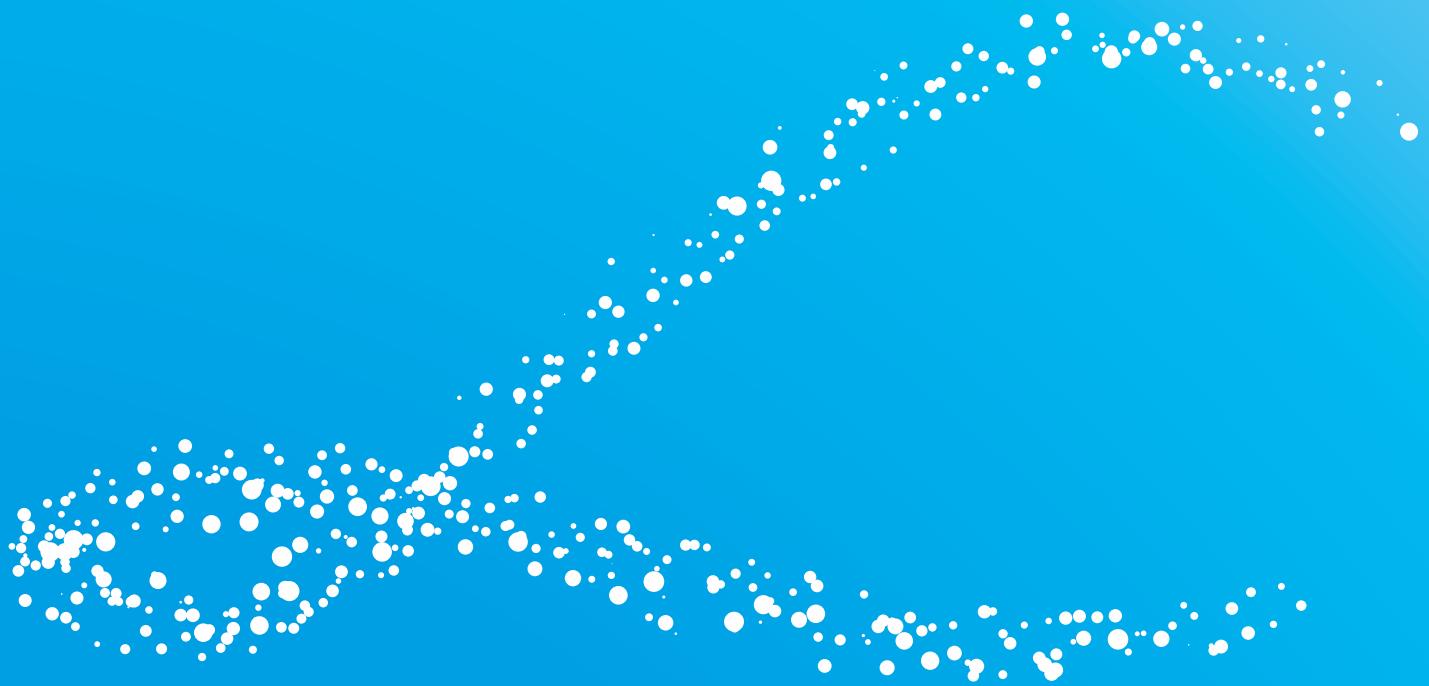


Making our world more productive



# One Linde

Sustainable Development Report 2018

Making our world more productive

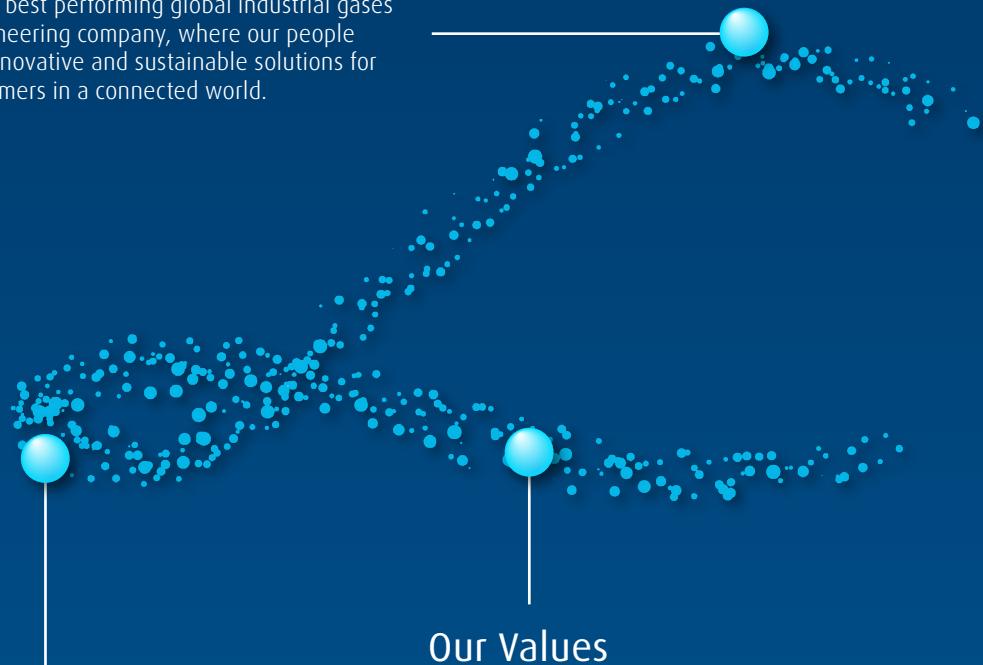


# Vision, Mission and Values

We're working towards a single vision at Linde: to be the best performing global industrial gases and engineering company, delivering innovative and sustainable solutions for our customers and creating value for all our stakeholders.

## Our Vision

To be the best performing global industrial gases and engineering company, where our people deliver innovative and sustainable solutions for our customers in a connected world.



## Our Values

**Safety** – We will continuously improve safety for our employees, customers and communities.

**Integrity** – We will achieve our goals ethically, transparently and respectfully, in our dealings with everyone.

**Community** – We are committed to improving the communities where we live and work. Our charitable contributions, along with employee volunteerism, support initiatives that make important and sustainable contributions to our world.

**Inclusion** – We embrace diversity of thought and inclusion proactively.

**Accountability** – We are individually and collectively responsible for achieving our goals.

## Our Mission

Making our world more productive.

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## Forward Looking Statement

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 ability to successfully integrate the Praxair and Linde AG businesses; regulatory or other limitations and requirements imposed as a result of the business combination of Praxair and Linde AG that could reduce anticipated benefits of the transaction; the risk that Linde plc may be unable to achieve expected synergies or that it may take longer or be more costly than expected to achieve those synergies; 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 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, including the impact of the U.S. Tax Cuts and Jobs Act of 2017; 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 GAAP, IFRS 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 “Item 1A Risk Factors in Linde plc’s Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on March 18, 2019, which should be reviewed carefully. Please consider Linde plc’s forward-looking statements in light of those risks.”

This report has been prepared in Accordance with the GRI Standards: Core option. It reports many of the GRI Standards. Those that are considered material are marked by the symbol .

# Letter from our CEO

102-14



***"Sustainable Development is ingrained in Linde's culture and an integral part of our mission of making our world more productive."***

## Dear Stakeholder,

I am proud to issue the first sustainability report of the newly formed Linde, the world's leading industrial gases and engineering company. Our new company has pro forma market capitalization of more than USD 100 billion (EUR 95 billion) and represents the collective strengths of 80,000 global employees in 100 countries. We have a strong presence in all key geographies and end-markets, a diverse and balanced global portfolio, and a sound capital structure that allows us to pursue quality growth and a strong project backlog – all of which provides a solid basis for future growth.

