500 million euros, maturity April 2, 2030, at a reoffer yield of 1.47% (1.375% coupon).

In consideration thereof:

- two bond issues of 500 million euros each were repaid by Air Liquide Finance on June 9 and June 13, 2020;
- two bond issues of 250 and 300 million US dollars (450 million euros) were repaid by Airgas on December 22, 2020 by anticipation.

The carrying amount of borrowings in the balance sheet is as follows:

	2019	2020		
(in millions of euros)	Carrying amount	Amount issued (a)	Amortized cost adjustments (b)	Carrying amount (a)+(b)
Bonds in the EMTN program	6,397.8	6,362.3	27.9	6,390.2
Bonds not in the EMTN program	4,571.3	3,737.7	14.1	3,751.8
Private placements in the EMTN program	504.1	588.9	11.5	600.4
Private placements not in the EMTN program	628.5	570.5	5.1	575.6
TOTAL BONDS AND PRIVATE PLACEMENTS	**12,101.7**	**11,259.4**	**58.6**	**11,318.0**
Commercial paper programs	191.1	201.8		201.8
Bank debt and other financial debt	1,006.4	776.7	7.1	783.8
Put options granted to minority shareholders	99.8	97.1		97.1
LONG-TERM BORROWINGS	**13,399.0**	**12,335.0**	**65.7**	**12,400.7**

(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.

	2019		2020	
(in millions of euros)	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL LIABILITIES				
Non-current borrowings	11,567.2	11,814.3	10,220.2	10,792.0

The Group's financial instruments are measured at fair value to the extent that available financial market data enables a reliable estimate of their market value, assuming the absence of any intentions or needs to liquidate.

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.

			Maturity									
					≥ 1 year and ≤ 5 years				> 5 years			
2020 *(in millions of euros)*	Nominal amount	Carrying amount	On demand	< 1 year	2022	2023	2024	2025	2026	2027	2028	> 2028
Bonds and private placements	11,259.4	11,318.0		1,600.1	1,307.7	1,008.8	1,158.7	1,097.3	1,163.2	676.4	993.6	2,312.2
Commercial paper programs	201.8	201.8		201.8								
Bank debt and other financial debt	776.7	783.8		339.7	111.8	102.9	114.3	62.2	28.6	12.7	3.3	8.3
Put options granted to minority shareholders	97.1	97.1	24.4	38.9		3.1	30.7					
TOTAL BORROWINGS	**12,335.0**	**12,400.7**	**24.4**	**2,180.5**	**1,419.5**	**1,114.8**	**1,303.7**	**1,159.5**	**1,191.8**	**689.1**	**996.9**	**2,320.5**

			Maturity									
					≥ 1 year et ≤ 5 years				> 5 years			
2019 *(in millions of euros)*	Nominal amount	Carrying amount	On demand	< 1 year	2021	2022	2023	2024	2025	2026	2027	>2027
Bonds and private placements	12,033.9	12,101.7		1,123.6	1,565.3	1,559.2	1,067.0	1,441.7	498.7	1,256.2	683.1	2,906.9
Commercial paper programs	191.1	191.1		191.1								
Bank debt and other financial debt	987.9	1,006.4		476.0	110.8	124.3	113.8	113.6	27.6	17.5	13.3	9.5
Put options granted to minority shareholders	99.8	99.8	22.8	41.1	2.3	3.0		30.6				
TOTAL BORROWINGS	**13,312.7**	**13,399.0**	**22.8**	**1,831.8**	**1,678.4**	**1,686.5**	**1,180.8**	**1,585.9**	**526.3**	**1,273.7**	**696.4**	**2,916.4**

24.3. FIXED-RATE PORTION OF GROSS DEBT

Portion of fixed-rate gross debt *(as % of total debt)*	2019	2020
EUR debt	92%	97%
USD debt	98%	94%
CNY debt	100%	100%
JPY debt	100%	100%
Total debt	93%	95%

As of December 31, 2020, fixed-rate debt represented 95% 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, 2020. They represent 91% of the Group's debt (90% as of December 31, 2019).

Currency	Nominal value *(in millions)*	Issue date	Maturity	Issuer	Coupon
EUR	500	2020	2030	AL Finance	1.375%
EUR	500	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	500	2016	2024	AL Finance	0.750%
EUR	500	2016	2022	AL Finance	0.500%
EUR	300	2016	2022	AL Finance	0.375%
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	500	2014	2024	AL Finance	1.875%
EUR	300	2013	2023	AL S.A.	2.375%
EUR	500	2012	2021	AL Finance	2.125%
USD	500	2019	2029	AL Finance	2.250%
USD	750	2016	2046	AL Finance	3.500%
USD	1,250	2016	2026	AL Finance	2.500%
USD	750	2016	2023	AL Finance	2.250%
USD	1,000	2016	2021	AL Finance	1.750%
USD	100	2012	2027	AL Finance	3.460%
USD	200	2012	2024	AL Finance	3.260%
USD	400	2012	2022	AL Finance	3.110%
CNY	800	2018	2023	AL Finance	6.400%
CNY	1,400	2018	2021	AL Finance	5.950%
CNY	500	2015	2022	AL Finance	3.970%
JPY	15,000	2008	2038	AL Finance	3.160%
CHF	130	2014	2022	AL Finance	0.925%

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 Singapore dollar, in Canadian dollar, in British pound sterling and in Brazilian real.

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 (1,022.1 million euros) to other currencies to finance foreign subsidiaries. As an example, 4,206.0 million euros were raised initially in US dollar, 162.3 million were raised in euros and converted in US dollar using currency swap contracts. 176.1 million euros were in cash or cash equivalent, leading to an adjusted net debt in US dollars of 4,192.2 million euros.

2020 *(in millions of euros)*	**Gross debt – original issue**	**Interest rate and currency swaps**	**Cash and cash equivalents**	**Ajusted net debt**
EUR	7,136.6	(1,022.1)	(1,093.9)	5,020.6
USD	4,206.0	162.3	(176.1)	4,192.2
JPY	135.0	91.7	(7.9)	218.8
CNY	394.4	(195.4)	(263.0)	(64.0)
Other currencies	528.7	963.5	(250.5)	1,241.7
TOTAL	**12,400.7**	**-**	**(1,791.4)**	**10,609.3**

2019 *(in millions of euros)*	**Gross debt – original issue**	**Interest rate and currency swaps**	**Cash and cash equivalents**	**Ajusted net debt**
EUR	6,982.7	(1,256.1)	(144.3)	5,582.3
USD	5,199.9	(10.7)	(232.3)	4,956.9
JPY	126.9	129.0	(10.7)	245.2
CNY	445.2	(115.2)	(339.1)	(9.1)
Other currencies	644.3	1,253.0	(299.3)	1,598.0
TOTAL	**13,399.0**	**-**	**(1,025.7)**	**12,373.3**

24.6. BREAKDOWN OF AVERAGE NET FINANCE COSTS

Net debt depends on the original gross debt raised on the financial markets, the swap of this debt into foreign currencies to finance the subsidiaries, and surplus cash positions. The average cost of net debt presented in the following table takes into account these various components, i.e. financing expenses, income and expenses related to foreign currency translation and income or expenses related to cash surpluses.

	2019			**2020**		
(in millions of euros)	**Average outstanding debt**	**Net interests**	**Average net finance costs**	**Average outstanding debt**	**Net interests**	**Average net finance costs**
EUR	5,595.2	94.1	1.7%	5,549.6	98.9	1.8%
USD	5,471.0	167.6	3.1%	4,885.8	151.9	3.1%
JPY	441.7	7.1	1.6%	353.3	5.6	1.6%
CNY	243.3	28.8	11.8%	88.4	22.9	25.9%
Other currencies	1,696.4	109.7	6.5%	1,491.2	68.2	4.6%
TOTAL	**13,447.6**	**407.3**	**3.0%**	**12,368.3**	**347.5**	**2.8%**
Impact of Senior Note Airgas repayment		-			40.4	
Capitalized interests		(45.7)			(35.1)	
TOTAL COST OF DEBT		**361.6**			**352.8**	

The average net finance costs, excluding capitalized interests and impact for 40.4 million euros of repayment in December 2020 of Airgas Senior notes issued before Air Liquide acquisition, decreased by 59.8 million euros. They stand at 2.8% of the average outstanding debt in 2020.

24.7. OTHER FINANCING INFORMATION

Financial covenants are associated to one bank debt facility exceeding 50 million euros: a long-term loan used by Air Liquide Arabia (Saudi Arabia) with an outstanding amount of 476,6 million Saudi riyals (equivalent to 103,6 million euros) as of December 31, 2020. Financial covenants were all met as of December 31, 2020.

The amount of bank credit facilities subject to financial covenants represents around 2,7% of the Group's gross debt as of December 31, 2020.

Bonds issued by L'Air Liquide S.A. and Air Liquide Finance, and making up the carrying amount of bonds as of December 31, 2020, include a change of control clause.

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 2020, the average debt maturity was 5.8 years. As of December 31, 2020, the long-term debt ratio (gross debt maturing in more than one year / total gross debt) represented 82% of the overall Group debt, compared to 86% as of December 31, 2019.

Interest rate and foreign currency hedging strategies validated by the Operational Finance Committee are set up depending on market opportunities with a concern for optimization, while complying with prudence and risk limitation principles.

The Group also pays particular attention to its bank and customer counterparty risks by regularly monitoring ratings and the level of risk associated with these counterparties. An internal ratings system, set-up in 2018, is used 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. 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. Currency hedging of intra-group loans and borrowings uses currency forwards.

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.

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) was 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 1% 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	69.7	0.34%	14.0	0.37%	8.0	0.33%	103.8	0.56%
CNY	19.3	0.09%	5.2	0.14%	3.2	0.13%	17.6	0.09%
JPY	10.1	0.05%	2.1	0.06%	1.2	0.05%	9.3	0.05%
CAD	6.0	0.03%	1.1	0.03%	0.5	0.02%	1.3	0.01%

The foreign currency risk sensitivity analysis shows that a 1% appreciation in the four major currencies as of December 31, 2020 would result in changes to revenue, operating income recurring, net profit and equity, as indicated above.

A 1% depreciation in the above currencies as of December 31, 2020, 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 1% 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, 2020. 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			
	+1%		-1%	
(in millions of euros)	P&L impact	Equity impact	P&L impact	Equity impact
Foreign exchange derivatives and their hedged underlying items	0.1	3.1	(0.1)	(3.1)

b) Interest rate risk

Principles

Air Liquide centrally manages interest rate risk on the main currencies: euro, US dollar, Chinese renminbi and Japanese yen which represented 88% of the Group's total net debt as of December 31, 2020. 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 2020 year-end, 95% 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 floating-rate debt

The Group net debt exposed to interest rate fluctuations amounted to around 240 million equivalent euros as of December 31, 2020, for an average outstanding amount of 0.6 billion equivalent euros (total debt adjusted for interest rate hedging instruments and short-term securities) in slight increase compared to December 31, 2019 (0.5 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 financial expenses before tax, assuming outstanding debt remains constant.

Sensitivity to interest rate fluctuations on derivatives and their underlying hedged items

The table below shows the effect of a 0.5% 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, 2020.

	Interest rate risk			
	+0,5%		-0,5%	
(in millions of euros)	P&L impact	Equity impact	P&L impact	Equity impact
Interest rate derivatives and their hedged underlying items	0.0	16.9	0.0	(17.4)

To protect the Group against an increase in dollar rates at date of refinancing of a US dollar bond issue maturing in September 2021, a firm hedge (interest rate swap) for 100 million US dollars was set up.

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 (around 2 million worldwide) located in extremely diverse markets: chemicals, steel, refining, food, pharmaceuticals, metals, automotive, manufacturing, healthcare, research laboratories, photovoltaic, etc. In 2020, the Group's main customer represents around 1.4% of revenue, the Group's 10 main customers around 10% of sales, and the Group's 50 main customers around 24% of sales. The geographical risk is limited by the Group's sustainable coverage in 78 countries 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 176 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, 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 historical default probabilities 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 amount of short-term financing in the form of commercial paper amounted to 202 million euros as of December 31, 2020, an increase by 11 million euros compared to the end of 2019. The average amount of commercial paper amounted to 970 million euros in 2020, compared to 763 million euros in 2019; this increase in the use of commercial paper is directly in line with the prudential will to increase liquidity during the Covid-19 crisis and the diversification of funding sources.

The Group policy requires that commercial paper in issue be backed by confirmed long-term credit lines. In 2020, this requirement was met, with an amount of confirmed credit lines of 3,600 million euros largely exceeding outstanding commercial paper.

The table below presents the maturities of the bilateral and syndicated credit lines:

(in millions of euros)	2021	2022	2023	2024	2025	2026	Total
Bilateral lines and syndicated credit lines	-	400.0	200.0	500.0	2,500.0	-	3,600.0

On December 2020, the second one-year extension option was exercised on the syndicated credit facility negotiated in 2018. The syndicated credit facility amounts to 2.5 billion euros and will mature in December 2025. Since 2019, this facility includes an indexing mechanism between its financial costs and three of the Group's RSE objectives in terms of carbon intensity, gender diversity and safety.

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, 2019 and 2020. 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.

2020 *(in millions of euros)*	Book value as of December 31, 2020	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)	135.0	15.2	288.5	44.4	881.0	13.9	227.3
Liabilities							
Fair value of derivatives (liabilities)	(70.5)	(40.6)	(253.2)	(80.7)	(807.7)	(14.2)	(226.1)
SUB-TOTAL DERIVATIVE INSTRUMENTS		**(25.4)**	**35.3**	**(36.3)**	**73.3**	**(0.3)**	**1.2**
Assets							
Loans and other non-current receivables	339.9				339.9		
Trade receivables	2,205.8		2,181.2		24.6		
Cash and cash equivalents	1,791.4	5.6	1,785.8				
SUB-TOTAL ASSETS		**5.6**	**3,967.0**		**364.5**		
Liabilities							
Non-current borrowings	(10,220.2)	(117.3)		(551.9)	(4,967.6)	(640.6)	(5,193.8)
Other non-current liabilities	(206.5)				(206.5)		
Trade payables	(2,437.9)		(2,405.1)		(32.8)		
Current borrowings	(2,180.5)	(25.9)	(2,030.0)				
SUB-TOTAL LIABILITIES		**(143.2)**	**(4,435.1)**	**(551.9)**	**(5,206.9)**	**(640.6)**	**(5,193.8)**

2019 *(in millions of euros)*	Book value as of December 31, 2019	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)	57.6	19.8	464.9	42.5	945.6	21.6	343.2
Liabilities							
Fair value of derivatives (liabilities)	(112.9)	(54.8)	(319.1)	(134.9)	(930.2)	(54.1)	(342.9)
SUB-TOTAL DERIVATIVE INSTRUMENTS		**(54.8)**	**(319.1)**	**(134.9)**	**(930.2)**	**(54.1)**	**0.3**
Assets							
Loans and other non-current receivables	374.7				374.7		
Trade receivables	2,477.9		2,419.7		58.2		
Cash and cash equivalents	1,025.7	0.2	1,025.5				
SUB-TOTAL ASSETS		**0.2**	**3,445.2**		**432.9**		
Liabilities							
Non-current borrowings	(11,567.2)	(228.0)		(684.2)	(6,155.8)	(761.9)	(5,412.9)
Other non-current liabilities	(261.6)				(261.6)		
Trade payables	2,566.6		2,529.2		37.4		
Current borrowings	(1,831.8)	(31.1)	(1,660.1)				
SUB-TOTAL LIABILITIES		**(259.1)**	**869.1**	**(684.2)**	**(6,380.0)**	**(761.9)**	**(5,412.9)**

Cash and cash equivalents decreased at the end of 2020. The carrying amount of non-current borrowings has decreased, the bond issues of the year being less important than the reclassification in current borrowing. The carrying amount of current borrowings has strongly decreased, mostly following the decrease in outstanding commercial paper.

e) Hierarchy of financial instruments fair value

(in millions of euros)	2019	2020
Level 1	**92.7**	**33.9**
Non-consolidated shares (listed shares)	92.7	33.9
Level 2	**(55.3)**	**64.5**
Derivative instruments	(55.3)	64.5
Level 3	**99.8**	**97.1**
Put options granted to minority shareholders	99.8	97.1

f) Commodity risk (energy contracts)

Most of Air Liquide's energy supplies are 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 isolated 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.

The fair value recognition of these derivative instruments had no material impact on Group equity or profits as of December 31, 2020.

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					Equity and liabilities						
				Fair value of derivatives							Fair value of derivatives		
2020 *(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	Liabilities – non current	Liabilities – current	Total
Foreign exchange risk													
Currency forwards hedging future cash flows	CFH [a]	3.4		3.7	25.8	32.9	(7.9)				4.4	36.4	32.9
Currency forwards hedging transactions recorded in the accounts and Cross Currency Swaps	FVH [b]	0.3	1.0	103.2	16.4	120.9		(0.8)	113.0	1.4	(3.2)	10.5	120.9
Other derivatives	[c]	0.1				0.1	(0.3)					0.40	0.1
Interest rate risk													
Interest rate swaps	FVH [b]												
Swaps, options and Cross Currency Swaps	CFH [a] and NIH [d]	11.1		(16.7)	(0.5)	(6.1)	(28.1)				10.3	11.7	(6.1)
Commodity risk (Energy)													
Forwards hedging future cash flows	CFH [a]	(0.9)		0.7		2.2	2.0	0.2					2.2
TOTAL		**14.0**	**1.0**	**90.9**	**44.1**	**150.0**	**(34.3)**	**(0.6)**	**113.0**	**1.4**	**11.5**	**59.0**	**150.0**

(a) CFH: Cash Flow Hedge.
(b) FVH: Fair Value Hedge.
(c) Derivative instruments not benefiting from hedge accounting.
(d) NIH: Net Investment Hedge.

		Assets					Equity and liabilities						
				Fair value of derivatives							Fair value of derivatives		
2019 *(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	Liabilities – non current	Liabilities current	Total
Foreign exchange risk													
Currency forwards hedging future cash flows	CFH [a]	4.7		4.2	7.2	16.1	(11.0)				11.0	16.1	16.1
Currency forwards hedging transactions recorded in the accounts and Cross Currency Swaps	FVH [b]	0.3	2.0	32.7	23.1	58.1		(0.7)	14.2	1.1	26.2	17.3	58.1
Other derivatives	[c]	(0.3)			1.1	0.8	0.8						0.8
Interest rate risk													
Interest rate swaps	FVH [b]				0.1	0.1		0.1					0.1
Swaps, options and Cross Currency Swaps	CFH [a] and NIH [d]	16.4		(10.8)	(0.2)	5.4	(34.6)				8.6	31.4	5.4
Commodity risk (Energy)													
Forwards hedging future cash flows	CFH [a]	0.6		0.2		0.8	(0.9)	(0.6)				2.3	0.8
TOTAL		**21.7**	**2.0**	**26.3**	**31.3**	**81.3**	**(45.7)**	**(1.2)**	**14.2**	**1.1**	**45.8**	**67.1**	**81.3**

(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)	2019	2020
Investment grants	60.3	79.3
Advances and deposits received from customers	34.3	28.2
Other non-current liabilities	167.0	99.0
TOTAL OTHER NON-CURRENT LIABILITIES	**261.6**	**206.5**

26.2. OTHER CURRENT LIABILITIES

(in millions of euros)	2019	2020
Advances received	243.8	307.0
Deposits received from customers	88.3	87.9
Other payables	1,113.3	1,235.2
Accruals and deferred income	183.6	179.1
TOTAL OTHER CURRENT LIABILITIES	**1,629.0**	**1,809.2**

Amounts payable to customers under Engineering & Construction contracts and amounting to 107.3 million euros are included in other current liabilities as of December 31, 2020 (76.7 million euros in 2019).

Note 27 Trade payables

(in millions of euros)	2019	2020
Operating suppliers	2,233.7	2,083.6
Property, plant and equipment and intangible assets suppliers	332.9	354.3
TOTAL TRADE PAYABLES	**2,566.6**	**2,437.9**

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 subject to the contract should not be challenged.

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 268 to 270. 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)	2019	2020
Short-term benefits	16,900	15,784
Post-employment benefits	2,549	1,731
Termination benefits	508	-
Share-based payments	9,034	9,476
TOTAL	**28,991**	**26,991**

Short-term benefits

Short-term benefits include fixed remuneration, variable remuneration, benefits in kind and Directors' 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 include the contributions paid to external pension funds. Retirement commitments amounted to 35,478 thousand euros in 2020 and 37,225 thousand euros in 2019.

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	Expiry date	Strike price [(a)] *(in euros)*	Number 2019	Strike price *(in euros)*	Number 2020
2011 (October 14)	10/13/2021	57.28	137,105	57.28	3,770
2012 (September 27)	09/26/2022	70.14	231,936	70.14	206,728
2013 (September 26)	09/25/2023	74.06	277,175	74.06	258,874
2014 (September 22)	09/21/2024	77.67	255,668	77.67	234,236
2015 (September 28)	09/27/2025	84.08	139,193	84.08	139,193
2016 (July 29)			34,294		
2016 (November 29)	11/28/2026	76.47	67,605	76.47	67,605
2016 (November 29)			24,557		
2017 (September 20)	09/19/2027	85.52	28,092	85.52	28,092
2017 (September 20)			102,400		45,799
2018 (September 25)	09/24/2028	97.02	26,127	97.02	26,127
2018 (September 25)			91,693		91,693
2019 (September 30)			91,160		91,160
2020 (September 29)					77,980

(a) Adjusted for share capital increases by attributions of free shares (2019, 2017, 2014, 2012) and for the share capital increase in cash of October 11, 2016.

The fair value of performance shares granted in 2020 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 totaled 19,361 thousand euros as of December 31, 2020 (19,017 thousand euros as of December 31, 2019).

The 2020 plan performance shares granted to corporate officers and Executive Committee members cannot be exercised unless certain performance conditions are achieved.

No stock options or performance shares were granted to other non-executive Directors under these plans.

Note 29 Commitments

Commitments are given in the normal course of the Group's business.

(in millions of euros)	2019	2020
Firm purchase orders for fixed assets	1,280.5	930.3
Other commitments related to operating activities	4,865.4	4,459.1
Commitments relating to operating activities	**6,145.9**	**5,389.4**
Commitments relating to financing operations and consolidation scope	**235.3**	**244.5**
TOTAL	**6,381.2**	**5,633.9**

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 to 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 1,155.3 million euros as of December 31, 2020 (1,261.1 million euros as of December 31, 2019). 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. These commitments are not disclosed in the table above.

Commitments to purchases of molecules as part of take-or-pay contracts amounted to 3,868.5 million euros as of December 31, 2020 (4,461.5 as of December 31, 2019), and are reported in other commitments related to operating activities. These amounts include Helium purchase commitments.

Confirmed credit lines are shown in note 25.

Commitments related to associates amounted to 42.6 million euros as of December 31, 2020.

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.

In September 2010, the Brazilian competition authority ("CADE") fined the major industrial gas companies operating in Brazil, including Air Liquide Brazil, for unfair trade practices prior to 2004. Air Liquide Brazil was fined 197.6 million Brazilian reals before interest on arrears amounting to 179.7 million Brazilian reals as of December 31, 2020 (equivalent to 31.0 million euros for the fine and 28.2 million euros for interest on arrears).

Air Liquide Brazil has strongly contested this decision and has consequently filed an application to annul the fine before the Brasilia Federal Court. In May 2014, the CADE ruling was annulled in first instance by this Court. In September 2014, the CADE filed an appeal against this decision, which was rejected by the Court of Appeals in November 2015. In November 2016, the CADE and the Procurator's Office had both filed a new appeal against this decision to the Superior Court and the Supreme Court of Justice, which is still to be ruled as of December 31, 2020. At this stage, the Group considers it probable that Air Liquide Brazil will prevail, mainly following appeals filed by the CADE against other companies and dismissed by the Superior Court. Consequently, no provision has been recorded.

Note 31 Climate risks consideration

According to the terms and conditions described in the paragraph related to the use of estimates and assumptions in the accounting principles, the Group takes into account climate risks in its closing assumptions and include their potential impact in the financial statements. The main climate risk identified by the Group relates to greenhouse gas emissions. The costs incurred for measures related to gas emissions are already taken into account as part of the investment decision and in the running costs of the Group's plants. These costs are passed on to most of the Large Industrie customers in accordance with the terms of the contract.

The ETS (Emission Trading Scheme) European Directive which established a quota system for greenhouse gas emissions in the European Union has entered its third phase (2013-2020), which will feature an expanded scope for industrial plants subject to the ETS and a gradual reduction in the free allocation of quotas.

With phase III, the Group is required to obtain CO_2 quotas for the portion of emissions from hydrogen production sites not covered by free allocations, as well as for all emissions from cogeneration sites. As the Group manages CO_2 quotas solely to cover its industrial needs, they are classified as a commodity and managed as such. The quotas are therefore valued at acquisition cost and presented in inventories.

The Group recognizes a provision when the year-end quotas covering greenhouse gas emissions are insufficient, based on the best estimate of the outflow of resources required to settle the obligation.

As of December 31, 2020, the amounts recognized in assets and liabilities are immaterial.

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	2019	2020
USD	0.89	0.88
CNY	0.13	0.13
CAD	0.67	0.65
Yen (1,000)	8.20	8.22

Closing rates

Euros for 1 currency	2019	2020
USD	0.89	0.81
CNY	0.13	0.12
CAD	0.69	0.64
Yen (1,000)	8.20	7.91

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
GAZ & SERVICES			
EUROPE			
Air Liquide Austria GmbH	AUT		100.00%
L'Air Liquide Belge S.A.	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%
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		95.08%
Air Liquide Russie S.A.	FRA		100.00%
Air Liquide Santé (International) S.A.	FRA		100.00%
Air Liquide Santé France S.A.	FRA		100.00%
Air Liquide Guyane Spatial S.A.	FRA		98.79%
Air Liquide Ukraine S.A.	FRA		100.00%
Lavéra Energies S.N.C.	FRA	JO	50.00%
LVL Médical Groupe S.A.	FRA		100.00%
Pharma Dom S.A.	FRA		100.00%
Société des Gaz Industriels de la Guadeloupe S.A.	FRA		95.88%
Société d'Exploitation de Produits pour les Industries Chimiques S.A.	FRA		99.98%

Main consolidated companies	Country	Integration	% interest
Société Guyanaise de L'Air Liquide S.A.	FRA		97.04%
Société Martiniquaise de L'Air Liquide S.A.	FRA		95.87%
VitalAire S.A.	FRA		100.00%
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%
SPL Services Limited	GBR		98.02%
Air Liquide Hellas S.A.G.I.	GRC		99.78%
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%
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 Industrie B.V.	NLD		100.00%
Air Liquide Nederland B.V.	NLD		100.00%
Scott Specialty Gases Netherlands B.V.	NLD		100.00%
Air Liquide Norway A.S.	NOR		100.00%
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 OOO	RUS		100.00%
Air Liquide Severstal CJSC	RUS		75.00%
Air Liquide Lipetsk	RUS		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%
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 Trinidad and Tobago Ltd	TTO		100.00%
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 & AFRICA			0.00%
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%
Société d'Installations et de Diffusion de Matériel Technique S.P.A.	DZA	E	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%

Main consolidated companies	Country	Integration	% interest
Shuaiba Oxygen Company K.S.C.C. [(a)]	KWT		49.81%
Air Liquide Maroc S.A.	MAR		95.92%
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 Al-Khafrah Industrial Gases LLC	SAU		75.00%
Air Liquide Arabia LLC	SAU		65.00%
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 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	JO	50.00%
Société d'Oxygène et d'Acétylène d'Extrême-Orient S.A.	FRA		100.00%
Celki International Ltd	HKG		100.00%
P.T. Air Liquide Indonesia	IDN		100.00%
Air Liquide Japan Ltd	JPN		100.00%
Toshiba Nano Analysis K.K.	JPN		51.00%
Sohgo Industry Co., Ltd	JPN		90.23%
Vital Air Japan K.K.	JPN		100.00%
Air Liquide Korea Co., Ltd	KOR		100.00%
VitalAire Korea Inc.	KOR		100.00%

(a) Consolidation method differs form percentage of shares due to a contractual agreement.

Main consolidated companies	Country	Integration	% interest
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%
GIE Cryospace	FRA		55.00%
Air Liquide Electronics Systems S.A.	FRA		100.00%
FordonsGas Sverige AB	SWE		100.00%
Hélium Services S.A.	FRA		100.00%
The Hydrogen Company	FRA		100.00%
Oilfield 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%
Air Liquide Participations 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/group/consolidation-scope-2020

Statutory Auditors' offices and fees

STATUTORY AUDITORS' OFFICES

Ernst & Young et Autres

Principal Statutory Auditor
Ernst & Young et Autres is represented by
Jeanne Boillet and François-Guillaume Postel
Tour First – TS 14444 – 1, place des Saisons
92037 Paris-La Défense CEDEX (Courbevoie)

Deputy Statutory Auditor
Auditex
Tour First – TS 14444 – 1, place des Saisons
92037 Paris-La Défense CEDEX (Courbevoie)

PricewaterhouseCoopers Audit

Principal Statutory Auditor
PricewaterhouseCoorpers Audit is represented by
Françoise Garnier and Séverine Scheer
63, rue de Villiers
92200 Neuilly-sur-Seine

Deputy Statutory Auditor
Jean-Christophe Georghiou
with PricewaterhouseCoorpers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine

STATUTORY AUDITORS' FEES

	2020							
(in thousands of euros)	Ernst & Young et Autres		PricewaterhouseCoopers Audit		Others		Total	
Audit, certification, review of individual and consolidated financial statements	5,747	93.2%	6,382	95.2%	430	59.5%	12,559	92.4%
■ Issuer	728		648		-		1,376	
■ Fully consolidated subsidiaries	5,019		5,734		430		11,183	
of which Airgas	-		*1,456*		-		*1,456*	
Services required by law	20	0.3%	43	0.7%	3	0.4%	66	0.5%
Total of certification missions and services required by law	**5,767**	**93.5%**	**6,425**	**95.9%**	**433**	**59.9%**	**12,625**	**92.9%**
Services relating to Corporate Social Responsibility (CSR)	-	0.0%	110	1.6%	-	0.0%	110	0.8%
Due-diligence services (sell-side and buy-side)	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other services	398	6.5%	168	2.5%	290	40.1%	856	6.3%
Total of non-audit services	**398**	**6.5%**	**278**	**4.1%**	**290**	**40.1%**	**966**	**7.1%**
TOTAL	**6,165**	**100%**	**6,703**	**100%**	**723**	**100%**	**13,591**	**100%**

	2019							
(in thousands of euros)	Ernst & Young		PricewaterhouseCoopers Audit		Autres		Total	
Audit, certification, review of individual and consolidated financial statements	7,319	94.2%	5,321	85.3%	533	78.6%	13,173	89.7%
■ Issuer	733		616		-		1,349	
■ Fully consolidated subsidiaries	6,586		4,705		533		11,824	
of which Airgas	*1,720*		-		-		*1,720*	
Services required by law	112	1.4%	85	1.4%	19	2.8%	216	1.5%
Total of certification missions and services required by law	**7,431**	**95.6%**	**5,406**	**86.7%**	**552**	**81.4%**	**13,390**	**91.2%**
Services relating to Corporate Social Responsibility (CSR)	27	0.4%	120	1.9%	-	0.0%	147	1.0%
Due-diligence services (sell-side and buy-side)	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other services	314	4.0%	709	11.4%	126	18.6%	1,148	7.8%
Total of non-audit services	**341**	**4.4%**	**829**	**13.3%**	**126**	**18.6%**	**1,295**	**8.8%**
TOTAL	**7,772**	**100%**	**6,235**	**100%**	**678**	**100%**	**14,685**	**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 of L'Air Liquide,

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, 2020.

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, 2020 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, 2020 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

Due to the global crisis related to the covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 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" to 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, Group management considers that the Group retains the right to direct the use of these assets as defined in the standard IFRS 16 “Leases”. 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.

Due to the complexity of those contracts and the impact on the consolidated financial statements of the judgments made when the contract is signed, or in case of subsequent significant modifications, 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 in:

- considering the criteria to qualify the Large Industries long term contracts applied by Group management, considering in particular the specific nature of the underlying assets;
- considering internal control procedures implemented by Group management to confirm the compliance of these contracts with standard terms and conditions on which Group management’s IFRS 16 analysis is based;
- assessing the compliance to standard terms of the new significant contracts of the current year for the Large Industries activity and conditions and the impact of potential deviations on the accounting treatment;
- verifying the appropriateness of the disclosure included in note “3.a. Revenue recognition – Gas & Services” 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, 2020, the net book value of property, plant and equipment amounts to 20,003 million euros, or 47.7% of the Group total assets, that include the significant industrial investments to execute the customer agreements of the Large Industries activity. Large Industries production units are depreciated on a straight line basis over their estimated useful life, usually between 15 and 20 years. The estimated useful lives are reassessed on a regular basis and the resulting changes 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 or counterparty risk.

As disclosed in note “5.f. Impairment of assets” to 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 Group management 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.

As part of the preparation of its medium-term plan, the Group has carried out a strategic review of its activities and its assets portfolio, taking into account the impacts of the health crisis on specific markets. 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.

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 depreciation principles and measurement of the recoverable value of Large Industries production assets as a key audit matter.

Our response

Our procedures consisted in:

- considering the procedures performed by Group management to assess and update the depreciation period of the equipment and assess the consistency of their useful lives with contractual terms and available internal technical studies ;
- analyzing the Group’s process to identify impairment indicators and considering the strategic review of its activities and its assets portfolio performed by Group management ;
- considering 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 and reconciling them to the underlying operational data and to the long-term growth rate of these cash flows ;
- verifying the accounting translation of impairment losses resulting from the determination of recoverable values ;
- considering discussions of the Group with its customers and advisors.

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, 2020, goodwill amounts to a net book value of 13,087 million euros (31.2% of the Group total assets).

Group management performs annually, an impairment test, mostly by reference to market values and, if required, with discounted cash-flows as described in note “5.f. Impairment of assets” to the consolidated financial statements.

The determination of fair value and recoverable value, and the sensitivity to the fluctuation of market value and key data and assumptions used, require significant management judgement and estimates. We have considered the measurement of the recoverable value of the groups of cash generating units as a key audit matter.

Our response

Our procedures consisted in:

- considering the principles used to determine the groups of cash generating units ;
- analyzing principles and methods used to determine the market value and their measurement based on multiples of market capitalization ;
- considering in particular for cash generating units (or groups of cash generating units) subject to a value in use valuation, management key assumptions and estimates, notably the underlying operating data and long-term growth rates of the cash-flow. We have also assessed with the support of our valuation experts who are part of the audit team, the discount rates applied and performed sensitivity tests ;
- 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 intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company’s management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be 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).

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 5, 2010 for ERNST & YOUNG et Autres.

As at December 31, 2020, PricewaterhouseCoopers Audit was in its fifth year of uninterrupted engagement and ERNST & YOUNG et Autres in its eleventh year of uninterrupted engagement. Previously, ERNST & YOUNG Audit was statutory auditor of L’Air Liquide from 1983 to 2009.

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. 823-10-1 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) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 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 1, 2021

The Statutory Auditors

French original signed by

PricewaterHouseCoopers Audit		ERNST & YOUNG et Autres	
Françoise Garnier	Séverine Scheer	Jeanne Boillet	François-Guillaume Postel

STATUTORY ACCOUNTS OF THE PARENT COMPANY

Income statement

For the year ended December 31

(in millions of euros)	Notes	2019	2020
Revenue	(2)	117.4	86.8
Royalties and other operating income	(3)	579.2	550.8
Total operating income (I)		**696.6**	**637.6**
Purchases		(45.4)	(63.6)
Duties and taxes other than corporate income tax		(20.8)	(23.4)
Personnel expenses		(239.1)	(235.5)
Depreciation, amortization and provision expenses	(5)	(29.8)	(26.2)
Other operating expenses	(4)	(304.9)	(287.0)
Total operating expenses (II)		**(640.0)**	**(635.7)**
Net operating profit (loss) (I + II)		**56.6**	**1.9**
Financial income from equity affiliates	(6)	374.4	1,179.6
Interests, similar income and expenses	(6)	8.7	6.1
Other financial income and expenses	(6)	1.0	3.6
Financial income and expenses (III)		**384.1**	**1,189.3**
Net profit / (loss) from ordinary activities before tax (I + II + III)		**440.7**	**1,191.2**
Exceptional income and expenses	**(7)**	**142.2**	**154.2**
Statutory employee profit-sharing		(2.7)	(2.8)
Corporate income tax	(8)	(12.5)	(8.8)
NET PROFIT FOR THE YEAR		**567.7**	**1,333.8**

Balance sheet

For the year ended December 31

(in millions of euros)		December 31, 2019 Net	December 31, 2020 Gross carrying amounts	December 31, 2020 Amortization, depreciation and provisions	December 31, 2020 Net
Assets					
Intangible assets	(9) & (11)	29.6	289.5	(257.6)	31.9
Tangible assets	(9) & (11)	79.3	175.1	(84.1)	91.0
Financial assets	(10) & (11)	13,106.3	13,160.6	(53.7)	13,106.9
TOTAL NON-CURRENT ASSETS		**13,215.2**	**13,625.2**	**(395.4)**	**13,229.8**
Inventories and work-in-progress	(11)	0.2	1.2	(1.0)	0.2
Operating receivables	(11) & (14)	525.9	536.1	(5.9)	530.2
Current account loans with subsidiaries	(11) & (14)	855.2	420.1	-	420.1
Short-term financial investments	(12)	126.5	114.4	-	114.4
Cash and financial instruments		13.2	12.4	-	12.4
Prepaid expenses		4.3	4.3	-	4.3
TOTAL CURRENT ASSETS		**1,525.3**	**1,088.5**	**(6.9)**	**1,081.6**
Bond redemption premiums		0.1	0.1	-	0.1
Unrealized foreign exchange losses		2.1	0.3	-	0.3
TOTAL ASSETS		**14,742.7**	**14,714.1**	**(402.3)**	**14,311.8**
Equity and liabilities					
Share capital		2,602.1			2,605.1
Additional paid-in capital		2,572.9			2,608.1
Revaluation reserve		23.9			23.9
Legal reserve		236.1			260.1
Other reserves		388.5			388.5
Retained earnings		5,587.8			4,821.5
Net profit for the year		567.7			1,333.8
Tax-driven provisions		1.7			2.5
TOTAL SHAREHOLDERS' EQUITY	**(13)**	**11,980.7**			**12,043.5**
PROVISIONS	**(11)**	**53.3**			**50.1**
Other bonds	(14)	302.3			302.3
Bank borrowings	(14)	0.6			3.5
Other borrowings	(14)	252.7			252.7
Operating payables	(14)	642.1			589.5
Current account borrowings with subsidiaries	(14)	1,508.3			1,067.4
Deferred income		0.4			0.5
		2,706.4			**2,215.9**
Unrealized foreign exchange gains		2.3			2.3
TOTAL EQUITY AND LIABILITIES		**14,742.7**			**14,311.8**

Notes to the statutory accounts

ACCOUNTING POLICIES

1. General principles

The year-end financial statements of L'Air Liquide S.A. have been prepared in accordance with general accounting principles applicable in France and in particular those of the French Chart of Accounts (Plan Comptable Général) and the French Commercial Code.

