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Linde plc 2020 Directors' Report and Financial Statements

LINDE PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2020

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FORWARD-LOOKING STATEMENTS

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are identified by terms and phrases such as: anticipate, believe, intend, estimate, expect, continue, should, could, may, plan, project, predict, will, potential, forecast, and similar expressions. They are based on management's reasonable expectations and assumptions as of the date the statements are made but involve risks and uncertainties. These risks and uncertainties include, without limitation: the performance of stock markets generally; developments in worldwide and national economies and other international events and circumstances, including trade conflicts and tariffs; changes in foreign currencies and in interest rates; the cost and availability of electric power, natural gas and other raw materials; the ability to achieve price increases to offset cost increases; catastrophic events including natural disasters, epidemics, pandemics such as COVID-19, and acts of war and terrorism; the ability to attract, hire, and retain qualified personnel; the impact of changes in financial accounting standards; the impact of changes in pension plan liabilities; the impact of tax, environmental, healthcare and other legislation and government regulation in jurisdictions in which the company operates; the cost and outcomes of investigations, litigation and regulatory proceedings; the impact of potential unusual or non-recurring items; continued timely development and market acceptance of new products and applications; the impact of competitive products and pricing; future financial and operating performance of major customers and industries served; the impact of information technology system failures, network disruptions and breaches in data security; and the effectiveness and speed of integrating new acquisitions into the business. These risks and uncertainties may cause actual future results or circumstances to differ materially from accounting principles generally accepted in the United States of America, International Financial Reporting Standards or adjusted projections, estimates or other forward-looking statements.

Linde plc assumes no obligation to update or provide revisions to any forward-looking statement in response to changing circumstances. The above listed risks and uncertainties are further described in the Principal Risks and Uncertainties section of this report, which should be reviewed carefully. Please consider Linde plc's forward-looking statements in light of those risks.

Directors' Report

PRINCIPAL ACTIVITIES

General

Linde plc is a public limited company formed under the laws of Ireland with its principal offices in the United Kingdom. Linde is the largest industrial gas company worldwide and is a major technological innovator in the industrial gases industry. Its primary products in its industrial gases business are atmospheric gases (oxygen, nitrogen, argon, and rare gases) and process gases (carbon dioxide, helium, hydrogen, electronic gases, specialty gases, and acetylene). The company also designs and builds equipment that produces industrial gases and offers customers a wide range of gas production and processing services such as olefin plants, natural gas plants, air separation plants, hydrogen and synthesis gas plants and other types of plants.

Linde serves a diverse group of industries including healthcare, petroleum refining, manufacturing, food, beverage carbonation, fiber-optics, steel making, aerospace, chemicals, electronics and water treatment.

Industrial Gases Products and Manufacturing Processes

Atmospheric gases are the highest volume products produced by Linde. Using air as its raw material, Linde produces oxygen, nitrogen and argon through several air separation processes of which cryogenic air separation is the most prevalent. Rare gases, such as krypton, neon and xenon, are also produced through cryogenic air separation. As a pioneer in the industrial gases industry, Linde is a leader in developing a wide range of proprietary and patented applications and supply systems technology. Linde also led the development and commercialization of non-cryogenic air separation technologies for the production of industrial gases. These technologies open important new markets and optimize production capacity for the company by lowering the cost of supplying industrial gases. These technologies include proprietary vacuum pressure swing adsorption (“VPSA”) and membrane separation to produce gaseous oxygen and nitrogen, respectively.

Process gases, including carbon dioxide, hydrogen, carbon monoxide, helium, specialty gases and acetylene are produced by methods other than air separation. Most carbon dioxide is purchased from by-product sources, including chemical plants, refineries and industrial processes or is recovered from carbon dioxide wells. Carbon dioxide is processed in Linde’s plants to produce commercial and food-grade carbon dioxide. Hydrogen and carbon monoxide can be produced by either steam methane reforming or auto-thermal reforming of natural gas or other feed streams such as naphtha. Hydrogen is also produced by purifying by-product sources obtained from the chemical and petrochemical industries. Acetylene is primarily sourced as a chemical by-product, but may also be produced from calcium carbide and water.

Industrial Gases Distribution

There are three basic distribution methods for industrial gases: (i) on-site or tonnage; (ii) merchant or bulk liquid; and (iii) packaged or cylinder gases. These distribution methods are often integrated, with products from all three supply modes coming from the same plant. The method of supply is generally determined by the lowest cost means of meeting the customer’s needs, depending upon factors such as volume requirements, purity, pattern of usage, and the form in which the product is used (as a gas or as a cryogenic liquid).

On-site. Customers that require the largest volumes of product (typically oxygen, nitrogen and hydrogen) and that have a relatively constant demand pattern are supplied by cryogenic and process gas on-site plants. Linde constructs plants on or adjacent to these customers’ sites and supplies the product directly to customers by pipeline. On-site product supply contracts generally are total requirement contracts with terms typically ranging from 10-20 years and containing minimum purchase requirements and price escalation provisions. Many of the cryogenic on-site plants also produce liquid products for the merchant market. Therefore, plants are typically not dedicated to a single customer. Advanced air separation processes allow on-site delivery to customers with smaller volume requirements.

Merchant. The merchant business is generally associated with distributable liquid oxygen, nitrogen, argon, carbon dioxide, hydrogen and helium. The deliveries generally are made from Linde’s plants by tanker trucks to storage containers at the customer's site which are owned and maintained by Linde and leased to the customer. Due to distribution cost, merchant oxygen and nitrogen generally have a relatively small distribution radius from the plants at which they are produced. Merchant argon, hydrogen and helium can be shipped much longer distances. The customer agreements used in the merchant business are usually three-to seven-year requirement contracts.

Packaged Gases. Customers requiring small volumes are supplied products in metal containers called cylinders, under medium to high pressure. Packaged gases include atmospheric gases, carbon dioxide, hydrogen, helium, acetylene and related products. Linde also produces and distributes in cylinders a wide range of specialty gases and mixtures. Cylinders may be delivered to the customer’s site or picked up by the customer at a packaging facility or retail store. Packaged gases are generally sold under one to three-year supply contracts and through purchase orders.

A substantial amount of the cylinder gases sold in the United States are distributed by independent distributors that buy merchant gases in liquid form and repackage the products in their facilities. Packaged gas distributors, including Linde, also distribute hardgoods and welding equipment purchased from independent manufacturers. Over time, Linde has acquired a number of independent industrial gases and welding products distributors at various locations in the United States and continues to sell merchant gases to other independent distributors. Between its own distribution business, joint ventures and sales to independent distributors, Linde is represented in 48 states, the District of Columbia and Puerto Rico.

Engineering

Linde’s Engineering business has a global presence, with its focus on market segments such as olefin, natural gas, air separation, hydrogen and synthesis gas plants. The company utilizes its extensive process engineering knowledge in the planning, design and construction of efficient turnkey plants for the production and processing of gases. With its state-of-the-art sustainable technologies, Engineering helps customers avoid, capture and utilize CO2 emissions. Its technology portfolio covers the entire value chain for production, liquefaction, storage, distribution and application of hydrogen which supports the transition to clean energy. Its digital services and solutions increase plant efficiency and performance.

Linde's plants are used in a wide variety of fields: in the petrochemical and chemical industries, in refineries and fertilizer plants, to recover air gases, to produce synthesis gases, to treat natural gas and to produce noble gases. The Engineering business either supplies plant components directly to the customer or to the industrial gas business of Linde, which operates the plants under a long-term gases supply contract.

BUSINESS REVIEW

CONSOLIDATED RESULTS OF OPERATIONS

The following table provides summary results of operations of Linde plc for 2020 and 2019:

(Millions of dollars) Year Ended 31 December	2020	2019	Variance	
Revenue	$ 27,669	$ 28,758	$ (1,089)	(4)%
Cost of sales (includes depreciation)	19,406	20,869	(1,463)	(7)%
Marketing and selling expenses, Administrative and Research and development costs (includes depreciation and amortization)	4,802	5,073	(271)	(5)%
Other operating income and (expenses) - net	(58)	234	(292)	(125)%
Operating profit from continuing operations	**3,403**	**3,050**	353	12 %
Operating Margin	*12.3 %*	*10.6 %*		
Financial expenses - net	540	108	432	400 %
Share of profit and loss from associates and joint ventures (at equity)	52	63	(11)	(17)%
Income tax expense	874	812	62	8 %
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**$ 2,041**	**$ 2,193**	$ (152)	(7)%
attributable to Linde plc shareholders	$ 1,891	$ 2,061	$ (170)	(8)%
attributable to noncontrolling interests	$ 150	$ 132	$ 18	14 %
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS - LINDE PLC SHAREHOLDERS	$ 3.56	$ 3.78	$ (0.22)	(6)%

Results of Operations, 2020 Compared With 2019

Revenue decreased 4% to $27,669 million in 2020 compared to $28,758 million in 2019. Higher pricing across all geographic segments contributed 2% to revenues. Volume decreased revenues by 2% primarily driven by the impact of the macroeconomic slowdown, partially offset by new project start-ups. Currency translation decreased revenues by 1%, largely in the Americas, driven by the weakening of the Brazilian real against the U.S. dollar. Cost pass-through decreased revenues by 1% with minimal impact on operating profit. The impact of merger-related divestitures decreased sales by $65 million in 2020.

Cost of sales decreased 7% to $19,406 million in 2020 compared to $20,869 million in 2019 primarily due to lower volumes and the impact of productivity initiatives. Cost of sales was 70.1% and 72.6% of revenues, respectively, in 2020 and 2019. The decrease as a percentage of revenues was due primarily to the impact of cost reduction programs and productivity initiatives and the impact of lower cost pass-through.

Marketing and selling expenses, administrative and research and development costs ("SG&A/R&D") decreased $271 million in 2020 to $4,802 million, driven by the impact of cost reduction programs and productivity initiatives. SG&A/R&D was 17.4% of revenues in 2020 versus 17.6% of revenues in 2019.

Other operating income and (expenses) - net in 2020 was a net cost of $58 million versus a net benefit of $234 million in 2019. 2019 included $164 million net gain on merger-related divestitures. Excluding this impact, other operating income and (expenses) - net was a benefit of $70 million in 2019 (see Note 7 to the consolidated financial statements for a summary of major components).

Operating profit from continuing operations of $3,403 million in 2020 was $353 million, or 12% higher, than operating profit of $3,050 million in 2019. The increase in the year was driven by higher price and the benefit of cost reduction programs and productivity initiatives. Cost reduction programs and other charges were $506 million in 2020 and $567 million in 2019. 2019 also included a $164 million net gain on merger-related divestitures. A discussion of operating profit by segment is included in the segment discussion that follows.

Financial expense – net in 2020 increased $432 million, or 400%, versus 2019 and included a $344 million charge related to unfavorable foreign currency revaluation on unhedged intercompany loans that are not able to be designated as net investment hedges under international accounting standards (see Note 23 to the consolidated financial statements). 2020 also included a $16 million charge for the early redemption of bonds due in 2021 (see Note 19 to the consolidated financial statements).

Share of profit and loss from associates and joint ventures (at equity) decreased $11 million in 2020 versus 2019.

The reported effective tax rate ("ETR") for 2020 was 30.0% versus 27.0% in 2019. The increase was primarily due to a higher foreign tax differential in 2020 and the $344 million charge related to unfavorable foreign currency revaluation on unhedged intercompany loans which did not have a tax impact.

Profit from continuing operations for 2020 was $2,041 million, $152 million or 7% lower than $2,193 million in 2019. This is primarily driven by higher financial expense and ETR, slightly offset by higher operating profit in the year.

Diluted earnings per share from continuing operations - Linde plc shareholders ("EPS") of $3.56 in 2020 decreased 6% versus 2019, primarily due to lower overall profit from continuing operations.

SEGMENT DISCUSSION

Linde’s operations consist of two major product lines: industrial gases and engineering. Linde’s industrial gases operations are managed on a geographic basis, which represents three of the company's operating segments - Americas, EMEA (Europe/Middle East/ Africa), and APAC (Asia/South Pacific); a fourth operating segment which represents the company's Engineering business, designs and manufactures equipment for air separation and other industrial gas applications specifically for end customers and is managed on a worldwide basis operating in all geographic segments. Each of these operating segments is a separate reporting segment for financial reporting purposes. Other consists of corporate costs and a few smaller businesses which individually do not meet the quantitative thresholds for separate presentation.

Linde assesses the performance of the operating segments determined in accordance with US GAAP. Accordingly, the analysis of key performance indicators and the associated segment discussion that follows are based on US GAAP results. A reconciliation from US GAAP results to those determined under EU-IFRS (“IFRS”) for the years ended 31 December 2020 and 2019 is also provided. The following summary of US GAAP sales and operating profit by segment provides a basis for the discussion that follows. Linde evaluates the performance of its operating segments based on operating profit, excluding the items not indicative of ongoing business trends (“Segment operating profit”).

The table below presents sales and operating profit information about reportable segments and Other for the years ended 31 December 2020 and 2019.

(Millions of dollars) Year Ended 31 December	2020	2019	Variance	
Sales				
Americas	$ 10,459	$ 10,989	$ (530)	(5)%
EMEA	6,449	6,643	(194)	(3)%
APAC	5,687	5,779	(92)	(2)%
Engineering	2,851	2,799	52	2 %
Other	1,797	1,953	(156)	(8)%
Total US GAAP Sales	$ 27,243	$ 28,163	$ (920)	(3)%
GAAP adjustments [1]	426	530	(104)	(20)%
Merger-related divestitures [2]	—	65	(65)	(100)%
Total IFRS Consolidated Sales	$ 27,669	$ 28,758	$ (1,089)	(4)%
Operating Profit				
Americas	$ 2,773	$ 2,577	$ 196	8 %
EMEA	1,465	1,367	98	7 %
APAC	1,277	1,184	93	8 %
Engineering	435	390	45	12 %
Other	(153)	(246)	93	38 %
U.S. GAAP segment operating profit	$ 5,797	$ 5,272	$ 525	10 %
Reconciliation to Consolidated Operating Profit				
Cost reduction programs and other charges [3]	(506)	(567)	(61)	(11)%
Merger-related divestitures [2]	—	16	(16)	(100)%
Net gain on sale of businesses [4]	—	164	(164)	(100)%
Purchase accounting impacts - Linde AG [5]	(1,969)	(1,952)	(17)	(1)%
U.S. GAAP Consolidated Operating Profit	$ 3,322	$ 2,933	$ 389	13 %
GAAP adjustments [1]	81	117	(36)	
IFRS Consolidated Operating Profit	$ 3,403	$ 3,050	$ 353	12 %

(1) Primarily related to consolidation of certain entities under IFRS versus equity method accounting for U.S. GAAP.
(2) To adjust for the results of Praxair's merger-related divestitures.
(3) Related to cost reduction programs, largely severance costs, see Note 25 to the consolidated financial statements.
(4) To adjust for gains recognized related to the sale of businesses related to the merger.
(5) Impacts of the required purchase accounting related to the merger transaction, primarily the increased depreciation and amortization of assets recorded at fair value.

Americas

The Americas segment includes Linde's industrial gases operations in approximately 20 countries including the United States, Canada, Mexico and Brazil.

Sales for the Americas segment decreased $530 million, or 5%, in 2020 versus 2019. Higher pricing contributed 2% to sales. Lower volumes, primarily to the manufacturing and metals end markets, of 2%, were partially offset by new project start-ups and higher volumes to the healthcare end market. Currency translation decreased sales by 3%, primarily driven by the weakening of the Brazilian real, Mexican peso and Canadian dollar against the U.S. Dollar. Lower cost pass-through, primarily natural gas, decreased sales by 1% with minimal impact on operating profit.

Operating profit in the Americas segment increased $196 million, or 8%, in 2020 versus 2019. Operating profit increased due primarily to higher pricing and cost reduction and productivity initiatives, partially offset by lower volumes and unfavorable currency translation impacts.

EMEA

The EMEA segment includes Linde's industrial gases operations in approximately 45 European, Middle Eastern and African countries including Germany, France, Sweden, the Republic of South Africa, and the United Kingdom.

EMEA segment sales decreased $194 million, or 3%, in 2020 versus 2019. Volumes decreased 3% driven by lower volumes to the manufacturing and metals end-markets. Higher price contributed 2% to sales and cost pass-through decreased sales by 1%. Sales decreased 1% related to the divestiture of a non-core business in Scandinavia.

Operating profit for the EMEA segment increased $98 million, or 7%, in 2020 versus 2019 driven primarily by higher price and the impact of cost reduction programs, partially offset by lower volumes.

APAC

The APAC segment includes Linde's industrial gases operations in approximately 20 Asian and South Pacific countries and regions including China, Australia, India, South Korea and Taiwan.

Sales for the APAC segment decreased $92 million, or 2%, in 2020 versus 2019. Volumes decreased 2% as lower volumes to the manufacturing end-market and a prior year equipment sale more than offset the contribution of new project start-ups. Higher price increased sales by 1%. Cost pass-through decreased sales by 1% with minimal impact on operating profit.

Operating profit in the APAC segment increased $93 million, or 8%, in 2020 versus 2019, driven primarily by higher price and the impact of cost reduction programs, partially offset by lower volumes.

Engineering

Engineering segment sales increased $52 million, or 2%, in 2020 versus 2019, driven by favorable currency impacts.

Engineering segment operating profit increased $45 million or 12%, in 2020 versus 2019. The increase in operating profit for the year is due to project execution and the impact of productivity initiatives.

Other

Other consists of corporate costs and a few smaller businesses including: Surface Technologies, GIST, global helium wholesale, and Electronic Materials; which individually do not meet the quantitative thresholds for separate presentation.

Sales for Other decreased $156 million, or 8%, in 2020 versus 2019, primarily due to lower volumes largely due to surface technologies and to a lesser extent helium, partially offset by higher price largely related to helium and cost pass-through.

Operating profit in Other increased $93 million, or 38%, in 2020 versus 2019, due primarily to the impact of cost reduction and productivity initiatives.

CONSOLIDATED FINANCIAL POSITION

The following table provides a summary of consolidated financial position of Linde plc as of 31 December 2020 and 2019:

(Millions of dollars)	**31/12/2020**	**31/12/2019**	**Variance**	
Goodwill	$ 28,334	$ 27,148	$ 1,186	4 %
Other intangible assets - net	16,850	16,818	32	— %
Tangible assets - net	29,402	29,689	(287)	(1)%
Other assets	10,403	10,700	(297)	(3)%
Non-current assets classified as held for sale	27	320	(293)	(91)%
Cash and cash equivalents	3,845	2,790	1,055	38 %
TOTAL ASSETS	**$ 88,861**	**$ 87,465**	$ 1,396	2 %
Equity	50,058	52,141	(2,083)	(4)%
Pensions obligations and other provisions	4,535	3,705	830	22 %
Financial debt	16,146	13,947	2,199	16 %
Other liabilities	18,109	17,587	522	3 %
Liabilities in connection with non-current assets classified as held for sale	13	85	(72)	(85)%
TOTAL EQUITY AND LIABILITIES	**$ 88,861**	**$ 87,465**	$ 1,396	2 %

Goodwill increased $1,186 million to $28,334 million as of 31 December 2020 from $27,148 million as of 31 December 2019. This increase is primarily related to the impact of currency translation during the year ended 31 December 2020 (see Note 11 to the consolidated financial statements).

Other intangible assets – net increased $32 million to $16,850 million as of 31 December 2020 from $16,818 million as of 31 December 2019. This increase is primarily related to the impacts of currency translation which more than offset the decrease from the amortization of finite lived intangible assets (see Note 11 to the consolidated financial statements).

Tangible assets (property, plant and equipment – net) decreased $287 million to $29,402 million as of 31 December 2020 from $29,689 million as of 31 December 2019. This decrease is primarily related to the depreciation of the tangible assets partially offset by capital expenditures and the impact of currency translation during the year ended 31 December 2020 (see Note 12 to the consolidated financial statements).

Other assets decreased $297 million to $10,403 million as of 31 December 2020 from $10,700 million as of 31 December 2019. This decrease was primarily due to decreases in several asset categories including contract assets and miscellaneous other receivables and other assets during the year ended 31 December 2020.

Non-current assets classified as held for sale, net of Liabilities in connection with non-current assets classified as held for sale was $14 million at 31 December 2020 versus $235 million at 31 December 2019 driven primarily by the completion of the merger-related divestitures.

Cash and cash equivalents increased $1,055 million to $3,845 million as of 31 December 2020 from $2,790 million as of 31 December 2019. Operating cash flow of $7,835 million more than offset cash outflows for investing activities of $2,992 million and cash outflows for financing activities of $3,747 million. See the "Liquidity and Capital Resources" discussion below for further detail. The cash is available for corporate uses, including among others, capital expenditures, dividends and share repurchases.

Equity decreased $2,083 million to $50,058 million as of 31 December 2020 from $52,141 million as of 31 December 2019. This decrease was primarily driven by share option schemes and net share repurchases of $2,351 million and $2,028 million of dividend payments to Linde plc shareholders, partially offset by net income of $2,046 million and currency translation of $898 million (see the statement of changes in consolidated equity and Note 16 to the consolidated financial statements).

Pension obligations and other provisions increased $830 million to $4,535 million as of 31 December 2020 from $3,705 million as of 31 December 2019. This increase is primarily related to the revaluation of pension obligations which was negatively impacted by a reduction in discount rates, most significantly in EMEA (see Note 17 to the consolidated financial statements) and increases in provisions related to cost reduction programs, primarily severance, related to the execution of the company's synergistic actions (see Note 18 to the consolidated financial statements).

Financial debt (the sum of short-term debt, current portion of long-term debt and long-term debt), increased $2,199 million to $16,146 million as of 31 December 2020 from $13,947 million as of 31 December 2019 driven primarily by debt borrowings, net of repayments during 2020 (see "Liquidity and Capital Resources" discussion below and Note 19 to the consolidated financial statements).

Other liabilities increased $522 million to $18,109 million as of 31 December 2020 from $17,587 million as of 31 December 2019. This increase is driven largely by the timing of accruals and a $231 million liability related to the buyout of minority interests in the Republic of South Africa completed in January 2021 (see Note 16 to the consolidated financial statements).

LIQUIDITY AND CAPITAL RESOURCES

Following is a summary of the consolidated statement of cash flows:

(Millions of dollars)

Year Ended 31 December	**2020**	**2019**	**Variance**
Cash flow from operating activities	$ 7,835	$ 6,560	$ 1,275
Cash flow (for)/from investing activities	(2,992)	1,164	(4,156)
Cash flow for financing activities	(3,747)	(9,391)	5,644
Other cash activity	(41)	(76)	35
Change in cash and cash equivalents	1,055	(1,743)	2,798
Cash and cash equivalents, beginning -of-period	2,790	4,533	(1,743)
Cash and cash equivalents, end-of-period	$ 3,845	$ 2,790	$ 1,055

Cash flow from operating activities

Cash flow from operations was $7,835 million, or 28% of sales, an increase of $1,275 million from $6,560 million, or 23% of sales in 2019. The increase was driven by higher profit adjusted for non-cash charges, better working capital management and lower merger and synergy related cash outflows.

Cash flow (for)/from investing activities

Net cash used for investing activities was $2,992 million in 2020, largely related to capital expenditures. The net cash inflow of $1,164 million in 2019 was primarily due to proceeds from merger-related divestitures partially offset by capital expenditures.

Divestitures and asset sales for the year ended 31 December 2020 and 2019 were $468 million and $5,091 million, respectively. The 2019 period includes net proceeds of $3.4 billion from the sale of Linde AG's Americas business, $1.2 billion from the sale of Linde Korea, and approximately $200 million each from the sale of the legacy Praxair and legacy Linde India selected assets.

Capital expenditures for the year ended 31 December 2020 were $3,429 million, a decrease of $273 million from 2019.

At 31 December 2020, Linde's sale of gas backlog of large projects under construction was approximately $3.6 billion. This represents the total estimated capital cost of large plants under construction.

Acquisition expenditures in 2020 were $31 million and primarily related to acquisitions in the Americas and APAC. Acquisition expenditures in 2019 were $225 million and related primarily to acquisitions in the Americas.

Cash flow (for)/from financing activities

Linde's financing strategy is to secure long-term committed funding by issuing public notes and debentures and commercial paper backed by a long-term bank credit agreement. Linde's international operations are funded through a combination of local borrowing and inter-company funding to minimize the total cost of funds and to manage and centralize currency exchange exposures. As deemed necessary, Linde manages its exposure to interest-rate changes through the use of financial derivatives.

Cash flow for financing activities was $3,747 million in 2020 compared to $9,391 million in 2019. Cash provided by debt in 2020 was $1,284 million versus cash used for debt of $1,276 million in 2019 primarily due to bond issuance, net of repayments, and increased commercial paper borrowings in 2020. The 2019 period also included a $3,200 million outflow for the cash-merger squeeze-out of the 8% of Linde AG shares completed on 8 April 2019.

Cash dividends of $2,028 million increased $137 million from 2019 driven primarily by a 10% increase in dividends per share from $3.50 per share to $3.85 per share.

Net purchases of ordinary shares were $2,410 million in 2020 versus $2,586 million in 2019. Noncontrolling interest transactions and other payments was $102 million in 2020 versus $3,105 million in 2019, driven by the squeeze out payment to the 8% Linde AG noncontrolling interests in 2019.

On 25 January 2021, the company's board of directors approved the additional repurchase of $5.0 billion of its ordinary shares.

The company believes that it has sufficient operating flexibility, cash reserves, and funding sources to maintain adequate amounts of liquidity to meet its business needs around the world. The company has a $5 billion unsecured and undrawn revolving credit agreement with no associated financial covenants. No borrowings were outstanding under the credit agreement as of 31 December 2020. The company does not anticipate any limitations on its ability to access the debt capital markets and/or other external funding sources and remains committed to its strong ratings from Moody's and Standard & Poor's. At 31 December 2020, Linde's credit ratings as reported by Standard and Poor's and Moody's were A-1 and P-1 for short term debt, respectively, and A and A2 for long-term debt, respectively.

Note 19 to the consolidated financial statements includes information with respect to the company's debt activity in 2020, current debt position, debt covenants and the available credit facilities; and Note 23 includes information relating to derivative financial instruments. Linde's credit facilities are with major financial institutions and are non-cancelable until maturity. Therefore, the company believes the risk of the financial institutions being unable to make required loans under the credit facilities, if requested, to be low. Linde's major bank credit and long-term debt agreements contain standard covenants. The company was in compliance with these covenants at 31 December 2020 and expects to remain in compliance for the foreseeable future.

Linde's total net financial debt outstanding (i.e. total financial debt less cash) was $12,301 million at 31 December 2020, $1,144 million higher than $11,157 million at 31 December 2019. The 31 December 2020 net debt balance includes $15,058 million in public securities and $1,088 million of other global borrowings, net of $3,845 million of cash. Linde's global effective borrowing rate was approximately 2% for 2020.

Following is a summary of significant debt activity in 2020:

- In May 2020, Linde issued €750 million of 0.250% notes due 2027 and €750 million of 0.550% notes due 2032.
- In August 2020, Linde issued $700 million of 1.100% notes due 2030 and $300 million of 2.000% notes due 2050.
- In September 2020, the company repaid €1,000 million of 1.75% notes and $300 million of 2.25% notes that became due.
- In December 2020, the company repaid $500 million of 4.05% notes and $500 million of 3.00% notes that were due in 2021 resulting in a $16 million interest charge (see Note 19 to the consolidated financial statements).

Other cash activity

Other cash activity primarily includes the effects of currency translation on cash.

PRINCIPAL RISKS AND UNCERTAINTIES

Due to the size and geographic reach of the company's operations, a wide range of factors, many of which are outside of the company's control, could materially affect the company's future operations and financial performance. Management believes the following risks may significantly impact the company:

The recent novel coronavirus (COVID-19) outbreak could materially adversely affect our results of operations.

The novel strain of the coronavirus identified in China in late 2019 has globally spread and has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. These measures have impacted and may further impact our workforce and operations, the operations of our customers, vendors and suppliers. There is considerable uncertainty regarding such measures and potential future measures, and restrictions on our access to our manufacturing facilities or on our support operations or workforce, or similar limitations for our vendors and suppliers, and restrictions or disruptions of transportation, such as reduced availability of air transport, port closures, and increased border controls or closures, could limit our capacity to meet customer demand and have a material adverse effect on our results of operations. These restrictions and disruptions could affect our performance on our contracts.

Furthermore, COVID-19 has impacted and may further impact the broader economies of affected countries, including negatively impacting economic growth, the proper functioning of financial and capital markets, foreign currency exchange rates, and interest rates. Risks related to economic conditions are described in our Principal Risks and Uncertainties titled "Weakening economic conditions in markets in which Linde does business may adversely impact its financial results and/or cash flows" and "Macroeconomic factors may impact Linde's ability to obtain financing or increase the cost of obtaining financing which may adversely impact Linde's financial results and/or cash flows."

Weakening economic conditions in markets in which Linde does business may adversely impact its financial results and/or cash flows.

Linde serves a diverse group of industries across more than 100 countries, which generally leads to financial stability through various business cycles. However, a broad decline in general economic or business conditions in the industries served by its customers could adversely affect the demand for Linde's products and impair the ability of its customers to satisfy their obligations to Linde, resulting in uncollected receivables and/or unanticipated contract terminations or project delays. For example, global political and economic uncertainty could reduce investment activities of Linde's customers, which could adversely affect Linde's business.

In addition, many of Linde's customers are in businesses that are cyclical in nature, such as the chemicals, metals and energy industries. Downturns in these industries may adversely impact Linde during these cycles. Additionally, such conditions could impact the utilization of Linde's manufacturing capacity which may require it to recognize impairment losses on tangible assets such as property, plant and equipment, as well as intangible assets such as goodwill, customer relationships or intellectual property.

Increases in the cost of energy and raw materials and/or disruption in the supply of these materials could result in lost sales or reduced profitability.

Energy is the single largest cost item in the production and distribution of industrial gases. Most of Linde's energy requirements are in the form of electricity, natural gas and diesel fuel for distribution. Linde attempts to minimize the financial impact of variability in these costs through the management of customer contracts and reducing demand through operational productivity and energy efficiency. Large customer contracts typically have escalation and pass-through clauses to recover energy and feedstock costs. Such attempts may not successfully mitigate cost variability, which could negatively impact Linde's financial condition or results of operations. The supply of energy has not been a significant issue in the geographic areas where Linde conducts business. However, regional energy conditions are unpredictable and may pose future risk.

For carbon dioxide, carbon monoxide, helium, hydrogen, specialty gases and surface technologies, raw materials are largely purchased from outside sources. Where feasible, Linde sources several of these raw materials, including carbon dioxide, hydrogen and calcium carbide, as chemical or industrial byproducts. In addition, Linde has contracts or commitments for, or readily available sources of, most of these raw materials; however, their long-term availability and prices are subject to market conditions. A disruption in supply of such raw materials could impact Linde's ability to meet contractual supply commitments.

Linde's international operations are subject to the risks of doing business abroad and international events and circumstances may adversely impact its business, financial condition or results of operations.

Linde has substantial international operations which are subject to risks including devaluations in currency exchange rates, transportation delays and interruptions, political and economic instability and disruptions, restrictions on the transfer of funds, trade conflicts and the imposition of duties and tariffs, import and export controls, changes in governmental policies, labor unrest, possible nationalization and/or expropriation of assets, changes in U.S. and non-U.S. tax policies and compliance with governmental regulations. These events could have an adverse effect on the international operations of Linde in the future by reducing the demand for its products, decreasing the prices at which it can sell its products, reducing the revenue from international operations or otherwise having an adverse effect on its business.

Currency exchange rate fluctuations and other related risks may adversely affect Linde's results.

Because a significant portion of Linde's revenue is denominated in currencies other than its reporting currency, the U.S. dollar, changes in exchange rates will produce fluctuations in revenue, costs and earnings and may also affect the book value of assets and liabilities and related equity. Although the company from time to time utilizes foreign exchange forward contracts to hedge these exposures, its efforts to minimize currency exposure through such hedging transactions may not be successful depending on market and business conditions. As a result, fluctuations in foreign currency exchange rates could adversely affect Linde’s financial condition, results of operations or cash flows.

Macroeconomic factors may impact Linde’s ability to obtain financing or increase the cost of obtaining financing which may adversely impact Linde’s financial results and/or cash flows.

Volatility and disruption in the U.S., European and global credit and equity markets, from time to time, could make it more difficult for Linde to obtain financing for its operations and/or could increase the cost of obtaining financing. In addition, Linde’s borrowing costs can be affected by short- and long-term debt ratings assigned by independent rating agencies which are based, in significant part, on its performance as measured by certain criteria such as interest coverage and leverage ratios. A decrease in these debt ratings could increase the cost of borrowing or make it more difficult to obtain financing.

An impairment of goodwill or intangible assets could negatively impact the company's financial results.

As of 31 December 2020, the net carrying value of goodwill and other indefinite-lived intangible assets was $28 billion and $2 billion, respectively, primarily as a result of the business combination and the related acquisition method of accounting applied to Linde AG. In accordance with generally accepted accounting principles, the company periodically assesses these assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to business, unexpected significant changes or planned changes in use of the assets, divestitures and sustained market capitalization declines may result in recognition of impairments to goodwill or other indefinite-lived assets. Any charges relating to such impairments could have a material adverse impact on Linde's results of operations in the periods recognized.

Catastrophic events could disrupt the operations of Linde and/or its customers and suppliers and may have a significant adverse impact on the results of operations.

The occurrence of catastrophic events or natural disasters such as extreme weather, including hurricanes and floods; health epidemics; and acts of war or terrorism, could disrupt or delay Linde’s ability to produce and distribute its products to customers and could potentially expose Linde to third-party liability claims. In addition, such events could impact Linde’s customers and suppliers resulting in temporary or long-term outages and/or the limitation of supply of energy and other raw materials used in normal business operations. Linde evaluates the direct and indirect business risks, consults with vendors, insurance providers and industry experts, makes investments in suitably resilient design and technology, and conducts regular reviews of the business risks with management. Despite these steps, however, these situations are outside Linde’s control and may have a significant adverse impact on its financial results.

The inability to attract and retain qualified personnel may adversely impact Linde’s business.

If Linde fails to attract, hire and retain qualified personnel, it may not be able to develop, market or sell its products or successfully manage its business. Linde is dependent upon a highly skilled, experienced and efficient workforce to be successful. Much of Linde’s competitive advantage is based on the expertise and experience of key personnel regarding marketing, technology, manufacturing and distribution infrastructure, systems and products. The inability to attract and hire qualified individuals or the loss of key employees in very skilled areas could have a negative effect on Linde’s financial results.

If Linde fails to keep pace with technological advances in the industry or if new technology initiatives do not become commercially accepted, customers may not continue to buy Linde’s products and results of operations could be adversely affected.

Linde’s research and development is directed toward developing new and improved methods for the production and distribution of industrial gases, the design and construction of plants and toward developing new markets and applications for the use of industrial and process gases. This results in the introduction of new applications and the development of new advanced process technologies. As a result of these efforts, Linde develops new and proprietary technologies and employs necessary measures to protect such technologies within the global geographies in which Linde operates. These technologies help Linde to create a competitive advantage and to provide a platform to grow its business. If Linde's research and development activities do not keep pace with competitors or if Linde does not create new technologies that benefit customers, future results of operations could be adversely affected.

Risks related to pension benefit plans may adversely impact Linde's results of operations and cash flows.

Pension benefits represent significant financial obligations that will be ultimately settled in the future with employees who meet eligibility requirements. Because of the uncertainties involved in estimating the timing and amount of future payments and asset returns, significant estimates are required to calculate pension expense and liabilities related to Linde's plans. Linde utilizes the services of independent actuaries, whose models are used to facilitate these calculations. Several key assumptions are used in the actuarial models to calculate pension expense and liability amounts recorded in the consolidated financial statements. In particular, significant changes in actual investment returns on pension assets, discount rates, or legislative or regulatory changes could impact future results of operations and required pension contributions.

Operational risks may adversely impact Linde's business or results of operations.

Linde's operating results are dependent on the continued operation of its production facilities and its ability to meet customer contract requirements and other needs. Insufficient or excess capacity threatens Linde's ability to generate competitive profit margins and may expose Linde to liabilities related to contract commitments. Operating results are also dependent on Linde's ability to complete new construction projects on time, on budget and in accordance with performance requirements. Failure to do so may expose Linde's business to loss of revenue, potential litigation and loss of business reputation.

Also inherent in the management of Linde's production facilities and delivery systems, including storage, vehicle transportation and pipelines, are operational risks that require continuous training, oversight and control. Material operating failures at production, storage facilities or pipelines, including fire, toxic release and explosions, or the occurrence of vehicle transportation accidents could result in loss of life, damage to the environment, loss of production and/or extensive property damage, all of which may negatively impact Linde's financial results.

Linde may be subject to information technology system failures, network disruptions and breaches in data security.

Linde relies on information technology systems and networks for business and operational activities, and also stores and processes sensitive business and proprietary information in these systems and networks. These systems are susceptible to outages due to fire, flood, power loss, telecommunications failures, viruses, break-ins and similar events, or breaches of security.

Linde has taken steps to address these risks and concerns by implementing advanced security technologies, internal controls, network and data center resiliency and recovery process. Despite these steps, however, operational failures and breaches of security from increasingly sophisticated cyber threats could lead to the loss or disclosure of confidential information, result in business interruption or malfunction or regulatory actions and have a material adverse impact on Linde's operations, reputation and financial results.

The inability to effectively integrate acquisitions or collaborate with joint venture partners could adversely impact Linde's financial position and results of operations.

Linde has evaluated and expects to continue to evaluate, a wide array of potential strategic acquisitions and joint ventures. Many of these transactions, if consummated, could be material to its financial condition and results of operations. In addition, the process of integrating an acquired company, business or group of assets may create unforeseen operating difficulties and expenditures. Although historically Linde has been successful with its acquisition strategy and execution, the areas where Linde may face risks include:

- the need to implement or remediate controls, procedures and policies appropriate for a larger public company at companies that prior to the acquisition lacked these controls, procedures and policies;
- diversion of management time and focus from operating existing business to acquisition integration challenges;
- cultural challenges associated with integrating employees from the acquired company into the existing organization;
- the need to integrate each company's accounting, management information, human resources and other administrative systems to permit effective management;
- difficulty with the assimilation of acquired operations and products;
- failure to achieve targeted synergies and cost reductions; and
- inability to retain key employees and business relationships of acquired companies.

Foreign acquisitions and joint ventures involve unique risks in addition to those mentioned herein, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries.

Also, the anticipated benefit of potential future acquisitions may not materialize. Future acquisitions or dispositions could result in the incurrence of debt, contingent liabilities or amortization expenses, or impairments of goodwill, any of which could adversely impact Linde's financial results.

Linde is subject to a variety of international laws and government regulations and changes in, or failure to comply with, these laws or regulations could have an adverse impact on the company's business, financial position and results of operations.

Linde is subject to regulations in the following areas, among others:

- environmental protection, including climate change and energy efficiency laws and policies;
- U.S. and non-U.S. tax laws and currency controls;
- safety;
- securities laws applicable in the United States, the European Union, Germany, Ireland, and other jurisdictions;
- trade and import/export restrictions, as well as economic sanctions laws;
- antitrust matters;
- data protection;
- global anti-bribery laws, including the U.S. Foreign Corrupt Practices Act; and
- healthcare regulations.

Changes in these or other regulatory areas may impact Linde's profitability and may give rise to new or increased compliance risks: it may become more complex and costly to ensure compliance, and the level of sanctions in the event of non-compliance may rise. Noncompliance with such laws and regulations could result in penalties or sanctions, cancellation of marketing rights or restrictions on participation in, or even exclusion from, public tender proceedings, all of which could have a material adverse impact on Linde's financial results and/or reputation.

Such changes may also restrict Linde's ability to compete effectively in the marketplace. Changes to regulations in the areas of environmental protection and climate change, for example, may impact customer behavior driving structural change in key end markets. While Linde will work to mitigate these risks through the pursuit of strategic alliances and investment in applications technologies to capture new growth areas, given the uncertainty about the type and scope of new regulations, it is difficult to predict how such changes and their impact on market behavior will ultimately impact Linde's business. However, such changes could have a material adverse impact on Linde's results of operations.

Doing business globally requires Linde to comply with anti-corruption, trade, compliance and economic sanctions and similar laws, and to implement policies and procedures designed to ensure that its employees and other intermediaries comply with the applicable restrictions. These restrictions include prohibitions on the sale or supply of certain products, services and any other economic resources to embargoed or sanctioned countries, governments, persons and entities. Compliance with these restrictions requires, among other things, screening of business partners. Despite its commitment to legal compliance and corporate ethics, the company cannot ensure that its policies and procedures will always protect it from intentional, reckless or negligent acts committed by employees or agents under the applicable laws. If Linde fails to comply with laws governing the conduct of international operations, Linde may be subject to criminal and civil penalties and other remedial measures, which could materially adversely affect its reputation, business and results of operations.

The outcome of litigation or governmental investigations may adversely impact the company's business or results of operations.

Linde's subsidiaries are party to various lawsuits and governmental investigations arising in the ordinary course of business. Adverse outcomes in some or all of the claims pending may result in significant monetary damages or injunctive relief that could adversely affect Linde's ability to conduct business. Linde and its subsidiaries may in the future become subject to further claims and litigation, which is impossible to predict. The litigation and other claims Linde faces are subject to inherent uncertainties. Legal or regulatory judgments or agreed settlements might give rise to expenses which are not covered, or are not fully covered, by insurance benefits and may also lead to negative publicity and reputational damage. An unfavorable outcome or determination could cause a material adverse impact on the company's results of operations.

Potential product defects or inadequate customer care may adversely impact Linde's business or results of operations.

Risks associated with products and services may result in potential liability claims, the loss of customers or damage to Linde's reputation. Principal possible causes of risks associated with products and services are product defects or an inadequate level of customer care when Linde is providing services.

Linde is exposed to legal risks relating to product liability in the countries where it operates, including countries such as the United States, where legal risks (in particular through class actions) have historically been more significant than in other countries. The outcome of any pending or future products and services proceedings or investigations cannot be predicted and legal or regulatory judgments or agreed settlements may give rise to significant losses, costs and expenses.

