

CORPORATE GOVERNANCE DECLARATION AND CORPORATE GOVERNANCE REPORT

Compliance with the German Corporate Governance Code and declarations of compliance

Linde AG follows the German Corporate Governance Code presented by the "Government Commission on the German Corporate Governance Code" and as amended from time to time. In March 2018, the Executive Board and Supervisory Board of Linde AG issued a declaration of compliance with the recommendations of the German Corporate Governance Code as amended on 7 February 2017 in accordance with § 161 of the German Stock Corporation Law (AktG) on the basis of the Code published in the official section of the German Federal Gazette on 24 April/19 May 2017 and made this declaration permanently available to the public on the Linde website.

There were no changes or additions to the German Corporate Governance Code after the submission of the declaration of compliance in March 2018.

"The Executive Board and the Supervisory Board of Linde AG declare in accordance with § 161 of the German Stock Corporation Law:

All the recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on 7 February 2017 have been complied with since publication of the last declaration of compliance and will be complied with in future – except for the following exceptions.

Clause 4.2.3 para 2 sentences 3 and 6

In 2018, a few modifications of the Executive Board's variable share-based compensation component hitherto granted as part of the Long Term Incentive Plan 2012 (LTIP) were required. These affected the annual allocation of emoluments upon reaching the target value, which as an exception will be paid in cash for 2018. The monetary amount will be determined following the criteria specified for the annual variable cash emoluments. These adjustments became necessary since the LTIP expired after delivery of the 2017 tranche. A follow-up plan had not been envisaged having regard to the intended and in 2018 completed business combination of Linde AG and the U.S.-American Praxair, Inc.

In addition, remuneration of Executive Board members in total and as to its variable components shall be capped at a maximum amount in accordance with clause 4.2.3 para 2 sentence 6 of the German Corporate Governance Code. Employment contracts with Executive Board members do not include a ceiling for the Executive Board members' total remuneration; variable components are capped as is described below.

The components of the variable cash emoluments are limited in terms of amounts. The Long Term Incentive Plan which provides for remuneration in the form of options to purchase shares (performance shares) and bonus shares linked to personal investment (matching shares) has a cap in terms of amounts at the time of the granting of option rights and matching shares rights. However, the value of the performance shares and matching shares after a multi-year qualifying period is not limited in terms of amounts. An additional cap like that was not deemed appropriate. In such a case, the synchronisation of interests of shareholders and Executive Board members to be achieved by share-based remuneration would be disrupted, which in our opinion would not be in the shareholders' interest.

Clause 5.4.2 sentence 1, and clause 5.3.2 para 3 sentence 2

In accordance with clause 5.4.2 sentence 1 of the German Corporate Governance Code, the Supervisory Board shall include what it considers to be an appropriate number of independent members, thereby taking into account the shareholder structure. In addition, the German Corporate Governance Code recommends in clause 5.3.2 para 3 sentence 2 that the chair of the audit committee shall be an independent member of the supervisory board. Upon completion of the business combination of Linde AG and Praxair, Inc., at the end of October 2018, approximately 92 percent of the share capital (indirect) is held by the new holding company Linde plc. The shareholder representatives on the Supervisory Board are at the same time non-executive members on the Board of Directors of Linde plc; in addition, three shareholder representatives are also members of the Supervisory Board of the principal shareholder Linde Intermediate

Holding AG. Since these exclusively involve exercising supervisory functions and are not executive functions, the Supervisory Board of Linde AG considers the independence of these Supervisory Board members and therefore also of the chair of the Audit Committee as being upheld. Moreover, all current Supervisory Board members being shareholder representatives have been re-elected by an overwhelming majority of the votes at the Annual General Meeting of Linde AG on 3 May 2018. At the voting, the Linde shareholders were, in particular, aware of the planned composition of the Board of Directors of Linde plc.

Clause 6.2

Regarding the financial calendar as part of current public relations efforts, Linde AG discloses the dates of essential recurring publications and events. Against the backdrop of the intended business merger of Linde AG into the principal shareholder Linde Intermediate Holding AG a date for the Annual General Meeting of Linde AG in 2019 has not yet been determined. Once this date is determined, the company will announce it immediately and amend its financial calendar accordingly.

