

## **INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS**

These internal regulations stipulate functioning principles. In the event of contradiction with the articles of association (or with the law), the latter shall prevail. They do not claim to deal with all the cases that may arise.

### **I. Code of conduct of members of the Board of Directors**

The Board of Directors is a corporate body within which decisions are taken jointly.

Directors represent all shareholders and must act in all circumstances in the interests of the Company.

Except for the Director(s) representing the employees, every member of the Board of Directors must own at least 500 registered shares in the Company in accordance with the Company's articles of association and informs the Company of the number of shares that he/she holds.

Members of the Board of Directors should familiarize themselves with relevant statutes and regulations, the Company's articles of association, the internal regulations of the Board of Directors and other internal texts of the Company that are provided to them concerning the obligations borne by them. They must specifically be aware of internal regulations concerning the prevention of market abuse. They must also be aware of the rules relating to the reporting of transactions performed with regard to the Company's shares by management and people who are closely linked to them. They undertake to comply with their obligations as provided for by these texts.

Directors are aware that, in order to comply with the regulations in force, the Company must regularly declare that:

- i. The Corporate Officers do not have any family links with any other Corporate Officer (or, if this is not the case, this family link must be reported).
- ii. The Corporate Officers have not been convicted for fraud at least during the last five years.
- iii. No incrimination and/or official public sanction has been pronounced against them by statutory or regulatory authorities (including professional bodies) and they have not been prevented by any court from acting as members of the Board of Directors, Management Board or Supervisory Board of an issuer or from being involved in the management or conduct of the business affairs of an issuer at least during the last five years.

- iv. The Corporate Officers have no potential conflicts of interests between their duties with regard to L'Air Liquide S.A. and their private interests and/or other duties.
- v. No arrangement or agreement has been entered into with the main shareholders, customers, suppliers or others, pursuant to which these persons have been selected as Corporate Officers.
- vi. There is no restriction accepted by these persons to the sale, over a certain lapse of time, of their stakes in the capital of L'Air Liquide S.A. with the exception of the rules relating to the prevention of insider trading, the obligation provided for by the articles of association, for the members of the Board of Directors except for Directors representing the employees, to hold at least 500 of the Company's shares in registered form during their term of office and the obligations to retain shares applicable to Executive Officers.
- vii. The Corporate Officers have not been associated with any bankruptcy, receivership or liquidation at least during the last five years.

All members of the Board of Directors undertake to inform the Company immediately of any fact or event concerning them which may lead to this declaration becoming inaccurate. In particular, 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.

Members of the Board of Directors are bound by an obligation of discretion within the scope of their duties and agree not to disclose to anyone whatsoever, both inside and outside the Company, information of a confidential nature which they may learn about during the course of performance of their term of office. The Audit Committee members are bound, in particular, by a confidentiality obligation with regard to the information relating to the services provided by the statutory auditors, under the conditions provided for by law.

Members of the Board of Directors will endeavour to attend all Board of Directors meetings and, where applicable, meetings of the committees to which they belong, except if prevented from doing so by some event of major importance.

Members of the Board of Directors must devote the necessary time and attention to their duties.

Members of the Board of Directors have the obligation to keep themselves informed. The methods of informing Directors are set out below.

Members of the Board of Directors will endeavour to attend General Meetings, unless they are prevented from doing so by some event of major importance.

## **II. Relations between the Board of Directors and the Company's Executive Management**

### **2.1 Informing the Directors**

The Chairman of the Board of Directors periodically draws up the standard list of information to be submitted to the Board in order to enable it to carry out its tasks or to be sent to Board members between meetings, a copy of which is attached as an appendix to these regulations. Any member of the Board of Directors may request any additional information he/she considers necessary. He/she makes such request to the Chairman of the Board of Directors.

Prior to Board meetings, a preparatory file is sent covering the main items on the agenda. The documents must be received by the members of the Board of Directors at least two working days before the date of the Board meeting.

