



# AIR LIQUIDE CAPITAL INCREASE RESERVED FOR EMPLOYEES

## LOCAL SUPPLEMENT FOR PHILIPPINES

You have been invited to invest in shares of L'AIR LIQUIDE S.A. via the 2023 Air Liquide Group employee share offering ("myAL myShare 2023"). Please note that, myAL myShare 2023 is an international employee share plan, subject to French laws and regulations.

You will find below a brief summary of the local offering information and the principal tax consequences related to the offering in your country. You should read this document carefully, together with the brochure, before making a decision to invest in myAL myShare 2023.

### Local Offering Information

#### A share capital increase reserved for employees

L'Air Liquide S.A. shares are expected to be offered to all eligible employees of participating Air Liquide Group companies, pursuant to L'Air Liquide S.A.'s capital increase reserved to such employees.

The total number of shares proposed worldwide is mentioned in the subscription form. If the number of requested shares exceeds the total number of shares proposed worldwide, the number of shares requested may be reduced. In this event, each participant will be informed.

#### Eligibility

You will be eligible to participate in the Offering if:

- You are employed by L'Air Liquide S.A. or a direct or indirect majority-owned subsidiary of L'Air Liquide S.A. at the end of the subscription period (between November 6, 2023 and November 16, 2023 before noon, Paris time); and
- Your employer has adhered to the Air Liquide international group savings plan; and
- You meet a minimum employment condition of three months. This length of service may be accumulated under a fixed term contract, or under several contracts, not necessarily consecutive, between January 1, 2022 and November 16, 2023.

#### Subscription period

The subscription period is expected to start on November 6, 2023 and will last until November 16, 2023 (inclusive). In order to participate in the offering, you would need to subscribe on or by November 16, 2023 at the latest (before noon, Paris time).

#### Subscription price

The L'Air Liquide S.A. shares are offered at a discount. The subscription price for each share is based on the average of the opening prices of a L'Air Liquide S.A. share on Euronext Paris (the Paris stock exchange) over the 20 trading days before the date on which the subscription price is set (this is referred to as the "reference price"). The subscription price is equal to the reference price minus a 20% discount. The subscription price is expected to be set on October 30, 2023.

The subscription price is denominated in euros, the currency of the euro zone in the European Union. In the Philippines, payment is to be made in Philippine Peso. The euro/Philippine Peso exchange rate will be set by L'Air Liquide S.A. prior to the subscription period.

**Important Note:** During the life of your investment, the value of the L'Air Liquide S.A. shares subscribed will be affected by fluctuations in the currency exchange rate between the euro and the Philippine Peso. As a result, if the value of the euro strengthens relative to the Philippine Peso, the value of the shares expressed in Philippine Peso will increase. On the other hand, if the value of the euro weakens relative to the Philippine Peso, the value of the shares expressed in Philippine Peso will decrease.

#### Maximum investment

The maximum amount you can invest in myAL myShare 2023 cannot exceed 25% of your estimated annual gross compensation for 2023.

In addition, if you choose to pay for your investment through 12-monthly salary deductions, each monthly salary deduction cannot exceed 10% of your net monthly salary.

## Method of Payment

Payment is to be made in Philippine Pesos.

You will be required to pay for your investment using one of the two following methods:

- (a) Salary deduction over a period of twelve (12) months, or
- (b) In full upfront cash to the account to be designated by your local relay. Each installment payment made by salary deduction may not exceed 10% of the net monthly salary.

## Labor Law Disclaimer

Please note that this Offering is provided to you by the French company L'Air Liquide S.A., not by your local employer. The Offering does not form part of your employment agreement and does not amend or supplement such agreement. Further, your participation does not entitle you to future benefits or payments of a similar nature or value and does not confer you any right to participate in similar offerings in the future. Benefits that you may receive or be eligible for under this Offering will not be taken into consideration in determining the future benefits, payments or other entitlements, if any, that may be due to you (including in cases of termination of employment).