The manufacturing and sale of products as well as the construction of plants by Linde may give rise to risks associated with the production, filling, storage, handling and transport of raw materials, goods or waste. Industrial gases are potentially hazardous substances and medical gases and the related healthcare services must comply with the relevant specifications in order to not adversely affect the health of patients treated with them.

Linde’s products and services, if defective or not handled or performed appropriately, may lead to personal injuries, business interruptions, environmental damages or other significant damages, which may result, among other consequences, in liability, losses, monetary penalties or compensation payments, environmental clean-up costs or other costs and expenses, exclusion from certain market sectors deemed important for future development of the business and loss of reputation. All these consequences could have a material adverse effect on Linde’s business and results of operations.

U.S. civil liabilities may not be enforceable against Linde.

Linde is organized under the laws of Ireland and substantial portions of its assets will be located outside of the United States. In addition, certain directors and officers of Linde and its subsidiaries reside outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon Linde or such persons, or to enforce outside the United States judgments obtained against such persons in U.S. courts in any action, including actions predicated upon the civil liability provisions of the U.S. federal securities laws. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, rights predicated upon the U.S. federal securities laws.

A judgment for the payment of money rendered by a court in the United States based on civil liability would not be automatically enforceable in Ireland. There is no treaty between Ireland and the United States providing for the reciprocal enforcement of foreign judgments. The following requirements must be met before the foreign judgment will be deemed to be enforceable in Ireland (i) the judgment must be for a definite sum, (ii) the judgment must be final and conclusive; and (iii) the judgment must be provided by a court of competent jurisdiction.

An Irish court will also exercise its right to refuse judgment if the foreign judgment (i) was obtained by fraud; (ii) violated Irish public policy; (iii) is in breach of natural justice; or (iv) if the judgment is irreconcilable with an earlier foreign judgment.

In addition, there is doubt as to whether an Irish court would accept jurisdiction and impose civil liability on Linde or such persons in an original action predicated solely upon the U.S. federal securities laws brought in a court of competent jurisdiction in Ireland against Linde or such member, officer or expert, respectively.

Changes in tax laws or policy could adversely impact the company’s financial position or results of operations.

Linde and its subsidiaries are subject to the tax rules and regulations in the U.S., Germany, Ireland, the U.K. and other countries in which they operate. Those tax rules and regulations are subject to change on a prospective or retroactive basis. Under current economic and political conditions tax rates and policies in any jurisdiction, including the U.S., the U.K. and the EU, are subject to significant changes which could result in a significant change to Linde's current and deferred income tax. In particular,since Linde is currently treated as U.K. tax resident, any potential changes in the tax rules applying to U.K. tax-resident companies would directly affect Linde.

A change in Linde’s tax residency could have a negative effect on the company’s future profitability, and may trigger taxes on dividends or exit charges. If Linde ceases to be resident in the U.K. and becomes resident in another jurisdiction, it may be subject to U.K. exit charges, and/or could become liable for additional tax charges in the other jurisdiction. If Linde were to be treated as resident in more than one jurisdiction, it could be subject to duplicative taxation. Furthermore, although Linde is incorporated in Ireland and is not expected to be treated as a domestic corporation for U.S. federal income tax purposes, it is possible that the IRS could challenge this result or that changes in U.S. federal income tax law could alter this result. If the IRS successfully asserted such a position or the law were to change, significant adverse tax consequences may result for Linde, the company and Linde’s shareholders.

Changes in tax laws may result in higher tax expense and tax payments. In addition, changes in tax legislation and uncertainty about the tax environment in some regions may restrict Linde's opportunity to enforce its respective rights under the law. Linde also operates in countries with complex tax regulations which could be interpreted in different ways. Linde and its subsidiaries are subject to audits by taxing authorities in various jurisdictions or other review actions by the relevant financial or tax authorities. The ultimate tax outcome may differ from the amounts recorded in Linde’s or its subsidiaries’ financial statements and may materially affect their respective financial results for the period when such determination is made.

FINANCIAL INSTRUMENTS

In its normal operations, Linde is exposed to market risks relating to fluctuations in interest rates, foreign currency exchange rates, energy costs and to a lesser extent precious metal prices. The objective of financial risk management at Linde is to minimize the negative impact of such fluctuations on the company’s earnings and cash flows. To manage these risks, among other strategies, Linde routinely enters into various derivative financial instruments (“derivatives”) including interest-rate swap and treasury rate lock agreements, currency-swap agreements, forward contracts, currency options, and commodity-swap agreements. These instruments are not entered into for trading purposes and Linde only uses commonly traded and non-leveraged instruments. Counterparties to Linde’s derivatives are major banking institutions with credit ratings of investment grade or better thereby minimizing the risk of credit loss. As of year-end, Linde had existing Credit Support Annexes ("CSAs") in place with their principal counterparties to minimize potential default risk and to mitigate counterparty risk. Under the CSAs, the fair values of derivatives for the purpose of interest rate and currency management are collateralized with cash on a regular basis

There are three types of derivatives that the company enters into: (i) those relating to fair-value exposures, (ii) those relating to cash-flow exposures, and (iii) those relating to foreign currency net investment exposures. Fair-value exposures relate to changes in the fair value of recognized assets or liabilities, primarily financial assets and financial liabilities, and firm commitments. Cash-flow exposures relate to the variability of future cash flows associated with recognized assets or liabilities, or forecasted transactions for which no underlying exposure is yet reported in the consolidated statement of financial position. Net investment exposures relate to the impact of foreign currency exchange rate changes on the carrying value of net assets denominated in foreign currencies.

Interest Rate Risk

At 31 December 2020, Linde had debt totaling $16,146 million ($13,947 million at 31 December 2019). For fixed-rate instruments, interest rate changes affect the fair market value but do not impact earnings or cash flows. Conversely, for floating-rate instruments, interest rate changes generally do not affect the fair market value of the instrument but impact future earnings and cash flows, assuming that other factors are held constant. At 31 December 2020, including the impact of derivatives Linde had fixed-rate debt of $10,365 million and floating-rate debt of $5,789 million, representing 64% and 36%, respectively, of total debt. At 31 December 2019, Linde had fixed-rate debt of $10,799 million and floating-rate debt of $3,157 million, representing 77% and 23%, respectively, of total debt.

In order to mitigate interest rate risk, when considered appropriate interest-rate swaps are entered into as hedges of underlying financial instruments to effectively change the characteristics of the interest rate without actually changing the underlying financial instrument. At 31 December 2020, Linde had fixed-to-floating interest rate swaps outstanding that were designated as hedging instruments of the underlying debt issuances - refer to Note 19 to the consolidated financial statements for additional information.

Foreign Currency Risk

Linde’s exchange-rate exposures result primarily from its investments and ongoing operations in Latin America (primarily Brazil and Mexico), Europe (primarily Germany, Scandinavia, and the U.K.), Canada, Asia Pacific (primarily Australia and China) and other business transactions such as the procurement of equipment from foreign sources. Linde frequently utilizes currency contracts to hedge these exposures. See Note 23 to the consolidated financial statements for additional information.

Further details of the financial risk management objectives and policies and the exposure of the company to price risk, credit risk, liquidity risk and cash flow risk are provided in Note 23 to the consolidated financial statements.

RESEARCH AND DEVELOPMENT

Linde’s research and development is directed toward development of gas processing, separation and liquefaction technologies, improving distribution of industrial gases and the development of new markets and applications for these gases. This results in the development of new advanced air separation, hydrogen, synthesis gas, natural gas, adsorption and chemical process technologies as well as the frequent introduction of new industrial gas applications. Research and development is primarily conducted at locations in Munich, Germany; Tonawanda, New York, Burr Ridge, Illinois and Shanghai, China.

DIVIDENDS

On 24 February 2020, the directors of Linde plc declared an interim dividend of $0.963 per share for the first quarter of 2020 (the "Q1 Dividend"). The Q1 Dividend was payable on 20 March 2020 to shareholders of record on 6 March 2020.

On 27 April 2020, the directors of Linde plc declared an interim dividend of $0.963 per share for the second quarter of 2020 (the "Q2 Dividend"). The Q2 Dividend was payable on 17 June 2020 to shareholders of record on 3 June 2020.

On 27 July 2020, the directors of Linde plc declared an interim dividend of $0.963 per share for the third quarter of 2020 (the "Q3 Dividend"). The Q3 Dividend was payable on 18 September 2020 to shareholders of record on 3 September 2020.

On 26 October 2020, the directors of Linde plc declared an interim dividend of $0.963 per share for the fourth quarter of 2020 (the "Q4 Dividend"). The Q4 Dividend was payable on 17 December 2020 to shareholders of record on 03 December 2020.

For additional information, see Note 16 to the consolidated financial statements.

FUTURE DEVELOPMENTS

Linde provides quarterly updates on operating results, material trends that may affect financial performance, and financial earnings guidance via earnings releases and investor teleconferences. These materials are available on the company's website, www.linde.com but are not incorporated herein.

EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE

Dividends

On 25 January 2021, the directors of Linde plc declared an interim dividend of $1.06 per share for the first quarter of 2021 (the "Q1 Dividend"). The Q1 Dividend was payable on 22 March 2021 to shareholders of record on 05 March 2021.

Own Shares

From the period 01 January 2021 through 31 March 2021, an additional 3,496 thousand ordinary shares were purchased by the company for total consideration of $906 million, or an average price of $259.28 per share.

Other Developments

Effective 01 January 2021, Linde deconsolidated a joint venture with operations in Taiwan, due to the expiration of certain contractual rights that the parties mutually agreed not to renew. The joint venture contributed sales of approximately $600 million in 2020. From the effective date, the joint venture will be reflected as an investment in associates and joint ventures (at equity) on Linde's consolidated statement of financial position with the corresponding results reflected in share of profit and loss from associates and joint ventures (at equity) on the consolidated statement of profit and loss. The deconsolidation will not have an impact on earnings per share as the ownership percent remains the same.

OWN SHARES

On 22 January 2019, the company's board of directors approved the repurchase of $6.0 billion of its ordinary shares ("2019 program") which could take place from time to time on the open market (and could include the use of 10b5-1 trading plans), subject to market and business conditions. The 2019 program had a maximum repurchase amount of 15% of outstanding shares and expired on 01 February 2021 and any amounts that remained under the 2019 program also expired.

As of 31 December 2020 and 2019, the company had treasury shares of 28,718 thousand and 17,632 thousand, respectively. During the year ended 31 December 2020 12,294 thousand ordinary shares were purchased by the company for total considerations of $2.5 billion, or an average purchase price of $199.35 per share (€0.001 nominal value). The consideration includes stamp duty, commission and all customary fees. These shares were acquired in order to reduce the shares outstanding or to meet obligations under Linde plc equity awards. See Note 16 to the consolidated financial statements for more information.

On 25 January 2021, the company's board of directors approved the repurchase of $5.0 billion of its ordinary shares ("2021 program") which could take place from time to time on the open market (and could include the use of 10b5-1 trading plans), subject to market and business conditions. The 2021 program has a maximum repurchase amount of 15% of outstanding shares, began on 01 February 2021 and expires on 31 July 2023.

All share purchases by the company are structured as redemptions under Irish law.

POLITICAL DONATIONS

No political contributions that require disclosure under Irish law were made during fiscal years 2020 or 2019.

ACCOUNTING RECORDS

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285, with regard to the keeping of accounting records, include the provision of appropriate resources to maintain adequate accounting records throughout the company, including the appointment of personnel with appropriate qualifications, experience and expertise.

The company's accounting records are maintained at The Priestley Centre, 10 Priestley Road, Surrey Research Park, Guildford, Surrey GU2 7XY, United Kingdom.

SUBSIDIARY COMPANIES AND BRANCHES

Information regarding subsidiary undertakings, including information regarding branches, is provided in Note 31 to the consolidated financial statements.

NON-FINANCIAL INFORMATION

Linde publishes non-financial indicators and qualitative information in its combined non-financial report in accordance with the Irish implementation of the European Directives 2014/95/EU and 2013/34/EU as set out in the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, as amended (the "Irish Regulations"). The combined non-financial report is incorporated by reference and forms part of the Directors' Report (and in the case of the Board diversity report, is part of the Corporate Governance Statement) and can be found on pages 127 to 134.

The non-financial report includes reportable information on environmental matters; social and employee matters; respect for human rights and combating bribery and corruption. The non-financial report also includes a Board diversity report as required by the Irish Regulations. Reportable information includes policies, due diligence in implementing these policies and the outcomes of these actions, risk identification and management, and key performance indicators.

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Practices

Linde plc is incorporated in Ireland, and is subject to Irish company law pursuant to the Irish Companies Act 2014 (the "Act"). In addition, Linde plc ordinary shares are listed and trade on the New York Stock Exchange ("NYSE") and the Frankfurt Stock Exchange ("FSE"). Linde plc's primary governance obligations arise by virtue of its listing on NYSE, and as such, the company is subject to the corporate governance rules of the NYSE, requiring it to adopt certain governance policies (which the company has complied with), and to the reporting and other rules of the United States Securities and Exchange Commission (the "SEC"), requiring it to file Forms 10-K, 10-Q, 8-K and proxy statements.

A short summary of the key aspects of Linde plc's corporate governance structure is set forth below.

Board and Governance Information			
Size of Board	12	**Annual Board and Committee Evaluations**	Yes
Number of Independent Directors (excludes CEO)	11 92%	**Limits service on other Boards for Directors (4 other Boards)** **Limits service on other Boards for CEO (2 other Boards)**	Yes Yes
Split Chairman and CEO	Yes	**Succession Planning Process**	Yes
Board Committees (Audit, Compensation, Governance and Executive)	4	**Board Risk Oversight**	Yes
Board Meetings	5	**Code of Conduct for Directors, Officers and Employees**	Yes
Annual Election of Directors	Yes	**Stock Ownership Guidelines for Directors and Executive Officers**	Yes
Mandatory Retirement Age	72*	**Anti-Hedging and Pledging Policies**	Yes
Board Diversity - three women, one African American Director	Yes	**Clawback Policy**	Yes
Majority Voting in Director Elections	Yes	**Rights Agreement (Poison Pill)**	No
Proxy Access	Yes	**Board Oversight of Comprehensive Sustainability Program**	Yes
		Shareholders May Call Special Meetings	Yes

* Mandatory retirement age waived during the first three years following the completion of the business combination on 31 October 2018 (the "Integration Phase") to ensure continuity.

Internal Corporate Governance Framework

Linde plc is subject to its own internal corporate governance guidelines (the "Guidelines"), as adopted by the board of directors of Linde plc (the "Board of Directors" or "Board") at the effective time of the business combination, the current version of which is available at https://www.linde.com/en/about-linde/corporate-governance.

Internal Control and Risk Management Systems in Relation to the Financial Reporting Process

Linde maintains accounting systems, including internal accounting controls, monitored by a staff of internal auditors, that are designed to provide reasonable assurance of the reliability of financial records and the protection of assets. The concept of reasonable assurance is based on recognition that the cost of a system should not exceed the related benefits. The effectiveness of those systems depends primarily upon the careful selection of financial and other managers, clear delegation of authority and assignment of accountability, inculcation of high business ethics and conflict-of-interest standards, policies and procedures for coordinating the management of corporate resources, and the leadership and commitment of top management.

The Audit Committee of the Board of Directors, which consists solely of non-employee directors, is responsible for overseeing the functioning of the accounting system and related controls and the preparation of annual financial statements. The Audit Committee periodically meets with management, internal auditors and the independent accountants to review and evaluate their accounting, auditing and financial reporting activities and responsibilities, including management's assessment of internal control over financial reporting. The external auditors and internal auditors have full and free access to the Audit Committee and meet with the committee, with and without management present. Details of the composition and operation of the Audit Committee are available at page 27 of this report.

Linde's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including the company's principal executive officer and principal financial officer, the company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (often referred to as COSO). Based on this evaluation, management concluded that the company's internal control over financial reporting was effective as of 31 December 2020.

Information required under the European Communities (Takeover Bids (Directive 2004/ 25/EC)) Regulations 2006

As required by the Takeover Bids Regulations, the information contained below represents the position as at 31 December 2020.

Structure of the company's capital

The capital of the company is divided into ordinary shares, A ordinary shares, deferred shares and preferred shares.

As at 31 December 2020, there were 552,012,862 ordinary shares in issue. As at 31 December 2020, there were no A ordinary shares, deferred shares or preferred shares in issue.

Further detail on the structure of the company's capital is set out in Note 16 to the consolidated financial statements.

Rights and Obligations attaching to the classes of shares

Ordinary shares

Dividend rights

Under Irish law, dividends are payable on the ordinary shares of the company only out of profits available for distribution. Subject to the provisions of the Act, holders of the ordinary shares of the company are entitled to receive such dividends as may be declared by the company by ordinary resolution, provided that the dividend cannot exceed the amount recommended by the Board of Directors. The company may pay shareholders interim dividends if it appears to the Board of Directors that they are justified by the profits of the company available for distribution. Any dividend which has remained unclaimed for twelve years from the date of its declaration may be forfeited and cease to remain owing by the company.

Details of dividends declared by Linde plc are available at page 19 of this report.

Voting rights

At any general meeting, a resolution put to the vote of the meeting is decided on a poll. Every shareholder who is present in person or by proxy has one vote for every ordinary share of €0.001 each.

The necessary quorum for a general meeting is two persons present in person or by proxy and having the right to attend and vote at the meeting and together holding shares representing more than 50% of the votes that may be cast by all shareholders at the relevant time. All business is considered to be special business if it is transacted at an extraordinary general meeting ("EGM") as is all business transacted at an annual general meeting ("AGM") other than the declaration of a dividend, the consideration of the company's statutory financial statements and reports of the Board of Directors and Auditors on those statements, the review by the shareholders of the company's affairs, the election of directors in the place of those retiring, the reappointment of the retiring Auditors (subject to sections 380 and 382 to 385 of the Act), the fixing of the remuneration of the Auditors and the consideration of a special resolution for the purpose of section 1102(2)(b) of the Act. Any business that is required to be dealt with by way of special resolution must be passed by not less than 75% of the votes cast by such shareholders as, being entitled so to do, vote in person or by proxy at a general meeting at which not less than twenty-one clear days' notice specifying the text or substance of the proposed resolution has been duly given.

Any business that is required to be dealt with by way of ordinary resolution must be passed by a simple majority of the votes cast by the shareholders as, being entitled to do so, vote in person or by proxy at a general meeting. Where an equal number of votes have been cast on any resolution the Chairman of the meeting is not entitled to a second or casting vote.

An EGM (other than an EGM called for the passing of a special resolution, which must be called by not less than twenty-one clear days' notice) may be called by not less than 14 clear days' notice where:

(a) all shareholders, who hold shares that carry rights to vote at the meeting, are permitted to vote by electronic means at the meeting; and
(b) a special resolution reducing the period of notice to fourteen days has been passed at the immediately preceding AGM, or at a general meeting held since that meeting.

Liquidation rights

In the event of any surplus arising on the occasion of the liquidation of the company, the ordinary shareholders would be entitled to a share in that surplus in proportion to the capital at the commencement of the liquidation paid up or credited as paid up on the ordinary shares held by them respectively.

A Ordinary Shares and Deferred Shares

As at 31 December 2020, there were no A ordinary shares or deferred shares in issue. On incorporation, Linde plc issued 25,000 ordinary shares to meet the minimum public limited company capitalization threshold required by Irish company law. These 25,000 ordinary shares were subsequently converted into A ordinary shares and were later converted into deferred shares, acquired by the company for nil consideration and cancelled.

The rights and obligations attaching to the A ordinary shares are the same as those attaching to the ordinary shares. The deferred shares are non-voting shares and do not convey upon the holder the right to be paid a dividend or to receive notice of or to attend, vote or speak at a general meeting. The deferred shares confer the right on a return of capital, on a winding-up or otherwise, only to the repayment of the nominal value paid up on the deferred shares after repayment of the nominal value of the ordinary shares.

Preferred shares

As at 31 December 2020, there were no preferred shares in issue. Where authorized to issue unissued shares in the capital of the company (including where relevant, by shareholder approval under section 1021 of the Act), and subject to the scope of any such authority, in accordance with the company's articles of association (the "Articles"), the Board of Directors are authorized to issue all or any of the authorized but unissued preferred shares from time to time in one or more classes or series, and to fix for each such class or series such voting power, full or limited or no voting power, and such designations, preferences or special rights and qualifications, limitations or restrictions thereof in any resolution adopted by the Board of Directors providing for the issuance of such class or series of preferred shares.

Variation of class rights

Whenever the share capital of the company is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of 75% in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

Percentage of the company's capital represented by class of share

The ordinary shares represent 95.89% of the authorized share capital and 100% of the issued share capital. The A ordinary shares represent 1.37% of the authorized share capital and 0% of the issued share capital. The deferred shares represent 1.37% of the authorized share capital and 0% of the issued share capital. The preferred shares represent 1.37 % of the authorized share capital and 0% of the issued share capital.

<u>Restrictions on the transfer of shares in the company</u>

There are no restrictions imposed by the company on the transfer of shares, nor are there any requirements to obtain the approval of the company or other shareholders for a transfer of shares, save in certain limited circumstances set out in the Articles. A copy of the Articles may be found on www.linde.com or may be obtained on request from the company Secretary.

Rules of the company concerning the appointment and replacement of directors

Please see "Composition and Operation of Board of Directors and Committees of Board of Directors" section at page 26 below.

Rules of the company concerning the amendment of the company's constitution

The company's constitution may be amended by special resolution passed at an AGM or EGM. An AGM and an EGM called for the passing of a special resolution shall be called by not less than twenty-one clear days' notice. Special resolutions must be approved by not less than 75% of the votes cast by such shareholders as, being entitled so to do, vote in person or by proxy. No business may be transacted at any general meeting unless a quorum of shareholders is present at the time when the meeting proceeds to business. The necessary quorum for a general meeting is two persons present in person or by proxy and having the right to attend and vote at the meeting and together holding shares representing more than 50% of the votes that may be cast by all shareholders at the relevant time.

Powers of the company's directors, including powers in relation to issuing or buying back by the company of its shares

Under its Articles, responsibility for the management of the business of the company has been delegated by the company's shareholders to the Board of Directors, who in turn exercise all powers of the company as are not, by the Articles, reserved for the company's shareholders. The Board of Directors has further delegated the management of the company to its committees, management and the Chief Executive Officer.

The Board of Directors may exercise all the borrowing powers of the company and may give security in connection therewith. These borrowing powers may be amended or restricted only by the shareholders in general meeting.

The shareholders of the company in general meeting may at any time and from time to time by resolution increase the share capital of the company by such amount as they think proper. Whenever the share capital of the company is so increased, the Board of Directors may, subject to various provisions of the Articles, issue shares to such amount not exceeding the amount of such enlargement as they think proper. All ordinary shares so issued shall rank in equal priority with existing ordinary shares.

Subject to provisions of the Act, to any rights conferred on any class of shares in the company and to the Articles, the company may purchase any of its shares of any class and may cancel any shares so purchased or hold such shares as treasury shares (the "treasury shares") with liberty to re-issue any such treasury shares in accordance with section 109 of the Act. The company shall not make market purchases of its own shares unless such purchases shall have been authorized by an ordinary resolution of the company.

For purposes of Irish law, repurchases of shares in Linde plc may be effected by a redemption if the repurchased shares are redeemable shares or are deemed to be redeemable shares by Linde plc's constitution. Under Irish law, a company may issue redeemable shares and redeem them out of distributable reserves or the proceeds of a new issue of shares for that purpose. All redeemable shares must also be fully paid. Redeemable shares may, upon redemption, be cancelled or held in treasury. The Linde plc constitution provides that, unless the Board of Directors determines otherwise, each Linde plc ordinary share shall be deemed to be a redeemable share on, and from the time of, the existence or creation of an agreement, transaction or trade between Linde plc and any person pursuant to which Linde plc acquires or will acquire Linde plc ordinary shares, or an interest in Linde plc ordinary shares, from the relevant person. Redeemable shares of Linde plc shall have the same characteristics as any other Linde plc share save that they shall be redeemable in accordance with the arrangement.

On 21 January 2019, the Board of Directors authorized a further share repurchase program for up to $6.0 billion of its ordinary shares (the "2019 Program"). Under the 2019 Program, Linde may acquire up to 15% of its outstanding ordinary shares in the period from 1 May 2019 (or the date following the announcement of the end of the 2018 Program, if earlier) through 1 February 2021. The purpose of the 2019 Program is to reduce the share capital or to meet obligations under Linde equity awards.

On 25 January 2021, the Board of Directors authorized a further share repurchase program of up to $5.0 billion of its ordinary shares ("2021 Program"). Under the 2021 Program, Linde may acquire up to 15% of its outstanding ordinary shares in the period from 1 February 2021 through 31 July 2023. The purpose of the 2021 Program is to reduce the share capital or to meet obligations under Linde equity awards.

Both the 2019 Program and the 2021 Program have been structured as redemptions for Irish law purposes and are being effected pursuant to Article 9 of the Articles.

Severance and Change-in-Control Arrangements

The company provides severance benefits to eligible employees, including Executive Officers, consistent with the terms of its severance programs and agreements, as well as applicable local law, which could apply as a result of a change-in-control of the company where an employee's employment is terminated without cause as a result of such change-in-control.

Significant agreements relating to a change of control subsequent to a takeover bid

In the financial years 2007 to 2017, Linde AG issued benchmark bonds under its €10 billion debt issuance programme, either itself or via Linde Finance B. V., a Dutch subsidiary of Linde plc. Under the terms and conditions of the bond issuances, in the event of a change of control of the company, the bond creditor may demand immediate repayment if such change of control leads to the withdrawal of the credit rating or to a reduction in the rating to or below certain credit rating levels for unsubordinated unsecured liabilities.

There are other significant financing agreements in place with the company / certain subsidiary companies, each of which includes specific rules that apply in the event of a change in control of the company. In particular, these rules provide for a duty on the part of the company / the relevant subsidiary to provide information to the contracting party, and also provide for cancellation rights for the contracting party.

There are customer contracts in place with the company/certain subsidiary companies, containing clauses granting the customer special cancellation rights in the event of a change of control of the company. In the event that these special cancellation rights are exercised, the contracts provide for appropriate compensation in favor of the customer.

Under the terms and conditions of the 2009 Praxair, Inc. Long-Term Incentive Plan (the “2009 Plan”), which was assumed by the company pursuant to the business combination, in the event of a change of control of the company, special rules may be adopted. Those special rules provide, in the event of a change of control of the company, that cancellation rights apply, which means that option/matching shares rights may be settled in cash in an amount to be determined in accordance with the 2009 Plan.

Shareholders’ Meetings

The company operates under the Act. The Act provides for two types of shareholder meetings: the AGM with all other general meetings being called an EGM.

The company must hold a general meeting each year as its AGM, in addition to any other general meetings held in that year. Not more than 15 months may elapse between the date of one AGM and the next. EGMs can also be convened at the request of shareholders holding not less than 5% of the voting share capital of the company. The notice period for an AGM and an EGM to consider any special resolution (a resolution which requires a 75% majority vote, not a simple majority) is 21 clear days.

No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Two shareholders present in person or by proxy and having the right to attend and vote at the meeting and together holding shares representing more than 50% of the votes that may be cast by all shareholders at the relevant time shall be a quorum. Only those shareholders registered on the company’s register of shareholders at the prescribed record date, being a date not more than 48 hours before the general meeting to which it relates, are entitled to attend and vote at a general meeting.

Under the Act, ordinary resolutions may be passed by a majority of votes cast in favor, while special resolutions require a 75% majority of votes cast in favor. Any shareholder who is entitled to attend, speak and vote at a general meeting is entitled to appoint one or more proxies to attend, speak and vote on his or her behalf. A proxy need not be a shareholder of the company. All resolutions are determined by a poll.

As further described on page 24, the management of the business of the company has been delegated by company’s shareholders to the Board of Directors, who may exercise all the powers of the company save for those reserved to shareholders. Matters reserved to shareholders in general meetings include the election of directors, the declaration of final dividends on the recommendation of the directors, the fixing of the remuneration of the external auditor, amendments to the Articles, measures to increase or reduce the ordinary share capital and the authority to issue shares.

The information required to be provided to shareholders in accordance with sections 1099 to 1110 of the Act is available on the company's website (www.linde.com).

Composition and Operation of Board of Directors and Committees of Board of Directors

Board of Directors

Linde plc has twelve directors, six of whom are former Praxair directors ("Praxair Class Directors"), including Steve Angel who is also the CEO, and six of whom are former Linde AG Supervisory Board members ("Linde Class Directors"), including Wolfgang Reitzle, who is the Chairman of the Board.

Under the Linde plc constitution, directors retire at each AGM and may be re-elected by shareholders at that meeting.

Until the third anniversary of the completion of the business combination, the Board shall nominate each of the Linde Class Directors and Praxair Class Directors (or his or her replacement) for re-election to the Board at each of Linde plc's AGMs as required to ensure that the Linde Class Directors and Praxair Class Directors (or his or her replacement) serve on the Board for the duration of the three years following the completion of the business combination.

Until the third anniversary of the completion of the business combination, any vacancy on the Board created by the cessation of service of a Praxair Class Director prior to the end of his or her term will be filled by the unanimous vote of the remaining members of the Board; provided that if the vacancy is not filled by the Board within three months, the vacancy may be filled by an individual nominated and appointed by a majority of the remaining Praxair Class Directors. Until the third anniversary of the completion of the business combination, any vacancy on the Board created by the cessation of service of a Linde Class Director prior to the end of his or her term will be filled by the unanimous vote of the remaining members of the Board; provided that if the vacancy is not filled by the Board within three months, the vacancy may be filled by an individual nominated and appointed by a majority of the remaining Linde Class Directors.

Linde's constitution also provides that a shareholder, or a group of up to 20 shareholders, who have owned at least 3% of the company's outstanding ordinary shares continually for at least three years, may nominate persons for election as directors and have these nominees included in the company's proxy statement. The shareholders or group must meet the requirements in the company's constitution. The number of nominees is limited to the greater of two persons or 20% of the number of directors serving on the Board.

The Board of Directors operates subject to both the Guidelines and the company's constitution, copies of which are available at https://www.linde.com/en/about-linde/corporate-governance.

The directors of the company during the financial year are listed in the table below.

Directors	Appointment Date
Current Directors	
Prof. Dr. Wolfgang Reitzle	22 October 2018
Mr. Stephen F. Angel	22 October 2018
Prof. Dr. Ann-Kristin Achleitner	22 October 2018
Prof. Dr. Clemens Börsig	22 October 2018
Dr. Nance Dicciani	22 October 2018
Dr. Thomas Enders	22 October 2018
Mr. Franz Fehrenbach	22 October 2018
Mr. Edward Galante	22 October 2018
Mr. Larry McVay	22 October 2018
Dr. Victoria Ossadnik	22 October 2018
Prof. Dr. Martin H. Richenhagen	22 October 2018
Mr. Robert Wood	22 October 2018

Committees of Board of Directors

The Board of Directors has four committees: Audit, Compensation, Nomination & Governance and Executive Committees, of which each consists of six directors, except the Executive Committee, which consists of four directors.

Audit Committee

Committee Chair:

- Prof. Dr. Clemens Börsig

Current Members:

- Dr. Nance K. Dicciani
- Dr. Thomas Enders
- Edward G. Galante
- Larry D. McVay
- Dr. Victoria Ossadnik

Meetings in 2020: 8

The Audit Committee assists the Board in its oversight of (a) the independence, qualifications and performance of Linde's independent auditor, (b) the integrity of Linde's financial statements, (c) the performance of Linde's internal audit function, and (d) Linde's compliance with legal and regulatory requirements. In furtherance of these responsibilities, the Audit Committee, among other duties,

(1) appoints the independent auditor to audit Linde's financial statements, approves the fees and terms of such engagement, approves any non-audit engagements of the independent auditor, and meets regularly with, and receives various reports from, the independent auditor. The independent auditor reports directly to the Audit Committee;

(2) reviews Linde's principal policies for accounting and financial reporting and its disclosure controls and processes, and reviews with management and the independent auditor Linde's financial statements prior to their publication;

(3) reviews assessments of Linde's internal controls, the performance of the Internal Audit function, the performance evaluations of the General Auditor and the Chief Compliance Officer, and the guidelines and policies by which Linde undertakes risk assessment and risk management; and

(4) reviews the effectiveness of Linde's compliance with laws, business conduct, integrity and ethics programs.

During 2019, the Audit Committee conducted a comprehensive, competitive formal tender process to consider, and ultimately to recommend to the Board, the selection of an independent auditor for the 2020 financial year in accordance with applicable rules of the European Union. The Audit Committee considered and evaluated internationally recognized independent registered public accounting firms, including PwC, based upon a thorough set of criteria that the Audit Committee adopted. After conducting this process, the Audit Committee recommended to the Board, and the Board approved, the selection of PwC as the independent auditor for 2020 and such appointment was approved by shareholders at the 2020 annual general meeting. PwC continues to act as the company's independent auditor.

Compensation Committee

Committee Chair:

- Edward G. Galante

Current Members:

- Prof. Dr. Ann-Kristin Achleitner
- Dr. Nance K. Dicciani
- Franz Fehrenbach
- Dr. Victoria Ossadnik
- Prof. Dr. Martin H. Richenhagen

Meetings in 2020: 6

The Compensation Committee assists the Board in its oversight of (a) Linde's compensation and incentive policies and programs, and (b) management development and succession, in both cases particularly as they apply to Linde's executive officers. In furtherance of these responsibilities, the Compensation Committee, among other duties,

(1) determines Linde's policies relating to the compensation of executive officers and assesses the competitiveness and appropriateness of their compensation and benefits;

(2) determines the salaries, performance-based variable compensation, equity awards, terms of employment, retirement or severance, benefits, and perquisites of executive officers;

(3) establishes the corporate goals relevant to the CEO's compensation, evaluates the CEO's performance in light of these goals and sets the CEO's compensation accordingly;

(4) reviews management's long-range planning for executive development and succession, and develops a CEO succession plan;

(5) reviews design, administration and risk associated with Linde's management incentive compensation and equity compensation plans; and

(6) reviews periodically the company's diversity policies and objectives, and programs to achieve those objectives.

Executive Committee

Committee Chair:
- Prof. Dr. Wolfgang Reitzle

Current Members:
- Stephen F. Angel
- Dr. Thomas Enders
- Robert L. Wood

Meetings in 2020: 0

The purpose of the Executive Committee is primarily to act on behalf of the entire Board with respect to certain matters that may arise in between regularly scheduled Board meetings, and act on certain other matters from time to time. In particular, the Executive Committee duties include, among others:

(1) evaluating and approving any investments, acquisitions, partnerships or divestments requiring Board approval, that are within value thresholds specified by the Board;

(2) evaluating and approving any financing or other capital markets transactions requiring Board approval, that are within value thresholds specified by the Board; and

(3) acting upon any other such matters within the competencies of the Board, that are not reserved solely to the Board, that are within value thresholds specified by the Board and, in the opinion of the Chairman of the Board, should not be postponed until the next regularly scheduled Board meeting.

Nomination and Governance Committee

Committee Chair:
- Robert L. Wood

Current Members:
- Prof. Dr. Ann-Kristin Achleitner
- Prof. Dr. Clemens Börsig
- Franz Fehrenbach
- Larry D. McVay
- Prof. Dr. Martin H. Richenhagen

Meetings in 2020: 5

The Nomination and Governance Committee assists the Board in its oversight of (a) the selection, qualifications, compensation and performance of Linde's directors, (b) Linde's governance, including the practices and effectiveness of the Board, and (c) various important public policy concerns that affect the company. In furtherance of these responsibilities, the Nomination and Governance Committee, among other duties,

(1) recommends to the Board nominees for election as directors, and periodically reviews potential candidates, including incumbent directors;

(2) reviews policies with respect to the composition, compensation, organization and practices of the Board, and developments in corporate governance matters generally; and

(3) reviews Linde's policies and responses to broad public policy issues such as social responsibility, corporate citizenship, charitable contributions, legislative issues, and important shareholder issues, including management and shareholder proposals offered for shareholder approval.

DIRECTORS' REMUNERATION REPORT FOR LINDE PLC

The company is subject to disclosure regimes in the United States, Germany and Ireland. While some of the disclosure requirements in these jurisdictions overlap or are otherwise similar, some differ and require distinct disclosures. As a result, you will find our Irish Statutory Directors' Remuneration Report (the "Remuneration Report") within this section of the Annual Report. The company paid the directors in accordance with the remuneration policy on which the company's shareholders will be asked to vote, on an advisory and non-binding basis, at the 2021 Annual General Meeting of Shareholders.

Introduction

Linde's Board of Directors (the "Board") believes that our current program is competitive and appropriate within the market where we primarily compete for directors and executive talent. We are sensitive to the compensation governance practices prevalent in our peer group.

2020 compensation highlights

The company continued to deliver strong financial results and significant shareholder value in 2020 despite the macroeconomic impact of the COVID-19 pandemic. Through continued cost and price actions coupled with high reliability, Linde realized 12% growth in EPS and 21% growth in operating cash flow. Furthermore, the company announced new sustainability goals, including the reduction of greenhouse gas emissions intensity of 35% by 2028. In a year dominated by COVID-19, Linde's medical gases and homecare services played a critical role in the battle against this pandemic. Additionally, the company increased its dividend for the 27th consecutive year in 2020, by 10%, and repurchased $2.4 billion of shares.

As a result of the Company's strong performance, the annual variable compensation program's 2020 Corporate payout factor was 127.3% of target. No adjustments were made during the year to the original 2020 variable compensation financial goals that were established by the Compensation Committee in February 2020. Additionally, the CEO did not receive a base salary increase in 2020 due to the Company's decision to forego salary increases in response to the pandemic's impact on the macroeconomic environment.

How Compensation Decisions are Made

Shareholder Engagement

The company maintains a robust outreach program whereby management regularly discusses executive compensation design and other relevant matters with shareholders. When making compensation program decisions, the Compensation Committee considered shareholder feedback received during outreach sessions.

Role of the Compensation Consultant

The Compensation Committee engages a third-party compensation consultant to assist in analysis to inform and support the Compensation Committee's decisions on executive compensation. For its consideration of 2020 executive compensation, the Compensation Committee engaged Deloitte Consulting LLP ("Deloitte Consulting"). Subsequently, effective 1 September 2020, the Committee engaged Pearl Meyer LLC ("Pearl Meyer") as its new compensation consultant following the termination of its contract with Deloitte Consulting.

Before engaging Pearl Meyer, and as part of the Committee's standard practice to conduct such a review prior to selecting a new consultant and once annually thereafter, the Committee assessed the independence of the compensation consultant. After considering the six independence factors specified in the NYSE listing standards, the Committee determined that Pearl Meyer met the criteria for independence.

The scope of Pearl Meyer's engagement includes:

a. Review of compensation programs and preparation and presentation to the Compensation Committee of reports on executive compensation trends and other various materials
b. Review of the peer group analysis and compensation benchmarking studies prepared by management and review of other independent compensation data
c. Input on the CEO's compensation
d. Review of and advice on compensation program design proposals presented by management for the Compensation Committee's consideration.

Compensation Peer Group

The Compensation Committee established a Compensation Peer Group to be used to assess competitive market compensation ranges for its top officers. Elements considered by the Committee when choosing companies for peers included market capitalization, revenue, net income, industry, global operations, location of headquarters and stock markets where publicly traded. The Committee intends to review the peer group on an annual basis, though will only make changes when appropriate as it values year-over-year consistency going forward. Below are the companies comprising the Compensation Peer Group that was used for making pay decisions for calendar year 2020.

	Compensation Peer Group	
3M	Gilead Sciences	Merck & Co.
Abbvie	Halliburton Company	Mondelez Intl
Abbott	Honeywell Intl	PPG Industries
Caterpillar	InBev	Raytheon
Coca-Cola	Johnson Controls	Roche
Cummins	Kraft Heinz	SAP
Danaher	LyondellBasell	Sherwin-Williams
Deere	Medtronic	Thermo Fisher
Eaton	Micron Technology	United Technologies

CEO Pay Design and Decisions

In establishing the 2020 compensation for the CEO, the Compensation Committee considered whether the value of the aggregate compensation package was consistent with its objectives for Linde's executive compensation program, the material components of which are set forth in the company's Remuneration Policy. It evaluated the following factors when determining the compensation level for the CEO:

- market median data of international companies traded on the U.S. stock exchanges
- expected contribution to results, and exhibition of values, competencies and behaviors critical to the success of the Company
- internal equity: respective role, responsibilities and reporting relationships
- experience and time in similar roles
- retention objectives

The Compensation Committee did not have a set formula for determining target compensation opportunity; however, it referred to the median benchmark data during its review. Additionally, the Compensation Committee acknowledged that its general practice will be to establish compensation levels toward the lower end of a competitive market range for an executive officer who is newer to his or her role. Conversely, a longer tenured executive officer with a history of strong performance will have target compensation levels set higher in the competitive range.

For 2020, 76% of the CEO's target total direct compensation opportunity was in the form of performance-based variable compensation and equity grants, motivating him to deliver strong business performance and drive shareholder value.

The performance-based compensation is "at risk" and dependent upon the Company's achievement of pre-established financial and other business goals set by the Compensation Committee and, for equity incentives, also the Company's stock price performance. The annual variable compensation payout and the ultimate value of the performance-based equity compensation awards could be zero if the company does not perform.

Direct Compensation for CEO

Salary

While in January 2020 the Compensation Committee did approve, based on consideration of multiple factors including positioning to market, a salary increase to be made effective 1 April 2020, due to the COVID-19 pandemic, it was subsequently decided to forgo any salary increases before they took effect. Therefore, the CEO annual salary rate that was established by the Committee in 2019 continued to remain in effect throughout 2020.

Annual Performance-Based Variable Compensation

The Compensation Committee established an annual performance-based variable compensation program for the 2020 calendar year that focuses the CEO and executives on the key objectives that position Linde for sustained growth, and the creation of shareholder value, without compromising long-term business objectives or encouraging excessive risk-taking. The Committee decided not to make any changes to the general design of the annual variable compensation program for the 2020 calendar year compared to 2019.