The Chief Executive Officer (or the Chairman and Chief Executive Officer, as the case may be), assisted where appropriate by the members of the Executive Management, presents to the Board of Directors a quarterly report on the management of the Company in a previously agreed form. He also presents drafts of the annual and interim financial statements. He presents the different matters requiring the prior authorization or opinion of the Board of Directors.

### **2.2. 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. In this regard, it examines and approves, based on proposals from the Company's Executive Management, the main points of the Group's strategy (in principle between three and five year objectives), including the multi-annual points of strategy concerning corporate social responsibility. It reviews the Group's annual objectives. It ensures that these orientations are implemented by the Company's Executive Management.

The Board of Directors regularly reviews, in relation with the strategy it has defined, the opportunities and 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 General Meetings and within the limit of the Company's corporate purpose, it deals with any issues concerning the smooth running of the Company and manages corporate business pursuant to its deliberations.

It conducts controls and verifications that it deems appropriate.

### 2.3. Powers that are specific to the Board of Directors

The responsibilities of the Board of Directors are in particular as follows:

- The Board of Directors prepares:
  - the annual and interim financial statements,
  - the annual management report to the General Meeting incorporating the Extra-financial Performance Declaration and the report on Corporate Governance,
  - the forecast management accounts and the corresponding reports.
- The Board of Directors convenes General Meetings, decides on the agenda, the proposed allocation of dividends and draft resolutions.
- The Board of Directors authorizes regulated agreements, in particular those entered into between the Company and a member of the Executive Management or one of the Directors.
- The Board of Directors decides on the appointment and removal from office of the Chairman of the Board of Directors, the Chief Executive Officer and the Senior Executive Vice Presidents. It determines their remuneration and the other conditions of employment and performance of their duties under the conditions provided for by the legislation in force.
- The Board of Directors decides on the choice of general management organization, in accordance with article 13 of the Company's articles of association.
- The Board of Directors defines the gender diversity policy for the leaderships.
- In accordance with the principle provided for in article 13 of the Company's articles of association, when the Company's general management is assumed by the Chairman of the Board of Directors, the Board of Directors appoints a Lead Director in accordance with the provisions of article 6.1 of these regulations. In the event of the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer, the Board of Directors may also appoint a Lead Director from among the independent members of the Appointments and Governance Committee.
- The Board of Directors decides, where applicable, on the appointment of one or more Vice Chairmen and/or a Lead Director.
- The Board of Directors decides on the co-optation of Directors.
- The Board of Directors makes all the decisions with respect to the functioning of the Board of Directors, the creation and elimination of Board committees and the appointment of their members.
- The Board of Directors determines the allocation of the Directors' annual remuneration among Board members, within the limits of the amount set by the General Meeting and in accordance with the conditions determined by the legislation in force.
- The Board of Directors may decide upon or authorize simple bond issues.

#### 2.4. Powers of Executive Management of the Company subject to authorization/information of the Board of Directors - Authorization/information of the Board of Directors regarding the Subsidiaries of the Group

Pursuant to the legal and statutory provisions, the Chief Executive Officer is vested with the most extensive powers to act in any circumstances on behalf of the **Company**. However, in accordance with article 13 of the articles of association, the decisions referred to below are subject to the **prior authorization/are subject to information** from the Board of Directors.

In addition, concerning the “**Subsidiaries**” (defined as companies controlled by the Company) of the Group (defined as the Company and all its Subsidiaries), the prior authorization/information from the Board is required in the cases listed hereinafter expressly concerning the Subsidiaries.

- a) **Sureties, endorsements and guarantees** given by the **Company** for an individual amount in excess of € 100 million or for an annual cumulative amount in excess of € 500 million, subject to the specific resolutions taken by the Board of Directors.
- b) **External sales or contributions (to companies other than majority-controlled companies) concerning the Company and the Subsidiaries:**
  - o of real estate for an individual amount in excess of € 80 million or for an annual cumulative amount in excess of € 150 million.
  - o of equity investments, either in whole or in part, for an individual amount in excess of € 250 million or for an annual cumulative amount in excess of € 400 million.
  - o signing of any merger or demerger agreement or agreement for a partial business transfer, for an individual amount in excess of € 250 million or for an annual cumulative amount in excess of € 400 million, subject to the specific provisions applicable to the Company as set out below.
  - o of lines of business, for an individual amount in excess of € 250 million or for an annual cumulative amount in excess of € 400 million.