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. 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 fair value less costs to sell and its 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. Conversely, the amount corresponding to the maximum performance level is presented in off-balance sheet commitments.

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 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

Since January 1, 2017, L'Air Liquide S.A. has applied 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 ANC recommendation 2013-02 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 10% of 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 the option offered by ANC recommendation 2013-02, 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 General 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 and recognizes in a balance sheet current tax account the impact of restatements and eliminations when determining taxable profit as a whole and the tax deferrals of subsidiaries with losses. It is booked in exceptional income and expenses according to the Opinion 2005-G of the emergency committee of the C.N.C.

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 STATEMENT

1. Significant events

In 2019, there were no significant events during the fiscal year.

In 2020: On January 30, 2020, the World Health Organization declared a worldwide health emergency due to the propagation of the covid-19 virus and designated it as a pandemic on March 11, 2020. Consequently, governments from all over the world have been forced to adopt social and economic restrictive measures in order to limit the spread of the virus.

These measures have significantly affected the worldwide economy.

The impact of this pandemic on the Company's accounts is mainly reflected in the overall decrease in the royalties collected from subsidiaries (-41.5 million euros of which -7.6 million are related to currency effects).

2. Revenue breakdown by geographical area

(in millions of euros)	2019	2020
France	74.5	44.5
Abroad	42.9	42.3
REVENUE	**117.4**	**86.8**

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).

In 2020, the Company reviewed the billing terms of the Group retirement benefit guarantee agreement granted to its subsidiaries, regarding employee pension payments. This resulted in a 26.4 million euros decrease of the revenue.

3. Royalties and other operating income

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 provision 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)	2019	2020
Depreciation and amortization expenses	(15.7)	(13.5)
Provision expenses	(14.1)	(12.7)
DEPRECIATION, AMORTIZATION AND PROVISION EXPENSES	**(29.8)**	**(26.2)**

6. Financial income and expenses

Financial income from equity affiliates amounts to 1,179.6 million euros in 2020 (374.4 million euros in 2019). In 2020, the company Air Liquide Industriegase GmbH & Co. KG paid an exceptional dividend of 820.0 million euros.

Interests, similar income and expenses break down as follows:

(in millions of euros)	2019	2020
Revenues from long-term loans and other financial revenues	24.6	19.1
Other interest and similar income	(15.9)	(13.0)
INTERESTS, SIMILAR INCOME AND EXPENSES	**8.7**	**6.1**

Other financial income and expenses break down as follows:

(in millions of euros)	2019	2020
Other financial expenses, impairment and provisions net of reversals	0.8	4.2
Foreign exchange gains / losses (net)	0.2	(0.6)
OTHER FINANCIAL INCOME AND EXPENSES	**1.0**	**3.6**

7. Exceptional income and expenses

As part of the tax consolidation of L'Air Liquide S.A. and its consolidated French subsidiaries, an exceptional income of 140.0 million euros was booked in 2020 (138.7 million euros in 2019). This income had no impact on the Group's consolidated tax position or the profit or loss of the relevant subsidiaries.

Exceptional income and expenses also include the impact of eliminations related to the tax consolidation regime in the amount of 14.2 million euros in 2020 and 9.7 million euros in 2019.

8. Corporate income tax

The total tax expense amounts to 8.8 million euros, compared to 12.5 million euros in 2019.

After allocation of add-backs, deductions and tax credits relating to profits, it breaks down as follows:

(in millions of euros)	**2019**	**2020**
Net profit from ordinary activities before tax	(11.3)	(7.6)
Additional contributions on earnings [(a)]	(1.2)	(1.2)
TOTAL	**(12.5)**	**(8.8)**

(a) 3.3% social security contribution on earnings.

9. Intangible and tangible assets

Changes in gross value break down as follows:

(in millions of euros)	**Gross value as of January 1, 2020**	**Additions**	**Disposals**	**Gross value as of December 31, 2020**
Concessions, patents, licenses	108.9	3.0	(0.5)	111.4
Other intangible assets	170.6	9.9	(2.4)	178.1
INTANGIBLE ASSETS	**279.5**	**12.9**	**(2.9)**	**289.5**
Land and buildings	94.8	5.8	(0.5)	100.1
Plant, machinery and equipment	37.9	2.8	(2.2)	38.5
Other tangible assets	21.0	0.1	(1.3)	19.8
Tangible assets under construction and payments on account – tangible assets	7.2	13.8	(4.3)	16.7
TANGIBLE ASSETS	**160.9**	**22.5**	**(8.3)**	**175.1**
TOTAL	**440.4**	**35.4**	**(11.2)**	**464.6**

Changes in amortization, depreciation and impairment losses break down as follows:

(in millions of euros)	**Amortization, depreciation and impairment losses as of January 1, 2020**	**Amortization and depreciation**	**Decreases, disposals, scrappings**	**Amortization, depreciation and impairment losses as of December 31, 2020**
Intangible assets	(249.9)	(7.8)	0.1	(257.6)
Tangible assets	(81.6)	(5.7)	3.2	(84.1)
TOTAL	**(331.5)**	**(13.5)**	**3.3**	**(341.7)**

10. Financial assets

Changes in gross value break down as follows:

(in millions of euros)	Gross value as of January 1, 2020	Increases	Decreases	Gross value as of December 31, 2020
Equity investments	12,494.0	39.0 [a]	(50.6) [b]	12,482.4
Other long-term investment securities [c]	9.1	111.3	(88.3)	32.1 [e]
Long-term loans	628.6	1.0	(1.0)	628.6
Other long-term financial assets	71.2	1.2	(54.9) [d]	17.5 [f]
FINANCIAL ASSETS	**13,202.9**	**152.5**	**(194.8)**	**13,160.6**

(a) The increase in equity investments mainly corresponds to the capital increase of the subsidiary Air Liquide Biogas Solutions Europe (ex-Air Liquide Advanced Business) for 39.0 million euros.

(b) The decrease in equity investments mainly results from the disposal of the subsidiary Axane to the subsidiary Air Liquide Advanced Technology.

(c) The change in other long-term investment securities mainly corresponds to:

- *the acquisition and sale of Company treasury shares under the liquidity contract for 89.2 million euros and -88.3 million euros respectively;*
- *the acquisition of 165,000 Company treasury shares (for the purpose of cancellation) for 22.2 million euros;*

(d) In connection with the litigation concerning the reimbursement of the receivable, the Administrative Court of Montreuil partially sided with L'Air Liquide S.A. on July 21, 2014. Following this decision, L'Air Liquide S.A. received 30.3 million euros in principal and 15.0 million euros in interest on arrears. On September 19, 2014, the Company appealed the decision of the Administrative Court of Montreuil regarding the recovery of the balance. On appeal, the Administrative Court of Versailles partially sided with Air Liquide on July 7, 2020. Following this decision, Air Liquide received 31.8 million of euros in principal and 23.1 million of euros in interest on arrears on July 27, 2020.

Following the decisions rendered by the Court of Appeal of Versailles and in order to challenge some of those decisions, Air Liquide and the tax administration have filed a plea before the Supreme Court ("Conseil d'État"). On October 23, the Conseil d'État decided to refer a question to the Court of Justice of the European Union. The Air Liquide Group, being a party to this case, is entitled to send a statement to the Court of Justice of the European Union before the end of February 2022.

At the 2020 year-end:

(e) The "Other long-term investment securities" caption includes 11,000 shares held under the liquidity contract in an amount of 1.5 million euros;

(f) The "Other long-term investments" caption mainly includes 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.

11. Impairment, allowances and provisions

A. Impairment and allowances

Impairment and allowances are recognized when the asset's carrying amount is lower than its entry value.

They break down as follows:

(in millions of euros)		2019	Charges	Reversals	2020
Intangible and tangible assets		(4.3)	-	-	(4.3)
Equity investments		(88.3)	(5.3)	48.2	(45.4)
Other long-term investment securities		(8.3)	-	-	(8.3)
Inventories and work-in-progress		(1.0)	-	-	(1.0)
Operating receivables		(5.9)	-	-	(5.9)
IMPAIRMENT AND ALLOWANCES		**(107.8)**	**(5.3)**	**48.2**	**(64.9)**
Whose charges and reversals:	*operating items*		-	-	
	financial items		*(5.3)*	*48.2*	
	exceptional items		-	-	

Charges and reversals mainly relate to impairment of equity investments.

B. Provisions

Provisions mainly include:

- foreign exchange provisions;
- third party or employee contingency and litigation provisions;
- jubilee awards and vested rights with regard to retirement termination payments (27.5 million euros in 2020 and 25.4 million euros in 2019).

(in millions of euros)	2019	Charges	Reversals	2020
Provisions for contingencies	8.4	0.5	(2.9)	6.0
Provisions for losses	44.9	12.2	(13.0)	44.1
PROVISIONS	**53.3**	**12.7**	**(15.9)**	**50.1**
Whose charges and reversals:	*operating items*	*12.7*	*(15.0)*	
	financial items	*-*	*-*	
	exceptional items	*-*	*(0.9)*	

Charges mainly relate to provisions for jubilee awards and vested rights with regard to retirement termination payments for 2.8 million euros and provisions to cover the future charge of the remittance of current shares for 8.9 million euros.

Reversals primarily stem from the cancellation of foreign exchange provisions for -2.0 million euros and the remittance of current shares for -12.2 million euros.

12. Short-term financial investments

The item breaks down as follows:

(in millions of euros)	Gross value as of December 31, 2019	Gross value as of December 31, 2020
Company treasury shares	126.5	114.4
Other short-term financial investments	-	-
SHORT-TERM FINANCIAL INVESTMENTS	**126.5**	**114.4**

At the 2020 year-end, “Company treasury shares” consisted of 1,113,830 shares (1,375,893 shares in 2019) allocated to the implementation of performance shares plans to employees.

During the first 2020 half year, the Company bought 200,000 shares (in an amount of 26.9 million euros) allocated to the implementation of performance shares plans to employees.

13. Shareholders' equity

As of December 31, 2020, the share capital comprised 473,660,724 shares with a par value of 5.50 euros.

The portion of share capital arising from the special revaluation reserve totals 71.4 million euros.

(in millions of euros)	As of December 31, 2019 (before appropriation of earnings)	Appropriation of 2019 net profit	Capital increases	Capital decrease	Other changes	As of December 31, 2020 (before appropriation of earnings)
Share capital [(b)]	2,602.1	-	3.0	-	-	2,605.1
Additional paid-in capital [(b)]	2,572.9	-	35.2	-	-	2,608.1
Revaluation reserve	23.9	-	-	-	-	23.9
Reserves:						
■ Legal reserve	236.1	24.0	-	-	-	260.1
■ Tax-driven reserves	307.8	-	-	-	-	307.8
■ Translation reserve	7.7	-	-	-	-	7.7
■ Other reserves	73.0	-	-	-	-	73.0
■ Retained earnings [(c)]	5,587.8	(769.9)	-	-	3.6	4,821.5
Net profit for the year	567.7	(567.7)	-	-	1,333.8	1,333.8
Investment grants	-	-	-	-	0.3	0.3
Accelerated depreciation [(d)]	1.7	-	-	-	0.5	2.2
SHAREHOLDERS' EQUITY	**11,980.7**	**(1,313.6)** [(a)]	**38.2**	**-**	**1,338.2**	**12,043.5**

(a) Following the decision of the Combined Annual Shareholders' Meeting of May 5, 2020.

(b) The change in the Share capital and Additional paid-in capital results from the following transactions:

- *Capital increases of 3.0 million euros resulting from the exercise of 555,210 subscription options. The Additional paid-in capital was increased by the premiums related to these shares, i.e. 35.2 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 reversal of accelerated depreciation in accordance with asset depreciation and amortization policies.

14. Debt maturity analysis

	December 31, 2020		
(in millions of euros)	Gross	≤ 1 year	> 1 year
Long-term loans	628.6	0.6	628.0
Other long-term investments	17.5	0.6	16.9
Operating receivables	536.1	466.6	69.5
Current account loans with subsidiaries [(a)]	420.1	420.1	-
ASSETS	**1,602.3**	**887.9**	**714.4**

(a) Current amount loans agreements are concluded for an indefinite period.

	December 31, 2020			
(in millions of euros)	Gross	≤ 1 year	> 1 to ≤ 5 years	> 5 years
Other bonds [(a)]	302.3	2.3	300.0	-
Bank borrowings	3.5	3.5	-	-
Other borrowings	252.7	2.4	250.0	0.3
Operating payables	589.5	520.0	69.5	-
Current account borrowings with subsidiaries [(b)]	1,067.4	1,067.4	-	-
DEBTS	**2,215.4**	**1,595.6**	**619.5**	**0.3**

(a) All new bond issues carried out by L'Air Liquide S.A., and constituting the outstanding bonds as of December 31, 2020, include a change of control clause.

(b) Current amount borrowings agreements are concluded for an indefinite period.

15. Financial instruments

Unsettled derivatives as of December 31, 2020 break down as follows:

	December 31, 2020	
(in millions of euros)	Carrying value	Fair value
Currency forwards		
■ Buy	38.2	(0.8)
■ Sell	173.4	3.7
FOREIGN EXCHANGE RISK		**2.9**

The fair value difference represents the difference between the derivative valuation and the value of the contract determined at the closing year-end exchange rate.

All of these instruments are allocated to hedging. 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 (3,540 retirees as of December 31, 2020) and to employees over 45, or with more than 20 years of service as of January 1, 1996 (one employee as of December 31, 2020). 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. 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.

In October 2020, the Company reviewed the billing terms of the Group retirement benefit guarantee agreement granted to its subsidiaries, regarding employee pension payments.

The contributions amounted to 20.1 million euros in 2020 (11.2 million euros in 2019) after reinvoicing subsidiaries. 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, 2020 amounts to 603.1 million euros.

Based on the assumptions used for the valuation of the retirement obligations, an estimated 310.7 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 (1,009 employees as of December 31, 2020) and with at least one half-year of service benefit from an externally funded defined contribution plan. Contributions to this plan are jointly paid by the employer and employee. For 2020, employer contributions amounted to 6.9 million euros (7.9 million euros in 2019).

C. Retirement termination payments and jubilees

The corresponding obligations are provided for in the amount of 26.6 million euros (net of tax) and 0.9 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, 2020, the amounts stand at 20.8 million euros (18.5 million euros in 2019).

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 (0.60% as of December 31, 2020).

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, 2020	**626.2**	**56.8**	**0.9**	**683.9**
Service cost	0.8	2.7	0.1	3.6
Interest cost	3.0	0.3	-	3.3
Plan amendments	(4.2)	-	-	(4.2)
Benefit payments	(42.0)	(1.1)	-	(43.1)
Actuarial (gains) / losses	19.3	3.1	-	22.4
OBLIGATIONS AS OF DECEMBER 31, 2020 [(a)]	**603.1**	**61.8**	**1.0**	**665.9**

(a) Commitments as of December 31, 2020 are covered by assets amounting to 14.8 million euros.

17. Accrued income and accrued expenses

(in millions of euros)	December 31, 2020
Accrued income	
Other long-term financial assets	16.7
Operating receivables	182.7
ACCRUED INCOME	**199.4**
Accrued expenses	
Other bonds	2.3
Other borrowings	1.9
Operating payables	279.6
ACCRUED EXPENSES	**283.8**

18. Deferred taxes

Deferred taxes arise from timing differences between the tax regime and the accounting treatment of income and expenses. According to the nature of the differences, these deferred taxes will increase or decrease the future tax expense and are not recorded pursuant to the provisions of the chart of accounts.

Deferred taxes as of December 31, 2020 are estimated as follows:

(in millions of euros)	December 31, 2019	December 31, 2020
Deferred tax assets (decrease in future tax expense)	3.8	2.7
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 32.02% in 2019 and 28.41% in 2020.

OTHER INFORMATIONS

19. Items concerning related undertakings

The Company conducted related party transactions with its wholly owned subsidiaries or subsidiaries that were directly or indirectly controlled.

(in millions of euros)	December 31, 2019 Gross	December 31, 2019 Including related undertakings
Balance sheet		
Long-term loans	628.6	625.6
Other long-term financial assets	17.5	-
Operating receivables	536.1	485.2
Current account loans with subsidiaries	420.1	420.1
Other borrowings	252.7	251.9
Operating payables	589.5	194.0
Current account borrowings with subsidiaries	1,067.4	1,067.4
Income statement		
Financial income from equity affiliates	1,179.6	1,179.6
Interests, similar income and expenses	6.1	13.2
Other financial income and expenses	3.6	(4.7)

20. Off-balance sheet commitments

Off-balance sheet commitments break down as follows:

(in millions of euros)	December 31, 2019	December 31, 2020
Commitments given		
Endorsements, securities and guarantees given [(a)]	1,164.6	638.0
To Air Liquide Finance and Air Liquide US LLC on transactions performed [(b)]	11,703.4	11,488.6
Firm purchase orders for fixed assets	1.0	7.4
COMMITMENTS GIVEN	**12,869.0**	**12,134.0**

(a) Endorsements, securities and guarantees given mainly consist of the joint and several liability guarantee linked to the European program of non-recourse assignments of trade receivable in an amount of 371 million euros (367 million euros as of December 31, 2019) and the joint and several liability guarantee of the subsidiary Air Liquide France Industrie in connection with the energy purchases. As of December 31, 2019, it was also taking into account the guarantees given in favor of holders of the Senior Notes issued by Airgas (550 million US dollars) who were early repaid at the end of December 2020.

(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, in order to borrow on the US market.

Insofar as the sole activity of Air Liquide Finance and Air Liquide US LLC is the Group's financing, 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' fees) paid by the Company to members of Executive Management and the Board of Directors respectively, amounts to:

(in millions of euros)	2020
Remuneration of the Board of Directors	0.8
Remuneration of Executive Management	3.4
TOTAL	**4.2**

During 2020, the Company paid to third parties the total amount of 232,023 euros for Benoît Potier: with respect to supplementary defined contribution pension plans: 9,836 euros, with respect to the collective death and disability benefits plan: 3,357 euros and with respect to the collective life insurance contract: 218,830 euros.

The Company will pay in 2021 in respect of 2020, in terms of the collective life insurance contract, contributions amounting to 222,134 euros and in terms of the collective pension insurance contract, an amount of 340,000 euros (split between a payment to the insurer and a payment to Benoît Potier intended to cover the social security contributions and taxes due on the payments made to the insurer), this contract was set up with effect on January 1, 2020, following legislative changes and in accordance with the remuneration policy. It replaces the acquisition of conditional rights under the defined benefit pension plan with effect from this date in order to maintain rights which are equivalent to those which would have existed under such plan, if it had been possible to maintain them for Benoît Potier.

22. Average number of employees

The average number of employees is:

	2019	2020
Engineers and executives	817	856
Supervisory staff	201	195
Employees	3	11
Laborers	11	4
TOTAL	**1,032**	**1,066**

23. Subsidiaries and affiliates information

				Carrying amount of shares held after the revaluations of 1976, 1978 and 1979							
(in thousands of euros)	Share capital as of December 31, 2020	Other equity as of December 31, 2020	% share holding	Gross	Net	Including revaluation difference	Loans and advances granted by the Company and not repaid	Guarantees and endorsements given by the Company	2019 net revenue [(a)]	Net profit (or loss) for 2019 [(a)]	Dividends collected by the Company during 2020
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	4,230,605	100.00%	9,333,923	9,333,923	21,186	279,648		60	456,232	
Air Liquide France Industrie – 6, rue Cognacq-Jay – 75007 Paris	72,268	531,564	100.00%	285,127	285,127				1,045,691	117,786	108,016
Air Liquide Finance – 6, rue Cognacq-Jay – 75007 Paris	102,000	11,730	100.00%	72,901	72,901		653,004	11,447,890		72,014	68,400
Air Liquide Santé (International) – 75, quai d'Orsay – 75007 Paris	38,477	356,385	100.00%	331,728	331,728	6,301				88,527	82,966
Chemoxal [(b)] – 75, quai d'Orsay – 75007 Paris	30,036	4,189	100.00%	30,326	30,326					30,182	30,193
Air Liquide Investissements d'Avenir et de Démonstration – 6, rue Cognacq-Jay – 75007 Paris	85,050	(22,838)	100.00%	85,050	85,050				10	(7,945)	
Air Liquide Biogas Solutions Europe (ex-Air Liquide Advanced Business) – 6, rue Cognacq-Jay – 75007 Paris	111,634	4,852	100.00%	175,450	134,460				22,695	(12,235)	
b) Companies operating outside of France											
Air Liquide Industriegase GmbH & Co. KG – Hans-Günther-Sohl-Strasse 5 – 40235 Düsseldorf – Germany	10	2,137,798	100.00%	2,106,474	2,106,474				51,709	92,663	875,000
B. General information on other subsidiaries and affiliates											
a) French companies (together)				56,212	52,547		5,186				8,127
b) Foreign companies (together)				3,973	3,216						6,858

(a) Most recent year-end accounts approved by the competent decision-making bodies.
(b) Holding company.

Statutory Auditors' Report on the 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 regulation and French law, such as information about the appointment of the statutory auditors or verification of 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 of L'Air Liquide,

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, 2020.

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, 2020 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 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, 2020 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

Due to the global crisis related to the covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 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 investements measurement

Identified risk	Our audit response
As at December 31, 2020, the net book value of the equity investments amounts to €12,437 million and represents 86.9% of the total balance sheet. Equity investments are recognized at their initial consideration, excluding acquisition costs and after considering legal reevaluation if any. 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 Management judgement. 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 procedures consisted in: ■ assessing, based on information provided by Management, valuation methods applied by the Company; ■ assessing assumptions used to determine the re-measured net asset; ■ assessing the methodology and the results of the tests performed based on the Group market capitalization; ■ verifying the 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 Management Report of the Board of Directors 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 the payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (Code de commerce).

Information relating to 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 remunerations and benefits received by the directors and any other commitments made in their favour, 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 controlling and controlled companies. 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 identity of the shareholders and holders of the 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 intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No. 2019/815 of 17 December 2018 to years beginning on or after January 1, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be 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).

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 5, 2010 for ERNST & YOUNG et Autres.

As at December 31, 2020, PricewaterhouseCoopers Audit was in its fifth year of uninterrupted engagement and ERNST & YOUNG et Autres in its eleventh year of uninterrupted engagement. Previously, ERNST & YOUNG Audit, was statutory auditor of L'Air Liquide from 1983 to 2009.

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 risks 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 taken on the basis of these financial statements.

As specified in Article L. 823-10-1 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 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 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 such as they are set in particular by Articles L. 822-10 to L. 822-14 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 1, 2021

The Statutory Auditors

French original signed by

PricewaterHouseCoopers Audit		ERNST & YOUNG et Autres	
Françoise Garnier	Séverine Scheer	Jeanne Boillet	François-Guillaume Postel

Five-year summary of Company results

(Articles R. 225-83 and R. 225-102 of the French Commercial Code)

	2016	2017	2018	2019	2020
I – Share capital at the end of the year					
a) Share capital *(in euros)* [(a) (b) (c)]	2,138,816,686	2,356,186,525	2,361,828,887	2,602,080,327	2,605,133,982
b) Number of outstanding ordinary shares	388,875,761	428,397,550	429,423,434	473,105,514	473,660,724
c) Number of shares with loyalty dividend entitlement [(d)]	102,292,196	117,152,854	128,524,663	134,154,877	131,753,261
d) Convertible bonds					
II – Operations and results of the year *(in millions of euros)*					
a) Revenue	154.5	139.3	110.3	117.4	86.8
b) Net profit before tax, employee profit-sharing, depreciation, amortization and provisions	577.9	1,276.8	624.0	622.4	1,378.9
c) Corporate income tax	53.8	70.8	27.5	12.5	8.8
d) Employee profit-sharing for the year	2.6	2.6	2.6	2.7	2.8
e) Net profit after tax, employee profit-sharing, depreciation, amortization and provisions	482.4	1,149.8	544.8	567.7	1,333.8
f) Distributed profit	1,037.7	1,165.7	1,171.4	1,316.6	1,338.1
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	1.34	2.88	1.38	1.28	2.89
■ over the adjusted number of shares [(e)]	1.19	2.62	1.26	1.29	2.90
b) Net profit after tax, employee profit-sharing, depreciation, amortization and provisions					
■ over the number of ordinary shares outstanding	1.24	2.68	1.27	1.20	2.82
■ over the adjusted number of shares [(e)]	1.10	2.44	1.16	1.20	2.83
c) Dividend allocated to each share					
■ over the number of ordinary shares outstanding	2.60	2.65	2.65	2.70	2.75
■ over the adjusted number of shares [(f)]	2.14	2.40	2.40	2.70	2.75
d) Loyalty dividend					
■ over the number of ordinary shares outstanding	0.26	0.26	0.26	0.27	0.27
■ over the adjusted number of shares [(f)]	0.21	0.24	0.24	0.27	0.27
IV – Employees working in France					
a) Average number of employees during the year	1,107	1,057	1,046	1,032	1,066
b) Total payroll for the year *(in millions of euros)*	149.9	151.9	160.4	156.6	155.3
c) Amounts paid with respect to employee benefits during the year (social security, staff benefits, etc.) *(in millions of euros)*	68.9	69.8	75.2	82.5	80.1

(a) Using the authorization granted by the 12th resolution of the Combined Annual Shareholders' Meeting of May 5, 2017 and the 15th resolution of the Combined Annual Shareholders' Meeting of May 16, 2018, the Board of Directors made the following decisions:

- *in its meeting of May 6, 2015, capital decrease by cancellation of 1,500,000 treasury shares;*
- *in its meeting of May 3, 2017, capital decrease by cancellation of 1,100,000 treasury shares;*
- *in its meeting of May 16, 2018, capital decrease by cancellation of 654,000 treasury shares;*
- *in its meeting of May 7, 2019, capital decrease by cancellation of 953,000 treasury shares.*

(b) Using the authorization granted by the 17th resolution of the Combined Annual Shareholders' Meeting of May 12, 2016, the Board of Directors decided in its meeting of July 27, 2017, the granting of one free share for ten existing shares (ranking for dividends as of January 1, 2017), and the granting of a 10% bonus for shares held in registered form from December 31, 2014 to September 29, 2017 (ranking for dividends as of January 1, 2017).

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 (ranking for dividends as of January 1, 2019), and the granting of a 10% bonus for shares held in registered form from December 31, 2016 to October 8, 2019 (ranking for dividends as of January 1, 2019).

(c) Using the authorizations granted by the resolutions of Combined Annual Shareholders' Meetings of May 5, 2010, May 7, 2013, and May 12, 2016.

- *the Board of Directors noted in its meeting of February 10, 2020 the issuance of 28,270 shares (ranking for dividends as of January 1, 2020) arising from:*
  - *the exercise of 12,832 options subscribed at the price of 57.28 euros;*
  - *the exercise of 3,914 options subscribed at the price of 70.14 euros;*
  - *the exercise of 4,898 options subscribed at the price of 74.06 euros;*
  - *the exercise of 5,061 options subscribed at the price of 77.67 euros;*
  - *the exercise of 1,565 options subscribed at the price of 84.08 euros.*
- *the Board of Directors noted in its meeting of November 20, 2020 the issuance of 455,663 shares (ranking for dividends as of January 1, 2020) arising from:*
  - *the exercise of 162,182 options subscribed at the price of 57.28 euros;*
  - *the exercise of 2,830 options subscribed at the price of 57.94 euros;*
  - *the exercise of 83,706 options subscribed at the price of 70.14 euros;*
  - *the exercise of 96,294 options subscribed at the price of 74.06 euros;*
  - *the exercise of 51,386 options subscribed at the price of 77.67 euros;*
  - *the exercise of 59,265 options subscribed at the price of 84.08 euros.*
- *the Board of Directors noted in its meeting of February 9, 2021 the issuance of 71,277 shares (ranking for dividends as of January 1, 2020) arising from:*
  - *the exercise of 21,042 options subscribed at the price of 57.28 euros;*
  - *the exercise of 13,426 options subscribed at the price of 70.14 euros;*
  - *the exercise of 12,795 options subscribed at the price of 74.06 euros;*
  - *the exercise of 7,637 options subscribed at the price of 76.47 euros;*
  - *the exercise of 10,346 options subscribed at the price of 77.67 euros;*
  - *the exercise of 6,031 options subscribed at the price of 84.08 euros.*

Using the authorization granted by the 16th resolution of the Combined Annual Shareholders' Meeting of May 6, 2015, pursuant to the delegation granted by the Board of Directors in its meetings of July 29, 2015 and October 23, 2015, and confirmed on February 15, 2016, the Chairman and CEO noted on May 10, 2016 the employee-reserved issuance of 999,143 new shares:

- *931,900 new shares subscribed in cash at a price of 77.18 euros per share, (ranking for dividends as of January 1, 2016), of which 2,728 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);*
- *67,243 new shares subscribed in cash at a price of 82.00 euros per share, (ranking for dividends as of January 1, 2016).*

Using the authorization granted by the 12th resolution of the Combined Annual Shareholders' Meeting of May 6, 2015, the Chairman and CEO, pursuant to the delegation granted by the Board of Directors in its meetings of July 29, 2016, noted on October 11, 2016, the issuance of 43,202,209 new shares, with retention of the preferential subscription rights on the basis of one new share for eight existing shares, subscribed in cash, at a price of 76.00 euros per share.

Using the authorization granted by the 15th resolution of the Combined Annual Shareholders' Meeting of May 3, 2017, pursuant to the delegation granted by the Board of Directors in its meetings of May 16, 2018 and confirmed on July 27, 2018, the Chairman and CEO noted on December 7, 2018 the employee-reserved issuance of 1,049,529 new shares:

- *934,697 new shares subscribed in cash at a price of 87.09 euros per share, (ranking for dividends as of January 1, 2018), of which 2,413 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);*
- *114,832 new shares subscribed in cash at a price of 92.53 euros per share, (ranking for dividends as of January 1, 2018).*

(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's ambition is to be an industry leader, deliver long-term performance and contribute to greater sustainability. As part of its business strategy, the Group has set the following sustainable development objectives:

- prevent global warming and improve air quality;
- strengthen dialog with all its stakeholders.

This Universal Registration Document strives to comply with the various principles that respectively govern the (EU) Regulation 2017/1129 of June 14, 2017 ("Prospectus III Regulation"), the Vigilance Plan and the Extra-financial performance declaration (EFPD) as follows:

Chapter 1 sets out the Group's integrated strategy, its business model, and its financial, environmental and societal performance.

Chapter 2 includes:

- a description of risk factors that are material and specific to the issuer and associated management measures, covered in article 16 of Prospectus III Regulation;
- the mapping of **risks specific to the duty of vigilance** (as defined by the article L. 225-102-4 of the French commercial code) supplements the company's own mapping, identifying risks that the company could pose to individuals (concerning respect for human rights and fundamental freedoms, health and safety) and to the environment. The most serious risks are identified so that they can be addressed as a priority by implementing preventive, mitigating or remedial measures (page 97);

The Extra-financial Performance Declaration (EFPD), as defined in article L. 22-10-36 para. 1 of the French Commercial Code and published in **Chapter 5,** sets out the main gross extra-financial risks for the Group and the associated mitigating policies. Some of these risks fall within the requirements of the Prospectus 3 Regulation and are included in the Risk Factors and Management Measures section of Chapter 2 of this Universal registration document.

Just like the Annual Financial Report, the Environmental and Societal reporting is reviewed each year by an independent verifier. Audits by independent verifiers conducted in 2020 covered 30% of the workforce and 20% of the Group's environmental footprint [a].

For further information, the Group's website has a section dedicated to Sustainable Development. Visit https://www.airliquide.com/fr/groupe/developpement-durable.

(a) Details of the sites audited in 2020 are given in the independent auditor's report page 353.

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 74) of this Universal Registration Document.

The Extra-financial Performance Declaration published by Air Liquide includes:

- an introduction to its business model (Chapter 1 – p. 32);
- an analysis of all the main CSR risks as defined by the Extra-financial Performance Declaration (Chapter 5). Some of these risks also relate to criteria in the Prospectus 3 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 corporate, environmental and social stakes.

In the Extra-financial Performance Declaration, the main risks and issues 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 challenges, Air Liquide also takes into account a dual materiality perspective:

- their internal impact, i.e. on the Group's performance and development;
- their external impact taking into account the assessment of its stakeholders.

In order to integrate the main risks and opportunities into the Group's strategy, according to the importance given to them by the various stakeholders, Air Liquide updated the materiality matrix of its sustainable development stakes in 2020. The results of this process are presented in this chapter (page 322).

Through its business and commitment, Air Liquide contributes to reaching 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 customers and life at the homes of Group patients. These applications accounted for over 40% of Group revenue in 2020.

1. Social stakes

1.1. HEALTH AND SAFETY

1.1.1. 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 76), 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.

1.1.2. Policy and procedures

Safety is an integral part of Air Liquide's operational excellence and culture. The Group is committed to effectively and in all circumstances reducing the exposure of its employees, customers, subcontractors, suppliers and local communities to occupational and industrial risks. Commitment to safety is total, visible and accompanied by unshakable vigilance.

Prevention, protection, early detection and rapid reaction 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/group/groups-principles-action).

Every subsidiary is committed to achieving the "zero accidents" ambition, as well as the objective of continuously improving its safety performance.

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 subcontractor must be aware of safety rules, follow them and intervene each time there is a risk of hazardous behavior or conditions.

The Group has drawn up 12 *Life-Saving Rules*. Given their importance, non-compliance with one of these 12 rules by anyone working for Air Liquide can lead to a warning, or even penalties up to and including suspension.

Air Liquide uses subcontractors 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 subcontractors as we are with Group employees;
- supervising subcontractors' safety in the execution of services;
- safety reviews once the work is complete and sharing feedback.

Road safety

The Group's goal is to permanently reduce the frequency and severity of road accidents.

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 the Group's subsidiaries and partners;
- monitoring the implementation and effectiveness of measures implemented by subsidiaries by means of dedicated audits.

According to the region, 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, help change driving habits where necessary, and 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 discussion and knowledge-building events with its partners;
- the organization of special events to recognize road safety performance and promote the sharing of best practices among subsidiaries;
- 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 subcontractors.

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) and requires:

- the identification of specific industrial risks for each business;
- knowledge of scenarios and their potential consequences;
- the implementation of appropriate preventative 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.

Since its launch 15 years ago, 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 us strive towards operational excellence. Its implementation is regularly assessed by specific IMS internal audits.

As the Group's businesses grow, so do the demands of its customers and their commitment to corporate social responsibility, bringing with them new challenges and opportunities. Building on the experience acquired, a project was therefore launched in 2018 to adapt the IMS. While maintaining the strong fundamentals established since 2005, the protocol was simplified, roles and responsibilities made clearer and governance strengthened, making the IMS easier to apply to daily operations and therefore even more efficient. New tools, some of which are digital, have been made available to the operating entities. The roll-out to all of the Group's businesses began in 2020 and will continue until mid-2022.

1.1.3. Performance

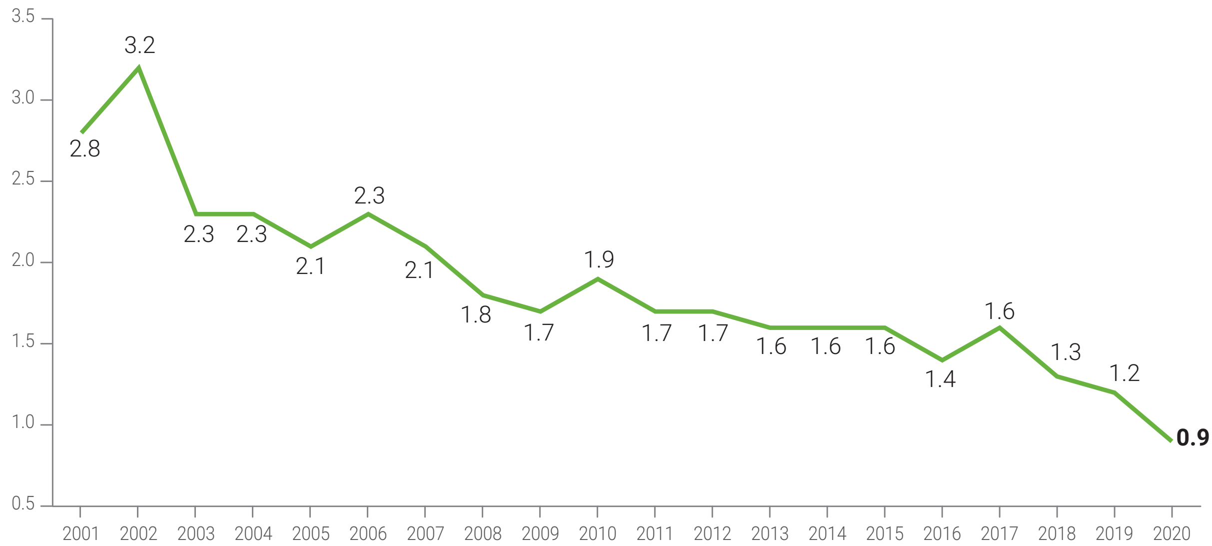
The actions undertaken by the Group are intended to contribute to the UN Sustainable Development Goals (SDGs) 3 "Good health and well-being" and 8 "Decent work and economic growth".

2020 was profoundly marked by the covid-19 crisis. During these extraordinary times, the lost-time accident frequency rate among Air Liquide employees fell sharply to 0.9 by late 2020 – a 30% improvement over 2019. This is a remarkable improvement which the Group intends to learn from fully in order to maintain the lowest possible rate on an ongoing basis.