## Custody of your shares

Shares subscribed will be held directly by the employees in registered form with L'Air Liquide S.A.'s own shareholder services department.

## Lock-up period and Early Exit Events

In consideration for the benefits granted under this offering, the shares subscribed are subject to a lock-up period of five years (ending on December 7, 2028), subject to certain early exit exceptions currently provided for under French law. The exemptions are expected to be:

- Marriage of the employee;
- Where a child is born or a child arrives at the home in view of being adopted, provided the employee's household is already financially responsible for at least two children;
- In the event of divorce or separation, when this event is accompanied by a court decision specifying that the sole or shared ordinary place of residence of at least one child is at the domicile of the employee concerned;
- Where the employee, his or her spouse or children, suffers from a disability as defined by French law<sup>1</sup>;
- Death of the employee or his or her spouse;
- Termination of the employment contract;
- Where the employee, his or her children, or spouse, allocates the amounts saved to create certain businesses as provided for by French law<sup>2</sup>;
- Where the employee allocates the amounts saved to the acquisition or enlargement of his or her principal residence; and
- Domestic violence committed against the employee by his/her spouse, partner, or his/her former spouse or partner.

These early exit events are defined by French law and must be interpreted and applied in a manner consistent with French law. You should not conclude that an early exit event is available unless you have described your specific case to your employer and your employer has confirmed that it applies to your situation, upon you providing the requisite supporting documentation.

Employees must present a request for early sale within a period of six months after the occurrence of an early exit event, except in the event of death of the spouse (item 5), disability (item 4), domestic violence (item 9) or termination of the employment contract (item 6) (in which case, the request may be made at any time). For further information, please contact your human resource office.

## Dividends

Any dividends paid with respect to the L'Air Liquide S.A. shares will be paid directly to the employees, net of applicable French withholding tax, either directly to the employee's bank account in Euros or in local currency via the employer paycheck, depending on the country. This choice is not up to the employees, and is the same for all employees of a given country. Shares that have been held for more than two full years will be eligible for a 10% increase of the dividend amount (referred to as a "loyalty bonus" but legally a dividend payment).

## Voting rights

The voting rights pertaining to such shares will be exercisable directly by the employees.

## Sale of the shares

In the event that the employee is eligible for an early exit, it is the responsibility of the employee to inform the local employer that the employee wishes to sell his/her shares. The employee is required to provide appropriate justification of the occurrence of the early exit event.

Subject to the above, at the end of the five-year lock-up period, the employees may either decide to keep their shares or decide to sell their investment at any time.

<sup>1</sup> Under French law disability is the situation of: (a) disabled persons who are absolutely incapable of exercising any profession; or (b) disabled persons who, being absolutely incapable of exercising a profession, are, in addition, obliged to have recourse to the assistance of a third person to carry out the ordinary acts of life. This situation is recognized by a certificate or an administrative decision.

<sup>2</sup> Under French law, the relevant businesses are (a) industrial, commercial, artisanal or agricultural enterprise, either on an individual basis or in the form of a company, on condition that the employee effectively exercises control, (b) the setting up of a business with a view to exercising another non-salaried profession, and (c) the acquisition of shares in a cooperative production company.

# Tax Information for Employees Resident in the Philippines

This summary sets forth general principles in effect at the time of subscription of the offering, that are expected to apply to employees who are, and shall remain until disposal of their investment, resident in the Philippines for the purposes of the tax laws of the Philippines. The tax consequences listed below are described in accordance with the Philippines tax law and certain French tax laws and practices, all of which are applicable at the time of the offering. These principles and laws may change over time.

Please note that neither L'Air Liquide S.A. nor your employer are providing you with, and will not provide you with, any personal advice or tax advice in relation to this offer. For definitive advice, you should consult your own tax advisors regarding the tax consequences of subscribing for L'Air Liquide S.A. shares. This summary is given for informational purposes only and should not be relied upon as being either complete or conclusive.