The annual variable compensation program is comprised of three main components: financial performance, strategic and non-financial performance and individual performance. This program is designed to deliver pay commensurate with performance wherein results that are greater than target goals are rewarded with above target payout levels, and performance not meeting minimum threshold expectations reduces the payout to zero.

Financial Performance Goals

Awards under the annual variable compensation program are determined based on company performance against challenging, pre-established financial goals. This component is weighted 75% of the total financial and non-financial payout, and payouts related to this component can range from zero to 200% of target variable compensation (for up to 150 percentage points). Top line sales growth is important to the company and 25% of the financial performance goal is based on sales. Recognizing the importance of profitability and cash flow to the Company, 50% of the financial performance goal is based on net income and the remaining 25% on operating cash flow.

To establish the goals related to the financial component of the program, the Compensation Committee considers many factors including the degree of control senior management may have over certain factors that affect financial performance. Goals are established with the expectation that the CEO and executives will be rewarded with higher payouts if actual performance exceeds targets. Factors considered in setting the threshold, target and maximum financial performance goals for each financial measure include:

- synergy goals and expectations,
- management's operating plan, including expected year-over-year challenges in performance,
- macro-economic trends and outlooks in each of the countries in which the company operates,
- foreign exchange rate trends and outlook,
- expected industrial gases industry peer performance and that of the broader S&P 500 and leading European companies,
- shifts in key customer markets, and
- expected contribution from contracts already awarded and decisions or actions already made or taken.

Strategic and Non-Financial Performance Goals

In alignment with the Company's compensation philosophy and policy, the design of the annual variable compensation program balances the need for management to deliver annual results with the desire to meet multi-year growth expectations. Selected key strategic and non-financial performance objectives are included to recognize these critical measures of the Company's health and potential for future success.

When establishing the 2020 program design, the Compensation Committee identified the strategic and non-financial elements that were considered most important to long-term sustainable success and established annual goals with respect to those elements. Most of the strategic and non-financial goals are linked to quantitative and measurable objectives, although the Compensation Committee uses its judgment when determining the value awarded for goal achievement after a rigorous review of the results. This component is weighted 25% of the total financial and non-financial payout, and payouts related to this component can range from zero to 200% of target variable compensation (for up to 50 percentage points). The 2020 strategic and non-financial performance goals are as follows:

GOAL	ADDITIONAL DETAIL
Values: Safety, Compliance, Sustainability and Inclusion	
• Zero fatalities with fatality potential event reduction	• Providing employees with a safe operating environment through investing in state of the art technology and by driving a culture in which safety is a top priority
• No significant process safety or environmental events	• Rigorous processes and procedures to ensure compliance with all applicable environmental regulations, to meet sustainable development performance targets and to continuously reduce the environmental impact of the Company's operations in the communities in which it operates
• Best in class recordable injury, lost workday case and vehicle accident rates	• Create and maintain a strong ethical culture in every country where Linde operates
• Achieve world class performance in sustainability and continue progress toward greenhouse gas intensity reduction goals	• All employees accountable for ensuring that business results are achieved in compliance with local laws and regulations and the Company's Code of Business Integrity
• A strong global compliance program and culture focusing on policies, procedures, training, reporting, accountability and verification via audit	• Attraction, retention and development of a diverse and engaged workforce through a robust succession planning process
• Strengthen leadership pipeline, including globally diverse talent, through a single succession planning and performance management approach across the enterprise	• Employee value proposition includes providing strong, dynamic leadership, a challenging work environment, industry-leading performance, competitive pay and benefits, and rewards and recognition for outstanding performance
Strategy:	
• Position the business for long-term performance	• Deliver excellent results in the short-term and over a longer, sustainable period of time
• Continue with value capture from integration: cost and capex efficiencies, growth synergies and adoption of best practices	• Rigorously assess the quality and future impact of actions taken, as benefits may not be recognized for several years
• Maintain focus on operational excellence while ensuring growth by leveraging applications technology, optimizing product line portfolio, executing backlog, positioning for large projects, and capitalizing on decarbonization opportunities including green hydrogen	• Monitor the "health" of the organization through pulse surveys
• Enhance organizational capabilities in productivity tools, processes and practices	• Focus on meeting schedules and cost estimates, starting-up plants reliably and efficiently, and supporting plant availability
	• Deliver value through continuous innovation to help Linde's customers enhance their product quality, service, reliability, productivity, safety, and environmental performance
	• Work across disciplines, industries and sectors, with employees, customers, suppliers and a range of other stakeholders to get more output utilizing fewer resources and with less environmental impact
Relative Performance:	
• Strong performance relative to peer companies	• Continue to be the best performing industrial gases company in the world
	• Determine if management's actions appear more or less effective than those of Linde's peers
	• Assess how well we anticipate and manage adversity to optimize results
	• Appropriately respond to macroeconomic or other external factors unknown at the time financial goals were established

Annual Performance-Based Variable Compensation Opportunity for 2020
The Compensation Committee established the 2020 variable compensation target for the CEO (expressed as a percent of salary that would be earned for 100% achievement of the performance goals). The target level for the CEO was 175% of base salary.

2020 Annual Performance-Based Variable Compensation Results and Payout
Financial Business Results
As noted above, financial goals are set considering multiple factors with the recognition that there are some items that cannot be easily predicted, and over which management has less control, such as foreign exchange rates and certain raw materials price changes. As part of the variable compensation plan design, certain pre-determined adjustments may be made by the Compensation Committee to actual financial results in order to account for these elements. The Compensation Committee may also conclude that additional adjustments are appropriate based upon unforeseen factors it deems extraordinary, non-recurring or otherwise material.
The chart below shows for each financial performance measure, the 2020 Corporate financial targets set by the Compensation Committee and the actual performance achieved. The overall Corporate payout factor for financial performance was 116.5% of target variable compensation. The payout for the CEO is based on Linde plc Corporate results.

Financial Measure	2019 Actual ($ millions)	2020 Target ($ millions)	2020 Actual ($ millions)	Weight	Achievement	Payout
Sales*	28,473	28,070	27,297	25%	71%	17.9%
Net Income*	4,045	4,372	4,382	50%	103%	51.2%
Operating Cash Flow	6,119	6,833	7,429	25%	189%	47.4%

**For the annual variable compensation program, sales and net income are measured in accordance with GAAP subject to certain adjustments that the Compensation Committee approves.*

Strategic Non-Financial Business Results

Coupled with its assessment of performance related to financial goals, the Compensation Committee reviewed the strategic actions taken by management that focused on long term sustainable success. After the end of the year, management presented to the Compensation Committee the degree of achievement in meeting each goal, and for each element, provided its view of the relative degree of importance to long term success.

Based on the results, the Compensation Committee determined that the Company's performance with respect to the strategic and non-financial goals was favorable and set the Corporate strategic and non-financial payout factor at 160% of target variable compensation (relative to a 200% maximum). The Compensation Committee noted the following as examples of actions that support the Company's strategic objectives in determining 2020 variable compensation payouts:

- *Maintained world class safety performance with a 10% reduction in commercial vehicle incidents*
- *Managed COVID-19 pandemic through the following actions:*
    - *Maintained operations: no disruptions, no internally generated spreader events, and managed transition to remote work (IT, Technology tools)*
    - *Established Global Advisory Team in January to provide a global and consistent response:*
        - *Interfaced with local pandemic coordinators*
        - *Key Policies established: COVID-19 Safety Behaviors, Return to Work (four stage phased approach), and Testing & Quarantine Guidelines*
    - *Significant number of heroic actions:*
        - *Lincare caring for 40,000 COVID-19 patients*
        - *Ramping up Oxygen supply, installing new Oxygen systems for COVID hospital surge*
        - *Drivers delivering to customers into "Hot/Red" zones*
        - *Plant operators living at plants to maintain operations*
- *Delivered productivity of $860 million, 24% above plan target*
- *Created over $150 million impact from digitalization, including new technologies and best practices adoption*
- *Completed first annual training and certification of Company's new Code of Business Integrity with 100% of targeted employees*
- *Trained approximately 1,200 leaders of the company on Unconscious Bias*
- *Capitalized on decarbonization opportunities by developing over $100 million of projects in EMEA that relate to decarbonization*
- *Received Public Recognition:*
    - *Dow Jones Sustainability World Index: only chemical company recognized for 18 consecutive years*
    - *MSCI ESG Rating upgraded to "A"*
    - *Consistently listed on major Diversity and Inclusion indices: Bloomberg's Gender Equality Index, Forbes Best Employer for Diversity, Financial Times Diversity Leaders and Human Rights Campaign Corporate Equality Index*
    - *Recognized as Top Noteworthy company by DiversityInc.*

Set forth below is the calculation of the CEO's 2020 variable compensation payout determined in accordance with the criteria described above. The variable compensation paid to the CEO in 2020 accounted for 19% of the CEO's total compensation with fixed compensation accounting for 27% of the CEO's total compensation for the year.

CEO Actual VC Calculation	2019 Actual VC Amount	2020 Target VC Amount	2020 Corporate VC Payout Factor	2020 Actual VC Amount
	$3,726,422	$2,703,750	127.3%	$3,441,874

2020 Equity Awards Design

Equity awards are the largest portion of the CEO's target compensation. This weighting helps ensure a strong alignment of the CEOs' and shareholders' long-term interests. Annual grants of equity awards are made to incent and reward sustained performance. Equity awards are granted as a mix of stock options, performance share units (PSUs) and restricted stock units (RSUs). The mix and type of equity awards granted to the CEO is the same as those granted to all eligible executives of the Company. Fully aligning the leadership team, from mid-management to officers, helps sustain the Company's pay for performance culture by incenting and rewarding all participants with the same goals and performance results.

Performance Share Units (50% of award target value)

The Compensation Committee includes PSUs in its award mix as this vehicle focuses executives on the Company's mid-term performance objectives. A three-year performance period is believed to be an appropriate balance between the one-year performance-based variable compensation goals and the longer-term stock option share price growth goals. Additionally, the overlapping three-year performance periods that result from regular annual grants promote retention and encourage management to focus on sustainable growth and shareholder returns. Key features of the PSUs include:

- Vest if pre-established multi-year performance goals are attained and forfeited if threshold goals are not met.
- Pay no dividends nor accrue dividend equivalents prior to vesting.
- Require executives to hold all after-tax shares derived from vested awards until their respective stock ownership requirement is met.

The Committee determined that using a Return on Capital (ROC) performance goal would be appropriate as it encourages and rewards the executive team for focusing decisions and taking actions that drive long term ROC performance. A relative Total Shareholder Return (TSR) goal was also considered appropriate as this portion of the equity award will further strengthen alignment of management payouts with shareholder returns. In order to align with the Company's global shareholder base, it was determined that TSR performance would be measured against a blended group of companies that is comprised of those that are listed on the S&P 500, excluding the Financial sector, plus those that are designated as Eurofirst 300 at 1 January 2020.

Stock Options (30% of award target value)

The Compensation Committee believes that stock options present an appropriate balance of risk and reward in that the options have no value unless the Company's stock price increases above the option exercise price and that the opportunity to realize value from growth in shareholder value over the ten-year grant term encourages long term decision-making. The Compensation Committee notes that the Company's executives place a high value on stock options as a compensation vehicle. Key features of the stock options include:

- Exercise price is fixed at 100% of the closing market price on date of grant.
- Vest in equal annual tranches over three years and expire after ten years.
- No repricing without shareholder approval.
- Require executives to hold all shares obtained from exercise, net of taxes and exercise price, until their respective stock ownership requirement is met

Restricted Stock Units (20% of award target value)

The Compensation Committee recognizes that RSUs can provide appropriate rewards to executives through alignment with the Company's stock price. The RSUs are the smallest component of the equity award mix, and cliff vest three years after their grant date to aid NEO retention. RSUs can also mitigate some of the impact of an economic downturn on the PSU and stock option components of the annual awards. Key features of the RSUs include:

- Pay no dividends nor accrue dividend equivalents prior to vesting.
- Require executives to hold all after-tax shares derived from vested awards until their respective stock ownership requirement is met

2020 Equity Award Grants

The Compensation Committee established the target dollar value of 2020 equity awards for the CEO (and each NEO). The Compensation Committee examined relative responsibility of the executive officers and the CEO's position to market with consideration of how long he or she had been in the current role. Particular emphasis was placed on the importance of providing the CEO with incentive and appropriate reward for taking high quality actions to support sustainable long-term growth.

ROC-measured performance share units

The ROC goal for the PSU awards covering fiscal years 2020 - 2022 was determined after the Compensation Committee examined prior-year ROC results, industry ROC averages, capital expenditure projections and the Company's weighted average cost of capital. The payout schedule was set with the intent of encouraging and rewarding the executive team for taking actions that result in industry-leading ROC performance. The March 2020 awards are measured against the following ROC goals:

2020-2022	Average Annual ROC	Payout*
Below Threshold	<11.7%	0%
Threshold	11.7%	50%
Target	13.0%	100%
Maximum	≥14.0%	200%

**Interpolated for results between threshold and maximum.*
ROC is the Company's after-tax return on capital as reported in its quarterly and annual Consolidated Financial Statements, adjusted to eliminate the after-tax effect of any acquisition occurring during the Performance Period that was not known at the time the goals were set.

Relative TSR-measured performance share units

The March 2020 Relative TSR awards are measured against a blended group of companies that is comprised of those that are listed on the S&P 500, excluding the Financial sector, plus those that are designated as Eurofirst 300 at 1 January 2020, and payouts will be determined based on the following schedule:

2020-2022	TSR Rank	Payout*
Below Threshold	<25%ile	0%
Threshold	25%ile	25%
Target	50%ile	100%
Maximum	≥75%ile	200%

**Interpolated for results between threshold and maximum.*

Legacy Praxair 2020 Equity Award Payouts

As detailed in the Business Combination Agreement, at the time of merger, each outstanding Praxair PSU was converted into a company RSU with the number of shares subject to the replacement award equal to the greater of (i) the target number of shares subject to the Praxair PSU or (ii) the number of shares determined based upon the achievement of the performance goals immediately prior to the effective time of the merger, as determined by the Praxair Compensation Committee. In February 2020, the replacement RSUs from the 2017 Praxair PSU grants vested. Below are the conversion rates for those awards that were directed by the Praxair Compensation Committee at the time of merger and applied to the 2017 Praxair PSU grants to determine the number of company RSUs that vested in February 2020.

Legacy Praxair PSU Awards	Target	Actual Performance at Merger	Conversion Rate
2017 through 2019 relative TSR	50%ile	75.5%ile	200%
2017 to 2019 average annual ROC	12.5%	13.1%	160%

CEO Compensation Table

The table below presents compensation information for the CEO and includes footnotes and other narrative explanations important for understanding of the compensation information in the table. The Summary Compensation Table summarizes key components of the CEO compensation for 2019 and 2020. The tables following the Summary Compensation Table provide more detailed information about the various types of CEO compensation for 2020, some of which are included in the Summary Compensation Table.

Name and Principal Position	Year	Salary ($)(1)	Stock Awards ($)(2)	Option Awards ($)(2)	Non-equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
Stephen F. Angel,	2020	1,545,000	7,880,305	2,950,344	3,441,874	2,474,000	265,378	18,556,901
Chief Executive Officer	2019	1,520,833	9,121,847	4,152,405	3,726,422	3,596,000	358,371	22,475,878

(1) Amounts reported are actual salaries paid for the calendar year and include adjustments to base salary rates if applicable.
(2) These amounts were not paid in the respective year but rather are the full grant date fair value of equity awards made for each year as determined under accounting standards related to share-based compensation. The Stock Awards amounts are the value for the PSU grants made in 2019 and 2020 to the CEO valued at the target number of shares granted and the values of RSU grants made to the CEO in each year. The Option Awards amounts are the values for options granted in each year. The assumptions used in computing the Options Awards and Stock Awards amounts are included in Note 15 to the Company's 2020 financial statements in the 2020 Form 10-K and Annual Report. The amounts shown in the Stock Awards and Option Awards columns are subject to vesting conditions that may or may not result in actual payouts in future years. In addition, a stock option has value only if the Company's stock price increases above the option exercise price (an "in-the-money" option). If the CEO exercises an in-the-money option, he would then realize an actual gain. Any gain realized for options exercised in 2020 and the value realized in connection with RSUs that vested in 2020, are reported in the "2020 Option Exercises and Stock Vested" table.
(3) The CEO was paid a performance-based variable compensation payment in 2021 based upon the Company's 2020 performance, and in 2020 based upon the Company's 2019 performance. These amounts are reported as "Non-equity Incentive Plan Compensation".
(4) Amounts in this column are the annual increase in actuarial present value of retirement benefits payable under the Company's Pension Program. These amounts were not actually paid to the CEO. The total pension present value accrued for the CEO through 2020 is disclosed in the 2020 Pension Benefits Table.
(5) This column includes any perquisites or personal benefits that exceeded $10,000 for the CEO during 2020, value at incremental costs. The CEO was not reimbursed for any taxes due based on the imputed value of Company-provided perquisites or personal benefits not generally available to all employees. Such perquisites or personal benefits were:

Year	Matching Contribution	Personal Use of Company Aircraft	Financial Planning	Other
2020	57,038	193,816	13,525	1,000
2019	53,375	290,336	13,660	1,000

Matching Contribution includes Company contributions to the Company's U.S. 401(k) Plan and Company contributions to the U.S. Compensation Deferral Program described under the "2020 Nonqualified Deferred Compensation" table below. For reasons of security and time management, the Board requires the CEO to use the Company's corporate aircraft for personal use as well as business travel. The aircraft is available for the Company's use through a time-share arrangement with a fixed time-share charge for the right to use the aircraft and a per-trip charge. The Company calculates the incremental aircraft costs for Mr. Angel's personal use as the full amount of those per-trip charges attributable to his personal use. The fixed time-share charge is not included as an incremental cost, as the Company must pay this amount even if Mr. Angel does not use the aircraft for personal travel.
Other perquisites include U.S Health Savings Account Contributions.

2020 Grants of Plan-Based Awards

Below is information regarding the 2020 Non-Equity Incentive Plan Compensation, Stock Awards and the Option Awards reported in the Summary Compensation Table above. The 2020 option grants, performance share unit (PSU) and restricted stock unit (RSU) awards reported in the table below were made under the Amended and Restated 2009 Linde Long Term Incentive Plan. The awards granted to the CEO were made on substantially the same terms as the 2020 grants that were made to all other eligible employees.

	Grant Date (1)	Compensation Commitee Approval Date (1)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold (#)	Target (#)	Maximum (#)	All other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(6)
2020												
Variable Cash (2)			0	2,703,750	5,407,500							
Stock Options (3)	3/9/2020	2/24/2020								169,560	173.13	2,950,344
RSUs (4)	3/9/2020	2/24/2020							13,935			2,253,708
ROC PSUs (5)	3/9/2020	2/24/2020				0	20,900	41,800				3,380,157
TSR PSUs (5)	3/9/2020	2/24/2020				0	11,300	22,600				2,246,440
2019												
Variable Cash			0	2,509,375	5,018,750							
Stock Options	3/20/2019	2/25/2019								177,605	176.63	4,152,405
RSUs	3/20/2019	2/25/2019							15,755			2,628,407
ROC PSUs	5/1/2019	2/25/2019				0	23,630	47,260				3,980,946
TSR PSUs	5/1/2019	2/25/2019				0	11,640	23,280				2,512,494

(1) On February 24, 2020, the Company's Compensation Committee approved the stock options, PSUs and RSUs to be granted to NEOs. It set March 9, 2020 as the actual grant date for all award types.
(2) The actual amount of performance-based variable compensation payable in March 2021 for 2020 performance is shown in the "Summary Compensation Table" under "Non-Equity Incentive Plan Compensation". The amounts shown in these columns in the table above are the range of potential 2020 payments that could have been made.
(3) These are the number of shares underlying stock option grants made in March 2020.
(4) This is the number of restricted stock units granted in March 2020.
(5) These are the threshold, target and maximum number of shares that may be earned under PSU awards made in March 2020.
(6) The amounts are the full grant date fair values of the RSU awards, PSU awards, and the stock option grants made in 2020, calculated in accordance with accounting standards related to share-based compensation. The values for the PSU awards are based on the target number of shares granted. These amounts are neither paid to any NEO nor equal to the amounts recognized by the Company as compensation expense in 2020.

2020 Outstanding Equity Awards at Fiscal Year-End

The table below shows the CEO’s outstanding equity awards at the end of 2020. The material terms of the awards are described under the caption “2020 Equity Award Grants” above and in the footnotes to the table below.

	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price ($)(2)	Option Grant Date	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(3)	Market Value of Shares or Units of Stock That Have Not Vested ($)(4)(5)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(6)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#)(4)
At 31st December 2020	261,075	0	128.38	2/24/2015	2/24/2025	67,960	17,908,140	67,470	17,779,020
	416,355	0	102.22	2/23/2016	2/23/2026				
	435,850	0	118.71	2/28/2017	2/26/2027				
	212,520	106,260	154.00	2/27/2018	2/25/2028				
	59,201	118,404	176.63	3/20/2019	3/20/2029				
	0	169,560	173.13	3/9/2020	3/8/2030				
At 31st December 2019	187,015	0	110.58	2/26/2013	2/24/2023	134,237	28,579,057	35,270	7,508,983
	203,930	0	128.80	2/25/2014	2/23/2024				
	261,075	0	128.38	2/24/2015	2/24/2025				
	416,355	0	102.22	2/23/2016	2/23/2026				
	290,566	145,284	118.71	2/28/2017	2/26/2027				
	106,260	212,520	154.00	2/27/2018	2/25/2028				
	0	177,605	176.63	3/20/2019	3/20/2029				

(1) Each stock option vests in three consecutive equal annual installments beginning on the first anniversary of the grant date.
(2) The exercise price for all stock options is the closing price on the NYSE on the date of grant.
(3) This column includes the number of shares underlying the RSU awards granted to the CEO on March 20, 2019 and March 9, 2020. Also, included are the Company RSU awards that were provided in place of outstanding Praxair 2018 RSU awards upon the merger. The portion of awards that replaced the 2018 RSUs vested on February 27, 2021.
(4) The market value reported in this column is the number of unvested restricted stock units multiplied by the $263.51 December 31, 2020 closing price of the Company's common stock as reported on the NYSE.
(5) Where applicable under U.S. tax law, the Company collects from NEOs and pays Federal Insurance Contributions Act (FICA) taxes on awards.
(6) This column includes the target number of PSUs granted in May 2019 and March 2020.

2020 Option Exercises and Stock Vested

This table provides information about any stock options that were exercised by the CEO and restricted stock units that vested during 2020.

	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Number of Shares Acquired on Vesting (#)(2)	Value Realized on Vesting ($)(2)
2020	390,945	52,942,148	80,212 (3)	15,321,294 (3)
2019	454,685	39,821,790	59,795 (3)	10,374,433 (3)

(1) The option exercise value realized for 2020 equals the (i) NYSE market price of the Company's common stock at the time of the option exercise minus the option exercise price, multiplied by (ii) the option shares exercised. All amounts reported are before taxes.
(2) The values represent shares acquired pursuant to the vesting and payout in February 2020 of the Company RSU awards that replaced the Praxair 2017 PSU awards outstanding at the time of the business combination.
In all cases, the value of the shares is before taxes and equals the number of shares paid out multiplied by the NYSE closing price of the Company's common stock on the applicable vesting dates.
(3) The amounts reported for Mr. Angel were not paid to him in 2020 because he previously made a voluntary election to defer payment of shares in settlement of his vested RSU award until a future date. See the "2020 Nonqualified Deferred Compensation" table for more information.

2020 Pension Benefits
The table below shows certain retirement benefit information of the CEO under the Company's Pension Programs and agreements.

	Plan Name(1)	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit ($)(2)	Payments During Last Fiscal Year ($)
2020 (3)	Linde U.S. Pension Plan	20	1,181,000	0
	Supplemental Retirement Income Plan	41	8,192,000	0
2019	Linde U.S. Pension Plan	19	1,050,000	0
	Supplemental Retirement Income Plan	40	5,849,000	0

(1) Mr. Angel participates in the Linde U.S. Pension Program's Traditional Design component.
(2) See the narrative after the table for a description of the Present Value of Accumulated Benefit. The values for each plan listed above are additive.
(3) The Linde U.S. Pension Plan credited years of service for Mr. Angel represent his actual years of service with the Company.
The Supplemental Retirement Income Plan credited years of service adds the recognition of Mr. Angel's 21.64 years of prior General Electric service. In connection with Mr. Angel's recruitment to the Company in 2001 and in order to provide him with a retention incentive, the Company agreed to provide Mr. Angel with credit under the Linde Inc. Supplemental Retirement Income Plans (collectively referred to as the "SRIP") to recognize his years of service with his prior employer, General Electric. The receipt of this additional credited service was subject to time-based vesting requirements which were satisfied in 2016. The Company has recognized as an accrued pension liability, the additional years of service credit that Mr. Angel received under the SRIP over the course of his anticipated years of service, and no future accruals are expected as the liability has been fully accrued and the years of service credit fully vested.
When Mr. Angel retires, he will receive retirement benefits under the Pension Program based on his Company service plus the additional years of recognized General Electric service, less offsets for the benefits paid pursuant to the SRIP in connection with the business combination (see Note 6 to the "Summary Compensation Table" above and the detailed description of the Pension Program below) and the benefits he receives under the General Electric retirement plans. The values shown above include the effect of these offsets. If Mr. Angel is terminated for cause (as defined in the service credit agreement) he will forfeit recognition of his prior General Electric service and value attributed to this service to the extent previously paid may be recouped by the Company.

Present Value of Accumulated Benefit

The 2020 Pension Benefits table includes a "Present Value of Accumulated Benefit." This is the value in today's dollars of the total expected future retirement benefits that the CEO may receive under the Pension Program, and these are accrued amounts as of the end of 2020. For any given year, there will be a change in the accumulated benefit. For example, from one year to the next, the accumulated benefit may increase because the CEO has worked for an additional year and received credit for that or his pensionable earnings have increased. The accumulated benefit may also increase or decrease based on the interest rate used to calculate the present value of the CEO's retirement payments compared to the prior year. The annual change in accumulated benefit is disclosed in the "CEO Compensation Table" in the "Change in Pension Value" column.

The company recognizes these amounts as a future pension liability on its financial statements. The company calculates these amounts using complex actuarial valuations and assumptions. These assumptions are described in Note 16 to the Company's 2020 financial statements in the 2020 Form 10-K and Annual Report. However, as required by SEC rules, the 2020 Pension Benefits table assumes that the CEO will retire at the earliest retirement age that would provide full (unreduced) benefits. The value in today's dollars of the total retirement benefits that the CEO eventually receives may be more or less than the amount shown in the 2020 Pension Benefits table.

2020 Nonqualified Deferred Compensation

This table shows information regarding compensation amounts that (i) the CEO decided not to receive in cash but elected to defer to a later date under the U.S. Linde Compensation Deferral Program, (ii) are company contributions to the Compensation Deferral Program; or (iii) shares payable in settlement of a vested PSU or RSU award that the CEO elected to defer to a later date pursuant to the terms of the Amended and Restated 2009 Linde Long Term Incentive Plan and the applicable award agreements.

	Executive Contributions in Last Fiscal Year ($)(1)	Company Contributions in Last Fiscal Year ($)(2)	Aggregate Earnings in Last Fiscal Year ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End ($)(3)
2020	19,047,716	47,250	16,686,605	0	71,679,932
2019	15,344,855	46,531	8,671,440	0	35,899,080

(1) These amounts are voluntary deferrals elected by Mr. Angel under Linde's U.S. Compensation Deferral Program of the variable compensation for the 2020 plan year paid in March 2021 under the Company's Variable Compensation Plan. These amounts are included in the "Non-equity Incentive Plan Compensation" in the "CEO Compensation Table" above. The amount shown also includes the value of the Company shares that would have been paid to Mr. Angel in settlement of the RSU award that vested in February 2020 in the absence of his prior election to defer the payment of these shares until a later date.
(2) These amounts are the Company contributions for the CEO made in 2021 for 2020. These amounts are included in "All Other Compensation" in the "CEO Compensation Table".
(3) Balances are net of prior payouts and otherwise are the total of (i) all compensation that the CEO previously elected to defer (ii) Company contributions made to the U.S. Compensation Deferral Program on behalf of the CEO, and (iii) any notional investment earnings on these amounts. The balances are not amounts paid in 2020.

Remuneration of Non-Executive Directors

The compensation paid to our non-executive directors for the fiscal years ended 31 December 2020 and 2019 is reported in the tables below. The compensation paid to non-executive directors includes an element of equity-based compensation, designed to provide greater alignment of interests between non-executive directors and the Company's shareholders. This equity-based compensation is not subject to the achievement of performance metrics given the nature of the role performed by the non-executive directors, but is subject to a one-year time vesting requirement from the date of grant. Stephen F. Angel is the only executive director currently on the Board. While serving as executive director, Mr Angel receives no additional compensation for his service as director and accordingly is not included in the following tables or discussion. All other members of the Board are non-executive directors.

Name	2020 Fees Earned or Paid in Cash ($)	2020 Stock Awards ($)(1)	2020 Other Compensation ($)(2)	2020 Total ($)
Prof. Dr. Wolfgang H. Reitzle	450,000	321,510	5,000	776,510
Prof. DDr. Ann-Kristin Achleitner	180,000	128,646	5,000	313,646
Prof. Dr. Clemens A. H. Borsig	280,000	128,646	5,000	413,646
Dr. Nance K. Dicciani	180,000	128,646	15,000	323,646
Dr. Thomas Enders	180,000	128,646	5,000	313,646
Franz Fehrenbach	180,000	128,646	5,000	313,646
Edward G. Galante	230,000	128,646	5,000	363,646
Larry D. McVay	180,000	128,646	6,000	314,646
Dr. Victoria E. Ossadnik	180,000	128,646	5,000	313,646
Prof. Dr. Martin H. Richenhagen	180,000	128,646	5,000	313,646
Robert L. Wood	230,000	128,646	5,000	363,646
TOTAL:	**2,450,000**	**1,607,970**	**66,000**	**4,123,970**

(1) Full grant date fair value of restricted stock units granted to each director on February 24, 2020 as determined under U.S GAAP accounting standards related to share-based compensation.
(2) Amounts in this column do not represent cash or stock compensation paid to the directors. These amounts are the value of the following benefits provided to the directors by the Company: (a) $15,000 for Ms. Dicciani and $1,000 for Mr. McVay as 2020

matching contributions for their eligible personal charitable contributions pursuant to the Company's charitable matching gift program that matches personal donations to eligible charitable institutions up to a $15,000 maximum per year per donor, and (b) $5,000 for each director except Ms. Dicciani for fees paid by the Company for the preparation and filing of director's personal tax returns in the United Kingdom with respect to the taxation of directors' compensation in the United Kingdom.

Name	2019 Fees Earned or Paid in Cash ($)	2019 Stock Awards ($)(1)	2019 Other Compensation ($)(2)	2019 Total ($)
Prof. Dr. Wolfgang H. Reitzle	420,000	307,821	—	727,821
Prof. DDr. Ann-Kristin Achleitner	180,000	131,998	—	311,998
Prof. Dr. Clemens A. H. Borsig	280,000	131,998	—	411,998
Dr. Nance K. Dicciani	180,000	131,998	15,000	326,998
Dr. Thomas Enders	180,000	131,998	—	311,998
Franz Fehrenbach	180,000	131,998	—	311,998
Edward G. Galante	230,000	131,998	—	361,998
Larry D. McVay	180,000	131,998	1,000	312,998
Dr. Victoria E. Ossadnik	180,000	131,998	—	311,998
Prof. Dr. Martin H. Richenhagen	180,000	131,998	—	311,998
Robert L. Wood	230,000	131,998	—	361,998
TOTAL:	**2,420,000**	**1,627,801**	**16,000**	**4,063,801**

(1) Full grant date fair value of restricted stock units granted to each director on February 26, 2019 as determined under U.S. GAAP accounting standards related to share-based compensation.
(2) Amounts in this column do not represent compensation paid to the directors. These amounts are the Company's 2019 matching contributions for the directors' eligible charitable donations. In 2019, Linde matched personal donations to eligible charitable institutions up to a $15,000 maximum per year per donor. This matching gift program is available to Company employees and non-management directors on the same basis.

Director Expenses

Directors are entitled to reimbursement for travel and other expenses incurred on behalf of the company in accordance with the Linde plc Directors Travel and Expenses Policy or pursuant to other Board-approved policies.

Time-vested restricted shares

The following table sets forth information regarding the number and amount of restricted share awards outstanding at the beginning and end of the fiscal year ended 31 December 2020 for each director serving on the Board during 2020:

Name	Date of Grant	End of Period Over Which Qualifying Conditions Must be Fulfilled for Each Award	Restricted Units Outstanding at Beginning of FY 2020 (#)(1)	Restricted Units Granted During FY 2020 (#)(2)	Restricted Units Vested During FY 2020 (#)	Market Price Per Share on Date of Grant (3)	Market Price Per Share on Vesting of Award (4)	Income realized Upon Vesting (5)	Restricted Units Outstanding at End of FY 2020 (#)(1)
Prof. Dr. Wolfgang H. Reitzle	2/26/2019	2/26/2020	1,770	1,527	1,802	$173.91	$203.41	$366,641.85	1,556
Prof. DDr. Ann-Kristin Achleitner	2/26/2019	2/26/2020	759	611	773	$173.91	$203.41	$157,221.08	622
Prof. Dr. Clemens A. H. Borsig	2/26/2019	2/26/2020	759	611	773	$173.91	$203.41	$157,221.08	622
Dr. Nance K. Dicciani	2/26/2019	2/26/2020	6,778	611	773	$173.91	$203.41	$157,221.08	6,755
Dr. Thomas Enders	2/26/2019	2/26/2020	759	611	773	$173.91	$203.41	$157,221.08	622
Franz Fehrenbach	2/26/2019	2/26/2020	759	611	773	$173.91	$203.41	$157,221.08	622
Edward G. Galante	2/26/2019	2/26/2020	8,677	611	773	$173.91	$203.41	$157,221.08	8,689
Larry D. McVay	2/26/2019	2/26/2020	5,472	611	773	$173.91	$203.41	$157,221.08	5,424
Dr. Victoria E. Ossadnik	2/26/2019	2/26/2020	759	611	773	$173.91	$203.41	$157,221.08	622
Prof. Dr. Martin H. Richenhagen	2/26/2019	2/26/2020	759	611	773	$173.91	$203.41	$157,221.08	622
Robert L. Wood	2/26/2019	2/26/2020	2,950	611	773	$173.91	$203.41	$157,221.08	2,855

(1) Includes all other RSU awards granted to directors Dicciani, Galante, McVay and Wood during their service as directors of Praxair, Inc. prior to the business combination, that have fully vested but whose payment in Linde plc Ordinary Shares has been deferred by the director until termination of service as a director or a specific future date.
(2) Restricted stock units were granted on February 24, 2020 and vesting one year later.
(3) Closing price per share of Linde plc ordinary shares on the February 26, 2019 grant date with respect to the 2019 RSU grant.
(4) Closing price per share of Linde plc ordinary shares on the February 26, 2020 vesting date with respect to the 2019 RSU grant.
(5) Income realized equals the number of RSUs vested and paid out multiplied by the closing price per share of Linde ordinary shares on the February 26, 2020 vesting date.

Statement of change in pay of employees

The table below summarizes the percentage change in average remuneration of our employees (on a full time equivalent basis and excluding our directors) for fiscal years 2019 and 2020.

Employees Other than Executive Directors	2020 Average Total Remuneration ($)	2019 Average Total Remuneration ($)	Percentage Change in 2020 Compared with 2019
	48,701	48,556	0.3%

DIRECTORS’ AND COMPANY SECRETARY'S INTERESTS

No director, the company secretary or any member of their immediate families had any interest in shares or debentures of any subsidiary. Directors’ remuneration is set forth in Note 28 to the consolidated financial statements. The interests of the directors and secretary of the company in office as at 31 December 2020 and 2019 in the ordinary share capital of Linde plc as of 31 December 2020 and 2019, as required to be stated pursuant to section 329 of the Act, are presented in the table below.

Directors	At 31 December 2020		At 31 December 2019	
	Ordinary Shares(1)	Options	Ordinary Shares(1)	Options
Prof. Dr. Wolfgang Reitzle	17,493	—	16,077	—
Mr. Stephen F. Angel	495,296	1,779,225	444,781	2,000,610
Prof. Dr. Ann-Kristin Achleitner	1,752	—	979	—
Prof. Dr. Clemens Börsig	1,696	—	979	—
Dr. Nance Dicciani	18,497	—	17,786	—
Dr. Thomas Enders	10,578	—	6,600	—
Mr. Franz Fehrenbach	3,113	—	979	—
Mr. Edward Galante	13,944	—	13,229	—
Mr. Larry McVay	12,171	—	11,364	—
Dr. Victoria Ossadnik	773	—	—	—
Mr. Martin Richenhagen	4,833	—	4,114	—
Mr. Robert Wood	14,652	—	13,896	—
Secretary				
Susan Kelly	—	—	—	—

(1) Excludes stock units, including restricted stock units, deferred stock units and performance share units, as the units have no ordinary share voting rights. Any interests in stock units as of December 31, 2020 are reported in the tables in the Directors' Remuneration Report section of this IFRS report.

DIRECTORS' COMPLIANCE STATEMENT

As required by section 225(2) of the Act, the directors acknowledge that they are responsible for securing the company's compliance with its relevant obligations (as defined in section 225(1)). The directors further confirm that a "compliance policy statement" (as defined in section 225(3)(a)) has been drawn up, that appropriate arrangements and structures that are, in the directors' opinion, designed to secure material compliance with the relevant obligations have been put in place and that a review of those arrangements and structures has been conducted in the financial year to which this report relates.

STATEMENT OF DISCLOSURES TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year that gives a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and of the profit and loss of the company for the financial year. Under that law, the Directors have prepared the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and with those parts of the Act applicable to companies applying IFRS and the Parent company financial statements in accordance Irish Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the profit and loss of the company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit and loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors and signed on its behalf on 27 April 2021 by:

/s/ Stephen F. Angel	/s/ Prof. Dr. Clemens Börsig
Stephen F. Angel	Prof. Dr. Clemens Börsig
Chief Executive Officer and Director	*Director*

pwc

Independent auditors' report to the members of Linde plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Linde plc's consolidated financial statements and company financial statements (the "financial statements") give a true and fair view of the group's and the company's assets, liabilities and financial position as at 31 December 2020 and of the group's profit and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Director's Report and Financial Statements (the "Annual Report"), which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the company statement of financial position as at 31 December 2020;
- the consolidated statement of profit and loss and consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the statement of changes in consolidated equity for the year then ended;
- the company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

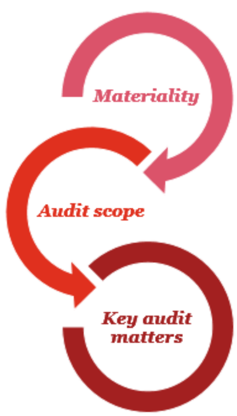
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the group or the company.

Other than those disclosed in note 30 to the financial statements, we have provided no non-audit services to the group or the company in the period from 1 January 2020 to 31 December 2020.

Our audit approach

Overview



Materiality

- $200 million (2019: $185 million) - consolidated financial statements
- Based on circa 2.5% of EBITDA (2019: circa 2.3% of EBITDA).
- $395 million (2019: $420 million) - company financial statements
- Based on circa 0.5% of net assets (2019: circa 0.5% of net assets. Financial statement line items that do not eliminate on consolidation have been audited to the materiality level applicable to the consolidated financial statements.

Audit scope

- We conducted a full scope audit of one individually significant component.
- Audit of specific account balances or transactions were performed in respect of 38 components.
- Specified audit procedures were performed at 2 additional components.
- Additionally, certain activities controlled and managed centrally such as disposals of equity investments, intangible asset and goodwill accounting impairment testing were subject to full scope audit procedures.
- Certain elements of income taxes, financing and treasury, and legal matters are controlled and managed centrally and were subject to specific audit procedures.
- Overall, we obtained coverage in excess of 65% of group net revenues and in excess of 75% of total assets.

Key audit matter

- Revenue Recognition - Estimated Costs at Completion

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Revenue Recognition - Estimated Costs at Completion *Refer to Note 5 - "Accounting Policies" and Note 6 - "Revenue"* As discussed in Note 6 to the consolidated financial statements, $2,839 million of the group's total revenues for the year ended 31 December 2020 was generated from sale of equipment contracts ("engineering contracts"). Revenue from sale of equipment is generally recognized over time as the group has an enforceable right to payment for performance completed to date and performance does not create an asset with alternative use. For contracts recognized over time, revenue is recognized primarily using a cost incurred input method. Costs incurred to date relative to total estimated costs at completion are used to measure progress toward satisfying performance obligations. Costs incurred include material, labour, and overhead costs and represent work contributing and proportionate to the transfer of control to the customer. We determined estimated costs at completion as it relates to revenue recognition to be a key audit matter as significant judgement was exercised by management when developing the estimated costs at completion for the sale of equipment contracts including significant assumptions related to estimated material and labour costs.	We tested the effectiveness of controls relating to the revenue recognition process, including controls over developing the estimated costs at completion for the sale of equipment contracts. We tested management's process for developing the estimated costs at completion for the sale of equipment contracts, and evaluated the reasonableness of management's significant assumptions, including the estimates of expected material and labour costs. Evaluating the reasonableness of management's significant assumptions involved evaluating management's ability to reasonably estimate costs at completion for the sale of equipment contracts on a sample basis by (i) performing a comparison of the originally estimated and actual costs incurred on similar completed equipment contracts, and (ii) evaluating the timely identification of circumstances that may warrant a modification to estimated costs at completion, including actual costs in excess of estimates. Professionals with specialized skill and knowledge were used to assist in evaluating management's estimates and significant assumptions related to the expected material and labour costs.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The group is structured along four operating segments, Americas, EMEA, APAC and Engineering.

In determining our audit scope we first focused on individual reporting components and determined the type of work that needed to be performed at the reporting components by us, as the Irish group engagement team, PwC US as the US component team and other component auditors within other PwC network firms. Where the work was performed by PwC US and other component auditors, we determined the level of involvement we needed to have in the audit work of those reporting components to be able to conclude that sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole.