### Being Best-Performing

Our goal is to be the best performing global industrial gases and engineering company. When we think of best performing, we think of financial performance, which includes the best operating margins, strongest cash flow, best return on capital and highest top-line growth. Best-performing also means being the best-in-class with respect to non-financial elements such as safety, compliance, diversity and inclusion, sustainability and productivity. It pertains to being the best performing in every aspect of being an industrial gases and engineering company. This view is shared by our Board of Directors, who have selected key strategic and non-financial outcomes considered to be most important to long-term sustainable success. They have also established annual goals with respect to those elements for executive variable compensation, which include results in safety, environmental performance and sustainability; productivity; people development; and compliance. Some of these strategic non-financial elements were reported in Linde's 2018 Combined Non-Financial Report as part of the Linde plc 2018 Directors' Report and Financial Statements. These are amplified in this voluntary sustainability report.

### Mission and Strategy

Linde's mission – "Making our world more productive" – is demonstrated in our operational focus on safety and resource efficiency. Safety is a company value and part of our culture. In 2018, our lost workday case rate was seven times better than the U.S. Occupational Safety and Health Administration (OSHA) industrial average. In our operations, we continuously optimize our use of energy and natural resources. We avoided more than 5 million metric tons of CO<sub>2</sub>e emissions between

2009–2018 by improving our plant design and process efficiency. It is exemplified in our focus on our human capital: we embrace diversity and inclusion in order to attract, develop and retain the best talent and build high-performing teams that drive results.

Our mission is further exemplified in the value we deliver to external stakeholders like our customers, suppliers, contractors and the communities in which we operate. For example, many of our customer applications enable them to reduce their energy and environmental footprint. In 2018, a subset of our products and applications enabled our customers to avoid more than 90 million metric tons of CO<sub>2</sub>e – more than twice the greenhouse gas emissions of all our operations. And our strategy of building density in core geographies and our business model of integrated supply chains means we co-invest in the communities where we live and work. We hire locally and source most of our products and services in the countries in which they are needed. We also actively support our local communities through charitable contributions and employee volunteerism.