Clause 7.1.2 sentence 3

Contrary to the recommendation of clause 7.1.2 sentence 3 of the German Corporate Governance Code (within 90 days), Linde AG plans to publish the consolidated financial statements and the group management report for the 2018 financial year at the end of April 2019 complying with statutory disclosure requirements. Upon completion of the business combination at the end of October 2018, Linde AG as dependent company has become part of the new Linde plc group. Due to more stringent requirements and therefore more time needed, for instance for reporting to Linde plc about the first-time preparation of the annual financial report of the new combined enterprise, the consolidated financial statements and the group management report cannot be published earlier than at the end of April 2019.”

The current declaration of compliance and past declarations of compliance with the German Corporate Governance Code are available on the company’s website at ► WWW.THE-LINDE-GROUP.COM/EN/INVESTOR_RELATIONS/CORPORATE_GOVERNANCE/CORPORATE_GOVERNANCE_DECLARATION/DECLARATION_OF_COMPLIANCE/INDEX.HTML.

Corporate governance practices

Linde AG has always attached great importance to sound, responsible management and supervision geared towards the creation of sustainable value added. Our success has always been based on close and efficient cooperation between the Executive Board and Supervisory Board, consideration of shareholders’ interests, an open style of corporate communication and proper accounting and auditing procedures, as well as a responsible approach to risk and to statutory and in-house rules and regulations.

Linde upholds high ethical standards. These are included for example in its core values (the Linde Spirit) and in the Code of Ethics, both of which apply across the Group. In addition, the Executive Board has issued its own guidelines on competition/antitrust law, preventing corruption, the engagement of sales agents, occupational safety, environmental and health protection, quality and procurement. Like the Linde Spirit and the Code of Ethics, these guidelines apply to all employees throughout The Linde Group.

Compliance

To reinforce compliance with both legal regulations and voluntary principles, Linde has a global compliance organisation. Group-wide compliance activities focus on antitrust law, the prevention of corruption, export control and data protection. A binding risk analysis process (compliance risk assessment) was introduced in 2014, covering the issues of general compliance, antitrust law and corruption. The full-time employees working in Compliance are affiliated to Group Legal. Compliance officers have been appointed in the divisions, business units and operating segments to support Group-wide observance of the compliance programme. The Chief Compliance Officer coordinates and implements compliance measures. The Executive Board and the Audit Committee of the Supervisory Board are regularly informed about the current state of progress in the compliance organisation, including measures aimed at communicating existing rules of conduct to employees, training employees in those rules and updating the rules as necessary. Training is provided for Linde employees worldwide. Classroom-based courses are supplemented by a Group-wide e-learning programme. We thereby create a working environment in which our employees are entirely familiar with our rules and guidelines.

The Integrity Line reporting system is an important element of the compliance framework of The Linde Group. It enables both internal and external stakeholders to raise issues or report any doubts or suspicions they may have. If an internal investigation reveals that the doubts or suspicions raised were justified, a prescribed process is used to determine which measures are required. Linde also checks that these measures have actually been implemented.

Information on Linde's core values and compliance policy can be found on the company's website at ► WWW.THE-LINDE-GROUP.COM/EN/CORPORATE_RESPONSIBILITY/STRATEGY/VALUES_AND_STANDARDS/INDEX.HTML and ► WWW.THE-LINDE-GROUP.COM/EN/INVESTOR_RELATIONS/CORPORATE_GOVERNANCE/INDEX.HTML.

Executive Board and Supervisory Board procedures

Linde AG, which has its registered office in Munich, is governed by the provisions of the German Stock Corporation Act (AktG) and the German Co-Determination Act (MitbestG), capital market regulations and the rules set out in its articles of association. The Executive Board and Supervisory Board are responsible for the management and supervision functions assigned to them. They cooperate closely in the interests of Linde to ensure the continuation of the company as a going concern and to create sustainable value added. They are obliged to act in the interests of the shareholders and for the benefit of the company.