A full scope audit was performed by PwC US in respect of one individually significant component.

Based on our risk assessment and to achieve the overall level of audit coverage we considered appropriate, an audit of specific account balances, and classes of transactions were performed in respect of 38 components. In addition, certain specified audit procedures were performed on certain account balances of two other components by other PwC network firms.

Additionally, certain activities controlled and managed centrally such as disposals of equity investments, intangible asset and goodwill accounting and impairment testing were subject to full scope audit procedures. Certain elements of income taxes, financing and treasury, and legal matters are controlled and managed centrally and were subject to specific audit procedures.

We allocated materiality levels and issued instructions to each component auditor. In addition to the audit report from each of the component auditors, we received detailed memoranda of examinations on work performed and relevant findings which supplemented our understanding of the component, its results and the audit findings and we participated in certain local audit closing meetings. This, together with additional procedures performed at the group level, gave us evidence we needed for our opinion on the financial statements as a whole.

Overall, through the full scope audit, the full scope audit procedures and the specified audit procedures, we obtained coverage in excess of 65% of group net revenues and in excess of 75% of total assets.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Consolidated financial statements	*Company financial statements*
Overall materiality	$200 million (2019: $185 million).	$395 million (2019: $420 million).
How we determined it	Circa 2.5% of EBITDA. (2019: Circa 2.3% of EBITDA)	Circa 0.5% of net assets (2019: Circa 0.5% of net assets)
Rationale for benchmark applied	The engagement team believes EBITDA is the most appropriate measure reflecting the underlying operations of the group.	The parent company is a holding company. Consequently, we believe that net assets is the most relevant measure to reflect the nature of its activities and transactions. Financial statement line items that do not eliminate on consolidation have been audited to the materiality level applicable to the consolidated financial statements.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $15 million (group audit) (2019: $15 million) and $15 million (company audit) (2019: $15 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group and company's ability to continue to adopt the going concern basis of accounting included:

> considering liquidity and available financial resources throughout the going concern assessment period of twelve months from the date on which the financial statements are authorised for issue;
> assessing the ability of the company to generate cash based on management approved forecasts and assessing how these forecasts are compiled;
> evaluating the key assumptions within management's forecasts. In evaluating these forecasts we considered the group's historic performance and its past record of achieving strategic objectives. We also considered whether the assumptions underlying the base case were consistent with related assumptions used in other areas of the entity's business activities, for example in testing for non-financial asset impairment; and
> performing our own independent sensitivity analysis to assess further appropriate downside scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's or the company's ability to continue as a going concern.
Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 (excluding the information included in the "Non Financial Statement" as defined by that Act on which we are not required to report) have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

Directors' Report

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report (excluding the information included in the "Non Financial Statement" on which we are not required to report) for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the group and company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report (excluding the information included in the "Non Financial Statement" on which we are not required to report).

Corporate governance statement

- In our opinion, based on the work undertaken in the course of the audit of the financial statements,

  \- the description of the main features of the internal control and risk management systems in relation to the financial reporting process; and

  \- the information required by Section 1373(2)(d) of the Companies Act 2014; included in the Corporate Governance Statement, is consistent with the financial statements and has been prepared in accordance with section 1373(2) of the Companies Act 2014.

- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process and the information required by section 1373(2)(d) of the Companies Act 2014 included in the Corporate Governance Statement.
- In our opinion, based on the work undertaken during the course of the audit of the financial statements, the information required by section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 and regulation 6 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 is contained in the Corporate Governance Statement.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibility Statement set out on pages 43 and 44, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:
https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the company financial statements to be readily and properly audited.
- The company statement of financial position is in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Prior financial year Non Financial Statement

We are required to report if the company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 in respect of the prior financial year. We have nothing to report arising from this responsibility.

Appointment

We were appointed by the directors on 17 October 2018 to audit the financial statements for the year ended 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 December 2018 to 31 December 2020.

Alisa Hayden
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
27 April 2021

- The maintenance and integrity of the Linde plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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[Consolidated statement of comprehensive income](53) 53
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Consolidated Financial Statements

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For The Years Ended 31 December (Millions of dollars)	*Note*		**2020**		**2019**
Revenue	[6]	$	27,669	$	28,758
Cost of sales			19,406		20,869
GROSS PROFIT		**$**	**8,263**	**$**	**7,889**
Marketing and selling expenses			2,183		2,201
Research and development costs			237		254
Administration expenses			2,200		2,448
Impairment losses on receivables and contract assets	[23]		182		170
Net gain on divestiture of businesses	[2]		—		164
Other operating income	[7]		267		330
Other operating expenses	[7]		325		260
OPERATING PROFIT FROM CONTINUING OPERATIONS		**$**	**3,403**	**$**	**3,050**
Financial income	[8]		80		91
Financial expenses	[8]		620		199
Share of profit and loss from associates and joint ventures (at equity)	[13]		52		63
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**$**	**2,915**	**$**	**3,005**
Income tax expense	[9]		874		812
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**$**	**2,041**	**$**	**2,193**
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS, NET OF TAX		**$**	**5**	**$**	**94**
PROFIT FOR THE YEAR		**$**	**2,046**	**$**	**2,287**
attributable to Linde plc shareholders			1,896		2,148
attributable to noncontrolling interests of continuing operations			150		132
attributable to noncontrolling interests of discontinued operations			—		7
PROFIT FOR THE YEAR - LINDE PLC SHAREHOLDERS					
Income from continuing operations		$	1,891	$	2,061
Income from discontinued operations		$	5	$	87
EARNINGS PER SHARE – CONTINUING OPERATIONS LINDE PLC SHAREHOLDERS	[10]				
Earnings per share in USD – undiluted		$	3.59	$	3.81
Earnings per share in USD – diluted		$	3.56	$	3.78
EARNINGS PER SHARE – LINDE PLC SHAREHOLDERS	[10]				
Earnings per share in USD – undiluted		$	3.60	$	3.97
Earnings per share in USD – diluted		$	3.57	$	3.94

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Years Ended 31 December (Millions of dollars)	2020	2019
PROFIT FOR THE YEAR	$ 2,046	$ 2,287
OTHER COMPREHENSIVE INCOME (LOSS)		
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS		
Currency translation adjustments		
Foreign currency translation adjustments	924	92
Reclassifications to net income	—	12
Income taxes	30	3
Currency translation adjustments	954	107
Derivative instruments		
Current year unrealized gain (loss)	(3)	(32)
Reclassifications to net income	42	—
Income taxes	(8)	7
Derivative instruments	31	(25)
Securities		
Current year unrealized gain (loss)	—	1
Reclassifications to net income	—	—
Income taxes	—	—
Securities	—	1
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS		
Funded status - retirement obligation remeasurement	(333)	(574)
Income Taxes	80	117
Funded status - retirement obligations	(253)	(457)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	732	(374)
COMPREHENSIVE INCOME (INCLUDING NONCONTROLLING INTERESTS)	$ 2,778	$ 1,913
Less: noncontrolling interests	(206)	(50)
COMPREHENSIVE INCOME - LINDE PLC	$ 2,572	$ 1,863

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of dollars)	*Note*		**31/12/2020**		**31/12/2019**
Assets					
Goodwill	[11]	$	28,334	$	27,148
Other intangible assets - net	[11]		16,850		16,818
Tangible assets - net	[12]		29,402		29,689
Right of use assets	[20]		1,117		1,168
Investments in associates and joint ventures (at equity)	[13]		1,057		1,008
Other financial assets	[13]		117		100
Receivables from leases	[15]		38		55
Miscellaneous other receivables and other assets	[15]		593		598
Deferred tax assets	[9]		271		251
NON-CURRENT ASSETS			**77,779**		**76,835**
Inventories	[14]		1,744		1,710
Receivables from finance leases	[15]		18		17
Trade receivables	[15]		4,107		4,122
Contract Assets	[6, 15]		162		369
Miscellaneous other receivables and other assets	[15]		1,064		1,194
Income tax receivables	[15]		115		108
Cash and cash equivalents	[24]		3,845		2,790
Non-current assets classified as held for sale	[2]		27		320
CURRENT ASSETS			**11,082**	**$**	**10,630**
TOTAL ASSETS		**$**	**88,861**	**$**	**87,465**

(Millions of dollars)	*Note*	31/12/2020	31/12/2019
EQUITY AND LIABILITIES			
Called-up share capital presented as equity	[16]	1	$ 1
Share premium	[16]	—	—
Retained earnings	[16]	51,881	52,249
Treasury shares	[16]	(5,374)	(3,156)
Other reserves	[16]	$ 901	105
TOTAL EQUITY ATTRIBUTABLE TO LINDE PLC SHAREHOLDERS		**$ 47,409**	**$ 49,199**
Noncontrolling interests	[16]	2,649	2,942
TOTAL EQUITY		**$ 50,058**	**$ 52,141**
Long-term pensions and similar obligations	[17]	2,962	2,549
Other non-current provisions	[18]	732	562
Deferred tax liabilities	[9]	6,825	6,993
Financial liabilities	[19]	12,195	10,622
Liabilities from leases	[20]	818	840
Contract liabilities	[6, 21]	542	359
Income tax liabilities	[21]	204	236
Other non-current liabilities	[21]	357	404
NON-CURRENT LIABILITIES		**24,635**	**$ 22,565**
Current pensions and similar obligations	[17]	35	27
Current provisions	[18]	806	567
Financial liabilities	[19]	3,951	3,325
Liabilities from leases	[20]	287	290
Trade payables	[21]	4,342	4,079
Contract liabilities	[6, 21]	1,762	1,761
Other current liabilities	[21]	1,984	1,878
Income tax liabilities	[21]	988	747
Liabilities in connection with non-current assets classified as held for sale and disposal groups	[2]	13	85
CURRENT LIABILITIES		**$ 14,168**	**$ 12,759**
TOTAL EQUITY AND LIABILITIES		**$ 88,861**	**$ 87,465**

On behalf of the board

/s/ Stephen F. Angel
Stephen F. Angel
Chief Executive Officer and Director

/s/ Prof. Dr. Clemens Börsig
Prof. Dr. Clemens Börsig
Director

27 April 2021

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(Millions of dollars)	Called-up share capital	Retained earnings (including remeasurement of defined benefit plans)	Other reserves: Currency translation differences	Other reserves: Hedging instruments	Other reserves: Other	Treasury shares	Total equity attributable to Linde plc shareholders	Non-controlling interests	Total equity
AS AT 01/01/2019	**$ 1**	**$ 52,448**	**$ (123)**	**$ (2)**	**$ —**	**$ (629)**	**$ 51,695**	**$ 6,094**	**$ 57,789**
Profit for the year	–	2,148	—	—	–	—	2,148	139	2,287
Other comprehensive income (net of tax)	–	(456)	196	(25)	–	—	(285)	(89)	(374)
TOTAL COMPREHENSIVE INCOME	**—**	**1,692**	**196**	**(25)**	—	**—**	**1,863**	**50**	**1,913**
Dividend payments	–	(1,891)	—	—	–	—	(1,891)	(184)	(2,075)
Changes as a result of share option schemes and stock purchase plans	–	—	—	—	59	(2,527)	(2,468)	—	(2,468)
DISTRIBUTIONS TO OWNERS OF THE COMPANY	**—**	**(1,891)**	**—**	**—**	59	**(2,527)**	**(4,359)**	**(184)**	**(4,543)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES	—	—	—	—	—	—	—	(3,018)	(3,018)
AT 31/12/2019	**$ 1**	**$ 52,249**	**$ 73**	**$ (27)**	**$ 59**	**$ (3,156)**	**$ 49,199**	**$ 2,942**	**$ 52,141**
Profit for the year	–	1,896	—	—	–	—	1,896	150	2,046
Other comprehensive income (net of tax)	–	(253)	898	31	–	—	676	56	732
TOTAL COMPREHENSIVE INCOME	**—**	**1,643**	**898**	**31**	—	**—**	**2,572**	**206**	**2,778**
Dividend payments	–	(2,028)	—	—	–	—	(2,028)	(211)	(2,239)
Changes as a result of share option schemes and stock purchase plans	–	—	—	—	(133)	(2,218)	(2,351)	—	(2,351)
Redemption value adjustments	—	17	—	—	—	—	17	—	17
DISTRIBUTIONS TO OWNERS OF THE COMPANY	**—**	**(2,011)**	**—**	**—**	**(133)**	**(2,218)**	**(4,362)**	**(211)**	**(4,573)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES	—	—	—	—	—	—	—	(288)	(288)
AT 31/12/2020	**$ 1**	**$ 51,881**	**$ 971**	**$ 4**	**$ (74)**	**$ (5,374)**	**$ 47,409**	**$ 2,649**	**$ 50,058**

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Years Ended 31 December (Millions of dollars)	*Note*	2020	2019
Profit for the year attributable to Linde plc shareholders		$ 1,896	$ 2,148
Less: Profit for the year from discontinued operations		(5)	(87)
Add: Profit for the year from continuing operations attributable to noncontrolling interests		150	132
Profit for the year from continuing operations		2,041	2,193
Adjustments to profit after tax to calculate cash flow from operating activities – continuing operations			
Restructuring and merger costs, and other		258	(236)
Amortization of intangible assets/depreciation of tangible assets	[11,12,20]	5,075	5,144
Amortization of merger-related inventory step-up		—	11
Deferred income taxes		(340)	(336)
Gain on divestiture of business		—	(108)
Share of profit and loss from associates and joint ventures (at equity)	[13]	(52)	(63)
Distributions/dividends received from associates and joint ventures	[13]	76	69
Share based compensation		133	95
Non-cash charges and other		118	(152)
Changes in assets and liabilities			
Change in trade receivables	[15]	13	52
Contract assets & liabilities	[6]	78	86
Change in inventories	[14]	17	(86)
Change in prepaid and other current assets	[15]	133	(68)
Change in payables, provisions and accruals	[18, 21]	121	(193)
Pension contributions		(91)	(94)
Long-term assets, liabilities and other		255	246
CASH FLOW FROM OPERATING ACTIVITIES		**$ 7,835**	**$ 6,560**
Capital expenditures		(3,429)	(3,702)
Acquisitions / Payments for investments in consolidated companies		(31)	(225)
Proceeds on disposal of tangible and intangible assets, and receivables from leases		468	5,091
CASH FLOW (FOR)/FROM INVESTING ACTIVITIES		**$ (2,992)**	**$ 1,164**

(Millions of dollars)	*Note*	2020	2019
Dividend payments to Linde plc shareholders		$ (2,028)	$ (1,891)
Cash inflows (outflows) due to changes of noncontrolling interests*		(102)	(3,105)
Issuance of common stock		47	72
Purchases of common stock		(2,457)	(2,658)
Short-term debt borrowings (repayments) - net		1,138	181
Long-term debt borrowings		2,799	104
Long-term debt repayments		(2,653)	(1,561)
Cash outflows for the repayment of liabilities from leases		(324)	(328)
Other cash flows*		(167)	(205)
CASH FLOW FOR FINANCING ACTIVITIES		**$ (3,747)**	**$ (9,391)**
Discontinued Operations			
Cash provided by operating activities		3	78
Cash used for investing activities		(2)	(71)
Cash used for financing activities		(14)	(2)
CASH FLOW FROM DISCONTINUED OPERATIONS		**(13)**	**5**
CHANGE IN CASH AND CASH EQUIVALENTS	[24]	**1,083**	**(1,662)**
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	[24]	**$ 2,790**	**$ 4,533**
Effects of currency translation		(39)	(77)
Cash and cash equivalents reported as non-current assets classified as held for sale and disposal groups	[2]	11	(4)
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	[24]	**$ 3,845**	**$ 2,790**

OTHER CASH FLOW FROM OPERATING ACTIVITIES			
Income taxes paid		$ 1,098	$ 1,317
Interest paid, net of capitalized interest		$ 326	$ 253

*Prior year amounts have been reclassified to conform to current year presentation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

[1] Business Overview and Basis of Preparation

Linde (Registration number 602527) is an incorporated public limited company formed under the laws of Ireland. Linde's registered office is located at Ten Earlsfort Terrace, Dublin 2, D02 T380 Ireland. Linde's principal executive offices are located at The Priestley Centre, 10 Priestley Road, Surrey Research Park, Guildford, Surrey GU2 7XY, United Kingdom. Linde trades on the New York Stock Exchange ("NYSE") and on the Frankfurt Stock Exchange under the symbol LIN.

The consolidated financial statements of Linde for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament, the Council on the application of International Accounting Standards in the European Union and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements have also been prepared in accordance with the provisions of the Irish Companies Act ("Companies Act 2014"), as applicable to companies reporting under IFRS.

The consolidated financial statements of Linde have been prepared on a historical cost basis, except for the following: 1) certain financial assets and liabilities (including derivative instruments) - measured at fair value 2) certain assets and disposal groups held for sale acquired in a business combination- measured at fair value less costs to sell and 3) defined benefit pension plans - plans assets measured at fair value.

The consolidated financial statements of Linde have been prepared on a going concern basis. The company believes that it has sufficient operating flexibility, cash reserves, and funding sources to maintain adequate amounts of liquidity to meet its business needs around the world. The company has a $5 billion unsecured and undrawn revolving credit agreement with no associated financial covenants. No borrowings were outstanding under the credit agreement as of 31 December 2020 (see Note 19). The company does not anticipate any limitations on its ability to access the debt capital markets and/or other external funding sources and remains committed to its strong ratings.

The reporting currency is the US dollar ("USD"). All amounts are shown in millions of US dollars ($ million), unless stated otherwise. Expenses are presented by function in the consolidated statement of profit and loss.

The annual financial statements of companies included in the consolidation are prepared at the same reporting date as the annual financial statements of Linde plc.

The consolidated financial statements of Linde plc and subsidiaries were authorized for issue by the Board of Directors on 27 April 2021. The Board of Directors has the power to amend and reissue financial statements.

[2] Acquisitions and Divestitures

2020 and 2019 Acquisitions and Divestitures

Acquisitions of $31 million and $225 million during the years ended 31 December 2020 and 2019 were primarily related to the Americas and are not material, individually or in the aggregate.

Divestitures of $468 million and $5,091 million during the years ended 31 December 2020 and 2019 were primarily related to the below merger-related divestitures:

- In March 2019, Linde completed the sale of the majority of Linde AG's industrial gases business in North America and certain industrial gases business activities of Linde AG's in South America for approximately $2.9 billion in net cash consideration after purchase price adjustments for certain items relating to assets and liabilities of the sold businesses. In addition, divestitures include approximately $0.5 billion of proceeds for incremental plant sales within the Americas under other agreements.
- In April 2019, Linde completed the sale of selected assets of Linde Korea with a sale price of $1.2 billion.
- In July 2019, Linde completed the sale of select assets of Praxair India with a sale price of $218 million and resulted in a gain of $164 million recognized in "Net gain on divestiture of businesses" in the consolidated statement of profit and loss.

- In December 2019, Linde completed the sale of select assets of Linde India with a sale price of $193 million.
- In March 2020, Linde completed the sale of select assets of Linde China with a sale price of $98 million.

[3] Scope of consolidation

The following table provides the structure of companies included in the consolidated financial statements:

	As at 31/12/2019	Additions	Disposals	As at 31/12/2020
Consolidated subsidiaries	**593**	**115**	**47**	**661**
Companies accounted for as a joint operation	**6**	**0**	**0**	**6**
Companies accounted for using the equity method	**48**	**7**	**3**	**52**

Changes in the scope of the consolidation may arise as a result of acquisitions, sales, mergers, closures or as a result of changes in the assessment as to whether Linde plc exercises control or joint control.

The following table shows the fully consolidated subsidiaries that make use of the exemption options provided for in §264 (3)/§264b HGB for the disclosure of the annual financial statements or the preparation of a management report/notes to the financial statements. For these fully consolidated companies, the consolidated financial statements of Linde Plc are the exempting consolidated financial statements.

Overview of the German companies that make use of the exemption provision set out in the German commercial Code (HGB)	
Name	**Registered Office**
Coatec Gesellschaft für Oberflächenveredelung mbH	Schluechtern
Commercium Immobilien- und Beteiligungs-GmbH	Pullach
Gas & More GmbH	Pullach
Hydromotive GmbH & Co. KG	Leuna
Hydromotive Verwaltungs-GmbH	Leuna
Linde GmbH	Pullach
Linde Electronics GmbH & Co. KG	Pullach
Linde Electronics Verwaltungs GmbH	Pullach
Linde Gas Produktionsgesellschaft mbH & Co. KG	Pullach
Linde Gas Therapeutics GmbH	Oberschleissheim
Linde Gas Verwaltungs GmbH	Pullach
Linde Holding GmbH	Pullach
Linde Schweißtechnik GmbH	Pullach
MTA GmbH Medizin-Technischer-Anlagenbau	Mainhausen
Praxair Surface Technologies GmbH	Ratingen
Selas-Linde GmbH	Pullach
Unterbichler Gase GmbH	Munich

[4] Foreign Currency Translation

The consolidated financial statements are presented in USD currency units, which is the company's functional and presentation currency.

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Transactions in foreign currency are translated into the relevant functional currency of the individual entity on the transaction date. After initial recognition, foreign currency fluctuations relating to monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit and loss. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit and loss on a net basis within other operating income/expense. For non-monetary items, historical translation rates form the measurement basis.

Translation differences arising from the translation of items into the reporting currency are recognized in other comprehensive income. The financial statements of foreign subsidiaries, including any fair value adjustments identified during a purchase price allocation, that have a functional currency different from the presentation currency are translated into the presentation currency in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Assets and liabilities, contingent liabilities, and other financial commitments are translated at the closing rate on the reporting date (closing rate method). Items in the consolidated statement of profit and loss for the year are translated at a rate which approximates to the translation rate on the date of the transaction (the average rate).

Foreign exchange gains and losses are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. The company did not have any net investment hedges during the years ended 31 December 2020 and 2019.

The financial statements of foreign companies accounted for using the equity method of accounting are translated using the same principles for the adjustment of equity as are applied to consolidated subsidiaries.

In general, the financial statements of subsidiaries which report in a functional currency which is the currency of a hyperinflationary economy are adjusted for the change in purchasing power arising from the inflation in accordance with IAS 29, *Financial Reporting in Hyperinflationary Economies*.

Principal exchange rates of Linde plc:

	Statement of Profit and Loss		**Statement of Financial Position**	
	Average Year Ended 31 December,		**31 December,**	
Currency	**2020**	**2019**	**2020**	**2019**
Euro	0.88	0.89	0.82	0.89
Chinese yuan	6.90	6.90	6.53	6.96
British pound	0.78	0.78	0.73	0.75
Australia dollar	1.45	1.44	1.30	1.42
Brazilian real	5.11	3.94	5.20	4.03
Canadian dollar	1.34	1.33	1.27	1.30
Taiwan dollar	29.46	30.90	28.09	29.99
Mexican peso	21.35	19.24	19.91	18.93
Korean won	1,178	1,165	1,087	1,156
Indian rupee	74.08	70.40	73.07	71.38
Republic of South African rand	16.37	14.43	14.69	14.00
Swedish kroner	9.18	9.45	8.23	9.37
Thailand bhat	31.28	31.04	29.96	29.71

[5] Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements of companies included in the consolidated financial statements of Linde have been prepared using uniform accounting policies in accordance with IFRS 10, *Consolidated Financial Statements* ("IFRS 10").

The preparation of the consolidated financial statements in accordance with IFRS requires management judgments and estimates for some items, which might have an impact on their recognition and measurement in the consolidated statement of financial position and consolidated statement of profit and loss. The actual amounts realized may differ from these estimates.

All amounts disclosed in the financial statements and notes have been rounded to the nearest million currency units unless otherwise stated.

The primary accounting and valuation policies, as well as the estimates and management judgments associated with them are explained below:

Principles in consolidation

Consolidation

The consolidated financial statements comprise Linde and all the companies over which Linde is able to exercise control as defined by IFRS 10.

Control is achieved when Linde has power over the investee, is exposed or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power to direct the activities of the investee. If Linde plc holds a majority of the voting rights in a company, this typically indicates that it exercises control over the company in the absence of any other restrictive contractual agreements. Subsidiaries are fully consolidated from the date on which control is transferred to the company. They are deconsolidated from the date the control ceases.

Inter-company sales, income and expenses and accounts receivable and payable between group companies are eliminated. Inter-company profits and losses arising from inter-company deliveries of non-current assets and inventories are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the company.

Noncontrolling Interests

Noncontrolling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

Joint arrangements

Linde has several joint arrangements in which it has joint control with one or several parties through a contractual agreement. If joint control exists, Linde needs to distinguish whether the investment is a joint operation or a joint venture. This distinction is dependent on whether Linde has rights to the assets and obligations for the liabilities of the arrangement or whether it has rights to the net assets of the arrangement. To make the distinction, Linde considers the structure and legal form of the arrangement, any contractual agreements which might apply and any other relevant circumstances.

Significant influence

Associates over which Linde plc can exercise significant influence as defined by IAS 28, *Investments in Associates and Joint Ventures* are also accounted for using the equity method of accounting. Significant influence is presumed if Linde holds (directly or indirectly) 20 percent or more of the voting rights in an investee.

Joint ventures

Investments in associates and joint ventures are accounted for under the equity method at cost at the date of acquisition. In subsequent periods, the carrying amount is adjusted up or down to reflect Linde's share of the total comprehensive income of the investee. Any distributions received from the investee and other changes in the investee's equity reduce or increase the carrying amount of the investment. If the losses of an associate or joint venture attributable to Linde equal or exceed the value of the interest held in this associate or joint venture, no further losses are recognized unless Linde incurs an obligation or makes payments on behalf of the associate or joint venture. The same principles apply to companies accounted for using the equity method as for the consolidation of subsidiaries.

Investments in associates and joint ventures are reviewed for impairment whenever events or circumstances reflect that an impairment may have occurred.

Joint operations

If the joint arrangement qualifies as a joint operation, Linde recognizes the assets, liabilities, revenues and expenses relating to its interest in the joint operation in accordance with the IFRS's applicable to the particular assets, liabilities, revenues and expenses.

Other investments

Other investments, when taken individually and together, are immaterial from Linde's point of view in terms of total assets, revenue and profit and loss for the year and do not have a significant impact on the consolidated net assets, financial position and results of operations of Linde.

Change in ownership interests

Linde treats transactions with noncontrolling interests that do not result in a loss of control as equity transactions. When noncontrolling interests are acquired, any remaining balance between the acquisition cost and the share of net assets acquired is offset directly in equity.

When Linde loses control over a subsidiary, it derecognizes: the assets and liabilities of the subsidiary, any related noncontrolling interests and other components of equity. Any resulting gain or loss is recognized in profit and loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

When Linde ceases to consolidate (or account for as an equity method investment) an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value when control is lost. Any resulting gain or loss is recognized in profit and loss. In addition, any amounts previously recognized in other comprehensive income related to that entity are accounted for as if the company had directly (or partially) disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit and loss.

Significant Judgement: Management judgements in relation to control

When assessing whether Linde has control, joint control or significant influence over companies in which it holds less than 100 percent of the voting rights, management judgment is required to assess whether it controls the investee. In addition, companies are fully consolidated if Linde exerts increased management authority in those companies and is able to exercise the most extensive decision-making powers over major portions of the operating activities of the entities.

In assessing whether it controls the investee, the company analyzes the following factors, among others, which may require judgment: (i) governance structure, through the respective shareholder agreement, operating agreement and / or any other agreement in place that may convey decision-making capability and indicate which party is exercising power over relevant activities; (ii) review of any relevant venture activities and respective economic risks and rewards between venture partners; and (iii) rights granted to venture partners related to the design and operations of the plant(s), budgeting process, and management appointment process.

Changes to contractual agreements or facts and circumstances are monitored on an ongoing basis and are evaluated to determine whether they have an impact on the assessment as to whether Linde is exercising control or joint control over its investment.

Business Combinations

Business combinations require estimates to be made when determining fair values. When discounted cash flow methods are used, discretionary aspects include in particular the time period and amount of the cash flow and the determination of an appropriate discount rate. In connection with management judgments about purchase price allocations in the case of significant business combinations, Linde may utilize external valuation services.

Acquisitions are accounted for using the acquisition method of accounting. The cost of an acquisition is measured at the fair value of the assets acquired, and liabilities assumed. Any excess of the purchase price and noncontrolling interests recognized over the fair value of the net identifiable assets and liabilities acquired is recorded as goodwill. Allocations of the purchase price are initially based on preliminary estimates and assumptions at the date of acquisition and are subject to revision based on final information received, including appraisals and other analyses which support underlying estimates.

The company recognizes noncontrolling interests in an acquired entity either at fair value or at the noncontrolling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in the consolidated statement of profit and loss.

Intangible assets

Intangible assets are stated at acquisition cost or manufacturing cost less accumulated amortization and any impairment losses. An intangible asset is recognized if it can be identified as an asset, if it is probable that the future economic benefits that are attributable to the asset will flow to Linde, and if the cost of the asset can be measured reliably. It is important to determine whether the intangible assets have finite or indefinite useful lives. The estimated useful life of customer relationships purchased is calculated on the basis of the term of the contractual relationship underlying the customer relationship, or on the basis of expected customer behavior. Goodwill, intangible assets with indefinite useful lives and intangible assets not yet ready for use are not amortized but are subject instead to an impairment test once a year, or more often if there is any indication that an asset may be impaired. Other intangible assets are tested for impairment whenever events, or changes in circumstances, indicate that the asset may be impaired. If the reason for an impairment loss recognized in prior years no longer exists, the carrying amount of the intangible asset is increased to a maximum figure of the carrying amount that would have been determined had no impairment loss been recognized.

The "Linde" brand name is considered to have an indefinite useful life. The brand has been long established and will continue to be used as the name for the merged company. The Linde brand has been used and in existence for many years, demonstrating proven value over that period. The brand name continues to have a strong market presence and there are no material legal, contractual, or other factors that limit its useful life. Based on an analysis of these relevant factors there is no foreseeable limit to the period over which the asset is expected to generate cash inflows. The company performs annual impairment testing each year in the fourth quarter.

In a business combination, goodwill is initially measured at cost, which is the excess of the fair value of consideration transferred over the fair value of net assets (including noncontrolling interests) acquired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually, in the financial year of acquisition, if later, or more frequently if events or circumstances indicate that an impairment loss may have been incurred. During the fourth quarter of fiscal year 2019, the company changed the date of its annual goodwill and indefinite useful life intangible asset impairment test from 30 April to 1 October. The change was made to more closely align the impairment testing date with the company's planning process. The company performs the annual impairment testing in the fourth quarter.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the company's groups of cash-generating units ("CGUs") that are expected to benefit from the combination. The impairment review of goodwill is performed for the following groups of CGUs: North America, Lincare, Latin America, EMEA, Greater China, South Pacific, South Korea/South Asia & ASEAN, Surface Technologies, Electronic Materials (EM), GIST, Helium, and Engineering, as management monitors goodwill at that level during the reporting period presented.

Impairment is determined for goodwill and indefinite lived intangibles by assessing the recoverable amount of each group of CGUs to which the goodwill and indefinite lived intangibles are allocated to. When the recoverable amount of the group of CGUs is less than its carrying amount, an impairment loss is recognized. The recoverable amount is determined as the group of CGU's fair value less costs of disposal. If the carrying amount of the group of CGUs exceeds or is close to the fair value less costs of disposal, a test is performed to determine whether the value in use is higher than the carrying amount. In order to determine the fair value of the group of CGUs, the company utilizes a market multiples approach, multiplying the earnings before interest, tax, depreciation, and amortization ("EBITDA") of each group of CGU's by an EBITDA multiple. Impairment losses relating to goodwill are not reversed in future periods.

Costs incurred in connection with the purchase of software or in-house development of software used internally, including the costs of bringing this software to an operational state, are capitalized and amortized on a straight-line basis.

The useful lives of intangible assets are:

Intangible Asset Classification	Amortization Period
Customer relationships	3 - 30 years
Linde Brand	Indefinite useful life
Brands / Tradenames	3 - 30 years
Other intangible assets	3 - 20 years

Tangible assets

Tangible assets are reported at acquisition cost or manufacturing cost less accumulated depreciation based on the estimated useful life of the asset and any impairment losses. Tangible assets are depreciated using the straight-line method, and the depreciation expense is disclosed in the consolidated statement of profit and loss under the heading which corresponds to the functional features of the underlying asset.

The depreciation method and the estimated useful lives of the assets are reviewed on an annual basis and adapted to prevailing conditions.

The following useful lives apply to the different types of tangible assets:

	Depreciable Lives (Yrs)
Production plants (primarily 15-year life)	10-20
Storage tanks	15-20
Transportation equipment and other	3-15
Cylinders	10-30
Buildings	25-40
Land and improvements	0-20

Useful lives are estimated based on past experience. Assumptions also need to be made when Linde assesses whether an asset may be capitalized and which components of the cost of the asset may be capitalized. Estimates need to be made, for example, of the expected future economic benefits of an asset or the expected future costs of the dismantling of plants. In addition, the capitalization of costs which are incurred during the operating phase of an asset, such as the costs of upgrades to plants or their complete overhaul, depends on whether these costs will lead to better or higher output or whether they extend the estimated useful life of the asset. The company capitalizes borrowing costs as part of the cost of constructing major facilities.

If significant events or market developments indicate an impairment in the value of the tangible or intangible asset, Linde reviews the recoverability of the carrying amount of the asset by testing for impairment. The impairment test is performed at the CGU level to which the asset belongs. A cash generating unit is the smallest identifiable group of assets that generates cash inflows from external parties that are largely independent of the cash inflows from other assets. In identifying whether cash inflows are largely independent, Linde considers various factors including how management monitors the operations and how management makes decisions about continuing or disposing of the entity's assets and operations. The recoverable amount of the CGU is calculated, which is the higher of its fair value less costs of disposal and its value in use. Linde typically uses value in use. To determine the value in use, estimated future cash flows are discounted at a rate which reflects the risk specific to the CGU. When estimating future cash flows, segment specific, technological, economic and general developments are taken into account. If the reason for an impairment loss recognized in prior years no longer exists, the carrying amount of the tangible asset is increased to the new recoverable amount, but not exceeding the carrying amount that would have been determined had no impairment loss been recognized.

Inventories

Inventories are reported at the lower of acquisition or manufacturing cost and net realizable value. Cost is determined using the average-cost method.

Non-current assets (or disposal groups) classified as held for sale, and discontinued operations

Non-current assets, as well as liabilities directly related to these (or disposal groups), are classified separately in the consolidated statement of financial position as held for sale if they are available for sale in their present condition and a sale within the next twelve months is highly probable.

Non-current assets classified as held for sale (including those that are part of a disposal group) are measured at the lower of carrying amount and fair value less costs to sell. Amortization and depreciation are discontinued from the date on which the non-current assets are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized. The process involved in determining fair value less costs to sell involves estimates and assumptions that are subject to uncertainty.

Discontinued operations are reported when a part of the business is classified as held for sale, or has already been disposed of, and the business area in question represents either a separate major line of business or a geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. The profit/loss from discontinued operations is reported separately from the expenses and income from continuing operations in the consolidated statement of profit and loss; prior-year figures are shown on a like-for-like basis. In the consolidated statement of cash flows, the cash flows from discontinued operations are shown separately from the cash flows from continuing operations; prior-year figures are shown on a like-for-like basis. If the information relates exclusively to discontinued operations, this is highlighted accordingly.

Provisions for pensions and similar obligations

The valuation of pension provisions is based on the projected unit credit method set out in IAS 19, *Employee Benefits* ("IAS 19") for defined benefit obligations. This method takes into account not only vested future benefits and known pensions at the reporting date, but also expected future increases in salaries and pensions. The calculation of the provisions is determined using actuarial reports.

The fair value of the plan assets is deducted from the present value of the pension obligations (gross pension obligation) to determine the net pension obligation or net pension asset with respect to defined benefit pension plans. The net pension asset is adjusted if necessary to comply with the rules relating to the asset ceiling set out in IAS 19.64. According to IAS 19.64, a net pension asset may only be disclosed if Linde, under its obligation as an employer, has the right to receive a refund of the surplus or to reduce future contributions.

The net interest expense for the financial year is calculated by multiplying the net pension obligation or net pension asset at the beginning of the period by the interest rate underlying the discounting of the gross defined benefit obligation at the beginning of the period.

The discount rate is calculated on the basis of the returns achieved on the relevant call date for high quality fixed-interest corporate bonds in the market. The currency and period to maturity of the underlying bonds correspond to the currency and probable period to maturity of the post-employment benefit obligations. If such returns are not available, the discount rates are based on market returns for government bonds.

Remeasurements comprise the actuarial gains and losses on the remeasurement of the gross defined benefit obligation and the difference between the return on plan assets actually realized and the return assumed at the beginning of the period, which is based on the discount rate of the corresponding gross defined benefit obligation. If a pension plan is overfunded and the asset ceiling applies, remeasurements also comprise the change in the net asset from the application of the asset ceiling rules to the extent that this has not been accounted for in net interest.

Actuarial gains and losses arise from changes in actuarial assumptions or from variations between earlier actuarial assumptions and actual events.

All remeasurements (i.e. actuarial gains and losses, the cumulative effect of an asset ceiling and the effects of an increase in the pension obligation in accordance with IFRIC 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*) are recognized immediately in other comprehensive income.

The expense arising from additions to the pension provisions resulting from service during the period and past service costs are allocated to functional costs. The net interest expense or net interest income from defined benefit plans is disclosed in the financial result. For each pension plan, it is established whether the net figure is net interest expense or net interest income and the amounts are disclosed accordingly in the financial result.

Leases

Linde assesses whether a contract is, or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

A right of use asset and corresponding lease liability are recognized at commencement of the lease. The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the term, country and currency of the lease. Lease payments include fixed payments and variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement. The lease liability is subsequently measured at amortized cost using the effective interest rate method. The right of use asset is initially

measured at cost. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.
See Note 20 for further information relating to Leases.

Miscellaneous provisions

In accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, miscellaneous provisions are recognized when a present obligation to a third party exists as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Miscellaneous provisions are recognized for all identifiable risks and liabilities of uncertain timing or amount. The amounts provided are the best estimate of the probable expenditure required to settle the obligation and are not offset against recourse claims. The settlement amount is calculated based on the assessment of the probability of an outflow of resources, and on past experience and the circumstances known at the reporting date. This also includes any cost increases which need to be taken into account at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure included in other provisions. Provisions which relate to periods of more than twelve months are discounted.

Provisions include provisions for warranties, onerous contracts and provisions for litigation. Assumptions are made here about the probability of occurrence of the risk and the expected future outflow of resources. The uncertainty associated with the measurement of warranty provisions is relatively moderate, as Linde has recourse to historical warranty cost ratios when determining the amounts to be set aside.

Litigation is associated with great uncertainty. A degree of discretion is required to assess whether a present obligation to a third party exists at the reporting date as a result of a past event, whether it is probable that an outflow of resources will be required in the future to settle the obligation and whether a reliable estimate can be made of the amount of the obligation. The current status of outstanding litigation is regularly reviewed and updated by Linde's legal department and lawyers appointed by Linde. Changes to this status as a result of new information may result in adjustments being made to the provision.

Provisions for warranty claims are recognized taking current or estimated future claims experience into account.

Dismantling provisions are capitalized when they arise, at the discounted value of the obligation, and a provision for the same amount is established at the same time. An estimate is made, based on past experience, of future costs expected to be incurred to dismantle plants and restore the land on which the plant was built to its original condition. The expected costs are reassessed on an annual basis and the amount of the provision is adjusted if required. The depreciation charged on the asset and the unwinding of interest applied to the provision are both allocated as an expense to the periods of use of the asset.

Provisions for restructuring are recognised if a formal, detailed restructuring plan has been drawn up and communicated to the relevant parties.

Income tax provisions are disclosed in income tax liabilities.

Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which Linde expects to be entitled in exchange for those goods or services. If the consideration in a contract includes a variable amount, Linde estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and is recognized only when it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Revenue is recognized when or as performance obligations are satisfied by transferring control of a promised good or service to a customer (see Note 6).

Linde pays sales commissions to its employees for each contract that they obtain for bundled sales of equipment and installation services.

Linde has elected to apply the optional practical expedient for costs to obtain a contract which allows Linde to immediately expense sales commissions (included under employee benefits and part of marketing and selling expense) because the amortization period of the asset that Linde otherwise would have used is one year or less.

Cost of sales

Cost of sales are comprised of the cost of goods and services sold and the cost of merchandise sold. It includes not only the cost of direct materials and direct manufacturing expenses, but also overhead including depreciation of production plants, amortization of certain intangible assets and inventory write-downs.

Research and development costs

Research costs and development costs which cannot be capitalized are recognized immediately in profit and loss.

Financial result

The financial result includes:

- interest expenses on liabilities,
- dividends received,
- interest income on receivables,
- gains and losses on financial instruments recognized in profit and loss,
- the net interest expense and net interest income from defined benefit plans, and
- interest expense and income from finance leases.

Interest income and interest expenses are recognized in profit and loss on the basis of the effective interest rate method.

Financial instruments

Financial assets and liabilities are only recognized in the statement of financial position when Linde becomes a party to the contractual provisions of the financial instrument. In the normal course of events, purchases and sales of financial assets are accounted for on settlement day. The same does not apply to derivatives, which are accounted for on the trading day.

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments.

Financial assets are classified, at initial recognition, as financial assets at amortized cost, fair value through other comprehensive income ("OCI"), or fair value through profit and loss. Linde did not elect the fair value option. Linde measures financial assets at amortized cost if both the business model and the solely payments of principal and interest ("SPPI") tests are met. Debt instruments are measured at fair value through OCI if both the business model and the SPPI tests are met. An entity can elect on an instrument-by-instrument basis to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32, *Financial Instruments: Presentation* and are not held for trading. Linde did not elect to classify investments under this category. Financial assets at fair value through profit and loss include equity investments and derivative financial assets unless they are designated as effective hedging instruments. Linde trade receivables are generally measured at amortized cost.

Business model assessment

The company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors.

Financial instruments are initially recognized at fair value. Transaction expenses which are directly attributable to the acquisition or issue of financial instruments are only included in the determination of the carrying amount if the financial instruments are not recognized at fair value through profit and loss.