### Looking Forward

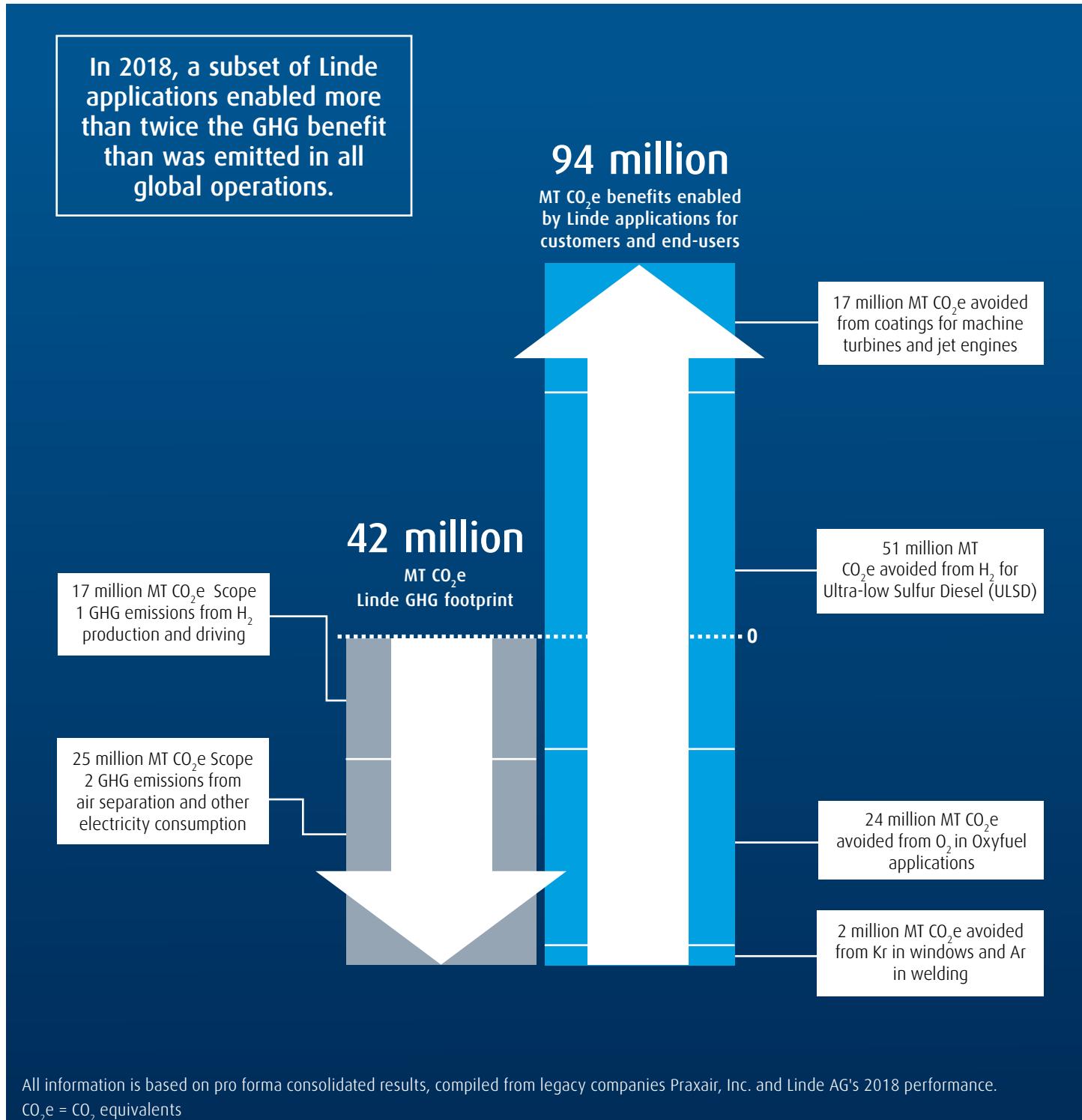
Linde seeks to be the best performing in every aspect of our business. The merger has given us many opportunities, but with opportunity comes responsibility. Our vision and mission serve as our guide and our values are table-stakes that knit us together as a company. With a strong focus on both the financial and non-financial aspects of our business, I am confident that we can achieve long-term sustainable success.

A handwritten signature in black ink that reads "Steve Angel".

Steve Angel  
CEO

# Linde Applications Enable >2x Carbon Productivity

Linde is a company in the business of resource transformation in a world that is dealing with climate change. Below are our pro forma 2018 results (which include both legacy companies for the full year after divestitures). We demonstrate that a subset of Linde applications allow our customers or their end-users to avoid more than twice the greenhouse gas (GHG) emissions of all Linde operations. In 2018, total GHG emissions were 42 million MT CO<sub>2</sub>e, versus 94 million MT CO<sub>2</sub>e avoided by our customers or end-users, from several applications shown below - well over twice the GHG benefit created than depleted.