Executive Board

The Executive Board of Linde AG is responsible for managing the company and conducting its business. Its actions and decisions are geared towards the best interests of the company, taking into consideration the concerns of shareholders, employees, customers and other stakeholder groups, with the aim of creating sustainable value. The Executive Board establishes the strategic direction of the Group, agrees this strategy with the Supervisory Board, ensures it is properly implemented and reviews the progress made during regular discussions with the Supervisory Board. It is also responsible for annual and multi-year planning, Group financing and the preparation of (condensed) financial statements during the financial year and of annual financial statements and Group financial statements. In addition, the Executive Board ensures that appropriate risk management and control systems are in place and provides regular, timely and detailed reports to the Supervisory Board on all relevant Group issues including strategy, medium-term planning, business trends, the risk situation, risk management and compliance with legal regulations and internal Group guidelines. The Executive Board also takes the necessary measures to facilitate compliance in the Group companies. It has set up a compliance management system and disclosed the main features of this system in the Opportunity and Risk Report in the Financial Report.

Key Executive Board activities and transactions require the approval of the Supervisory Board. This applies in particular to the annual capital expenditure programme, major acquisitions, divestments and defined capital and financial measures. The Supervisory Board can also lay down special approval requirements

in individual cases. Members of the Executive Board are bound by a detailed restraint clause while in office and after they have stood down from the Board. Any conflicts of interest must be disclosed immediately to the Supervisory Board, as well as to fellow members of the Executive Board. No such conflicts of interest arose for any member of the Executive Board in the 2018 financial year.

The procedural rules of the Executive Board govern the work it performs, the allocation of responsibilities to individual members, the issues that must be dealt with by the full Executive Board and the majority required for resolutions to be passed by the Executive Board. The Executive Board passes resolutions at meetings held on a regular basis. A simple majority of the votes cast is sufficient for a resolution to be passed, unless a greater majority is prescribed by law. Without prejudice to the collective responsibility of all members of the Executive Board, each Executive Board member has individual responsibility for the functions assigned to him when the decisions of the Board are being made.

Diversity concept for the Executive Board: The company aims to ensure that the Executive Board is diverse in its composition and that, viewed as a whole, it has sufficiently diverse experience and knowledge for the management of a capital market oriented gases and engineering company with international operations, and that this experience and knowledge adequately reflect the various areas for which the Executive Board members are responsible. A range of educational backgrounds should be represented on the Executive Board. Given the object of the company, sufficient technical or scientific expertise is considered particularly valuable. In addition, at least one member should have a business management background. In line with the company's international structure, the Executive Board should also include individuals with particular international experience, where possible even with an international cultural background. It is considered helpful if the Executive Board comprises a number of different age groups. The Supervisory Board believes that the Executive Board should ideally include a combination of men and women. In the medium term, the aim is to have an Executive Board that is 20 percent female. At 31 December 2018, the Executive Board comprised five members. All the areas of expertise required within the company are covered. Three members have a technical background (one of whom also has a scientific background) and two have a business management background. Professor Dr Aldo Belloni is an Italian citizen, while Sanjiv Lamba was born in India and has Singaporean citizenship. One Executive Board member falls into the over-40 age group, three are in the over-50 age group and one is in the over-60 category. Professor Dr Aldo Belloni has exceeded the standard age limit for Executive Board members set out in the procedural rules. When Professor Dr Aldo Belloni

was appointed as a member of the Executive Board in December 2016, the Supervisory Board took the age limit that applies to Executive Board members into account, but opted to appoint him as a member and Chairman of the Executive Board on special grounds. With the expiry on 1 March 2019 of the Order to Hold Separate and Maintain Assets made by the US competition authority (the Federal Trade Commission), the appointment of Professor Dr Aldo Belloni ceased. On the same date, Eduardo Menezes, born in Brazil, was appointed to the Executive Board. He is in the over-50 age group and has degrees in process technology and business management.

§ 111(5) of the Stock Corporation Act (AktG) obliges the Supervisory Board to set targets for the proportion of women on the Executive Board. The Supervisory Board has set a target of 20 percent for the proportion of women on the Executive Board for the period from 1 July 2017 to 30 June 2022. Currently no women are represented on the Executive Board of Linde AG.