In 2020, the Group recorded the deaths of three people: two Air Liquide employees and one subcontractor. Two occurred while driving, while the third happened in a gas cylinder maintenance shop.

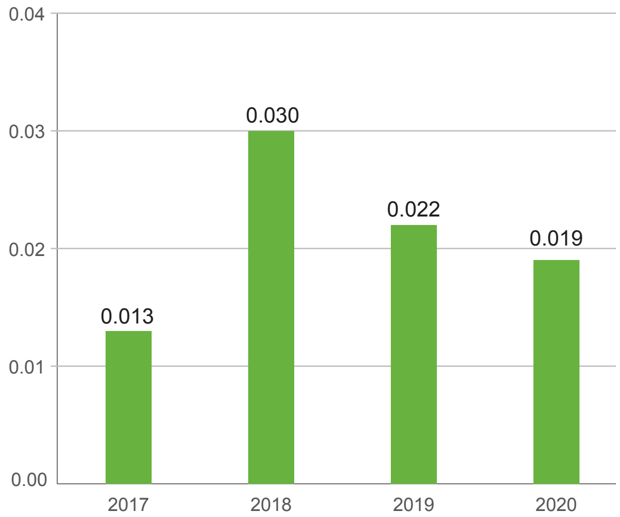
The Group has made – and will continue to make – every effort to analyze all accidents and draw lessons from them to prevent them from reoccurring.

LOST-TIME ACCIDENT FREQUENCY RATE AMONG AIR LIQUIDE EMPLOYEES (a) (b)



(a) Number of lost-time accidents of at least one day per million hours worked.
(b) Including Airgas since 2017.

FREQUENCY OF PREVENTABLE SERIOUS ACCIDENTS WITH INJURIES [(a)]



(a) Per million km driven by trucks of over 3.5 tons.

There was a significant improvement in road transport safety in 2020. The frequency rate of preventable serious accidents involving injured persons continues to improve. Unfortunately, Air Liquide suffered two fatal accidents involving an employee and a driver for a subcontractor.

An analysis of the 2020 events and the identification of causes confirms the identified areas for improvement, which resulted in Air Liquide implementing initiatives to support changes in driving behavior, supported by the use of digital driver assistance technologies. These initiatives have been rolled out across the Group's entire fleet and carrier partners under a five-year plan.

1.2. HUMAN RESOURCES MANAGEMENT

1.2.1. 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 80). 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 working 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 homeworking has been rapidly implemented.

1.2.2. Policy and procedures

The Group is committed to identify, attract and develop 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:

- acquiring the acquisition and sustaining of required skills, in particular through the SPRING long-term program, which identifies and manages critical skills;
- supporting employees in their personal development throughout their career, particularly thanks to a centralized career and skills management tool (TMS: Talent Management System) and the communication of career advancement opportunities (TAS: Talent Acquisition System);
- measuring and recognizing performance and contributions for 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 entrepreneur recognition programs, the technical expertise development scheme ("Technical Community Leaders").

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 growth in homeworking has increased the use of digital tools to ensure business continuity. In the context of new ways of working adjustments, accelerated by the covid-19 pandemic, the Group launched the "Next Normal" worldwide project in 2020 to capitalize on changes to working practices. This will enable entities to provide their employees with a new framework including team management, a supervised remote work policy, redesigned work spaces, and an in-depth review of interactions with customers and patients.

To promote well-being in the workplace, focus groups have been created with the aim of improving employees' work-life balance. This approach satisfies employees' expectations in this area. These practices are founded on principles co-created 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 has led to the creation of a charter based on action principles linked to improvements in work scheduling, workloads and work-life balance.

1.2.3. Performance

The actions undertaken by the Group are intended to contribute to the UN Sustainable Development Goal (SDG) 3 "Good health and well-being".

Air Liquide University has reinforced its offer of online learning ("e-learning") used by a growing number of users (more than 62,000 in 2020) in a wide variety of fields (ethics, industrial safety, competition law, digital safety, management, etc.). They are the subject of a programme and are managed by a specific learning management system (LMS).

In 2020, amidst the pandemic crisis, the digital transformation of many business lines and increased training for employees, the University also launched two virtual campuses open to the entire Group, which revolve around four themes: Management & Leadership, Sales & Marketing, Operational Excellence and Innovation. This has resulted in more than 5,900 employees logged in to over 300 online sessions: webinars, virtual classes, online lessons and learning paths. These events have, firstly, promoted interactions within the Group thanks to participants from 74 countries and, secondly, revealed employees' creative and teaching abilities: most sessions were led by company executives and a challenge for creating tutorials was held.

Employee commitment is measured and monitored using a tool called 'MyVoice'. 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.

Air Liquide is committed to meaningful social dialog in all of its subsidiaries. This may take different forms according to local regulations. In 2020, 81% 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 2020, 83% of Group employees had a performance review meeting with their immediate supervisor.

COVID-19 – MANAGEMENT OF THE PANDEMIC CRISIS BY HUMAN RESOURCES

Particular attention has been paid to the Group's employees and subcontractors during the covid-19 pandemic crisis. Over recent months, a crisis unit has met every week under the authority of the Group's Human Resources Director, producing various protocols for use by all entities, some of which are shown here by way of illustration:

- Covid-19: Recommendations and Business Continuity Plan;
- Procedure for handling employees who test positive within a critical production entity;
- Human Resources – How to respond when an employee tests positive for covid-19;
- Instructions for the transition phase and anticipation of the "second wave";

To facilitate the purchase of personal protection masks and other products required for entities' business activities, a number of teams have been assigned the task of specifying requirements and then procuring resources. These ad-hoc structures, with the support of the Group's Procurement Department, have provided a response to subsidiaries' needs.

Managers and executives have worked closely with teams via regular online team meetings (and even face to face, where possible) and discussions with union representatives. Air Liquide has also introduced measures such as a listening and support phone hotline, giving employees an opportunity to share their feelings and prevent exhaustion and disengagement during lockdown.

Consistent Group-wide human resources policies and principles have been introduced during the pandemic. However, Air Liquide Group measures do not replace the legal obligations and measures in force in each country. In addition, the Air Liquide Group has not applied for government assistance in France (furloughing, payment terms, etc.)

1.3. DISCRIMINATION

1.3.1. 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 strength, 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 88).

Air Liquide operates businesses 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 (skin color, 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.

1.3.2. Policy and procedures

The objective at a Group level 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 targets have been set for the Group and its entities regarding gender and nationalities.

A team within the Human Resources structure is responsible for managing diversity projects. The Group's roadmap is based on three criteria:

- deploy diversity objectives at all entities and implement corresponding action plans;
- improve all of the Group's Human Resources processes to reduce any bias and avoid all forms of discrimination;
- promote an inclusive culture to leverage the diversity of teams.

Internal audits have been carried out to ensure that entities comply with Human Resources objectives, and to verify the monitoring of indicators and the implementation of action plans.

A team within the Human Resources structure is responsible for managing diversity projects at a Group level. Each hub/business then implements its own roadmap and diversity actions with consideration to its own situation. A number of initiatives are conducted locally every year, such as the introduction of a recruitment process that strengthens the role of women, the creation of networks to promote gender equality, and specific career review meetings for women. A new tool called "Nudge Lab" was recently launched, based on a behavioral approach, to increase diversity, particularly in senior positions.

Through its diversity policy, Air Liquide is therefore committed to combating all forms of discrimination.

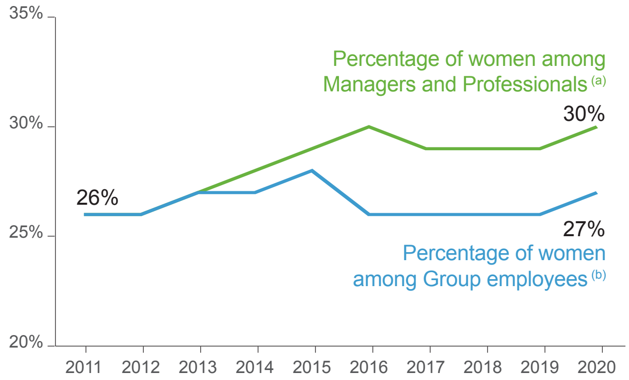
1.3.3. Performance

The actions undertaken by the Group aim to contribute to the UN Sustainable Development Goals (SDG) 5 “Gender Equality” and 10 “Reduced inequalities”.

In 2020, Air Liquide employed 64,445 staff in 78 countries.

Gender equality

PERCENTAGE OF WOMEN AMONG MANAGERS AND PROFESSIONALS



(a) *Including Airgas since 2017.*
(b) *Including Airgas since 2016.*

The Group has set a number of ambitious 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 26% to 30%;
- 25% of executive positions (senior executives) held by women by 2025.

The ambitious 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.

In 2020, women represented 43% of employees considered as high flyers, this level has been increasing regularly for a number of years and must be maintained. The Executive Committee includes five women among its fourteen members. Three of these were appointed in 2019, having previously held executive positions within the Group. Six women are currently members of the Board of Directors of L’Air Liquide S.A., out of a total of eleven members appointed by the General Meeting.

More generally, and taking the highest level of responsibilities across the Group into account, women hold 20% of the Top 100 positions, and 21% of all positions defined as Executive, over and above the goals set by the Board of Directors for 2020. This latter percentage has increased from 19% to 21% over the last three years.

Among the 10% of positions with the greatest level of responsibility within the Company (a), 27% of them are held by women; these women have an average age of 51.8 years and a median age of 52.4 years, i.e. 2.4 years and 2.8 years less respectively than the average age (54.2 years) and median age (55.2 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.

Lastly, by promoting an inclusive culture, the diversity of talent can be leveraged. Awareness and discussion programs are organized by the Group’s entities, including dedicated events for raising manager awareness and involvement, “champions” networks, sharing best practices and creating networks to promote diversity. A number of such events were held by the Group from March 10 to 12, 2020, following International Women’s Day, to promote diversity and inclusion.

2025 Objectives		2020 Results	
35%	women among Group managers and professionals.	30%	women among Group managers and professionals.
25%	women at the highest level of responsibility (senior executives).	21%	women at the highest level of responsibility (senior executives).

Gender and equal pay

In France, the law of September 5, 2018, known as the “Loi avenir professionnel”, requires companies with over 50 employees to implement an annual mechanism for assessing gender pay gaps, the result of which is a public social score for the company (out of 100 points).

The discrepancy is measured using an index made of five indicators:

- gap in average pay;
- gap in pay rises;
- gap in promotions;
- pay rises for female employees after returning from maternity leave;
- breakdown of top 10 salaries by employee gender.

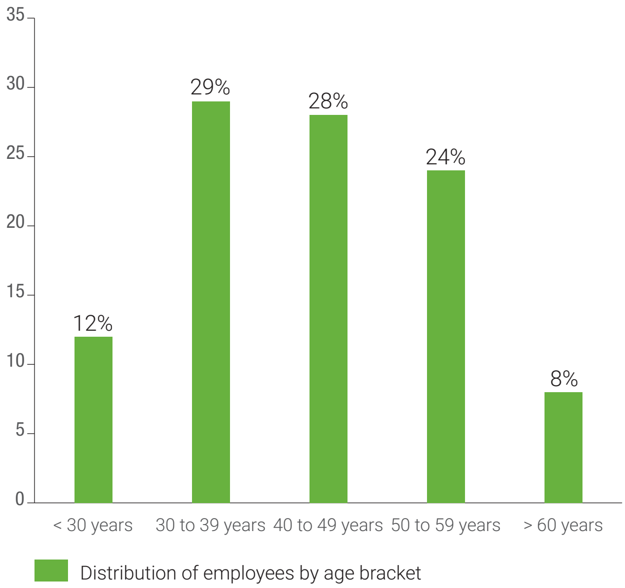
The index and the five associated indicators must also be provided to the Economic and Social Committee (ESC) and sent to the Directors.

In 2020, the Group’s 30 largest companies in France with over 50 employees were assessed, as in 2019. Their average Gender Equality Index is 88.4/100, an increase of 3.4 points compared to 2019. The Air Liquide S.A. company published its third annual equality index, scoring 99/100 (versus 98/100 in 2019 and 82/100 in 2018).

Outside of France, the Group initiated a process in 2019 to assess the gender pay gap in entities with over 400 employees. A global process is currently being implemented based on these initial results.

Age

DISTRIBUTION OF EMPLOYEES BY AGE BRACKET IN 2020



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, 533 young people have benefited from work-study contracts and 345 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:

- 16 people became skills sponsors following the pilot launched in France in 2018;
- "Youth-employment contracts" were continued. They include initiatives promoting the hiring and retention of older employees.

The Group has international exchange programs to attract and develop young talents: the ALLEX program for engineers and managers and the EVE program for vocational employees (those programs involve more than 500 people since they were set up). These programs were all continued in 2020 despite a decrease in new hires this year.

2025 Objectives		2020 Results	
33%	young graduates among managers and professional recruitments.	**22%** (a)	young graduates among managers and professional recruitments.

(a) Indicator calculated annually.

Disability

Launched Europe-wide in 2017, the HandivAirsity initiative aims to promote diversity by integrating employees with disabilities into teams and involving the entire ecosystem: employees, suppliers, customers and stakeholders.

The HandivAirsity Challenge took place once again in 2020 despite the covid crisis. Its aim is to develop and reward projects that support disability within Group entities. 36 European projects were launched as part of this challenge in 16 countries.

HandivAirsity
OUR DIFFERENCES MAKE OUR PERFORMANCE

Now more than ever, giving employees with disabilities the best chances of success, creating value, increasing the employability of employees with disabilities and thereby contributing to sustainable development and to social and collective responsibility is a priority.

Every effort is made to support employees with disabilities at Air Liquide: job adaptations, ergonomic studies, training and active staff awareness campaigns, through initiatives such as DuoDay, the disability European Week, disability integration training, the provision of a hotline and newsletters publicizing our work.

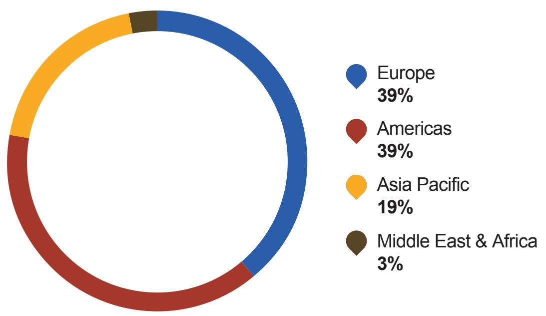
Initiatives are also in progress to contribute to "indirect" employment – the purchase of goods and services from sheltered employment sectors and from independent disabled workers.

Within the scope of around 5,500 employees in France, a fifth Disability agreement covering the 2020-2022 period is currently being introduced; its aim is to continue initiatives to support employees with disabilities and increase the direct employment rate to 4.2% in 2022 from 3.4% at the end of 2019. By the end of 2020, 37% of this agreement's recruitment goals had been achieved, i.e. 26 recruitments out of the 70 planned.

Nationality

There are 34 different nationalities among Air Liquide's senior managers. The Group's Board of Directors comprises six nationalities. In terms of total employees, over 150 different nationalities are employed by the Group.

BREAKDOWN OF EMPLOYEES BY GEOGRAPHIC AREA



2. Environmental stakes

2.1. CLIMATE (GREENHOUSE GAS EMISSIONS)

2.1.1 Greenhouse gas emissions

Air Liquide acknowledges the importance and urgency of climate issues. The Group's ambition is to play its part in the achievement of the Paris Agreement, which establishes a global framework aimed at avoiding dangerous climate change by limiting global warming to a level below 2°C, and by continuing efforts to limit it to 1.5°C.

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.

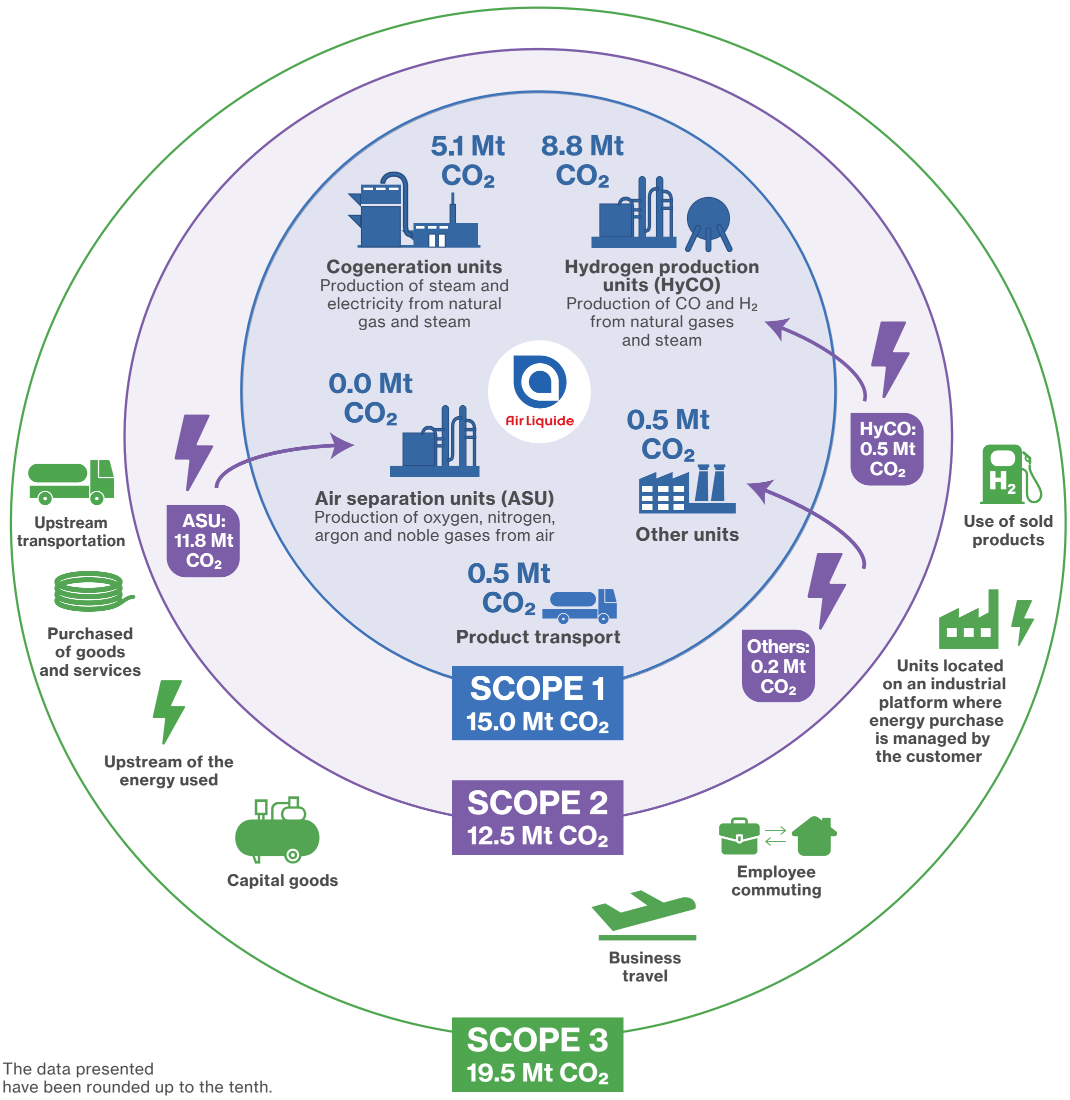
Air Liquide's GHG emissions balance sheet takes into account the 6 greenhouse gas highlighted by the Kyoto Protocol and is carried out in accordance with the GHG Protocol's carbon accounting method proposed by the World Resource Institute and the World Business Council for Sustainable Development.

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.

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 the products.

SCOPE 3

19.5 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. The categories not reported represent zero or negligible emissions, or categories for which the methodology and reporting are currently being developed.

UPSTREAM: 8.5 Mt CO_2-eq.

Purchased of goods and services

2.8 Mt CO_2-eq.

Purchases of electrodes, steel wire, safety equipment, aluminium, industrial painting

Capital goods

0.5 Mt CO_2-eq.

Compressors, cylinders, boilers, heat exchangers

Upstream of the energy used

5.1 Mt CO_2-eq.

Extraction, gas transport and distribution, coal or oil to power plants and production units of Air Liquide.

Upstream transportation

0.07 Mt CO_2-eq.

Rail, sea and air transport

AIR LIQUIDE: 0.1 Mt CO_2-eq.

Business travel

0.03 Mt CO_2-eq.

Air travel, car rental.

Air Liquide

Operating sites and headoffice.

Employee commuting

0.07 Mt CO_2-eq.

Car, public transport.

DOWNSTREAM: 10.9 Mt CO_2-eq.

Units located on an industrial platform where energy purchase is managed by the customer

1.6 Mt CO_2-eq.

Air separation units.

Use of sold products

9.3 Mt CO_2-eq.

LARGE INDUSTRIES
INDUSTRIAL MERCHANT
HEALTHCARE
ELECTRONICS
GLOBAL MARKETS & TECHNOLOGIES

The definition and methodology of scopes 1, 2 and 3 are detailed on p. 344. CO_2-eq. stands for CO_2-equivalent. The data presented have been rounded up to the tenth.

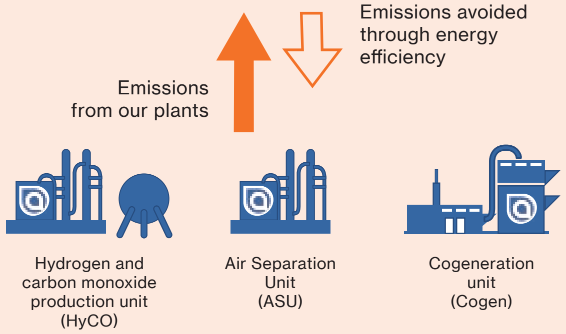
AVOIDED EMISSIONS

Air Liquide innovates with technologies to improve energy and industrial efficiency, both within assets and with its customers, thus avoiding greenhouse gas emissions.

IN OUR ASSETS

Emissions avoided through of energy and industrial efficiency

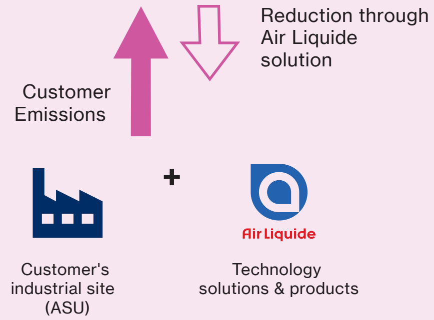
EMISSIONS AVOIDED : 3.6 MT CO_2-eq.



WITH OUR CUSTOMERS

Avoided emissions: difference between reference production without Air Liquide solution and production with Air Liquide solution

EMISSIONS AVOIDED : 11.2 MT CO_2-eq.

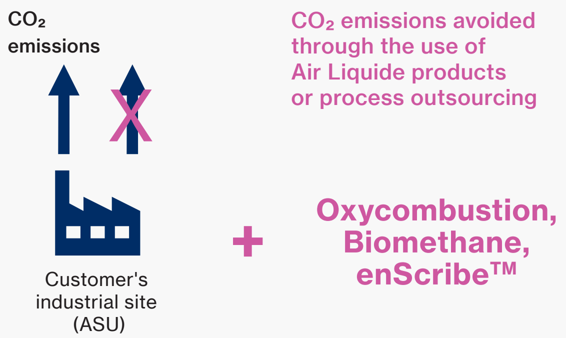


AIR LIQUIDE CO-CONSTRUCTS WITH ITS CUSTOMERS

Co-constructing solutions with its customers is a major focus for the Group: these solutions make it possible to strongly reduce CO_2 emissions linked to customers' activities.

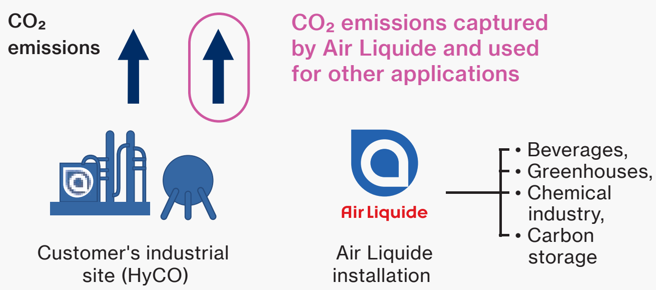
Improving our clients' energy and industrial efficiency

Thanks to in-depth knowledge of processes and mastery of essential molecules (oxygen, hydrogen, nytrogen, carbon dioxide, etc.), Air Liquide offers its customers technologies that improve their energy and industrial efficiency.



Capturing emissions

Thanks to its technologies, Air Liquide reduces the carbon footprint of processes by capturing CO_2. This CO_2 is then reused for industrial needs.



2.1.2. Climate risk (greenhouse gas emissions)

Climate risk (greenhouse gas emissions) is part of the Environment and Society risks (described in Chapter 2 of this Universal Registration Document on page 87).

Almost 85% of Air Liquide's large production units are Air Separation Units, which do not use any combustion processes and consume almost exclusively electrical energy. Electricity used by the Group to power these units generates CO_2 emissions at energy suppliers, which are known as indirect emissions.

The Group's two other main energy consuming activities are hydrogen production and cogeneration. These account for nearly 15% of large production units and use combustion processes emitting CO_2 (direct emissions).

The Group's production operations consume large quantities of energy, and as a result generate CO_2. Air Liquide's **business model** is based on **the outsourcing of its customers' industrial gases needs; many of these customers are themselves major producers of greenhouse gases, particularly in heavy industry.** This outsourcing is justified by Air Liquide's expertise, allowing optimization of the energy consumption of production tools and increased purchases of low-carbon energy. However, it causes greenhouse gas emissions to be transferred from the customer to the Air Liquide Group.

In the interests of defining and developing mitigation measures for this risk, Air Liquide has worked upstream to define scenarios to assess the impact of this risk on its activities.

SCENARIOS FOR AIR LIQUIDE'S CLIMATE STRATEGY

Since the implementation of its Climate Objectives, the Group has developed a system for visualizing CO_2 emissions. This configurable tool takes into account Air Liquide's positioning within value chains, growth prospects for the markets in which the Group operates and the decarbonization potential of its business.

Greenhouse gas emission trajectories (Scope 1 and 2) are calculated based on:

- its choices for decarbonizing existing assets;
- its choices for investing in more or less carbon-intensive technologies;
- its low-carbon energy supply strategy;
- its efficiency gains enabled by optimizing its operations.

The tool analyzes the variation in greenhouse gas emissions according to:

- production volumes and investments;
- its energy consumption and selection of energy suppliers.

Based on these results, Air Liquide has produced different scenarios for developing its activities, assessing and quantifying the associated carbon impact for each of them. These data are integrated into the Group's strategy for reconciling its economic development with its contribution to a low-carbon world.

By defining these scenarios, Air Liquide is also able to identify market opportunities in environment-related areas.

2.1.3. Policy and procedures

The greenhouse gas emissions procedure is currently being updated.

It will include:

- the current regulatory obligations to which the Group is subject concerning greenhouse gas emissions;
- the methodology for calculating scope 1, 2 and 3 emissions, as well as the reporting scope and frequency;
- a review of investment decisions, taking a CO_2 price into consideration, along with an analysis of the opportunities and risks associated with climate transition. Air Liquide uses an internal carbon price of 50 euros per ton.

In late November 2018, Air Liquide published its Climate Objectives for 2025. These detail the Group's actions to support the climate through its activities, with its customers and ecosystems, by offering low-carbon solutions.

Work is currently underway to strengthen the Group's ambition and climate objectives and to define its contribution to world carbon neutrality by 2050, in line with the objectives of the Paris Agreement. Details of all these initiatives will be shared at the Sustainable Development Day on March 23, 2021.

2.1.4. Performance

The actions undertaken by the Group are intended to contribute to the UN Sustainable Development Goals (SDGs) 7 "Affordable and clean energy", 9 "Industry, innovation and infrastructure", 11 "Sustainable cities and communities", 13 "Climate action", and 17 "Partnerships for the goals".

TAKING ACTION

OUR ASSETS

Reduce the carbon impact of our production, distribution and service activities

2025 Objective

30%

reduction in carbon intensity*

(i.e. 4.4) based on 2015 emissions (6.3)

In 2020, the Group's carbon intensity is 4.4 kg of CO_2-equivalent per euro of EBITDA, at the level of the target initially set for 2025, i.e. a reduction of more than 30% over the last 5 years.

Carbon intensity: a key monitoring indicator

Carbon intensity measures the relationship between CO_2-eq. generated and operating income recurring before depreciation and amortization.

Monitoring this metric ensures that any increase in emission occurring from company's growth is associated with an economic value creation at a sufficient level.

3 KEY DRIVERS

1 Increase purchase of renewable electricity

2025 OBJECTIVE +70%

2020 RESULTS

30% increase in renewable electricity purchase.

2 Improve the energy efficiency of production units

2025 OBJECTIVE +5%

2020 RESULTS

0.5% increase in energy efficiency of air gas units.

0.1% decrease in energy efficiency of hydrogen units.

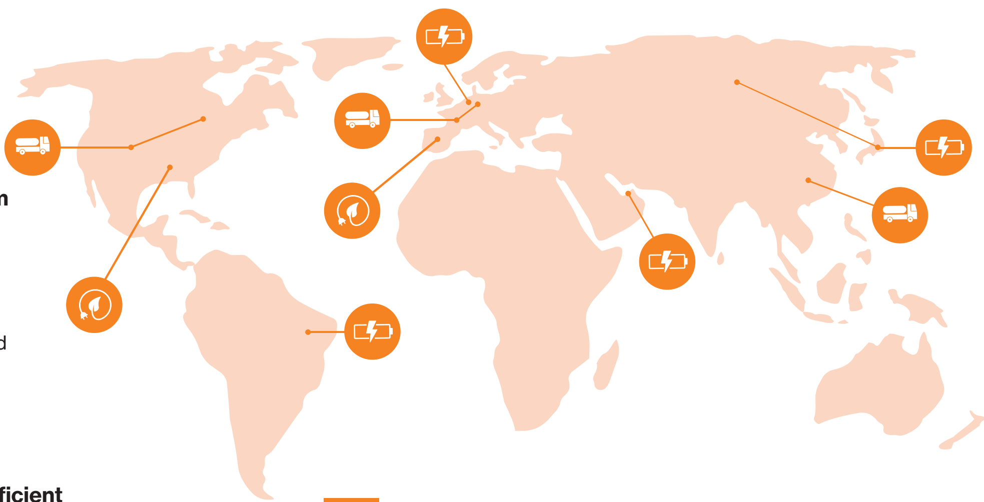
3 Reduce the carbon footprint of bulk and cylinder products

2025 OBJECTIVE -10%

2020 RESULTS

2.4% decrease in the distance travelled per ton of bulk products sold.

2020 EXAMPLES



Spain

Signature of a long-term renewable electricity purchase contract.

- Wind-generated electricity,
- Under development and operational in 2021,
- 250,000 tons of CO_2 saved over the contract lifetime.

Netherlands

Investment in a more efficient oxygen production unit, powered by more renewable energy.

- Adaptation to the intermittency of renewable energy in the power grid using the production unit energy storage capacity of 40 MWh,
- A reduction of around 10% in electricity consumption,
- A strategic location that reduces truck deliveries, by around 400,000 km/year.

Canada - United States - France - Germany - China

Continued roll-out of the liquid gas supply chain digitalisation program.

- 5 pilot projects around the world to improve industrial performance and reduce carbon footprint,
- Data collection enabling predictive analysis of customer, demand and streamlining supply and truck delivery routes.

* In kg of CO_2-equivalent/euro of operating income from recurring activities before depreciation and amortization and excluding IFRS 16 at 2015 exchange rates on scopes 1 and 2 of greenhouse gas emissions. (see reconciliation in appendices to Chapter 1, page 57)

TAKING ACTION WITH CUSTOMERS

Innovating with our customers for a low carbon industry

Avoided emissions

Air Liquide solution 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 its customers.

Solution 2: Reducing our customers' carbon footprint
Co-development of solutions reducing the carbon footprint of our customers' industrial processes (oxycombustion, CO_2 capture, storage and reuse).

2 KEY DRIVERS

1 Offering our customers low-carbon solutions, particularly via:

Outsourcing of customer processes
→ **Pools equipment.**

Installation of units directly at customer sites
→ **Avoids transportation.**

Use of lighter new-generation cylinders
→ **Reduces CO_2 emissions from transport.**

3.6 Mt due to the optimization of our assets.

2 Working with our customers to co-develop innovative processes to:

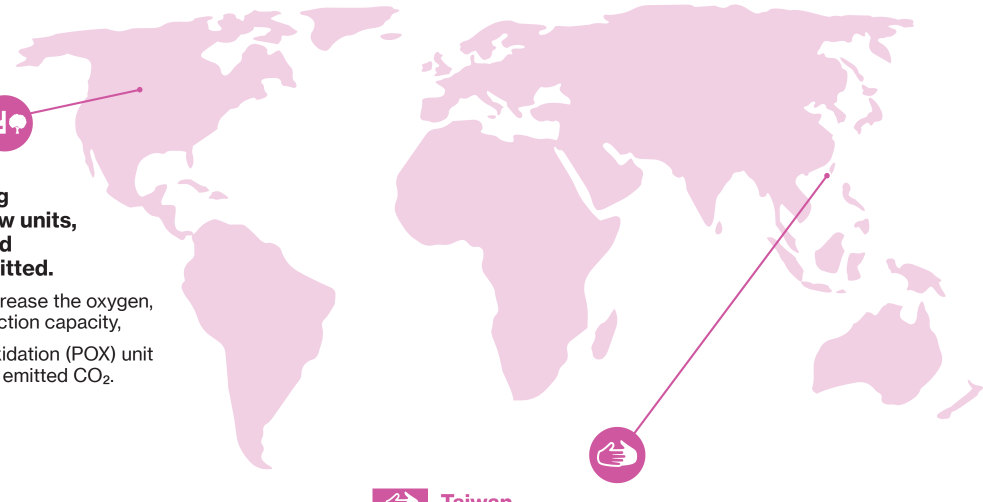
Capture the CO_2 they emit, enabling it to be recycled or permanently stored.

Reduces their energy consumption.

→ **Reduce the CO_2 emissions from their processes.**

11.2 Mt of CO_2 emissions avoided for our customers in 2020.

2020 EXAMPLES



United States

Air Liquide invests in Eastman Chemical to modernize its existing assets and build two new units, enabling the capture and recycling of the CO_2 emitted.

- $160 million invested to increase the oxygen, nitrogen and syngas production capacity,
- Construction of a partial oxidation (POX) unit for capturing and recycling emitted CO_2.

World

Reducing the carbon footprint of precast concrete with Solidia Technologies®.

- Industrialization of innovative Solidia Concrete™ which uses CO_2 to set and harden the concrete,
- Carbon footprint up to 70% lower than traditional concrete.

Taiwan

Investment to supply ultra high purity hydrogen and oxygen to two science parks in Taiwan.

- Production of low carbon hydrogen from renewable resources avoiding the emission of 20,000 tons CO_2-eq. per year.

TAKING ACTION FOR OUR ECOSYSTEMS

Contributing to the emergence of a low-carbon society

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 dominated by renewable energies.

Air Liquide is a key player in the creation of a global hydrogen economy

The Group co-founded the Hydrogen Council, a unique worldwide initiative, whose ambition is to define a common goal for hydrogen as an accelerator of energy transition.

4 KEY DRIVERS

1 Promote hydrogen (H_2) for clean mobility by facilitating its production and distribution

Project carried out with the port of Rotterdam, Netherlands, enabling 1,000 zero emission hydrogen trucks in Netherlands, Belgium and West Germany by 2025

100,000 T reduction of CO_2 emissions per year.

2 Grow the circular economy via the development and diversification of biomethane

(-85% fine particles, -50% CO_2 and -50% noise compared to diesel)

1.3 TWh of annual installed biomethane production capacity.

3 Create a global hydrogen economy

109 companies involved

in the Hydrogen Council, co-founded by Air Liquide.

4 Use cryogenic expertise to offer our customers efficient solutions

~20 Turbo-Brayton cryogenic systems delivered

provides a means for reliquefying natural gas emissions from ships.

2020 EXAMPLES

Canada

Air Liquide is investing in the world's largest membrane electrolysis unit for production of decarbonated hydrogen.

- This PEM (Proton Exchange Membrane) electrolyser with a capacity of 20 MW will produce hydrogen for industry and mobility,
- This installation will avoid the emission of nearly 27,000 tons of CO_2 per year.

United Kingdom

Air Liquide steps up its biomethane activities with a major contract with ASDA (mass distribution).

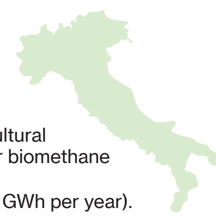
- Air Liquide will provide bio-NGV (Natural Gas for Vehicles) for 300 new trucks that are to enter circulation,
- Installation of biomethane stations at 6 of ASDA's 15 sites.

China

Air Liquide partners with Houpu to develop hydrogen distribution infrastructure.

- Creation of a joint venture to develop, manufacture and market hydrogen filling stations,
- A project to promote the establishment of hydrogen station distribution network in China.

Italy



Air Liquid launches its biomethane business in Italy.

- Signature for the installation of two production units for recovering agricultural and animal waste from local farms for biomethane production,
- Will fuel up to 100 trucks per day (50 GWh per year).

The “cryogenic expertise” driver covers all solutions that make use of Air Liquide’s expertise in the low-temperature sector, whether in clean refrigerated transport or solutions to enable the transport sector to significantly reduce greenhouse gas emissions.

CLIMATE PROTECTION INITIATIVES

Preparation of the Science Based Targets commitment

SCIENCE BASED TARGETS

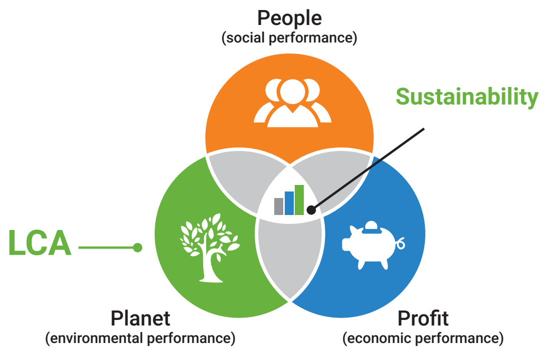
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

In July 2019, the Group joined the Science Based Targets (SBT) initiative, 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 2°C or lower scenario.