# Message from the Chief Sustainability Officer 102-14



Riva Krut, Chief Sustainability Officer (left), and Tamara Brown, Director, Sustainable Development (right), help paint the halls at the Rogers Park Middle School in Danbury, CT, in May 2019. Linde's Community Engagement program, supported by Linde's Global Giving program, led an event to refresh the halls of this large middle school, which is home to more than 1,000 students. About 200 volunteers participated, including Linde employees from our Danbury headquarters; local employees from our supplier, Sherwin Williams, which donated the paint; and scores of school students, teachers and parents.

## Dear Stakeholder,

I am pleased to present the first Linde plc ("Linde") annual Sustainable Development Report. Linde was created from the merger between Praxair, Inc. and Linde AG on October 31, 2018.

Linde is the leading industrial gases and engineering company in the world. The previous page shows our combined 2018 operational GHG emissions compared to the GHG benefits we enable. The facing page offers highlights of the combined company. These give a sense of the scale of the new Linde at the end of 2018 and going forward.

However, this scale is not represented in this report. During 2018, the two companies operated separately and financial results were combined for the last two months only. Moreover, after the merger was consummated, a Hold Separate Order (HSO) restricted the coordination of commercial operations. This was lifted on March 1, 2019, concurrent with the sale of the required merger-related divestitures in the United States. The HSO restricted Board and management decisions so we could not start work on a combined sustainable development strategy or related KPIs and targets and methodologies. The late year

merger and the HSO restrictions presented challenges to reporting sustainability for 2018.

### Reporting on 2018 – a Unique Reporting Year

All reporting removes results from the required divestitures. Praxair is considered the successor in interest. For 2018 financial reporting, its financial information is counted for a full 12 months, whereas Linde AG information is considered for November and December only. 2018 is therefore a unique year for reporting.

Where consolidated non-financial information was provided in our financial filings, this is provided here, e.g. for total employees and Board gender diversity. For other items, we report 2018 sustainable development performance for Praxair only, for the full year. Praxair's 2018 revenues account for 80% of total Linde plc 2018 revenues. This will allow stakeholders to track trends against a consistent basis. Where possible, we provide additional data or information for the two months from Linde AG, e.g. for several environmental metrics. For key performance indicators (KPIs) in environment, safety and community engagement, where we audited 2018 Linde

results, we provide external assurance for 12 months Praxair; where possible also for two months Linde AG; and also for the combined result for Linde.

### Looking Ahead to 2019 and Beyond

2019 will be the first year Linde plc provides consolidated information for the full company for a full year. In addition, we will report on our Sustainable Development Strategy and new medium-term targets. We are proud of our strong legacy in corporate sustainability. We look forward to deepening our relationship with our key stakeholders and will work hard to continue to exceed your expectations.

Yours sincerely

*Riva Krut.*

Riva Krut  
Vice President & Chief Sustainability Officer  
Riva.krut@linde.com  
July 2019

# Sustainable Development Highlights

Linde applications enabled  
**2x more**  
**GHG emissions**  
**to be avoided**  
than were emitted in all of the company's operations

**100,000**  
children and students benefitted from our efforts in Community Engagement

**100 million lbs**  
waste avoided in our  
**ZERO WASTE PROGRAM**

## Best-in-class Safety Performance

7x better than U.S. Occupational Health and Safety Administration (OSHA) industrial average for lost workday case rate

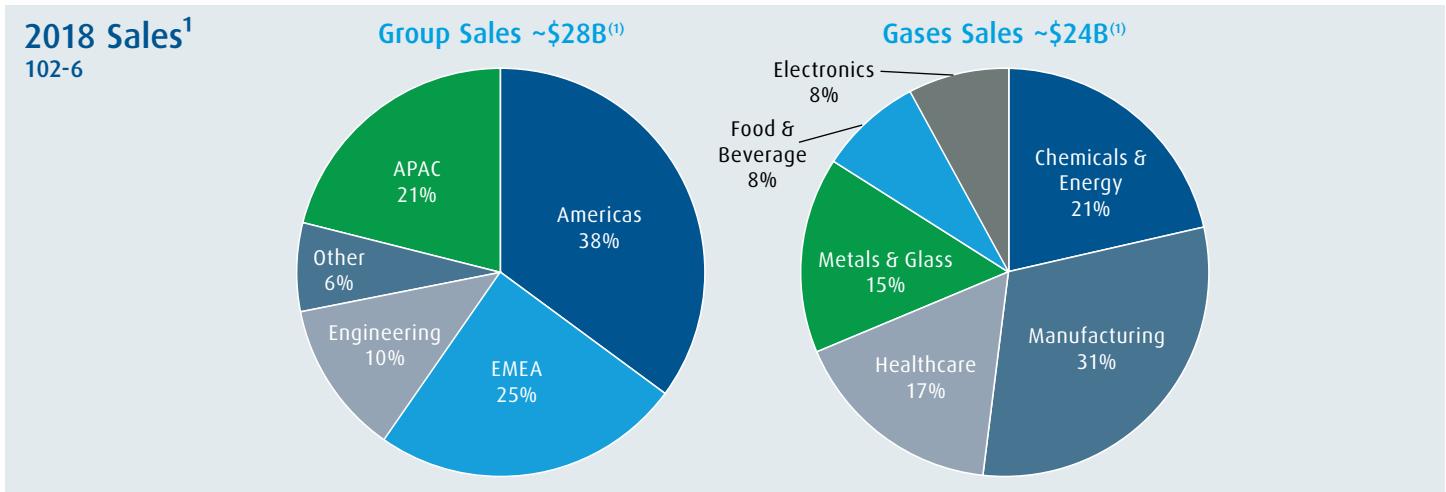
Installed hydrogen fueling capacity enables  
**900 million**  
**zero-emission**  
**miles per year**

