

Information on the remuneration of the Executive Officers

pursuant to the AFEP-MEDEF Code

At its meeting on February 14, 2017, the Board of Directors of Air Liquide adopted the components of remuneration of the executive officers¹.

2016 financial year

The Board of Directors set the amount of variable remuneration due to the executive officers for 2016.

For the record, in respect of 2016, the variable portion could amount to a maximum of 180% of fixed remuneration for the Chairman and Chief Executive Officer and a maximum of 140% for the Senior Executive Vice-President. It was conditional on:

- **two financial criteria** related to objectives concerning an increase in **recurring net earnings per share (recurring EPS)** (excluding foreign exchange impact and exceptional items, the calculation being made without the impact of the Airgas acquisition and its financing) and the level of **return on capital employed (ROCE)**, (calculated without the impact of the Airgas acquisition), **identical to those for previous financial years**. The Board of Directors, at its meeting on February 15, 2016, had set the objective of growth in recurring EPS on a consistent basis with regard to historical performance, taking into account the Group's growth ambition and the economic environment; the ROCE objective had been set in absolute value in line with best performances in the industry, and at a level significantly higher than the weighted average cost of capital. It reflects the importance for the Group of the balance between growth and return on investment. For each financial criterion, a formula adopted by the Board makes it possible to calculate the amount of variable remuneration due on the basis of the value achieved for the criterion as compared to the target objective set.
- **personal objectives** comprising: (i) for two-thirds, qualitative objectives shared by the 2 executive officers which provided, in particular, for finalising the acquisition of Airgas, its financing, in particular through the increase in capital, and its integration, implementing the 2016-2020 plan, preserving the Group's main financial balances with pursuit of a selective investment policy, helping the young managers to progress and organising the succession plans; finally pursuing the Corporate Social Responsibility policy, in particular in terms of safety and reliability, and preparing for the CSR integration of Airgas; (ii) for one-third, individual performance.

The weight of each criterion expressed as a percentage of the fixed remuneration was as follows:

	Benoît Potier	Pierre Dufour
Financial criteria	110%	85%
EPS	65%	50%
ROCE	45%	35%
Personal Objectives	70%	55%
Total (maximum expressed as a percentage of fixed remuneration)	180%	140%

¹ For the sake of transparency and exhaustiveness, all references to the remuneration of Pierre Dufour in this document take into account his remuneration in respect of his offices in both France and Germany.

An assessment was made of the performance of the executive officers. On the basis of the estimated results for the 2016 financial year not taking into account the impact of the Airgas acquisition, the **rates of achievement** of the objectives set for the **criteria of recurring EPS and ROCE** are below the objectives set for 2016. The amount of the variable remuneration, as a percentage of the fixed remuneration, totals **26.65%** for Benoît Potier and **20.50%** for Pierre Dufour in respect of recurring EPS, and **13.95%** for Benoît Potier and **10.85%** for Pierre Dufour in respect of ROCE.

The performance of the executive officers with regard to the **personal objectives** which included the objective of finalisation of the Airgas acquisition was considered to be very good: the Airgas acquisition was finalised on time and its financing proved to be a success with an overall subscription rate for the capital increase of 191%; the integration process was initiated without any problem with the effective merger of the 2 organisations on October 1; the NEOS 2016-2020 strategic plan integrating the Group's new dimension following the Airgas acquisition was presented to the market in July; the main financial balances were preserved, with the debt/equity ratio being brought down to below the threshold of 90% at financial year-end; implementation of the new organisation based on the hubs and clusters has been completed; the succession plans are in place following the decisions to retire made by Jean-Pierre Duprieu and Pierre Dufour; finally, with regard to CSR, safety in terms of the lost-time accident frequency rate improved, with a decrease in the rate from 1.59 in 2015 to 1.43 in 2016 based on a comparable scope. With respect to this same scope, the number of lost-time accidents fell from 152 in 2015 to 137 in 2016. Furthermore, implementation of the CSR policy began with the deployment of the strategy defined within the scope of NEOS aimed at improving the environment and health through air quality and strengthening links with the communities. A specialist committee will be created on the Board in 2017 with regard to this topic. The amount of the variable remuneration in respect of the personal objectives represents 66.5% of the fixed remuneration for Benoît Potier and 52.25% for Pierre Dufour.