Financial assets at amortized cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment testing. Linde's financial assets at amortized cost include trade receivables, receivables from finance leases, loan receivables and other financial assets included under other assets. Trade receivables are measured at the transaction price, the face value less impairment losses recognized if the receivables do not contain a significant financing component. Management has considered factors such as the difference between the cash price for assets and transaction prices within its agreements, terms of its agreements and market interest rates. Management has reviewed its current portfolio noting that its receivables do not contain significant financing components.

The starting point of the impairment model for trade receivables, contract assets and lease receivables is an analysis of the actual historical default rates per business and product area, taking into account regional circumstances. These historical default rates are adjusted for the impact of current macroeconomic changes, if indicated, taking into account forward-looking information. Furthermore, a critical review of the default rates takes place against the background of the expectations of the responsible management with regard to the realizability of the receivables.

Expected credit losses ("ECLs") are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at the appropriate effective interest rate.

The company generally considers a financial asset to be in default (credit impaired) when contractual payments are 360 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

A financial asset is derecognized if it is settled, Linde loses its contractual entitlement to cash flows from such an asset or if it transfers virtually all the risks and opportunities associated with that financial asset. No financial assets that would not qualify for derecognition were transferred or sold to another party by Linde.

All derivative financial instruments are reported at fair value, irrespective of their purpose or the reason for which they were acquired. Embedded derivatives (i. e. derivatives which are included in host contracts) are separated from the host contract and accounted for as derivative financial instruments, if certain requirements are met.

For more information about risk management and the impact on the statement of financial position of derivative financial instruments see Note 23.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost, at fair value through profit and loss, or as derivatives designated as hedging instruments in an effective hedge. All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs. Liabilities from finance leases, trade payables, financial debt, as well as miscellaneous liabilities, are reported at amortized cost as long as they are not derivative financial instruments. Differences between historical cost and the repayment amount are accounted for using the effective interest rate method. The carrying amount of the financial debt which comprises the hedged item in a fair value hedge is adjusted for the corresponding gain or loss with respect to the hedged risk. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Financial liabilities which contain both an equity portion and a liability portion (commonly refer as "compound financial instruments") are classified in accordance with IAS 32. The financial instruments issued by Linde are classified entirely as financial liabilities and reported at fair value. No material compound financial instruments exist.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis.

Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxes

Deferred tax assets and liabilities are accounted for in accordance with IAS 12, *Income Taxes* under the liability method in respect of all temporary differences between the carrying amounts of the assets and liabilities under IFRS and the corresponding tax base used in the computation of taxable profit, and in respect of all consolidation adjustments affecting net income and unused tax loss carryforwards.

Deferred tax assets are only recognised for unused tax losses to the extent that it is probable that taxable profits will be available in future years against which the tax losses can be utilized. Deferred taxes are calculated at the tax rates that apply to the period when the asset is realized or the liability is settled, using tax rates set out in laws that have been enacted or substantively enacted in the individual countries by the reporting date.

The company evaluates deferred tax assets quarterly to ensure that estimated future taxable income will be sufficient in character (e.g., capital gain versus ordinary income treatment), amount and timing to result in their recovery. After considering the positive and negative evidence, the company reduces the assets to their realizable value when management determines that it is probable (i.e., greater than 50% likelihood) that a deferred tax asset will not be realized.

Reclassifications

Certain prior years' amounts have been reclassified to conform to the current year's presentation.

Critical accounting estimates & Significant sources of estimation uncertainty

The preparation of the Group financial statements in accordance with IFRS requires decisions and estimates for some items, which might have an effect on their recognition and measurement in the statement of financial position and statement of profit and loss. The actual amounts realized may differ from these estimates. Estimates that are considered by management to be critical to understanding Linde's financial statements include: (i) the assessment of the need to recognize and the measurement of impairment losses relating to goodwill and indefinite lived intangible assets (See Note 11); and (ii) the assessment of the stage of completion of long-term construction contracts (See Note 6).

Impairment testing relating to intangible assets

Indefinite lived other intangible assets and groups of cash-generating units to which goodwill has been allocated are tested annually for impairment, or more frequently if there is an indication of possible impairment.

Impairment testing involves comparing the carrying amount of each group of cash-generating units which contains goodwill and/or indefinite lived intangible assets to the recoverable amount (a significant estimate), which is the higher of its fair value less costs of disposal or value in use. If the carrying amount exceeds the recoverable amount, an impairment loss must be recognized for the difference.

The recoverable amount is generally determined on the basis of the fair value less costs of disposal. In order to determine the fair value, the company utilizes a market multiples approach, multiplying the earnings before interest, tax, depreciation, and amortization ("EBITDA") of each group of cash-generating units by an EBITDA multiple. The EBITDA multiple used to determine fair value is generally calculated based on external financial information as of the date at which the impairment test is performed, based on the enterprise value of comparable companies divided by the EBITDA of those companies. The share prices of comparable companies, used to calculate the enterprise value, are derived from publicly available information. Inputs such as adjusted EBITDA of comparable companies, are developed by the external provider using financial data published by these companies. The key source of estimation uncertainty in relation to the determination of fair value in this method is the resulting EBITDA multiple which could be affected by fluctuations in global equity markets. Changes in these estimates may lead to a significant impact on future financial statements.

Revenue recognition for long-term construction contracts

Revenues for long-term construction contracts are generally recognized over time primarily using a cost incurred input method. Costs incurred to date relative to total estimated costs at completion are used to measure progress toward satisfying performance obligations. The result is applied to total expected revenue and results in financial statement recognition of revenue in addition to costs incurred to date. Any expected loss on a contract is recognized as an expense immediately.

The cost incurred input method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required to fulfill the contractually defined obligations. The key source of estimation uncertainty is the total estimated costs at completion including material, labor and overhead costs and the resultant state of completion of the contracts. There are inherent uncertainties associated with the estimation process, including technical complexity, duration of construction cycle, potential cost inflation (whether equipment or manpower), and scope considerations all of which may affect the total estimation process. Changes in these estimates may lead to a significant impact on future financial statements.

New accounting standards and interpretations adopted in the current period

In August 2019, the IASB issued Interest Rate Benchmark Reform - Phase 1 which amended IFRS 9 and IFRS 7 to allow the continuance of the designation of certain hedged risks. The company adopted amendments relating to hedge accounting effective fiscal year 2020. Under these amendments the hedged interest rate benchmark is not altered and Linde continues to apply hedge accounting during the period of transition.

No other standards or interpretations have been adopted within the consolidated financial statements of Linde plc for the year ended 31 December 2020 which had a material impact. New standards will continue to be monitored to determine the potential impact to the financial statements and disclosed if material.

New accounting standards and interpretations that have not yet been adopted

The following standards have been issued by the IASB, but have not been applied in the consolidated financial statements of Linde for the year ended 31 December 2020, as they are either not yet effective and/or have not yet been adopted by the European Union:

In August 2020 the IASB issued Interest Rate Benchmark Reform – Phase 2 amendments relating to IFRS 9, IFRS 7, IFRS 4 and IFRS 16. These amendments address the issues associated with hedging relationships and contractual cash flows of certain financial instruments affected by the change in reference rates. The amendments are effective for annual periods beginning 1 January 2021 with early adoption permitted. Linde is currently evaluating the impact of this guidance on the consolidated financial statements.

The following standards are not yet effective for the consolidated financial statements of Linde for the year ended 31 December 2020, and are not expected to have a material effect on the results or financial position of Linde:

Amendments to standards/implementations		Effective Date
IFRS 16	Leases	1 June 2020
IFRS 17	Insurance Contracts	1 January 2023
IAS 1	Presentation of Financial Statements	1 January 2022

[6] Revenue

Contracts with Customers

Approximately 83% of Linde’s consolidated sales are generated from industrial gases and related products in three geographic segments (Americas, EMEA, and APAC) and the remaining 17% is related primarily to the Engineering segment, and to a lesser extent Other (see Note 25 for operating segment details). Linde serves a diverse group of industries including healthcare, energy, manufacturing, food, beverage carbonation, fiber-optics, steel making, aerospace, chemicals and water treatment.

Industrial Gases

Within each of the company’s geographic segments for industrial gases, there are three basic distribution methods: (i) on-site or tonnage; (ii) merchant or bulk liquid; and (iii) packaged or cylinder gases. The distribution method used by Linde to supply a customer is determined by many factors, including the customer’s volume requirements and location. The distribution method generally determines the contract terms with the customer and, accordingly, the revenue recognition accounting practices. Linde's primary products in its industrial gases business are atmospheric gases (oxygen, nitrogen, argon, rare gases) and process gases (carbon dioxide, helium, hydrogen, electronic gases, specialty gases, acetylene). These products are generally sold through one of the three distribution methods.

Following is a description of each of the three industrial gases distribution methods and the respective revenue recognition policies:

On-site. Customers that require the largest volumes of product and that have a relatively constant demand pattern are supplied by cryogenic and process gas on-site plants. Linde constructs plants on or adjacent to these customers’ sites and supplies the product directly to customers by pipeline. Where there are large concentrations of customers, a single pipeline may be connected to several plants and customers. On-site product supply contracts generally are total requirement contracts with terms typically ranging from 10-20 years and contain minimum purchase requirements and price escalation provisions. Many of the cryogenic on-site plants also produce liquid products for the merchant market. Therefore, plants are typically not dedicated to a single customer. Additionally, Linde is responsible for the design, construction, operations and maintenance of the plants and our customers typically have no involvement in these activities. Advanced air separation processes also allow on-site delivery to customers with smaller volume requirements.

The company's performance obligations related to on-site customers are satisfied over time as customers receive and obtain control of the product. Linde has elected to apply the practical expedient for measuring progress towards the completion of a performance obligation and recognizes revenue as the company has the right to invoice each customer, which generally corresponds with product delivery. Accordingly, revenue is recognized when product is delivered to the customer and the company has the right to invoice the customer in accordance with the contract terms. Consideration in these contracts is generally based on pricing which fluctuates with various price indices. Variable components of consideration exist within on-site contracts but are considered constrained.

Merchant. Merchant deliveries generally are made from Linde's plants by tanker trucks to storage containers at the customer's site. Due to the relatively high distribution cost, merchant oxygen and nitrogen generally have a relatively small distribution radius from the plants at which they are produced. Merchant argon, hydrogen and helium can be shipped much longer distances. The customer agreements used in the merchant business are usually three to seven year supply agreements based on the requirements of the customer. These contracts generally do not contain minimum purchase requirements or volume commitments.

The company's performance obligations related to merchant customers are generally satisfied at a point in time as the customers receive and obtain control of the product. Revenue is recognized when product is delivered to the customer and the company has the right to invoice the customer in accordance with the contract terms. Any variable components of consideration within merchant contracts are constrained however this consideration is not significant.

Packaged Gases. Customers requiring small volumes are supplied products in containers called cylinders, under medium to high pressure. Linde distributes merchant gases from its production plants to company-owned cylinder filling plants where cylinders are then filled for distribution to customers. Cylinders may be delivered to the customer's site or picked up by the customer at a packaging facility or retail store. Linde invoices the customer for the industrial gases and the use of the cylinder container(s). The company also sells hardgoods and welding equipment purchased from independent manufacturers. Packaged gases are generally sold under one to three-year supply contracts and purchase orders and do not contain minimum purchase requirements or volume commitments.

The company's performance obligations related to packaged gases are satisfied at a point in time. Accordingly, revenue is recognized when product is delivered to the customer or when the customer picks up product from a packaged gas facility or retail store, and the company has the right to payment from the customer in accordance with the contract terms. Any variable consideration is constrained and will be recognized when the uncertainty related to the consideration is resolved.

Linde Engineering

The company designs and manufactures equipment for air separation and other industrial gas applications manufactured specifically for end customers. Sale of equipment contracts are generally comprised of a single performance obligation. Revenue from sale of equipment is generally recognized over time as Linde has an enforceable right to payment for performance completed to date and performance does not create an asset with alternative use. For contracts recognized over time, revenue is recognized primarily using a cost incurred input method. Costs incurred to date relative to total estimated costs at completion are used to measure progress toward satisfying performance obligations. Costs incurred include material, labor, and overhead costs and represent work contributing and proportionate to the transfer of control to the customer. Contract modifications are typically accounted for as part of the existing contract and are recognized as a cumulative adjustment for the inception-to-date effect of such change.

Contract Assets and Liabilities

Contract assets and liabilities result from differences in timing of revenue recognition and customer invoicing. Contract assets primarily relate to sale of equipment contracts for which revenue is recognized over time. The balance represents unbilled revenue which occurs when revenue recognized under the measure of progress exceeds amounts invoiced to customers. Customer invoices may be based on the passage of time, the achievement of certain contractual milestones or a combination of both criteria. Contract liabilities include advance payments or right to consideration prior to performance under the contract. Contract liabilities are recognized as revenue as performance obligations are satisfied under contract terms. Linde has contract assets of $162 million at 31 December 2020 and $369 million for 31 December 2019. Total contract liabilities are $2,304 million at 31 December 2020 (current contract liabilities of $1,762 million and non-current contract liabilities of $542 million in the consolidated statement of financial position). Total contract liabilities were $2,120 million at 31 December 2019 (current contract liabilities of $1,761 million and non-current of $359 million in the consolidated statement of financial position). Revenue recognized for the twelve months ended 31 December 2020 that was included in the contract liability at 31 December 2019 was $1,279 million. Contract assets and liabilities primarily relate to the Linde Engineering business acquired in the merger. The industrial gases business does not typically have material contract assets or liabilities.

Payment Terms and Other

Linde generally receives payment after performance obligations are satisfied, and customer prepayments are not typical for the industrial gases business. Payment terms vary based on the country where sales originate and local customary payment practices. Linde does not offer extended financing outside of customary payment terms. Amounts billed for sales and use taxes, value-added taxes, and certain excise and other specific transactional taxes imposed on revenue producing transactions are presented on a net basis and are not included in sales within the consolidated statement of profit and loss. Additionally, sales returns and allowances are not a normal practice in the industry and are not significant.

Disaggregated Revenue Information

As described above and in Note 25, the company manages its industrial gases business on a geographic basis, while the Engineering and other businesses are generally managed on a global basis. Furthermore, the company believes that reporting sales by distribution method by reportable geographic segment best illustrates the nature, timing, type of customer, and contract terms for its revenues, including terms and pricing.

The following tables show sales by distribution method at the consolidated level and for each reportable segment and Other for the years ended 31 December 2020 and 2019.

(Millions of dollars)	2020						
Sales	**Americas**	**EMEA**	**APAC**	**Engineering**	**Other**	**Total**	**%**
Merchant	$ 2,839	$ 1,872	$ 2,017	$ —	$ 145	$ 6,873	25 %
On-Site	2,513	1,408	2,419	—	—	6,340	23 %
Packaged Gas	5,034	3,175	1,559	—	22	9,790	35 %
Other	73	50	74	2,839	1,630	4,666	17 %
	$ 10,459	$ 6,505	$ 6,069	$ 2,839	$ 1,797	$ 27,669	100 %

(Millions of dollars)	2019						
Sales	**Americas**	**EMEA**	**APAC**	**Engineering**	**Other**	**Total**	**%**
Merchant	$ 2,946	$ 1,857	$ 2,114	$ —	$ 184	$ 7,101	25 %
On-Site	2,811	1,486	2,453	—	—	6,750	23 %
Packaged Gas	5,185	3,348	1,567	—	19	10,119	35 %
Other	104	6	137	2,790	1,751	4,788	17 %
	$ 11,046	$ 6,697	$ 6,271	$ 2,790	$ 1,954	$ 28,758	100 %

Remaining Performance Obligations

As described above, Linde's contracts with on-site customers are under long-term supply arrangements which generally require the customer to purchase their requirements from Linde and also have minimum purchase requirements. The company estimates the consideration related to minimum purchase requirements was approximately $49 billion and $51 billion for 2020 and 2019, respectively. This amount excludes all sales above minimum purchase requirements, which can be significant depending on customer needs. In the future, actual amounts will be different due to impacts from several factors, many of which are beyond the company’s control including, but not limited to, timing of newly signed, terminated and renewed contracts, inflationary price escalations, currency exchange rates, and pass-through costs related to natural gas and electricity. The actual duration of long-term supply contracts ranges up to twenty years. The company estimates that approximately half of the revenue related to minimum purchase requirements will be earned in the next five years and the remaining thereafter.

[7] Other Operating Income and Expenses

Other Operating Income

(Millions of dollars)	2020	2019
Exchange gains including hedges	$ 96	$ 99
Profit on disposal of non-current assets	3	34
Compensation payments received	7	3
Partnership income	10	8
Ancillary revenue	13	18
Miscellaneous operating income	138	168
TOTAL	**$ 267**	**$ 330**

Other Operating Expense

(Millions of dollars)	2020	2019
Exchange losses including hedges	$ 125	$ 124
Loss on disposal of non-current assets	81	20
Severance expense	5	7
Miscellaneous operating expenses	114	109
TOTAL	**$ 325**	**$ 260**

[8] Financial income and expenses

Financial Income

(Millions of dollars)	2020	2019
Net interest income from defined benefit plans, see Note 17	$ —	$ 7
Income from investments	44	25
Other interest and similar income	36	59
TOTAL	**$ 80**	**$ 91**

Financial Expense

(Millions of dollars)	2020	2019
Net interest expense from defined benefit plans, see Note 17	$ 39	$ 55
Finance expense for finance leases in accordance with IFRS16 and IFRIC 4/IAS 17	26	17
Interest incurred on debt including hedged transactions (a)	659	265
Amortization on acquired debt	(85)	(96)
Capitalized interest	(38)	(38)
Other interest and similar charges	19	(4)
TOTAL	**$ 620**	**$ 199**

(a) 2020 includes $344 million of expense related to the currency movements on unhedged exposures of €1.7 billion ($2.1 billion) intercompany Euro-denominated credit facilities that do not qualify for net investment hedge treatment under international accounting standards (see Note 23).

In financial income and financial expenses, gains and losses from fair value hedge accounting on debt instruments are offset against each other, in order to give a fair presentation of the economic effect of the underlying hedging relationship. Financial income and financial expenses relating to derivatives were also disclosed net. An overview of the composition of the financial result can be found in Note 23.

[9] Income Tax Expense

Pre-tax income applicable to U.S. and non-U.S. ("foreign") operations is as follows:

(Millions of dollars) **Year Ended 31 December**	2020	2019
United States	$ 1,236	$ 1,217
Foreign (a)	1,679	1,788
Total income before income taxes	$ 2,915	$ 3,005

(a) 2019 includes $164 million gain related to the Praxair India divestiture (see Note 2).

Provision for Income Taxes

The following is an analysis of the provision for income taxes:

(Millions of dollars) **Year Ended 31 December**	2020	2019 (a)
Current tax expense (benefit)		
U.S. federal	$ 228	$ 106
U.S. state and local	27	39
Foreign	1,050	1,007
	$ 1,305	$ 1,152
Deferred tax expense (benefit)		
U.S. federal	$ 17	$ 94
U.S. state and local	6	—
Foreign	(454)	(434)
	(431)	(340)
Total income taxes (b)	$ 874	$ 812

(a) Includes $70 million related to divestitures, foreign current tax expense of $48 million and foreign deferred tax expense of $22 million.

(b) Includes prior year current income tax benefit $14 million and $13 million for 2020 and 2019, respectively; includes prior year deferred income tax expense of $32 million and $18 million for 2020 and 2019, respectively.

Effective Tax Rate Reconciliation

An analysis of the difference between the provision for income taxes and the amount computed by applying the U.S. statutory income tax rate to pre-tax income follows:

(Dollar amounts in millions) **Year Ended 31 December**	2020		2019	
U.S. statutory income tax	$ 612	21.0 %	$ 631	21.0 %
U.S. state and local taxes – net of federal benefit	21	0.7 %	31	1.0 %
U.S. tax credits and deductions (a)	(8)	(0.3)%	(31)	(1.0)%
Foreign tax differentials (b)	168	5.8 %	101	3.4 %
Exchange rate loss (c)	72	2.5 %	—	— %
Divestitures (d)	—	— %	36	1.2 %
Other – net (e)	9	0.3 %	44	1.5 %
Provision for income taxes	$ 874	30.0 %	$ 812	27.1 %

(a) U.S. tax credits and deductions relate to foreign derived intangible income and the research and experimentation tax credit.

(b) Primarily related to differences between the U.S. tax rate of 21% and the statutory tax rate in the countries where the company operates. Other permanent items and tax rate changes were not significant.

(c) Related to currency movement on unhedged exposure of intercompany credit facilities (See Note 23)

(d) Divestitures primarily relate to the sale of the Praxair India business in 2019 (see Note 2).

(e) Other - net includes $11 million and $26 million of U.S tax related to the taxation of foreign earnings (GILTI) in 2020 and 2019, respectively.

Net Deferred Tax Liabilities

Net deferred tax liabilities included in the consolidated statement of financial position are comprised of the following:

(Millions of dollars)	31 December 2020	31 December 2019
Deferred tax liabilities		
Fixed assets	$ 3,510	$ 3,613
Goodwill	173	145
Other intangible assets	3,877	3,865
Subsidiary/equity investments	609	664
Other (a)	804	801
	$ 8,973	$ 9,088
Deferred tax assets		
Carryforwards	219	231
Benefit plans and related (b)	921	863
Inventory	70	72
Accruals and other (c)	1,209	1,181
	2,419	2,347
Net deferred tax liabilities (d)	$ 6,554	$ 6,741
Recorded in the consolidated statement of financial position as:		
Deferred tax assets	271	251
Deferred tax liabilities	6,825	6,992
	$ 6,554	$ 6,741

(a) Includes $255 million in 2020 and 2019 related to right-of-use lease assets.

(b) Includes deferred taxes of $194 million and $200 million as of 31 December 2020 and 2019, respectively, related to pension / OPEB funded status (see Notes 8 and 17).

(c) Includes $255 million related to lease liabilities in 2020 and 2019 and $63 and $81 million as of 31 December 2020 and 2019, respectively, related to research and development costs.

(d) Movements in deferred tax assets and liabilities result from the following items:

(Millions of dollars)	31 December 2020	31 December 2019
Net deferred tax liability, 1 January	$ 6,741	$ 7,209
Deferred income tax expense (benefit)	(431)	(340)
Merger with Linde AG	—	82
Change in Consolidated Equity	(67)	(172)
Other	20	1
Translation adjustments	291	(39)
Net deferred tax liability, 31 December	$ 6,554	$ 6,741

In 2020 and 2019, the net deferred income tax benefit of $431 million and $340 million comprised primarily of deferred income tax benefit related to fixed assets and intangibles. In 2019, the $82 million addition due to the merger of Linde AG increased deferred income tax liabilities primarily related to subsidiary/equity investments.

The company evaluates deferred tax assets quarterly to ensure that estimated future taxable income will be sufficient in character (e.g., capital gain versus ordinary income treatment), amount and timing to result in their recovery. After considering the positive and negative evidence, the company reduces the assets to their realizable value when management determines that it is probable (i.e., greater than 50% likelihood) that a deferred tax asset will not be realized. Considerable judgment is required in valuing deferred tax assets.

The company had $219 million and $290 million of deferred tax assets relating to net operating losses ("NOLs") and tax credits as of 31 December 2020 and 2019, respectively. These deferred tax assets include $168 million and $228 million relating to NOLs and $51 million and $62 million related to tax credits as of 31 December 2020 and 2019, respectively.

Deferred tax assets have not been recognized relating to NOL's of $708 million ($437 million at 31 December 2019), tax credits of $86 million ($68 million at 31 December 2019) and deductible temporary differences of $245 million ($58 million at 31 December 2019). The tax benefits related to NOL's, tax credits and deductible temporary differences were not recognized as it is probable (i.e., greater than 50% likelihood) that the NOL's and deferred tax assets will not be realized.

Of the loss carryforwards and tax credits not recognized totaling $794 million ($393 million at 31 December 2019), $164 million ($93 million at 31 December 2019) expire within 5 years, $361 million ($113 million at 31 December 2019) expire after 5 years and $269 million ($187 million at 31 December 2019) have no expiration.

The company has $609 million of foreign income taxes accrued related to its investments in subsidiaries and equity investments as of 31 December 2020. A provision has not been made for any additional foreign income tax at 31 December 2020 on approximately $32 billion related to its investments in subsidiaries because the company controls the subsidiaries and intends to remain indefinitely reinvested. While the $32 billion could become subject to additional foreign income tax if there is a sale of a subsidiary or if earnings are remitted as dividends, it is not practicable to estimate the unrecognized deferred tax liability.

Distributions to Linde plc shareholders do not have any impact on income taxes at the level of Linde plc.

[10] Earnings Per Share

	2020	2019
Numerator (Millions of dollars)		
Income From Continuing Operations - Linde plc shareholders	$ 1,891	$ 2,061
Loss from discontinued operations, net of tax - Linde plc shareholders	5	87
Net income – Linde plc	$ 1,896	$ 2,148
Denominator (Thousands of shares)		
Weighted average shares outstanding	526,404	540,859
Shares earned and issuable under compensation plans	332	235
Weighted average shares used in basic earnings per share	526,736	541,094
Effect of dilutive securities		
Stock options and awards	4,421	4,076
Weighted average shares used in diluted earnings per share	531,157	545,170
Basic earnings per share from continuing operations	$ 3.59	$ 3.81
Basic earnings per share from discontinued operations	0.01	0.16
Basic Earnings Per Common Share	$ 3.60	$ 3.97
Diluted earnings per share from continuing operations	$ 3.56	$ 3.78
Diluted earnings per share from discontinued operations	0.01	0.16
Diluted Earnings Per Common Share	$ 3.57	$ 3.94

Further information about the share option schemes is given in Note 22.

[11] Goodwill/Other Intangible Assets - net

Movement Schedule Intangible Assets - Acquisition Cost

(Millions of dollars)	Goodwill	Customer Relationships	Brands/ Tradenames	Other Intangible Assets	Total
Year beginning 1 January 2019	**$ 26,738**	**$ 14,356**	**$ 2,288**	**$ 1,369**	**$ 44,751**
Currency adjustments	(133)	(80)	(22)	(12)	(247)
Measurement period adjustments	408	(325)	488	176	747
Additions, primarily due to acquisitions	135	35	7	56	233
Disposals	—	—	—	(7)	(7)
Other	—	(14)	—	1	(13)
Year ended 31 December 2019	**$ 27,148**	**$ 13,972**	**$ 2,761**	**$ 1,583**	**$ 45,464**
Currency adjustments	1,203	672	133	47	2,055
Additions, primarily due to acquisitions	13	5	—	56	74
Disposals	(49)	(2)	—	(25)	(76)
Other	19	(93)	—	31	(43)
Period ended 31 December 2020	**$ 28,334**	**$ 14,554**	**$ 2,894**	**$ 1,692**	**$ 47,474**

Schedule of Intangible Assets - Cumulative Amortization

(Millions of dollars)	Goodwill	Customer Relationships	Brands/ Tradenames	Other Intangible Assets	Total
Year beginning 1 January 2019	**$ —**	**$ 329**	**$ 22**	**$ 381**	**$ 732**
Currency adjustments	—	(3)	—	(3)	(6)
Amortization	—	629	46	103	778
Disposals	—	—	—	(4)	(4)
Other	—	(3)	—	(1)	(4)
Year ended 31 December 2019	**$ —**	**$ 952**	**$ 68**	**$ 476**	**$ 1,496**
Currency adjustments	—	59	3	(1)	61
Amortization	—	637	45	131	813
Disposals	—	(1)	—	(20)	(21)
Other	—	(67)	2	6	(59)
Year ended 31 December 2020	**$ —**	**$ 1,580**	**$ 118**	**$ 592**	**$ 2,290**
NET CARRYING AMOUNT AT 31/12/2019	**$ 27,148**	**$ 13,020**	**$ 2,693**	**$ 1,107**	**43,968**
NET CARRYING AMOUNT AT 31/12/2020	**$ 28,334**	**$ 12,974**	**$ 2,776**	**$ 1,100**	**$ 45,184**

The Linde name acquired in the course of the merger of $1,991 million has an indefinite useful life. The indefinite lived asset at Linde AG acquired as part of the business combination has been assessed for impairment, and there is no indication that the recoverable amount is below the carrying amount. The indefinite lived asset is held primarily within the EMEA and Engineering CGUs.

The amortization expense for intangible assets with finite useful lives was disclosed in functional costs, principally in marketing and selling expenses.

Technologies, in-process research and development as well as software solutions are the main component of other intangible assets.

The carrying amount of goodwill for each group of CGUs as of 31 December 2020 and 31 December 2019 is as follows:

(Millions of dollars)		**31/12/2020**		**31/12/2019**
EMEA	$	10,866	$	10,242
North America		6,059		5,969
South Pacific		2,701		2,478
Engineering		2,688		2,461
Latin America		1,989		2,006
Greater China		1,694		1,605
Lincare		1,056		1,057
South Korea, South Asia & ASEAN		1,027		1,082
Surface Technologies		144		139
Electronic Materials		77		77
GIST		24		24
Helium		9		8
Total	$	28,334	$	27,148

The company performs annual impairment testing each year. Impairment testing is performed by the group of cash-generating units ("CGUs"), at which management monitors goodwill.

The recoverable amount of each operating segment is determined using the unit's fair value. In order to determine the fair value of an operating segment, the company utilizes a market multiples approach, multiplying the earnings before interest, tax, depreciation, and amortization ("EBITDA") of each unit by an EBITDA multiple.

The EBITDA multiple used to determine fair value was calculated based on external financial information as of the date at which the impairment test is performed, based on the enterprise value of comparable companies divided by the EBITDA of these companies. The share prices of comparable companies, used to calculate the enterprise value, are derived from publicly available information. Inputs such as adjusted earnings before interest, tax, depreciation, and amortization of comparable companies, are developed by the external provider using financial data published by these companies. The data used to calculate the multiple is assigned to Level 2 of the fair value hierarchy.

The company has not recorded any goodwill impairment losses. As of 31 December 2020 and 31 December 2019 the recoverable amounts of each unit exceeded their net carrying amount.

The range of all market multiples used as of 31 December 2020 and 31 December 2019 were 10.0 to 17.2 and 12.1 to 14.5, respectively. Market multiples of 17.2 and 14.5 were used as of 31 December 2020 and 31 December 2019, respectively, to value the CGUs for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the company's total carrying amounts.

[12] Tangible assets - net

Schedule of Tangible Assets - Acquisition Cost

(Millions of dollars)	Production plants (primarily 15-year life)	Storage tanks	Transportation equipment and other	Cylinders (primarily 30-year life)	Buildings	Land and improvements	Construction in progress	Total
Year beginning 1 January 2019	**$ 25,506**	**$ 4,065**	**$ 2,698**	**$ 3,955**	**$ 3,164**	**$ 1,161**	**$ 2,382**	**$ 42,932**
Measurement Period Adjustment	(314)	(3)	(48)	(25)	(51)	16	—	(425)
Additions due to acquisitions	89	5	6	1	10	—	1	112
Additions	1,133	171	232	170	183	59	1,821	3,769
Disposals	(249)	(31)	(70)	(39)	(68)	(15)	(16)	(488)
Currency and other adjustments	566	118	(115)	103	18	19	(1,024)	(315)
Year ended 31 December 2019	**$ 26,731**	**$ 4,325**	**$ 2,703**	**$ 4,165**	**$ 3,256**	**$ 1,240**	**$ 3,164**	**$ 45,585**
Additions due to acquisitions	3	—	—	1	5	—	—	9
Additions	1,689	166	167	151	133	27	1,067	3,400
Disposals	(118)	(37)	(73)	(23)	(24)	(4)	(5)	(284)
Currency and other adjustments	1,765	328	(122)	189	(835)	(166)	(1,008)	151
Year ended 31 December 2020	**$ 30,070**	**$ 4,782**	**$ 2,675**	**$ 4,483**	**$ 2,535**	**$ 1,097**	**$ 3,218**	**$ 48,861**

Schedule of Tangible Assets - Cumulative Depreciation

(Millions of dollars)	Production plants (primarily 15-year life)	Storage tanks	Transportation equipment and other	Cylinders (primarily 30-year life)	Buildings	Land and improvements	Construction in progress	Total
Year beginning 1 January 2019	**$ 8,406**	**$ 1,369**	**$ 1,008**	**$ 716**	**$ 568**	**$ 172**	**$ —**	**$ 12,239**
Depreciation	2,611	392	364	403	231	2	—	4,003
Disposals	(115)	(8)	(52)	(15)	(31)	—	—	(221)
Currency and other adjustments	(158)	(1)	(18)	(31)	68	15		(125)
Year ended 31 December 2019	10,744	1,752	1,302	1,073	836	189	—	15,896
Depreciation	2,618	395	311	398	208	10	—	3,940
Disposals	(74)	(25)	(50)	(9)	—	(1)	—	(159)
Currency and other adjustments	474	118	(50)	16	(668)	(109)	—	(219)
Year ended 31 December 2020	**13,762**	**2,240**	**1,513**	**1,478**	**376**	**89**	**—**	**19,458**
NET CARRYING AMOUNT AT 12/31/2019	**15,987**	**2,573**	**1,401**	**3,092**	**2,420**	**1,051**	**3,164**	**29,689**
NET CARRYING AMOUNT AT 12/31/2020	**$ 16,308**	**$ 2,542**	**$ 1,162**	**$ 3,005**	**$ 2,159**	**$ 1,008**	**$ 3,218**	**$ 29,402**

As of 31 December 2020 right-of-use assets resulting from the adoption of IFRS 16 have been recognized as a separate asset on the statement of financial position. Refer to Note 20 for additional information. As of 31 December 2019, tangible assets include leased assets with a carrying amount totaling $71 million.

Impairment tests were based on the recoverable amount of the assets examined, whereby generally the value in use was applied. In the third quarter 2019 there was an asset impairment of approximately $73 million in APAC resulting from an unfavorable arbitration ruling. The impairment losses relating to tangible assets are largely included in cost of sales.

Borrowing costs during the construction phase of $38 million (2019: $38 million) were capitalized, based on an approximately 2.3% interest rate for both 2020 and 2019.

Tangible assets pledged as security as of 31 December 2020 were immaterial.

[13] Investments in associates and joint ventures/other financial assets

Schedule of Financial Assets - Acquisition Cost

(Millions of dollars)	Investments in associates and joint ventures (at equity)	Other investments	Non-current Loans	Total
Year beginning 1 January 2019	**$ 980**	**$ 21**	**$ 66**	**$ 1,067**
Currency adjustments	1	1	—	2
Additions	183	20	—	203
Disposals	(156)	(8)	—	(164)
Year ended 31 December 2019	**$ 1,008**	**$ 34**	**$ 66**	**$ 1,108**
Currency adjustments	35	2	3	40
Additions	93	4	42	139
Disposals	(79)	(26)	(8)	(113)
Year ended 31 December 2020	**$ 1,057**	**$ 14**	**$ 103**	**$ 1,174**

The share of profit and loss from associates and joint ventures in the 2020 financial year was $52 million (2019: $63 million). $51 million of the total figure related to the APAC segment (2019: $49 million) and $1 million to the EMEA segment (2019: $14 million).

On the reporting date, there were no contingent liabilities relating to shares in associates or joint ventures. There were no payment obligations relating to joint ventures and associates that had not been recognized in the statement of financial position at 31 December 2020 and 2019. There were no significant restrictions on the ability of the associates and joint ventures to transfer dividends or funds to Linde or to repay loans to Linde as of 31 December 2020 and 2019. Cumulative amortization was not considered material.

More information about associates and joint ventures is given in Note 31.

No individual investment in associates or joint ventures is material and as such no individual financial information is disclosed. Aggregate financial information about associates and joint ventures based on the investment in those associates held by Linde is immaterial and is therefore not disclosed separately.

[14] Inventories

(Millions of dollars)	31/12/2020	31/12/2019
Inventories		
Raw materials and supplies	$ 412	$ 398
Work in process	337	331
Finished goods (including merchandise)	995	981
Total Inventories	**$ 1,744**	**$ 1,710**

At 31 December 2020, the total inventory allowance was $173 million ($111 million at 31 December 2019). The inventories recognized as an expense in the 2020 financial year were $16 million ($18 million in 2019). Employee expenses are not a significant component of capitalized inventory costs.

[15] Receivables from finance leases, trade receivables, miscellaneous receivables and assets and income tax receivables

(Millions of dollars)	Current 31 December 2020		Current 31 December 2019		Non-current 31 December 2020		Non-current 31 December 2019		Total 31 December 2020		Total 31 December 2019	
Receivables from finance leases	$	18	$	17	$	38	$	55	$	56	$	72
Contract assets		162		369		—		—		162		369
Trade receivables		4,107		4,122		1		3		4,108		4,125
Income tax receivables		115		108		—		—		115		108
Miscellaneous other receivables and other assets*		1,064		1,194		592		595		1,656		1,789
Derivatives with positive fair values		110		86		90		81		200		167
Prepaid and other deferred charges		405		405		96		90		501		495
Other taxes		270		282		—		—		270		282
Other receivables and assets		279		421		406		424		685		845
Total	$	5,466	$	5,810	$	631	$	653	$	6,097	$	6,463

*Prior year amounts have been reclassified to conform with current year presentation.

Receivables from finance leases

Almost all the receivables from finance leases relate to agreements which are classified as embedded finance leases according to IFRS 16. The counterparty risk arising from receivables from finance leases is covered by the air separation plants and other plants underlying the contracts.

[16] Equity

Equity Presentation

Called-up share capital presented as equity ("Called-up share capital") represents the notional value of outstanding ordinary shares.

Share premium represents the accumulated premiums arising on the issue of shares.

Retained earnings (including remeasurement of defined benefit plans) represents the portion of net income retained by the company that have not been declared or distributed to shareholders as dividends.

Treasury shares represents the premium over par value of Linde plc share that have been repurchased by the company and not yet cancelled or retired.

Other reserves reports the differences arising from currency translation differences of the financial statements of foreign subsidiaries and gains or losses on the remeasurement of securities and hedging instruments, accounted for in equity rather than being recognised in the statement of profit and loss.

Linde plc Shareholders' Equity

At 31 December 2020 and 2019, Linde has total authorized share capital of €1,825,000 divided into 1,750,000,000 ordinary shares of €0.001 each, 25,000 A ordinary shares of €1.00 each, 25,000 deferred shares of €1.00 each and 25,000,000 preferred shares of €0.001 each.

At 31 December 2020 and 2019, there were 552,012,862 of Linde plc ordinary shares issued. At 31 December 2020 and 2019, there were 523,294,529 and 534,380,544 Linde plc ordinary shares outstanding. In addition, at the end of both periods, there were no shares of A ordinary shares, deferred shares or preferred shares issued or outstanding.

The Linde Board of Directors may from time to time authorize the issuance of one or more series of preferred stock and, in connection with the creation of such series, determine the characteristics of each such series including, without limitation, the preference and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions of the series.

Other Linde plc Ordinary Share and Treasury Shares Transactions

Linde may issue new ordinary shares for dividend reinvestment and stock purchase plans and employee savings and incentive plans. The number of new Linde ordinary shares issued from merger date through 31 December 2019 was 958,293 shares. No new ordinary shares were issued in 2020.

On 22 January 2019, the company's board of directors approved the repurchase of up to $6.0 billion of its ordinary shares under which Linde repurchased 24,310,534 shares through 31 December 2020 (12,016,083 shares through 31 December 2019). This program expired on 1 February 2021.

On 24 February 2020, the directors of Linde plc declared an interim dividend of $0.963 per share for the first quarter of 2020 (the "Q1 Dividend"). The Q1 Dividend was paid on 20 March 2020 to shareholders of record on 6 March 2020.

On 27 April 2020, the directors of Linde plc declared an interim dividend of $0.963 per share for the second quarter of 2020 (the "Q2 Dividend"). The Q2 Dividend was paid on 17 June 2020 to shareholders of record on 3 June 2020.

On 27 July 2020, the directors of Linde plc declared an interim dividend of $0.963 per share for the third quarter of 2020 (the "Q3 Dividend"). The Q3 Dividend was paid on 18 September 2020 to shareholders of record on 3 September 2020.

On 26 October 2020, the directors of Linde plc declared a quarterly dividend of $0.963 per share for the fourth quarter of 2020 (the "Q4 Dividend"). The dividend was paid on 17 December 2020 to shareholders of record on 3 December 2020.

On 25 January 2021, the Linde board of directors authorized a new share repurchase program for up to $5.0 billion of its ordinary shares expiring on 31 July 2023.

Noncontrolling interests

The total noncontrolling interest ("NCI") as of 31 December 2020 and 2019 was $2,649 million and $2,942 million, respectively. The NCI reduction as of 31 December 2020 reflects the initiated buyout of minority interests in the Republic of South Africa. As of 31 December 2020, the conditions of the buyout were met obligating the company to execute in January 2021. Therefore, the company reclassified $196 million from noncontrolling interest to other current liabilities reflecting the transaction price. An additional $35 million of dividends declared to the minority owners, reflected on the dividend payments line, was also reclassified to other current liabilities at 31 December 2020 and was paid in January 2021.

The NCI reduction as of 31 December 2019 reflects the completion of the cash merger squeeze-out of the 8% of Linde AG shares which were not tendered in the Exchange Offer related to the merger.

In general the voting rights of noncontrolling shareholders correspond to their share of the equity in the companies concerned. Detailed information about other individual subsidiaries which have noncontrolling shareholders is not disclosed due to the individual figures not being material.

Capital structure management

The aim of Linde's capital structure management is to obtain unrestricted low-cost access to the capital markets, to maintain A/A2 credit ratings while consistently growing dividends. Linde follows a disciplined investment strategy and targets value enhancing investment opportunities that offer growth rates above the company's cost of capital. The company also anticipates regularly repurchasing shares while maintaining its target credit ratings.

Linde has a $5 billion syndicated revolving credit line at its disposal, which is available until 2024 (see Note 19).

[17] Provisions for pensions and similar obligations

Provisions For Pensions And Similar Obligations

Millions of dollars	31/12/2020	31/12/2019
Provisions for pension plans	$ 2,825	$ 2,382
Provisions for similar obligations	172	194
TOTAL PROVISIONS	**$ 2,997**	**$ 2,576**
Prepaid pension costs	$ 55	$ 78

Different countries have different pension systems, due to the variety of legal, economic and fiscal conditions applicable in each country. These are generally based on the remuneration and length of service of the employees.