An industry leader in  
**diversity & inclusion**

MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM



# About Linde



(1) Sales are expressed pro-forma for 2018. Gases sales exclude Engineering and Other.

## Organizational Profile

### Business Model and Strategy

Linde is a public limited company formed under the laws of Ireland with its principal offices in the United Kingdom. Linde plc was formed in 2017 in accordance with the requirements of the business combination agreement, dated June 1, 2017, as amended, among Linde plc, Praxair, Inc. ("Praxair") and Linde Aktiengesellschaft ("Linde AG"). Effective October 31, 2018, the business combination was completed. Divestitures were required on both sides. Linde plc is comprised of the businesses of Praxair and Linde AG after divestitures (hereinafter the combined group will be referred to as "the company" or "Linde"; the legacy companies will be referred to as "Linde AG" and "Praxair"). Additional business information is provided on our website within our 2018 regulatory filings:

<https://investors.linde.com/en/regulatory-filings>

### Significant Changes to the Organization

Although the business combination was completed in October 2018, the companies were required to operate separately under a Hold Separate Order with rules restricting information exchange and collaboration. These restrictions were lifted on March 1, 2019. Since the companies had to be kept separate in this manner, Board and management decisions on a combined sustainable development strategy or related KPIs and targets have not yet been made. These management decisions are expected in 2019. Specific non-financial information was included in Linde's 2018 Directors' Report and Financial Statements at: <https://investors.linde.com/en/financial-reports>.

### Scale of Organization

Linde is a leading industrial gases and engineering company with 2018 pro forma sales of USD 28 billion (EUR 24 billion). The company employs approximately 80,000 people globally and serves customers in 100 countries worldwide. Linde delivers innovative and sustainable solutions to its customers and creates long-term value for all stakeholders.

### Supply Chain 102-2, 102-9

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

Linde innovation 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 performance. Linde's products help the company's customers to 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. Medical patients worldwide benefit from our medical gases, devices, services and therapies, especially in respiratory care.

Linde's primary products in its industrial gases business are atmospheric gases sourced from the air (oxygen, nitrogen, argon and rare gases) and process gases (carbon dioxide, helium, hydrogen, electronic gases, specialty gases and acetylene). 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 (i.e., as a gas or as a cryogenic liquid).

Process gases 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, and from electrolysis. Helium sold by Linde is sourced from certain helium-rich natural gas streams in the US, and additional supplies are acquired from outside the US. Acetylene is primarily sourced as a chemical by-product but may also be produced from calcium carbide and water.

Linde's Engineering business provides air separation, hydrogen, synthesis gas plants and technology to the global Linde Gases

**102-9**

businesses, which operate the plants under long-term supply contracts with customers, as well as to third parties. In addition, Linde Engineering utilizes its own extensive process engineering know-how in the planning, project development and construction of turnkey industrial plants and associated services for the chemical, refining and natural gas markets.

Linde builds plants either for its own use or for sale to users of industrial gases. They are used to separate atmospheric gases, to produce hydrogen and synthesis gases, to treat natural gas and to produce noble gases, in a wide variety of fields: in the petrochemical and chemical industries, in refineries and in fertilizer plants. The Engineering business either supplies plant components and services directly to the customer or to the industrial gas business of Linde, which operates the plants on behalf of the customer under a long-term supply contract.

Surface Technologies is a leading worldwide supplier of coating services and thermal spray consumables to customers in the aircraft, energy, printing, primary metals, petrochemical, textile and other industries. Its coatings are used to provide wear resistance, corrosion protection, thermal insulation and many other surface-enhancing functions, which serve to extend component life, enable optimal performance and reduce operating costs. It also manufactures a complete line of electric arc, plasma and wire spray, high velocity oxy-fuel ("HVOF") equipment and high quality metal powders for additive manufacturing.