In total, the amount of the variable remuneration as a percentage of the fixed remuneration is 107.1% (out of a maximum of 180%) for Benoît Potier, -24% lower than the variable portion for 2015, and 83.6% (out of maximum of 140%) for Pierre Dufour, -24% lower than the variable portion for 2015.

The total amount of gross remuneration is therefore as follows:

<i>In euros</i>	Benoît Potier	Pierre Dufour
Fixed portion	1,175,000	675,000
Variable portion	1,258,425	564,300
TOTAL	2,433,425	1,239,300

The total amount of fixed and variable remuneration for 2016 is -11.4% lower than in 2015 for Benoît Potier and -10.8% lower for Pierre Dufour corresponding, on the basis of an annual average over the past five years, to a decrease of -2.1% and -1.8% a year respectively.

Pierre Dufour, who is responsible for the management of the hub in Frankfurt, also receives an annual amount of €250,000 paid by the German subsidiary, which includes, in particular, for approximately one half, an amount corresponding to the benefits in kind (housing) from which he previously benefited under his employment contract in France.

The Board of Directors placed on record the benefits in kind paid for the benefit of the executive officers in 2016 which include the use of a company car for each of the two executive officers as well as, for Benoît Potier, contributions to unemployment insurance for company managers and corporate officers.

It placed on record that the Group paid to third parties, for Benoît Potier, the contributions to the

supplementary defined contribution pension plans, to the collective life insurance plan and the additional death and disability benefits plan, and for Pierre Dufour, the contributions in respect of the savings contract entered into by the German company.

In 2016, a year of successful transformation for the Group, its operating performance is solid. In the context of moderate world growth, the comparable growth of the Group's annual sales amounts to +0.9% and the results obtained for the recurring EPS and ROCE criteria are lower than the objectives, which explains the significant decrease of the variable portion. These very ambitious objectives were set at the start of 2016 on the basis of the forecast increases in the industrial production indices per country at the end of 2015 which have been cut significantly.

2017 financial year

1. MR BENOÎT POTIER

Changes

The acquisition of Airgas in May 2016 led to a profound change in the Group's size, with an increase in revenue of +30%; the workforce grew by over 15,000 people, to 67,000 employees at the end of 2016; the number of customers has doubled, increasing from 1 million to 2 million customers; geographical presence in the United States has been extended, with the USA representing the leading company in the Group in terms of revenue and workforce. On the Paris marketplace, this change has led to an increase of +15.2% in stock market capitalisation, which has risen from €35.672 billion at December 31, 2015 to €41.085 billion at December 31, 2016 with Air Liquide advancing and reaching the 8th place in the CAC 40 at that date.

For Benoît Potier, who is tasked with the Group's leadership, this leads to a higher level of responsibility both to ensure the good integration of Airgas and realisation of the anticipated synergies and to conduct the development and long-term strategy of the new combined group. On the Remuneration Committee's recommendation, the Board of Directors has therefore considered it necessary to change the remuneration policy applicable to Benoît Potier in order for it to be adapted to the Group's new context, to remain competitive and to be an incentive to promote the Group's performance over the medium- to long-term in compliance with the company's interests and the interests of all the stakeholders.

Through a progressive approach and after consultation with major shareholders, the Board of Directors' desire was to give a certain visibility to the objectives envisaged with regard to medium-term remuneration; it also confirmed the remuneration structure, in particular with regard to the respective weight given to the fixed part and the variable components. Finally, it stressed that the proposed implementation timetable was subject to good performance and good integration of Airgas and was conditional on achievement of the Airgas synergies. In this context, the Board of Directors adopted the new remuneration policy applicable to Benoît Potier from 2017 onwards.