The provisions for similar obligations include bridging allowances as well as other obligations. Occupational pension schemes can be either defined contribution or defined benefit schemes. In the case of defined benefit plans, the company's obligation is to meet the defined benefit commitments to current and former employees. Two different methods can be distinguished: the recognition of provisions for pensions and the use of externally financed pension schemes.

Defined Contribution Plans

Linde's U.S. business employees are eligible to participate in the Linde defined contribution savings plan. Employees may contribute up to 40 percent of their compensation, subject to the maximum allowable by IRS regulations. For the U.S. packaged gases business, company contributions to this plan are calculated as a percentage of salary based on age plus service. U.S. employees other than those in the packaged gases business have company contributions to this plan calculated on a graduated scale based on employee contributions to the plan. The cost for these defined contribution plans was $46 million in 2020 and $47 million in 2019 (these costs are not included in the tables that follow).

The defined contribution plans include a non-leveraged employee stock ownership plan ("ESOP") which covers all employees participating in this plan. The collective number of shares of Linde ordinary shares in the ESOP totaled 1,872,450 at 31 December 2020.

Certain non-U.S. subsidiaries of the company also sponsor defined contribution plans where contributions are determined under various formulas. The expense for these plans was $106 million in 2020 and $95 million in 2019 (these expenses are not included in the tables that follow).

Defined Benefit Pension Plans

Linde has two main U.S. retirement programs which are non-contributory defined benefit plans: the Linde Pension Plan and the CBI Pension Plan. The latter program benefits primarily former employees of CBI Industries, Inc. which Linde acquired in 1996. Effective 1 July 2002, the Linde Pension Plan was amended to give participating employees a one-time choice to remain covered by the old formula or to elect coverage under a new formula. The old formula is based predominantly on years of service, age and compensation levels prior to retirement, while the new formula provides for an annual contribution to an individual account which grows with interest each year at a predetermined rate. Also, this new formula applies to all new employees hired after 30 April 2002 into businesses adopting this plan. The plan participants have the option to take a lump-sum payment or annual pension payments. Legal and regulatory minimum funding requirements are in place.

In addition to the U.S. retirement plans Linde has other global defined benefit commitments, primarily in Germany and the United Kingdom ("UK"). The defined benefit commitments in Germany relate to old age pensions, invalidity pensions and surviving dependents pensions. These commitments also take into account vested rights for periods of service prior to 1 January 2002 based on earlier final salary pension plan rules. In addition, there are direct commitments in respect of the salary conversion scheme for the form of cash balance plans. The resulting pension payments are calculated on the basis of an interest guarantee and the performance of the corresponding investment. There are no minimum funding requirements. The pension obligations in Germany are partly funded by a Contractual Trust Agreement ("CTA"). Defined benefit commitments in the U.K. prior to 1 July 2003 are earnings-related and dependent on the period of service. Such commitments relate to old age pensions, invalidity pensions and surviving dependents pensions. Beginning in 1 April 2011, the amount of future increases in inflation-linked pensions and of increases in pensionable emoluments was restricted. Legal, regulatory and contractual minimum funding requirements are in place. Regulatory funding obligations to resolve a deficit, based on the local valuation, mainly relate to the UK.

The U.S. and non-U.S. pension plan assets are comprised of a diversified mix of investments, including domestic and international corporate equities, government securities and corporate debt securities. Linde has several plans that provide supplementary retirement benefits primarily to higher level employees that are unfunded and are nonqualified for federal tax purposes. Pension coverage for employees of certain of Linde's non-U.S. subsidiaries generally is provided by those companies through separate plans. Obligations under such plans are primarily provided for through diversified investment portfolios, with some smaller plans provided for under insurance policies or by book reserves.

Multi-employer Pension Plans

In the United States Linde participates in eight multi-employer defined benefit pension plans ("MEPs"), pursuant to the terms of collective bargaining agreements, covering approximately 200 union-represented employees. The collective bargaining agreements expire on different dates through 2026. In connection with such agreements, the company is required to make periodic contributions to the MEPs in accordance with the terms of the respective collective bargaining agreements. Linde's participation in these plans is not material either at the plan level or in the aggregate. Linde's contributions to these plans were $2 million in 2020 and 2019 (these costs are not included in the tables that follow). Total 2020 contributions were not yet available from the MEPs.

Linde has obtained the most recently available Pension Protection Act ("PPA") annual funding notices from the Trustees of the MEPs. The PPA classifies MEPs as either Red, Yellow or Green Zone plans. Among other factors, plans in the Red Zone are generally less than 65 percent funded with a projected insolvency date within the next twenty years; plans in the Yellow Zone are generally 65 to 80 percent funded; and plans in the Green Zone are generally at least 80 percent funded. Red Zone plans are considered to be in "critical" or "critical and declining" status, while Yellow Zone plans are considered to be in "endangered" status. Plans that are in neither "critical" nor "endangered" status are considered to have Green Zone status. According to the most recent data available, four of the MEPs that the company participates in are in a Red Zone status and four are in a Green Zone status. As of 31 December 2020, the four Red Zone plans have pending or have implemented financial improvement or rehabilitation plans. Linde does not currently anticipate significant future obligations due to the funding status of these plans. If Linde determined it was probable that it would withdraw from an MEP, the company would record a liability for its portion of the MEP's unfunded pension obligations, as calculated at that time. Historically, such withdrawal payments have not been significant.

The amount of the pension obligation (actuarial present value of the defined benefit obligation, or DBO) was calculated using actuarial valuation methods, which require the use of estimates. In addition to assumptions about mortality and disability, the following assumptions, which depend on the economic situation in that particular country, are also relevant; for countries classed as "All Other", weighted average figures based on the obligation are given:

Assumptions Used To Calculate The Provisions For Pensions

in percent	**Germany**		**UK**		**U.S.**		**All Other**	
Year ended 31 December	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Discount rate	0.74 %	1.11 %	1.47 %	2.06 %	2.40 %	3.20 %	2.07 %	2.74 %
Growth in future benefits	2.51 %	2.51 %	2.52 %	2.36 %	3.25 %	3.25 %	2.72 %	2.70 %
Growth in pensions	1.70 %	1.61 %	3.20 %	3.18 %	2.10 %	2.20 %	1.56 %	1.50 %

The growth in future benefits comprises expected future increases in salaries, which are estimated annually, taking inflation and the economic situation into account.

The sensitivity analysis below demonstrates the extent to which the present value of the defined benefit obligation changes when, in each case, just one of the actuarial assumptions changes while the other actuarial assumptions remain the same.

For the pension plans in Germany, an increase of one year in life expectancy would result in an increase in the defined benefit obligation of 5.3 percent (2019: 5.1 percent). The sensitivity analysis of life expectancy in Germany is based on pension funds held at 31 December 2020. For the pension plans in the UK, an increase of one year in life expectancy would result in an increase in the DBO of 4.0 percent (2019: 3.8 percent). For the pension plans in the United States, no sensitivity analysis of life expectancy was prepared, as the plan's liability is not as sensitive to changes in the life expectancy assumption.

In Germany, life expectancy is calculated on the basis of the "2018 G mortality tables" produced by Professor Dr Klaus Heubeck. Pension plans in the UK use their own mortality tables and biometric assumptions. These are determined on the basis of actual experience in a pool of comparable pension plans. At the reporting date, the average life expectancy applicable to pension plans in the

UK is 21.8 years for a male pensioner aged 65 (2019: 22.8 years) and 24.3 years for a female pensioner aged 65 (2019: 24.7 years), while the future average life expectancy at the pensionable age of 65 for active members of the pension plans is currently 23.6 years for men aged 45 (2019: 25.1 years) and 26.1 years for women aged 45 (2019: 27.4 years).

The weighted average duration of the defined benefit obligations as of 31 December 2020 is 15.4 years (2019: 16.0 years).

Sensitivity Analysis

	Change	Discount rate		Growth in future benefits		Growth in pensions	
(Millions of dollars)		+50 bp	–50 bp	+50 bp	–50 bp	+50 bp	–50 bp
Germany	31/12/2020	$ (224)	$ 261	$ 16	$ (16)	$ 107	$ (98)
	31/12/2019	(183)	212	14	(15)	92	(84)
UK	31/12/2020	(458)	519	11	(11)	397	(357)
	31/12/2019	(448)	512	16	(15)	383	(342)
U.S.	31/12/2020	(151)	166	21	(20)	—	—
	31/12/2019	(138)	153	19	(17)	—	—
All other	31/12/2020	(99)	108	22	(21)	66	(62)
	31/12/2019	(86)	99	18	(17)	60	(55)
TOTAL	**31/12/2020**	**$ (932)**	**$ 1,054**	**$ 70**	**$ (68)**	**$ 570**	**$ (517)**
	31/12/2019	**$ (855)**	**$ 976**	**$ 67**	**$ (64)**	**$ 535**	**$ (481)**

Reconciliation Of The Defined Benefit Obligation And Of The Plan Assets

	Germany		UK		U.S.		All other		Total	
(Millions of dollars)	**Defined benefit obligation**	**Plan assets**	**Defined benefit obligation**	**Plan assets**	**Defined benefit obligation**	**Plan assets**	**Defined benefit obligation**	**Plan assets**	**Defined benefit obligation**	**Plan assets**
Year beginning 1 January 2019	**1,916**	**(1,043)**	**4,444**	**(4,339)**	**2,518**	**(1,951)**	**1,357**	**(911)**	**10,235**	**(8,244)**
Service cost	41	—	44	—	38	—	27	—	150	—
Current service cost	41	—	34	—	38	—	31	—	144	—
Past service cost	—	—	17	—	—	—	(4)	—	13	—
Effects of plan curtailments	—	—	(7)	—	—	—	—	—	(7)	—
Interest expense (+)/ interest income (–)	26	(14)	117	(112)	88	(70)	45	(32)	276	(228)
Remeasurements	285	(70)	624	(287)	250	(287)	135	(86)	1,294	(730)
Return on plan assets (excluding amounts included in interest expenses and income)	—	(70)	—	(287)	—	(287)	—	(86)	—	(730)
Actuarial gains (–)/losses (+)	285	—	624	—	250	—	135	—	1,294	—
Effects from changes in demographic assumptions	—	—	(2)	—	(15)	—	4	—	(13)	—
Effects from changes in financial assumptions	267	—	632	—	243	—	139	—	1,281	—
Effects from changes in experience assumptions	18	—	(6)	—	23	—	(8)	—	27	—
Employers' contributions	—	(3)	—	(64)	—	—	—	(27)	—	(94)
Employees' contributions	15	(15)	—	—	—	—	5	(5)	20	(20)

Reconciliation Of The Defined Benefit Obligation And Of The Plan Assets										
Pension payments made	(60)	3	(202)	202	(340)	244	(78)	56	(680)	505
Settlement payments	—	—	—	—	—	—	(7)	7	(7)	7
Effects of changes in exchange rates	(43)	23	195	(181)	—	—	3	(10)	155	(168)
Changes in Group structure/other changes	—	—	—	4	(3)	17	(5)	14	(8)	35
Year ended 31 December 2019	**2,180**	**(1,119)**	**5,222**	**(4,777)**	**2,551**	**(2,047)**	**1,482**	**(994)**	**11,435**	**(8,937)**
Service cost	51	—	37	—	37	—	19	—	144	—
Current service cost	50	—	31	—	37	—	34	—	152	—
Past service cost	1	—	6	—	—	—	(15)	—	(8)	—
Effects of plan curtailments	—	—	—	—	—	—	—	—	—	—
Interest expense (+)/ interest income (–)	17	(9)	93	(84)	68	(56)	34	(24)	212	(173)
Remeasurements	171	(10)	661	(489)	251	(337)	59	(31)	1,142	(867)
Return on plan assets (excluding amounts included in interest expenses and income)	—	(10)	—	(489)	—	(337)	—	(31)	—	(867)
Actuarial gains (–)/ losses (+)	171	—	661	—	251	—	59	—	1,142	—
Effects from changes in demographic assumptions	—	—	(160)	—	(23)	—	(9)	—	(192)	—
Effects from changes in financial assumptions	161	—	518	—	227	—	74	—	980	—
Effects from changes in experience assumptions	10	—	303	—	47	—	(6)	—	354	—
Employers' contributions	—	(3)	—	(36)	—	(25)	—	(27)	—	(91)
Employees' contributions	13	(13)	—	—	—	—	5	(5)	18	(18)
Pension payments made	(63)	4	(202)	202	(161)	149	(80)	61	(506)	416
Settlement payments	—	—	—	—	—	—	—	—	—	—
Effects of changes in exchange rates	213	(108)	201	(175)	—	—	45	(24)	459	(307)
Changes in Group structure/other changes	—	—	—	4	—	6	2	3	2	13
Year ended 31 December 2020	**2,582**	**(1,258)**	**6,012**	**(5,355)**	**2,746**	**(2,310)**	**1,566**	**(1,041)**	**12,906**	**(9,964)**

Contributions

At a minimum, Linde contributes to its pension plans to comply with local regulatory requirements (e.g., ERISA in the United States). Discretionary contributions in excess of the local minimum requirements are made based on many factors, including long-term projections of the plans' funded status, the economic environment, potential risk of overfunding, pension insurance costs and alternative uses of the cash. Changes to these factors can impact the timing of discretionary contributions from year to year. Pension contributions were $91 million in 2020, $94 million in 2019 and $87 million in 2018. Estimated required contributions for 2021 are currently expected to be in the range of $70 million to $80 million.

The expense for newly acquired pension entitlements in the financial year and the net interest cost for each respective financial year are determined each year on the basis of the prior year's net obligation at the reporting date.

Pension Expense Relating To Defined Benefit Plans

(Millions of dollars)	Germany 2020	Germany 2019	UK 2020	UK 2019	USA 2020	USA 2019	All Other 2020	All Other 2019	Total 2020	Total 2019
Service cost	$ 51	$ 41	$ 37	$ 44	$ 37	$ 38	$ 19	$ 27	$ 144	$ 150
Current service cost	50	41	31	34	37	38	34	31	152	144
Past service cost	1	—	6	17	—	—	(15)	(4)	(8)	13
Gains (–)/losses (+) from plan curtailments	—	—	—	(7)	—	—	—	—	—	(7)
Net interest expense (+)/ income (–)	8	12	9	5	12	18	10	13	39	48
Interest expense from DBO	17	26	93	117	68	88	34	45	212	276
Interest income from plan assets	(9)	(14)	(84)	(112)	(56)	(70)	(24)	(32)	(173)	(228)
Other effects recognised in the statement of profit and loss	—	—	4	4	6	16	2	3	12	23
Total net pension cost	**$ 59**	**$ 53**	**$ 50**	**$ 53**	**$ 55**	**$ 72**	**$ 31**	**$ 43**	**$ 195**	**$ 221**

For the external financing of defined benefit obligations, the company uses standard international models for the transfer of pension assets (e.g. pension funds and Contractual Trust Arrangements). Pension plans financed via external pension funds exist principally in Australia, Canada, Germany, Ireland, South Africa, Switzerland, the UK and the U.S.

In some countries, Linde is obliged to make contributions to plan assets as a result of legal requirements or contractual agreements. In certain countries, however, these increases in plan assets will not lead to the recognition of an asset because of the asset ceiling described in IAS 19.64 (IFRIC 14). In 2020, as in the previous year, there was no asset ceiling.

Funding Status Of The Defined Benefit Obligation

(Millions of dollars)	Germany		UK		USA		All Other		Total	
For the years ended 31 December	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Actuarial present value of pension obligations (defined benefit obligation)	$ 2,582	$ 2,180	$ 6,012	$ 5,222	$ 2,746	$ 2,551	$ 1,566	$ 1,482	$12,906	$11,435
of which unfunded pension obligations	62	136	—	—	86	65	397	226	545	427
of which funded pension obligations	2,520	2,044	6,012	5,222	2,660	2,486	1,169	1,256	12,361	11,008
Fair value of plan assets	(1,258)	(1,119)	(5,355)	(4,777)	(2,310)	(2,047)	(1,041)	(994)	(9,964)	(8,937)
NET OBLIGATION	1,324	1,061	657	445	436	504	525	488	2,942	2,498
Year ended 31 December	$ 1,324	$ 1,061	$ 657	$ 445	$ 436	$ 504	$ 525	$ 488	$ 2,942	$ 2,498
of which pension provision (+)	1,324	1,061	664	465	438	504	571	546	2,997	2,576
of which pension asset (–)	—	—	(7)	(20)	(2)	—	(46)	(58)	(55)	(78)

Linde is exposed to various actuarial risks in relation to its defined benefit pension schemes, including:

· Interest rate risk – the risk that the valuation of the pension obligation will materially fluctuate based on changes in the discount rate. The discount rate is highly sensitive to interest rate movements as its determination is based on high quality fixed-interest corporate bonds.

· Inflation risk – the risk that the valuation of the pension obligation will materially fluctuate based on changes in the inflation rate. Certain plans may offer inflation-indexed annuities, placing the risk associated with such fluctuations on the Company.

· Longevity risks – the risk that pensioners will live longer, and therefore require higher benefit payments, than what is reflected in current demographic assumptions.

· Investment risk – includes concentration risk, which is the risk that plan assets are too exposed to particular asset classes, and the risk of lower-than-expected actual asset returns.

Plan assets and the defined benefit obligation may fluctuate over time. To compensate for such fluctuations, potential fluctuations in the defined benefit obligation are taken into account in the course of the investment management of the plan assets. In ideal circumstances, plan assets and pension obligations are influenced in the same way by external factors, which provides a natural protection against such factors. Moreover, the broadly-based portfolio structure of plan assets in the company results in diversification of investment risk.

Portfolio Structure Of Pension Assets

(Millions of dollars)	Germany		UK		USA		All Other		Total			
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**in %**	**2019**	**in %**
Shares	$ 389	$ 345	$ 1,306	$ 927	$ 1,523	$ 1,160	$ 387	$ 367	$ 3,605	36.2 %	$ 2,799	31.3 %
Fixed-interest securities	528	473	2,429	2,317	639	584	505	441	4,101	41.2 %	3,815	42.7 %
Property	98	78	13	18	148	146	68	63	327	3.3 %	305	3.4 %
Insurance	—	—	—	—	—	—	44	51	44	0.4 %	51	0.6 %
Others	243	223	1,607	1,515	—	157	37	72	1,887	18.9 %	1,967	22.0 %
TOTAL	**$ 1,258**	**$ 1,119**	**$ 5,355**	**$ 4,777**	**$ 2,310**	**$ 2,047**	**$ 1,041**	**$ 994**	**$ 9,964**	**100 %**	**$ 8,937**	**100 %**

Plan assets are comprised mainly of shares and fixed-interest securities. Prices quoted in an active market are not available in the case of property and insurance. Around half of the fixed-interest securities relate to government bonds issued by first-rate debtors. In certain geographies, primarily the UK and Germany, the corresponding pension plans pursue liability-driven investment ("LDI") strategies to invest in assets that mitigate the impacts of interest rate and inflation risk. Such asset holdings include, but are not limited to, inflation swaps, index-linked fixed income, and fixed income repurchase agreements. The remainder of fixed-interest securities relate to broadly diversified portfolios of bonds issued by companies and emerging markets, as well as loans to finance companies and property.

Financial instruments issued by the company are not included in plan assets to any significant extent. The plan assets do not include any real estate used by the company.

[18] Miscellaneous provisions

Miscellaneous Provisions

	Current		Non-current		Total	
	31 December		31 December		31 December	
(Millions of dollars)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Warranty obligations and risks from transactions in course of completion	$ 38	$ 36	$ 39	$ 16	$ 77	$ 52
Provisions for legal disputes	105	84	53	69	158	153
Obligations relating to personnel	130	137	126	100	256	237
Dismantling obligations	5	5	304	292	309	297
Restructuring provisions	30	34	—	2	30	36
Cost reduction programs	156	107	149	26	305	133
Environmental provisions	19	11	25	28	44	39
Insurance provisions	10	8	33	29	43	37
Other obligations	313	145	3	—	316	145
TOTAL	$ 806	$ 567	$ 732	$ 562	$ 1,538	$ 1,129

The warranty obligations and risks from transactions in course of completion consist principally of provisions for onerous contracts, guarantees and warranties. The provisions for warranties relate mainly to the Engineering business and are generally utilized within three years.

The provisions for obligations relating to personnel comprise mainly provisions for profit-sharing and other variable compensation.

The provisions for dismantling obligations are stated at a discounted settlement amount. A corresponding item is recognised in tangible assets and is subject to depreciation. The provision is compounded over the duration of the underlying contracts. Due to the wide range of residual terms of the contracts, the residual term of the provision falls mainly in a range of between one and twenty years.

The restructuring provisions include provisions for restructuring actions and efficiency programs.

Cost reduction programs include severance and other charges related to the execution of the company's synergistic actions including location consolidations and business rationalization projects and software and process harmonization. Total cost reduction program related charges were $391 million for the year ended 31 December 2020 and included severance costs of $298 million for the elimination of approximately 3,100 positions. The majority of these actions have been taken, with the remaining actions anticipated to be completed within the next 12 months.

The unwinding of interest applied to miscellaneous long-term provisions was not material.

Movements In Miscellaneous Provisions

(Millions of dollars)	**1/1/2020**	**Utilization**	**Release**	**Addition**	**Currency and Other**	**31/12/2020**
Warranty obligations and risks from transactions in course of completion	$ 52	$ (15)	$ (31)	$ 64	$ 7	$ 77
Provisions for legal disputes	153	(13)	(14)	35	(3)	158
Obligations relating to personnel	237	(201)	(18)	230	8	256
Dismantling obligations	297	(1)	(1)	13	1	309
Restructuring provisions	36	(6)	—	—	—	30
Cost reduction programs	133	(176)	—	323	25	305
Environmental provisions	39	(8)	(1)	15	(1)	44
Insurance provisions	37	(12)	—	18	—	43
Other obligations	145	(13)	(72)	228	28	316
TOTAL	**$ 1,129**	**$ (445)**	**$ (137)**	**$ 926**	**$ 65**	**$ 1,538**

[19] Financial debt

The following is a summary of Linde's outstanding debt at 31 December 2020 and 31 December 2019.

(Millions of dollars)	31/12/2020	31/12/2019
Current (a)		
Current notes	$ 748	$ 1,493
Commercial paper	2,527	996
Other borrowings (primarily non-U.S.) (b)	676	836
Total current debt	**$ 3,951**	**$ 3,325**
Non-current (a)		
Non-current notes	$ 11,773	$ 10,263
Other	10	10
Non-U.S. borrowings	412	349
Total non-current debt	**$ 12,195**	**$ 10,622**
Total Debt	**$ 16,146**	**$ 13,947**
Note carrying values (a)		
2.25% Notes due 2020 (c)	—	300
1.75% Euro denominated notes due 2020 (c, d)	—	1,137
0.634% Euro denominated notes due 2020	—	56
4.05% Notes due 2021 (e)	—	499
3.875% Euro denominated notes due 2021 (d)	748	711
3.00% Notes due 2021 (e)	—	499
0.250% Euro denominated notes due 2022 (d)	1,226	1,129
2.45% Notes due 2022	599	599
2.20% Notes due 2022	499	499
2.70% Notes due 2023	499	499
2.00% Euro denominated notes due 2023 (d)	832	776
5.875% GBP denominated notes due 2023 (d)	460	456
1.20% Euro denominated notes due 2024	671	615
1.875% Euro denominated notes due 2024 (d)	389	361
2.65% Notes due 2025	398	398
1.625% Euro denominated notes due 2025	607	556
3.20% Notes due 2026	725	725
3.434% Notes due 2026	196	196
1.652% Euro denominated notes due 2027	100	93
0.250% Euro denominated notes due 2027 (f)	914	—
1.00% Euro denominated notes due 2028 (d)	966	872
1.10% Notes due 2030 (f)	696	—
1.90% Euro denominated notes due 2030	127	118
0.550% Euro denominated notes due 2032 (f)	909	—
3.55% Notes due 2042	664	662
2.00% Notes due 2050 (f)	296	—

(a) Amounts are net of unamortized discounts, premiums and/or debt issuance costs as applicable.

(b) Amounts include $83 million of Credit Support Annexes, see Note 23.

(c) In September 2020, the company repaid €1,000 million of 1.75% notes and $300 million of 2.25% notes that became due.

(d) The fair value decrease in debt related to hedge accounting for the year ended 31 December 2020 was $79 million; the impact recognized in the consolidated statement of profit and loss in 2019 was $38 million. See Note 23 Financial Instruments for additional information on the $1,923 million notional value interest rate swaps outstanding at 31 December 2020.

(e) In December 2020, the company repaid $500 million of 4.05% notes and $500 million of 3.00% notes that were due in 2021 resulting in a $16 million interest charge.

(f) In May 2020, Linde issued €750 million of 0.250% notes due 2027 and €750 million of 0.550% notes due 2032. In August 2020, Linde issued $700 million of 1.100% notes due 2030 and $300 million of 2.000% notes due 2050.

Credit Facilities

On 26 March 2019, Linde plc and certain of its subsidiaries entered into an unsecured revolving credit agreement (the "Credit Agreement") with Bank of America, N.A., as administrative agent and a syndicate of banking institutions as lenders. The Credit Agreement became effective on 29 March 2019 and provides for total commitments of $5 billion which may be increased to up to $6.5 billion subject to receipt of additional commitments and satisfaction of customary conditions. The Credit Agreement does not contain a financial maintenance covenant. The commitments will expire on 26 March 2024, however, the company has the option to request two one-year extensions of the expiration date. Any such extension will be subject to approval by the extending lenders. In connection with the effectiveness of the Credit Agreement, each of Praxair and Linde AG terminated their respective existing revolving credit agreements. As of the date of this Report, the Credit Agreement has no usage outstanding.

On 3 September 2019 Linde and the company's subsidiaries Linde, Inc. and Linde GmbH entered into a series of parent and subsidiary guarantees related to currently outstanding notes as well as the Credit Agreement.

Other Debt Information

As of 31 December 2020 and 2019, the weighted-average interest rate of short-term borrowings outstanding was (0.1)% and 0.6%, respectively.

[20] Leases

IFRS 16 requires lessees to recognize a right-of-use asset and lease liability for all leases, except those that meet certain scope exceptions. In the normal course of its business, Linde enters into various leases as the lessee, primarily involving manufacturing and distribution equipment and real estate. Right-of-use assets ("ROU") are generally depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Total lease and rental expenses related to lease right of use assets for the twelve months ended 31 December 2020 and 2019 included $322 million and $363 million of depreciation ($157 million and $184 million related to Buildings, $142 million and $141 million related to vehicles, $15 million and $19 million related to land, $8 million and $19 million related to other) and $30 million and $33 million of interest, respectively. The related lease right of use assets are reported as a separate line in non-current assets, and liabilities are included in current and non-current liabilities from leases in the consolidated statement of financial position. Right of use assets and liabilities are measured on a present value basis. Linde includes renewal options that are reasonably certain to be exercised as part of the lease term.

As most leases do not provide an implicit rate, Linde uses the applicable incremental borrowing rate at lease commencement to measure lease liabilities and right-of-use assets. Linde determines incremental borrowing rates through market sources.

The lease population relates mainly to two classes of assets, vehicles and real estate. Lease terms for vehicles typically range from 3 to 6 years. Lease terms for real estate typically range from 10 to 15 years. Lease terms are determined at the individual lease level based on the contractual lease term considering lease options which are reasonably certain to be exercised. To determine if the probability of exercising an option is considered reasonably certain, various factors which would economically compel an extension or termination are considered. These factors could include options at below market rates, consideration of relocation costs or the condition of leasehold improvements. The impact of favorable renewal options is the primary consideration in determining if an equipment lease option will be exercised. The impact of favorable renewal terms, relocation costs and leasehold improvements are the primary considerations in the determination if a real estate lease option will be exercised.

The company has elected to apply the short-term lease exception. Short-term leases are leases that, at the commencement date, have a lease term of twelve months or less and do not include a purchase option that the lessee is reasonably certain to exercise. Leases that meet the short-term lease definition are not recognized on the statement of financial position, but rather expensed in profit and loss on a straight-line basis over the lease term. Short term lease expense and low-value leases for the twelve months ended 31 December 2020 and 2019 were immaterial.

Some leasing arrangements require variable payments that are dependent on usage, output, or may vary for other reasons. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The company does not have material variable lease payments.

Gains and losses on sale and leaseback transactions were immaterial. Cash outflows related to ROU lease liabilities for the twelve months ended 31 December 2020 and 2019 were $354 million and $361 million, respectively. Cash outflows from short term and low value leases were immaterial.

Based on the finance lease right-of use asset and liability balance as of 1 January 2020 and 2019, the reconciliation to the closing balance for as of 31 December 2020 and 2019, was as follows:

	Right-of-Use Assets
1 January 2019 $	**1,217**
Additions	359
Adjustments	(45)
Depreciation	(363)
1 January 2020 $	**1,168**
Additions	226
Adjustments	45
Depreciation	(322)
31 December 2020 $	**1,117**

Supplemental statement of financial position information related to leases is as follows:

(Millions of dollars)

Lease right-of-use assets	31 December 2020	31 December 2019
Buildings	517	552
Vehicles	347	411
Land	216	151
Other*	37	54
Total	**$ 1,117**	**$ 1,168**
Current liabilities from leases	287	290
Non-current liabilities from leases	818	840
Total lease liabilities	**$ 1,105**	**$ 1,130**

*Other consists of all other categories

Future lease payments as of 31 December 2020 are as follows (millions of dollars):

Period	
2021	300
2022	231
2023	163
2024	111
2025	76
Thereafter	365
Total future undiscounted lease payments	**1,246**
Less imputed interest	(141)
Total reported lease liability	**1,105**

In limited instances Linde acts as a lessor, primarily for assets to provide industrial gas to specific customers. These leases are not significant to the consolidated statement of financial position or consolidated statement of profit and loss.

[21] Trade payables, miscellaneous liabilities, liabilities from income taxes

	Current		Non-current		Total	
	31 December		31 December		31 December	
(Millions of dollars)	2020	2019	2020	2019	2020	2019
Trade payables	$ 4,342	$ 4,079	$ 4	$ 1	$ 4,346	$ 4,080
Contract liabilities	1,762	1,761	542	359	2,304	2,120
Income tax liabilities	988	747	204	237	1,192	984
Miscellaneous liabilities*	1,984	1,878	353	401	2,337	2,279
Other taxes	371	267	96	86	467	353
Derivatives with negative fair values	70	53	11	46	81	99
Obligations relating to personnel	685	758	14	14	699	772
Noncontrolling interest redemption and dividend (Note 16)	231	—	—	—	231	—
Other liabilities	627	800	232	255	859	1,055
Total	$ 9,076	$ 8,465	$ 1,103	$ 998	$ 10,179	$ 9,463

*Prior year amounts have been reclassified to conform with current year presentation.

Income tax liabilities disclosed as current are due with immediate effect and generally Linde has no option to defer them. Included in the non-current income tax liabilities disclosed are amounts which may not fall due until more than twelve months after the reporting date.

Also included in current income tax liabilities are liabilities relating to prior periods arising from external tax audits in various countries.

[22] Share option schemes

Share-based compensation expense was $133 million in 2020 ($95 million in 2019). The related income tax benefit recognized was $26 million in 2020 ($1 million in 2019). The expense was primarily recorded in marketing & selling and administration expenses and no share-based compensation expense was capitalized.

Summary of Plans

The 2009 Praxair, Inc. Long-Term Incentive Plan was initially adopted by the board of directors and shareholders of Praxair, Inc. on 28 April 2009 and has been amended since its initial adoption ("the 2009 Plan"). Upon completion of the business combination of Praxair, Inc. with Linde AG on 31 October 2018, the 2009 Plan was assumed by the company. Prior to 28 April 2009, Praxair, Inc. granted equity awards under the 2002 Praxair, Inc. Long-Term Incentive Plan, (“the 2002 Plan”) which was also assumed by the company upon completion of the business combination. The 2009 Plan permits awards of stock options, stock appreciation rights, restricted stock and restricted stock units, performance-based stock units and other equity awards to eligible officer and non-officer employees and non-employee directors of the company and its affiliates. As of 31 December 2020, 5,117,443 shares remained available for equity grants under the 2009 Plan, of which 1,406,647 shares may be granted as awards other than options or stock appreciation rights.

Upon the completion of the business combination, all options outstanding under the 2009 Plan were converted into options to acquire the same number of shares of the company and at the same exercise price per share that applied prior to the business combination.

Exercise prices for options granted under the 2009 Plan may not be less than the closing market price of the company’s common stock on the date of grant and granted options may not be re-priced or exchanged without shareholder approval. Options granted under the 2009 Plan subject only to time vesting requirements may become partially exercisable after a minimum of one year after the date of grant but may not become fully exercisable until at least three years have elapsed from the date of grant, and all options have a maximum duration of ten years.

In connection with the business combination, on 31 October 2018 the company's Board of Directors adopted the Long Term Incentive Plan of Linde plc (“the LTIP 2018”), the purpose of which is to replace certain outstanding Linde AG equity based awards that were terminated in connection with the Exchange offer. Under the LTIP 2018, the aggregate number of shares available for replacement option rights and replacement restricted share units was set at 473,128. As of 31 December 2020, 277,553 shares remained available for grant, and since the company was obligated to make these replacement awards in 2019, it does not expect any further grants from this program.

Exercise prices for the replacement option rights that were granted in 2019 under the LTIP 2018 were equal to €1.67 as prescribed in the business combination agreement. Each replacement option right granted under the LTIP 2018 is subject to vesting based on continued service until the end of the four-year waiting period applicable to the relevant Linde AG award that had been granted before the business combination. After vesting, each option right will be exercisable for one year.

In order to satisfy option exercises and other equity grants, the company may issue authorized but previously unissued shares or it may issue treasury shares.

Stock Option Fair Value

The company utilizes the Black-Scholes Options-Pricing Model to determine the fair value of stock options consistent with that used in prior years. Management is required to make certain assumptions with respect to selected model inputs, including anticipated changes in the underlying stock price (i.e., expected volatility) and option exercise activity (i.e., expected life). Expected volatility is based on the historical volatility of the company’s stock over the most recent period commensurate with the estimated expected life of the company’s stock options and other factors. The expected life of options granted, which represents the period of time that the options are expected to be outstanding, is based primarily on historical exercise experience. The expected dividend yield is based on the company’s most recent history and expectation of dividend payouts. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for a period commensurate with the estimated expected life. If factors change and result in different assumptions in future periods, the stock option expense that the company records for future grants may differ significantly from what the company has recorded in the current period.

The weighted-average fair value of options granted during 2020 was $17.37 ($23.38 in 2019) based on the Black-Scholes Options-Pricing model. The decrease in grant date fair value year-over-year is primarily attributable to the reduction in the risk-free interest rate. The weighted-average fair value of replacement option rights granted in 2019 was $160.08 based on intrinsic value method.

The following weighted-average assumptions were used to value the grants in 2020 and 2019:

Year Ended 31 December	2020	2019
Dividend yield	2.2 %	2.0 %
Volatility	15.8 %	14.3 %
Risk-free interest rate	0.60 %	2.38 %
Expected term years	6	6

The following table summarizes option activity under the plans as of 31 December 2020 and 2019 and changes during the periods then ended (averages are calculated on a weighted basis; life in years; intrinsic value expressed in millions):

Activity	Number of Options (000's)	Average Exercise Price	Average Remaining Life	Aggregate Intrinsic Value
Outstanding at 1 January 2019	10,624	117.65		
Granted	1,486	157.14		
Exercised	(2,705)	103.87		
Cancelled or expired	(108)	158.17		
Outstanding at 31 December 2019	9,297	127.04	6	$ 798
Exercisable at 31 December 2019	6,306	117.26	5	$ 603
Granted	1,155	173.16		
Exercised	(2,205)	115.34		
Cancelled or expired	(180)	162.97		
Outstanding at 31 December 2020	8,067	136.05	6	$ 1,028
Exercisable at 31 December 2020	5,707	123.93	5	$ 797

The aggregate intrinsic value represents the difference between the company's closing stock price of $263.51 as of 31 December 2020 and the exercise price multiplied by the number of in the money options outstanding as of that date. The total intrinsic value of stock options exercised during 2020 was $264 million ($219 million in 2019.)

Cash received from option exercises under all share-based payment arrangements for 2020 was $36 million ($64 million in 2019). The cash tax benefit realized from share-based compensation totaled $70 million for 2020 ($56 million in 2019).

As of 31 December 2020, $17 million of unrecognized compensation cost related to non-vested stock options is expected to be recognized over a weighted-average period of approximately 1 year.

Performance-Based and Restricted Stock Awards

In 2020, Linde granted 224,045 performance-based stock awards under the 2009 Plan to senior management that vest, subject to the attainment of pre-established minimum performance criteria, principally on the third anniversary of their date of grant. These awards are tied to either after tax return on capital ("ROC") performance or relative total shareholder return ("TSR") performance versus that of the S&P 500 (weighted 67%) and Eurofirst 300 (weighted 33%). The actual number of shares issued in settlement of a vested award can range from zero to 200 percent of the target number of shares granted based upon the company's attainment of specified performance targets at the end of a three-year period. Compensation expense related to these awards is recognized over the three-year performance period based on the fair value of the closing market price of the company's ordinary shares on the date of the grant and the estimated performance that will be achieved. Compensation expense for ROC awards will be adjusted during the three-year performance period based upon the estimated performance levels that will be achieved. TSR awards are measured at their grant date fair value and not subsequently re-measured.

The weighted-average fair value of ROC performance-based stock awards granted in 2020 was $161.56, and during 2019 was $168.47. These fair values are based on the closing market price of Linde's ordinary shares on the grant date adjusted for dividends that will not be paid during the vesting period. There were no ROC performance-based stock awards granted in 2018.

The weighted-average fair value of performance-based stock tied to relative TSR performance granted during 2020 was $198.61, and during 2019 was $212.85, and was estimated using a Monte Carlo simulation performed as of the grant date. There were no TSR performance-based stock awards granted in 2018.

There were 185,973 restricted stock units granted to employees in 2020 (161,072 in 2019). The weighted-average fair value of restricted stock units granted during 2020 was $174.95 ($165.04 in 2019). These fair values are based on the closing market price of Linde's ordinary shares on the grant date adjusted for dividends that will not be paid during the vesting period. Compensation expense related to the restricted stock units is recognized over the vesting period.

The following table summarizes non-vested performance-based and restricted stock award activity as of 31 December 2020 and 2019, and changes during the period then ended (shares based on target amounts, averages are calculated on a weighted basis):

	Performance-Based		Restricted Stock	
	Number of Shares (000's)	**Average Grant Date Fair Value**	**Number of Shares (000's)**	**Average Grant Date Fair Value**
Non-vested at 1 January 2019	—	$ —	1,071	$ 118.84
Granted	262	184.29	161	165.04
Vested	—	—	(330)	107.10
Cancelled and Forfeited	(16)	184.26	(18)	146.32
Non-vested at 1 January 1, 2019	246	$ 184.29	884	$ 129.43
Granted	224	174.70	186	174.95
Vested	—	—	(355)	117.62
Cancelled and Forfeited	(33)	178.27	(27)	160.90
Non-vested 31 December 2020	437	$ 179.76	688	$ 148.56

There are approximately 10 thousand performance-based shares and 12 thousand restricted stock shares that are non-vested at 31 December 2020 which will be settled in cash due to foreign regulatory limitations (7 thousand and 11 thousand, respectively, in 2019). The liability related to these grants reflects the current estimate of performance that will be achieved and the current common stock price.

As of 31 December 2020, $42 million of unrecognized compensation cost related to performance based awards and $21 million of unrecognized compensation cost related to the restricted stock awards is expected to be recognized primarily through the first quarter of 2022 ($23 million and $21 million, respectively, in 2019).

[23] Financial instruments

Accounting standard IFRS 9, *Financial Instruments* sets out the rules on the classification and measurement of financial assets and contains rules on impairment losses on financial instruments as well as on hedge accounting.

Financial Assets

(Millions of dollars)	Fair value 31/12/2020	Fair value 31/12/2019	Carrying amount 31/12/2020	Carrying amount 31/12/2019
At fair value in other comprehensive income (debt instruments) ("FVtOCI")				
Investments and securities	$ 4	$ 2	$ 4	$ 2
At fair value through profit and loss				
Freestanding derivatives	113	111	113	111
Derivatives designated as hedging instruments	87	56	87	56
Cash and cash equivalents	—	—	—	—
Investments and securities	64	46	64	46
At amortized cost				
Cash and cash equivalents	3,845	2,790	3,845	2,790
Trade receivables	4,108	4,125	4,108	4,125
Other receivables and assets	1,656	1,789	1,656	1,789
Investments and securities	11	1	11	1
Total	**$ 9,888**	**$ 8,920**	**$ 9,888**	**$ 8,920**

Financial Liabilities

(Millions of dollars)	Fair value 31/12/2020	Fair value 31/12/2019	Carrying amount 31/12/2020	Carrying amount 31/12/2019
Financial liabilities at amortised cost				
Financial liabilities	$ 16,854	$ 13,761	$ 16,146	$ 13,947
Trade payables	4,346	4,080	4,346	4,080
Miscellaneous liabilities	2,337	2,281	2,337	2,281
Derivatives with negative fair values				
Freestanding derivatives	67	91	67	91
Derivatives designated as hedging instruments	14	8	14	8
Liabilities from finance leases	1,105	1,130	1,105	1,130
Total	**$ 24,723**	**$ 21,351**	**$ 24,015**	**$ 21,537**

The fair value of cash and cash equivalents, short-term debt, accounts receivables-net, and accounts payable approximate carrying value because of the short-term maturities of these instruments.

The fair value of financial instruments is generally determined using stock exchange prices. If stock exchange prices are not available, the fair value is determined using measurement methods customary in the market, based on market parameters specific to the instrument.