Linde's business model is to transform air and other process gases into products and applications that, in many cases, help customers become more energy and resource efficient or provide a social benefit. Its oxygen helps steelmakers save energy, allows sustainable aquaculture to thrive and serves hundreds of thousands of patients needing respiratory oxygen. Its hydrogen helps oil refiners to make Ultra Low Sulfur Diesel (ULSD) and helps improve air quality, thereby improving the environment and human health. Linde high performance surface coatings help improve energy efficiency in jet engines and machine turbines. Business success depends on the company's unrelenting focus on its business model, strategy and key priorities, which are closely aligned with the company's core values and its mission to make our world more productive.

### **Ethics and Integrity**

#### **Values, principles, standards, and norms of behavior 102-16**

Linde's Mission is making our world more productive. This SDR shows how we execute on this mission. We seek to drive financial results and at the same time create sustainable value – we put more value back into society, the environment and the economy than we use.

Our Vision is to be the best performing global industrial gases and engineering company, where our people deliver innovative and sustainable solutions for our customers in a connected world. Linde's values are safety, integrity, community, inclusion and accountability.

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.

It is the view of Linde's Board that a 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. Further, such 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 Management Committee. 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, a member of the CEO's leadership team. The Board 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 of concerns about potential non-conformance. Subcontractors and other stakeholders are expected to follow this standard.

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 bribery**

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 to identify potential compliance-related risks and to develop measures to mitigate them. Concerns are reported to 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 can use the Integrity Hotline to report potential compliance issues. Third parties can also use the Integrity Hotline to report potential concerns.

# Our Sustainable Development Priorities

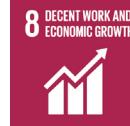
This section describes our Sustainable Development priorities, KPIs and targets. The table below shows Praxair's Sustainable Development 2020 (SD 2020) targets. These are managed targets with full business alignment and ongoing reporting. They do not at this point apply to Linde as a whole, rather to Praxair. However, as we use a financial scope for reporting 2018, they do apply to most of Linde's reported revenue. (80% of 2018 revenue is from Praxair). These targets are therefore the basis for our reporting performance against targets for 2018 (see pp 12-22).

## Materiality Determination and SD 2020 Targets

Praxair performs a full Sustainable Development Materiality Assessment (SDMA) every five years in preparation for setting new

five-year targets, and a shorter SDMA each year to confirm these priorities and targets. The full SDMA was reported in the Praxair 2016 Sustainable Value Report (SVR). An external assurance was performed against the AA1000AS Standard and confirmed that the SDMA conformed to the AA1000APS (2008) principles of inclusivity, materiality and responsiveness; that select KPI assertions in Praxair's SVR were accurate and reliable in accordance with the Standard and that Praxair's Priority Factors (PFs) were in general alignment with the Global Reporting Initiative (GRI) G4, UNSDGs, RCMS and Sustainability Accounting Standards Board (SASB) frameworks. Each year, Praxair conducts a condensed SDMA to confirm alignment and consider adjustments and improvements.

## SUSTAINABLE DEVELOPMENT TARGETS 2016-2020\*

Priority Factors						
SD 2020 Targets	<ul style="list-style-type: none"> <li>Outperform ACC large member averages for recordable injuries</li> <li>Outperform ACC large member averages for days away from work</li> <li>&lt;3 vehicle accidents per million miles driven**</li> </ul>	<ul style="list-style-type: none"> <li>Maintain corporate governance guidelines and a strong culture of integrity, ethics and compliance</li> <li>100% Certification Standards of Business Integrity by required employees</li> <li>100% review and close of reports to hotline</li> </ul>	<ul style="list-style-type: none"> <li>Contribute &gt;50% revenue from Sustainability Portfolio</li> <li>Avoid &gt;2X more customer GHG emissions than emitted from all Praxair operations</li> <li>Enable safe drinking water for 250 million people</li> </ul>	<ul style="list-style-type: none"> <li>Avoid cumulative 7 million MWh of electricity and 4 million MT CO<sub>2</sub>e, 2009-2020</li> <li>Source &gt;500,000 MWh renewable energy</li> <li>2% H2 GHG intensity improvement (cumulative)</li> <li>7.5% truck GHG intensity improvement (cumulative)</li> <li>Plant or preserve 1 million trees with conservation groups (cumulative)</li> </ul>	<ul style="list-style-type: none"> <li>Save \$460 million from Sustainable Productivity (cumulative)</li> <li>100% water management plans at high water use sites in water-stressed regions</li> <li>&gt;250 sites achieve Zero Waste to Landfill</li> </ul>	<ul style="list-style-type: none"> <li>Achieve Top Quartile Employee Engagement results in the chemical industry</li> <li>Continuously improve the representation of women globally</li> <li>Spend \$1.5 billion with women-, minority-, small business- and other disadvantaged group-owned enterprises, (cumulative)</li> <li>Contribute 1,500 Community Service projects (cumulative)</li> </ul>
Supporting the UN SDGs						

\* All targets are Praxair only and run 2016-2020 unless otherwise noted; performance results for 2018 are provided on pages 12-22; targets were adjusted to reflect 2018 Praxair divestitures.