**Will I be required to pay any tax and/or social security charges at the time of subscription of L'Air Liquide S.A. shares?**

**Will the discount be subject to tax and/or social security charges?**

The difference between the fair market value of the shares at the time of vesting of the shares (i.e., on the day of the share capital increase) and the subscription price (which includes the discount) may be treated as additional compensation income at progressive rates of 0% to 35%, whichever is applicable, to be withheld and paid by the employer. There are no social security charges due.

**Will the interest-free instalment payment be subject to tax and/or social security charges?**

The foregone interest (to the extent of the difference between the market rate<sup>3</sup> and the actual rate granted) shall be taxed as follows:

- For rank and file employees, the imputed interest will be considered as additional compensation income and taxed at progressive rates between 0% and 35%, to be withheld and paid by the employer;
- For management or supervisory employees, the imputed interest will be subject to a 35% fringe benefit tax payable by the employer. The tax base of the fringe benefit is determined by dividing the amount of the imputed interest by 65%.

A documentary stamp tax also applies on the imputed loan agreement. No social charges apply.

**Will I be required to pay any tax or social security charges on dividends, in the event of distribution?**

Yes for tax, no for social security charges.

**● Taxation in France**

The dividends paid by L'Air Liquide S.A. to you will be subject to a French withholding tax of 12,8%, unless they are paid to a bank account opened in a Non Cooperative State or Territory (NCST)<sup>4</sup> which would trigger a 75% withholding tax in France.

**● Taxation in Philippines**

Distributed dividends received by residents or citizens of the Philippines are subject to income tax at the rates ranging from 0% to 35%. Pursuant to the Philippines-France tax treaty, dividends received by an individual resident of the Philippines may be subject to French withholding tax.

Dividends received by resident aliens are not subject to income tax in the Philippines as these are derived from sources outside the Philippines.

**Will I be required to pay any tax and/or social security charges at the end of the lock-up period (or in the event of an authorized early exit event) even if I do not sell the L'Air Liquide S.A. shares?**

No.

<sup>3</sup> There is no specific regulation on how market rate is computed for the imputation of interest on interest-free loans granted to employees. However, in a regulation on intercompany loans between enterprises under common control, the BIR recognized the Bank Reference Rate prescribed by the Bangko Sentral ng Pilipinas as the arm's length interest rate and in one case, the BIR used the average lending rate published by the Central Bank of the Philippines, such as in this link: [https://www.bsp.gov.ph/Statistics/Financial%20System%20Accounts/tab19\\_dir.aspx](https://www.bsp.gov.ph/Statistics/Financial%20System%20Accounts/tab19_dir.aspx). We anticipate that they will use this but it is also possible for them to use a different computation.

<sup>4</sup> The list of NCSTs can be modified each year. The states and territories qualifying as NCSTs are currently the following: Anguilla, Bahamas, British Virgin Islands, Panama, Seychelles, Turks and Caicos Islands and Vanuatu.

### **Will I be required to pay any tax and/or social security charges at sale of the L'Air Liquide S.A. shares?**

Yes, capital gains (calculated as the difference between the sale proceeds minus the subscription price) are taxed as other income at progressive income tax rates ranging between 0% and 35%. The employee is directly liable to pay for the income tax. Only 50% of the capital gain or loss is recognized upon sale if the shares were held for at least 12 months.

No social charges apply.

### **Will I have any reporting obligations with respect to the subscription, holding and sale of shares, as well as with respect to the receipt of dividends, if any?**

Resident citizens of the Philippines are required to report the value of any dividends received directly from or the gains from the sale of the L'Air Liquide S.A. shares as part of your gross income in your annual income tax return (BIR Forms No. 1700 or 1701) and to pay the corresponding income tax on such income except when the tax was already withheld by the employer as part of compensation tax or fringe benefit tax. The annual income tax return is due on or before April 15 of each year. The employees are required to declare in their annual tax return the income received upon the redemption of the investment for cash, or the gains from the sale of the L'Air Liquide S.A. shares acquired upon redemption regardless of whether these are taxable or not.