1.1. Changes in the remuneration policy

1.1.1. Definition of a medium-term target remuneration objective

- To determine an objective for 2018/2019, the Board based itself on external market surveys and, in particular, a study of the practices of the "large industrial groups" in the CAC 40 (which excludes services, consumer goods, bank and insurance groups). It noted that the positioning envisaged in the upper part of this reference panel for a good performance would however lead to a level of

remuneration that is still much lower than the amounts of remuneration received by the executive officers of competing groups.

In the United States, the level of total annual remuneration of the executive officers of industrial gases groups amounts to between USD 10 and USD 13 million in 2015.

- It moreover decided that the change will be made by stages until 2018/2019, with growth in total annual target and maximum remuneration of around 8% a year and an increase in each remuneration component from one year to the next that is kept under good control, subject to a good performance and integration of Airgas.

1.1.2. New remuneration structure

Within the scope of this change, the Board of Directors has set itself the objective of:

- maintaining a proportionate balance between the 3 components of remuneration (fixed and variable remuneration and long-term incentives or “LTI”) such that:
 - in accordance with recurring practice in Air Liquide, the **weight of the variable elements** (variable part and LTI combined) continues to represent approximately **75% of the total annual remuneration**; and that
 - in the balance between the 3 above-mentioned elements, a slightly greater weight continues to be given to the LTI element (with the fixed part representing approximately 25%, the variable part 35% and the long-term incentive element 40% of the total remuneration);
- gradually increasing the fixed annual remuneration in 2017 and 2018;
- substantially **modifying the structure** of the annual variable part of remuneration **as from 2017**, as follows:
 - (i) **The variable remuneration is now expressed as a target variable part** (as a % of the fixed remuneration) and also as a maximum; the total target variable part set represents approximately 90% of the total maximum variable part, for a very good performance. Accordingly, for fixed remuneration of 100, the target remuneration is 150% and the maximum 167%.

The absolute value of the maximum variable part remains stable in 2017 and represents 167% of the fixed remuneration.
 - (ii) **The quantitative criteria** are changed to include an objective of growth in **revenue** which is one of the 4 major objectives of the NEOS strategic plan.
 - (iii) **The qualitative criteria are simplified**, being 2/3 based on 3-4 categories of objectives defined every year and 1/3 based on an evaluation of individual performance.
 - (iv) **In the weighting** of the various criteria adopted (see table below),
 - **the weight of the quantitative criteria as compared to the qualitative criteria has been increased**, with a greater relative weight being assigned to the quantitative criteria as compared to the qualitative criteria;
 - **each quantitative criterion is assigned a target weighting** (expressed as a % of the fixed remuneration) corresponding to achievement at a level of 100% of the target objective set at the beginning of the year, **and a maximum weighting** (expressed as a % of the fixed remuneration).

- The target weighting and the maximum weighting are communicated *ex ante*; the actual weight of each criterion in the determination of the variable remuneration due in respect of the financial year will be established on the basis of the performance measured for each criterion in the light of the target objective, on the basis of the application of a formula for the financial criteria and the assessment of the executive officer's performance by the Board of Directors upon the Remuneration Committee's recommendation for the qualitative criteria. The actual weight (as a % of the fixed remuneration) of each quantitative criterion on the basis of achievement of the objective will be communicated *ex post*.

1.2. Implementation for the 2017 remuneration

By applying the principles set out above, the Board of Directors, at its meeting on February 14, 2017, adopted the components of Benoît Potier's remuneration for 2017 as follows:

1.2.1. Fixed remuneration

The fixed remuneration is set at €1,275,000, +8.5% higher than in 2016. The annual average growth of the fixed remuneration over the past five years is +3%.

1.2.2. Variable remuneration

The Board of Directors decided that the variable remuneration would be based on:

(i) 3 financial criteria as follows:

- increase in net earnings per share (EPS) excluding foreign exchange impact and significant exceptional items;
- Return on Capital Employed after tax (ROCE);
- comparable growth in consolidated revenue (excluding significant scope impact, and excluding foreign exchange impact and energy costs).

The increase in EPS criterion makes it possible to take into account all the income statement items. The ROCE criterion, which makes it possible to measure return on capital employed, is relevant in a highly capital-intensive industry. When all taken together, the three criteria of growth in revenue, EPS and ROCE reflect the balance achieved each year between profitable growth and return on investment.