\*\* Target applies to employees and contract drivers

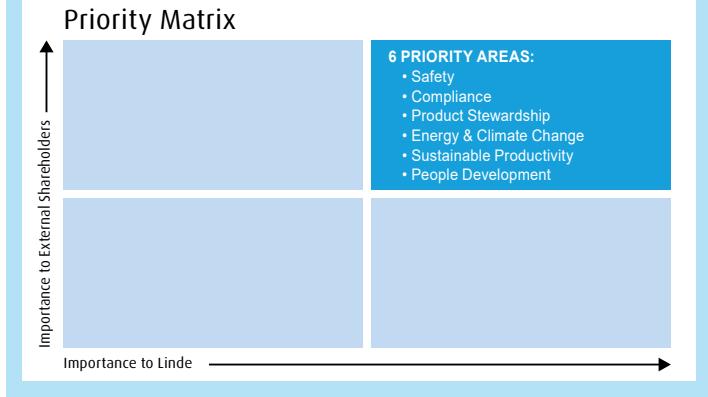
## Determining and Aligning Priorities in 2018

In prior years, both legacy companies annually conducted SDMAs to confirm that their focus areas remained relevant to consider adjustments and improvements and to help prepare for their reports. In 2018, as part of internal merger integration discussions, both companies confirmed alignment on sustainability PFs, KPIs and the transition to the GRI standards.

Alignment was additionally confirmed in interviews with internal and external stakeholders. Internal reviews of the KPIs and targets included meetings with the integration team, with segment and regional business leaders and functional directors, with the Praxair Board Committee on Technology, Safety and Sustainability, and with Linde's Management Committee (as individuals and a group). The table below, "Integration of Sustainable Development," confirmed the alignment between the SD PFs and Linde's new vision, values and key risks and with areas of executive incentives. Also see "Governance of non-financial matters" and "Alignment with Compensation" on pages 23-24.

These activities concluded that the Praxair's PFs remain relevant to both legacy companies and to the newly merged company. In addition to applying to employees, some PFs pertain to external stakeholders. For example, elements of Linde's safety and compliance programs pertain to the company, its Joint Ventures (JVs) and business partners, contractors and suppliers. Product stewardship pertains to customers. People development includes suppliers and communities. The six PFs are indicated in the top quadrant of the Figure: 2018 PFs. The top six elements remained unchanged from the prior year.

## 2018 Priority Factors



Several changes were made to the SD 2020 targets. Where relevant, adjustments were made for divestitures. These are clearly marked in the Performance Dashboard on Page 12 and in the review of performance against targets on the pages following. In addition, the five Compliance targets were consolidated into three. The diversity target was adjusted to remove the target for U.S. minorities, as the combined company now includes many more countries where this issue is addressed in different ways.

In 2019-2020, Linde will perform a full SDMA in preparation for setting new five-year targets. This is consistent with Praxair's past practice.

## Integration of Sustainable Development

Relevant Linde plc Vision, Values	2018 Annual Report: Item 1A Risks* (Relevant risks)	Executive variable compensation is affected by performance in non-financial areas**	SD 2020 Priority Factors
<b>Safety</b>	• Operational Risks, incl. to People & Environment	• Safety	• Safety
<b>Integrity</b>	• Variety of international laws and government regulations	• Global compliance	• Compliance
<b>Deliver innovative and sustainable solutions</b>	• Technological Advances: R&D • Customer care	• Productivity	• Product Stewardship
<b>Community:</b> we commit to minimizing our environmental impact	• Cost and Availability of Raw Materials and Energy • Catastrophic Events • Climate Change	• Environmental Responsibility	• Energy & Climate Change • Sustainable Productivity
<b>Inclusion Community</b>	• Ability to attract and retain qualified personnel	• Talent Management	• People Development

\* 2018 Annual Report: Item 1A Risks, pages 6 -16, Climate Change pages 32-33.

\*\*Linde 2019 Notice of Annual General Meeting of Shareholders and Proxy Statement, p5.

# Performance Dashboard 2018 (GRI 103)

Detail on performance against these targets is provided in the following sections:

