

2022 GRANTS OF PERFORMANCE SHARES

The Board of Directors of L’Air Liquide S.A., at its meeting on September 29, 2022, adopted the performance share plans for 2022 which are aimed, above and beyond incentive and mandatory profit sharing, at associating employees to a greater extent with the Company’s performance.

2022 Principles of grant

For the Executive Officer, the 2022 grant is in line with the remuneration policy drawn up by the Board of Directors on February 15, 2022 and approved by the General Meeting on May 4, 2022. Accordingly, the long-term incentive component (hereinafter the “LTI”) granted to the Executive Officer represents approximately 40% of the total target annual remuneration.

In these circumstances, it had been agreed by the Board of Directors on February 15, 2022 that the grant of performance shares to Mr. François Jackow in 2022, for the period from June 1 to December 31, 2022, would represent an IFRS value of approximately 962,500 euros.

As has been the case since 2019, the Board of Directors decided, on September 29, 2022, in line with the general market trend, only to grant performance shares (and not stock options) to all the beneficiaries, for reasons of simplification and harmonization.

On the basis of these principles, the Board of Directors made the following grants at its meeting on September 29, 2022:

2022 grants of performance shares

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

Volume

- Executive Officer

	Volume ¹	IFRS value in € ¹	Volume as a % of the capital (by number of shares) ¹
François Jackow – in his capacity as Chief Executive Officer ²	9,790 Shares	961,965	0.0019%

¹ Amount calculated on the basis of the IFRS value as at September 29, 2022, at a share price of €117.58.

² For the period from June 1 to December 31, 2022.

- Other grants

The Board of Directors also decided to make 2,634 grants of performance shares to 2,575 distinct beneficiaries (representing 450,625 shares¹).

The lists of employee beneficiaries were drawn up on a selective basis to recognize outstanding contributions and provide an attractive and competitive component of remuneration for the Group’s Talents, while ensuring a rotation and a broader range of beneficiaries with a view to diversity. Approximately one-third of the beneficiaries of the 2022 Plans are employees who had not been granted any stock options/performance shares during the last five years.

¹ Including a grant to Mr. François Jackow in his capacity as an employee for the period from January 1 to May 31, 2022.

Overall, 460,415 performance shares representing 0.09% of the capital were thus granted to 2,575 distinct beneficiaries (representing 2,635 grants), i.e. 3.91% of the workforce.

Rules which apply in 2022

Subject to the performance conditions (set forth below), the provisions of the 2022 “France” and “World” Performance Share Plan Regulations include, in particular, the following items:

- a. For France, the vesting period is fixed at 3 years and the holding period at 2 years;
- b. The “World” regulations in turn provide for a vesting period of 4 years with no additional holding obligation.

Performance conditions for the 2022 grants

The whole of the performance shares granted to any beneficiary pursuant to the 2022 Plans is subject to the following performance conditions which apply to both the “France” and “World” Plans. These conditions had been determined by the Board of Directors on February 15, 2022.

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 2024 fiscal year.

In summary, the applicable performance conditions are as follows²:

Indicator	Weighting	Comment
ROCE	50%	Objective which aims at a ROCE of more than 10% in 2023-2024.
TSR <i>of which:</i>	40%	
AL TSR	20%	Total shareholder return set in accordance with historic performances (the objective will be communicated ex post).
B TSR	20%	<ul style="list-style-type: none"> – 0%, if the average of the Air Liquide TSR is lower than the average of the CAC 40 TSR, – 50%, if it is equal to the average of the CAC 40 TSR, – 100%, if it is at least 2% higher than the average of the CAC 40 TSR (on the basis of a straight-line change).
Change in CO2 emissions	10%	Change in the Group’s CO2 emissions in absolute terms over the period 2022-2024 in line with the Climate objectives announced by the Group on March 23, 2021.

Specific rules applicable to the Executive Officer

Limits on the grant for the Executive Officer

Within the scope of the sub-limits authorized for 38 months by the General Meeting, most recently by the Combined General Meeting of May 4, 2022 (21st resolution), the Board of Directors sets lower annual limits for the grants to the Executive Officer, expressed (i) as a percentage of the share capital and (ii) as a multiple of his remuneration, in accordance with the recommendations of the AFEP/MEDEF Code.

The limits set by the Board of Directors for 2022 concerning Mr. François Jackow, in his capacity as Chief Executive Officer, are identical to those provided in previous years for Mr. Benoît Potier (in connection with his office as Chairman & CEO) and are as follows:

² Details of the performance conditions are contained in the 2021 URD at pages 201-202.

- (i) the total number of performance shares granted in 2022 to the Executive Officer (on an annual basis) may not grant entitlement to a number of shares exceeding 0.012% of the share capital (it being understood that a sub-limit on grants was set by the General Meeting on May 4, 2022 of 0.1% of the capital for 38 months);
- (ii) the total aggregate IFRS value of the performance shares granted to the Executive Officer (on an annual basis) cannot exceed approximately 1.5 times the amount of his maximum gross annual remuneration (a fixed + variable maximum) (it being noted that the shares granted to the Executive Officer represent approximately 40% of the total target annual remuneration).

Proration principle

Pursuant to the decision made by the Board on February 15, 2022, the 2022 grant of performance shares to the Executive Officer remains subject to the proration principle.

Accordingly, if the Executive Officer leaves the Group for any reason other than his resignation or removal from office for serious cause³, the total allocation rate (after applying the performance conditions) would be reduced on a prorated basis to the number of months during which the Executive Officer was actually present at the Group during the period of assessment of the performance criteria. In addition, 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 Plan and more specifically to those relating to the vesting and holding periods of the shares granted.

Other specific rules

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

- Obligations regarding the restriction on the sale of performance shares during the periods defined by law.
- Commitment not to carry out hedging transactions with regard to the risk concerning the performance shares granted, throughout the whole of his term of office.

Shareholding obligations

- The shareholding obligation resulting from the Balladur Amendment applies to the grants made to Mr. François Jackow in his capacity as Company Officer with effect from the 2022 Plan. The internal rule on shareholding defined by the Board of Directors in February 2022 will be applied within four years of his appointment.

The shareholding and share ownership obligations will, moreover, be maintained for Mr. Benoît Potier for the duration of his term of office as Chairman of the Board of Directors.

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

³ Situations which will result in the loss of the performance shares.