The criteria of ROCE and growth in revenue are among the four objectives of the NEOS strategic plan.

For the increase in EPS and revenue, the calculation will be made on the basis of the consolidated financial statements of the new Group for 2017 compared to the estimated financial statements for 2016 including Airgas as of January 1 and excluding the businesses available for sale.

For each criterion, the Board of Directors has defined a target objective.

The target objectives set are exacting. They fit, completely consistently, into the trajectory of the NEOS groupwide programme which targets, for the period 2016-2020, an annual average growth in Group revenue of +6% to +8%, including in 2017 a scope impact related to the consolidation of Airgas corresponding to an annual average of +2%, and Return on Capital Employed (ROCE) of over 10% within 5-6 years.

They are not made public for confidentiality reasons.

For each financial criterion, a formula adopted by the Board makes it possible to calculate the amount of the variable remuneration due (within the limit of a maximum) taking into account, on the basis of the consolidated financial statements for the financial year, the value achieved for the criterion as compared to the target objective set. Thus, in case of a performance that exceeds the objective set, the value of the variable part is adjusted upward within the limit of the maximum set for each

criterion. In the event of a performance below the lower limit set for each objective, the fraction of the variable remuneration corresponding to this criterion is equal to zero.

(ii) qualitative criteria related:

- For two-thirds to the following 3 fields:
 - Integration of Airgas,
 - CSR: Safety and reliability – continuation of the efforts to improve safety in terms of the lost-time accident frequency rate,
 - Organisation/Human resources.
- For one third to individual performance

A target and maximum total weight is set for the qualitative criteria.

(iii) The breakdown key of the quantitative/qualitative criteria and, in each category, the target and maximum weights of each element, determined by applying the principles set out above, are as follows:

	Target variable remuneration (as a % of the fixed remuneration)	Maximum variable remuneration (as a % of the fixed remuneration)
Financial criteria, of which:	105	122
✓ EPS	40	47
✓ ROCE	45	52
✓ Revenue	20	23
Personal objectives, of which:	45	45
✓ CSR, Airgas integration, Organisation/HR and personal appraisal		
Total	150	167

The total amount of the variable remuneration due in respect of the 2017 financial year will be paid in 2018 after approval of the financial statements by the Annual Shareholders' Meeting. Payment of this amount is conditional on approval by the Annual Shareholders' Meeting of the elements of Benoît Potier's remuneration for 2017.

1.2.3. Long-term remuneration components

The following principles were adopted by the Board of Directors on February 14, 2017 for the grant scheduled for the autumn of 2017:

- The Board decided to continue with the policy initiated in 2015 aimed at giving preference to performance shares rather than stock options in the volumes granted. The Board confirmed that, according to the principle adopted in 2016, the award of performance shares and stock options to the executive officers and the changes therein over time will be assessed in terms of the IFRS value (and no longer in terms of the volume granted), for all stock option and performance share plans combined.

For 2017, the Board of Directors is envisaging, for Benoît Potier, a grant of LTI representing an IFRS value of approximately €2.1 million in view of the positioning sought for 2018.

- All the stock options and performance shares granted are subject to performance conditions that apply to both the stock option and performance share plans and are calculated over 3 years. From 2017 onwards, it was decided to simplify the relative TSR criterion which will from now on consist of a comparison with only one published index: the CAC 40 TSR index, reinvested dividends. For the fraction of the performance conditions that is based on this relative TSR criterion, no grant of stock options or performance shares will be possible if the average of Air Liquide TSR (reinvested dividends) over the period is lower than the average of CAC 40 TSR, reinvested dividends, over the same period.

The performance conditions applicable to the plans decided in the autumn are set by the Board of Directors at the start of the year at the Board meeting in February, in order to have a reference period of 3 full years

The objectives set for each performance condition are made public *ex post*, at the end of the Board of Directors' meeting in February following the end of the three financial years during which the performance must be achieved. The rate of achievement of the performance conditions and the percentage of stock options that vest/performance shares definitively awarded are also published at the end of this Board meeting.