However, there is, as of today, no sectoral approach specific either to the chemicals sector in general or to Air Liquide’s activities, which is different in that it serves a wide variety of sectors of the economy. Air Liquide is continuing its discussions with the SBT initiative to better value its climate protection actions, both in terms of its own emissions and the resulting carbon benefits to its customers.

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 acquisition of the raw materials for production, use, end-of-life processing, recycling, and final disposal of a product.

This method does not generally deal with the economic or social aspects of a product, but the approach and methodologies of the life cycle described in the international standard can also be applied to these other aspects.

Air Liquide’s direct emissions mainly relate to the production of hydrogen used to desulfurize fossil fuels. A 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 relating to the elimination of acid rain and the decrease in respiratory diseases. To carry out this study, the Group implemented a holistic approach that takes into account its impact on the various stages of the product’s life. This assessment made it possible to calculate the impacts of the different desulfurization processes.

The Group relies on this approach to:

- assess and take account of environmental impacts when designing technologies, products and offers;
- maintain and enrich its stakeholder interactions 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.

Working together to achieve Climate Objectives

As part of the introduction of its Climate Objectives announced 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 a factor driving engagement among Group employees.

Climate Champions

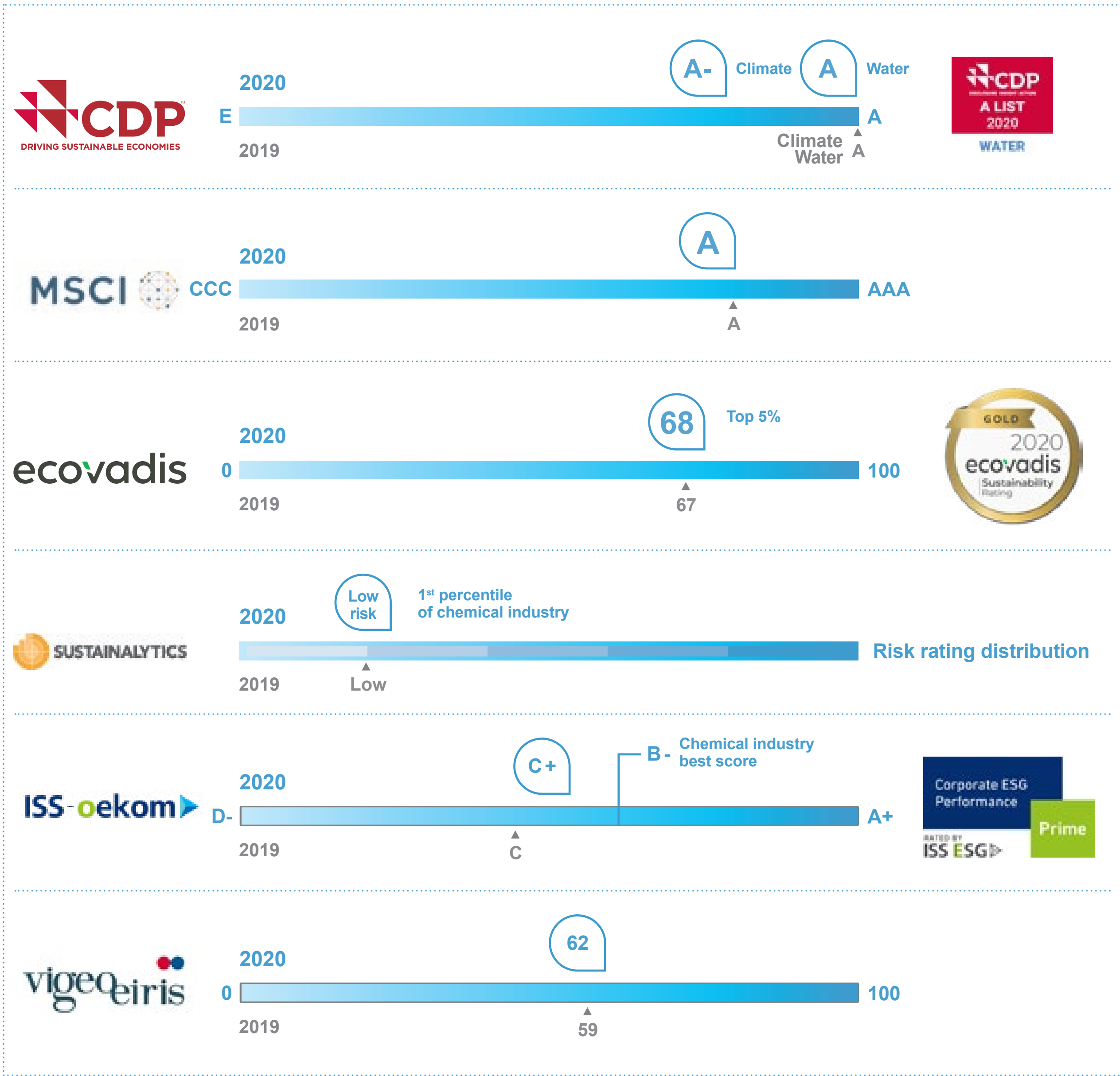
Present within each operational entity, Climate Champions are responsible for rolling out the Group’s Climate Objectives. The Climate Champions are the Sustainable Development Department’s point of contact in the clusters. They develop a roadmap that defines all the operational measures required to achieve the objectives. Their role includes monitoring KPIs, identifying projects and reporting progress.

Climate Ambassadors

To support climate actions, a specific organizational structure has been introduced to replicate and promote sustainable development best practices within the Group. Actions by Climate Ambassadors (volunteer employees) cover areas such as recycling, zero-waste campaigns and sustainable mobility. They are tasked with sharing their experience and educating employees about sustainable development in the workplace. The Group had 250 Climate Ambassadors at the end of 2020.

These actions are also publicized on a dedicated intranet site, where general information on the climate and the Group’s strategy in this area is also accessible: Climate Objectives, educational videos, articles, current projects, local initiatives, etc.

AIR LIQUIDE'S EXTRA-FINANCIAL RATING



2.2. CLIMATE (PHYSICAL IMPACT ON OPERATIONS) AND WATER MANAGEMENT

2.2.1. Climate (physical impact on operations) and water management risk

This risk is part of the Environment and Society risks (described in Chapter 2 of this Universal Registration Document on page 88).

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 products such as hydrogen.

Air Liquide pays particular attention to water management, especially in areas of water stress. Air Liquide defines water management risk as the possible lack of availability of water which could result in a slowdown or shutdown of a production unit.

In addition, Air Liquide operates in certain regions of the world exposed to exceptional meteorological phenomena and/or climate change, which can slow down, interrupt activities or make them more expensive. The same applies to its suppliers and customers.

2.2.2. Policy and procedures

To ensure better control over water management risk, the Group is currently producing a water policy. This policy will make it possible to introduce best practices, and measure the impact that water use at Air Liquide sites may have on local populations. This policy will be published in the BlueBook in 2021, and will cover the main areas of water use and management within the Group.

A specific working group has been established to refine water use assessment in operations. Solutions to improve the reporting of water consumption will thus be implemented in the Group's new reporting tool; they will make it possible to take into account more specific situations and thus improve the quality of the data provided.

In addition, operations that could be exposed to acute risks (storms, hurricanes, floods, etc.) have specific risk management systems designed to adopt preventive measures in close coordination with clients. These systems are regularly updated and improved.

At the same time, Group assets and business interruption are covered by property and casualty insurance policies taken out in each country where Air Liquide operates. The insurers make regular visits to the main industrial sites for risk prevention purposes.

2.2.3. Performance

The actions undertaken by the Group are intended to contribute to the 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 2020, Air Liquide consumed 90 million m^3 of water, a 4% reduction compared with 2019

Air Liquide withdrew 257 million m^3 of water from various sources. 69% came from customers, 18% came from freshwater sources such as rivers and lakes, 6% from municipal supply and the remaining 7% from various other sources.

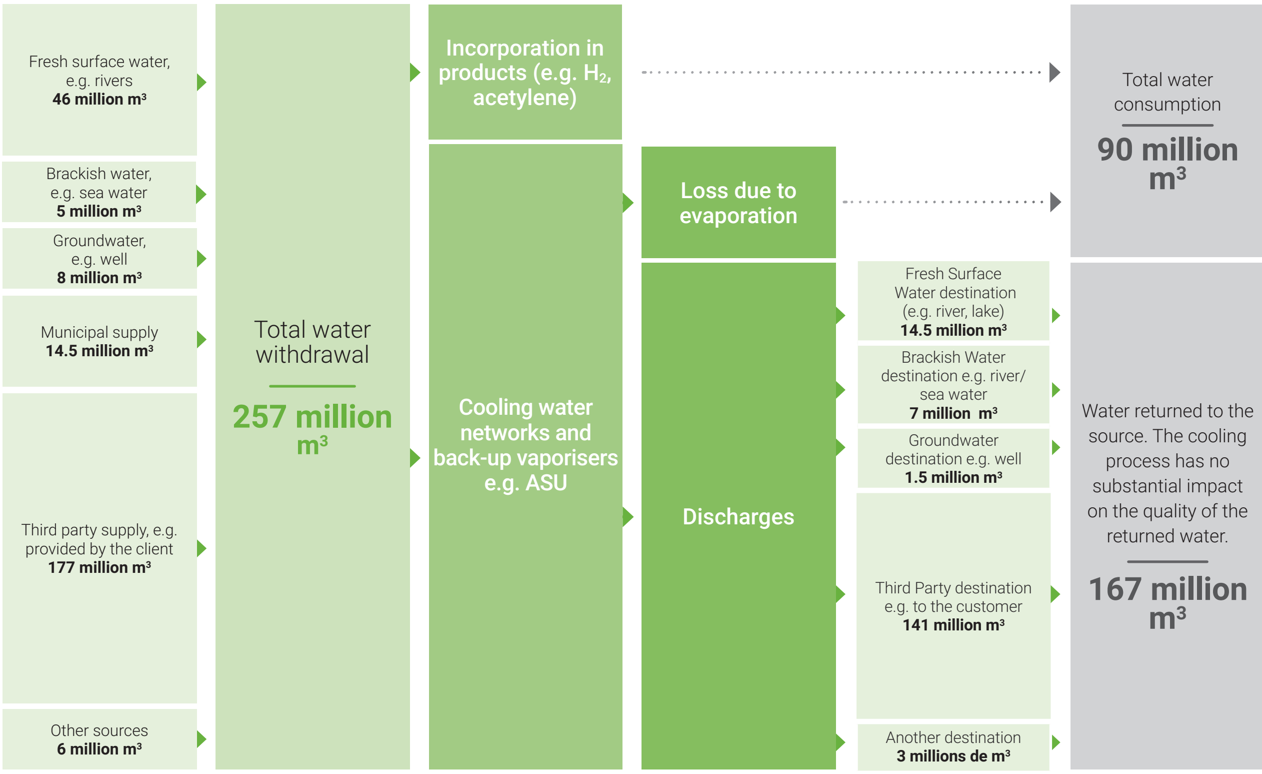
With regard to Air Separation Units, there are several types of cooling systems:

- more than half of these units have semi-open water circuits, where some of the water evaporates during cooling;
- about one-third of these units have open circuits. The water passes through the plant to cool it, but all the water taken is returned. **Consumption is considered to be zero** in this case;

Both types of units require continuous water top-ups. The cooling process has no substantial impact on the quality of the water returned;

- finally, the other units have closed circuits that do not take water from their environment. These have **no water consumption** in regular operation.

WATER USE IN THE GROUP PROCESS



	2016	2017	2018	2019	2020
Annual water withdrawal *(estimate in millions of m³)* (a)	-	-	394	270	257
Annual water consumption *(estimate in millions of m³)* (b)	77	81	86	94	90

(a) *Gross withdrawal. The methodology used has been in place since 2017 and the annual water withdrawal was first calculated for the 2018 Universal Registration Document.*

(b) *Net water consumption*

In 2020, Air Liquide has been mapping its sites using the “Aqueduc 3.0 Water Risk Atlas” map produced by the World Resource Institute (WRI) in order to assess the Group’s exposure to this risk. According to this study, 1% of the Group’s sites are located in areas that will be considered arid zones by 2030. This assessment takes into account the specific data for each site regarding their location in terms of a watershed, groundwater and an administrative boundary.

To carry out this assessment, the Group used the “business as usual” scenario (SSP2 RCP8.5 of the IPCC), which corresponds to stable economic development and a constant increase in global carbon emissions.

Water treatment

Air Liquide has done a benchmark in water treatment for 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 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. In addition, oxygen also avoids nitrous oxide (N_20) atmospheric emissions.

The Group continues to innovate in water treatment to help respond to the world’s growing environmental needs. In 2019, for example, Air Liquide has accompanied the region of Flanders, Belgium, to maintain the biodiversity of the aquatic fauna and flora, while respecting the minimum O_2 levels in the river Escaut.

2.3. 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.

2.3.1. Risk associated with biodiversity

There are two ways in which companies can interact with biodiversity: in terms of impacts or dependency. The biodiversity approach must therefore cover the company’s entire value chain, from resource management through to product life cycle analysis.

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 humanity, but also for its own intrinsic value.

The Group's production units are generally found on sites located in industrial areas, which limits their impact on biodiversity. Nonetheless, in order to explore this subject in greater depth, Air Liquide is undertaking a more general examination of its product supply chain's impact on biodiversity.

Air, water and soil pollution and global warming also pose a threat to biodiversity, and are addressed in sections 2.1 and 2.2 of this chapter.

2.3.2. Policy and procedures

Waste treatment is an essential factor in terms of biodiversity in many sectors of economic activity. Through its biomethane activities, Air Liquide facilitates the creation of organic waste recovery and transformation channels. There was an acceleration in these activities in 2020.

Air Liquide's anaerobic digestion units enable it to transform the organic fraction of household, agricultural and agro-industrial waste into biogas, thus playing a part in avoiding its decomposition in the open air and protecting biodiversity, according to circular economy principles.

In addition, in 2020, special attention was paid to the value chain of Seppic, an Air Liquide subsidiary which has been manufacturing and marketing specialty ingredients for more than 75 years. It makes partial use of palm oil for this purpose. It has an RSPO (Roundtable for Sustainable Palm Oil) coordinator who manages the action plan to achieve sustainable palm oil goals.

Seppic adheres to biodiversity regulations for the countries in which it accesses genetic resources and their derivatives, and also 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. The subsidiary constantly monitors developments in associated regulatory tools and the status of the plant and marine species it uses with regard to CITES and UICN 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.

2.3.3. Performance

The actions undertaken by the Group are intended to contribute to the UN Sustainable Development Goals (SDGs) 14 “Life below water” and 15 “Life on land”.

Actions undertaken by the Group

In 2020, the Group's investment decisions relating to its Biomethane business amounted to over €100 million for around fifteen projects.

For example, Air Liquide decided in 2020 to continue growing its Biomethane business in Italy with three additional production units (two in Lombardy and one in Sardinia), which will enable the recycling of organic matter from agricultural and livestock activities, transforming it into biomethane, a source of renewable energy. Investments in support of the circular economy in these three projects will enable the transformation of nearly 250,000 tons per year of agricultural and animal waste from local farms for the production of biomethane.

Actions undertaken by Group employees

Climate Ambassadors – employees wishing to act to ensure greater sustainability within Air Liquide – have also organized local biodiversity initiatives:

- In 2020, Air Liquide employees in Madagascar participated in a reforestation project.
- In its efforts to achieve a more sustainable planet, Air Liquide Far Eastern (ALFE) organized a sustainable development month in Taiwan. In October 2020, ALFE offered activities covering topics in line with the Group's Climate Objectives: everyday use of plastic, responsible management of mailboxes and sustainable mobility. Participants were able to spend a month developing their knowledge, proposing solutions and taking practical action for the planet.

Actions undertaken by the Seppic subsidiary

In 2020, Seppic joined forces with a partner to map all of its dependencies and impacts on biodiversity. The objective is to define priority issues with regard to risks and opportunities, identify strategic solutions for addressing these issues and implementing the appropriate action plan.

Palm oil and its derivatives represent half of Seppic's natural origin inputs by volume. Its fatty chains provide a wide range of properties that are essential to the manufacture of certain ingredients. It is cultivated at higher yields than other oils, but increased world demand for palm oil – particularly from the agrifood and bioenergy sectors – poses a threat to virgin forests. Seppic is committed to transforming the palm oil industry into a sustainable industry. Since 2010, Seppic has been a member of the Roundtable for Sustainable Palm Oil (RSPO), whose objective is to transform the palm oil industry into a sustainable industry.

In 2020, 77% of Seppic's palm oil inputs were Mass Balance certified, and 15% were Book & Claim (B&C) certified. Seppic is continuing its program to ensure that 100% of its palm oil inputs are Mass Balance certified by 2025. In 2020, Seppic specifically targeted the purchase of B&C certificates from small growers to ensure that RSPO supports them in the sustainable transformation of the industry. Since 2019, Seppic has been producing annual traceability reports for its procurement with the help of Transitions, followed by ASD (Action for Sustainable Derivatives).

NATURAL RESOURCES PROTECTION IN MADAGASCAR

The Pau site (Serdex) commits harvest workers in Madagascar to the preservation of local natural resources. Serdex has been a member of the Union for Ethical BioTrade (UEBT) since 2008, and is committed to the continuous improvement of its organizational structure and the management of its supply chains to take account of the impact of the collection of wild plants on biodiversity and social and environmental stakes. At the last membership audit in 2017, 95% of the obligations relating to UEBT membership had been fulfilled. Of the UEBT membership conditions, Serdex has given priority to the Centella asiatica supply chain with a view to improving its ethical practices.

Actions undertaken by the Air Liquide Foundation

In 2020, the Air Liquide Foundation continued to support biodiversity preservation through scientific research projects on air quality and local development projects in the environmental sector.

In particular, the Air Liquide Foundation has for a number of years supported the professional integration of people having difficulty finding work via agricultural projects. The Foundation has supported occupational integration projects in urban agriculture, such as the “Espaces” association project. The association provides training in market gardening on the roof of a shopping center in Aubervilliers.

The objective is twofold: to promote sustainable agriculture in urban areas and to support the integration of unemployed people. In 2020, the Foundation supported the "Sources d'Envol" association, which trains former prisoners in organic farming in the Loire-Atlantique department. This project supports employability in a profession that respects biodiversity.

3. Societal stakes

3.1. ETHICS AND COMBATTING 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 anticorruption provisions. These risks are part of the Regulatory and Legal risks (described in Chapter 2 of this Universal Registration Document, page 89).

3.1.2. Policy and procedures

Integrity and transparency are the cornerstones of the Group's ethical approach. They govern the behaviors 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, etc.) 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 one of the Group's Executive Vice Presidents;
- 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 each subsidiary's Code of Conduct. These rules are implemented as operational procedures or policies at either the Group or local level.

The key concepts of the Code of Conduct, the employees' Ethics Charter

Each Group subsidiary applies the key concepts of the Code of Conduct. This decentralized approach combines respect for local customs and regulations with Air Liquide's ethical commitment. As such, the subsidiaries embrace the Group's ethical principles by writing their own Code of Conduct themselves in their working language.

The key concepts of the Code of Conduct (currently being updated) are available on the Group's website at https://www.airliquide.com/fr/groupe/principes-cles-codes-conduite-salaries. An online training module exists on the employee Code of Conduct which sets out the Group's ethics approach and presents key concepts through case scenarios. This module is mandatory and must be taken by all employees each year.

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. The Group has formalized an Anti-Corruption Code of Conduct. This code has been made available to all of its entities and is available on the website at https://www.airliquide.com/fr/groupe/code-conduite-anti-corruption. This Code of Conduct provides a reminder of the anti-corruption laws and covers relations with intermediaries, specific cases such as mergers, acquisitions and partnerships, types of payments requiring particular attention, as well as administrative and accounting traceability requirements and penalties applicable in the event of non-compliance with this Code.

Moreover, the Group has a Supplier Code of Conduct, which includes a chapter on the prevention of corruption.

An online training module also covers the Anti-Corruption Code of Conduct. It is primarily intended for those teams which are most exposed to corruption-related risks (sales, procurement, administrative management, and so on) and managers. These employees must complete this training module every year. It is supplemented by in-person training every three years.

Currently, these Anti-Corruption Codes of Conduct have been translated into more than 20 languages to ensure their adoption by all employees.

Air Liquide operates a corruption-prevention program in which Executive Management and management are closely involved. This program relies in particular on

- the mapping of corruption risks;
- the key principles of the Codes of Conduct and an Anti-Corruption Code rolled out within the subsidiaries;
- 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 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;

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, 97% of Group employees have taken the Code of Conduct online training module.

It also analyses the corruption and report types 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

Since 2015, the Group has operated a whistleblowing system at all its entities (Ethicall for all Group companies excluding Airgas, and EthicsPoint for Airgas and its subsidiaries), whereby employees and external workers can anonymously send an alert to an independent external service provider.

This alert can relate to:

- conduct or situations that breach the Group's health and safety commitments;
- serious human rights violations;
- conduct or situations that breach the Group's environmental commitments;
- deviations from the Code of Conduct of their entity.

Regular communication (via posters, the intranet, e-learning reminders, management communications) ensures that all employees are familiar with the whistleblowing system and can easily file an alert in their own language by telephone or through the provider's dedicated website. The Group guarantees that any whistleblower who reports something in good faith will not be penalized and no retaliatory measures will be taken, a principle which is reiterated in the Code of Conduct.

All alerts are handled confidentially and within a reasonable period of time, usually less than two months. Alerts are handled by internal teams in accordance with their nature and geographical origin. Processing managers can utilize external resources if necessary. The most severe cases are reviewed by an Ethics Committee for the relevant hub or general business area, or where necessary by the Group's Ethics and Compliance Committee. This system complements other means of reporting incidents within the entities (immediate supervisor, Human Resources Department, Legal Department, etc.). It enables alerts to be handled quickly and in a structured way, minimizing their potential impact on individuals and the organization.

The whistleblowing system is overseen by the Group Ethics Officer, who ensures it is compliant in its implementation, and in particular that it is properly disseminated throughout the Group, alerts are handled appropriately, and whistleblowers are protected. He or she reports the key indicators and lessons learned from this system to the Group's Ethics and Compliance Committee.

In 2020, 279 reports were produced by the whistleblowing system, including:

- discrimination and bullying: 154 cases;
- health, safety and environmental infringements: 44 cases;
- fraud: 60 cases
- Other: 21 cases

29% of alerts were upheld following investigation, and led to penalties and recovery measures.

An internal audit of the whistleblowing system was conducted in late 2018, showing strong maturity in the processes. The opportunities for improvement it identified, including the harmonization of processing methods, were implemented.

ETHICALL Vous appelez, on agit.

EP ETHICSPOINT® Incident Management

3.2. TAX EVASION

3.2.1. Risk of tax evasion

Tax risks are part of the financial risks (described in Chapter 2 of this Universal Registration Document on page 85).

In addition to the tax charter and its history of citizenship in fiscal matters, Air Liquide is strongly aware of the consequences of decisions that could lead to accusations of tax evasion.

It should be noted that Air Liquide's industrial gases 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.

3.2.2. Policy and procedures: the Tax Charter

Air Liquide has defined the following principles governing its tax policy, in accordance with article L. 22-10-36 of the French Commercial Code.

A large part of the tax charter relates to the fight against tax evasion:

- 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 pricing;
- 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 in the countries in which it operates;
- the Group handles tax-related matters by banning tax havens, and does not make use of shell corporations without economic or commercial substance;
- its tax strategy complies with the Code of Conduct.

3.2.3. Performance

As far as tax is concerned, Air Liquide focuses on complying with laws and regulations. Changes to laws and regulations are followed and monitored by its Tax Department and its local Finance Departments.

Within this governance framework, the Group's tax affairs are managed by a team of qualified, dedicated tax experts, who work closely with management and respect the Group's values.

L'Air Liquide S.A., on its own behalf and on behalf of its integrated French subsidiaries, was 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. The partnership continued in 2020, and Air Liquide has already received five approvals from the tax authorities providing clarity on a number of topics.

4. Respect of Human Rights and commitment to sustainable development

At Air Liquide, Human Rights management is factored into various different risks which relate in general to human activity within the Group and its ecosystems.

Air Liquide relies upon the various principles of the Global Compact in meeting its commitments in terms of:

- Human Rights;
- Labor law (see main EFPD risks relating to discrimination and Human Resources management);
- Environment (see main EFPD risks relating to climate);
- Anti-corruption (see main EFPD anti-corruption risk).

Air Liquide subscribes to the highest standards for the conduct of its business and its Chairman and Chief Executive Officer signs each year the United Nations Global Compact, the founding principles of which concern human rights, international labor standards, the environment and the fight against corruption. This letter of commitment may be viewed on the Air Liquide and Global Compact websites.

Air Liquide also complies with the international rules of the International Labor Organization (ILO) in terms of labor law and follows guidelines for multinational companies issued by the OECD. These Guidelines encourage the reasonable conduct of companies in terms of professional relationships, Human Rights, the environment, taxation, the publication of information, anti-corruption, the interests of consumers, science and technology, and competition.

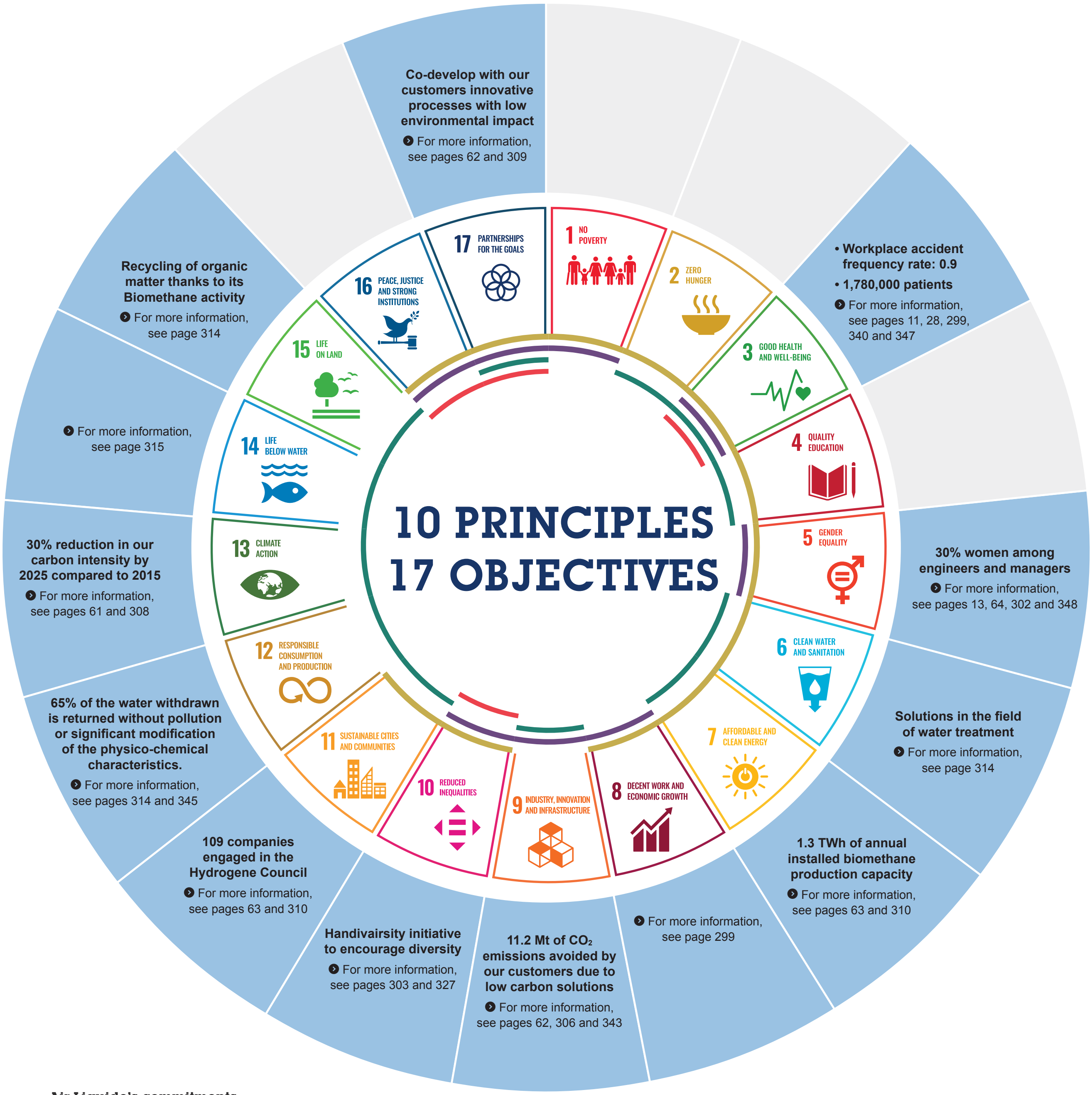
Moreover, Air Liquide is a signatory of the Responsible Care Charter® of the International Council of Chemical Associations (ICCA), which aims to improve the chemical industry's overall performance on health, safety and environmental protection.

THE GLOBAL COMPACT
WE SUPPORT

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

Under the UN Global Compact, companies are invited to make a voluntary public commitment to ten universal principles related to human rights, international labor standards, environmental protection and the fight against corruption. Air Liquide undertakes to respect these 10 principles by signing a COP every year on the Global Compact website and by publishing a letter of commitment signed by its Chairman and CEO.

The ten principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.



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. Cross-reference tables of extra-financial reporting guidelines

5.1. TCFD/NFRD 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.

The cross-reference table below provides references for information in Air Liquide's Universal Registration Document that addresses these recommendations.

		Elements of the Directive covering the publication of non-financial information (NFRD)				
Information to be published in accordance with TCFD recommendations		**Business model**	**Policies and Due Diligence Process**	**Outcomes**	**Principal risks and their management**	**Key performance indicators**
Governance	a) Board's oversight		Chapter 3 p. 17			
	b) Management's roles		Chapter 1 p. 15 Chapter 2 p. 73			
Strategy	a) Climate-related risks and opportunities				Chapter 1 p. 15 Chapter 2 p. 73 Chapter 5 p. 295	
	b) Impact of climate-related risks and opportunities	Chapter 1 p. 15 Chapter 5 p. 295				
	c) Resilience of organizational strategy	Chapter 1 p. 15				
Risk Management	a) Identification and assessment process				Chapter 2 p. 73 Chapter 5 p. 295	
	b) Management process				Chapter 2 p. 73 Chapter 5 p. 295	
	c) Integration into overall risk management				Chapter 2 p. 73 Chapter 5 p. 295	
Indicators and Objectives	a) Indicators used for the assessment					Chapter 1 p. 15 Chapter 5 p. 295
	b) GHG emissions			Chapter 1 p. 15 Chapter 5 p. 295		
	c) Objectives			Chapter 1 p. 15		

5.2. SASB CROSS-REFERENCE TABLE

The Sustainability Accounting Oversight Board (SASB) is a non-profit organization created in 2011, producing sustainable development reporting standards by industry sector. The SASB takes five elements into account when establishing its standards: environment, social capital, human capital, innovation and business model, and leadership and governance.

The SASB has not yet developed a standard for the industrial gases industry. Consequently, the cross-reference table below contains references to information in Air Liquide's Universal Registration Document that meets SASB standards for the chemical industry.

SASB Chemicals sector statement		**Air Liquide**
Topic	**Accounting metrics**	**References in the Universal Registration Document 2020**
Greenhouse gas emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Chapter 5, EFPD – Climate (GHG emissions) (p. 304)
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Chapter 1, Extra-financial Performance (p. 60) Chapter 5, EFPD – Climate (GHG emissions) (p. 304)
Air quality	Air emissions of the following pollutants: NO_X (excluding N_2O), SO_X, volatile organic compounds (VOCs), and hazardous air pollutants (HAPs)	Chapter 5, Extra-financial Report, Discharges into air and water (p. 346)
Energy management	Total energy consumed, percentage grid electricity, percentage renewable, total self-generated energy	Chapter 5, Extra-financial Report, Energy and Efficiency KPIs for the whole Group (p. 345)
Water management	Total water withdrawn, total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Chapter 5, EFPD, Water Management (p. 313)
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Not applicable
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Chapter 2, Environmental and Societal Risks (p. 87) Chapter 5, EFPD, Water Management (p. 313)
Hazardous waste management	Amount of hazardous waste generated, percentage recycled	Chapter 5, Extra-financial Report, Waste and By-Products (p. 346)
Community relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	Chapter 2, Environmental and Societal Risks (p. 87) Chapter 5, EFPD, Climate (GHG emissions) (p. 304)
Workforce Health & Safety	Total recordable incident rate (TRIR) and fatality rate for direct employees and contract employees	Chapter 5, EFPD, Health and Safety (p. 298)
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	Chapter 5, EFPD, Health and Safety (p. 298)
Genetically modified organisms	Percentage of products by revenue that contain genetically modified organisms (GMOs)	Not applicable
Product Design for Use-phase Efficiency	Revenue from products designed for usephase resource efficiency	Not applicable
Safety & Environmental Stewardship of Chemicals	Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, percentage of such products that have undergone a hazard assessment	Chapter 5, Environmental and Societal Reporting – Waste and By-Products (p. 346)
	Discussion of strategy to manage chemicals of concern and develop alternatives with reduced human and/or environmental impact	Chapter 5, Environmental and Societal Reporting – Waste and By-Products (p. 346)
Management of the legal and regulatory environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Chapter 2, Environmental and Societal Risks (p. 87)
Operational safety, emergency preparedness and response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	Chapter 5, EFPD, Health and Safety (p. 298)
	Number of transportation incidents	Chapter 5, EFPD, Health and Safety (p. 298)

RELATIONSHIP WITH STAKEHOLDERS

1. Sustainable development issues materiality matrix

APPROACH

Commitment to stakeholders is a priority area in the Air Liquide sustainable development strategy announced in the NEOS company program. In 2020, the Group conducted a consultation of its stakeholders on Sustainable Development issues, as it had previously. The purpose of this matrix is to integrate the main risks and opportunities into the Group's strategy according to the importance attached to them by various stakeholders.

21 issues covering environmental, social, societal, economic, Human Rights and governance aspects were consequently submitted for consideration by the Group's stakeholders. Nearly 1,400 responses were received, compiled and analyzed to produce this materiality matrix of Air Liquide's sustainable development issues.

METHODOLOGY

All Group stakeholders were interviewed during this consultation in most of the geographical regions 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.

These stakeholders represented two categories of profiles:

- the Group's **internal stakeholders** with a strategic insight into topics,
- **internal and external stakeholders** with operational knowledge of these topics.

The project was conducted over four months (from October 2020 to January 2021) by a project team comprising members of the Group's Sustainable Development Department and a Steering Committee formed of representatives from operational and functional departments. A specialized firm was also appointed to support the internal teams for this project and carry out the various consultations.

Stakeholders were interviewed using two consultation methods:

- individual **qualitative interviews** providing a more detailed insight and comments on the various issues and assigned rating,
- **online questionnaires** to assess the importance and effectiveness of each issue, sent to a wider audience (e.g. employees).

These consultations were supplemented by analyses concerning extra-financial rating agencies, press reviews, studies of reporting standards such as TCFD or SASB, 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.

The results were then consolidated by giving equal weight to each stakeholder's assessments.

RESULTS

The matrix shown below highlights the following elements:

- The 21 sustainable development issues are considered to be important by stakeholders. No question received an average score of less than 2 on a scale of 1 to 4.
- 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.

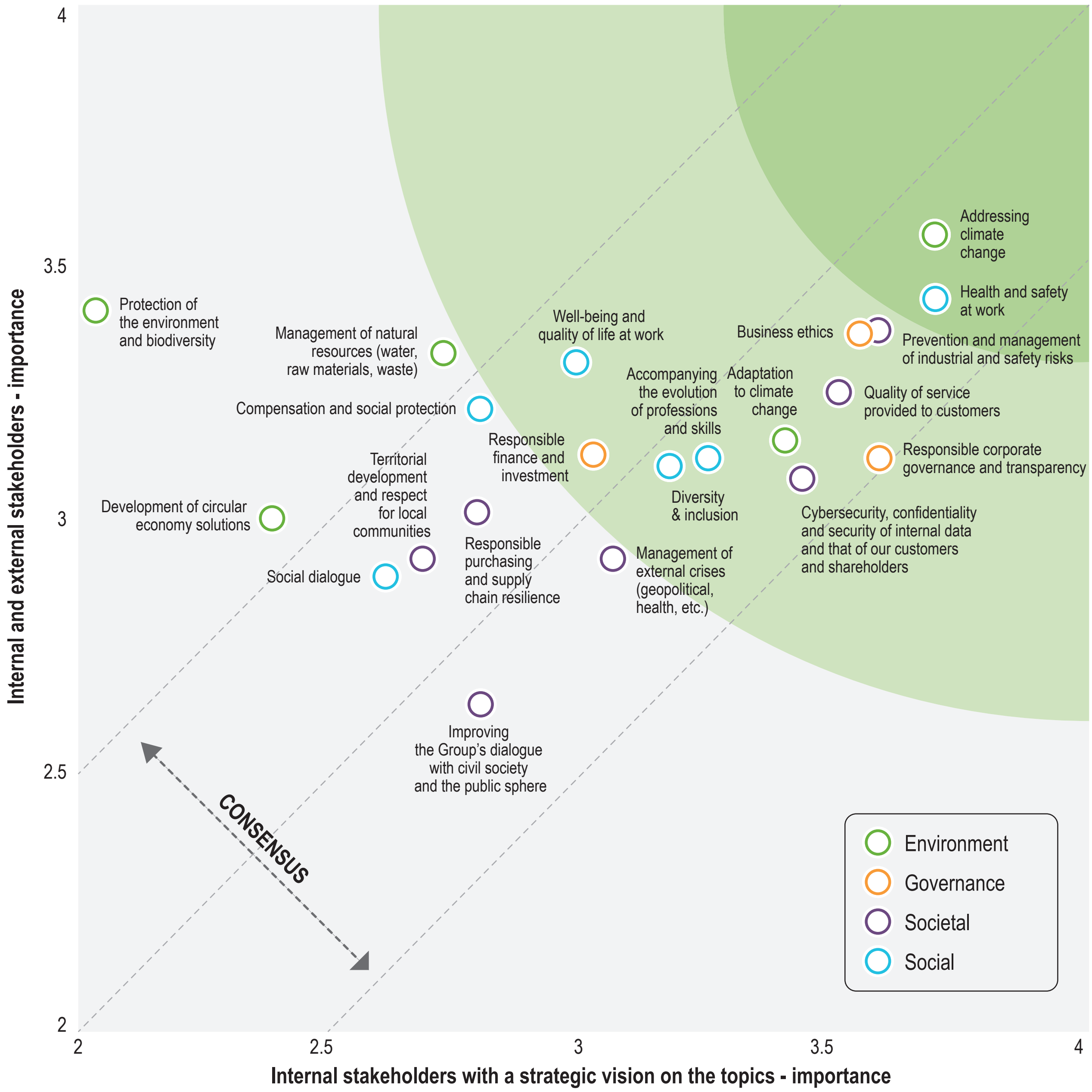
Issues such as health and safety at work, ethics, quality of service to customers and climate change action were rated as very important by stakeholders, who also recognize the Group's achievements in these areas.