Given the Group's extensive reach across international markets and industry sectors, the Executive Board is also responsible for ensuring that this diversity is reflected at management level. The goal is therefore to put together the best teams worldwide. Linde's human resources strategy includes the definition, delivery and continuous evolution of Group-wide talent development programmes. Linde supports intercultural diversity by adopting an international human resources policy and making appointments across national borders. Another of Linde's main priorities in the area of diversity is the promotion of female managers. The Executive Board has set targets regarding the proportion of women working at the two levels of management below Executive Board level. By 30 June 2022, the proportion of women in the first management tier below the Executive Board should be 18 percent for the Group and for Linde AG, and in the second management tier below the Executive Board it should be 22 percent for the Group and 20 percent for Linde AG. In 2018, the proportion of women in the first management tier below the Executive Board was 16.3 percent (2017: 15 percent), while in the second management tier below the Executive Board it was 13.6 percent (2017: 14.5 percent).

As at 31 December 2018, no Executive Board member other than Professor Dr Aldo Belloni was a member of a supervisory board of a listed company outside The Linde Group or of a comparable supervisory body of another business entity. Professor Dr Aldo Belloni is a member of a statutory supervisory board of a listed company outside the Group with its registered office in Germany. Information about memberships held by the members of the Executive Board who were in office in the 2018 financial year of other German supervisory boards or comparable German and foreign boards of business entities can be found on the company's website.

The Executive Board has no committees.

Information on the composition of the Executive Board and on individual Board members, including their responsibilities and duties, may be found on the company's website. The CVs of Executive Board members, including an overview of their main additional functions, are also available on the Linde website.

Supervisory Board

Equal numbers of shareholder representatives and employee representatives sit on the Supervisory Board of Linde AG, which comprises, in accordance with the company's articles of association, the minimum number of members as specified in the relevant legal regulations. Currently, the minimum number specified by law is twelve. The appointment of the members of the Supervisory Board is also governed by the relevant legal regulations. The shareholder representatives are elected individually in the election to the Supervisory Board at the Annual General Meeting. The Supervisory Board's Nomination Committee prepares for the election of shareholder representatives by the Annual General Meeting. When proposing candidates to the Supervisory Board, it takes into account not only the requirements set out in the German Stock Corporation Act (AktG), the German Corporate Governance Code and the Supervisory Board's procedural rules, but also the targets set by the Supervisory Board in terms of its composition, giving due consideration to the skills profile for the Board as a whole set out therein, including the targets for international expertise and independence, as well as requirements and targets relating to diversity and, in particular, to the inclusion of women in the Supervisory Board. At the Supervisory Board elections at the Annual General Meeting held on 3 May 2018, the shareholder representatives were individually re-elected for a term of office ending with the closure of the 2023 Annual General Meeting. When the proposed merger between Linde AG and its majority shareholder Linde Intermediate Holding AG becomes effective, on the basis of the merger agreement concluded on 1 November 2018, in the course of which the shares of the non-controlling shareholders will be transferred in accordance with the resolution passed at the Extraordinary General Meeting held on 12 December 2018 (squeeze-out under merger law), the mandates of all the Supervisory Board members will end. New members are provided with comprehensive induction documentation and information upon their appointment to the Supervisory Board. The members of the Supervisory Board and of the Supervisory Board committees undertake the training and professional development necessary for the performance of their duties on their own initiative. They also examine in detail issues which are of fundamental significance to the company, both at their meetings and during presentations organised specifically for them and

given by experts from within and outside the company. In 2018, these issues included the development of pension investments at Linde and the introduction of new accounting standards. The Supervisory Board appoints the Executive Board and monitors and advises the Executive Board on the running of its business operations. Executive Board decisions that are of fundamental importance for the company require the approval of the Supervisory Board. The Supervisory Board meets regularly to discuss Executive Board and Supervisory Board matters without the Executive Board.

The Chairman of the Supervisory Board coordinates the work of the full Supervisory Board and chairs its meetings. He is responsible for ensuring that resolutions passed by the Supervisory Board and its committees are duly executed, and he is authorised to issue the statements on behalf of the Supervisory Board required to implement the resolutions of the Supervisory Board and its committees. He is prepared, where appropriate, to talk to investors, about topics specific to the Supervisory Board. The Chairman of the Supervisory Board maintains close contact with the Executive Board and with the Chief Executive Officer in particular.

In its procedural rules, the Supervisory Board has set out regulations governing regular efficiency reviews of its activities. In accordance with the procedural rules, the last review was conducted at the end of 2015. Based on the outcome of this efficiency review, suggestions regarding, in particular, future personnel changes and additional topics to be addressed by the Supervisory Board were implemented on an ongoing basis from 2016. According to the procedural rules, an efficiency review of the activities of the Supervisory Board which was newly elected in May 2018 will take place halfway through the new term of office.