With regard to the **Company**, the authorization of the Board of Directors will be required in order to enter into, in the name of the **Company**, external contributions in kind or partial business transfers, for an individual amount in excess of € 250 million or for an annual cumulative amount in excess of € 400 million; the authorization of the Board of Directors will be required in order to enter into, in the name of the Company, any merger, demerger or comparable transaction subject to the regime applicable to mergers and demergers; it is specified that the Board of Directors may delegate to the Chief Executive Officer (or to the Chairman and Chief Executive Officer, as the case may be), the powers to enter into such transactions under the conditions and for the amounts which it will determine.

- c) **Creation of pledges or security** by the **Company** for an individual amount in excess of € 80 million or for an annual cumulative amount in excess of €150 million.

- d) Concerning the **Company and the Subsidiaries**: commitments (i) **to invest in** or (ii) **acquire** equity investments or assets, consisting of immoveable or moveable property, tangible or intangible, which will be listed under "Fixed Assets" on the balance sheet, or to subscribe to share capital increases, for an individual amount in excess of € 250 million or for an annual cumulative amount in excess of € 400 million.

The Board will be informed of operations for an individual amount in excess of € 250 million, involving (i) purchases relating to items that cannot be listed under "Fixed Assets" on the balance sheet, such as electricity or natural gas purchases, and (ii) the sale to third parties of engineering or construction goods or services, such information being provided if possible ex ante, and in any case ex post.

Approvals of programmes for investments by successive 'tiers' shall be requested from the Board of Directors.

- e) Any **financing operation** concerning the **Company or the Subsidiaries** for an amount likely to substantially alter the Group's financial structure.
- f) **Operations likely to substantially alter the Group strategy** as determined by the Board of Directors.

It is specified that when the Board of Director's authorization is required due to one of the overall annual ceilings set in this paragraph being exceeded, the Board of Directors may, if it considers it appropriate, renew its authorization for all or part of the authorized amount initially granted.

Moreover, in the event of a fundamental modification of the **Group's** information system leading to an investment exceeding an amount of € 250 million, the Board of Directors will be given **prior information**.

## 2.5. Powers of the Board of Directors upon a delegation of authority by the General Meeting

Upon a delegation of authority by the General Meeting, the Board of Directors is competent to make, in particular, any decision relating to:

- o granting of Company stock options, of free shares or other incentive systems related to the share price intended for the Company's employees and executives, within the scope of authorizations given by the General Meeting
- o issues of securities of any nature authorized by the Extraordinary General Meeting giving immediate or future access to the capital of the Company, or of rights related to such securities.
- o the purchase by the Company of its own shares for the purposes and in accordance with the terms authorized by the regulations in force, and the cancellation of such shares, within the scope of the authorizations given by the General Meeting.

## 2.6 Role and missions of the Chairman of the Board of Directors

In accordance with article 12 of the Company's articles of association, the Board of Directors shall elect a natural person from among its members to be Chairman, for a period which may not exceed his term of office as Director. If the Chairman of the Board of Directors is responsible for the Company's Executive Management, he has the title of Chairman and Chief Executive Officer. He can be re-elected.

The Chairman of the Board of Directors organizes and manages the work of the Board of Directors and reports to the General Meeting of shareholders. He is responsible for convening the Board meetings (see paragraph IV "Meetings"). In this context, he:

- fixes the dates and agenda of the Board meetings;
- manages the conduct of the meetings themselves and leads the discussion.