The issue relating to protection of the habitats and biodiversity is the only one where the various stakeholders have significantly differing views. The Group has already identified the importance of this issue by addressing the biodiversity risk in the Extra-financial Performance Declaration published in this Chapter (page 314) and by carrying out several actions, also described in the EFPD.

Compared to the analysis carried out previously, the materiality matrix shows the emergence in 2020 of social issues or challenges that are largely taken into account in the Group's strategy:

- adaptation to climate change and greenhouse gas emissions (p. 304);
- diversity and inclusion (p. 325);
- well-being and quality of life at work (p. 325);
- remuneration and social protection (p. 324);
- management of external crises (geopolitical or health crises, etc.) (p. 89);
- responsible finance and investment (p. 38).

Relationship with stakeholders



2. The long-term engagement of employees

2.1. HUMAN RESOURCES

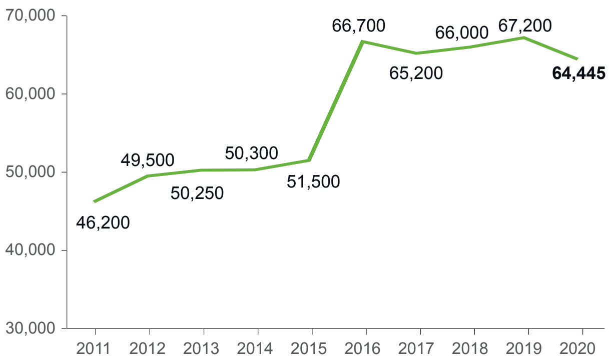
Air Liquide brings together 64,445 people of more than 150 nationalities, in 78 countries, who form multicultural teams with a host of skills.

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' customers satisfaction, which is at the heart of the NEOS company program. Employee engagement is one of Human Resources' priorities. Air Liquide has launched "MyVoice", a program similar to the "Voice of Customer" project introduced as part of the customer-centric NEOS company program. 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 questionnaire of around twenty items is sent to all employees, with the option of leaving comments. The questions cover areas such as safety, work-life balance, career development, inclusiveness, independence, career development and trust. Answers are completely anonymous 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. All managers have access to their team's results, if the thresholds for ensuring respondents' confidentiality are met.

Starting in 2020, the questionnaire is sent out annually to measure the impact of the initiatives implemented, and therefore changes in employee engagement levels over time. Through MyVoice, Air Liquide strives to offer all employees a positive experience that promotes a listening, interactive approach at every stage of their career with the Group. This level of attention to the employee experience is a key factor in attracting, retaining and developing employees.

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

The Technical Community Leaders (TCL) program enables talent in their technical domain to access career paths that offer recognition, satisfaction and influence. More than 3,800 experts have been recognized, playing a key role in sharing expertise, knowledge and technical excellence.

This community of the Group's technology experts contributes to the transfer of the technical know-how that Air Liquide will need in the future.

In 2020, this program of identification and development of our technical talents (TCL) appointed 97 new international experts. 2020 was marked by an international campaign conducted entirely remotely to ensure that the appointment process could continue within the usual deadlines. The TCL is therefore a key driver of innovation and a major contributor to ensure the Group's long-term reliability and safety.

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 2020, 83% 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 equity and current legislation are taken into account. It is generally made up of a basic salary plus additional compensation and benefits items.

The variable part of remuneration is devised 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 everyone to collaborate and contribute 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 [(a)] or solutions to help balance work and family life, which vary by country.

In 2020, 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 370 Group executives have a significant portion of their variable remuneration mandatorily linked to these criteria, for example safety and Corporate Sustainability Program targets for their entity.

Despite the covid-19 crisis, the Group has maintained its remuneration policy commitments.

2.2.4. Well-being at work

The official definition of well-being in the workplace provided by the World Health Organization (WHO) considers this to be "a dynamic state of mind characterized by reasonable harmony between a person's abilities, needs and expectations, and environmental demands and opportunities". Moreover, one of the Sustainable Development Goals (SDGs) defined by the UN is specifically focused on health and well-being.

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.

To promote well-being in the workplace, focus groups have been created with the aim of improving employees' work-life balance. This approach satisfies employees' expectations in this area. These practices are founded on principles co-created 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 has led to the creation of a charter based on action principles linked to improvements in work scheduling, workloads and work-life balance.

In a broader sense, during this time of change to organizational structures accelerated by the covid-19 pandemic, the Group launched the "Next Normal" worldwide project in 2020 to capitalize on changes to working practices. This will enable entities to provide their employees with a new framework including team management, a supervised remote work policy, redesigned work spaces, and an in-depth review of our interactions with our customers and patients.

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 addition to the regulations, the European "Care & Perform" principles and rules are also designed to organize work in a way that respects the autonomy, flexibility and private life of each employee.

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 social dialog in all of its subsidiaries. This may take different forms according to local regulations. In 2020, 81% of Group employees had access to a representation, dialog or consultation structure.

In Europe, the European Works Council has 29 employee representatives from 13 countries. It was renewed in 2017 for a term of four years. In 2020, seven plenary meetings chaired by a member of the Executive Committee were held, as well as five other meetings of the Council's board members. The main themes addressed during information and consultation meetings are: safety, news on the Group's activities, especially in Europe, the annual financial statements, the well-being and psychological health of employees, industrial strategy and its implementation in the different countries where Air Liquide operates.

In France, the Group sought to improve social dialog, using a debate and project development approach. Two social seminars were held to promote working together (employee representatives, trade unions and management/Human Resources) toward a new aim. This exercise helped to define a roadmap and transformation projects:

- anticipate the management of employability of Group employees in addition to the agreements for forward planning of employment and skills ("Gestion Prévisionnelle des Emplois et des Compétences, GPEC");
- improve the employee representatives' pathway within Air Liquide;
- initiate discussions on the prevention of psychosocial risks.

This work continued in 2020 despite the pandemic crisis. Regarding employability, negotiations with social partners will begin in 2021 with the aim of reaching a company agreement.

In addition, 2020 was largely devoted to managing the pandemic crisis together with employee representatives. This took the form of continuous and strengthened social dialog with bodies such as the Social and Economic Council (CSE), the Group committee, the European committee and the Health, Safety and Working Conditions Commission (CSSCT).

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 our teams to ensure sustainable 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 strength, 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 objectives at Group level include enhancing diversity among managerial staff to better recognize the various cultures that make up Air Liquide and to improve gender equality. In this respect, quantified targets have been set for the Group and its entities regarding gender and nationalities.

(a) This method of remuneration, used in certain countries, is at the Company's initiative or in response to local legislation or market requirements.

A team within the Human Resources structure is responsible for managing diversity projects. The roadmap is based on three criteria:

- deploy diversity objectives at in all entities and implement corresponding action plans;
- improve all of the Group's Human Resources processes to reduce any bias and avoid all forms of discrimination;
- promote an inclusive culture to leverage teams diversity.

Internal audits have been carried out to ensure that entities comply with Human Resources objectives, and to verify the monitoring of indicators and the implementation of action plans.

A team within the Human Resources structure is responsible for managing diversity projects at a Group level. Each hub/business then implements its own roadmap and diversity actions with consideration to its own situation. A number of initiatives are conducted locally every year, such as the introduction of a recruitment process that strengthens the role of women, the creation of networks to promote gender equality, and specific career review meetings for women. A new tool called "Nudge Lab" was recently launched, based on a behavioral approach, to increase diversity, particularly in senior positions.

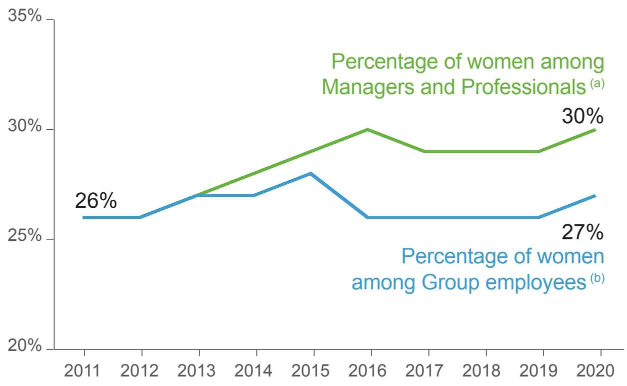
At an entity level, the Group's objective is to have teams comprising employees who represent the environment in which they operate. Each entity is therefore responsible for implementing action plans specific to its own environment and legal framework, which may include many forms of diversity (skin 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. Gender

The Group has set a number of ambitious 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 26% to 30%;
- 25% of executive positions (senior executives) held by women by 2025.

PERCENTAGE OF WOMEN AMONG MANAGERS AND PROFESSIONALS



(a) Including Airgas since 2017.
(b) Including Airgas since 2016.

The ambitious gender diversity objectives set for the "Managers and Professionals" and "senior executives" population, and for maintaining the gender diversity goal among "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.

In 2020, women represented 43% of employees considered as high flyers, this level has been increasing regularly for a number of years and must be maintained. The Executive Committee includes five women among its fourteen members. Three of these were appointed in 2019, having previously held executive positions within the Group. Six women are currently members of the Board of Directors of L'Air Liquide S.A., out of a total of eleven members appointed by the General Meeting.

More generally, and taking the highest level of responsibilities across the Group into account, women hold 20% of the "Top 100" positions, and 21% of all positions defined as Executive, over and above the goals set by the Board of Directors for 2020. This latter percentage has increased from 19% to 21% over the last three years.

Among the 10% of positions with the greatest level of responsibility within the Company [(a)], 27% of them are held by women; these women have an average age of 51.8 years and a median age of 52.4 years, i.e. 2.4 years and 2.8 years less respectively than the average age (54.2 years) and median age (55.2 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.

Lastly, by promoting an inclusive culture, the diversity of talent can be leveraged. Awareness and discussion programs are organized by the Group's entities, including dedicated events for raising manager awareness and involvement, "champions" networks, sharing best practices and creating networks to promote diversity. A number of such events were held by the Group from March 10 to 12, 2020, following International Women's Day, to promote diversity and inclusion

Gender and equal pay

In France, the law of September 5, 2018, known as the "Loi avenir professionnel", requires companies with more than 50 employees to implement an annual mechanism for assessing gender pay gaps, the result of which is a public social score for the company (out of 100 points).

The discrepancy is measured using an index which tracks five indicators:

- gap in average pay;
- gap in pay rises;
- gap in promotions;
- pay rises for female employees after returning from maternity leave;
- breakdown of top 10 salaries by employee gender.

The index and the five associated indicators must also be provided to the Economic and Social Committee (ESC) and sent to the Directors.

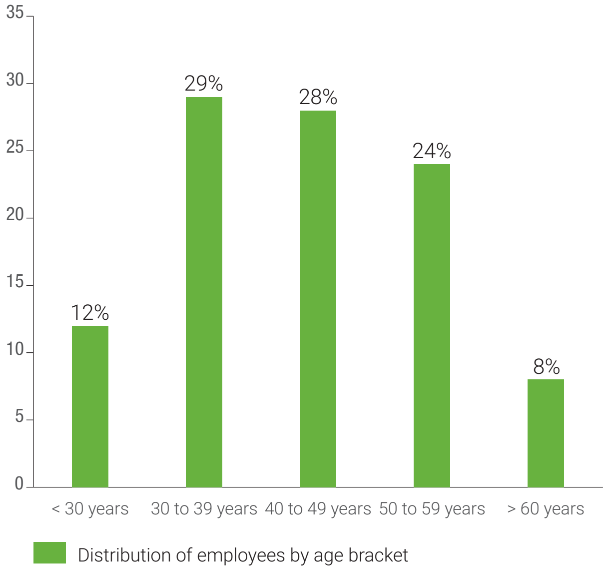
In 2020, the Group's 30 largest companies in France with over 50 employees were assessed, as in 2019. Their average Gender Equality Index is 88.4/100, an increase of 3.4 points compared to 2019. The Air Liquide S.A. company published its third annual equality index, scoring 99/100 (versus 98/100 in 2019 and 82/100 in 2018).

Outside of France, the Group initiated a process in 2019 to assess the gender pay gap in entities with more than 400 employees. A global process is currently being implemented based on these initial results.

(a) i.e. 109 positions, including all members of the Executive Committee (excluding Executive Officers), as well as expatriate employees whose work contracts are suspended but whose career and remuneration continue to be managed by the Company during the suspension of their French contract.

2.3.3. Age

DISTRIBUTION OF EMPLOYEES BY AGE BRACKET IN 2020



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. In France, 533 young people have benefited from work-study contracts and 345 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:

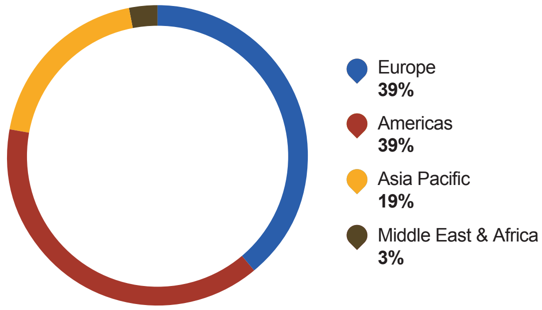
- 16 people became skills sponsors following the pilot launched in France in 2018;
- "Youth-employment contracts" were continued. They include initiatives promoting the hiring and retention of older employees.

The Group has international exchange programs to attract and develop young talents: the ALLEX program for engineers and managers and the EVE program for vocational employees (more than 550 people since they were set up). These programs were all continued in 2020, despite a decrease in new hires this year.

2.3.4. Nationality

There are 34 different nationalities among Air Liquide's senior managers. The Group's Board of Directors comprises six nationalities. In terms of total employees, over 150 different nationalities are employed by the Group.

BREAKDOWN OF EMPLOYEES BY GEOGRAPHIC AREA



2.3.5. Disability

Launched Europe-wide in 2017, the HandivAirsity initiative aims to promote diversity by integrating employees with disabilities into teams and involving the entire ecosystem: employees, suppliers, customers and stakeholders.

The HandivAirsity Challenge took place once again in 2020 despite the Covid crisis. Its aim is to develop and reward projects that support disability within Group entities. 36 European projects were launched as part of this challenge in 16 countries.

HandivAirsity
OUR DIFFERENCES MAKE OUR PERFORMANCE

Now more than ever, giving employees with disabilities the best chances of success, creating value, increasing the employability of employees with disabilities and thereby contributing to sustainable development and to social and collective responsibility is a priority.

Every effort is made to support employees with disabilities at Air Liquide: job adaptations, ergonomic studies, training and active staff awareness campaigns, through initiatives such as DuoDay, the disability European Week, disability integration training, the provision of a hotline and newsletters publicizing our work in this area.

Initiatives are also in progress to contribute to "indirect" employment – the purchase of goods and services from sheltered employment sectors and from independent disabled workers.

Within the scope of around 5,500 employees in France, a fifth Disability agreement covering the 2020-2022 period is currently being introduced; its aim is to continue initiatives to support employees with disabilities and in this way increase the direct employment rate to 4.2% in 2022 from 3.4% at the end of 2019. By the end of 2020, 37% of this agreement's recruitment goals had been achieved, i.e. 26 recruitments out of the 70 planned.

2.3.6. Network organization

Air Liquide has a decentralized organizational 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. The Group therefore provides employees with the opportunity to create and access Google+ communities through the Kite collaborative platform. These communities rally employees on several 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, during this 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 Business Academy, which was set up to strengthen key skills in the Group's business lines. Over 1,500 employees have had the opportunity to develop thanks to the academy. In 2020, for the purpose of continuity of training, most sessions were held virtually and the process of translating the modules into a dozen or so languages began. Other business line academies are under review in order to meet existing needs in terms of technical skills. This was updated in late 2020, and will be rolled out in the Group in 2021;
- a "digital passport", which consists of several self-assessment questionnaires on digital culture in general, but also on knowledge of Kite (the Group's collaborative work platform);
- Data Summits (Data strategy, Digital Marketing, Cybersecurity, etc.) have been made available to employees in order to move forward with the development of digital skill;
- data challenges have also been held. These competitions make it possible to share data skills quickly while creating value.

2.4.2. Career-long training and development

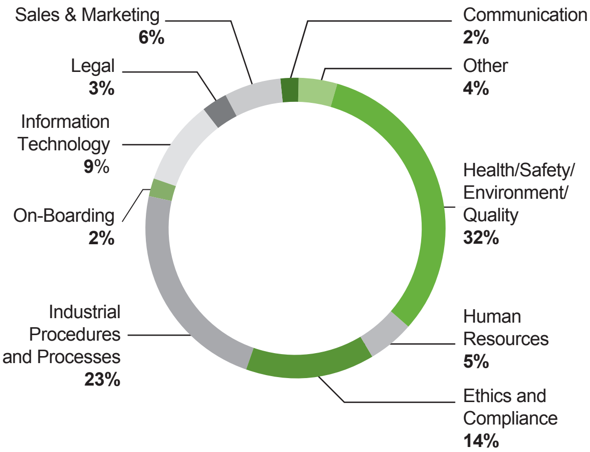
Air Liquide takes special care to develop its employees' skills and expertise. Several ways of learning are provided. Career development can take place throughout careers and every individual must take a proactive approach.

In 2020, despite the pandemic crisis, the percentage of Group employees who had at least one training session during the year was 65%.

The online training offering is upgraded year by year and covers many topics such as safety, ethics, Human Resources processes, management, and, more recently, digital technology.

A new online self-learning package (#ILoveLearning) was deployed in 2019 as part of a pilot by Air Liquide University. Since then, over 10,000 employees have used this self-service training.

BREAKDOWN OF TRAINING TOPICS



Through its programs and structure, the University, which celebrated its 10th anniversary in 2019, supports the Group's strategic initiatives and promotes the Air Liquide culture. Today, the University is present at a Group level and globally promotes new ways of learning, in both traditional and non-traditional ways. As such, the Company's various businesses and functions can access tools to design their own programs.

Modern teaching methods, for adults, 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.

In 2020, amidst the pandemic crisis, the digital transformation of many business lines and increased training for employees, the University also launched two virtual campuses open to the entire Group, which revolve around four themes: Management & Leadership, Sales & Marketing, Operational Excellence and Innovation. This has resulted in more than 5,900 employees logged in to over 300 online sessions: webinars, virtual classes, online lessons and learning paths. These events have, firstly, promoted interactions within the Group thanks to participants from 74 countries and, secondly, revealed employees' creative and teaching abilities: most sessions were led by company executives and a contest for creating tutorials was held.

Among the 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

More than **64%** of shareholders own their shares for more than **10 years**

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 growth through large-scale involvement in the capital increase in cash with preferential subscription rights. 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 share ownership, through various measures in place and by offering shareholders the expertise of its dedicated department, Air Liquide fosters a close relationship based on dialog with its shareholders on a daily basis which focuses on the following key principles:

- promoting long-term share investment;
- encouraging shareholder loyalty through registered shares and the establishment of loyalty bonuses;
- promoting dialog and meetings, whether in-person or virtual;
- recognizing and promoting the shareholder's key role.

DISTRIBUTION OF CAPITAL (AS OF DECEMBER 31, 2020)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Individual shareholders	37%	37%	36%	37%	36%	33%	32%	32%	32%	33%
French institutional investors	21%	19%	19%	17%	18%	20% (a)	19%	18%	17%	16%
Non-French institutional investors	42%	45%	45%	46%	46%	47% (a)	49%	50%	51%	51%
Treasury shares	>0%	>0%	>0%	>0%	>0%	>0%	>0%	>0%	>0%	>0%
Registered capital	35%	36%	36%	35%	36%	33%	34%	35%	34%	34%
Capital eligible for the loyalty bonus	28%	29%	30%	30%	30%	26%	25%	26%	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.

Air Liquide is regularly rewarded for the quality of its financial communication and its transparency, particularly for subjects related to corporate social responsibility (CSR). In 2020, for the third time, the Group won the prestigious Grand Prix de la Gouvernance d'Entreprise awarded by the AGEFI: this prize rewards the attention the Group pays to the quality of its governance, whether it be through the respect of high standards, the diversity and complementarity of the members of its management bodies or the quality and transparency of its communication. The Group also received three awards from TopCom: the Grand Prix d'Or for the 2019 Shareholder's Guide, the Silver Award for the film "Inventors of the Future" produced for the 2019 Annual General Meeting and the Bronze Award for the 2018 Annual Report.

The Chairman and Chief Executive Officer is directly involved in General Meetings, digital events with shareholders and Shareholders' Communication Committee (SCC).

3.1. A STEADY LONG-TERM PERFORMANCE AND AN ATTRACTIVE REMUNERATION POLICY

Since its flotation 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. As a result, more than 50% of earnings over the last 10 years have been distributed to shareholders.

3.2. CUSTOMIZED SERVICES

The Shareholder Services, with more than thirty employees and experts, is dedicated to Air Liquide's shareholders.

Air Liquide provides its institutional and individual shareholders, who are bearer or registered shareholders, with information and support. In addition to its steady performance and remuneration policy, and to increase the investment value of shares and reward long-term shareholders, Air Liquide showcases registered shares.

In 2017, as part of the NEOS company program, the Shareholder Department launched its "Shareholder experience" approach to continue improving the quality of its services for shareholders. Similar to initiatives launched as part of the NEOS company program on the customer-centric strategy, the aim of this comprehensive approach of active listening and response to its shareholders and their expectations is to streamline administrative procedures by offering made-to-measure services, ensuring improved and wider circulation of strategy and financial information, for example with the live broadcasting of Group shareholder events. The latest digital tools are also at the heart of this initiative, as they are an excellence source of leverage and customization.

3.2.1. Registered shareholder services

This form of shareholding provides access to a loyalty bonus for registered shares held for more than two full calendar years: +10% on the amount of dividends received and on the number of free shares granted during allocation transactions. To receive the loyalty bonus, shareholders must continue to hold their shares in registered form on the date of the dividend payment or of the free share allocation.

Air Liquide is the only CAC 40 non-banking company which manages internally all aspects of its shares on behalf of its 105,000 direct registered shareholders: account administration-holding, record keeping and centralization of the General Meeting. Shareholders pay no handling or management fees, and the broker fees of 0.18% (excluding tax) of the gross amount of the transaction are reduced to 0.10% (excluding tax) for stock market orders placed online and paid for by account debit or bank card: these fees are among the lowest on the market.

DIFFERENT SHAREHOLDING OPTIONSDIFFERENT SHAREHOLDING OPTIONS

Direct registered shares

The shareholder opens a share account with Air Liquide. Direct registered shares are registered in the Air Liquide account. Air Liquide's Shareholder Services is the point of contact for the shareholder.

Intermediary registered shares

The shareholder asks their financial institution to convert their "bearer" shares into "intermediary registered" shares. These shares are then registered in the Air Liquide account and held in a securities account or a share savings plan at the shareholder's financial institution, which remains its point of contact.

Bearer shares

The shareholder opens a securities account or a share savings plan with their financial institution. The shares are deemed to be "bearer" shares. The financial institution is the point of contact for the shareholder.

3.2.2. Innovation for the benefit of shareholders

In 2020, Air Liquide opened a 100% digital share account: from the airliquide.com website, in less than 10 minutes, an individual can directly open a direct registered share account by supplying digital supporting documentation. Several thousand people have used this new digital functionality to become Group shareholders.

Information documents and media for shareholders such as the Annual Report, the Shareholders' Guide, the shareholders' newsletter *Interactions*, the Webzine *Stock & Share* and the Invitation to General Meeting are drawn up with a particular focus on educating readers. Comic strips have been produced for young shareholders (under 18 years of age) and their legal representatives; they provide a better understanding of the role of shareholders and an introduction to the Group. Air Liquide also publishes, in the month after the event, a report on its General Meeting available at airliquide.com.

An FAQ has been added to the airliquide.com website, shareholders section, covering key subjects for shareholders and listing the most frequently asked questions, plus short and practical answers.

Direct registered shareholders have access to a personal online Account on the Internet, so that they can view their share portfolio and useful documents for managing their account, as well as edit their personal information. They can also place buy and sell orders on the stock market online and view, in real time, the transactions conducted on their securities account.

Air Liquide was the first company to set up a Shareholders' Communication Committee (SCC). The SCC is comprised of 12 shareholders and is regularly consulted on subjects relating to shareholder communication, in addition to the three annual plenary meetings with the Chairman and Chief Executive Officer. A committee member is part of the Air Liquide Foundation's Project Selection Committee.

3.2.3. The General Meeting, the expression of shareholder democracy

Each year, all Air Liquide shareholders who hold at least one share are invited to the General Meeting. They receive all the documentation relating to their vote more than one month before the General Meeting, either by mail or by email in the case of shareholders who have opted for this means of communication. In accordance with the principle of shareholder equality to which Air Liquide is very committed, each share entitles its owner to one vote. Air Liquide endeavors to make all this material available in English to its non-French shareholders in similar timeframes. Air Liquide centralizes its General Meeting by collecting the votes of its shareholders directly and offers voting by Internet.

In 2020, as a consequence of the pandemic situation, the Meeting was held behind closed doors. A specific mechanism was therefore implemented in order to maintain the shareholder dialog to which the Group is highly committed, in addition to the usual mechanisms (written questions to the Chairman and live, on-demand broadcast of the Meeting). This mechanism enabled shareholders to ask questions before and during the Meeting, with the Chairman answering the most commonly asked questions during the time usually allocated to the audience debate session [(a)].

Air Liquide is already working, and will continue to work, with banks and specialized service providers of all kinds to identify and introduce reliable, secure solutions to enable all shareholders to participate in the General Meeting, both at the physical place of meeting and remotely, before and during the Meeting, in accordance with legal rules.

THE SHAREHOLDER DEPARTMENT AND SUSTAINABLE DEVELOPMENT

In line with the Group's objective to contribute to a more sustainable world, Air Liquide now encourages its shareholders to receive their documents electronically (account documents, General Meeting voting documents, the shareholders' newsletter, etc.). Shareholders who so wish can request for these various documents to be sent by post. In addition, for all its mail shots that require wrapping, the Shareholder Department uses a biosourced film, produced using a raw material that complies with France's NF T51-800 standard.

(a) *As it was not possible to verify shareholder status, the questions asked in this way fell neither within the legal framework of written questions submitted to the Company prior to the General Meeting, nor the legal framework of in-person debate.*

3.3. RECOGNIZING AND PROMOTING THE SHAREHOLDER'S KEY ROLE

The continuing decline in the number of individual shareholders in France is a major challenge. Air Liquide is committed to defending individual shareholders' rights and promoting equity investments. 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 act.

3.4. 2020 STOCK MARKET PERFORMANCE AND OVERALL SHAREHOLDER RETURN

In 2020, Air Liquide's shares rose +6.38% (vs. a -7.14% decline for the CAC 40).

30 free share awards have been made since 1962.

At December 31, 2020, the overall financial performance of the Air Liquide share, i.e. the rate of return on invested capital, or Total Shareholder Return (TSR) [a], amounts to:

END OF 2020 DATA

TSR	5 years	10 years	20 years
Air Liquide registered shares	+13.06%	+11.01%	+10.68%
Air Liquide bearer shares	+12.72%	+10.54%	+10.12%
CAC 40 reinvested dividends	+6.87%	+7.38%	+2.81%

3.5. 2020 INITIATIVES

3.5.1. Individual shareholders

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.

At the end of 2020, 470,000 individual shareholders held 33% of the Group's capital; this represented the highest percentage among companies on the CAC 40.

MEETING WITH SHAREHOLDERS

The General Meeting: in voting terms, attendance at the General Meeting was in line with previous years, with nearly 105,000 shareholders casting their votes remotely. Despite being held behind closed doors, the General Meeting was viewed by over 40,000 people either live or in playback mode – an all-time record.

The dates for the next Air Liquide Combined General Meeting are Tuesday May 4, 2021 and Wednesday May 4, 2022.

"Post-General Meeting" conferences: every year, following the General Meeting, the Chairman and Chief Executive Officer visits several towns and cities in France to present the Group's results, strategy and outlook to shareholders. Given the pandemic crisis of 2020, these meetings had to be canceled. Likewise, the regional shareholder meetings attended by the Director of the Shareholder Department and associated teams also had to be canceled. In 2021, Air Liquide will take the pandemic situation into account when organizing such meetings again.

Hydrogen Generation: on December 10, 2020, Air Liquide held an extraordinary digital event devoted entirely to hydrogen, attended by Benoît Potier, Chairman and CEO, with the participation of Bertrand Piccard, Initiator and Chairman of the Solar Impulse Foundation, and adventurer, lecturer and author Philippe Croizon. Prior to the event, over 500 written, audio and video questions were submitted by shareholders and the general public. On the day itself, the broadcast attracted an audience of over 10,000 internet users and provided an opportunity to respond to the most frequently asked questions. The event recording and its "best of" videos have been viewed over 54,000 times.

3.5.2. Institutional investors

The Investor Relations team met with more than 1,400 investors in 2020 during 11 roadshows, 44 conferences and many individual meetings. Members of the Executive Committee took part in some of these events.

Because of the health crisis, these roadshows and conferences were held online in 2020, using digital tools set up by the Group to maintain regular exchanges with investors in all geographies.

(a) 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.

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.

COVID-19: AIR LIQUIDE'S TEAMS ARE MOBILISED

Air Liquide's committed teams are working on the front line to ensure continuity of service to its customers and patients

The onset of the pandemic saw Air Liquide teams around the world facing unprecedented constraints in how they operate, as did customers and patients. They demonstrated an exceptional level of commitment commensurate with the challenges they faced. Their motivation and dedication, supported by the collaborative digital tools adopted by the Group, have enabled them to deliver a high level of service, which was confirmed by the above-average satisfaction scores obtained during this difficult period. Customers have sent many praising the responsiveness of Air Liquide' teams, which enabled us to maintain our activity:

- fast installation of equipment;
- stable level of industrial and medical gas supply, and provision of additional volumes;
- reorganization of support functions and customer service centers to support remote work.

The Health teams in particular quickly organized themselves to cope with the increase in requirements for medical oxygen, provide equipment such as respirators for hospitals, ensure stabilized patients can return home and guarantee chronic patients are continually monitored, and more specifically:

- production of 10,000 ventilators in record time, in partnership with several manufacturers (PSA Group, Schneider Electric and Valeo) and around a hundred SMEs;
- increased medical oxygen capacity worldwide to meet oxygen demand, which has increased five-fold (and sometimes even six-fold) in the most affected areas;
- custom home monitoring of patients with chronic illnesses during the lockdown, and remote (video) monitoring and visits to high-risk patients with strict application of health instructions;
- support for the return home of covid-19 patients receiving oxygen therapy or suffering from other conditions, reducing the burden on hospitals.

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 and 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.

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

This business line supplies gas and energy solutions to around 500 customers in the metals, chemicals, refining and energy industries, which are essential to their own industrial production, to improve process efficiency and make their plants more environmentally friendly.

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 their 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. The products and services it offers respond to growing consumer demand for improved mobility, connectivity, processing power and energy savings.

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 key accounts helps support them and meet their specific needs. This program relies on a team of Key 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.

4.2. COMMITMENT IN PARTNERSHIP WITH PATIENTS, HEALTH PROFESSIONALS AND HOSPITALS

In over 35 countries, Air Liquide's 15,600 employees in the Healthcare business units – nurses, researchers, technicians, engineers, doctors, data scientists – work alongside patients, healthcare professionals and hospitals to help patients to cope better with their conditions and to make care pathways and treatment follow-up more efficient.

As a major world player in home healthcare, an expert in the treatment of chronic diseases in the home, and a supplier of medical gases for hospitals, Air Liquide strives to make the healthcare system work well for everybody.

These activities are described on page 28 of Chapter 1.

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

Making a commitment to members means doing everything to make the patient's treatment a 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, Air Liquide provides care in the home for people with chronic diseases. The Group provides respiratory, nutritional and perfusion assistance solutions. 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, doctors, nurses, health insurance organizations, pharmacists and others. Air Liquide supplies the services, products and/or medical equipment necessary to start treatment at the patient's home, following the medical prescription, and trains the patients and their families in the proper use of devices. Air Liquide has three trump cards: its close human proximity to patients at home for over 30 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 follow-up care at home for patients with chronic conditions. This business demands high-quality service on a daily basis and is focused on the long term, with caregivers dedicated to improving the patient's quality of life at home.

4.2.2. Hospital businesses

Air Liquide is one of the world leaders in medical gas production and distribution for hospitals and related services.

The teams work alongside healthcare professionals to develop solutions that allow them to take care of their patients, often at critical moments. 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 anesthetic and improve respiratory functions.

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 maintain efficiency. Air Liquide supports the transformation of hospital care and the development of outpatient care with a significant presence in the urban medical sector and care centers.

4.2.3. Diversification of care settings

Air Liquide's solutions are also dispensed by certain specialists in doctors' practices or at new care settings outside the hospital.

Healthcare professionals such as ambulance attendants, retirement homes, 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 and responsiveness.

4.3. FROM LISTENING TO ACTION

Since 2017, as part of its NEOS strategic plan, the Group has been directed towards a customer-centric transformation, boosted by a customer experience management tool called "Voice of Customer" (VoC). This solution provides all entities with the ability to regularly poll (through digital channels) an unlimited number of customers, analyze their comments in real time, identify dissatisfied customers, contact them again 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 put in place to improve the customer experience.

This VoC platform was launched in March 2017 and has already been deployed in over 60 countries. Feedback from tens of thousands of customers has been collected and analyzed, highlighting each subsidiary's priorities. Furthermore, in 2018 the Group decided to launch transactional surveys to measure satisfaction at key stages of the customer experience (order, delivery, invoicing). This new approach means that customer comments can be collected and analyzed in real time. All this information allows the local teams to identify problems and to fix them quickly by continuously streamlining processes and flows to provide the highest quality of customer experience.

SUCCESSFUL CUSTOMER COMMITMENT

150,000	90% [(a)]
customer/patient returns collected since 2017	satisfied or very satisfied Air Liquide customers

Customers particularly value the quality of the Group's products and services, safety standards, and the attitude and efficiency of the teams in contact with them.

Customer satisfaction and loyalty are measured using an international indicator called the NPS (Net Promoter Score®). It measures how likely customers are to recommend the Group by asking a simple question: ***"On a scale of 0 to 10, how likely are you to recommend Air Liquide as a supplier?"***

This indicator is tracked in all the business units and in most geographies, giving the Group a common indicator to measure the satisfaction of its customers, better respond to their expectations and improve overall performance.

Each campaign is followed by an in-depth analysis of responses. Following this analysis, action plans are produced to improve the customer experience.

The scores given by customers are accompanied by comments and improvement suggestions. This valuable information helps the Group to rethink its internal processes and continue innovating so it can continually offer high-quality products and services.

This approach illustrates the customer-centric transformation strategy that forms part of the NEOS company program.

(a) Based on customer satisfaction survey feedback (88% in 2019).

5. Suppliers and sustainable procurement

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 **Procurement Code of Conduct,** translated into several languages, which applies to all Group employees engaged in Procurement activities;
- the **Sustainable Procurement policy,** updated in 2018, 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;
- a **CSR commitment clause** (covering compliance with the Supplier's Code of Conduct, safety, and the environment) is included in the contract templates used by the Procurement teams and signed by suppliers;
- the **Supplier Code of Conduct** is publicly accessible on the Air Liquide website (https://www.airliquide.com/group/sustainable-procurement). It is available in 13 languages and is designed to promote and ensure all our suppliers respect practices relating to Human Rights, ethics, environmental protection and safety.

SUPPLIER MAPPING

As part of its monitoring process, the Group produces CSR mapping for its critical suppliers according to four main criteria:

- the supplier's activity;
- the amount of annual expenditure with the supplier;
- how dependent it is on Air Liquide;
- the location where the supplier conducts its main business.

The Group has 968 suppliers that are deemed critical from a CSR perspective. At present, 773 (80%) have been assessed on their CSR performance.

In 2020, 236 suppliers were assessed, i.e. 75% of the suppliers invited to the assessment campaign. In some cases, Air Liquide has asked for corrective action plans to be implemented; the aim is for the plans to be in place within twelve months of their CSR performance being rated.

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 application within the organization. Sustainable Procurement training modules have been developed. These are for everyone in the Group involved in Procurement 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 2020, Air Liquide held training courses in Chinese, English, French and Russian for buyers and suppliers. Training courses are organized by topic and geographical region. Some cover the hiring of new suppliers, the implementation of corrective action plans, the internal assessment questionnaire, and solidarity sourcing. In total, around 170 buyers and some 160 suppliers were trained in 2020.

In addition, nine internal projects were submitted in 2020 in the "Sustainable Procurement" category for the "Air Liquide Procurement Awards" to promote the best initiatives in this field and increase their visibility within the Group.

A recognized sustainable procurement approach

This year, Air Liquide was recognized for its Sustainable Procurement measures on several occasions:

- in March, Air Liquide was shortlisted by EcoVadis for its "Best Internal Stakeholder Engagement" award;
- in November, Air Liquide was a finalist at the World Procurement Awards in the "Corporate Social Responsibility" category.

Sustainable procurement for all

In October 2020, the Group Procurement Department held its third "Business Meeting" in France, in virtual format, for the sheltered employment sector in partnership with the HandivAirsity initiative. Among the one hundred or so guests were 10 ESATs (organizations for the social and professional integration of disabled persons) and EAs (Adapted Companies), which presented shared achievements to Group subsidiaries covering a wide range of businesses and services across the whole of France. 80% of ESATs and EAs invited to the 2019 Business Meeting established or renewed a sales relationship with the Group.