All Supervisory Board members must ensure they have sufficient time to perform their duties. When submitting proposals to the Annual General Meeting regarding the election of new Supervisory Board members, the Supervisory Board checks that the candidates are able to invest the time likely to be required.

At present, one member of the Supervisory Board, Dr Thomas Enders, sits on the executive board of a listed company. He complies with the recommended limit on supervisory board mandates set out in the German Corporate Governance Code. Information about the members of the Supervisory Board and about their memberships of other statutory German supervisory boards and/or comparable German or foreign boards of business entities is given on the company's website. Moreover, the CVs of Supervisory Board members are available on the Linde website. They include an overview of the Supervisory Board members' main activities in addition to their role on the company's Supervisory Board.

Skills profile, targets for the composition of the Supervisory Board and diversity for the full Board

The composition of the Supervisory Board should be such that its members collectively possess the knowledge, competence and professional experience necessary to discharge their duties in a group with international operations in a fit and proper manner. The Supervisory Board as a whole should have the skills deemed important for The Linde Group, a capital market oriented gases and engineering company with global activities. In particular, the Supervisory Board should also include individuals with leadership experience in a major international industrial company. Moreover, members of the Supervisory Board should have knowledge and experience relating to Linde's key business areas and should all be familiar with the sector in which the company operates. The Supervisory Board should have sufficient international experience. The Chairman of the Audit Committee should be independent and have particular knowledge and experience of the application of accounting principles and internal control procedures. One member of the Audit Committee must always be independent and have specialist expertise in accounting or auditing. The Supervisory Board has defined the following specific targets for its composition in accordance with clause 5.4.1 of the German Corporate Governance Code. These take into account the particular situation of the company, its international reach, potential conflicts of interest, the number of independent Supervisory Board members, an age limit for Supervisory Board members, a set limit for the length of time spent on the Board and the need for diversity.

→ **International expertise**

With operations in more than 100 countries, The Linde Group has a global footprint. To reflect this, at least five of the Supervisory Board members should have specific international expertise.

→ **Potential conflicts of interest and independence**

At least 75 percent of the Supervisory Board members should have no direct or indirect business, financial or personal ties with the company or its corporate bodies, a controlling shareholder or a company affiliated with the latter, that could constitute a significant and not just temporary conflict of interest or give rise to concerns regarding partiality. The mere existence of an employment relationship between employee representatives and the company or its affiliated companies does not preclude impartiality as described above. Supervisory Board members should not have management or advisory roles on the executive bodies of major competitors of The Linde Group. No more than two former Executive Board members should sit on the Supervisory Board.

- **Age limit for Supervisory Board members**
Supervisory Board members should be no older than 72.
- **Set limit for length of time spent on the Supervisory Board**
The Supervisory Board has determined that three terms of office will be the maximum length of time spent on the Supervisory Board. This maximum threshold should be adhered to as a general rule.
- **Diversity**
The Supervisory Board is committed to diversity in its composition and to the fair representation of women in particular. As Linde Aktiengesellschaft is a listed stock corporation that is subject to the provisions of the German Co-Determination Act (MitbestG), the Supervisory Board comprises at least 30 percent female members and 30 percent male members in accordance with the principles set out in § 96 (2) of the German Stock Corporation Act (AktG).

Status of the implementation of the targets and of the skills profile and concept of diversity

The current composition of the Supervisory Board complies with the objectives set out above. The Supervisory Board matches the skills profile and its areas of expertise include engineering, law and economics, as well as finance, accounting and financial control. All the members of the Supervisory Board are familiar with the sector in which the company operates.