The Chairman of the Board of Directors is responsible for the proper functioning of the Company's governing bodies. He notably ensures that the Directors are able to carry out their duties. In this regard, he verifies in particular that they have all the necessary available information for the proper performance of their assignments (see paragraph 2.1 "Informing the Directors").

The Chairman of the Board of Directors also has the following powers, which he shall exercise in consultation with the Chief Executive Officer:

- the Chairman is involved in major decisions concerning the definition of the Group's overall strategy and organization;
- the Chairman may, at the Chief Executive Officer's request, attend internal meetings with management on these topics in order to shed light on the strategic issues;
- the Chairman may, in close collaboration with the Chief Executive Officer, represent the Group (pursuant to an institutional role) vis-à-vis the public authorities and some strategic partners and/or stakeholders;
- the Chairman may, in close collaboration with the Chief Executive Officer, meet with the principal shareholders on governance matters, in addition to more specific matters, as agreed with the Chief Executive Officer. He shall keep the Chief Executive Officer informed. He monitors the Group's shareholder strategy and continues to chair the Shareholders' Communication Committee;
- the Chairman makes his experience available to the Group and ensures that the Group's values and culture are upheld.

The Chairman attends the meetings of the Appointments and Governance Committee and the Remuneration Committee. He plays an active role in the recruitment of Directors led by the Appointments and Governance Committee.

The Chairman reports to the Board on the performance of his responsibilities.

### **III. Composition of the Board of Directors**

The principles set out below shall form the guidelines for the composition of the Board of Directors. They are not designed to be unbending rules, and the Board of Directors can waive them, as a matter of exception. These principles have been developed for internal use by the Board of Directors; to keep the shareholders duly informed, the internal regulations are published in full on the Company's website.

- Number of members: in principle, 10-12 (excluding Directors representing the employees)
- 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.
- The Directors are required to observe the confidentiality linked to their duties and, in the event of a conflict of interest, to report this conflict to the Chairman of the Board of Directors as soon as possible.
- The Board of Directors shall not include more than three members who are executive managers or former executive managers of the Company.
- Their term of office shall be four years. An attempt shall be made to stagger renewals avoiding, as far as possible, at the time of proposals for appointments made by the Board of Directors and submitted to the Annual General Meeting, the expiry of more than three terms of office during the same financial year.
- The number of members having more than 12 years of combined terms of office on the Supervisory Board or the Board of Directors prior to November 2001 or after May 2006 shall not be greater than one-third, with the Directors representing the employees not being taken into account in this calculation.
- Age = in addition to the limits provided for by the articles of association, it is desirable for the number of members aged over 70 years calculated at the end of the financial year prior to each Annual General Meeting not to be greater than one-half. No proposal will be made for renewal of the term of office of a Director who has reached 72 years of age during the financial year prior to the expiry of his/her term of office, unless such Director is a former member of the Company's Executive Management (former member of the Management Board, Chief Executive Officer or Senior Executive Vice President), in which case the age limit will be increased to 74 years.
- No member of the Company's Board of Directors shall perform the duties of Chairman or Chief Executive Officer, Chairman or member of the Management Board of a company in which the Chairman of the Board of Directors or Chief Executive Officer of Air Liquide is a Director or member of the Supervisory Board.
- Each Director shall make sure that he does not hold more than four other terms of office outside the Company, as Chief Executive Officer, Senior Executive Vice President, Managing Director, member of the Management Board or member of the Board of Directors or Supervisory Board (or the equivalent thereof in countries other than France) of companies whose



shares are admitted for trading on a regulated market, wherever their registered office is located.

The Director must keep the Board informed of the terms of office held in other companies, including his/her participation on the Board committees of these French or foreign companies.

By way of exception, the number of other terms of office held outside the Group is limited to two for an Executive Officer in the Company.

Before accepting a new corporate office in a listed company, the Executive Officer concerned will ask for the opinion of the Board of Directors, which makes a decision on the recommendation of the Appointments and Governance Committee.