6. Civil society: actions of the Air Liquide Foundation

The Air Liquide Foundation, founded in 2008, exists to serve society. Drawing on the strengths of the Air Liquide Group – its expertise and geographical presence – it engages in work to advance science and thus help everyone to breathe better, and also contributes to regional development through local initiatives and action to promote occupational integration in technical professions.

COVID-19: AN EXCEPTIONAL COMMITMENT

The Foundation takes unprecedented action in response to the pandemic

In March 2020, in response to the health and social crisis, the Air Liquide Foundation launched its "covid-19 Initiative", and decided to make an extraordinary additional allocation of more than two million euros available over two years. Its objective is twofold:

- to support scientific research projects on respiratory damage caused by the Sars-CoV-2 coronavirus, a health issue close to the heart of the Foundation's longstanding work;
- to provide greater assistance to partner associations working in the field with groups who are most affected by the disease and the impact of lockdown. Its supported projects supply health kits, foodstuffs and protective equipment, and also play a role in maintaining social connections with the most disadvantaged and combating early school leaving.

The large number of requests received by the Foundation led it to hold selection committee meetings more often so it could respond to requests as quickly as possible. For example, the Committee and the Board of Directors have approved 33 covid-19 projects worldwide – 10 research projects and 23 social projects.

In 2020, the Foundation approved 69 projects in 13 countries:

- 14 scientific research and education projects on air quality and respiratory diseases;
- 55 "Acting within local communities" projects in fields including occupational integration, education and training, access to care, disability, social welfare, and covid-19 emergency assistance.

Since its creation in 2008, the Air Liquide Foundation has supported over 433 projects in 52 countries.

A dedicated site enables projects to be directly submitted online, in French or English. Its website address is www.fondationairliquide.com.

The work of the Air Liquide Foundation is focused on two themes: "Breathing better" and "Acting within local communities"

Breathing better

Areas of focus	**The Air Liquide Foundation supports fundamental research in two areas:** ■ medical research on chronic or rare respiratory diseases, ■ environmental research on air composition, especially atmospheric chemistry, given the importance of better understanding the environments we inhabit.
Project locations	European Economic Area (European Union + Iceland, Liechtenstein, Norway).
Priorities for action	**Funding of fundamental research projects** Sharing scientific knowledge in the field of air quality and respiratory diseases
Examples of supported projects	In 2020, the Air Liquide Foundation supported ten scientific research projects on the Sars-CoV-2 coronavirus conducted by French and European research organizations, whose end goal is to define appropriate therapeutic strategies: ■ bodies such as the CEA and the Institut Pasteur in France and KU Leuven University in Belgium are attempting to gain a better understanding of the virus' pathophysiology and its impact on respiratory function, ■ the Hôpital Salpêtrière in Paris and Vall d'Hebron University Hospital in Spain are seeking to improve hospital care for severely affected patients, ■ the Robert Debré association for medical research is studying the virus' long-term effects on the lungs. The Foundation has also approved three pure research projects conducted by French and Spanish teams on the effects of hypoxia and on infections related to lung transplants, as well as a scientific education project on air quality in France.

Acting within local communities

Areas of focus	**The Air Liquide Foundation acts within local communities to help meet their specific needs:** The Foundation is involved in measures to promote occupational integration. It is helping unemployed individuals to develop the skills in demand in technical fields. The Foundation works with grass-roots organizations to give each beneficiary – young adults without qualifications, jobs or training, especially from disadvantaged areas, people with disabilities or long-term unemployed – the opportunity to take charge of their future in the workplace. It helps meet the specific needs of communities in a variety of fields (education, training, healthcare, disability and social issues). Its network of socially engaged employees helps to identify these needs and to monitor the projects led by local organizations.
Project locations	**Occupational integration: in France and Africa in particular** Projects recommended by employees: Europe or developing countries in which Air Liquide operates, close to one of the Group's subsidiaries,
Priorities for action	**In practice, the Foundation:** ■ develops long-term training projects in technical fields with job shortages, in coordination with local organizations, other large or local corporations and Air Liquide's technical teams; ■ creates partnerships and shares the benefits of the Air Liquide ecosystem; ■ provides mentoring from Air Liquide employees; ■ funds organizations active in the field of occupational integration for vulnerable groups; ■ funds short-term projects recommended by employees in the fields of social issues, education, professional training and disability, etc.
Examples of projects	The Air Liquide Foundation is supporting Ares in the key area of safety in the workplace, with the aim of Zero Workplace Accidents by 2022. Ares – the Paris region's leading occupational integration group – supports disadvantaged individuals in their journeys towards long-term employment. The safety program that Ares is developing will serve as a model for other occupational integration organizations seeking to make safety a key soft skill in employment readiness. The Foundation is also providing three-year support for the "Sport dans la ville" association's "Job dans la Ville" occupational integration program. Its goals are to support 735 early school leavers in their journeys towards training and long-term employment, with a success rate of over 50% in the Greater Paris and Auvergne-Rhône-Alpes regions, and to provide young girls with an introduction to industry. In South Africa, the Foundation is working with the Sci-Bono association to develop a training program for 20 young people from highly disadvantaged backgrounds in Johannesburg, helping them find professional employment in the information technology sector.

6.1. THE FOUNDATION AND EMPLOYEE ENGAGEMENT

From its inception, the Air Liquide Foundation has always sought to involve the Group's employees in its work. This is still one of its distinctive characteristics today. As such, it gives employees the opportunity to express their social and human commitment and become stakeholders in the Foundation's work.

Group employees are encouraged to recommend projects for organizations close to their hearts. 52% of projects approved in 2020 were therefore sponsored by employees.

Furthermore, all projects are assessed and monitored by the Foundation with the support of employees.

Scientific projects are assessed and monitored by experts from Air Liquide's research centers. Local development projects are supported by employees who work near these projects. The Foundation thereby provides employees with the opportunity to take part in community work.

The role of an employee responsible for project monitoring is broken down into three steps:

- making contact and project feasibility study;
- follow-up and support;
- final assessment.

The Foundation wants to further involve employees in implementing local development projects through skills-based sponsorship. Organizations supported by the Foundation will be able to benefit from employees' professional skills. Employees will therefore participate in the development of these organizations.

Currently, hundreds of employees are involved in the Foundation's actions.

SHAREHOLDERS AND THE AIR LIQUIDE FOUNDATION

Air Liquide shareholders also contribute to the Foundation's missions. A shareholder on the Shareholders' Communication Committee (SCC) is an automatic member of the Project Selection Committee. The representation of shareholders in this way is a special feature of the Air Liquide Foundation. Their presence is important: the shareholder provides an external perspective, while being familiar with the Group. The other members of the Selection Committee are Group employees, representing the diversity of the Group's business interests.

Mindful of shareholders' interest in its work, the Foundation sent them a survey in 2020. Over 6,500 shareholders responded:

- 50% of them were familiar with the Air Liquide Foundation;
- over 90% of respondents believe the Foundation's research work to be important, and 82% believe that occupational integration is another important mission of the Foundation;
- 42% would be prepared to donate to the Foundation; 55% would like to choose the project to donate to.

These highly encouraging results demonstrate shareholders' strong interest in and support for the Foundation's actions. These responses will be taken into account in future development of the Foundation's work.

6.2. LOCAL CORPORATE PHILANTHROPY INITIATIVES

In addition to the Air Liquide Foundation's initiatives, subsidiaries are also directly involved with communities throughout the world, supporting local corporate philanthropy initiatives. As well as financial support, these actions are successfully conducted with the enthusiastic involvement of employees.

INITIATIVE #WEREAD

During lockdown, Air Liquide employees in the United States partnered with the Barbara Bush Houston Literacy Foundation to support the #WeRead initiative. The aim of this virtual reading-aloud program is to share the "power of stories". It is an effective way to help children develop their reading and writing skills and acquire a taste for reading that they will hopefully retain throughout their lives. Employee volunteers then recorded themselves reading stories to enable children to develop their skills – even remotely!

ENGAGE&VOUS

In partnership with the Nos quartiers ont du talent employment association, Air Liquide France Industrie's "Engage&Vous" skills-based sponsorship program allows employees to set aside up to two days a year for work with the association, sponsoring a young person in their search for work. Sponsorship involves employees providing their business skills and experience to support the integration of a young graduate student up to 30 years old into a job, work-study program or entrepreneurship.

In response to the covid-19 pandemic, employees have also been encouraged to use this system to engage in community initiatives directly linked to the health crisis.

CRYOLOR ASIA PACIFIC

In India, Cryolor Asia Pacific employees took action during lockdown to provide support to the poorest groups in the village where the plant is located. Basic products, including food (rice, lentils, oil, wheat flour, soap, etc.) were provided to them. Cryolor also donated masks and disinfectant to the police station in recognition of officers' frontline roles in serving the community during the pandemic.

7. Relations with the public sphere

Air Liquide has formalized a Public Affairs policy and roadmap governing the Group's interactions with the national, regional and international public spheres to promote its activities, develop growth opportunities, anticipate risks relating to regulatory changes, and involve Air Liquide in public debate in the sectors in which it operates. This policy specifies that Air Liquide will work with the institutions and public authorities of each country in which it does business in a constructive and transparent manner, following ethical rules and applying political neutrality. All of the Group's actions respect the official lobbying regulations in force in the countries in which it is present.

Air Liquide is therefore listed on the "Transparency Register" of European institutions and in France in the "Interest Representatives" register, which was created in 2017 and is managed by the High Authority of Transparency in Public Life (Haute Autorité pour la Transparence de la Vie Publique – HATVP).

Working within the European and International Affairs Department, the team, in conjunction with the Group's Business Lines, covers the following sectors: energy/hydrogen transition, circular economy, innovation, technologies, digital and health.

- energy and environmental transition with the growth of alternative energies (hydrogen, biogas, photovoltaics, wind power, etc.), and their applications, particularly in terms of mobility and energy efficiency;
- carbon markets with regulatory changes in Europe and the development of regional markets in North America and Asia Pacific; the competitiveness of companies at a worldwide level;
- public health issues, particularly relating to access to care during a pandemic (supply of medical oxygen, manufacture of respirators, etc. during the covid-19 crisis), care for patients with chronic diseases, air quality;
- the opportunities and risks relating to the digitalization of the economy;
- the defense of Air Liquide's shareholding model;
- space exploration at a European level;
- the defense of intellectual property and the launch of the European unitary patent and of the Unified Patent Court;
- environmental and societal reporting challenges. In relation to fiscal matters, Air Liquide is particularly attentive to paying taxes in countries in the Group footprint and to the desire for good relations with local tax authorities.

In addition, managers specializing in public affairs in the principal countries, comprising a network of around 20 people worldwide, are coordinated by the European and International Affairs Division. These managers' tasks are to monitor public initiatives liable to impact the Group, and to interact with the local and/or regional authorities to defend or promote Air Liquide's interests. This network allows the Group to work on defining joint positions on cross-sectional challenges such as energy transition, the circular economy, health and innovation, and to share information on changes in societal challenges in different parts of the world.

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 sectors in which the Group operates;
- other actors such as non-governmental organizations and think tanks.

These interactions can take place either directly or through national or international associations of professional bodies such as the European Roundtable of Industrialists (ERT).

In the context of contacts with investment funds, Air Liquide also specified that we are working with public authorities to contribute to the development of a regulatory framework in favor of carbon neutrality for industrial companies and, more broadly, for the related ecosystem.

It should be noted that 2020 was marked by a number of major Public Affairs events, aimed not only at growing the Group's business but also improving French and European competitiveness. These include:

Making France a technologically disruptive economy

February 7, 2020 saw the publication of a report produced by a College of Experts for France's Minister of the Economy and Finance and Minister of Higher Education, Research and Innovation. The report was intended to establish an ambitious, selective strategy to launch a new industrial and entrepreneurial dynamic in emerging industrial markets. Benoît Potier, Chairman and CEO of Air Liquide, appointed as a member of this team, actively contributed to defining the key markets, emerging markets which presented major challenges in terms of competitiveness. The identification of these emerging markets in which France has the potential to play a leading role on a global scale, focused around four fundamental societal challenges (healthy and sustainable food, the health and well-being of our fellow citizens, the environment and the ecological and energy transition, and digital sovereignty), helped to define the structure of the Productive Pact recovery plan presented by the Government in October 2020.

Participation in the development of the quantum technologies acceleration strategy in France for 2020-2025

Air Liquide was involved in drafting the parliamentary report produced as part of the quantum technologies mission. This report created strong cohesion between the various stakeholders and initiated partnerships within this French ecosystem. State support, with targeted funding for its enabling technologies, is fundamental in creating the industrial sectors and technological solutions that will make France a key quantum player.

ANNUAL REPORTING

1. Safety indicators

SAFETY INDICATORS FOR THE GROUP AS A WHOLE

	2011	2012	2013	2014	2015	2016	2017 [f]	2018	2019	2020
Number of Group employee lost-time accidents of at least one day [a]	144	149	151	144	152	137	198	161	158	108*
Accident frequency of Group employees [b]	1.7	1.7	1.6	1.6	1.6	1.4	1.6	1.3	1.2	0.9*
Accident severity rate [c]	< 0.1	< 0.1	< 0.1	< 0.1	< 0.1	< 0.1	< 0.1	0.17	< 0.1	0.12
Number of accidents of subcontractors and temporary workers [d] [e]	118	142	110	92	94	91	90	93	109	67*
Frequency of accidents of subcontractors and temporary workers			2.2	2.3	2.2	2.0	2.1	2.2	2.4	1.4
Frequency rate of serious avoidable accidents involving injuries (in millions of km traveled)							0.013	0.030	0.022	0.019

(a) Fatal work accidents since 2015: two in 2020, none in 2019, three in 2018, none in 2017, one in 2016, none in 2015.
(b) Number of Group employee lost-time accidents of at least one day per million hours worked. Accidents defined according to International Labor Office recommendations. Working hours are defined according to local employment laws.
(c) Average number of days of lost time per thousand hours worked. Accidents defined according to International Labor Office recommendations.
(d) Personnel working under an Air Liquide contract at a Group site, at a customer site, or as a delivery vehicle driver.
(e) Fatal work accidents since 2015: 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, data from previous years relate to Air Liquide alone.
** Indicator verified by the independent verifier.*

In 2020, the Group recorded the deaths of three people: two Air Liquide employees and one subcontractor. Two occurred while driving, while the third happened in a gas cylinder maintenance shop.

2020 was profoundly marked by the covid-19 crisis. During this extraordinary period, the total number of Air Liquide employee lost-time accidents was 108, compared to 158 in 2019. The frequency rate of these lost-time accidents for the Air Liquide Group improved significantly by 30% to 0.9, from 1.2 in 2019. This is the lowest frequency rate that the Group has seen in over 20 years.

The Group intends to learn fully from this in order to maintain the lowest possible rate on an ongoing basis.

For subcontractors and temporary workers, the Group recorded 67 lost-time accidents, representing a frequency rate of 1.4 in 2020, an improvement of 40% compared to 2019.

2. Environmental indicators

2.1. LIST OF PRODUCTION UNITS AND THEIR ENVIRONMENTAL FOOTPRINT

The environmental elements 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 643 Air Liquide production units worldwide.

Type of production unit	Number of production units	Applications and environmental footprint
Large Air Separation Units (ASUs)	394	Large Air Separation Units produce oxygen, nitrogen and argon, with some sites also producing rare gases such as krypton and xenon. 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). They use electricity almost exclusively: worldwide they use around 3,600 MW at any given moment. The electricity purchased from our energy suppliers and consumed by the Air Separation Units is the source of indirect emissions. The cooling systems of these units require back-up water.
Hydrogen and carbon monoxide units (HyCO)	48	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	19	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	57	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	11	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	79	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. 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. 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.
Units for the Hygiene and Specialty Ingredients business	9	These production units for the Hygiene and Specialty Ingredients business are located in France, Germany and China and belong to the subsidiaries Schülke (Hygiene business) and Seppic (Specialty Ingredients business). Air Liquide experts work closely with hospitals to help them reduce the risk of nosocomial infection and contamination, thanks to the products the Group has developed. These units consume natural gas, electricity and water. Combustion of natural gas produces small amounts of CO_2.
Engineering & Construction units	6	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	19	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.

2.2. ENVIRONMENTAL FOOTPRINT OF TRANSPORTATION

TRANSPORTATION: INDUSTRIAL MERCHANT BUSINESS

	2016	2017	2018	2019	2020
Kilometers traveled by all vehicles delivering gas in liquid or cylinder form *(in millions of km)*	540	588	601	596	559*
Estimate of CO_2 emissions generated by these vehicles in the Industrial Merchant business *(in thousands of tons)*	600	653	666	660	483*
Change in distance traveled per ton of liquid industrial gas delivered (oxygen, nitrogen, argon, carbon dioxide) [(a)] (truck delivery)	97	100.3	101.7	98.1	97.6*
Estimate of truck transportation kilometers avoided through on-site customer units *(in millions of km)*	-63	-57	-58	-56	-103
Estimate of CO_2 emissions avoided by these on-site units *(in thousands of tons)*	-63	-58	-59	-56	-104
Percentage of deliveries of air gases and hydrogen via pipeline or on-site	85%	85%	85%	85%	85%

(a) *In kilometers per ton delivered for the Industrial Merchant business. 2015 base of 100.*
* *Indicator verified by the independent verifier.*

TRANSPORTATION: HEALTHCARE BUSINESS

	2016	2017	2018	2019	2020
Transportation: Home Healthcare business					
Kilometers traveled *(in millions of km)*	173	184	181	187	173
Associated CO_2 emissions *(in thousands of tons)*	38	35	35	34	30
Transportation: Medical Gases business					
Kilometers traveled *(in millions of km)*	27	33	33	32	33
Associated CO_2 emissions *(in thousands of tons)*	24	29	30	29	30
TOTAL KILOMETERS TRAVELED HEALTHCARE BUSINESS *(in millions of km)*	**200**	**217**	**214**	**219**	**206**
TOTAL ASSOCIATED CO_2 EMISSIONS *(in thousands of tons)*	**62**	**64**	**65**	**63**	**60**

2.3. SUMMARY OF THE GROUP'S GREENHOUSE GAS EMISSIONS

2.3.1. Scopes 1 and 2

	2016	2017	2018	2019	2020
Scope 1: total direct greenhouse gas emissions (GHG) *(in thousands of tons of CO_2-eq.)* (a)	14,062	14,476	15,390	15,641	14,955*
Scope 2: total indirect GHG emissions *(in thousands of tons of CO_2)* (b)	11,174	11,679	12,422	12,207	12,516*
TOTAL *(in thousands of tons of CO_2-eq.)*	**25,236**	**26,155**	**27,812**	**27,848**	**27,471***

(a) Includes carbon dioxyde emissions, methane emissions and nitrous oxide emissions. 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. The calculation takes into account the various primary energy sources that each country uses to produce electricity (source: International Energy Agency).

** Indicator verified by the independent verifier.*

The Group's direct emissions (Scope 1) are slightly decreasing from 15.6 million tons of CO_2-equivalent in 2019 to 15.0 million tons in 2020, a reduction of 4%. This reduction is mainly due to the sale of the Fujian gasification plant.

The Group's indirect emissions (Scope 2) increased very slightly from 12.2 million tons of CO_2-equivalent in 2019 to 12.5 million tons in 2020, a slight rise of 2.5%. This change is due to the inclusion of new assets in the scope base, which is part of our continuous improvement approach to reporting, as well as a slight decrease in activity at our air gas production assets.

In addition, 3.6 Mt of CO_2 were purified and supplied to customers by Air Liquide in 2020 for use in various applications such as greenhouses and the food industry.

2.3.2. Scope 3

Scope 3 categories (a)	**2020** *(in thousands of tons CO_2-eq.)* (b)
1 – Purchased goods and services	2,836*
2 – Capital goods	461*
3 – Energy (not included in Scope 1 or 2)	5,132*
4 – Upstream transportation	70*
6 – Business travel	34*
7 – Employee commuting	70*
11 – Use of sold products	9,276*
13 – Downstream leased assets	1,570*
TOTAL SCOPE 3 EMISSIONS	**19,449***

(a) See methodology p.344.

(b) First publication of scope 3 in 2020 CO_2-eq. stands for CO_2-equivalent.

** Indicator verified by the independent verifier.*

2.3.3. Reporting of emissions avoided

	2016	2017	2018	2019	2020
Emissions avoided due to the optimization of our assets *(millions of tons)*	4.7	4.6	4.6	4.6	3.6
Emissions avoided to improve our customers' energy footprint *(millions of tons)*	11.3	11.5	11.0	12.2	11.2
TOTAL AVOIDED EMISSIONS	**16**	**16.1**	**15.6**	**16.8**	**14.8**

Emissions avoided through the optimization of our assets decreased by 1.0 $MtCO_2$. This reduction is explained by a decrease in the production of our assets, leading to a decrease in their load factors and therefore a loss of efficiency.

Emissions brought to our customers decreased by 1.0 $MtCO_2$. This reduction is explained by a decrease in steel production in Europe and America in 2020, leading to a decrease in the supply of oxygen for oxycombustion processes.

2.3.4. 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 nitrous oxide production units.

Scope 2

Air Liquide reports its Scope 2 emissions using a location-based methodology. These emissions are linked to the production of electricity and steam purchased outside the Group in its various countries of operation. This electricity and steam are mainly used to supply the Group's Air Separation Units.

Scope 3

Categories	Scope	Methodology
1 – Purchased goods and services	Products purchased from a third party corresponding to operating expenses	**Spend-based methodology** 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** 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** 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	Upstream land, air, sea transport and other miscellaneous costs	**Spend-based methodology** Emissions are estimated on the basis of contracted transport and distribution services *(€)* multiplied by emission factors provided by the ADEME and CEDA databases.
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** ■ Air transportation: airline reporting; ■ Car rental: average-data methodology based on distance traveled; ■ other services: spend-based methodology similar to categories 1, 2 and 4.
7 – Employee commuting	Employee journeys	**Average-based methodology** 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	Air Liquide already includes emissions related to downstream transportation and distribution services for its products in its Scope 1 reporting.
10 – Processing of sold products	Not reported	Emissions from the processing of products sold by Air Liquide represent a relevant category for its Scope 3 reporting. However, no standardized emissions reporting methodology is available for industrial gas companies, which serve a wide variety of markets. Air Liquide has initiated work with industry players to define joint standards and report these emissions in future.
11 – Use of sold products	Sales of greenhouse gases	Sales of greenhouse gases are multiplied by the global warming potential of each gas (GWP). This approach is a conservative one, as not all greenhouse gases sold by the Group are emitted back into the atmosphere during their use phase.
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	Air Separation Units managed by an industrial platform (a)	Hybrid methodology If energy consumption data for the unit is available, it is used, in the same way as for Scope 2 reporting; 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.

(a) For our main production units installed at our customers' sites, reporting is handled directly by the industrial platform. In some cases, we are not informed of the data reporting by the industrial platform at which we have an installation.

2.4. THE GROUP'S CLIMATE OBJECTIVES IN ITS ASSETS

	2015	2016	2017	2018	2019	2020
Carbon intensity [(a)]	6.3	5.6	5.1	4.9	4.6	4.4
Driver 1: Purchases of renewable electricity (TWh)	6	6	7	7.4	7.4	7.8
Driver 2: Energy efficiency (ASU) [(b) (c)]	0%	-0.5%	1.9%	2.2%	1.6%	0.5%*
Driver 2: Energy efficiency (HYCO) [(b) (d)]	0%	0%	0.6%	-0.2%	0.1%	-0.1%*
Driver 3: Distance travelled per ton of bulk products sold [(b)]	0%	-3%	-1.4%	1.7%	-1.9%	-2.4%

(a) *In kg CO_2 equivalent/euro of recurring operating income before depreciation and amortization at 2015 exchange rate and excluding IFRS 16 for greenhouse gas emissions scopes 1 and 2. (see reconciliation in the appendix to Chapter 1, page 57).*

(b) *These indicators are calculated using 2015 as a base. The reference year is therefore by definition equal to 0%.*

(c) *(Air Separation Unit) Efficiency reprensents air gas produced per energy consumption. Gases produced (oxygen, nitrogen, argon) accounted for in m^3 of equivalent gaseous oxygen.*

(d) *Efficiency represents hydrogen produced per energy consumption Hydrogen and carbon monoxide.*

* *Indicator verified by the independent auditor.*

2.5. ENERGY AND EFFICIENCY INDICATORS FOR THE GROUP AS A WHOLE

	2016	2017	2018	2019	2020
Annual electricity consumption *(in GWh)* [(a)]	32,834	34,062	36,265	35,687	36,089*
Percentage of electricity consumed by the Group which is renewable	NA	20%	20.9%	20.8%	21.6%
Percentage of electricity consumed by the Group which is low-carbon or renewable [(b)]	NA	69%	69.6%	69.3%	69.2%
Annual thermal energy consumption (*in LHV terajoules*) [(c)]	281,043	290,285	306,111	307,022	295,235 [(d)]*
Change in air gas produced per energy consumption [(e) (g)]	99.5	101.9	102.2	101.6	100.5*
Change in hydrogen produced per energy consumption [(f) (g)]	100	100.6	99.8	100.1	99.9

(a) *Includes a share of steam and compressed air purchased by the Group.*

(b) *Takes into account renewable, nuclear and natural gas-based energies.*

(c) *LHV: Lower Heat Value, which includes the fact that energy from water vaporizing in fuel is not recovered.*

(d) *Approximately 82,000 GWh LHV.*

(e) *Gases produced (oxygen, nitrogen, argon) calculated in m^3 o^f equivalent gaseous oxygen.*

(f) *Hydrogen and carbon monoxide.*

(g) *Calculated using a base of 100 in 2015.*

* *Indicator verified by the independent verifier.*

2.6. WATER CONSUMPTION

	2016	2017	2018	2019	2020
Annual water withdrawal *(estimate in millions of m^3)* [(a)]	-	-	394	270	257*
Annual water consumption *(estimate in millions of m^3)* [(b)]	77	81	86	94	90*

(a) *Gross withdrawal. The methodology used has been in place since 2017 and the annual water withdrawal was first calculated for the 2018 Universal Registration Document.*

(b) *Net water consumption.*

* *Indicator verified by the independent verifier.*

2.7. DISCHARGES INTO AIR AND WATER

DISCHARGES INTO AIR AND WATER *(in tons)*

	2016	2017	2018	2019	2020
Discharges into air: NOx (nitrogen oxides)	3,563	3,542	3,974	5,043	3,727
Discharges into air: SOx (sulfur oxides)	<100	<100	<100	<100	<100
Volatile organic compounds (VOCs) discharged into the atmosphere (estimate)	76	146	246	299	236
Discharge to water: oxidizable matter	<1,000	<1,000	<1,000	<1,000	<1,000
Discharge to water: suspended solids	<1,500	<1,000	<1,000	<1,000	<1,000

2.8. 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 qualitative 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	58.1%	Recycling	55.9%
Paints and solvents	18.6%	Incineration	48.4%
Batteries	15.4%	Recycling	95.9%

For non-hazardous waste, the main waste groups are metal, paper, wood and plastics. More than half of our sites provide a selective collection of this waste. More than 90% of metal is recycled across all of our sites.

	2016	2017	2018	2019	2020
Non-hazardous waste and by-products					
Annual quantity of lime produced *(extracted dry equivalent)* by the acetylene production units *(in tons)*	26,000	25,000	25,380	31,247	27,966
% recycled	*>80%*	*>90%*	*>90%*	*>90%*	*>90%*
Metal waste *(in tons)* (a)	5,700	61,513	61,680	20,632 (b)	6,861 (c)*
% recycled	*>99%*	*>99%*	*>99%*	*>99%*	*>99%*
TOTAL NON-HAZARDOUS WASTE AND BY-PRODUCTS (ESTIMATE IN TONS)	**31,700**	**86,513**	**87,060**	**51,879**	**34,827**

(a) Non-hazardous metal waste.
(b) Decrease in 2019 following the end of the Airgas unused cylinder cleaning process.
(c) Decrease in 2020 following the divestment of a plant and an economic situation which has caused delays in the disposal of metal waste.
** Indicator verified by the independent verifier.*

3. Specific indicators for the Home Healthcare business linked to the issue of socially responsible bonds

In 2012, Air Liquide issued its first SRI** – labeled bond under its Euro Medium Term Notes (EMTN) program, for a total amount of 500 million euros. This bond was mostly placed with investors having SRI management mandates and permitted the Group to diversify its financing sources. After numerous public authorities and supranational issuers, Air Liquide became the first company in the world to issue bonds meeting the criteria of SRI investors. Obtaining a rating from the extra-financial rating agency Vigeo for the Home Healthcare business led to this issue being given an SRI label. This assessment is based on social, environmental and governance criteria for the Home Healthcare business, which covers over 1.8 million patients worldwide. In the course of this SRI bond issue, Air Liquide made a commitment to publishing indicators specific to the Home Healthcare business relating to the environment, safety and employee diversity throughout the life of these bonds, i.e., nine years.

Number of patients treated	2016	2017	2018	2019	2020
Total number of patients treated by the Air Liquide Home Healthcare Division	1,400,000	1,560,000	1,630,000	1,700,000	1,780,000
Group employees					
Home Healthcare employees (a)	9,492	10,015	10,143	10,425	10,919
Safety					
Number of lost-time accidents of at least one day among employees	63 (b)	66 (b)	63 (d)	65 (b)	32 (b)
Number of accidents of subcontractors and temporary workers (c)	21 (d)	8 (b)	16 (b)	20 (b)	14 (b)
Gender mix					
% of women among managers and professionals	57%	58%	56%	55%	54%
% of women among managers and professionals hired during the year	62%	59%	60%	58%	57%
Training					
Average number of days of training per employee, per year	2.1	1.9	2.1	2.1	1.5 (e)
Kilometers driven and CO_2 emission$_s$ related to transportation					
Kilometers driven per patient monitored per year	131	118	111	110	97
CO_2 emissions related to transportation per patient *(kgCO_2/patient)* per year	29	23	21	20	17

(a) Employees under contract, excluding temporary employees.
(b) No fatal work accidents.
(c) Personnel working under an Air Liquide contract at a Group site, at a customer site, or as a delivery vehicle driver.
(d) One fatal accident (road accident).
(e) 11.3 hours per year when counted in hours (base: 1 day = 7.5 hrs).

4. Human Resources Indicators

GROUP EMPLOYEES (a)

Employees	2016	2017	2018	2019	2020
Group employees	66,700	65,200	66,000	67,200	64,445*
Women	17,000 (e)	16,900	17,300	17,500	17,242*
as a %	*25%*	*26%*	*26%*	*26%*	*27%*
Men	49,700	48,300	48,700	49,700	47,203*
as a %	*75%*	*74%*	*74%*	*74%*	*73%*
Joining the Group (b)	17.1%	16.7%	16.5%	17.4%	11.1%
Leaving the Group (c)	15.1%	18%	15.2%	16.4%	19.7%
% of employees having resigned during the year (d)	5.4%	7.5%	8.0%	7.5%	5.8%

(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 (around 20% 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.
(e) Estimate.
** Indicator verified by the independent verifier.*

** *Socially Responsible Investment: application of sustainable development principles to investment. Approach consisting of systematically considering the three dimensions – environment, social/societal and governance – in addition to the usual financial criteria.*

HUMAN RESOURCES INDICATORS FOR THE GROUP

	2016	2017	2018	2019	2020
Parity and diversity					
Gender mix					
% of women among managers and professionals	30%	29%	29%	29%	30%*
% of women among managers and professionals hired during the year	39%	37%	36%	38%	36%*
% of women among employees considered high-potential	40%	40%	41%	41%	43%
Number of nationalities					
Among expatriates	44	53	49	55	51
Among senior executives	30	33	30	34	34
Among employees considered high-potential	49	52	53	55	55*
Number of nationalities among senior executives / Number of countries where the Group is present	38%	41%	38%	43%	44%
Training					
% of total payroll allocated to training	Appr. 2%	Appr. 2%	Appr. 1.5%	Appr. 2%	Appr. 1%
Average number of days of training per employee, per year (order of magnitude)	3.1 days	3.0 days	2.7 days	3.0 days	2.1 days [(a)]*
% of employees who received training at least once during the year (order of magnitude)	72%	73%	63%	70%	65%*
Performance review					
% of employees who had an annual performance review meeting with their direct supervisor during the year	76%	81%	80%	78%	83%*
% of employees who had a career development meeting with the HR department during the year	17%	17%	13%	14%	12%
Remuneration					
% of employees with an individual variable component as part of their remuneration	63%	66%	53%	56%	59%
Absenteeism					
Absence rate of Air Liquide employees (estimate)	2.7%	2.5%	2.3%	2.1%	1.9%
Employee loyalty					
Average length of service in the Group	10 years	10 years	10 years	10 years	10 years
Retention rate of managers and professionals over one year [(b)]	95%	93%	93%	93%	95%
Social performance					
% of employees with disabilities [(c)]	1.4%	1.1%	1.1%	1.2%	1.2% [(d)]
% of employees with access to a representation/dialog/consultation structure	82%	85%	86%	80.4% [(e)]	81%
% of employees who participated in an internal engagement survey (MyVoice) during the year [(f)]	65%	45%	36%	74.3%	80%
Employee shareholders					
% of capital held by Group employees [(g)]	1.5%	1.5%	1.7%	1.7%	1.7%
% of Group employees that are shareholders of L'Air Liquide S.A.	> 50%	36%	43%	39.8%	40%

(a) *16 hours per year when counted in hours (base: 1 day = 7.5 hrs), does not take into account training courses if they do not total a minimum of one day (e.g. e-learning).*
(b) *This rate is calculated as follows: 100% - (Number of resignations among managers and professionals / Total number of managers and professionals)*
(c) *For countries where regulations allow this data to be made available.*
(d) *Estimated rate pending finalisation of the DOETH 2020, which cannot be compared with the rates of previous years as the legal definition and the scope of calculation have changed during the year 2020.*
(e) *Decrease in 2019 related to the acquisition of new entities with no existing structures.*
(f) *Implementation of MyVoice in 2020. Previous years represent the % of employees who participated in a commitment survey over the last 3 years.*
(g) *As defined by article L. 225-102 of the French Commercial Code.*
* *Indicator verified by the independent verifier.*

5. Regulations

5.1. 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.

5.1.1. 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.

For Air Liquide, in 2019, 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 receives the remaining CO_2 quotas for 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. Apart from the scope of the phase three of ETS, the new installation (SMR-X) will increase the portfolio of Air Liquide for the fourth phase, which started in 2021 and will end in 2030.

5.1.2. In China

From 2013, the Chinese government had launched pilot ETS programs in seven provinces/cities (Guangdong, Hubei, Beijing, Tianjin, Shanghai, Chongqing and Shenzhen). Four Air Liquide entities participated in the program. Moreover, a national carbon market was just in operation in January 2021 after nearly 4-year's preparations since 2017. At the current stage, the national carbon market will cover around 1,100 GW of coal- and gas-fired power plants, including captive power plants, across 30 provinces and municipalities, equivalent to 4 billion metric tons of carbon emissions (source from IHS). In the future, more industries are expected to be included in the national system.

5.1.3. In Canada

In Canada, the federal government announced the provinces and territories that were aligned with the federal carbon tariff benchmarks. Three provinces, which achieved the federal benchmark, will continue implementing their current carbon tariff initiatives: Alberta, British Columbia and Quebec. Four provinces failed to achieve the federal benchmark: Manitoba, New Brunswick, Ontario and Saskatchewan. As a result, Air Liquide Canada has chosen to participate voluntarily in the federal compensation system for its Ontario facilities.

5.1.4. In Kazakhstan

The new National Quota Allocation Plan must be approved no earlier than April 1, 2021. Unlike the previous period, it will be valid for 1 year instead of 3 years. According to the government's plans, a new Environmental Code is expected to come into force after 2021, which will entail a change in the national quota system. Applications for the current year's quotas must be submitted no later than the 1st April.

The ETS currently only covers the electricity production sector. Other regions, such as South Korea and California have also implemented a national emission quota exchange system. In 2018, a CO_2 taxation system was put in place in Singapore.

	2020	
System *(in thousands of tons)*	**Allowances Allocated**	**Allowances Purchased**
California CaT	1,180	197 [a]
EU ETS [b]	2,683	2,699
Kazakhstan ETS	166	0 [a]
Korea ETS	185	0 [a]
Shanghai Pilot ETS [c]	1,494	63 [a]
Canada ETS	571	0

(a) Estimates to be validated by local regulation.
(b) Taking into account Joint Ventures for which the Group's partners are responsible for the purchase of allocations.
(c) On scope 1 & 2.

5.2. 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 four regulations: chemical substances (REACH), biocidal products (BPR), plant protection products (PPP) and fluorinated gases (F-gas).

5.2.1. 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.

5.2.2. 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 not subject to registration under REACH.

Air Liquide is lead registrant for several substances, in particular specialty gases for the Electronics business (NF3, CF4, C4F8, SiF4...). 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 2020, Group sales subject to registration under REACH represent less than 3% of Group turnaround.

5.2.3. 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 DMF solvent restriction file was finalized in October 2018. NMP, a potential substitute, is also subject to restricted use since May 2020.

5.2.4. 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.

5.2.5. Notification under REACH of articles manufactured, imported or distributed

Notification to the European Chemicals Agency of any SVHCs, listed in the candidate list, is mandatory when the product concentration is greater than 0.1% by weight and if the total imported or produced exceeds one ton per year .

They must also be communicated during any distribution of these articles to professionals or industry. Communication to individuals is only applicable if a consumer explicitly requests it.

Such SVHCs are contained in the articles for gas commissioning or gas production.

In the case of complex items, composed of several elementary items, the 1% threshold applies to the most elementary part and not to the complex whole.

5.2.6. 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.

Air Liquide as a supplier of articles and equipment, medical or non-medical (e.g. freezing tunnels) is concerned.

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.

5.2.7. Biocide Regulation (BPR - 2012) and Plant Protection Products Regulation (PPP - 2009)

These old regulations (2012 BPR and 2009 PPP), applicable throughout Europe, are often accompanied by national decrees on phytosanitary products. The use of gases such as CO_2 is often as insecticides, replacing chemicals that are banned in Europe.

These 2 regulations require an approval of the substance at the European level, prior to the application for national authorization.