The fair value of derivative financial instruments is determined as follows: Options are valued using the Black-Scholes option pricing model. Futures are measured with recourse to the quoted market price in the relevant market. All other derivative financial instruments are measured by discounting expected future cash flows using the net present value method. As far as possible, the entry parameters used in these models are relevant observable market prices and interest rates at the reporting date.

The following table shows the financial instruments in Linde plc which are measured at fair value. Linde plc uses the following hierarchy to determine and disclose fair values based on the method used to ascertain their fair values:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Financial Assets And Liabilities Measured At Fair Value

	Level 1		Level 2		Level 3	
(Millions of dollars)	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**
Investments and securities	$ 21	$ 18	$ —	$ —	$ 47	$ 28
Thereof debt instruments at FVtOCI	4	2	—	—	—	—
Thereof at FVtPL	17	16	—	—	47	28
Freestanding derivatives with positive fair values	—	—	113	111	—	—
Derivatives designated as hedging instruments with positive fair values	—	—	87	56	—	—
Freestanding derivatives with negative fair values	—	—	67	91	—	—
Derivatives designated as hedging instruments with negative fair values	—	—	14	8	—	—
Cash and cash equivalents	—	—	—	—	—	—

During the reporting year, there were no transfers between Levels 1, 2 and 3 of the fair value hierarchy.

The fair value of financial instruments in the "financial assets at amortised cost", and "financial liabilities at amortised cost" categories is determined by discounting the expected cash flows. The interest rates applied are the same as those that would apply to new financial instruments with a similar risk structure, currency and maturity. Fair value is determined using the discounted cash flow method, taking into account individual credit ratings and other market circumstances in the form of credit and liquidity spreads generally applied in the market (Level 2). The exception to this is bonds issued by Linde AG and Linde Finance B.V. traded in the capital market (Level 1). The fair value of these instruments is determined using the current stock exchange price. In cases involving short-term financial instruments in the "financial assets at amortised cost", and "financial liabilities at amortised cost" categories, it is assumed that the fair value corresponds to the carrying amount.

Level 3 investments and securities contain a venture fund. For the valuation, Linde uses the net asset value received as part of the fund's quarterly reporting, which for the most part is not based on quoted prices in active markets. In order to reflect current market conditions, Linde proportionally adjusts these by observable market data (stock exchange prices) or current transaction prices.In the 2019 financial year, there were no differences between the fair value of a financial instrument when it was first recognized and the amount which would have been recognized at that time had the valuation methods described above been used.

The below summarizes the changes in level 3 investments and securities for the years ended 31 December 2020. Gains (losses) recognized in earnings are recorded to in financial income (expense) within the company's consolidated statement of profit and loss.

The level 3 investments and securities as of 1 January 2019 was $30 million. During the year-to-date period there was approximately $1 million in foreign currency movement and $3 million loss recognized in earnings. The balance as of 31 December 2019 was $28 million. During the 2020 year-to-date period there was approximately $3 million of foreign currency movement and $16 million in gains recognized in earnings. The balance as of 31 December 2020 was $47 million.

Net Financial Gains And Losses		
(Millions of dollars)	2020	2019
From freestanding derivatives	$ (165)	$ 318
From financial assets at amortized cost	22	71
From financial assets at fair value other comprehensive income		
of which reported in the income statement	$ 70	$ (11)
of which reported in other reserves	—	—
From financial liabilities at amortized cost	(241)	(201)
Total	**$ (314)**	**$ 177**

The net financial gains and losses on financial instruments arise from changes in fair value, the recognition and reversal of impairment losses, and exchange rate fluctuations.

The net financial gains and losses correspond to the valuation gains and losses of the financial instruments but exclude interest and dividends.

Free-standing derivatives comprise all those derivatives which are not designated as hedging instruments. They include those derivatives in economic hedging relationships not designated as hedges in respect of which gains and losses arising from the underlying transaction and the hedged item are recognised at the same time in the statement of profit and loss.

The financial result includes fees and other costs of capital of $7 million (2019: $16 million) relating to financial instruments not at fair value through profit and loss.

No interest income has been accrued which relates to impaired financial instruments, especially receivables.

The following table provides information about the exposure to credit risk for financial assets.

Impairment Loss At 31 December	2020				2019			
(Millions of dollars)	Carrying amount before impairment	Cumulative impairment loss	Carrying amount after impairment	Of which impairment loss for 2020 financial year	Carrying amount before impairment	Cumulative impairment loss	Carrying amount after impairment	Of which impairment loss for 2019 financial year
Investments and securities at fair value	$ 68	$ —	$ 68	$ —	$ 55	$ —	$ 55	$ —
Investments and securities at amortised cost	11	—	11	—	1	—	1	—
Receivables from finance leases	56	—	56	—	72	—	72	—
Trade receivables	4,573	(465)	4,108	(306)	4,432	(306)	4,126	(164)
Contract assets	168	(6)	162	(11)	380	(11)	369	(6)
Derivatives with positive fair values	110	—	110	—	167	—	167	—
Other receivables and assets	1,656		1,656	—	1,789		1,789	—
Cash and cash equivalents	3,845	—	3,845	—	2,790	—	2,790	—

For cash and cash equivalents and other receivables, Linde determines the 12-month expected credit loss as a basis for impairment losses. In the reporting period these impairment losses were not significant.

Financial assets which are initially measured at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Linde's financial assets at amortized cost includes trade receivables, receivables from finance lease, loan receivables and other financial assets included under other assets. Trade receivables are measured at the transaction price, the face value less impairment, if the receivables do not contain a significant financing component. Management has considered factors such as the difference between the cash price for assets and transaction prices within its agreements, terms of its agreements and market interest rates. Management has reviewed its current portfolio noting that its receivables do not contain significant financing components.

For trade receivables, Linde applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The expected loss rates are based on an analysis of the actual historical default rates over 2 years for each business and product area, taking regional circumstances into account. If necessary, these historical default rates are adjusted to reflect the impact of current changes in the macroeconomic environment using forward-looking information. The default rates are also critically evaluated based on the expectations of the responsible management team regarding the collectability of the receivables. Gross receivables aged less than one year were $4,214 million and $4,186 million at 31 December 2020 and 2019 respectively and gross receivables aged greater than one year were $359 million and $246 million at 31 December 2020 and 2019. Average loss rates on receivables aged less than one year were approximately 6.9% and 6.2% at 31 December 2020 and 2019 respectively. Receivables aged greater than one year are generally fully reserved unless specific circumstances warrant exceptions.

Trade receivables net of reserves were $4,108 million at 31 December 2020 and $4,126 million at 31 December 2019. Allowances for expected credit losses were $465 million at 31 December 2020 and $306 million at 31 December 2019. Provisions for expected credit losses were $182 million and $170 million in 2020 and 2019 respectively. The allowance activity in each period related primarily to write-offs of uncollectible amounts, net of recoveries and currency movements.

Interest Income/Expense From Financial Instruments Not Measured At Fair Value[1]		
(Millions of dollars)	**2020**	**2019**
Interest income	$ 81	$ 267
Interest expense	455	317
Total	**$ (374)**	**$ (50)**

[1]Income and expenses are shown as positive figures where the line item designation is clear. In the “total” line item, net expenses are shown as negative figures.

Not included here are the interest income and interest expense from derivatives or the interest income and interest expense from assets and liabilities outside the scope of IFRS 7.

Risk positions and risk management

Linde plc is exposed to a variety of financial risks. These include in particular: counterparty risk, liquidity risk, interest rate risk, exchange rate risk and other market price risks. These are described below. For further information about risk management at Linde, please refer to the disclosures in the management report.

Counterparty risk

Counterparties to Linde’s derivatives are major banking institutions with credit ratings of investment grade or better. The company has Credit Support Annexes ("CSAs") in place for certain entities with their principal counterparties to minimize potential default risk and to mitigate counterparty risk. Under the CSAs, the fair values of derivatives for the purpose of interest rate and currency management are collateralized with cash on a regular basis. As of 31 December 2020, the impact of such collateral posting arrangements on the fair value of derivatives was insignificant. Management believes the risk of incurring losses on derivative contracts related to credit risk is remote and any resulting losses would be immaterial.

Financial Assets/Liabilities Subject To Offsetting Or Enforceable Master Agreements For Financial Derivative Transactions

31 December 2020, *(Millions of dollars)*	Gross amount of recognised financial assets/ liabilities	Gross amount of recognised financial assets/ liabilities set off in the statement of financial position	Net amount of financial assets/ liabilities presented in the statement of financial position	Financial instruments that qualify for netting	Net amount before CSAs	Collaterals received from collateral agreements[1]	Collaterals due to pledged collateral agreements[1]	Net amount
Derivatives with positive fair values	$ 200	$ —	$ 200	$ (20)	$ 180	$ (68)	$ —	$ 112
Derivatives with negative fair values	(81)	—	(81)	20	(61)	(15)	2	(74)
Trade receivables	32	(5)	27	—	27	—	—	27
Trade payables	(32)	5	(27)	—	(27)	—	—	(27)
Total	**$ 119**	**$ —**	**$ 119**	**$ —**	**$ 119**	**$ (83)**	**$ 2**	**$ 38**

Financial Assets/Liabilities Subject To Offsetting Or Enforceable Master Agreements For Financial Derivative Transactions

31 December 2019, (Millions of dollars)	Gross amount of recognised financial assets/ liabilities	Gross amount of recognised financial assets/ liabilities set off in the statement of financial position	Net amount of financial assets/ liabilities presented in the statement of financial position	Financial instruments that qualify for netting	Net amount before CSAs	Collaterals received from collateral agreements 1	Collaterals due to pledged collateral agreements 1	Net amount
Derivatives with positive fair values	$ 319	$ —	$ 319	$ (31)	$ 288	$ (64)	$ 1	$ 225
negative fair values	(182)	—	(182)	31	(151)	(46)	19	(178)
Trade receivables	35	(8)	27	—	27	—	—	27
Trade payables	(34)	8	(26)	—	(26)	—	—	(26)
Total	**$ 138**	**$ —**	**$ 138**	**$ —**	**$ 138**	**$ (110)**	**$ 20**	**$ 48**

[1]The terms governing CSAs may result in the net fair value position per counterparty being over-secured.

Liquidity Risk

Liquidity risk is the risk that the company will no longer be able to meet its financial payment obligations. Contractual undiscounted expected future cash flows from financial liabilities are shown in the table below:

Future Cash Flows From Financial Liabilities

(Millions of dollars)	Due within one year 2020	Due within one year 2019	Due in one to five years 2020	Due in one to five years 2019	Due in more than five years 2020	Due in more than five years 2019
Cash outflows from non-derivative financial liabilities	$10,408	$9,174	$ 6,786	$10,599	$ 6,136	$ 4,333
Cash outflows from derivative financial liabilities	$ 76	$ 119	$ 78	$ 312	$ —	$ 35

Within this context, it is important to note that the cash outflows from derivative financial liabilities in the amount of $116 million (2019: $466 million) are offset by cash inflows from derivatives with gross settlement in the amount of $106 million (2019: $376 million).

Interest rate risks

Interest rate risks arise from market fluctuations in interest rates. As a result of its financing activities, Linde plc is exposed to a risk from interest rate changes. At 31 December 2020, Linde plc held interest-bearing instruments (net, including interest rate derivatives/ hedges) totaling $16.2 billion (2019: $13.9 billion). Of these, $10.4 billion (2019: $10.8 billion) related to instruments bearing interest at fixed interest rates and $5.8 billion (2019: $3.2 billion) to instruments bearing interest at variable rates. This is equivalent to a company-wide fixed-rate ratio of 64 percent (2019: 77 percent).

Linde plc has used forward payer swaps and treasury rate locks to provide an element of hedging against exposure to rising interest rates with regard to future bond issues.

Based on instruments bearing interest at variable rates and financial instruments hedging interest rate risks which Linde plc holds or has issued, a hypothetical change in the interest rates applicable to the respective instruments would have had the following effects (if exchange rates remained constant):

Effect Of Changes In Interest Rates

	Change	**Recognised in profit and loss**	
(Millions of dollars)		**2020**	**2019**
EUR	+ 100 bp	(48)	(82)
	– 100 bp	48	83
GBP	+ 100 bp	(3)	8
	– 100 bp	3	(8)
USD	+ 100 bp	0	2
	– 100 bp	0	(2)
AUD	+ 100 bp	0	19
	– 100 bp	0	(19)
Other currencies	+ 100 bp	6	5
	– 100 bp	(6)	(5)

Effect of interest changes in equity were not material.

Exchange rate risks

Due to its activities as an international group, Linde is exposed to exchange rate risks. Its broad spread of activities over many different currency areas and its local business model result in a low concentration of risk for the company.

Linde monitors and manages its exchange rate risk, a risk which has an impact on its operations. The gross exchange rate risk encompasses all the operating activities of the company. This gross exchange rate risk is reduced by around 71 percent (2019: 83 percent). Therefore, Linde is exposed at the reporting date to a net exchange rate risk from operating activities involving foreign currency corresponding to 29 percent (2019: 17 percent) of the original unsecured risk.

The risk of exchange rate movements is monitored for internal management purposes on the basis of a value-at-risk, which relates to positions in currencies other than the relevant functional currency.

The value-at-risk is calculated on the basis of historical data (250 working days) in accordance with international banking standards. The value-at-risk presents the maximum potential loss based on a probability of 97.5 percent for a holding period of twelve months. The calculation takes into account correlations between the transactions being considered; the risk of a portfolio is generally lower than the total of the respective individual risks.

At 31 December 2020, the value-at-risk was $360 million (2019: $44 million). This is primarily driven by unhedged exposures relating to intercompany loan facilities including €1.7 billion ($2.1 billion) intercompany Euro-denominated credit facilities that do not qualify for net investment hedge treatment under international accounting standards.

Other market price risks

As a result of its energy purchases, Linde is exposed to risks arising from changes in commodity prices. Linde plc monitors and manages these commodity price risks arising from the purchase of electricity, natural gas and propane for use in production. These hedging operations are governed by risk management guidelines, compliance with which is monitored. Commodity price risks are hedged in the main by long-term supply contracts or limited by the form and structure of sales contracts. Derivatives are also used to a much lesser extent to hedge against the exposure to changes in the price of electricity, natural gas and propane gas. The commodity price risk from financial instruments is therefore not material.

Hedge Accounting

Cash flow hedges

Linde hedges cash flows at both consolidated and company levels, based on agreed minimum hedging rates. At the company level, future transactions which are highly probable are hedged against foreign exchange risks.

In general, these hedges are accounted for as cash flow hedges in accordance with IFRS 9, *Financial Instruments*. The effective portion of the gain or loss on the hedging instruments is recognized directly in equity and released to the statement of profit and loss when the hedged cash flows are also recognised in the statement of profit and loss or if a hedged future transaction is no longer expected to occur. In addition, the risks associated with changes in interest rates relating to certain financial liabilities or future financing measures are hedged by derivative financial instruments and accounted for as cash flow hedges.

Linde also hedges the exposure to commodity price risks which arise in the normal course of business from its procurement transactions and result in open risk positions. To reduce the extent of the risk, Linde enters into a small number of electricity, natural gas and propane gas derivatives. Usually, hedging relationships of this type are also designated as cash flow hedging relationships, if this accords with the facts.

If the hedged future transactions (forecast transactions as defined by IFRS 9) result in the recognition of a non-financial asset or liability, the initial carrying amounts of these are adjusted for the amount recorded in equity. This is usually the case for non-current assets and inventories.

The following table presents a reconciliation of the reserve for cash flow hedges:

Reserve For Cash Flow Hedges

(Millions of dollars)	2020	2019
Opening balance at 1 Janaury	$ (27)	$ (2)
Additions	(11)	(33)
Transfers to the statement of profit and loss	42	(8)
of which relating to revenue	—	—
of which relating to cost of sales	42	(6)
of which relating to financial income and expenses	—	(2)
Closing balance at 31 December	**$ 4**	**$ (27)**

In the 2020 and 2019 financial years, no amounts were recognised in the financial result as a result of ineffectiveness in cash flow hedges.

Cash Flow Hedge Accounting

	Exchange rate risk		Interest rate risk		Commodity risk	
(Millions of dollars)	2020	2019	2020	2019	2020	2019
In a cash flow hedge designated hedging instruments						
Fair value	$ 6	$ 4	$ —	$ —	$ 3	$ 4
Nominal value	355	491	—	—	34	65
Cash flow hedge reserve for continuing hedge relationships	3	(27)	—	—	2	—
Cash flow hedge reserve for discontinued hedge relationships	—	—	—	—	—	—

Cash Flow Hedge Accounting

	Within one year		In one to five years		In more than five years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
FX risk USD/EUR								
Exposure (nominal volume) - in m EUR	31	—	2	—			33	
Average hedged rate	.8980	—	.9059	—				
Cash flows from hedging instrument	(34)	—	(2)	—			(36)	
FX risk EUR/USD								
Exposure (nominal volume) - in m USD	39	32	7	9	—	—	46	41
Average hedged rate	0.8665	0.8954	0.8540	0.8230	—	—		
Cash flows from hedging instrument	(24)	16	(6)	1	—	—	(30)	17
FX risk EUR/RUB								
Exposure (nominal volume) - in m RUB	4,268	335	185	1,723	—	—	4,452	2,058
Average hedged rate	0.0112	0.0129	0.0116	0.0118	—	—		
Cash flows from hedging instrument	(30)	(3)	(2)	(4)	—	—	(32)	(7)

Fair value hedges

Linde uses interest rate swaps to hedge the exposure to changes in the fair value of financial assets and financial liabilities as a result of interest rate changes. If the hedge is deemed to be effective, the carrying amount of the hedged item is adjusted for changes in the fair value attributable to the hedged risk.

The following table shows the changes in underlying transactions and hedging instruments in fair value hedging relationships recognised in profit and loss.

Fair Value Hedge Accounting		
(Millions of dollars)	2020	2019
Fair value changes of hedged items and hedging instruments		
From hedged items	$ (19)	$ (37)
From hedging instruments (interest rate swaps)	20	39
Ineffectiveness recognized in the financial result	$ 1	$ 2
In Fair value hedge accounting designated hedging instruments		
Fair Value	$ 64	$ 39
Nominal value	$ 1,923	$ 1,908

Hedges of a net investment in a foreign operation

As of 31 December 2020, Linde has not designated any hedges of the net investment positions in foreign operations. Previously designated Euro-denominated debt instruments as net investment hedges to reduce the company's exposure to changes in the currency exchange rate on investments in foreign subsidiaries with Euro functional currencies. Exchange rate movements of $206 million relating to the previously denominated Euro-denominated debt incurred in the financial periods prior to de-designation will remain in AOCI, until appropriate, such as upon sale or liquidation of the foreign operations at which time amounts will be reclassified to the consolidated statement of profit and loss. Exchange rate movements related to the Euro-denominated debt occurring after de-designation are shown in the consolidated statement of profit and loss.

No amounts were recognised in 2020 or 2019 as a result of ineffectiveness in net investment hedges.

[24] Consolidated statement of cash flows

The statement of cash flows shows the source and application of funds. In accordance with IAS 7, *Cash Flow Statements*, cash flows from operating activities are distinguished from cash flows from investing and financing activities.

The cash and cash equivalents disclosed in the statement of cash flows comprise all cash and cash equivalents disclosed in the statement of financial position: i.e. cash in hand, bank balances and money market funds with a maturity of three months or less. Cash equivalents include an amount of $2 million (2019: $20 million) for bilateral Credit Support Annexes ("CSAs"). Explanatory information on CSAs can be found in Note 23.

Cash flows for investing and financing activities are calculated on the basis of payments, while cash flow from operating activities is derived indirectly from profit for the year from continuing operations.

When the cash flow from operating activities is calculated, the changes in assets and liabilities are adjusted for certain effects, such as foreign currency translation. As a result, it is not possible to reconcile the figures to the differences between the headings in the published consolidated statement of financial position.

Distributions received and income taxes paid included in cash flow from operating activities are disclosed separately. Cash flows from associates and joint ventures are disclosed in cash flow from operating activities. Finance income from embedded finance leases according to IFRS 16 has been included in cash flow from operating activities, due to the fact that such income is clearly related to the operating business of Linde plc, while capitalised borrowing costs of $38 million (2019: $38 million) are disclosed in cash flow from investing activities. All other interest payments are disclosed in cash flow from operating activities.

Cash flow from divestitures and assets sales included in cash flow from investing activities totaled $482 million in 2020 compared to $5.1 billion in 2019 and relate primarily to the proceeds received from merger-related divestitures. 2020 proceeds include $98 million from sale of selected Linde China assets and $130 million from divestiture of a non-core business in Scandinavia. 2019 proceeds included $3.4 billion from the sale of Linde AG's Americas business, $1.2 billion from the sale of Linde Korea, and approximately $200 million each from the sale of the legacy Praxair and legacy Linde India selected assets. For cash flows relating to newly consolidated companies, please refer to the consolidated statement of cash flows.

Investing activities comprise additions to and disposals of tangible assets, financial assets, intangible assets and consolidated companies. Additions and disposals in foreign currencies have been translated at average rates.

Reconciliation Of Liabilities From Financing Activities

			Non-cash changes			
(Millions of dollars)	Opening balance at 01/01/2020	Cash flows	Exchange rate effects[1]	Changes in fair value	Other changes[2]	Closing balance at 31/12/2020
Non-current financial debt	$ 10,622	$ 2,840	$ 618	$ (51)	$ (1,834)	$ 12,195
Current financial debt	3,325	(1,556)	458	(34)	1,758	3,951
Liabilities from finance leases	1,130	(354)	—	—	329	1,105
LIABILITIES FROM FINANCING ACTIVITIES	**$ 15,077**	**$ 930**	**$ 1,076**	**$ (85)**	**$ 253**	**$ 17,251**

[1]1 For financial debt, incl. adjustments due to hedging transactions.
2 Under financial debt, reclassification from non-current to current financial debt; under liabilities from finance leases, addition of new leases.

The following table presents the cash flows from continuing and discontinued operations:

(Millions of dollars)

Year Ended 31 December	**2020**	**2019**
Cash flow from operating activities from continuing operations	$ 7,835	$ 6,560
Cash flow from operating activities from discontinued operations	3	78
CASH FLOW FROM OPERATING ACTIVITIES	7,838	6,638
Cash flow from investing activities from continuing operations	(2,992)	1,164
Cash flow for investing activities from discontinued operations	(2)	(71)
CASH FLOW FROM INVESTING ACTIVITIES	(2,994)	1,093
Cash flow for financing activities from continuing operations	(3,747)	(9,391)
Cash flow for financing activities from discontinued operations	(14)	(2)
CASH FLOW FOR FINANCING ACTIVITIES FROM CONTINUING OPERATIONS	(3,761)	(9,393)
CHANGE IN CASH AND CASH EQUIVALENTS	$ 1,083	$ (1,662)

[25] Segment information

Linde's operations consist of two major product lines: industrial gases and engineering. As further described in the following paragraph, Linde's industrial gases operations are managed on a geographic basis, which represents three of the company's operating segments - Americas, EMEA (Europe/Middle East/Africa), and APAC (Asia/South Pacific); a fourth operating segment which represents the company's Engineering business, designs and manufactures equipment for air separation and other industrial gas applications specifically for end customers and is managed on a worldwide basis operating in all geographic segments. Each of these operating segments is a separate reporting segment for financial reporting purposes. Other consists of corporate costs and a few smaller businesses which individually do not meet the quantitative thresholds for separate presentation.

The industrial gases product line centers on the manufacturing and distribution of atmospheric gases (oxygen, nitrogen, argon, rare gases) and process gases (carbon dioxide, helium, hydrogen, electronic gases, specialty gases, acetylene). Many of these products are co-products of the same manufacturing process. Linde manufactures and distributes nearly all of its products and manages its customer relationships on a regional basis. Linde's industrial gases are distributed to various end-markets within a regional segment through one of three basic distribution methods: on-site or tonnage; merchant or bulk; and packaged or cylinder gases. The distribution methods are generally integrated in order to best meet the customer's needs and very few of its products can be economically transported outside of a region. Therefore, the distribution economics are specific to the various geographies in which the company operates and are consistent with how management assesses performance.

The company's Chief Operating Decision Maker assesses the performance of the operating segments determined in accordance with US GAAP. Accordingly, the segment discussion below is based on US GAAP results. A reconciliation to IFRS as adopted by the European Union is disclosed below. Linde evaluates the performance of its reportable segments based on operating profit, excluding the items not indicative of ongoing business trends (referred to as "Segment operating profit"). The same accounting policies as those set out in Note 5 apply to the segments.

The table below presents information about reportable segments in accordance with US GAAP for the years ended 31 December 2020 and 2019 for the combined business. Also, each table includes a reconciliation of US GAAP to IFRS amounts along with an explanation of the major differences.

(Millions of dollars)	Year ended 31 December 2020	2019
Sales (a)		
Americas	$ 10,459	$ 10,989
EMEA	6,449	6,643
APAC	5,687	5,779
Engineering	2,851	2,799
Other	1,797	1,953
Total US GAAP sales	$ 27,243	$ 28,163
GAAP adjustments [1]	426	530
Merger-related divestitures[2]	—	65
Total IFRS sales	**$ 27,669**	**$ 28,758**

(1) Related to consolidation of certain entities for IFRS that are not consolidated for US GAAP.
(2) To adjust for the results of Praxair's merger-related divestitures.

(Millions of dollars)	Year ended 31 December 2020	2019
Operating Profit		
Americas	$ 2,773	$ 2,577
EMEA	1,465	1,367
APAC	1,277	1,184
Engineering	435	390
Other	(153)	(246)
US GAAP segment operating profit	$ 5,797	$ 5,272
Cost reduction programs and other charges[1]	(506)	(567)
Merger-related divestitures[2]	—	16
Net gain on sale of business[3]	—	164
Purchase accounting impacts - Linde AG[4]	(1,969)	(1,952)
US GAAP operating profit from continuing operations	$ 3,322	$ 2,933
GAAP adjustments[5]	81	117
IFRS operating profit from continuing operations	**$ 3,403**	**$ 3,050**

(1) Linde recorded cost reduction programs and other charges of $506 million and $567 million for 2020 and 2019, respectively, primarily related to merger and synergy-related costs and an asset impairment in the third quarter 2019 of approximately $73 million related to a joint venture in APAC resulting from an unfavorable arbitration ruling. These charges are not included in management's view of segment profitability.
(2) To adjust for the results of Praxair's merger-related divestitures.
(3) In 2019, related to the sale of select Indian assets resulting in a gain of $164 million.
(4) Related to the impacts of the required purchase accounting related to the merger transaction under US GAAP.
(5) Primarily related to differences in accounting between US GAAP and IFRS such as: consolidation of entities, pension accounting and the aforementioned net gain on Praxair's European divestiture.

(Millions of dollars)	Year ended 31 December 2020	2019
Depreciation and Amortization		
Americas	$ 1,196	$ 1,195
EMEA	723	749
APAC	619	613
Engineering	36	35
Other	132	143
US GAAP segment depreciation and amortization	$ 2,706	$ 2,735
Purchase accounting impacts - Linde AG [1]	1,920	1,940
Total US GAAP depreciation and amortization	$ 4,626	$ 4,675
GAAP adjustments [2]	449	338
Total IFRS depreciation and amortization	**$ 5,075**	**$ 5,013**

(1) Related to the impacts of the required purchase accounting related to the merger transaction under US GAAP.

(2) Related to consolidation of certain entities for IFRS that are not consolidated for US GAAP.

(Millions of dollars)	Year ended 31 December 2020	2019
Expenditures on Long-lived Assets		
Americas	$ 1,425	$ 1,814
EMEA	670	738
APAC	1,214	1,231
Engineering	13	79
Other	146	45
Total US GAAP expenditures on long-lived assets	$ 3,468	$ 3,907
GAAP adjustments [1]	(8)	20
Total IFRS expenditures on long-lived assets	**$ 3,460**	**$ 3,927**

(1) Related to consolidation of certain entities for IFRS that are not consolidated for US GAAP.

(Millions of dollars)	Year ended 31 December 2020	2019
Sales by Major Country (b)		
United States	$ 8,475	$ 8,604
Germany	3,740	3,630
China	2,404	2,411
United Kingdom	1,595	1,653
Australia	1,071	1,127
Brazil	822	994
Other- Foreign	9,562	10,339
Total sales	**$ 27,669**	**$ 28,758**

(Millions of dollars)	31 December 2020		2019	
Long-lived Assets by Major Country (b, c)				
United States	$	16,961	$	16,728
Germany		10,351		9,873
China		6,060		5,827
United Kingdom		5,625		5,679
Australia		4,286		4,126
Brazil		827		1,077
Other- Foreign		31,593		31,513
Total long-lived Assets	**$**	**75,703**	**$**	**74,823**

(a) Sales reflect external sales only. Intersegment sales, primarily from Engineering to the industrial gases segments, were not material. There is no significant concentration of sales with any single customer.

(b) Sales and long-lived assets for Ireland, the company's country of domicile, are not significant for separate presentation.

(c) Long-lived assets in both periods include tangible assets, goodwill, other intangible assets and right of use assets.

[26] Employees

In 2020, the average number of employees was 76,465 (2019: 79,627). As of 31 December 2020, the total number of employees of Linde plc was 74,207 (79,886 in 2019) of which 1,087 (1,177 in 2019) are designated as senior management based upon their level within the overall organization. The decrease for the total number of employees, average number of employees and total senior management from 2019 to 2020 was primarily due to cost reduction actions partially offset by acquisitions.

In 2020, the average number of employees in the joint operations included in the consolidated financial statements was 190 (2019: 194). Part-time employees have been included on a pro-rata basis.

All in all, personnel expenses in 2020 totaled $5.6 billion (2019: $5.8 billion), of which $3.7 billion (2019: $4.1 billion) related to salaries (including social security contributions of approximately $584 million in 2020 and $660 million in 2019), $195 million (2019: $221 million) to pensions, and share-based compensation expense of $133 million in 2020 ($95 million in 2019). In 2020, approximately $167 million ($530 million in 2019) of personnel costs were capitalized within fixed assets.

[27] Related party transactions

In addition to the subsidiaries included in the consolidated financial statements, Linde plc is related, directly or indirectly, while carrying out its normal business activities, to other investments, joint ventures and associates. The business relationships with these companies are conducted under the same conditions as for non-related third parties. Related companies which are controlled by Linde plc or over which Linde plc may exercise significant influence are disclosed in the list of shareholdings, arranged by division.

The information about the remuneration of the Board of Directors and the Key Management Personnel is set out in Note 28.

Revenue With Related Parties

(Millions of dollars)	2020				2019			
	Other investments	Associates or joint ventures	Other related parties	Total	Other investments	Associates or joint ventures	Other related parties	Total
Revenue	$1	$154	$25	$180	$2	$219	–	$221

Purchased Goods And Services From Related Parties								
(Millions of dollars)	2020				2019			
	Other investments	Associates or joint ventures	Other related parties	Total	Other investments	Associates or joint ventures	Other related parties	Total
Goods and services purchased from related parties	$5	$220	$46	$271	$17	$529	–	$546

Related persons are mainly the members of the Board of Directors. In 2020 and 2019, there were no material transactions between Linde plc and members of the Board of Directors or their family members which were outside the bounds of existing employment, service or appointment agreements or remuneration contracts.

Some members of Linde's Board of Directors hold similar positions in other companies. Linde has normal business relationships with virtually all of these companies. The sale and purchase of goods and services to and from these companies take place under the usual market conditions.

Receivables From And Payables To Related Parties								
(Millions of dollars)	31 December 2020				31 December 2019			
	Other investments	Associates or joint ventures	Other related parties	Total	Other investments	Associates or joint ventures	Other related parties	Total
Receivables from related parties	$ 2	$97	–	$99	$13	$110	–	$123
Payables to related parties	$ 7	$56	–	$63	$0	$79	–	$79

There were no material charge-free guarantee agreements in place for associates or joint ventures on the reporting date, nor any material open purchase orders relating to joint ventures.

[28] Directors' Remuneration and Key Management Personnel Compensation

Directors Remuneration under Irish Companies Act

The following table discloses the remuneration for members of the Board of Directors of Linde plc for the current and preceding year as required under Irish Companies Act 2014.

(Millions of dollars)	2020	2019
Emoluments in respect of qualifying services [1]	$4	$3
Long-term incentive plans [2]	15	10
Gain on exercise of stock options [3]	53	40
TOTAL EMOLUMENTS	**$72**	**$53**

(1) Represents the aggregate emoluments (including salary, fees, bonuses, expenses and estimated money value of other benefits received) for the period.
(2) Represents non-equity incentive plans and stock awards that have vested in the year.
(3) Represents gain on exercise of stock options.

Key Management Personnel Compensation under IFRS

The Board of Directors of Linde plc and members of the Linde Management Committee ("MC") are deemed the Key Management Personnel ("KMP").

The following table discloses the compensation in relation to the KMP for the current and prior year.

(Millions of dollars)	2020	2019
Short-term employee benefits [1]	$12	$14
Post-employment benefits [2]	6	12
Other long-term benefits [3]	3	5
Share based compensation benefits 4	22	24
Total benefits	**$43**	**$55**

(1) Primarily includes short-term cash compensation, including salary and bonuses, which were not deferred by the participant.
(2) Represents the increase in pension obligation to the plan participant. Reductions in obligations are not reflected within the table above.
(3) Primarily relates to short-term compensation which has which was elected to be deferred by the participant.
(4) Represents share-based compensation benefits accrued during the respective periods.

[29] Contingent liabilities and other financial commitments

Contingent Liabilities

(Millions of dollars)	31/12/2020	31/12/2019
Guarantees	$262	$302
Other contingent liabilities	35	35
TOTAL	**$297**	**$337**

Guarantee agreements

Contingent liabilities arise at Linde from guarantees, among other things.

Other contingencies

The Engineering business regularly enters into contracts with consortium partners to build turnkey industrial plants, under which the consortium partners assume joint and several liability to the customer for the total volume of the contract. There are clear internal rules here as to how the liability should be split between the partners. At present, there are plant construction orders with one of our consortium partners totaling $232 million (2019: $10 million).

Litigation

Linde is subject to various lawsuits and government investigations that arise from time to time in the ordinary course of business. These actions are based upon alleged environmental, tax, antitrust and personal injury claims, among others. Linde has strong defenses in these cases and intends to defend itself vigorously. It is possible that the company may incur losses in connection with some of these actions in excess of accrued liabilities. Management does not anticipate that in the aggregate such losses would have a material adverse effect on the company's consolidated financial position or liquidity; however, it is possible that the final outcomes could have a significant impact on the company's reported results of operations in any given period. Significant matters are:

- During 2009, the Brazilian government published Law 11941/2009 instituting a new voluntary amnesty program ("Refis Program") which allowed Brazilian companies to settle certain federal tax disputes at reduced amounts. During 2009, the company decided that it was economically beneficial to settle many of its outstanding federal tax disputes and such disputes were enrolled in the Refis Program, subject to final calculation and review by the Brazilian federal government. The company recorded estimated liabilities based on the terms of the Refis Program. Since 2009, Linde has been unable to reach final agreement on the calculations and initiated litigation against the government in an attempt to resolve certain items. Open issues relate to the following matters: (i) application of cash deposits and net operating loss carryforwards to satisfy obligations and (ii) the amount of tax reductions available under the Refis Program. It is difficult to estimate the timing of resolution of legal matters in Brazil.

- At 31 December 2020 the most significant non-income and income tax claims in Brazil, after enrollment in the Refis Program, relate to state VAT tax matters and a federal income tax matter where the taxing authorities are challenging the tax rate that should be applied to income generated by a subsidiary company. The total estimated exposure relating to such claims, including interest and penalties, as appropriate, is approximately $205 million. Linde has not recorded any liabilities related to such claims based on management judgments, after considering judgments and opinions of outside counsel.

Because litigation in Brazil historically takes many years to resolve, it is very difficult to estimate the timing of resolution of these matters; however, it is possible that certain of these matters may be resolved within the near term. The company is vigorously defending against the proceedings.

- On 1 September 2010, CADE (Brazilian Administrative Council for Economic Defense) announced alleged anticompetitive activity on the part of five industrial gas companies in Brazil and imposed fines. Originally, CADE imposed a civil fine of R$2.2 billion Brazilian reais ($423 million) on White Martins, the Brazil-based subsidiary of Praxair, Inc. The fine was reduced to R$1.7 billion Brazilian reais ($327 million) due to a calculation error made by CADE. The fine against White Martins was overturned by the Ninth Federal Court of Brasilia. CADE appealed this decision, and the Federal Court of Appeals rejected CADE's appeal and confirmed the decision of the Ninth Federal Court of Brasilia. CADE has filed an appeal with the Superior Court of Justice and a decision is pending.

  Similarly, on 1 September 2010, CADE imposed a civil fine of R$237 million Brazilian reais ($46 million) on Linde Gases Ltda., the former Brazil-based subsidiary of Linde AG, which was divested to MG Industries GmbH on 1 March 2019 and with respect to which Linde provided a contractual indemnity. The fine was reduced to R$188 million Brazilian reais ($36 million) due to a calculation error made by CADE. The fine against Linde Gases Ltda. was overturned by the Seventh Federal Court in Brasilia. CADE appealed this decision, and the Federal Court of Appeals rejected CADE's appeal and confirmed the decision of the Seventh Federal Court of Brasilia. CADE filed an appeal with the Superior Court of Justice, and a final decision is pending.

  Linde has strong defenses and is confident that it will prevail on appeal and have the fines overturned. Linde strongly believes that the allegations of anticompetitive activity against our current and former Brazilian subsidiaries are not supported by valid and sufficient evidence. Linde believes that this decision will not stand up to judicial review and deems the possibility of cash outflows to be extremely unlikely. As a result, no reserves have been recorded as management does not believe that a loss from this case is probable.

- On and after 23 April 2019 former shareholders of Linde AG filed appraisal proceedings at the District Court (Landgericht) Munich I (Germany), seeking an increase of the cash consideration paid in connection with the previously completed cash merger squeeze-out of all of Linde AG’s minority shareholders for €189.46 per share. Any such increase would apply to all 14,763,113 Linde AG shares that were outstanding on 8 April 2019, when the cash merger squeeze-out was completed. The period for plaintiffs to file claims expired on 9 July 2019. The company believes the consideration paid was fair and that the claims lack merit, and no reserve has been established. We cannot estimate the timing of resolution.

[30] Auditors’ fees and services

	2020			2019		
(Millions of dollars)	PwC Ireland	Other PwC network firms	Total	PwC Ireland	Other PwC network firms	Total
Audit (including expenses)	$ 0.5	$ 23.6	$ 24.1	$ 0.4	$ 18.4	$ 18.8
Other assurance services	0.1	0.2	0.3	—	—	—
Tax advisory services	0.1	0.7	0.8	0.1	1.3	1.4
Other services	—	—	—	—	—	—
TOTAL	**$ 0.7**	**$ 24.5**	**$ 25.2**	**$ 0.5**	**$ 19.7**	**$ 20.2**

[31] Interest in other entities

The information below contains information on the principal subsidiaries, associates and joint ventures in which the company has an interest at 31 December 2020. A full list of subsidiaries, associates and joint ventures will be annexed to the Annual Return to be filed with the Irish Registrar of Companies.

Principal subsidiaries included in the consolidated financial statements in accordance with IFRS 10:

Company Name	Registered Office	Country	Business Activity	Participating Interest in Percent	Share Class
Commercium Immobilien- und Beteiligungs-GmbH	Dr.-Carl-von-Linde-Strasse 6-14, 82049 Pullach, Germany	Germany	Holding Company	100	Ordinary shares
Linde GmbH	Dr.-Carl-von-Linde-Strasse 6-14, 82049 Pullach, Germany	Germany	Gases and Engineering Company	100	Ordinary shares
Linde Finance B.V.	Buitenveldertselaan 106, Amsterdam, 1081AB, Netherlands	Netherlands	Financial Services	100	Ordinary shares
Linde Holdings Netherlands B.V.	Havenstraat 1, Schiedam, 3115HC, Netherlands	Netherlands	Holding Company	100	Ordinary shares
LindeGas Holding Sweden AB	Lidingö, 181 81, Sweden	Sweden	Holding Company	100	Ordinary shares
BOC HELEX	The Priestley Centre, 10 Priestley Road, The Surrey Research Park, Guildford, Surrey, GU2 7XY, England, United Kingdom	United Kingdom	Finance and Administrative Services	100	Ordinary shares
LINDE INVESTMENTS No.1 LIMITED	The Priestley Centre, 10 Priestley Road, The Surrey Research Park, Guildford, Surrey, GU2 7XY, England, United Kingdom	United Kingdom	Holding Company	100	Ordinary shares
LINDE UK HOLDINGS LIMITED	The Priestley Centre, 10 Priestley Road, The Surrey Research Park, Guildford, Surrey, GU2 7XY, England, United Kingdom	United Kingdom	Holding Company	100	Ordinary shares
The BOC GROUP LIMITED	The Priestley Centre, 10 Priestley Road, The Surrey Research Park, Guildford, Surrey, GU2 7XY, England, United Kingdom	United Kingdom	Holding Company	100	Ordinary & preference shares
Linde North America Holdings Limited	The Priestley Centre, 10 Priestley Road, The Surrey Research Park, Guildford, Surrey, GU2 7XY, England, United Kingdom	United States	Industrial, specialty and medical gases	100	Ordinary shares
Praxair Distribution Inc.	251 Little Falls Drive, Wilmington, Delaware 19808	United States	Industrial and specialty gases	100	Ordinary shares
Linde Inc.	251 Little Falls Drive, Wilmington, Delaware 19808	United States	Industrial and specialty gases	100	Ordinary shares
White Martins Gases Industriais Ltda.	Rau Mayrink Veiga, 9 Rio de Janerio RJ	Brazil	Industrial and specialty gases	100	Ordinary shares

Noncontrolling Interests

The total noncontrolling interest as at 31 December 2020 and 31 December 2019 was $2,649 million and $2,942 million, respectively.

Principal investments accounted for using the equity method in accordance with IAS 28

There are no individually material investments accounted for using the equity method in accordance with IAS 28 that require disclosure.

[32] Events after the reporting date

Dividends After Year End

On 25 January 2021, the directors of Linde plc declared an interim dividend of $1.06 per share for the first quarter of 2021 (the "Q1 Dividend"). The Q1 Dividend was payable on 22 March 2021 to shareholders of record on 05 March 2021.