However, where a Director holds the above-mentioned terms of office both in a company (including the Company) and in companies controlled by such company wherever their registered office may be located, all of his terms of office held in such company and the companies which it controls will only be counted as a single term of office for the requirements of the limits set out above.

The number of terms of office of any kind that may be held in entities which are not in the legal form of a company, including, but not limited to, associations and non-profit making organizations, foundations, trusts or common interest groupings, is unlimited.

All the above provisions are without prejudice to French or foreign legal or regulatory provisions applicable at any time to the members of the Board of Directors.

- No member of the Board of Directors can be a legal entity;
- 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, technology and corporate social responsibility.

The objectives and conditions of implementation of this policy and its results during the past fiscal year are made public in the report on Corporate Governance.

- Remuneration of the members of the Board of Directors shall be adapted to the requirements of their duties and the development of practices. The allocation scale shall include a fixed part and a variable part. The variable part shall take account of attendance at Board meetings as well as at committee meetings in consideration of the constraints specific to each committee, particularly for the Audit and Accounts Committee. Supplementary remuneration may be decided for non-resident Directors in order to take into account the additional time constraints in their schedule created by the need to travel to Board meetings.

- The number of members on the Board with ‘independent’ status shall be such as to satisfy the principles recommended within the scope of good Corporate Governance. The Directors representing the employees are not taken into account to calculate the percentage of independent members as compared to the number of Board members. Each year, the Board of Directors shall analyze the ‘independent’ status of its members for all the Directors and at the time of each appointment of a Director, by making a case-by-case judgment on the basis of these principles.

#### **IV. Meetings**

- The meetings of the Board of Directors take place once every quarter, in accordance with a schedule established, as far as possible, 18 months in advance. One additional meeting is moreover entirely devoted to strategy.
- Exceptional meetings are held if needed.
- Meetings are convened by the Chairman of the Board of Directors or, if he is prevented from doing so, by the oldest Vice Chairman if one or more Vice Chairmen have been appointed.

Directors representing at least one third of members of the Board of Directors may, while specifying the meeting’s agenda, ask the Chairman of the Board of Directors to convene 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 of the Board of Directors to convene the Board of Directors on any specified agenda.

The Chairman of the Board of Directors is bound by the requests made to him.

In the event that the Chairman of the Board of Directors 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 the members of the Board of Directors or the Chief Executive Officer, depending on the case, shall have the authority to convene the Board and set the meeting’s agenda, the Directors concerned being able to choose to delegate their authority to the Lead Director, where applicable.

Without prejudice to the foregoing provisions, the Lead Director, after receiving the opinion of the Appointments and Governance Committee, may also ask the Chairman of the Board of Directors to convene a meeting of the Board of Directors on any specified agenda; this right may be exercised at any time and as often as required in the interests of the Company.

The Chairman of the Board of Directors is bound by such request.

- For the purpose of calculating the quorum and the majority, the members of the Board of Directors who participate in the Board meeting through video conference or telecommunications facilities, including by telephone or any other method enabling voice transmission for participants under the conditions provided for by the regulations in force, are considered present; this provision is without prejudice to the right for Directors to be represented at Board meetings under the conditions provided for by the regulations in force; this provision is without prejudice to the right for Directors to be represented at Board meetings under the conditions provided for by the regulations in force, it being specified that the Directors who are represented will only be taken into account in order to calculate the majority required and not in order to calculate the quorum.
- In accordance with article 14 of the Company's articles of association, the Board of Directors may take certain decisions by means of written consultation of the Directors, under the conditions provided for by the regulations in force. This is initiated by the Chairman of the Board of Directors.

The Chairman shall notify the members of the Board of Directors, by any means, of the items on the agenda that are submitted for consultation, the wording of the proposed draft deliberations, indicating the appropriate deadline for responding, which shall depend on the purpose of the consultation, together with any other document or information required in order for them to make a decision. The Chairman also informs the members of the Board of Directors of the technical methods which enable them to take part in the written consultation. Each Director may ask any necessary questions for the purpose of his/her reflection or send any comments to the Chairman of the Board of Directors. Exchanges may take place between the Directors by email within the deadline for responding to the written consultation.