Thanks to the professional experience they have gained during their careers to date, all the current Supervisory Board members have specific international expertise. No conflicts of interest arose for any member of the Supervisory Board during the 2018 financial year. Where such conflicts of interest do occur, they must be disclosed immediately to the Supervisory Board. No Supervisory Board members currently have management or advisory roles on the executive bodies of any of Linde's major competitors. Six Supervisory Board members, Professor Dr Ann-Kristin Achleitner, Professor Dr Clemens Börsig, Dr Thomas Enders, Franz Fehrenbach, Dr Victoria Ossadnik and Professor Dr Wolfgang Reitzle, are non-executive members of the Board of Directors of Linde plc; Professor Dr Wolfgang Reitzle is the Chairman of this board of directors. Three Supervisory Board members, Professor Dr Clemens Börsig, Dr Thomas Enders and Dr Victoria Ossadnik, sit on the Supervisory Board of Linde Intermediate Holding AG, which has been the majority shareholder of the company since 31 October 2018. Four Supervisory Board members, Anke Couturier, Gernot Hahl, Dr Hans-Peter Kabbalo and Andrea Ries, are company employees. No other consultancy, service or work contracts have been concluded between Supervisory Board members and the company. One Supervisory Board member, Professor Dr Wolfgang Reitzle, is a former member of the company's Executive

Board. No member of the Supervisory Board has reached the age limit. The Supervisory Board currently has two members in the over-40 age category, five members in the over-50 category, three in the over-60 category and two in the over-70 category. One of the Supervisory Board members elected in 2018 by the employees, Gernot Hahl, has been a member of the Supervisory Board since 1998. Otherwise, no Supervisory Board members exceed the standard maximum length of time for sitting on the Board adopted in 2016. The minimum gender distribution levels set out in § 96 (2), sentence 1, of the German Stock Corporation Act (AktG) have been met. The Supervisory Board currently includes a total of four women, Professor Dr Ann-Kristin Achleitner and Dr Victoria Ossadnik on the shareholder representative side, and Anke Couturier and Andrea Ries on the employee representative side. This means that women account for 33 percent of the Supervisory Board on both the shareholder and the employee representative side. Professor Dr Ann-Kristin Achleitner is a member of the Nomination Committee and the Audit Committee. The Chairman of the Audit Committee, Professor Dr Clemens Börsig, is independent and, like Professor Dr Ann-Kristin Achleitner, has specialist knowledge and many years experience of financial reporting and the application of accounting principles and internal control systems.

The procedural rules of the Supervisory Board include rules regarding the independence of its members. No member of the Supervisory Board is in a personal or commercial relationship with the company or its bodies that could represent a conflict of interests. Dr Thomas Enders and Dr Victoria Ossadnik currently hold leadership functions at companies with which Linde has business relationships. Transactions with these companies take place under the same conditions as for non-related third parties. The value of all ongoing transactions with these companies in the 2018 financial year was less than 0.1 percent of Linde's Group revenue in the 2018 financial year and, in each case, less than 0.1 percent of the consolidated revenue of the companies in question. In the opinion of the Supervisory Board, the independence of Dr Thomas Enders and Dr Victoria Ossadnik was not affected by these transactions. Moreover, the ongoing activities of the shareholder representatives on the Linde AG Supervisory Board at the new parent company Linde plc and/or the company which is the majority shareholder of Linde AG, Linde Intermediate Holding AG, are limited to supervisory mandates within these companies. The Supervisory Board therefore believes that the independence of these Supervisory Board members has been maintained.

Supervisory Board committees

The Supervisory Board has four committees, which lay the groundwork for the full Supervisory Board. If it is permitted by law and laid down in the procedural rules of the Supervisory Board, decision-making powers may in individual cases be delegated by the Supervisory Board to these committees. The Chairman of the Supervisory Board chairs all the committees with the exception of the Audit Committee. The committee chairmen report back to the Supervisory Board on the work of their committees, doing so at the latest at the first full Supervisory Board meeting following their committee meeting.

The Standing Committee, which comprises three shareholder representatives and two employee representatives, advises the Supervisory Board in particular on the appointment and removal of members of the Executive Board and on decisions regarding the remuneration system for the Executive Board, including the terms and conditions of employment contracts, pension contracts and any other contracts pertinent to the remuneration of Executive Board members, and the total remuneration of individual Executive Board members. Moreover, the Standing Committee is responsible for approving transactions with Executive Board members and related parties, as well as for approving other activities of the Executive Board members, especially the holding of positions on supervisory boards and comparable boards of business entities that are not part of The Linde Group. It also provides advice on long-term succession planning for the Executive Board and reviews the efficiency of the work of the Supervisory Board on a regular basis.