Since 2016, Air Liquide has been involved in the PPP renewal files for the approval of carbon dioxide (CO_2) and ethylene (C_2H_4), whose renewals are due in 2020 and 2022 respectively.

After approval, the internal distribution channels, or supply chain, will have to be reviewed because the sources of these BPR and PPP products require sourcing exclusively from the sources referenced in the approval file.

Under BPR, the review of the Ozone approval file is still in progress and the appropriate requests for authorization both for the use in our industrial facilities and for the marketing of its precursor, oxygen, will then be submitted. This concerns applications for water purification, container disinfection and industrial water treatment.

The BPR and PPP regulations also impose additional labeling obligations.

5.2.8. 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 sector only. Fluorinated gases used in this sector are destroyed before release and therefore their use is exempted from the regulation.

5.2.9. 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.

5.2.10. Notification to Poisons Centers (Regulation 1272/2008/EC, Annex VIII)

The notification to the national emergency services (Poison Centers) of the composition and numbers of any mixture placed on the market will be mandatory from 2021 in Europe, both for usual mixtures and for mixtures made on demand.

This process requires obtaining a unique identification number (UFI code) at the European level, which must also be indicated on the labels of bottles and products. Transit through a depot center also requires a UFI code in the country concerned.

5.2.11. 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, 94 «lower tier» and 28 «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, 34 other Group sites would be covered.

6. Reporting methodology

6.1. 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 and commitments to responsible, fair and sustainable food. Due to its industrial activity, these subjects are not considered a priority by Air Liquide.

6.2. SCOPE AND CONSOLIDATION METHODS

Human Resources and environmental 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 not taken into account;
- 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.

6.3. DATA COLLECTION AND RESPONSIBILITIES

The Human Resources, safety and environmental indicators are produced by several data collection systems in the Group, each under the responsibility of a specific department:

- Human Resources indicators, included in the Group's general accounting consolidation tool, fall under the responsibility of the Human Resources 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.

6.4. 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).

Safety and energy indicators are tracked monthly. Where the data reported are inconsistent or missing, an estimated value may be used by default.

6.5. METHODOLOGICAL LIMITS

The methodologies used for certain Human Resources, safety and environmental indicators can have certain limits due to:

- the absence of nationally or internationally recognized definitions, in particular for indicators on managers and professionals and social performance indicators;
- 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.

7. Independent verifier's report

REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE NON-FINANCIAL INFORMATION STATEMENT INCLUDED IN THE MANAGEMENT REPORT.

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, 2020

To the L'Air Liquide Annual General Meeting,

In our capacity as Statutory Auditor of L'Air Liquide, appointed as an independent third party and accredited by COFRAC (Accreditation COFRAC Inspection No. 3-1060 whose scope is available at www.cofrac.fr), we hereby report to you on the non-financial information statement for the year ended December 31, 2020 (hereinafter the "Statement"), included in the 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).

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance, and applicable legal and regulatory requirements.

Responsibility of the Statutory Auditor, appointed as an independent third party

Based on our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3 and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- The entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- The compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements , as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of the entity's consolidated activities, the description of the social and environmental risks associated with its activities and the impact of these activities on compliance with human rights and anti corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices;
- we 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 set out in the second paragraph of article L. 22-10-36 regarding compliance with human rights and anti corruption and tax evasion legislation;
- we verified that the Statement presents the business model and the principal risks associated with the entity's consolidated activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as its their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;

- we verified that the Statement includes a clear and reasoned explanation for the absence of policies concerning one or more of the risks;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities, including Dresden COGEN, Gelsenkirchen ASU, Stade HYCO, Rozenburg HYCO, Dunkerque ASU, Kwinana ASU, Ilic ASU, Monclova ASU, LI ROCC Houston for environmental and health and safety data, as well as AL Adv Tech France, ALSA Orsay, AL Benelux, AL Brazil, AL Canada, AL China, AL Russia, AL Turkey et US Cluster for social data, and covers between 29.77% and 20.16% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of 12 people between September 2020 and February 2021 and took a total of 20 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted a dozen interviews with people responsible for preparing the Statement, representing Sustainable Development, Risks, Procurement, Ethics, Tax, Human Resources, Safety and Industrial Systems, Industrial Merchant, and Large Industry departments.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, February 26, 2021

One of the Statutory Auditors

PricewaterhouseCoopers Audit

French original signed by

Séverine Scheer	Sylvain Lambert
Associée	Associé du Département Développement Durable

Appendix: List of the information we considered most important

Key performance indicators and other quantitative results:

- Accident frequency rate;
- Number of fatal accidents;
- Frequency rate of serious avoidable accidents involving injuries;
- Share of employees with access to a representation/dialogue/consultation structure;
- Share of employees who have had an annual performance review meeting during the year;
- Number of employees attending e-learning courses;
- Number and nationality of employees involved in the new virtual campuses;
- Recruitment of young graduates for managers and professionals (M&Ps) positions;
- Share of women managers and professionals (M&Ps);
- Share of women in total headcount;
- Share of women among employees considered as high potential;
- Gender Equality Index;
- Number of nationalities among employees considered as high potential;
- Direct GHG emissions (scope 1);
- Indirect GHG emissions (scope 2);
- Indirect GHG emissions (scope 3);
- Distance travelled per ton of industrial gas delivered;
- Evolution of the quantity of air gas produced per unit of energy consumed;
- Evolution of the quantity of hydrogen produced per unit of energy consumed;
- CO_2 emissions avoided;
- Water consumption;
- Sources of water withdrawn;
- Share of sales linked to solutions aiming at protecting wildlife and the environment;
- Share of Air Liquide sites located in water stress areas;
- Amount invested in the biomethane business;
- Quantity of agricultural and animal waste transformed for the production of biomethane;
- Nox emissions;
- Sox emissions;
- Share of employees who attended the anticorruption e-learning;
- Share of Ethicall alerts requiring corrective actions;
- Air Liquide's effective tax rate.

Qualitative information (actions and results):

- Organisation of days to discuss and capitalize on transport safety with Air Liquide partners;
- Organisation of focus groups aiming at promoting the work-life balance of employees;
- Production of the “Care & Perform” Charter;
- Launch of the internal program called “MyVoice”;
- Launch of the global project called “Next Normal” about the shift in working methods;
- Organisation of several events to promote diversity and inclusion;
- Signing of the HandivAirsity Charter;
- Major investment in Taiwan aiming at entering two of the world's most advanced semiconductor basins;
- Investment in the first world-scale Air Separation Unit (ASU) for oxygen production with an energy storage system;
- Launch of a new joint initiative with the Port of Rotterdam aiming at developing hydrogen-powered zero-emission trucks and related infrastructures;
- Definition of scenarios to assess the impact of the climate risk on Air Liquide activities;
- Mapping of Air Liquide sites using the new “Aqueduc 3.0 Water Risk Atlas” map;
- Participation in a reforestation project in Madagascar;
- Support of the Air Liquide Foundation to the “Sources d'Envol” association, that trains former prisoners in organic farming in the Loire-Atlantique department;
- Formalisation of a third-party evaluation system;
- Awareness raising sessions for ethics, purchasing, finance and legal correspondents to assess the risk of corruption among third parties;
- Signature of the “Tax Partnership” with the French tax administration.

8. Appendix

Link between Air Liquide's Sustainable Development indicators and the indicators of the Global Reporting Initiative (GRI)

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6 ANNUAL GENERAL MEETING 2021

BOARD OF DIRECTORS' REPORT ON THE RESOLUTIONS PRESENTED TO THE COMBINED GENERAL MEETING – MAY 4, 2021

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 277 and 278.

Revenue for the fiscal year ended December 31, 2020 amounted to 86.8 million euros, compared to 117.4 million euros in 2019, down by -26.1%.

The income from French and foreign equity securities amounted to 1,179.6 million euros, compared to 374.4 million euros in 2019.

Net profit for the fiscal year ended December 31, 2020 amounted to 1,333.8 million euros, compared to 567.7 million euros in 2019.

In 2019 and 2020, L'Air Liquide S.A. net profit is impacted by exceptional items.

Consolidated revenue in 2020 amounted to 20,485.2 million euros, compared to 21,920.1 euros in 2019, down by -6.5%. After adjusting for the cumulative impact of foreign exchange fluctuations, revenues was down by -4.5%. The latter essentially stemmed from the depreciation of the US dollar and to a lesser extent of the Brazilian real and the Argentina peso against the Euro.

Consolidated net profit, after deduction of minority interests, amounted to 2,435.1 million euros, compared to 2,241.5 million euros in 2019, up +8.6% (up +11.2% 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 382.

CROSSING OF SHARE CAPITAL AND VOTING RIGHTS THRESHOLDS IN 2020

Please refer to the Chapter "Additional Information" of this Universal Registration Document – page 381.

Investments and acquisition of controlling interests

In accordance with the provisions of article L. 233-6 of the French Commercial Code, there is no new transaction performed by L'Air Liquide S.A. in 2020.

Resolutions within the authority of the Ordinary General Meeting

We ask you, after having reviewed:

- 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, 2020 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 2.75 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 473,660,724 shares making up the share capital as of December 31, 2020, 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 2.75 euros per share, up +1.9% compared to prior year and in line with the recurring net profit growth.

The ex-dividend date will be set for May 17, 2021. The dividend payment date will be set for May 19, 2021.

In accordance with article 117 quater of the French General 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 General 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, 2020, 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 131,753,261 shares at December 31, 2020), to a loyalty dividend of 10% compared with the dividend paid to the other shares, i.e. an additional dividend of 0.27 euro per share.

The difference between the loyalty dividend calculated on the number of shares known to exist at December 31, 2020 and the loyalty dividend actually paid will be allocated to the retained earnings account.

We also ask you to take due note of distributable earnings for the fiscal year. Such amount includes profits for fiscal year 2020 of 1,333,828,207 euros plus available retained earnings at December 31, 2020 of 4,821,498,780 euros, i.e. a total of 6,155,326,987 euros.

We propose to appropriate the distributable earnings for fiscal year 2020, i.e. 6,155,326,987 euros, as follows:

Legal reserve	305,365 euros
Retained earnings	4,816,881,251 euros
Dividend (including the loyalty dividend)	1,338,140,371 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% allowance referred to in article 158-3-2° of the French Tax Code [(c)] *(in euros)*
Fiscal year 2017			
Ordinary dividend	1,135,253,508	428,397,550	2.65
Loyalty dividend	30,459,742	117,152,854	0.26
Fiscal year 2018			
Ordinary dividend	1,137,972,100	429,423,434	2.65
Loyalty dividend	33,416,412	128,524,663	0.26
Fiscal year 2019			
Ordinary dividend	1,277,384,888	473,105,514	2.70
Loyalty dividend	36,221,817	134,154,877	0.27

(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 2017 – ordinary dividend: 1,130,983,210 euros for 426,786,117 shares; loyalty dividend: 29,591,663 euros for 113,814,089 shares;
- fiscal year 2018 – ordinary dividend: 1,131,698,657 euros for 427,056,097 shares; loyalty dividend: 32,497,215 euros for 124,989,290 shares;
- fiscal year 2019 – ordinary dividend: 1,273,544,632 euros for 471,683,197 shares; loyalty dividend: 36,437,830 euros for 134,954,926 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 applied.

BUY-BACK BY THE COMPANY OF ITS OWN SHARES

A. Information on the completion of the Company's share buy-back program (pursuant to article L. 225-211 of the French Commercial Code)

The Combined General Meeting of May 5, 2020 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 EC 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 Executive Officers of the Company and 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 maximum purchase price was set at à 200 euros per share, and the maximum number of shares that can be bought back was set at 10% of the total number of shares making up the share capital as of December 31, 2019, namely 47,310,551 shares for a maximum total amount of 9,462,110,200.00 euros, subject to the legal limits.

These shares could 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.

Pursuant to this authorization and the previous delegation authorized by the Combined General Meeting of, May 7, 2019.

- Pursuant to the liquidity contract, the following movements occured:
  - 696,899 shares were purchased for a total price of 89,166,084 euros, or an average purchase price of 127.95 euros;
  - 690,899 shares were sold for a total price of 88,767,084 euros, or an average purchase price of 128.48 euros.
- On February 11, 2020, under the share buy-back program, 365,000 shares were bought back for a total amount of 49,070,454 euros, i.e. an average price of 134.4396 euros per share, representing 0.08% of the share capital as of December 31, 2020.

No other shares were bought before the end of fiscal year 2020.

The total cost of the buy-backs was thus limited to 49,070,454 euros.

The total amount of the transaction fees (exclusive of taxes) was 0.2 million euros.

- In addition, during the fiscal year, the Company proceeded to the tender of treasury shares to beneficiaries of performance share plans as follows:
  - 20,698 shares vested under the 2016 Airgas performance share plan ("France" Plan);
  - 22,658 shares vested under the 2016 Airgas performance share plan ("World" Plan);
  - 221,995 shares vested under the 2016 performance share plan ("World" Plan);
  - 195,921 shares vested under the 2017 performance share plan ("France" Plan);
  - 51 shares granted following one death under the 2017 performance share plan ("France" Plan);
  - 409 shares granted following one death under the 2018 performance share plan ("France" Plan);
  - 331 shares granted following one death under the 2019 performance share plan ("France" Plan).

As of December 31, 2020, the Company directly owned 1,278,830 shares at an average purchase price of 106.84 euros, i.e. a balance sheet value of 136,629,480 euros. These shares, each with a par value of 5.50 euros, represent 0.27% of the Company's share capital.

1,113,830 shares are assigned for implementation of any performance share plans and 165,000 shares are assigned to the objective of cancellation.

Under the liquidity contract, as of December 31, 2020, a total of 11,000 shares were on the balance sheet for a net value of 1,475,701 euros.

B. Draft resolution

As the authorization granted by the Ordinary General Meeting of May 5, 2020 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 14th 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) allocation of shares to employees and/or Executive Officers and Directors of the Company and affiliated companies, in accordance with the laws and regulations in force;
- 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 (Autorité des marchés financiers).

The maximum purchase price will be set at 200 euros (excluding acquisition costs) per share with a par value of 5.50 euros per share, 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, 2020, or 47,366,072 shares with a par value of 5.50 euros, for a maximum total amount of 9,473,214,400 euros, subject to the legal limits.

As the objective of retaining shares and subsequently tendering them within the scope of external growth transactions is no longer considered an accepted market practice under the new European regulations, it is not provided in the draft resolution.

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 last 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.

Dividends on treasury shares held by the Company shall 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 buy-back program and, at the latest, as of November 4, 2021. It supersedes the authorization granted by the Ordinary General Meeting of May 5, 2020 in its 4th resolution with respect to its non-utilized portion.

RENEWAL OF A DIRECTOR'S TERM OF OFFICE AND APPOINTMENT OF THREE DIRECTORS

The Board of Directors currently comprises 13 members: 11 members appointed by the General Meeting, including six foreign nationals and six women (i.e. 55%) and two Directors representing the employees, following the appointment of Fatima Tighlaline on October 1, 2020. The percentage of independent Directors is 82%.

The terms of office of Thierry Peugeot and Xavier Huillard will expire at the end of this General Meeting.

Regarding Thierry Peugeot, on the Appointments and Governance Committee's recommendation and in agreement with Mr Peugeot who will have served 16 years on the Board of Directors, the Board has decided that as part of good governance Mr. Peugeot's term of office will not be proposed to the General Meeting for renewal. Mr Peugeot was very warmly thanked for his contribution to the work of the Board of Directors, of which he has been a member since 2005, and to the work of the Audit and Accounts Committee, of which he has been a member since 2012.

In the 5th resolution, on the recommendation of the Appointments and Governance Committee, shareholders are invited to renew the term of office of Xavier Huillard, Company Director, which will expire at the end of this General Meeting, for a period of four years. Xavier Huillard has been an Independent Director since 2017, Chairman of the Remuneration Committee and member of the Appointments and Governance Committee. Xavier Huillard will continue to provide the Board of Directors with the benefit of his experience as the head of a large international company and his extensive knowledge of the construction business.

Furthermore, the Board is assured that Xavier Huillard has sufficient availability to attentively participate in the Board’s work. In 2020, Xavier Huillard’s attendance rate at Board and Committees meetings was 100%. During his current term of office, his attendance global rate at Board and Committees meetings has been 98%.

Your Board of Directors has also decided to propose to you the appointment of three new Directors on the recommendation of the Appointments and Governance Committee, following a selection procedure steered by this Committee. These proposed appointments are part of a search for complementary profiles within the Board and comply with the diversity policy defined by the Board of Directors. Thus, under the 6th, 7th and 8th resolutions, shareholders are invited to appoint Pierre Breber, Aiman Ezzat and Bertrand Dumazy as directors for a term of four years:

- Pierre Breber is an American citizen and Vice President and Chief Financial Officer of Chevron, where he has held several management positions spanning a career of over 30 years. He will bring to the Board his strong operational and financial skills and his very international profile.
- As Chief Executive Officer of Capgemini, Aiman Ezzat will bring to the Board his extensive experience in the digital sector, his financial expertise, his knowledge of many industrial sectors and the perspective of a chief executive from a major international group.
- Bertrand Dumazy, Chairman and CEO of Edenred, will bring to the Board his managerial skills acquired at several global companies in both the industrial and service sectors, together with his experience in digital transformation and change management.

The Board of Directors has indicated that it considers Pierre Breber, Aiman Ezzat and Bertrand Dumazy to be independent.

At the close of this General Meeting, the Board of Directors will comprise 15 members: 13 members appointed by the General Meeting, most of whom are independent (i.e. 92% Independent Directors) including six women (46%), seven foreign nationals, and two Directors representing the employees.

REGULATED AGREEMENTS

During the 2020 fiscal year, no new regulated agreement, was submitted for the approval of the Board of Directors.

As provided by law, the Board of Directors carried out an annual review of agreements entered into and approved during previous fiscal years which continued to be applied during the year ended December 31, 2020.

In the 9th resolution, you are asked to take note that the Statutory Auditors’ Special Report on regulated agreements does not mention any new agreement.

The Special Report is included in Chapter 6 of the 2020 Universal Registration Document.

APPROVAL OF THE ELEMENTS OF REMUNERATION PAID DURING OR AWARDED IN RESPECT OF THE FISCAL YEAR ENDED DECEMBER 31, 2020 TO MR BENOÎT POTIER

Pursuant to article L. 22-10-34 II of the French Commercial Code, shareholders are asked in the 10th resolution to approve the fixed, variable and exceptional components of the total remuneration and other benefits paid in 2020 or awarded in respect of the 2020 fiscal year to Mr Benoît Potier. It is specified that no exceptional remuneration has been paid or awarded in 2020.

The components of remuneration are described in the Report on Corporate Governance included in the 2020 Universal Registration Document and are summarized in the 2021 Invitation to the Annual General Meeting. They were paid or awarded in line with the remuneration policy approved by the General Meeting on May 5, 2020.

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 the provisions of article L. 22-10-34 I of the French Commercial Code, shareholders are invited to approve the 11th resolution on information relating to the remuneration of Executive Officers (Chairman and Chief Executive Officer and Directors) and listed in article L. 22-10-9 I of the French Commercial Code.

As was the case the previous year, information provided notably includes total remuneration and other benefits paid in 2020 or awarded to the Executive Officer in respect of the 2020 fiscal year and elements which establish the link between the Executive Officer’s remuneration and the Company’s performance; coupled with the 2020 allocation formula for the remuneration of Directors as part of the total amount approved by the General Meeting of May 5, 2020 (1.3 million euros per fiscal year).

This information is described in the Report on Corporate Governance included in the 2020 Universal Registration Document.

APPROVAL OF THE REMUNERATION POLICY APPLICABLE TO THE EXECUTIVE OFFICERS AND DIRECTORS

In accordance with the provisions of article L. 22-10-8 II of the French Commercial Code, shareholders are invited to approve the remuneration policy applicable to corporate officers. This approval is the subject of the 12th resolution with regard to Mr Benoît Potier for his term of office as Chairman and Chief Executive Officer and of the 13th resolution for Directors of the Company.

This policy is described in the Report on Corporate Governance included in the 2020 Universal Registration Document and is summarized in the 2021 Invitation to the Annual General Meeting.

Resolutions within the authority of the Extraordinary General Meeting

AUTHORIZATION TO REDUCE THE SHARE CAPITAL BY CANCELLATION OF TREASURY SHARES

As is the case each year, we ask you, in the 14th resolution, to authorize the Board of Directors to cancel any or all of the shares purchased in the share buy-back 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 share ownership 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.

INCREASE IN SHARE CAPITAL VIA THE ISSUANCE OF ORDINARY SHARES OR MARKETABLE SECURITIES CONFERRING ENTITLEMENT TO THE COMPANY'S SHARE CAPITAL, WITH RETENTION OF PREFERENTIAL SUBSCRIPTION RIGHTS

To finance the Group's growth investments, shareholders are asked in the 15th resolution to renew the delegation granted to the Board of Directors to increase the share capital for a maximum nominal amount of 470 million euros corresponding to around 18% of the share capital as of December 31, 2020, by issuing, on one or more occasions, ordinary shares or compound dilutive marketable securities. The shareholders shall have, in proportion to the amount of shares they own, a preferential subscription right to the shares or to the marketable securities issued.

The Group has not made use of the previous delegation approved by the May 7, 2019 Extraordinary General Meeting.

This delegation of authority is valid for a period of 26 months.

The total amount of capital increases carried out pursuant to the 16th resolution below and any resolutions allowing employees and Executive Officers to benefit from shares (13th and 14th resolutions of the May 7, 2019 Extraordinary General Meeting) and to the resolutions which allow the implementation of employee share ownership transactions (17th and 18th resolutions submitted to this General Meeting for approval) is also deducted from this ceiling of 470 million euros.

As in 2019, in order to provide shareholders with the right to express an opinion on the issues subject to this delegation of authority during periods of takeover bids, it is proposed that this delegation of authority is suspended during periods of takeover bids.

In the event of oversubscription, the 16th resolution authorizes the amount of the issue to be increased, within the legal limits of 15% of the ceiling of 470 million euros.

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 5, 2020.

Shareholders, having read the Board of Directors' Report and the Statutory Auditors' Special Report, are therefore asked to authorize the Board of Directors to decide 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 17th 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 all 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 18th 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 17th 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 17th 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 15th resolution this Extraordinary General Meeting. 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 in accordance with article L. 3332-19 of the French Labor Code, of the opening trading prices for the Company's share during the 20 stock market 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 17th resolution, or be more than 20% lower than such average, bearing in mind that the shareholders will officially authorize the Board of Directors, if deemed appropriate, to reduce or cancel the aforementioned discount, within 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 17th 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 17th 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 shareholders 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.

RESOLUTIONS PRESENTED FOR THE APPROVAL OF THE COMBINED GENERAL MEETING – MAY 4, 2021

Ordinary General Meeting

Resolutions 1 and 2 Approval of the financial statements for the year

Purpose

Shareholders are asked in the **1st and 2nd resolutions** to approve both the Company and consolidated financial statements of Air Liquide for the year ended December 31, 2020, as presented in Chapter 4 of the 2020 Universal Registration Document.

First Resolution

(Approval of the Company financial statements for the fiscal year ended December 31, 2020)

The shareholders, deliberating according to the quorum and majority required for Ordinary General Meetings, having reviewed:

- the Reports of the Board of Directors and the Statutory Auditors;
- the Company's financial statements, income statement, balance sheet and notes thereto;

approve the Company's financial statements for the year ended, December 31, 2020 as presented, and approve the transactions reflected in these financial statements or mentioned in these reports.

The shareholders determined the amount of net earnings for the fiscal year at 1,333,828,207 euros.

Second Resolution

(Approval of the consolidated financial statements for the fiscal year ended December 31, 2020)

The shareholders, deliberating according to the quorum and majority required for Ordinary General Meetings, having reviewed:

- the Reports of the Board of Directors and the Statutory Auditors;
- the Group's consolidated financial statements;

approve the consolidated financial statements for the year ended, December 31, 2020 as presented.

Resolution 3 Appropriation of earnings and setting of the dividend

Purpose

In the **3rd resolution**, shareholders are asked to approve the distribution of a dividend of **2.75 euros** per share, up **+1.9%** compared to prior year and in line with the recurring net profit growth.

A loyalty dividend of 10%, i.e. 0.27 euro per share, shall be granted to shares which have been held in registered form since December 31, 2018 and which remain held in this form continuously until May 19, 2021, the dividend payment date. As of December 31, 2020, 27.82% of the shares making up the share capital are likely to benefit from this loyalty dividend.

With an estimated pay-out ratio of 54.9% of the Group's published net profit, the proposed dividend is an integral part of Air Liquide's policy to reward and grow shareholder portfolios over the long term.

It is noted that your Company did not apply for, or receive, any financial aid or furlough benefits implemented by the French government in response to the covid-19 public health crisis.

The ex-dividend date will be set for **May 17, 2021**. The dividend payment date will be set for **May 19, 2021**.

Third Resolution

(Appropriation of 2020 earnings; setting of the dividend)

The shareholders, deliberating according to the quorum and majority required for Ordinary General Meetings, having noted that, considering the fiscal year 2020 earnings of 1,333,828,207 euros and the retained earnings of 4,821,498,780 euros as of December 31, 2020, distributable earnings for the year amount to a total of 6,155,326,987 euros, approve the proposals of the Board of Directors regarding the appropriation of earnings. The shareholders hereby decide to appropriate distributable earnings as follows:

Legal reserve	305,365 euros
Retained earnings	4,816,881,251 euros
Dividend (including the loyalty dividend)	1,338,140,371 euros

Hence, a dividend of 2.75 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 473,660,724 shares making up the share capital as of December 31, 2020, 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 payment date will be set for May 19, 2021:

- 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 whom 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% allowance referred to in article 158-3-2° of the French Tax Code** (c) *(in euros)*
Fiscal year 2017			
Ordinary dividend	1,135,253,508	428,397,550	2.65
Loyalty dividend	30,459,742	117,152,854	0.26
Fiscal year 2018			
Ordinary dividend	1,137,972,100	429,423,434	2.65
Loyalty dividend	33,416,412	128,524,663	0.26
Fiscal year 2019			
Ordinary dividend	1,277,384,888	473,105,514	2.70
Loyalty dividend	36,221,817	134,154,877	0.27

(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 2017 – ordinary dividend: 1,130,983,210 euros for 426,786,117 shares; loyalty dividend: 29,591,663 euros for 113,814,089 shares;
- fiscal year 2018 – ordinary dividend: 1,131,698,657 euros for 427,056,097 shares; loyalty dividend: 32,497,215 euros for 124,989,290 shares;
- fiscal year 2019 – ordinary dividend: 1,273,544,632 euros for 471,683,197 shares; loyalty dividend: 36,437,830 euros for 134,954,926 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 applied.

Pursuant to the provisions of the articles of association, a loyalty dividend of 10%, i.e. 0.27 euro 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, 2018, and which remain held in this form continuously until May 19, 2021, the dividend payment date.

In accordance with article 117 quater of the French General 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 General 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 131,753,261 shares which have been held in registered form since December 31, 2018, and which remained held in this form continuously until December 31, 2020, amounts to 35,573,380 euros.

The total loyalty dividend corresponding to these 131,753,261 shares that cease to be held in registered form between January 1, 2021 and May 19, 2021, the 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, for a term of 18 months, to allow the Company to buy back its own shares (including under a liquidity contract). The objectives of the share buy-back program are detailed below in the 4th resolution and the buyback program description included in the 2020 Universal Registration Document available on the Company's website, www.airliquide.com, prior to the General Meeting.

In 2020, the buyback program resulted in the purchase of 365,000 shares, representing 0.08% of the capital at December 31, 2019. The Company did not proceed to any share cancellation. Over the past ten years, share buy-backs have represented on average less than 0.5% per year.

Additionally, under the liquidity contract: 696,899 shares were purchased and 690,899 were sold. As of December 31, 2020, 11,000 shares were held under the liquidity contract.

As of December 31, 2020, the Company directly owned 1,278,830 shares, 1,113,830 shares assigned to the objective of implementation of any performance share plans and 165,000 shares assigned to the objective of cancellation. These shares represent 0.27% 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 200 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, 2020, i.e. 47,366,072 shares, for a maximum total amount of 9,473,214,400 euros.

In keeping with previous practices, the Board of Directors intends to use this authorization for the purpose employee share ownership transactions, notably for the purpose of performance share plans in favor of employees and Executive Officers. Subject to the approval of the 14th resolution, treasury shares may also be canceled to offset, in the long term, the dilutive impact resulting from capital increases relating to employee share ownership transactions. The Board also intends to maintain the liquidity contract in place, in accordance with AMF 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 shareholders, deliberating according to the quorum and majority required for Ordinary General Meetings, after having reviewed the Report of the Board of Directors, 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, authorize the Board of Directors to allow the Company to repurchase its own shares in order to:

- cancel them, subject to the adoption of the fourteenth 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 or 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 (Autorité des marchés financiers).

The shareholders set the maximum purchase price at 200 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 comprising the share capital at December 31, 2020, i.e. 47,366,072 shares with a par value of 5.50 euros, for a maximum total amount of 9,473,214,400 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.

Dividends on treasury shares held by the Company shall be allocated to retained earnings.

This authorization is 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 buy-back program and, at the latest, as of November 4, 2021. With effect from this date, it supersedes the authorization granted by the fourth resolution of the Ordinary General Meeting of May 5, 2020 with respect to the non-utilized portion of such authorization.

The shareholders give 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 shareholders of any transactions performed in light of this authorization in accordance with applicable regulations.

Resolutions 5 to 8 Renewal of a Director's term of office and appointment of three Directors

Purpose

The Board of Directors currently comprises **13 members: 11** members appointed by the General Meeting, including **six foreign nationals** and **six women (i.e. 55%)** and **two Directors representing the employees**, following the appointment of Fatima Tighlaline on October 1, 2020. The percentage of independent Directors is **82%**.

The terms of office of **Thierry Peugeot and Xavier Huillard** will expire at the end of this General Meeting.

Regarding **Thierry Peugeot**, on the Appointments and Governance Committee's recommendation and in agreement with Mr Peugeot who will have served 16 years on the Board of Directors, the Board has decided that as part of good governance Mr. Peugeot's term of office will not be proposed to the General Meeting for renewal. Mr Peugeot was very warmly thanked for his contribution to the work of the Board of Directors, of which he has been a member since 2005, and to the work of the Audit and Accounts Committee, of which he has been a member since 2012.

In the **5th resolution**, on the recommendation of the Appointments and Governance Committee, shareholders are invited to renew the term of office of **Xavier Huillard**, Company Director, which will expire at the end of this General Meeting, for a period of four years. **Xavier Huillard** has been an Independent Director since 2017, Chairman of the Remuneration Committee and member of the Appointments and Governance Committee. Xavier Huillard will continue to provide the Board of Directors with the benefit of his experience as the head of a large international company and his extensive knowledge of the construction business.

Furthermore, the Board is assured that **Xavier Huillard** has sufficient availability to attentively participate in the Board's work. In 2020, **Xavier Huillard's** attendance rate at Board and Committees meetings was **100%.** During his current term of office, his attendance global rate at Board and Committees meetings has been 98%.

Your Board of Directors has also decided to propose to you the appointment of three new Directors on the recommendation of the Appointments and Governance Committee, following a selection procedure steered by this Committee. These proposed appointments are part of a search for complementary profiles within the Board and comply with the diversity policy defined by the Board of Directors. Thus, under the **6th, 7th and 8th resolutions**, shareholders are invited to appoint **Pierre Breber, Aiman Ezzat** and **Bertrand Dumazy** as directors for a term of four years:

- Pierre Breber is an American citizen and Vice President and Chief Financial Officer of Chevron, where he has held several management positions spanning a career of over 30 years. He will bring to the Board his strong operational and financial skills and his very international profile.
- As Chief Executive Officer of Capgemini, Aiman Ezzat will bring to the Board his extensive experience in the digital sector, his financial expertise, his knowledge of many industrial sectors and the perspective of a chief executive from a major international group.
- Bertrand Dumazy, Chairman and CEO of Edenred, will bring to the Board his managerial skills acquired at several global companies in both the industrial and service sectors, together with his experience in digital transformation and change management.

The Board of Directors has indicated that it considers **Pierre Breber, Aiman Ezzat** and **Bertrand Dumazy** to be independent.

At the close of this General Meeting, the Board of Directors will comprise **15 members: 13** members appointed by the General Meeting, most of whom are independent (i.e. **92% Independent Directors**) including **six women (46%), seven foreign nationals,** and **two Directors representing the employees.**

Fifth Resolution

(Renewal of the term of office of Mr Xavier Huillard as Director)

The shareholders, deliberating according to the quorum and majority required for Ordinary General Meetings, after having reviewed the Report of the Board of Directors, decide to renew the term of office of Mr Xavier Huillard as a Director for a period of four years, which will expire at the end of the 2025 General Meeting, held to approve the financial statements for the fiscal year ending December 31, 2024.

Sixth Resolution

(Appointment of Mr Pierre Breber as Company Director)

The shareholders, deliberating according to the quorum and majority required for Ordinary General Meetings, after having reviewed the Report of the Board of Directors, decide to appoint Mr Pierre Breber as a Director for a term of four years, which will expire at the end of the 2025 General Meeting held to approve the financial statements for the fiscal year ending December 31, 2024.

Seventh Resolution

(Appointment of Mr Aiman Ezzat as Company Director)

The shareholders, deliberating according to the quorum and majority required for Ordinary General Meetings, after having reviewed the Report of the Board of Directors, decide to appoint Mr Aiman Ezzat as a Director for a term of four years, which will expire at the end of the 2025 General Meeting held to approve the financial statements for the fiscal year ending December 31, 2024.

Eighth Resolution

(Appointment of Mr Bertand Dumazy as Company Director)

The shareholders, deliberating according to the quorum and majority required for Ordinary General Meetings, after having reviewed the Report of the Board of Directors, decide to appoint Mr Bertrand Dumazy as a Director for a term of four years, which will expire at the end of the 2025 General Meeting held to approve the financial statements for the fiscal year ending December 31, 2024.

Resolution 9 Regulated agreements

Purpose

During the 2020 fiscal year, no new regulated agreement, was submitted for the approval of the Board of Directors.

As provided by law, the Board of Directors carried out an annual review of agreements entered into and approved during previous fiscal years which continued to be applied during the year ended December 31, 2020.

In the **9th resolution** you are asked to take note that the Statutory Auditors' Special Report on regulated agreements does not mention any new agreement.

The Special Report is included in Chapter 6 of the 2020 Universal Registration Document.

Ninth Resolution

(Statutory Auditors' special report on agreements covered by the articles L. 225-38 et seq. of the French Commercial Code)

The shareholders, deliberating according to the quorum and majority required for Ordinary General Meetings, duly note that the Statutory Auditors' Special Report on the agreements and transactions covered by articles L. 225-38 et seq. of the French Commercial Code required by the legal and regulatory provisions in force, and which makes no mention of any new agreement, has been submitted to them.

Resolution 10 Approval of the remuneration of executive officers paid in 2020 or awarded in respect of the 2020 fiscal year

Purpose

Pursuant to article L. 22-10-34 II of the French Commercial Code, shareholders are asked in the **10th resolution** to approve the fixed, variable and exceptional components of the total remuneration and other benefits paid in 2020 or awarded in respect of the 2020 fiscal year to Mr Benoît Potier. It is specified that no exceptional remuneration has been paid or awarded in 2020.

The components of remuneration are described in the Report on Corporate Governance included in the 2020 Universal Registration Document and are summarized in the 2021 Invitation to the Annual General Meeting. They were paid or awarded in line with the remuneration policy approved by the General Meeting on May 5, 2020.

Tenth Resolution

(Approval of the elements of remuneration paid during or awarded in respect of the fiscal year ended December 31, 2020 to Mr Benoît Potier)

The shareholders, deliberating according to the quorum and majority required for Ordinary General Meetings, approve, pursuant to article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional components of the total remuneration and other benefits paid during or awarded in respect of the fiscal year ended December 31, 2020 to Mr Benoît Potier, as presented in the Company's 2020 Universal Registration Document, Chapter 3 "Corporate Governance", in the section "Remuneration of L'Air Liquide S.A. corporate officers", in the paragraph "Elements of the total remuneration and benefits of any kind paid during or awarded in respect of the fiscal year ended December 31, 2020 to Mr Benoît Potier and on which the General Meeting of May 4, 2021 is invited to vote".

Resolution 11 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 the provisions of article L. 22-10-34 I of the French Commercial Code, shareholders are invited to approve the **11th resolution** on information relating to the remuneration of corporate officers (Chairman and Chief Executive Officer and Directors) and listed in article L. 22-10-9 I of the French Commercial Code.

As was the case the previous year, information provided notably includes total remuneration and other benefits paid in 2020 or awarded to the Executive Officer in respect of the 2020 fiscal year and elements which establish the link between the Executive Officer's remuneration and the Company's performance; coupled with the 2020 allocation formula for the remuneration of Directors as part of the total amount approved by the General Meeting of May 5, 2020 (1.3 million euros per fiscal year).

This information is described in the Report on Corporate Governance included in the 2020 Universal Registration Document.

Eleventh 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 shareholders, deliberating according to the quorum and majority required for Ordinary General Meetings, approve, in accordance with article L. 22-10-34 I of the French Commercial Code, information stated in article L. 22-10-9 I of the same code which is included in the Board of Directors' Report on Corporate Governance, in Chapter 3 "Corporate Governance", in the section entitled "Remuneration of L'Air Liquide S.A. corporate officers", in the paragraphs "Remuneration of the Executive Officer (including information stated in article L. 22-10-9 I of the French Commercial Code)" and "Remuneration of the non-executive Directors (including information stated in article L. 22-10-9 I of the French Commercial Code)".

Resolutions 12 and 13 Approval of the remuneration policy applicable to corporate officers

Purpose

In accordance with the provisions of article L. 22-10-8 II of the French Commercial Code, shareholders are invited to approve the remuneration policy applicable to corporate officers. This approval is the subject of the **12th resolution** with regard to Mr Benoît Potier for his term of office as Chairman and Chief Executive Officer and of the **13th resolution** for Directors of the Company.

This policy is described in the Report on Corporate Governance included in the 2020 Universal Registration Document and is summarized in the 2021 Invitation to the Annual General Meeting.