The Directors send their vote to the Chairman of the Board of Directors, with a copy to the Secretary to the Board.

The Board of Directors can only validly deliberate by means of written consultation if at least half the members of the Board of Directors have expressed their vote on that occasion. Decisions are taken by a majority of the voting members. In the event of a split vote, the Chairman of the meeting shall have a casting vote.

The Secretary to the Board consolidates the votes and informs the members of the Board of Directors of the outcome of the vote.

Decisions taken by means of written consultation are recorded in the minutes drawn up by the Secretary to the Board. They are kept under the same conditions as the other decisions of the Board of Directors.

## V. Board Committees

Four Committees are created:

### 5.1. Audit and Accounts Committee

#### a) Composition

The Committee appointed by the Board of Directors is composed of between three and five members of the Board of Directors, including at least 2/3 "independent" members. Its Chairman is appointed by the Board of Directors from among its members.

#### b) 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 Group control and Compliance Division
- 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, relying upon the work of the Environment and Society Committee, 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.

#### c) Meetings

In principle, the Committee meets four times a year, or at any rate prior to the meetings of the Board of Directors during which the annual or interim financial statements are submitted for approval.

The agenda is established under the responsibility of the Chairman of the Committee. Under his authority, meetings are prepared jointly by the Secretary of the Committee and the Group's Chief Financial Officer.

The Committee Chairman collects, as necessary, the observations of the Chairman of the Board of Directors and then makes an initial oral report to the Board of Directors. A written report of the Committee meeting is submitted for

approval by the Committee members at the next meeting and then sent to the members of the Board of Directors.

Through the Chairman of the Board of Directors (or the Chief Executive Officer as the case may be), the Committee can request that Group personnel be invited to attend meetings. It can meet directly with the Group's external auditors, or members of the Internal Audit Management.

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.

## **5.2. Appointments and Governance Committee**

### **a) Composition**

This Committee is composed of between three and five members of the Board of Directors.

The Committee is composed and organized in such a manner as to ensure that the majority of the votes are held by the independent members of this Committee, in accordance with the criteria applied by the Board of Directors.

The Board of Directors appoints the Chairman of this Committee. The Board of Directors may ask the same Director to chair both the Appointments and Governance Committee and the Remuneration Committee.

The Chairman of the Board of Directors (or the Chairman and Chief Executive Officer, as the case may be) participates in the Committee's work and attends its meetings. The Chief Executive Officer is involved in the Committee's work. However, the Chairman of the Board of Directors and the Chief Executive Officer (or the Chairman and Chief Executive Officer, as the case may be), do not attend the deliberations made by this Committee with regard to their own personal cases.

### **b) Tasks**

The tasks of the 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.

The Committee, as part of the procedure that it has organized, selects future independent directors and carries out its own research into potential candidates before approaching them. The main steps included in this procedure are (i) the definition of the profile(s) sought, (ii) the search conducted by the Committee, with assistance from an external recruitment firm, if applicable, (iii) the review of the candidates and (iv) the final

selection, notably after individual meetings with the Committee Chair and each member.

- 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 of the Board of Directors and the Chief Executive Officer (or the Chairman and 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 of the Board of Directors and the Chief Executive Officer, (or the Chairman and Chief Executive Officer, as the case may be).
  - 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 Chief Executive Officer (or the Chairman and Chief Executive Officer, as the case may be) on the needs and the potential proposals for their replacement.
  - More generally, ensure that it is kept informed by the Chief Executive Officer (or the Chairman and Chief Executive Officer, as the case may be) of planned changes in Executive Management resources (and, in particular, the Executive Committee).

### 3. Concerning governance:

- Examine, at the time of renewal of the terms of office of the Chairman of the Board of Directors or the Chief Executive Officer (or of the Chairman and Chief Executive Officer, as the case may be), or when a request in that respect is made by Directors, notably within the framework of the evaluation of the Board, whether it is appropriate to continue to combine or separate these roles;
- 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 of the Board of Directors 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.