Own Shares

From the period 1 January 2021 through 31 March 2021, an additional 3,496 thousand ordinary shares were purchased by the company for total consideration of $906 million, or an average price of $259.28 per share.

On 25 January 2021, the company's board of directors approved the repurchase of $5.0 billion of its ordinary shares ("2021 program") which could take place from time to time on the open market (and could include the use of 10b5-1 trading plans), subject to market and business conditions. The 2021 program has a maximum repurchase amount of 15% of outstanding shares, began on 01 February 2021 and expires on 31 July 2023.

Other Developments

Effective 01 January 2021, Linde deconsolidated a joint venture with operations in Taiwan, due to the expiration of certain contractual rights that the parties mutually agreed not to renew. The joint venture contributed sales of approximately $600 million in 2020. From the effective date, the joint venture will be reflected as an investment in associates and joint ventures (at equity) on Linde's consolidated statement of financial position with the corresponding results reflected in share of profit and loss from assocaites and joint ventures (at equity) on the consolidated statement of profit and loss. The deconsolidation will not have an impact on earnings per share as the ownership percent remains the same.

[33] Date of approval of the financial statements

The financial statements of Linde plc for the year ended 31 December 2020 were authorized for issue by the Board of Directors on 27 April 2021.

Company Statement of Financial Position of Linde plc
As of 31 December 2020

(In millions of USD)

	Note	31 December 2020	31 December 2019
Assets			
Fixed assets			
Financial assets			
Shares in group undertakings	4	$ 86,201	$ 84,985
		86,201	**84,985**
Current assets			
Debtors			
Other debtors		5	27
		5	**27**
Total assets		**$ 86,206**	**$ 85,012**
Capital, reserves and liabilities			
Capital and reserves			
Called up share capital as presented as equity	6	$ 1	$ 1
Share premium account	6	—	—
Other reserves	7	(5,310)	(3,092)
Profit and loss account	7	84,746	87,226
		79,437	**84,135**
Creditors - amounts falling due within one year			
Accruals	8	23	48
Amounts owed to group undertakings	9	18	17
Creditors - amounts falling due beyond one year			
Amounts owed to group undertakings	9	6,728	812
		6,769	**877**
Total equity and liabilities		**$ 86,206**	**$ 85,012**

The company's loss for the years ended 31 December 2020 and 2019 determined in accordance with Irish GAAP was $300 million (loss) and $136 million (loss), respectively.

The accompanying notes are an integral part of these financial statements.

On behalf of the board

/s/ Stephen F. Angel
Stephen F. Angel
Chief Executive Officer and Director

/s/ Prof. Dr. Clemens Börsig
Prof. Dr. Clemens Börsig
Director

27 April 2021

Company Statement of Changes in Equity of Linde plc

For the year ended 31 December 2020

(In millions of USD)

	Called up share capital	Share premium	Other reserves	Profit and loss account	Total equity
31 December 2018	**$ 1**	**$ —**	**$ (615)**	**$ 89,326**	**$ 88,712**
Loss for the year	—	—	0	(136)	(136)
Other comprehensive loss for the year - currency translation	—	—	—	—	—
Total comprehensive loss for the year	—	—	—	(136)	(136)
Transactions with equity owners recognised directly in equity					
Equity dividends paid	—	—	—	(1,891)	(1,891)
Changes as a result of share option schemes and stock purchase plans	—	—	82	(73)	9
Share-based compensation (Note 6)	—	—	95	—	95
Treasury shares (Note 6)	—	—	(2,654)	—	(2,654)
31 December 2019 [1]	**$ 1**	**$ —**	**$ (3,092)**	**$ 87,226**	**$ 84,135**
Loss for the year	—	—	—	(300)	(300)
Other comprehensive loss for the year - currency translation	—	—	—	—	—
Total comprehensive loss for the year	—	—	—	(300)	(300)
Transactions with equity owners recognised directly in equity					
Equity dividends paid	—	—	—	(2,028)	(2,028)
Changes as a result of share option schemes and stock purchase plans	—	—	101	(152)	(51)
Share-based compensation (Note 6)	—	—	133	—	133
Treasury shares (Note 6)	—	—	(2,452)	—	(2,452)
31 December 2020 [1]	**$ 1**	**$ —**	**$ (5,310)**	**$ 84,746**	**$ 79,437**

1. Balances may not sum due to rounding to the nearest million USD.

The accompanying notes are an integral part of these financial statements.

Notes to the company Financial Statements

1. Organization and Basis of Presentation

The company is a public limited company registered in Ireland under the registration number 602527 and with its registered office located at Ten Earlsfort Terrace, Dublin 2, D02 T380 Ireland and principal executive offices at The Priestley Centre, 10 Priestley Road, Surrey Research Park, Guildford, Surrey GU2 7XY, United Kingdom.

The principal activity of Linde plc, the legal entity, is to act an investment holding company.

2. Statement of compliance

The company's financial statements have been prepared in accordance with applicable accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, including FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Irish Companies Act 2014.

3. Summary of significant accounting policies

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention, in USD which is the functional currency of the company and rounded to the nearest million USD.

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The financial statements present the entity financial position for the year ended 31 December 2020. Comparative information is for the year ended 31 December 2019.

In accordance with section 304 of the Companies Act 2014, the company is availing of the exemption from presenting its individual profit and loss account to the annual general meeting and from filing it with the Registrar of Companies.

Disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions. The company is a qualifying entity and has availed of the following disclosure exemptions:

i. Exemption from the requirements of Section 7 of FRS 102 and FRS 102 paragraph 3.17(d) to present a statement of cash flows.
ii. Exemption from the financial instrument disclosure requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102 as the equivalent disclosures are included in the consolidated financial statements of the company in which the entity is consolidated.
iii. Exemption from certain disclosure requirements of Section 26 of FRS 102 (paragraphs 26.18(b), 26.19 to 26.21 and 26.23), in respect of share-based payments as the share-based payment concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the company; and the equivalent disclosures are included in the consolidated financial statements of the company in which the entity is consolidated.
iv. Exemption from the requirement of FRS 102 paragraph 33.7 to disclose key management personnel compensation in total.

Critical accounting judgments and estimation uncertainty

Estimates and judgments made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The estimation process required to prepare the company's financial statements requires assumptions to be made about future events and conditions, and as such, is inherently subjective and uncertain. The company's actual results could differ materially from those estimates.

Carrying value of investment in subsidiary

The company is a holding company and at the statement of financial position has an investment in subsidiary carried at cost of $86,201 million. The investment is reviewed for impairment indicators. Recoverability of the investment is dependent on the financial condition of the subsidiaries of the company. As of 31 December 2020, no impairments were noted.

Foreign currency translation

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial information is presented in U.S. Dollars ("USD").

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit and loss.

Shares in group undertakings

Shares in group undertakings are stated in the company's statement of financial position at cost less any return of capital, unless it has been impaired in which case it is carried at net of any impairment loss recognized.

Cash at bank and in-hand

Cash and cash equivalents consist of cash at banks or other highly liquid securities with original maturities of three months or less.

Financial instruments

The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the profit and loss account (even if those gains would normally be recognised directly in reserves).

On the discontinuance of hedge accounting, any adjustment made to the carrying amount of the hedged item as a consequence of the fair value hedge relationship, is recognised in the profit and loss account over the remaining life of the hedged item.

Financial assets

Basic financial assets, including trade and other receivables, cash and cash equivalents are initially recognized at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

At the end of each financial year, financial assets measured at amortized cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortized cost is impaired an impairment loss is recognized in profit and loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate. No impairments were recognized in the periods ended 31 December 2020 or 31 December 2019.

Financial assets are derecognized when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including accrued liabilities, and amounts due to related parties, are initially recognized at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.
Amounts due to related parties, and financial liability from arrangements which constitute financing transactions are subsequently carried at amortized cost, using the effective interest method.

Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are capitalized and upon the closing of the associated equity transaction are reclassified to equity as a deduction, net of tax, from the proceeds.

Treasury shares

Treasury shares comprise the company's ordinary shares that have been purchased under the company's approved share buyback programs which allow for the the repurchase of ordinary shares from time to time in the open market subject to market and business conditions. Subsequent sales, transfers or cancellations of treasury shares held by the company are accounted for within equity.

Income taxes

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. No deferred tax has been recognized as at the dates of the statement of financial position, as the company has recently been incorporated and therefore does not have any history of income.

Dividends

Dividends and other distributions to company's equity shareholders are recognized as a liability in the financial statements in the financial year in which the dividends and other distributions are approved by the company's shareholders.

Other debtors

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Other receivables are stated at the lower of amortized cost or recoverable amount. If collection of the amounts is expected in one year or less they are classified as current assets.

Share-based compensation

The company and its subsidiaries operate various share based payment plans. See Note 22 to the consolidated financial statements for details on the share based payment plans.

The share based payment expense associated with the share plans is recognized as an expense by the entity which receives services in exchange for the share based compensation. In these company only financial statements, the expense related to the options vested is recorded in other reserves and recorded as a capital contribution to the appropriate entity that receives the services of the employees.

4. Shares in group undertakings

The directly held subsidiaries of the company include the following:

Name	Nature of Business	Registered office, Country of Incorporation and Principal Place of Business	Proportion of Ownership (Ordinary Shares) Interest at 31 December 2020
Zamalight Holdco LLC	Holding Company	10 Riverview Dr, Danbury, CT 06810 USA	100%
Linde Holding GmbH	Holding Company	Dr.-Carl-von-Linde-Strasse 6-14, 82049 Pullach, Germany	100%
Linde UK Holdings No.2 Limited	Holding Company	The Priestley Centre 10 Priestley Road Guildford Surrey GU2 7XY	100%
Medispeed	Financing Company	The Priestley Centre 10 Priestley Road Guildford Surrey GU2 7XY	100%
Linde Canada Holdings Limited	Holding Company	The Priestley Centre 10 Priestley Road Guildford Surrey GU2 7XY	100%
Linde Investments No.1 Limited	Holding Company	The Priestley Centre 10 Priestley Road Guildford Surrey GU2 7XY	100%
Company's investment in subsidiaries - shares (in millions of USD)			
At 31 December 2019			$ 84,985
Additions			1,216
Return of capital during the year			—
At 31 December 2020			$ 86,201

Investment additions in the year relate to capital injections and dividend receipts from existing subsidiaries. No new subsidiaries were acquired in 2020.

5. Imcome from shares in group undertakings

Dividends received from shares in group undertakings of $176 million (2019: $0) has been received solely from Linde Canada Holdings Ltd.

6. Share capital and share premium

Authorised

As set out in the Constitution of the company, the authorised share capital of the company is €1,825,000 divided into 1,750,000,000 Ordinary Shares of €0.001 each ("Ordinary shares"), 25,000 A ordinary shares of €1.00 each ("A Ordinary Shares"), 25,000 deferred shares of €1.00 each ("Deferred Shares") and 25,000,000 preferred shares of €0.001 each ("Preferred Shares").

Allotted, called up and fully paid (in millions of USD)

	31 December 2020	31 December 2019
552,012,862 Ordinary shares of €0.001 each (31 December 2019 only); 551,310,272 Ordinary shares of €0.001 each (31 December 2018 only)	1	1
	$ 1	$ 1

Share Premium

Share premium represents proceeds received from the issuance of share capital in excess of par value.

7. Other reserves and profit and loss account

Other reserves

Other reserves includes treasury stock, the impact of share-based compensation, currency translation adjustment and other undenominated capital as a result of the cancellation of some of the company's shares during the period since incorporation.

Treasury stock

As of 31 December 2020 28,718 thousand ordinary shares were purchased by the company for total consideration of $5,374 million, or an average price of $187.13 per share (€0.001 nominal value) (17,632 thousand ordinary shares purchased for total consideration of $3,156 million or an average price of $178.98 per share in 2019). The consideration includes stamp duty, commission and all customary fees. The ordinary shares acquired represented less than 1% of the called-up ordinary share capital immediately prior to the acquisition and at the date of the statement of financial position.

These shares were acquired in order to reduce the shares in issue or to meet obligations under Linde plc equity awards.

On 22 January 2019 the company's board of directors approved the repurchase of $6.0 billion of its ordinary shares ("2019 program") which could take place from time to time on the open market (and could include the use of 10b5-1 trading plans), subject to market and business conditions. The 2019 program had a maximum repurchase amount of 15% of outstanding shares and expired on 01 February 2021 and any amounts that remained under the 2019 program also expired..

On 25 January 2021, the company's board of directors approved the repurchase of $5.0 billion of its ordinary shares ("2021 program") which could take place from time to time on the open market (and could include the use of 10b5-1 trading plans), subject to market and business conditions. The 2021 program has a maximum repurchase amount of 15% of outstanding shares, began on 01 February 2021 and expires on 31 July 2023.

As of 31 December 2020, the company had purchased ordinary shares for consideration of $4.7 billion pursuant to the 2019 program, leaving an additional $1.3 billion remaining shares authorized under the 2019 program.

Share-based compensation

Refer to Note 22 of the consolidated financial statements of the company for further information regarding share-based compensation plans.

Profit and loss account

Retained profit/loss represents accumulated comprehensive profit/loss for the period since incorporation plus the distributable profit created by the Irish High Court approved capital reduction, and the realized profit arising on the capital reduction approved by the Irish High Court, less dividends paid to shareholders.

On 30 November 2018, the Irish High Court approved the creation of distributable profits of the company, Linde plc through the reduction of the share premium account by $89.816 billion. This resulted in a transfer of reserves from the share premium account to the profit and loss account of the same amount.

Dividends in the current year

On 24 February 2020, the directors of Linde plc declared an interim dividend of $0.963 per share for the first quarter of 2020 (the "Q1 Dividend"). The Q1 Dividend was payable on 20 March 2020 to shareholders of record on 6 March 2020.

On 27 April 2020, the directors of Linde plc declared an interim dividend of $0.963 per share for the second quarter of 2020 (the "Q2 Dividend"). The Q2 Dividend was payable on 17 June 2020 to shareholders of record on 3 June 2020.

On 27 July 2020, the directors of Linde plc declared an interim dividend of $0.963 per share for the third quarter of 2020 (the "Q3 Dividend"). The Q3 Dividend was payable on 18 September 2020 to shareholders of record on 3 September 2020.

On 26 October 2020, the directors of Linde plc declared an interim dividend of $0.963 per share for the fourth quarter of 2020 (the "Q4 Dividend"). The Q4 Dividend was payable on 17 December 2020 to shareholders of record on 03 December 2020.

8. Accruals

Accrued liabilities in 2020 and 2019 consist primarily of share repurchases not yet settled at 31 December 2020 and 31 December 2019 due to the two day settlement period and accruals for accounting and advisory services.

9. Amounts owed to group undertakings

On 17 December 2018 the company entered into a US Dollar denominated loan facility agreement with Praxair Inc. for up to a maximum principal amount of $1,000,000,000 with a variable interest rate of three month LIBOR. The facility was extended to $1,850,000,000 on 11 December 2020.

On 1 March 2019, the company entered into a US Dollar denominated loan facility agreement with BOC Helex for up to a maximum principal amount of $5,000,000,000 with a variable interest rate of three month LIBOR plus a 0.875% spread. The facility expires 31 August 2021.

On 5 March 2020, the company entered into a Euro denominated loan facility agreement with Linde GmbH for up to a maximum principal amount of €1,250,000,000. The facility was due to expire on 31 March 2022, however was repaid in full on 12 January 2021.

On 3 April 2020, the company entered into a Euro denominated loan facility agreement with Linde GmbH for up to a maximum principal amount of €1,250,000,000. The facility was due to expire on 3 April 2022, however was repaid in full on 12 January 2021.

On 19 May 2020, the company entered into two equal Euro denominated loan facilities with Linde Finance BV for a principal amount of €1,500,000,000 with fixed interest rates of 0.228% and 0.599%. These facilities expire 19 May 2027 and 19 May 2032.

As of 31 December 2020 the total amount (notional and accrued interest) owed to group undertakings under the above facilities was $6,746 million, of which $18 million is due within one year and $6,727 is due outside of one year. As of 31 December 2019 the total amount (notional and accrued interest) owed to group undertakings under the above facilities was $829 million, of which $17 million is due within one year and $812 million is due outside of one year.

10. Related party transactions

The company is exempt from disclosing related party transactions with entities that are wholly owned within the company it heads.

The disclosure of directors' remuneration is in Note 28 of the consolidated financial statements of the company.

11. Contingent liabilities and other financial commitments

See Notes 19 & 29 in the consolidated financial statements. There were no additional commitments or contingencies required to be disclosed for the company.

12. Auditors' remuneration

In the years ended 31 December 2020 and 2019, $59,000 and $59,000, respectively, was payable for the statutory audit of the company financial statements in 2020 and 2019 to its auditors, PricewaterhouseCoopers, Ireland.

13. Subsequent events

Refer to Note 32 of the consolidated financial statements of the company for subsequent events impacting the consolidated company.

14. Date of approval of the financial statements

The financial statements of Linde plc for the year ended 31 December 2020 were authorized for issue by the Board of Directors on 27 April 2021.

COMBINED NON-FINANCIAL REPORT

Linde plc ("Linde" or the "company") publishes non-financial indicators and qualitative information in this combined non-financial report in accordance with the Irish implementation of the European Directives 2014/95/EU and 2013/34/EU as set out in the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, as amended (the “Irish Regulations”).

This combined non-financial report forms part of the 2020 Directors' Report. It includes reportable information on Board of Directors (the "Board") diversity and on company social and employee matters; environmental matters; combating bribery and corruption and respect for human rights. Reportable information includes governance, policies, due diligence in implementing these policies and the outcomes of these actions, risk identification and management, and key performance indicators ("KPIs").

Linde publishes detailed information about its sustainable development strategy, activities, methodologies and KPIs annually in its Sustainability Development Report. This includes, among other items, the company's 10-year sustainable development targets which run from a 2018 baseline through 2028, and performance towards those targets. Linde's Board has approved these goals and reviews performance annually. The status of target achievement is also reported to investors during Linde's quarterly earnings call.

In addition, Linde annually publishes Indexes showing alignment between its reporting and that of relevant ESG standards: the SASB (Sustainability Accounting Standards Board) standard for chemicals and the framework of the Task Force on Climate-related Financial Disclosures.

Financial numbers disclosed in this non-financial report are according to IFRS and might deviate from figures presented in Linde's Sustainable Development Report or other public reports which are based on US GAAP.

Business model and strategy

The business model of Linde is described in the "Principal Activities" section of the Directors' Report. Linde's sustainable development program and targets are an integral part of Linde's strategy.

Risk management

Main risks are reported in sections relating to environmental matters; social and employee matters; human rights; and bribery and corruption; as well as action towards their mitigation. In addition, the section “Principal Risks and Uncertainties” describes further risks related to the above matters which could have an adverse financial impact on Linde as well as connected non-financial risks. Issues relating to non-financial matters are included in the company-wide enterprise risk management system. The company assesses potential risks on a regular basis and defines and implements mitigation actions. This process also incorporates relevant conclusions from its regular dialog with stakeholders, including customers, investors and suppliers.

Governance of non-financial matters

Linde has established five core values: safety, inclusion, accountability, integrity and community. These are the basis of what the company stands for and how it behaves. A code of ethics has been adopted that provides clear instructions on expected behavior and for reporting of concerns about potential non-conformance. This code has been approved by the Linde Board of Directors and is named the “Code of Business Integrity”. This document is made widely available to employees and third parties and is posted on the company’s public website. 100% of targeted employees certify each year that they understand and agree with Linde's Code of Business Integrity.

Linde's Code of Business Integrity is supplemented by Linde's code of conduct for suppliers which was established in 2020. This "Supplier Code of Conduct" defines Linde's minimum requirements for its supplier concerning their responsibilities towards Linde and its stakeholders, societies, and the environment.

It is the view of Linde’s Board that non-financial issues are a component of the company's values, culture, and performance expectations, and are a basis on which employees drive financial results. The Board has confirmed the importance of setting non-financial objectives as part of variable compensation to reinforce leadership’s focus on maintaining a culture that supports both short- and long-term sustainable results. It has established non-financial goals with respect to elements such as safety, diversity, environmental responsibility, global compliance, productivity, and talent management. These measures are described in Linde’s April 2020 Proxy Statement.

Linde's Board monitors the implementation of the Code of Business Integrity which includes commitments to prevent bribery and corruption, compete fairly, work safely, embrace diversity and inclusion, and respect human rights.

The Audit Committee oversees the company's compliance with legal and regulatory requirements. The Compensation Committee oversees diversity and inclusion policies, objectives and programs to achieve those objectives. The Nomination & Governance Committee has responsibility to periodically review the company's guidelines and policies governing its response to important broad public policy issues in the areas of corporate social responsibility and corporate citizenship. Linde leadership develops policies and processes to reinforce these non-financial elements.

For purposes of external reporting, Linde consolidates and reports non-financial issues from its sustainable development function, led by the Chief Technology and Sustainability Officer, who is also the central point of contact for stakeholders interested in sustainability-related matters. The Chief Technology and Sustainability Officer reports to Linde's Executive Vice President (EVP) and Chief Operating Officer (COO).

Board diversity

The Board acknowledges the importance of ensuring that it has the mix of perspectives, skills, experience, qualities and competencies that is appropriate to the company's strategies, and its business, market, geographic, and regulatory environments. The Board also recognizes that its effectiveness is dependent on having directors who have the time to focus on the company's issues and who contribute to an open Board culture that encourages frank discussion and the free exchange of information.

Consistent with the Board's Corporate Governance Guidelines, the Nominating and Governance Committee seeks to build and maintain a Board that contains a range of experiences, competencies, and perspectives that is well-suited for advice and counsel to, and oversight of, the company's business and operations. In doing so, the Committee takes into account a variety of factors, including the mix of experiences, competencies, and perspectives (including gender, ethnic and cultural diversity) currently represented on the Board.

The Nomination & Governance Committee assists the Board in its oversight of the selection, qualifications, compensation and performance of Linde's directors and is responsible for evaluating the mix of Board member skills required in connection with filling any vacancy on the Board. It maintains a process to establish and periodically reevaluate criteria for Board membership and selection of new directors including independence standards; and determines as necessary the portfolio of skills, experience, perspective and background required for the effective functioning of the Board considering the company's strategy and its regulatory, geographic and market environments.

On 31 December 2020, the Board of Directors of Linde was 75 percent male and 25 percent female, representing a balanced mix of skills and professional backgrounds, including among others, industry experience including industrial gases, basic materials, and/or Linde end-markets, experience in foreign markets and international business, risk management, operations experience and public company board experience. See the table at the end of this section: "Indicators Relating to Board Diversity and Employee-Related Matters".

Each of the directors has experience as a senior executive of a public company or comparable business organization. Each is serving or has served as a director of one or more public companies and on a variety of board committees. Each has executive management and director oversight experience in most, if not all of the following areas considered critical to the conduct of the company's business. These include: strategy development and implementation; risk assessment and management; financial accounting and reporting; internal controls; corporate finance; capital project evaluation; the evaluation, compensation, motivation and retention of senior executive talent; public policies as they affect global industrial corporations; compliance; corporate governance; productivity management; safety management; project management; sustainable development; and, in most cases, global operations. Many of the directors also bring particular insights into specific end markets and foreign markets that are important to the company. These nominees collectively provide a range of perspectives, experiences and competencies well suited to providing advice and counsel to management and to overseeing the company's business and operations.

Social and Employee-related matters

Occupational Health and Safety

There is inherent operational risk in the management of Linde's production facilities and delivery systems, including the usages of products, their storage, vehicle transportation and pipelines. Material operating failures at production, storage facilities or pipelines, including fire, toxic release and explosions, or the occurrence of vehicle transportation accidents could result in loss of life or present safety risks to employees, business partners, communities and the environment.

Safety is a core value for Linde and is always a first priority. Linde continuously works to improve its safety culture and performance worldwide.

Linde businesses around the world conform to requirements in Linde's Global Safety, Health, Environment and Security (SHE&S) Management System and locally adapted requirements. These are aligned with industry and international standards for environment and safety management systems such as Responsible Care®, OHSAS 18001/ISO 45001, and ISO 14001. Linde is also a signatory of the global chemical industry Responsible Care Global Charter®.

Linde's worldwide Health, Safety & Environment ("HSE") policy reinforces its ambition of zero incidents causing harm to people, communities or the environment. It asserts that all incidents and injuries are preventable and that each Linde employee is responsible for their own safety and that of others around them. Linde's global Quality Policy describes Linde's commitments to design, produce and deliver safe, reliable products and services that meet customer expectations. These policies are widely communicated to employees and third parties and are made available on Linde's public website.

Linde's Board of Directors reviews safety and environmental risk at each Board meeting. The Board has established a strategic business objective to maintain best-in-class performance in safety. Annual payout of executive variable compensation depends on performance in several strategic non-financial areas, including safety. Safety and health issues are managed by the Global Vice President of Safety, Health, Environment & Quality ("SHEQ"), reporting to the EVP and Chief Operating Officer.

Linde's safety culture is embedded into all operational processes and in transport and distribution. Linde's strong worldwide safety and health management system ensures that measures are in place to enable process, personnel, product and distribution safety. These measures are communicated to all employees and relevant business partners and contractors, who are regularly trained in the safe handling of Linde's products and are expected to adhere to the same high standards. Safety performance is monitored continuously in all businesses and reported monthly and on a major event basis to leadership.

In 2020, Linde's safety results continued to outperform industry benchmarks like the US Occupational Health and Safety Administration (OSHA). Linde's Safety Sustainable Development targets include two for operational safety, one for distribution safety and one for product safety.

Employees

On 31 December 2020, Linde had 76,465 employees (2019: 79,627) in diverse occupations working in more than 100 countries. The decrease in full-time employees was primarily due to post-merger restructuring and right-sizing of the organization.

Personnel expenses in 2020 totaled $5.6 billion (2019: $5.8 billion), of which $3.7 billion (2019: $4.1 billion) related to salaries.

The company sources talent from an ever-changing and competitive environment. The ability to source and retain qualified and committed employees is a prerequisite for the company's success.

Inclusion is a Linde core value. The company embraces diversity and inclusion to attract, develop and retain the best talent and build high-performing teams. By leveraging diverse opinions, thoughts and perspectives, the company gains a competitive advantage by maximizing performance and innovation from its employees. The value of inclusion is reflected in Linde's Code of Business Integrity, which states that employees must not be discriminated against on the basis of their race, color, religion, gender, gender identity, national origin, age, disability, veteran status, pregnancy, sexual orientation or other protected characteristic. In addition, Linde's Global Diversity and Inclusion Guidelines state that the company's goal is to foster diversity and inclusion within the company by providing equal employment opportunities for all and recruiting, hiring, promoting and compensating people based on merit, qualification and the company's financial performance.

The Compensation Committee has established a strategic business objective to maintain world-class standards in talent management. Executive variable compensation will be assessed annually based on performance in several strategic non-financial areas, including talent management. The Compensation Committee assists the Board in its oversight of Linde's compensation and incentive policies and programs, and management development and succession, particularly in regard to reviewing executive compensation for Linde's executive officers. The Committee also periodically reviews the company's diversity policies and objectives, and programs to achieve those objectives. The Chief Human Resources Officer reports to the Chief Executive Officer ("CEO"). A global leader of Diversity and Inclusion reports to the Chief Human Resources Officer.

Linde has aligned diversity and inclusion with its business strategies and implemented diversity action planning into the business process and performance management. Diversity and inclusion are line management responsibilities. Managers are required to attend unconscious bias training, embed diversity and inclusion tools within their recruiting and talent management process and foster an inclusive work environment.

Employees receive a competitive salary and variable remuneration components based on merit and qualifications. Linde has collective bargaining agreements with unions at numerous locations throughout the world. Additional benefits are offered such as occupational pensions and contributions towards health insurance or medical screening, reflecting regional conditions and local competition. Managers' compensation is based on performance. Senior managers participate directly in the company's growth in value through the Long Term Incentive Plan of Linde plc. Linde also invests in the professional development of its employees through formal and on-the-job training.

On 31 December 2020, the total professional workforce was 27 percent women and 73 percent men.

The aspirational goals for Linde is to achieve 30 percent representation of females at all professional employee levels, including executive levels, by 2030. This goal applies to all business units and functions.

Indicators Relating to Board Diversity and Employee-Related Matters	**Units**	**2020**	**2019**
Employees of Linde	FTE	74,207	79,886
Proportion of Females			
Board of Directors	%	25	25
Executive Levels	%	17	16
Management Level and Up	%	20	15
Total professional employees	%	27	27

Community engagement

Community is a core value. Linde is committed to improving the communities where employees live and work. Its charitable contributions, along with employee voluntarism, support initiatives that make important and sustainable contributions to the world.

This includes educational investments and research projects related to core business areas and supporting charitable projects in communities and neighborhoods. Charitable contributions are mainly made through the Global Giving Program.

Employee community engagement in all businesses and functions is promoted by the sustainable development department. In 2020, Linde employee volunteers carried out more than 300 community engagement projects benefiting approximately 350,000 people in our communities around the world. This includes approximately 30,000 students whose lives were enriched through educational projects. In such efforts, Linde teams work in concert with community stakeholders to help address compelling needs.

Environmental matters

Linde's business is resource transformation through resource productivity. Principal operations relate to the production and distribution of atmospheric, process and other industrial gases. Linde's operations are energy-intensive. Energy use is mostly electricity for air separation, and natural gas for energy and as a feedstock for making hydrogen. Where Linde's energy is sourced from fossil fuels, these cause direct Scope 1 Greenhouse Gas ("GHG") emissions (principally from steam methane reforming in hydrogen production and from vehicle fuel use in distribution) and indirect Scope 2 GHG emissions (principally from air separation). See "Climate Change" below.

Other environmental impacts, e.g. from waste generation or other air and water emissions are minimal and do not present significant business or social risks. Most water is used for cooling processes and is returned to its source with little change in water quality.

Linde's core value of Community includes a commitment to minimize Linde's environmental impact. Linde's Code of Business Integrity emphasizes that care for the environment is a prerequisite for business success. In addition to its focus on safety, Linde's worldwide HSE Policy includes a focus on environmental responsibility. Employees are responsible to comply with laws and striving to ensure that no harm comes from their actions to the environment in which they operate. The policy reiterates that environmental responsibility is a core value at Linde and integral in all activities. Linde's participation in Responsible Care® provides additional policy direction on environmental stewardship.

Linde's Board of Directors has a responsibility to review safety and environmental risk at each Board meeting. The Board has established a strategic business objective to maintain best-in-class performance in environmental responsibility. The annual payout of executive variable compensation will partly depend on performance in this area. Environmental issues are managed by the head of global SHEQ, reporting to the EVP and Chief Operating Officer.

In addition to its global HSE policy, Linde has aligned its comprehensive environmental standards and work procedures. Linde businesses around the world conform to requirements in Linde's Global Safety, Health, Environment and Security (SHE&S) Management System and locally adapted requirements and international standards (see the section on "Occupational Health and Safety"). This ensures that measures are in place to enable pollution prevention and control, the responsible management of direct and indirect atmospheric emissions and waste, the protection of natural resources and biodiversity and the management of environmental impacts from transportation or from the use and disposal of products and services. Linde assesses water availability based on local sources and the latest Water Risk Atlas of the World Resource Institute and focuses management efforts on areas of high water use that are also considered areas of water stress.

In 2020, Linde had no substantial fines for environmental violations. Environmental protection costs were not significant. Linde anticipates that future annual environmental protection expenditures will be proportionally similar to 2020, subject to any significant changes in existing laws and regulations. Based on historical results and current estimates, management does not believe that environmental expenditures will have a material adverse effect on the consolidated financial position, the consolidated results of operations or cash flow in any given year. However, worldwide costs relating to environmental protection may continue to grow due to increasingly stringent laws and regulations, and Linde's ongoing commitment to rigorous internal standards. In addition, Linde may face transition risks and physical risks from climate change.

Climate Change

Linde is aligned with the Paris Accord and an active player in advancing the world towards a below 2 degrees global warming scenario.

Linde reports on issues related to climate change on its website, in its Sustainable Development report and related disclosures referencing climate-related frameworks and standards such as the Task Force for Climate-related Financial disclosures, SASB and the CDP. These outline Linde's sustainable development goals which include several managed targets related to climate change. Linde reports performance against its climate change targets in its quarterly earning calls.

Linde intends to reduce its greenhouse gas emissions intensity versus EBITDA by 35% from 2018 to 2028. This is the result of several operational targets around energy and emissions efficiency as well as doubling the total amount of low carbon electricity (zero CO_2 emission) procured from 2018 to 2028.

In addition, in March 2020 Linde has committed itself to set science-based targets in accordance with its industry sector.

Risks and opportunities from Climate Change

Linde operates in jurisdictions that have, or are developing, laws and/or regulations to reduce or mitigate the perceived adverse effects of greenhouse gas ("GHG") emissions and faces a highly uncertain regulatory environment in this area. For example, the U.S. Environmental Protection Agency ("EPA") has promulgated rules requiring reporting of GHG emissions, and Linde and many of its suppliers and customers are subject to these rules. EPA has also promulgated regulations to restrict GHG emissions, including final rules regulating GHG emissions from light-duty vehicles and certain large manufacturing facilities, many of which are Linde suppliers or customers. In addition to these developments in the United States, several other countries worldwide have already implemented carbon taxation or trading systems which impact the company's customers and Linde operations, among those regulations in China, Singapore and the European Union. Among other impacts, such regulations are expected to raise the cost of energy, which is a significant cost for Linde. Nevertheless, Linde's long-term customer contracts routinely provide rights to recover increased electricity, natural gas, and other costs that are incurred by the company as a result of climate change regulation.

Linde anticipates continued growth in its hydrogen business due to increased focus on air quality. Hydrogen production plants and a large number of other manufacturing and electricity-generating plants have been identified in California and the European Union as a source of carbon dioxide emissions and these plants are subject to cap-and-trade regulations in those jurisdictions. Linde believes it will be able to mitigate the costs of these regulations through the terms of its product supply contracts. However, legislation that limits GHG emissions may impact growth by increasing capital, compliance, operating and maintenance costs and/or decreasing demand.

To manage business risks from current and potential GHG emission regulation as well as physical consequences of climate change, Linde actively monitors current developments, evaluates the direct and indirect business risks, and takes appropriate actions. Among others, actions include: increasing relevant resources and training; maintaining contingency plans; obtaining advice and counsel from expert vendors, insurance providers and industry experts; incorporating GHG provisions in commercial agreements; and conducting regular reviews of the business risks with management. Although there are considerable uncertainties, Linde believes that the business risk from potential regulations can be effectively managed through its commercial contracts. Additionally, Linde does not anticipate any material effects regarding its plant operations or business arising from potential physical risks of climate change.

However, changes to regulations in the areas of environmental protection and climate change may impact customer and competitor behavior driving structural changes in key end markets. These are difficult to predict, but could have a material adverse impact on Linde's results of operations.

Linde continuously seeks opportunities to optimize energy use and GHG footprint through research and development in customer applications and rigorous operational energy efficiency, investment in renewable energy, and purchasing hydrogen as a chemical byproduct where feasible. Linde maintains related performance improvement targets and reports progress against these targets regularly to business management and annually to Linde's Board of Directors.

At the same time, Linde may benefit from business opportunities arising from governmental regulation of GHG and other emissions; uncertain costs of energy and certain natural resources; the development of renewable energy alternatives; and new technologies that help extract natural gas, improve air quality, increase energy efficiency and mitigate the impacts of climate change. Linde continues to develop new applications that can lower emissions, including GHG emissions, in Linde's processes and help customers lower energy consumption and increase product throughput. Stricter regulation of water quality in emerging economies such as China provide a growing market for a number of gases, e.g., oxygen for wastewater treatment. Increased concern about drought in areas such as California and Australia may create additional markets for carbon dioxide for desalination. Renewable fuel standards in the European Union and U.S. create a market for second-generation biofuels which use industrial gases such as oxygen, carbon dioxide, and hydrogen.

Linde views hydrogen as a key enabler of decarbonization and the transition towards a cleaner economy. Linde has been a leader in the clean energy movement and has extensive experience in hydrogen production, processing, storage and distribution, and offers unmatched expertise, innovation and reach to customers and industry partners. Hydrogen is viewed as an important growth molecule within Linde’s strategy and the company continues to be an active player in this area by investing in the clean hydrogen opportunity through partnerships, research and development.

In 2020, for example, Linde developed new applications to help its customers address their carbon emissions and signed several agreements in Europe, where Linde will capture the carbon dioxide (CO_2) emissions from customer operations and then repurpose that CO_2 for commercial use, such as food freezing, dry ice, beverage carbonation and water treatment. Linde also made significant progress on its clean hydrogen initiative, forming a dozen partnerships with fuel cell electric vehicle manufacturers, energy companies and renewable power producers.

Products that offer environmental and social advantages

Linde provides a competitive advantage to its customers by continuously developing new products and applications, which allow them to improve their productivity, energy efficiency and environmental footprint. Linde’s products help the company’s customers develop more sustainable processes in many ways - for example by boosting energy efficiency or reducing emissions. Linde’s products also contribute positively to the health and well-being of our customers. Homecare patients worldwide benefit from our medical gases, devices, services and therapies primarily in respiratory care.

In 2020, Linde spent a total of $237 million on research and development (2019: $254 million).

Ethics and Integrity

Responsible corporate governance is a key prerequisite for Linde’s business success. This means ensuring compliance with the law, rules and regulations and voluntary commitments. Integrity is a company core value. Linde strives continuously to achieve its goals ethically and with the highest integrity. Interaction between management, employees and Linde's business partners is expected to be transparent and respectful, consistent with our Code of Business Integrity.

The Linde Board believes that strong integrity, ethics and compliance culture is a social obligation to those impacted by the company, necessary for maintaining investor trust and a necessary condition for effective corporate governance. The Board believes further that such a culture must be driven by example and emphasis at the top of the organization.

Ethical values and performance are significant factors in the selection of directors, the CEO and members of the leadership team. The Board has established financial incentives for the achievement of compliance results as a key non-financial element in executive variable compensation.

Linde has appointed a Chief Compliance Officer ("CCO") within the department of global Legal and Compliance who reports to the General Counsel, who reports to the CEO. The Audit Committee reviews the company's key compliance risks and compliance program, including that program's design, implementation and effectiveness, with the CCO and the General Counsel.

Linde's Code of Business Integrity affirms its commitment to fairness, transparency and trust as the basis for growth and prosperity for employees, customers, suppliers, markets and our communities. The Board is responsible for monitoring the implementation of the Code of Business Integrity. Its responsibilities include the periodic review of the policy and overseeing management's preventative, reporting, investigation and resolution programs for implementing this policy.

The Code is posted on the company website and is communicated to employees. It provides clear instructions on expected behavior to conform with the Code and for reporting concerns about potential non-conformance. Employees also receive training and certification to the Code. Subcontractors and other stakeholders are expected to follow this standard.

Linde has furthermore implemented a Supplier Code of Conduct, which outlines Linde's requirements of suppliers and business partners for fair and ethical behavior.

Linde follows the law and is governed by all local laws wherever it is located. In the event of a conflict between local law and the Code of Business Integrity or company policy, Linde will follow the stricter standard within the framework of the applicable laws.

*Combating corruption and bribe*ry

Linde does not tolerate the use of kickbacks or bribery in any form. Third parties acting on behalf of Linde are prohibited from giving or accepting bribes, directly or indirectly. Linde's Code of Business Integrity prohibits activities that are or may be seen to be corrupt and prohibits any form of bribery. A global compliance program designed to prevent possible policy breaches focuses on information, training sessions and management advice. The global compliance organization helps identify potential compliance-related risks and develops measures to mitigate them. Concerns are reported to the Leadership and the Board's Audit Committee.

Linde's commitment to anti-corruption is communicated to employees using different internal channels, including mandatory compliance training using face-to-face and e-learning tools. Employees use the Integrity Hotline to report potential non-compliance issues. Third parties can also use the Integrity Hotline to report potential concerns.

Human rights

Human rights are basic rights inherent to all human beings, regardless of differences such as in race, color, religion, gender, gender identity, national origin, sexual orientation. These include the right to life and freedom, the right to work and education and the right to well-being, among others. Linde has an obligation to comply with the law and be responsible to protect its employees, business operations, the environment, the communities in which it works, its business relationships and its company reputation.

Linde's Code of Business Integrity and corporate HSE Policy, as well as other corporate and country-level policies, make clear the company's commitment and management processes to address relevant areas of potential Human Rights concern. These include:

- Safety and health protection; a safe work environment
- The prevention of discrimination and harassment of employees
- Equal opportunity and equal treatment
- Merit-based decisions on recruitment, hiring, promotion and compensation
- Compliance with regulations including working hours
- The right to privacy
- Freedom of association and freedom of peaceful assembly, including the freedom to choose whether to engage in collective bargaining and employees' participation in works agreements in various countries

Specifically, Linde's Code of Business Integrity makes clear its commitment to human rights. Linde recognizes every person's innate humanity and treats everyone with dignity and respect. In supporting the protection and promotion of human rights worldwide, Linde abides by the principles of the International Bill of Human Rights enacted by the United Nations, and does not condone nor engage in discrimination, harassment, violations of privacy, slavery or servitude, restrictions on free assembly or unfair employment practices. Linde prohibits any form of child labor or forced labor, including human trafficking. Linde commits to adhering to these human rights principles and expects similar standards to be observed by all with whom it conducts business. In addition, Linde issues locally applicable Human Rights Policies.

Suppliers and other third parties play a critical role in Linde's ability to operate and provide products and services to its customers. Their actions and practices also reflect on Linde. Therefore, the company chooses suppliers carefully based on merit and a due diligence process.

Linde's Supplier Code of Conduct outlines Linde's expectations towards its suppliers with regards to human rights and labor standards, such as promoting non-discrimination and respect for employees, and prohibiting any form of forced labor or child labor. In addition, Linde's conflict minerals policy requires Linde suppliers or their sub-suppliers to only source materials from environmentally and socially responsible sources.

Linde expects suppliers to comply with legal requirements and to act in a manner that is consistent with Linde's values and the principles outlined in its Code of Business Integrity as well as its supplier-specific guidelines.