Performance conditions

As a result of the foregoing, the performance conditions applicable to all the beneficiaries of the stock option and performance share plans to be implemented in 2017 were adopted by the Board of Directors on February 14, 2017. The number of stock options that may be exercised out of the total number of stock options that will be granted and the number of performance shares that will be definitively awarded within the scope of the 2017 Plans will depend:

(i) For 65% of the stock options/performance shares granted, on the rate of achievement of an objective, set by the Board, consisting of the average of the annual rates of growth in Group undiluted net earnings per share excluding foreign exchange impact and excluding significant exceptional items ("Recurring EPS") for financial years 2017, 2018 and 2019. At the objective set, the grant is 100% then decreases on a straight-line basis to zero if there is no growth in EPS. In order to take into account the impact of the Airgas acquisition in May 2016 and its financing, the following principle was adopted:

- of calculating the increase in Recurring EPS for 2017, on the basis of the estimated financial statements for 2016 including Airgas as of January 1 and excluding the businesses available for sale and thus making it possible to take into account comparable data;
- of maintaining an exacting objective with regard to the average of the annual rates of growth over this period. This objective has been set, like for the 2016 Plans, at a level of growth within a range of +6% to +10% per annum. The precise objective will be communicated *ex post*.

(ii) For 35% of the stock options/performance shares granted,

- For 50% of the stock options/performance shares referred to in sub-paragraph (ii): on an objective of Total Shareholder Return set by the Board, defined as the average annual growth rate of an investment in Air Liquide shares for financial years 2017, 2018 and 2019 ("AL TSR"). The absolute TSR objective is set on a consistent basis with regard to historical performance. At the objective set, the grant is 100% then decreases on a straight-line basis, to a lower limit.

- For 50% of the stock options/performance shares referred to in sub-paragraph (ii): on the rate of Total Shareholder Return from an investment in Air Liquide shares, reinvested dividends – sourced from Bloomberg (“B TSR”), compared to the CAC 40 TSR Index, reinvested dividends (sourced from Bloomberg).

The rate of achievement will be 0% if the average of Air Liquide TSR is lower than the average of the CAC 40 TSR, 50% if it is equal to the average of the CAC 40 TSR and 100% if it is more than 2% higher than the average of CAC 40 TSR on the basis of a straight-line change. This objective of 2%, which is slightly lower than in 2016, can be accounted for by the greater sensitivity of the performance conditions that are from now on based on a single TSR criterion (versus two previously: Peers TSR and CAC 40 TSR). Any grant for a performance lower than the average of CAC 40 TSR is impossible.

The rate of achievement of the performance conditions will be recorded by the Board at the time of adoption of the financial statements for the 2019 financial year.

2. SITUATION OF PIERRE DUFOUR /RETIEMENT IN 2017

Pierre Dufour has decided to claim his pension entitlements in 2017 and not to request the renewal of his office as Senior Executive Vice-President of L'Air Liquide S.A. at the end of the Annual Shareholders' Meeting in May 2017. His term of office as Managing Director in the German subsidiary Air Liquide Global Management Services GmbH (ALGMS) will also end in 2017. Pierre Dufour will continue to be a director of L'Air Liquide SA, his current term of office ending at the close of the Annual Shareholders' Meeting in 2020 called upon to approve the financial statements for the 2019 financial year.

In this context, on the Remuneration Committee's recommendation, the Board of Directors determined Pierre Dufour's fixed remuneration and the principles applicable to determine his variable remuneration for 2017.

It examined the financial conditions related to the end of Pierre Dufour's executive offices which will be adopted at the time of his departure and made public in accordance with the AFEP/MEDEF Code (as revised in November 2016):

2.1 Annual fixed and variable remuneration:

The remuneration in respect of the offices as Senior Executive Vice-President of L'Air Liquide S.A. and Managing Director of ALGMS (fixed remuneration, variable remuneration, other elements of remuneration, contributions to the German savings contract) will be due on a prorated basis to the length of time worked in 2017.