Twelfth Resolution

(Approval of the remuneration policy applicable to Executive Officers)

The shareholders, deliberating according to the quorum and majority required for Ordinary General Meetings, after having reviewed the Board of Directors' Report on Corporate Governance, approve, pursuant to article L. 22-10-8 II of the French Commercial Code, the remuneration policy applicable to Executive Officers as presented in the Company's 2020 Universal Registration Document, in Chapter 3 "Corporate Governance", in the section "Remuneration of L'Air Liquide S.A. corporate officers", in the paragraph "Remuneration policy applicable to Executive Officers".

Thirteenth Resolution

(Approval of the remuneration policy applicable to Directors)

The shareholders, deliberating according to the quorum and majority required for Ordinary General Meetings, after having reviewed the Board of Directors' Report on Corporate Governance, approve, pursuant to article L. 22-10-8 II of the French Commercial Code, the remuneration policy applicable to Directors as presented in the Company's 2020 Universal Registration Document, in Chapter 3 "Corporate Governance", in the section "Remuneration of L'Air Liquide S.A. corporate officers", in the paragraph "Remuneration policy applicable to Directors".

Extraordinary General Meeting

Resolution 14 Authorization to reduce the share capital by cancellation of treasury shares

Purpose

As is the case each year, we ask you, in the **14th resolution**, to authorize the Board of Directors to cancel any or all of the shares purchased in the share buy-back 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 share ownership 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.

Fourteenth 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 shareholders, deliberating according to the quorum and majority required for Extraordinary General Meetings after having reviewed the Report of the Board of Directors and the Statutory Auditors' Special Report, authorize 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 Meetings of May 7, 2019 and of May 5, 2020 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 General Meeting. It supersedes the authorization granted by the Extraordinary General Meeting of May 5, 2020 in its thirteenth 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.

Resolutions 15 and 16 Increase in share capital via the issuance of ordinary shares or marketable securities conferring entitlement to the Company's share capital, with retention of preferential subscription rights

Purpose

To finance the Group's growth investments, shareholders are asked in the **15th resolution** to renew the delegation granted to the Board of Directors to increase the share capital for a maximum nominal amount of 470 million euros corresponding to around 18% of the share capital as of December 31, 2020, by issuing, on one or more occasions, ordinary shares or compound dilutive marketable securities. The shareholders shall have, in proportion to the amount of shares they own, a preferential subscription right to the shares or to the marketable securities issued.

The Group has not made use of the previous delegation approved by the May 7, 2019 Extraordinary General Meeting.

This delegation of authority is valid for a period of 26 months.

The total amount of capital increases carried out pursuant to the **16th resolution** below and any resolutions allowing employees and Executive Officers to benefit from shares (13th and 14th resolutions of the May 7, 2019 Extraordinary General Meeting) and resolutions which allow the implementation of employee share ownership transactions (17th and 18th resolutions submitted to this General Meeting for approval) is also deducted from this ceiling of 470 million euros.

As in 2019, in order to provide shareholders with the right to express an opinion on the issues subject to this delegation of authority during periods of takeover bids, it is proposed that this delegation of authority is suspended during periods of takeover bids.

In the event of oversubscription, the 16th resolution authorizes the amount of the issue to be increased, within the legal limits of 15% of the ceiling of 470 million euros.

Fifteenth Resolution

(Delegation of authority granted to the Board of Directors for a period of 26 months in order to increase the share capital via the issuance of ordinary shares or marketable securities conferring entitlement, immediately and/or in the future, to the Company's share capital, with retention of shareholder preferential share subscription rights for a maximum par value amount of 470 million euros)

The shareholders, deliberating according to the quorum and majority required for Extraordinary General Meetings, after having reviewed the Report of the Board of Directors and the Statutory Auditors' Special Report, pursuant to articles L. 225-129 to L. 225-129-6, article L. 22-10-49 and articles L. 228-91 to L. 228-93 of the French Commercial Code:

- delegate to the Board of Directors, with the option of subdelegation, in accordance with the legal provisions, the authority to decide, in the amount and on the dates it will determine, with retention of preferential share subscription rights, on one or more capital increases via the issue, in France and other countries, in euros, foreign currencies or units of account determined according to several currencies, (i) of ordinary Company shares, (ii) of marketable securities governed by articles L. 228-91 et seq. of the French Commercial Code which are the Company's equity securities, granting access to other Company share capital and/or entitlement to Company debt securities and/or (iii) of marketable securities representing a debt claim governed or not by articles L. 228-91 et seq. of the French Commercial Code, conferring entitlement to or likely to confer entitlement to share capital to be issued by the Company, these marketable securities could also potentially grant access to the Company's existing share capital and/or debt securities, the subscription of which may be completed in cash or by offsetting against liquid and payable debts.

  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 immediately and/or in the future may not exceed 470 million euros in nominal value, from which shall be deducted (i) the issuance amount of shares or marketable securities in the event of oversubscription, pursuant to the sixteenth resolution below (or any resolution which would replace it at a later date), (ii) the issuance amount of shares arising from the options or performance shares granted under the thirteenth and fourteenth resolutions of the Extraordinary General Meeting of May 7, 2019 (or any resolutions which would replace them at a later date), and (iii) the total amount of share capital increases performed in accordance with the seventeenth and eighteenth resolutions of this General Meeting subject to their approval (or any resolutions which would replace them at a later date), this limit being increased by the number of shares necessary for adjustments likely to be made in accordance with applicable legislative and regulatory provisions and, as the case may be, in accordance with the contractual provisions providing for other cases of adjustment, to preserve the rights of holders of marketable securities conferring entitlement to the Company's shares; the maximum nominal amount (or its counter-value in euros on the issue decision date in the event of an issue in foreign currencies or units of account determined by reference to several currencies) of the marketable debt securities conferring entitlement to the Company's share capital issued by virtue of this delegation may not exceed a limit of 3 billion euros from which the issuance amount shall be deducted, where applicable, in the event of oversubscription, pursuant to the sixteenth resolution below (or any resolution which would replace it at a later date);
- decide that the shareholders have, proportional to the amount of their shares, a preferential subscription right to the shares or marketable securities conferring entitlement, immediately and/or in the future, to the Company's shares issued pursuant to this resolution;
- decide that if the subscriptions made by the shareholders prorata to their existing shareholding and, as applicable, over and above their existing shareholding if allowed by the Board of Directors have not resulted in the purchase of all the shares or marketable securities defined above, the Board of Directors may use, in the order it shall deem appropriate, all or some of the options set forth in article L. 225-134 of the French Commercial Code;
- acknowledge and decide, as necessary, that all issuance decisions under this delegation of authority shall entail, to the benefit of the holders of issued marketable securities giving access or likely to give access to equity securities to be issued by the Company, the waiver by Company shareholders of their preferential subscription rights to shares to be issued to which these marketable securities will give entitlement immediately and/or in the future;
- 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 specifically:
  - determine the price, the terms and conditions as well as dates of issues, and the form and characteristics of the marketable securities to be created,
  - set the amounts to be issued, suspend, where necessary, the exercise of Company share allotment rights attached to marketable securities to be issued within a period not exceeding three months, determine the terms and conditions ensuring, as applicable, the preservation of rights of holders of marketable securities conferring future entitlement to Company shares, in accordance with the legal, regulatory and, as applicable, contractual provisions, proceed, where necessary, with any deductions from any issue premiums and specifically deductions of costs arising from issues,
  - list, where necessary, the marketable securities to be issued for trading on a regulated market, make all necessary arrangements and enter into any agreements in order to successfully conclude the issues contemplated, duly record the share capital increases arising from any issue carried out via this delegation and amend the articles of association accordingly;
- take due note that this delegation supersedes the delegation granted by the Extraordinary General Meeting of May 7, 2019 in its eleventh resolution.

Sixteenth Resolution

(Authorization granted to the Board of Directors for a period of 26 months to increase the issuance amount of equity securities or marketable securities in the event of over-subscription)

The shareholders, deliberating according to the quorum and majority required for Extraordinary General Meetings, after having reviewed the Board of Directors' Report and the Statutory Auditors' Special Report, and pursuant to the provisions of article L. 225-135-1 of the French Commercial Code, in the event of an issue of shares or marketable securities with retention of preferential subscription rights as provided by the fifteenth resolution:

- authorize the Board of Directors, with the option of subdelegation, to increase, under the conditions set by the law, the number of shares or marketable securities to be issued with shareholders preferential subscription rights, at the same price as set for the initial issue, within the deadlines and limits set by the applicable regulations, 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 nominal amount of the increase in the issue determined in accordance with this resolution shall be deducted from the initial limit and, in the event of an issue of debt securities, from the limit stipulated in the second limit stated in the fifteenth resolution;
- decide that the authorization thereby granted to the Board of Directors is valid for a period of 26 months starting from the date of this General Meeting.

Resolutions 17 and 18 Capital increase reserved for employees

Purpose

As provided by law, the resolution authorizing increases in share capital in favor of members of a Company Savings Plan approved during the Extraordinary General Meeting of May 5, 2020, is resubmitted to you. The total nominal amount of share capital increases likely to be performed under this resolution is 22 million euros, corresponding to the issue of a maximum of 4 million shares, or 0.84% of the share capital as at December 31, 2020. This amount shall be deducted from the maximum nominal amount of 470 million euros, i.e. around 18% of the share capital, as stipulated in the 15th resolution of this General Meeting relating to the overall limit for share capital increases likely to be performed with delegation to the Board of Directors.

The **17th resolution** outlines the conditions of share capital increases reserved for members of a Company or Group Savings Plan; it is accompanied in the **18th resolution** by a similar provision for Group employees and corporate officers based abroad who cannot benefit from the shareholding mechanism which will be established pursuant to the 17th resolution.

These two delegations will be valid for a period of 26 months for the 17th resolution and for a period of 18 months for the 18th resolution. They shall result in the waiver by shareholders of their preferential subscription rights in favor of the beneficiaries.

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 2020, the share capital held by employees and former employees of the Group is estimated at 2.47%, of which 1.69% corresponds to shares subscribed by employees during capital increases reserved for employees or held through dedicated mutual funds.

Seventeenth 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 shareholders, deliberating according to the quorum and majority required for Extraordinary General Meetings, after having reviewed the Report of the Board of Directors 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:

- delegate 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 equity securities granting access to the Company's share capital, reserved for members of a Company or Group Savings Plan;
- decide 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, in accordance with 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 eighteenth resolution may not exceed the aforementioned nominal amount of 22 million euros;
- decide 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 fifteenth resolution of this Extraordinary General Meeting (or any resolution which would replace it at a later date);
- decide 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;
- decide 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;
- decide that the subscription price may not exceed the average, determined in accordance with 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 shareholders officially authorize the Board of Directors, if deemed appropriate, to reduce or cancel the aforementioned discount, in view of the legal, regulatory and tax constraints under the applicable foreign law, where applicable;
- decide, 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 decide 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;
- grant 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, 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;
- decide 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.

Eighteenth 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 shareholders, deliberating according to the quorum and majority required for Extraordinary General Meetings, after having reviewed the Report of the Board of Directors and the Statutory Auditors' Special Report, pursuant to articles L. 225-129 to L. 225-129-2 and article L. 225-138 of the French Commercial Code:

- delegate to the Board of Directors the authority to decide to increase 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;
- decide 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, in accordance with 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 share capital increases to be performed under this resolution and the seventeenth resolution may not exceed the aforementioned nominal amount of 22 million euros;
- decide 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 fifteenth resolution of this Extraordinary General Meeting (or any resolution which would replace it at a later date);
- decide to cancel the preferential subscription rights of shareholders to the shares or other equity securities and to the equity securities to which the latter would confer entitlement, which shall be issued pursuant to this resolution and to reserve the right to subscribe them to the category of beneficiaries meeting the following characteristics: any bank or subsidiary of such a bank mandated by the Company and which would subscribe to shares, or other equity securities issued by the Company pursuant to this 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 shareholding or investment plan with an economic profile comparable to an employee share ownership scheme that would be set up in connection with a share capital increase performed in accordance with the seventeenth resolution submitted to the vote 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;
- decide 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 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 seventeenth 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;
- decide 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;
- decide 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.

Ordinary General Meeting

Resolution 19 Powers

Purpose

The **19th resolution** is a standard resolution required for the completion of official publications and legal formalities.

Nineteenth 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 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 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 SUBMITTED FOR APPROVAL OF THE ANNUAL SHAREHOLDERS' MEETING

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 ALREADY APPROVED BY SHAREHOLDERS' MEETING

Agreements approved during prior fiscal years

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

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 2020 totals 218,830 euros for Mr Benoît Potier.

Neuilly-sur-Seine and Paris-La Défense, March 1, 2021

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		ERNST & YOUNG et Autres	
Françoise Garnier	Séverine Scheer	Jeanne Boillet	François-Guillaume Postel

Statutory Auditors' report on the share capital reduction

(Combined General meeting of May 4, 2021 – 14th 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 and Paris-La Défense, March 1, 2021

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		ERNST & YOUNG et Autres	
Françoise Garnier	Séverine Scheer	Jeanne Boillet	François-Guillaume Postel

Statutory Auditors' Report on the issuance of shares and various securities with preferential subscription rights

(Combined General meeting of May 4, 2021 – 15th and 16th 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 article L. 228-92 aof 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 shares or various securities, operations upon which you are called to a vote.

Based on its report, the Board of Directors proposes that the shareholders delegate to the Board of Directors, for a period of twenty-six months, the authority to decide on and set the final conditions of an issue, with preferential subscription rights, (i) of ordinary shares of the Company, (ii) of securities governed by articles L. 228-91 et seq. of the French Commercial Code (Code de Commerce), consisting of equity securities of the Company giving access to other equity securities of the Company and/or giving the right to the allocation of debt securities of the Company and/or (iii) of securities representing debt securities, whether governed or not by artichles L. 228-91 et seq. of the French Commercial Code (Code de Commerce), giving access or likely to give access to equity securities to be issued by the Company, such securities also potentially giving access to existing equity securities and/or debt securities of the Company.

The total nominal amount of the share capital increases that may be carried out, immediately or in the future may not, pursuant to the fifteenth resolution, exceed 470 million euros, from which shall be deducted the issuance amount of shares arising from the stock options or performance shares granted under the thirteenth and fourteenth resolutions of the Extraordinary Shareholder's Meeting of May 7, 2019, the amount of the share capital increases carried out in accordance with the seventeenth and eighteenth resolution if this Shareholder's Meeting.

The total nominal amount of securities representing debt securities giving access to the Company's share capital that are likely to be issued may not exceed 3 billion euros.

If you adopt the sixteenth resolution, these maximum amounts will take into account the additional number of securities to be issued under the delegation of authority presented in the fifteenth resolution, in accordance with article L. 225-135-1 of the French Commercial Code (Code de commerce).

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 and on other information relating to this issue provided in this report.

We 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.

As this report does not specify the methods used to determine the issue price for the equity securities to be issued pursuant to the fifteenth resolution, we do not express an opinion on the basis used to calculate this issue price.

In addition, we do not express an opinion on the final terms and conditions of the issuance, as they have not yet been set.

In accordance with article R. 225-116 of the French Commercial Code (Code de commerce), we will prepare an additional report if and when the Board of Directors uses this delegation of authority to issue securities consisting of equity securities of the Company giving access to other equity securities of the Company or giving the right to the allocation of debt securities of the Company and to issue securities giving access to equity securities to be issued by the Company.

Neuilly-sur-Seine and Paris-La Défense, March 1, 2021

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		ERNST & YOUNG et Autres	
Françoise Garnier	Séverine Scheer	Jeanne Boillet	François-Guillaume Postel

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 May 4, 2021 – 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 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 seventeenth and eighteenth resolutions of this Extraordinary 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 seventeenth and eighteenth resolutions, will be deducted from the overall limit of 470 million euros stipulated in the fifteenth resolution of this Extraordinary Shareholders' Meeting.

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 twenty-six months as from the date of this Extraordinary 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 to issue shares or securities consisting of equity securities of the Company giving access to other equity securities of the Company and to issue securities giving access to equity securities to be issued by the Company.

Neuilly-sur-Seine and Paris-La Défense, March 1, 2021

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		ERNST & YOUNG et Autres	
Françoise Garnier	Séverine Scheer	Jeanne Boillet	François-Guillaume Postel

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 May 4, 2021 – 18th 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 seventeenth resolution of this Extrordinary 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 seventeenth and eighteenth resolutions of this Extraordinary 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 seventeenth and eighteenth resolutions, will be deducted from the overall limit of 470 million euros stipulated in the fifteenth resolution of this Extraordinary Shareholders' Meeting.

Your Board of Directors proposes that, on the basis of its report, the shareholders delegate to it the authority, for a period of eighteen months as from the date of this Extraordinary Shareholders' Meeting, to decide one or several issuances and cancel your preferentiel 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 to issue shares or marketable securities granting entitlement to equity securities to be issued.

Neuilly-sur-Seine and Paris-La Défense, March 1, 2021

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		ERNST & YOUNG et Autres	
Françoise Garnier	Séverine Scheer	Jeanne Boillet	François-Guillaume Postel

7 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 14, 2018	Exercise of share souscription options	390,657	428,443,505	2,148,613.50	25,990,743.26	2,356,439,277.50
May 16, 2018	Cancelation of shares	-654,000	427,789,505	-3,597,000.00	-59,799,789.00	2,352,842,277.50
July 27, 2018	Exercise of share souscription options	481,736	428,271,241	2,649,548.00	28,247,932.03	2,355,491,825.50
December 7, 2018	Share capital reserved for employees	1,049,529	429,320,770	5,772,409.50	86,255,757.19	2,361,264,235.00
February 13, 2019	Exercise of share souscription options	118,077	429,438,847	649,423.50	8,399,348.00	2,361,913,658.50
May 7, 2019	Cancelation of shares	-953,000	428,485,847	-5,241,500.00	-103,434,617.40	2,356,672,158.50
October 1, 2019	Exercise of share souscription options	414,963	428,900,810	2,282,296.50	28,668,632.32	2,358,954,455.00
October 1, 2019	Free share attribution (1 for 10)	42,890,081	471,790,891	235,895,445.50	-235,895,445.50	2,594,849,900.50
October 1, 2019	Free share attribution (1 for 100)	1,227,640	473,018,531	6,752,020.00	-6,752,020.00	2,601,601,920.50
February 10, 2020	Exercise of share souscription options	115,253	473,133,784	633,891.50	7,759,729.53	2,602,235,812.00
November 20, 2020	Exercise of share souscription options	455,663	473,589,447	2,506,146.50	28,924,432.96	2,604,741,958.50

Note: October 1 and December 31, 2020, 71,277 options were exercised, giving rise to an outsanting capital as at December 31, 2020 of 2,605,133 982.00 euros divided up into 473,660,724 shares.

2. Changes in share capital ownership over the last three years

	2018	2019	2020
Individual shareholders	32%	32%	33%
French institutionnal investors	18%	17%	16%
Non-French institutionnal investors	50%	51%	51%
Treasury shares	> 0%	> 0%	> 0%

THRESHOLD NOTIFICATIONS

During the fiscal year ended December 31, 2020 the following legal threshold notifications were declared:

Date	Company	% Share capital		% voting rights
01/03/2020	BlackRock	5.00%	↗	5.00%
01/06/2020	BlackRock	4.98%	↘	4.98%
02/11/2020	BlackRock	5.02%	↗	5.02%
02/13/2020	BlackRock	4.97%	↘	4.97%
02/21/2020	BlackRock	5.01%	↗	5.01%
02/24/2020	BlackRock	4.98%	↘	4.98%
02/26/2020	BlackRock	5.04%	↗	5.04%
02/27/2020	BlackRock	4.98%	↘	4.98%
05/18/2020	BlackRock	5.02%	↗	5.02%
05/20/2020	BlackRock	4.99%	↘	4.99%
05/21/2020	BlackRock	5.01%	↗	5.01%
05/25/2020	BlackRock	4.87%	↘	4.87%
08/12/2020	BlackRock	5.00%	↗	5.00%
08/26/2020	BlackRock	4.99%	↘	4.99%
08/27/2020	BlackRock	5.03%	↗	5.03%
09/18/2020	BlackRock	4.99%	↘	4.99%
09/21/2020	BlackRock	5.01%	↗	5.01%
09/25/2020	BlackRock	4.99%	↘	4.99%
09/29/2020	BlackRock	5.02%	↗	5.02%

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 sahres comprising share capital	Theoretical number of voting rights (including treasury shares)	Actual number of voting rights (excluding treasury shares)
2018	429,423,434	429,423,434	427,970,430
2019	473,105,514	473,105,514	471,489,056
2020	**473,660,724**	**473,660,724**	**472,132,579**

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 2020, the share of capital held by employees and former employees of the Group is estimated at 2.5%, of which 1.7% (within the meaning of article L. 225-102 of the French Commercial Code), that is 7,503,851 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 2019
Share buyback	Granted by: GM of May 5, 2020 (4th)* For a period of: 18 months Maximum price: 200 euros	10% of share capital, representing 47,310,551 shares, for a maximum amount 9,462,110,200.00 euros	**Treasury shares** As of 1,278,830 shares at an average purchase price of 106.84 euros, i.e. a balance sheet value of 136,629,480 euros. **Liquidity contract changes** Under the liquidity contract, as of December 31, 2020 a total of 11,000 shares were on the balance sheet for a net value of 1,475,701 euros. For more details, see pages 359-360 in the Universal Registration Document.
Cancelation of shares	Granted by: GM of May 5, 2020 (13th)* For a period of: 24 months	10% of share capital	None
Increase in share capital via the issuance of shares or marketable securities, with retention of shareholders' preferential subscription rights	Granted by: GM of May 7, 2019 (11th)* For a period of: 26 months	470 million euros nominal amount (overall limit) Maximum nominal amount of marketable securities: 3 billion euros Amounts may be increased by a maximum of 15%, in the event of oversubscription (12th resolution GM of May 7, 2019)	None
Capital increase via capitalization of reserves	Granted by: GM of May 5, 2020 (14th) For a period of: 26 months	For a maximum nominal amount of 300 million euros	None
Share capital increase reserved for employees: ■ as part of a Group savings plan ■ as part of a comparable scheme abroad	Granted by: GM of May 5, 2020 (15th)* For a period of: 26 months Granted by: GM of May 5, 2020 (16th)* 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	None
Bond issuance	Granted by: GM of May 12, 2016 (13th) For a period of: **5 years**	20 billion euros	As of December 31, 2020, outstanding bond issues of 302 million euros for L'Air Liquide S.A., 11.3 billion euros for the Air Liquide Group.
Stock options	Granted by: GM of May 7, 2019 (13th) For a period of: 38 months	2% of the capital on the day the options were granted 0.2% of the capital on the date the options were granted to the Executive Officers	None
Performance shares	Granted by: GM of May 7, 2019 (14th) For a period of: 38 months	0.5% of the capital on the day the shares were granted 0.1% of the capital on the date the shares were granted to the Executive Officers	345,923 performance shares were granted by the Board on September 29, 2020.

* *Renewal to be proposed to the Combined General Meeting on May 4, 2021.*

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 Shareholders' Meetings and other Company documents may be consulted at Company headquarters.

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 2,605,133,982 euros divided into 473,660,724 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 paragraph 3 of article L. 225-123 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 a period of three months.

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.

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.

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.

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, under the conditions and with the assignments set by law, the principal and deputy Statutory Auditors.

Section V

SHAREHOLDERS' MEETINGS

Article 18: Shareholders' Meetings

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 first sentence of section 2 of article 1316-4 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 High Court of Paris.

3. Dividends

Year	Paid	Ordinary dividend (a) Loyalty dividend (b)	Number of shares	Distribution *(in euros)*
2018 (e)	May 22, 2019	2.65 (a)	427,056,097	1,131,698,657
		0.26 (b)	124,989,290	32,497,215
				1,164,195,872
2019 (e)	May 13, 2020	2.70 (a)	471,683,197	1,273,544,632
		0.27 (b)	134,954,926	36,437,830
				1,309,982,462
2020 (c)(d)	May 19, 2021	2.75	473,660,724	1,302,566,991
		0.27	131,753,261	35,573,380
				1,338,140,371

(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 Genral Shareholders' Meeting on May 4, 2021.
(d) For 2020, amounts distributed are theoretical values calculated based on the number of shares as of December 31, 2020.
(e) For 2018 and 2019, amounts actually paid.

4. Property, plant and equipment

The Group's facilities and establishments are located in 78 countries 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 – page 341.

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.

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, 2018, accompanied by the Statutory Auditors' Reports which appear on pages 249 to 252 and on pages 267 to 269, respectively, of the 2018 Reference Document filed on March 6, 2019 with the French financial markets authority (AMF) under number D.19-0120;
- the financial information shown on pages 10 to 88 of the 2018 Reference Document filed on March 6, 2019 with the French financial markets authority (AMF) under number D.19-0120;
- the consolidated and parent company financial statements for the year ended December 31, 2019, accompanied by the Statutory Auditors' Reports which appear on pages 265 to 268, and on pages 282 to 284, respectively, of the 2019 Universal Registration Document filed on March 3, 2020 with the French financial markets authority (AMF) under number D.20-0095;
- the financial information shown on pages 16 to 83 of the 2019 Universal Registration Document filed on March 3, 2020 with the French financial markets authority (AMF) under number 20-0095.

The sections not included in these documents serve no useful purpose to investors or are already covered in this Universal Registration Document.

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, 2020 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	998					1,474
Total amount of invoices concerned (all taxes included) *(in millions of euros)*	13.5	0.4	0.2	0.2	4.8	5.6
Percentage of total amount of purchases net of taxes for the financial year	3.6%	0.1%	-	0.1%	1.3%	1.5%
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	102					94
Total amount of invoices concerned (all taxes included) *(in millions of euros)*	2.4	1.1	-	0.1	0.8	2.0
Percentage of total amount of revenues net of taxes for the financial year	2.8%	0.1%	-	0.1%	1.2%	1.4%
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

Benoît POTIER, Chairman and CEO 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 399 and 400 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 2, 2021

Benoît Potier

Chairman and CEO

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 2019, filed on March 3, 2020 under the number D.20-0095 (the "URD 2019"), and the pages of the Reference Document related to the year ended December 2018, filed on March 6, 2019 under the number D.19-0120 (the "DDR 2018"), which are incorporated by reference in this document.

Cross-reference table for the Universal Registration Document

No.	Items of the Annex I of the Regulation	Pages
5.7.2	Principal investments in progress or for which firm commitments have already been made	53 to 55, 266
5.7.3	Participation in joint ventures and undertakings	268 to 270, 289
5.7.4	Environmental issues that may affect the utilization of the tangible fixed assets	36 to 37, 60 to 64, 267, 304 to 316, 341 to 346
6.	**Organizational Structure**	
6.1	Brief description of the Group	20 to 34
6.2	List of significant subsidiaries	268 to 270
7.	**Operating and Financial Review**	
7.1	Financial condition	
7.1.1	Review of the business' development and its financial position in historical interim periods	5 to 6, 9, 44 to 59, 209 to 214, 406 to 407 4 to 5, 8, 46 to 61, 201 to 206, 378 to 379 of URD 2019 2 to 3, 6, 54 to 70, 183 to 188, 364 to 365 of DDR 2018
7.1.2	The issuer's future development and its activities in the fields of research and development	65 to 71
7.2	Operating results	
7.2.1	Significant factors materially affecting the issuer's income from operations	44 to 51, 231
7.2.2	Disclosure of material changes in net sales or revenues	44 to 49, 231
8.	**Capital Resources**	
8.1	Issuer's capital resources	42, 54 to 55, 213, 243 to 245, 253 to 263, 406 to 407
8.2	Sources and amounts of the issuer's cash flows	52 to 53, 212
8.3	Information on the borrowing requirements and funding structure	42, 54 to 55, 253 to 258
8.4	Restrictions on the use of capital resources	243
8.5	Anticipated sources of funds	42, 54 to 55, 253 to 258
9	**Regulatory environment**	**89 to 90, 349 to 351**
10	**Trend information**	
10.1	The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last fiscal year, and the significant change in the issuer's financial or trading position	72, 267
10.2	Known trends, uncertainties, demands, commitments or events that are reasonably likely to have material effect on the issuer's prospects	72
11.	**Profit Forecasts or Estimates**	
11.1	Statement on the correctness of a forecast included in the prospectus	N/A
11.2	Statement setting out the principal assumptions upon which the issuer has based its forecast or estimate	N/A
11.3	Preparation of the forecast or estimate	N/A
12.	**Administrative, Management and Supervisory Bodies and Senior Management**	
12.1	Composition – statements	118 to 120, 125, 143 to 157
12.2	Conflicts of interests	121 to 128, 131, 167 to 168
13.	**Remuneration and Benefits**	
13.1	Remuneration and benefits in kind	158 to 172, 178 to 179, 264 to 265, 288
13.2	Pension, retirement or similar benefits	172 to 174, 185 to 187, 191 to 193, 265, 288

Cross-reference table for the Universal Registration Document

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. 5 to 14 Chapter 1 / p. 16 to 31, 34, 44 to 59
Key financial performance indicators	L 225-100-1, I-2° of the French Commercial Code	Key Figures / p. 5, 6, 9, 10 Chapter 1 / p. 44 to 59
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. 11 to 14 Chapter 1 / p. 60 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. 267
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. 10 Chapter 5 / p. 329 Chapter 7 / p. 381
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. 358
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. 35 to 43, 72
Information on suppliers and customers payment terms	D. 441-4 of the French Commercial Code	Chapter 7 / p. 392
Table of Company results over the past five fiscal years	R. 225-102 of the French Commercial Code	Chapter 4 / p. 293
Research and Development activities	L. 232-1, II and L. 233-26 of the French Commercial Code	Chapter 1 / p. 65 to 71
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. 74 to 90 Chapter 4 / p. 258 to 263
Description and management of the environmental and climatic risks	L 22-10-35, 1° of the French Commercial Code	Chapter 2 / p. 87 to 88
Internal control and risk management procedures implemented by the Company	L 22-10-35, 2° of the French Commercial Code	Chapter 2 / p. 91 to 96
Anti-corruption system	Loi n°2016-1691 of December 9, 2016 called « Sapin 2 »	Chapter 2 / p. 85, 89-90 Chapter 5 / p. 316 to 318
Vigilance Plan and report on its effective implementation	L 225-102-4 of the French Commercial Code	Chapter 2 / p. 97 to 116
3. Corporate governance / Executive Officers		
Information on remuneration		
Remuneration policy of the Corporate Officers	L. 22-10-8, I, paragraph 2 of the French Commercial Code	Chapter 3 / p. 188 to 196
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. 161 to 179
Relative proportion of the fixed and variable remuneration	L. 22-10-9, I-2° of the French Commercial Code	Chapter 3 / p. 162, 178 and 179
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 its 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. 172 to 177
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. 179

Cross-reference table for the Management Report

Required element	Reference text	Chapter / Pages
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. 171
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. 172
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. 161 to 179
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. 161
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 Attribution and retention of free share grants to Executive Officers	L. 225-185 of the French Commercial Code L. 225-197-1 and L 22-10-59 of the French Commercial Code	Chapter 3 / p. 166 to 169
Information on governance		
List of all terms of office and functions held in any company by each Executive Officer ofring the fiscal year	L. 225-37-4, 1° of the French Commercial Code	Chapter 3 / p. 118 to 120, 143 to 155
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. 383
Exercising conditions of the general management of the Company	L 225-37-4, 4° of the French Commercial Code	Chapter 3 / p. 125
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. 121 to 142
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. 121 to 122
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. 128
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. 121, 142
Specific conditions governing shareholders' attendance at the Annual General meeting	L. 22-10-10, 5° of the French Commercial Code	Chapter 3 / p. 142 Chapter 7 / p. 385, 388 to 389
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. 132, 135
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. 205 to 206
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. 10 Chapter 5 / p. 329 Chapter 7 / p. 380 to 383
Acquisition and disposal by the Company of treasury shares	L. 225-211 of the French Commercial Code	Chapter 6 / p. 359 to 360 Chapter 7 / p. 383
Employee share ownership	L. 225-102 al. 1 of the French Commercial Code	Chapter 3 / p. 197 to 203 Chapter 7 / p. 383
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. 198 to 199, 200 to 202
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. 204
Amount of dividends paid out in respect of the three previous fiscal years	243 bis of the French Tax Code	Chapter 6 / p. 359, 365 Chapter 7 / p. 390
5. Extra-financial Performance Declaration		See Cross-reference table for the Extra-financial Performance Declaration on p. 401
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. 19 to 34
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. 297 to 319
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. 298-319
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. 297 to 319
Social information	L 225-102-1 and R 225-105 II-A-1° of the French Commercial Code	Chapter 5 / p. 298-303
Environmental information	L 225-102-1 and R 225-105, II-A-2° of the French Commercial Code	Chapter 5 / p. 304-316
Societal Information	L 225-102-1 and R 225-105, II-A-3° of the French Commercial Code	Chapter 5 / p. 316-319
Fight against corruption	L 225-102-1 et R 225-105, II-B-1° of the French Commercial Code	Chapitre 5 / p. 316-317
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. 318-319
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. 351
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. 325
Independent verifier’s report	L 225-102-1, III and R 225-105-2 of the French Commercial Code	Chapter 5 / p. 353-355

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.

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 laibilities 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.

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).

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 buyb ack

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 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.

Hot 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).

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.

TEN-YEAR CONSOLIDATED FINANCIAL SUMMARY

	2011	2012	2013
Key figures *(in millions of euros)*			
Consolidated income statement			
Revenue	14,456.9	15,326.3	15,225.2
thereof Gas & Services	*13,046.0* (i)	*13,912.0*	*13,837.0*
Operating income recurring	2,408.7	2,553.0 (j)	2,580.6
Operating income recurring / revenue	16.7%	16.7% (j)	16.9%
Net profit (Group share)	1,534.9	1,591.1 (j)	1,640.3
Consolidated cash flow statement			
Cash flow from operating activities before changes in net working capital	2,728.1	2,885.9 (j)	2,948.5
Purchase of property, plant and equipment and intangible assets	1,755.0	2,007.9	2,156.1
Purchase of property, plant and equipment and intangible assets / Revenue	12.1%	13.1%	14.2%
Acquisition of consolidated companies and financial assets	99.5	879.4	391.9
Total capital expenditures / Revenue (a)	12.9%	18.9%	16.7%
Dividends related to fiscal year and paid in the following year (b)	728.8	796.7	814.6
Consolidated balance sheet			
Shareholders' equity at the end of the period	9,758.6	10,190.4 (j)	10,625.1
Net debt at the end of the period	5,248.1	6,102.5	6,061.9
Gearing	52.5%	58.5%	55.7%
Capital employed at the end of the period (c)	15,243.8	16,525.5	16,950.0
Share capital			
Number of shares issued and outstanding at the end of the period	283,812,941	312,281,159	312,831,676
Adjusted weighted average number of shares outstanding (d)	428,969,018	428,353,075	427,784,804
Key figures per share *(in euros)*			
Net profit per share (e)	3.58	3.71	3.83
Dividend per share	2.50	2.50	2.55
Adjusted dividend per share (f)	1.84	2.02	2.06
Ratios			
Return on equity (ROE) (g)	16.8%	16.1% (j)	16.0%
Return on capital employed after tax (ROCE) (h)	12.1%	11.6% (j)	11.1%

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 2020 amounts to 2.75 euros per share, and the enhanced dividend to 0.27 euros per share representing a total distribution of 1,336.6 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 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, 25.7 million euros in 2014, 23.2 million euros in 2013, 22.7 million euros in 2012 and 19.5 million euros in 2011.

(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 (2019, 2017, 2014, 2012), cash subscription of 2016 and treasury shares.

2014	2015 restated [l]	2016	2017	2018	2019	2020
15,358.3	15,818.5	18,134.8	20,349.3	21,011.1	21,920.1	20,485.2
13,800.1 [k]	*14,752.3*	*17,331.0*	*19,641.9*	*20,106.9*	*21,040.0*	*19,655.5*
2,633.8	2,856.2	3,023.9	3,363.8	3,448.5	3,793.8	3,789.6
17.1%	18.1%	16.7%	16.5%	16.4%	17.3%	18.5%
1,665.0	1,756.4	1,844.0	2,199.6	2,113.4	2,241.5	2,435.1
2,942.7	3,149.5	3,523.2	4,133.0	4,138.2	4,859.4	4,932.4
1,901.7	2,027.7	2,258.6	2,182.5	2,249.2	2,636.4	2,630.2
12.4%	12.8%	12.5%	10.7%	10.7%	12.0%	12.8%
179.0	384.4	12,165.3	140.4	129.2	536.9	129.1
13.5%	15.2%	79.5%	11.4%	11.3%	14.5%	13.5%
897.8	920.3	1,031.3	1,160.2	1,163.8	1,309.6	1,336.6 [m]
11,536.5	12,405.7	16,741.8	16,317.9	17,783.1	18,870.4	18,542.3
6,306.3	7,238.7	15,368.1	13,370.9	12,534.9	12,373.3	10,609.3
53.3%	56.7%	89.7%	80.0%	68.8%	64.0%	55.8%
18,133.2	20,009.5	32,493.1	30,089.3	30,742.3	31,697.7	29,613.9
344,872,883	344,163,001	388,875,761	428,397,550	429,423,434	473,105,514	473,660,724
428,470,411	427,974,640	438,660,697	470,270,565	470,562,802	471,214,966	471,603,408
3.89	4.10	4.20	4.68	4.49	4.76	5.16
2.55	2.60	2.60	2.65	2.65	2.70	2.75
2.28	2.32	2.36	2.65	2.65	2.70	2.75
15.3%	14.7%	13.5%	13.5%	12.6%	12.5%	13.2%
10.8%	10.3%	7.8%	8.2%	8.0%	8.4%	9.0%

(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 2020) / (weighted average of (shareholders' equity excluding IFRS16 impact + minority interests + net debt) at the end of the last three half years (H2 2019, H1 2020 et H2 2020)).

(i) The specialty ingredients activities of Seppic and its subsidiaries were reclassified from "Other activities" to "Gas & Services".

(j) Corresponds to the amounts as of December 31, 2012 restated for the impacts of IAS19 revised "Employee Benefits".

(k) Restatement related to the new business line, Global Markets & Technologies.

(l) Restatement related to the new classification in accordance with IFRS5 "Non-current Assets Held for Sale and Discontinued Operations".

(m) The dividend payment related to the financial year ended December 31, 2020 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.

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Air Liquide - Company established for the study and application of
processes developed by Georges Claude with issued capital of €2,605,133,982.00