#### c) Meetings

In principle, the Committee meets three times a year.

Meetings are convened by the Chairman of the Committee as necessary on his own initiative or at the request of the Chairman of the Board of Directors (or the Chairman and Chief Executive Officer, as the case may be). With regard to issues relating to the executive officers or to governance, an extraordinary



meeting may also be convened at the request of at least one-half of the members of the Board of Directors who do not perform Executive Management duties in the Company or in its subsidiaries or, with regard to governance, at the request of the Lead Director.

The findings of the meetings of the Appointments and Governance Committee are submitted by the Chairman of the Committee or, for the part concerning governance, by the Lead Director where applicable, for discussion and a decision by the Board of Directors at the next Board meeting.

### **5.3. Remuneration Committee**

#### **a) Composition**

This Committee is composed of between three and five members of the Board of Directors.

The Committee is composed and organized in such a manner as to ensure that the majority of the votes is held by the independent members of this Committee, in accordance with the criteria applied by the Board of Directors.

The Board of Directors appoints the Chairman of this Committee. The Board of Directors may ask the same Director to chair both the Appointments and Governance Committee and the Remuneration Committee.

The Chairman of the Board of Directors (or the Chairman and Chief Executive Officer, as the case may be) participates in the Committee's work and attends its meetings. The Chief Executive Officer is involved in the Committee's work notably when he is informed of the remuneration policy for the principal managers who are not corporate officers.

However, the Chairman of the Board of Directors and the Chief Executive Officer, (or the Chairman and Chief Executive Officer, as the case may be), do not attend the deliberations made by this Committee with regard to their own personal cases.

#### **b) Tasks**

The tasks of this 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, performance shares, 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 by the General Meeting, in

compliance with the legislation relating to the remuneration policy for 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.

#### c) Meetings

In principle, the Committee meets three times a year.

Meetings are convened by the Chairman of the Committee as necessary on his own initiative or at the request of the Chairman of the Board of Directors (or the Chairman and Chief Executive Officer, as the case may be).

Issues with regard to the performance and conditions of remuneration and employment of the Chief Executive Officer and, as applicable, the Chairman of the Board of Directors (or the Chairman and Chief Executive Officer, as the case may be) are examined at least once a year.

The findings of the meetings of the Remuneration Committee are submitted by the Chairman of the Committee for discussion and a decision by the Board of Directors at the next Board meeting.

### **5.4. Environment and Society Committee**

#### a) Composition

This Committee is composed of between three and four members of the Board of Directors.

The Board of Directors appoints the Chairman of this Committee.

#### b) 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;
- Make an annual review of a summary of the extra-financial ratings made with regard to the Group;
- Form a reasonable judgement about the extra-financial information, including the Extra-financial Performance Declaration.

Regular reports are made to it by the member of the Executive Committee in charge of sustainable development on the Group's sustainable development strategy and its implementation.

It can request the assistance of outside experts if necessary. The Company shall provide the Committee in such a case with the corresponding funding.

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 Chairman of the Committee for discussion and, where applicable, a decision by the Board of Directors during a meeting of the latest.

c) Meetings

The Committee meets, in principle, three times a year.

Meetings are convened by the Chairman of the Committee as necessary on his own initiative or at the request of the Chairman of the Board of Directors (or the Chairman and Chief Executive Officer, as the case may be ), the Lead Director or the Chair of the Audit Committee.

d) Joint session

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 a summary of the environmental and societal risks examined over the course of the year by the Environment and Society Committee, review the environmental and societal risk-mapping, and jointly review certain specific environmental and societal risks and the associated control procedures, and review the procedures relating to the preparation and processing of the extra-financial information.