- The annual basis for the fixed remuneration will be identical to that for 2016, *i.e.* €675,000.
- For the financial criteria, the variable remuneration for 2017 will be calculated on the basis of the consolidated financial statements for the 2017 financial year and the estimated financial statements for 2016 including Airgas as of January 1 and excluding the businesses available for sale. The financial criteria and their weighting are identical to those for 2016 (see above). The qualitative criteria are related:
 - For two-thirds to the following 3 fields:
 - Integration of Airgas,
 - CSR: Safety and reliability – continuation of the efforts to improve safety in terms of the lost-time accident frequency rate,

- Organisation/Human resources.
- o For one third to individual performance
- The variable remuneration will be paid in 2018 subject to the vote by the Annual Shareholders' Meeting in May 2018 on the remuneration elements of Pierre Dufour for 2017.

2.2 Stock options and performance shares:

- o As Pierre Dufour has decided to claim his pension entitlements in 2017, he will not benefit from any grant of stock options and performance shares in 2017.
- o The Air Liquide stock option and performance share plan regulations provide that a beneficiary who leaves the Group due to retirement retains the benefit of the stock options that have not been exercised and the performance shares that have not yet been definitively awarded, even if the period for fulfilment of the performance conditions has not yet terminated. On the Remuneration Committee's recommendation, after a review as recommended by the AFEP/MEDEF Code, the Board of Directors confirmed its agreement to allow Pierre Dufour to retain the benefit of these stock options and performance shares in accordance with the terms of the original regulations. The regulations of these plans however remain applicable and, in particular:
 - The performance conditions and the periods during which these conditions must be met,
 - The lock-up period (stock options) and holding period (performance shares)

2.3 Non-competition clause/Termination indemnity:

- o In Germany, as authorised by the initial service agreement, the German subsidiary decided to waive the post-contractual non-competition undertaking provided for in this agreement. In consequence, no non-competition indemnity will be due to Pierre Dufour after his departure. It was also agreed that no notice period indemnity would be due at the time of this departure.
- o In France, no termination indemnity will be paid at the time of this departure.

Shareholding and share ownership obligations for the executive officers

- At the present time, each executive officer must **retain**, in registered form, until the termination of his duties, a **quantity of shares resulting from each exercise of stock options** representing a minimum amount equal to 50% of the net capital gain on acquisition for each exercise. This percentage may be lowered, without falling below 10%, as soon as the quantity of shares resulting from the exercise of stock options, for all plans combined, represents an amount at least equal to 50% of the sum of the net capital gains on acquisition of all the plans.
- Furthermore, the executive officers are subject to an **obligation to hold** a number of **shares** equivalent respectively to double his gross annual fixed remuneration for the Chairman and Chief Executive Officer and the amount of his gross annual fixed remuneration for the Senior Executive Vice-President.

At its meeting on February 14, 2017, the Board of Directors recorded that, at January 1, 2017, the minimum shareholding obligation pursuant to these rules is complied with by each of the executive officers.

Achievement of the performance conditions for the 2014 stock option and performance share plans

On the basis of the financial statements adopted for the 2016 financial year submitted for the approval of the next Annual Shareholders' Meeting, the Board of Directors recorded the rate of achievement of the **performance conditions** defined at the time of implementation of the **stock option and performance share plans** of September 22, 2014.

The 2014 stock option plan provided that the number of options that could effectively be exercised by the beneficiary of a conditional grant of options would depend on the rate of achievement of:

(i) For 65% of the options granted, an objective of growth in recurring EPS for the 2016 financial year as compared to that for the 2013 financial year set at +15% in order to be able to exercise all the stock options subject to this criterion, and decreasing on a straight-line basis down to 0% growth.

The Board of Directors recorded that growth in recurring EPS over the above-mentioned period amounted to +14.56% (*i.e.*, an objective achieved at 97.12%);

(ii) For 35% of the options granted, an objective of Total Shareholder Return:

- For 50% of the stock options referred to in sub-paragraph (ii): objective of the average annual growth rate of an investment in Air Liquide shares for financial years 2014, 2015 and 2016 ("AL TSR"), set at 8% in order to be able to exercise all the options subject to this criterion, and decreasing on a straight-line basis down to 4%.