The Audit Committee similarly comprises three shareholder representatives and two employee representatives. It monitors the independence of the auditors and deals with the additional services they provide, the awarding of the audit mandate, the determining of the audit focus and the agreement of fees. The Audit Committee lays the groundwork for the decisions of the Supervisory Board regarding the adoption of the annual financial statements and the approval of the Group financial statements including the dependent company report, taking account of the auditors' reports, and makes arrangements with the auditors. It supports the Supervisory Board in the execution of its supervisory function and monitors, in particular, the accounting process and the effectiveness of the internal control system, risk management system and internal audit system, as well as the statutory audit. It also deals with compliance issues. Furthermore, the Executive Board discusses financial information produced in the course of the year with the Audit Committee prior to its publication. The Audit Committee also submits a substantiated recommendation to the full Supervisory Board regarding the proposal for the election of the company's auditors.

The Nomination Committee comprises the Chairman of the Supervisory Board, the Second Deputy Chairman of the Supervisory Board and one other shareholder representative. It makes recommendations to the Supervisory Board on proposed candidates for the election of shareholder representatives at the Annual General Meeting.

The Mediation Committee, formed under the provisions of the German Co-Determination Act (MitbestG), comprises the Chairman of the Supervisory Board, the Deputy Chairman of the Supervisory Board (elected by the employee representatives on the Supervisory Board), one shareholder representative and one employee representative. It makes suggestions to the Supervisory Board regarding the appointment of Executive Board members if the required majority of two-thirds of the votes cast by Supervisory Board members is not obtained in the first ballot.

The Supervisory Board and its committees pass resolutions at meetings which are convened on a regular basis.

The names of current members of the Supervisory Board and of the Supervisory Board committees may be consulted on the Internet at ► WWW.THE-LINDE-GROUP.COM/EN/ABOUT_THE_LINDE_GROUP/MANAGEMENT/SUPERVISORY_BOARD/INDEX.HTML. Information about the activities of the Supervisory Board and its committees, about the work it has done with the Executive Board, as well as disclosure regarding participation in meetings by the individual Supervisory Board members in the 2018 financial year is provided in the Report of the Supervisory Board.

Additional corporate governance information

Annual General Meeting

The shareholders assert the rights accorded to them by law and the articles of association either before or during the Annual General Meeting by exercising their right to vote. Each share entitles the shareholder to one vote.

The Annual General Meeting takes place within the first eight months of each financial year. Notice of the Annual General Meeting, together with the reports and documents required by law for the meeting, is also published along with the agenda, the conditions governing participation, an overview of shareholders' rights, forms for voting by post, plus shareholder counter-motions and nominations, on the Linde website in German and English, and is thus easily accessible to shareholders. Notice of the Annual General Meeting and the associated documents may also be transmitted electronically to shareholders if they so wish.

Shareholders who are unable to attend the Annual General Meeting or who leave the meeting before voting has commenced have the option of exercising their vote through a proxy of their choice or a proxy appointed by the company who then votes in accordance with their instructions. Proxy forms may also be submitted via electronic media. Moreover, shareholders have the option of casting their votes without appointing a proxy in writing or by using electronic media (ballot by mail).

The Executive Board of Linde AG presents the annual financial statements and the Group financial statements together with the related management reports for approval at the Annual General Meeting. At the Annual General Meeting, resolutions are passed about the appropriation of profit and the ratification of the acts of the Executive Board and Supervisory Board, the auditors are appointed and the shareholder representatives are generally elected to the Supervisory Board. Decisions are also made at the Annual General Meeting about the content of the articles of association, key structural measures, capital measures and the authorisation to repurchase shares. The meeting has the opportunity to approve the remuneration system for Executive Board members. Once the Annual General Meeting has closed, the results of the votes on each agenda item are published on the company's website without delay.

Consequential loss and liability insurance

The company has taken out consequential loss and directors and officers liability insurance (D & O) for the members of the Executive Board and Supervisory Board. For members of the Executive Board, the retention in accordance with legal rules is 10 percent of the claim, up to a figure of one and a half times the fixed annual emoluments of the Board member in question. An appropriate retention has been agreed for members of the Supervisory Board in accordance with the recommendation set out in the German Corporate Governance Code.