**VI. Lead Director**

**6.1. Appointment of the Lead Director**

In accordance with the principle stipulated in article 13 of the Company's articles of association, when the Company's general management is assumed by the Chairman of the Board of Directors, the Board of Directors proceeds with the appointment of a Lead Director from among the members of the Appointments and Governance Committee considered as independent by the Board in accordance with the principles established by these regulations. This obligation continues to exist as long as the roles of Chief Executive Officer and Chairman of the Board of Directors are combined. In the event of the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer, the Board of Directors may also appoint a Lead Director from among the independent members of the Appointments and Governance Committee.

The Lead Director remains in office until the end of his term of office as a member of the Appointments and Governance Committee.

**6.2. 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 of the Board of Directors (or the Chairman and Chief Executive Officer, as the case may be) 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.

## **VII. Independence criteria**

The following criteria will be applied within the Company to assess the "independent" status of a member, it being specified that the principles applied will serve to guide the Board in its assessment, on a case-by-case basis, of whether its members are independent or not, without being regarded as

unbending rules. The Board of Directors may consider that even though a member does not meet the criteria set out below, he/she must be qualified as independent in light of his/her specific situation or for any other reason and vice versa.

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 of the Board of Directors, 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.

#### **VIII. Training of Directors**

Upon his/her appointment or throughout his/her term of office, every Director may receive the training with regard to the business activities and specificities of the Company and to the Company's corporate social responsibility aspects, in particular concerning climate issues, that he/she considers necessary to perform his/her term of office.

Every Board member who wants such training may request it at all times. One or more special-purpose training sessions including meetings with senior management executives together, if applicable, with site visits will then be organized.

Information on the accounting, financial and operational specificities of the Company is organized, on request, for any Director who is a member of the Audit and Accounts Committee.

The Directors representing the employees may furthermore receive any training relating to their rights and obligations as a Director, in accordance with the regulations in force.

## **IX. Evaluation of the Board**

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.

## **APPENDIX**

### **STANDARD LIST OF DOCUMENTS GIVEN TO THE MEMBERS OF THE BOARD OF DIRECTORS**

#### **I. Information provided on a regular basis for the four quarterly meetings of the Board of Directors**

- Minutes of the previous Board meeting
- Minutes of the previous Audit and Accounts Committee meeting
- Minutes of the Appointments and Governance Committee meeting, if applicable
- Minutes of the Remuneration Committee meeting, if applicable
- Minutes of the Environment and Society Committee meeting, if applicable
- Quarterly business report
- Presentation of business by the Executive Management
- Information flash for the previous month
- Investments/Update on acquisitions, sales and other large projects in progress
- Report on operations and authorizations and a report, in particular, on the stock buyback programme – Cancellation of shares, if applicable
- Wishes submitted by the Central Works Council, if any
- Analysts' consensus
- Analysts' reports
- Share price
- Schedule of meetings

#### **II. Additional information provided at the meeting during which the annual or interim financial statements are presented**

- Draft annual or interim consolidated financial statements
- Draft annual or interim statutory financial statements
- Detailed presentation of the consolidated financial statements by the Executive Management (including a statement on the financial situation, the cash situation and commitments)
- Prospects for the current year
- Draft press release

- Draft forecast management accounts (pursuant to the law of March 1, 1984) and draft reports by the Board of Directors in this connection

**III. Additional information provided at the meeting during which the annual financial statements are presented**

- Draft annual report by the Board of Directors to the General Meeting (including the draft report of the Board of Directors on Corporate Governance)
- Draft agenda, proposed allocation of income and draft resolutions to be submitted to the Annual General Meeting
- Report on employee-related data

**IV. During the **meeting devoted to strategy**, the documents concerning strategic objectives are presented, as necessary, by line of business (Large Industries, Electronics, Industrial Customers, Healthcare).**

**V. **Between meetings**, members of the Board of Directors receive relevant documents concerning the Company (main analysts notes, articles and press releases on essential events in the life of the Group, internal informational memoranda on significant events, letters to the shareholders).**

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Additional information is provided on a case-by-case basis on the specific items on the agenda for the meeting.

Generally speaking, all the documents provided are also available in English.