The Board of Directors recorded that this growth over the above-mentioned period amounted to 5.99% *per annum* (*i.e.*, an objective achieved at 49.75%).

- For 50% of the stock options referred to in sub-paragraph (ii): objective of Total Shareholder Return for an investment in Air Liquide shares, reinvested dividends - sourced from Bloomberg ("B TSR"), compared to a reference index made up of:
 - for half, the CAC 40 index, reinvested dividends (sourced from Bloomberg), and
 - for half, the Total Shareholder Return of the companies in the industrial gases sector (the average of Air Liquide, Linde, Praxair and Air Products), reinvested dividends (sourced from Bloomberg),

for financial years 2014, 2015 and 2016.

The rate of achievement was 100% if the rate of return on Air Liquide shares was more than 3% higher than the average of the two indexes.

The total shareholder return for an investment in Air Liquide shares over the above-mentioned period was 7.7%. The total shareholder return of the CAC 40 index over the same period was 7.8% and that of the companies of the sector amounted to 6.8%. Consequently, the difference between the Air Liquide total shareholder return and the average of the total shareholder return of the CAC 40 index and of the Peers amounted to 0.451%. Therefore, the proportion of the options that could be exercised under this relative criterion is 66.02%.

Accordingly, the Board of Directors recorded that the total proportion of the options subject to conditions that could be exercised by the beneficiary was equal to 83.38%.

The 2014 performance share plan (from which the members of the General Management and the Executive Committee are not beneficiaries) provided that the number of shares acquired would depend on the rate of achievement of the objective of growth in recurring EPS for the 2016 financial year as compared to recurring EPS for the 2013 financial year set by the Board at +15% in order for all the shares to be definitively awarded, and decreasing on a straight-line basis down to 0% growth.

The Board of Directors recorded that growth in recurring EPS over the above-mentioned period amounted to 14.56%. Accordingly, the Board of Directors recorded that the proportion of shares subject to conditions definitively awarded to the beneficiaries will be **97.12%**.

Regulated agreements and commitments concerning Benoît Potier and Pierre Dufour

No regulated agreement was submitted to the Board of Directors during the 2016 financial year.

In accordance with French law, the Board of Directors carried out the annual re-examination of the agreements and commitments entered into and authorised during previous financial years which continued to be performed during the last financial year. These agreements concern the supplementary pension/death and disability benefit/life insurance plans and the termination indemnities applicable to Benoît Potier and Pierre Dufour. On the recommendation of the Remuneration Committee, the Board of Directors decide to maintain the current authorisations in force for Benoît Potier. Concerning Pierre Dufour's termination indemnity, following Pierre Dufour's decision to claim his pension entitlements, the Board of Directors placed on record, at its meeting on February 14, 2017, in agreement with Pierre Dufour, that, in accordance with the terms of the commitment, no indemnity could be paid in the event of forced departure and that, accordingly, this commitment no longer applies.

The Statutory Auditors' special report on regulated agreements and commitments will be included in the 2016 reference document. It will be proposed to the Annual Shareholders' Meeting on May 3, 2017 that it place on record that this report does not mention any new agreement.

“Say on Pay ex post”

The Board of Directors adopted the draft resolutions and the summary tables showing the elements of remuneration due or allocated to Benoît Potier, Chairman and Chief Executive Officer, and Pierre Dufour, Senior Executive Vice-President, respectively, in respect of 2016, which will be put to the advisory vote of the shareholders at the Annual Shareholders' Meeting on May 3, 2017.

“Say on Pay ex ante”

In accordance with Article L.225-37-2 of the French Commercial Code, the Board of Directors adopted the principles and criteria for determination, allocation and distribution of the fixed, variable and exceptional elements of the total remuneration and the benefits of all kinds that may be granted to the executive officers which will be submitted for approval by the Annual Shareholders' Meeting in a specific resolution for each executive officer and established the corresponding Report.