Directors' dealings

Linde AG publishes without delay, as stipulated by law, reportable transactions pursuant to Article 19 of the Market Abuse Regulation which have been executed by the persons named therein, in particular transactions carried out by members of the executive bodies of the company and related parties involving shares in the company and debt instruments issued by the company or related financial instruments. The transactions reported to Linde AG in the past financial year can be found on the company's website.

Interests in share capital

The total holdings of all the members of the Executive Board and Supervisory Board in Linde AG shares or related financial instruments in 2018 constituted less than 1 percent of the shares issued by the company. On 31 December 2018, the members of the Executive Board held no shares in Linde AG (2017: 70,000), as they had submitted all the shares they held in the company in the exchange offer made by Linde plc. There was also a reduction in the number of shares in Linde AG held by members of the Supervisory Board, from 13,000 shares at 31 December 2017 to a total of 848 shares at 31 December 2018 as a result of acceptance of the exchange offer.

Remuneration of the Executive Board and Supervisory Board

The Remuneration Report, which also includes information on the share-based emoluments, is included in the Financial Report.

Accounting, audit and risk management

Linde AG prepares its Group financial statements and the Group half-year financial report in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The preparation of the statutory annual financial statements of Linde AG, on which the dividend payment is based, complies with the German Commercial Code (HGB). The annual financial statements and the Group financial statements are prepared by the Executive Board, examined by

the Supervisory Board and audited by the auditors. In accordance with their legal obligation, the members of the Executive Board confirm that, to the best of their knowledge, the annual financial statements, the Group financial statements and the related management reports give a true and fair view and describe the principal opportunities and risks associated with the expected development of the Group or the company. The audit procedures are conducted in accordance with German auditing regulations and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (the Institute of Public Auditors in Germany) and, in the case of Group financial statements, in supplementary compliance with International Standards on Auditing. The audit procedures also include a review of the system for the early identification of risks. The Audit Committee meets the Executive Board to discuss the half-year financial reports and financial information released in the course of the financial year in detail prior to publication.

In May 2018, the Supervisory Board issued the mandate for the audit of the annual financial statements and Group financial statements to KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, who had been appointed at the Annual General Meeting as auditors of the annual financial statements and Group financial statements for the 2018 financial year and had also been appointed to conduct audit reviews of the interim and half-year financial reports for the 2018 financial year. KPMG or a predecessor company have been auditors of Linde AG since 31 December 1984. Mr Klaus Becker, a German Public Auditor, has been a signatory since the 2013 financial year, while Harald von Heynitz, the Global Lead Partner and also a German Public Auditor, has been signing the annual financial statements and Group financial statements since the 2015 financial year. The auditors issued a detailed declaration confirming their independence to the Audit Committee of the Supervisory Board. There were no conflicts of interest. It was agreed with the auditors that the Chairman of the Supervisory Board and the Chairman of the Audit Committee would be informed immediately during the audit of any potential reasons for the disqualification of the auditors or for their lack of impartiality, unless these could be eliminated without delay. The auditors were obliged to report immediately all the significant audit findings and events that came to their attention while conducting the audit and that have an impact on the duties of the Supervisory Board. The auditors have also undertaken to inform the Supervisory Board if they discover facts in the course of their audit which reveal any inaccuracies in the company's declaration of compliance with the German Corporate Governance Code.

Linde has reporting, monitoring and risk management systems in place which are continually being updated and adapted by the Executive Board to take

account of changing circumstances. The internal audit department performs reviews at regular intervals of the efficiency and effectiveness of the risk management system and internal control system. The auditors also assess the system in place for the early identification of risk and provide regular reports on their findings at a global level to the Executive Board and Supervisory Board. In addition, the Audit Committee supports the Supervisory Board in monitoring the activities of executive management and also deals with risk management issues in this context. It receives regular reports from the Executive Board about risk management, the risk position, and the identification and monitoring of risks. It is also informed on a regular basis about existing risks and the evolution of those risks. Moreover, the Audit Committee has agreed with the auditors that, if necessary, they will report to the Committee any significant weaknesses they identify in the internal control system in relation to the accounting process and in the system for the early identification of risks. Further details about risk management are provided in the Opportunity and Risk Report included in the Financial Report. This includes the report on the accounting-related internal control system.