Priority Factors	Praxair SD 2020 Targets**	2018 Results	Results
Safety	Outperform ACC large member average for Recordable Injury Rate (RIR)	0.39 (better than benchmark: 0.57)	✓
	Outperform ACC large member average for Lost Workday Case Rate (LWCR)	0.059 (better than benchmark: 0.11)	✓
	<3 PVAs per million vehicle miles driven	2.64	✓
Compliance	Maintain Linde's corporate governance guidelines + a strong culture of integrity, ethics + compliance	Achieved	✓
	100% certification to Praxair's Standards of Business Integrity by required employees	Achieved	✓
	100% review and close of reports to Hotline	Achieved	✓
Product Stewardship	Earn >50% revenue from Sustainability Portfolio	59%	✓
	Enable >2X net GHG benefit from applications	>2X net benefit achieved	✓
	Enable safe drinking water for 250 million people	325 million people	✓
	Lower product toxicity (Surface Coatings only)	Achieved, see reporting section following	✓
Energy & Climate Change	Avoid cumulative 7 million MWh of electricity and 4 million MT CO <sub>2</sub> e, 2009-2020**	Achieved a cumulative 5.8 million MWh electricity saved and 3.9 million MT CO <sub>2</sub> e avoided	✓
	Source >500,000 MWh renewable energy	548,000 MWh sourced	✓
	2% hydrogen GHG intensity reduction, cumulative	6.2%	✓
	7.5% trucking GHG intensity reduction, cumulative	6.2%	✓
	1 million trees planted/preserved with conservation groups, cumulative	840,000 trees planted or preserved	✓
Sustainable Productivity	Save \$460 million cumulative from Sustainable Productivity**	\$317 million saved	✓
	100% water management plans at high water use sites in water-stressed regions	48 sites identified, program rollout in progress	✓
	>250 sites achieve Zero Waste to landfill**	217 sites achieved	✓
People Development	Achieve top quartile employee engagement results in chemical industry	83% (better than benchmark: 78%)	✓
	Diversity: Continuous year-over-year improvement in the representation of women globally	Global females: 25% (2017: 24.7%)	✓
	\$1.5 billion cumulative spend with women-, minority-, small business- and other disadvantaged group-owned enterprises (U.S. only)	\$946 million	✓
	Contribute 1,500 projects of community service, cumulative**	1,216 projects	✓

\* Check marks ✓ denote that performance is on track to target.

\*\* Targets marked \*\* were revised to reflect 2018 Praxair divestitures.



## SAFETY

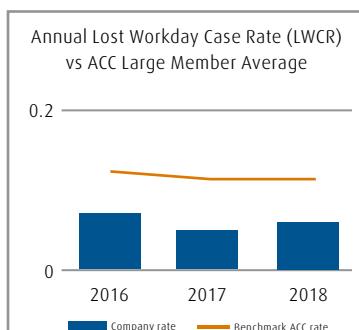
### Occupational Safety – SD 2020 Target: Annually Outperform the ACC Published Large Member Average for Recordable Injury Rate (RIR)



This occupational safety target is to annually outperform the American Chemistry Council (ACC) large industry average recordable injury rate (RIR). The 2018 scope is all Praxair operations. **The target was achieved.** Praxair's 2018 RIR (the number of recordable injuries per 200,000 hours worked) was 0.39 (2017: 0.41) versus 0.57 for the ACC large member 2017 average (the most recent ACC result) and seven times better than the OSHA industrial average. Additional employee and contractor safety results are provided in GRI 403-2.

With the merger, the mix of businesses that Linde runs will further diversify. This may affect Linde's future safety rates.

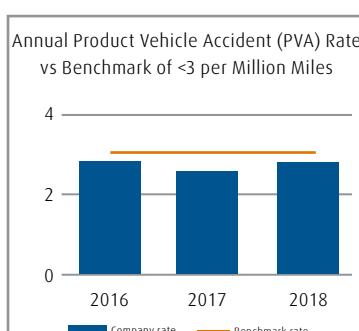
### Occupational Safety – SD 2020 Target: Annually Outperform the ACC Published Large Member Average for Lost Workday Cases



This occupational safety target is to annually outperform the ACC large member average for Lost Workday Cases [LWCs, also called Lost Time Injury Frequency Rate (LTIFR)]. The 2018 scope includes all Praxair operations. **The target was achieved.** Praxair's 2018 LWC Rate (the number of lost workdays x 200,000/total hours worked) was 0.059 versus 0.11 (2017: 0.05) for the ACC large member average, and 20 times better than the OSHA industrial average. Additional employee and contractor safety results are provided in GRI 403-2.

Linde AG also previously reported a target in this area, which was to continually reduce its lost time injury frequency rate based on 2012. By end of 2018, Linde AG reduced its LTIFR rate by 21% compared with the base rate of 2012. With the merger, the mix of businesses that Linde runs will further diversify. This may affect Linde's future safety rates

### Vehicle Safety – SD 2020 Target: Annually Maintain a Rate of <3 Product Vehicle Accidents (PVAs) Per Million Miles Driven



The annual vehicle safety target is to have fewer than three product vehicle accidents (PVAs) per million miles driven. This includes all employee and dedicated contract driver performance for all product delivery vehicles worldwide and includes both preventable and non-preventable accidents. The 2018 scope is all Praxair operations. **The target was achieved.** Our global PVA rate for 2018 was 2.64 PVAs per million miles (2017: 2.58).

We aggressively implement technologies and training to improve driver performance, even while we recognize that approximately 50% of our total vehicle accidents are considered "non-preventable," meaning our driver acted defensively and did everything possible to avoid the accident. As a general matter, the rates of road traffic deaths in middle- and low-income countries continue to increase. Moreover, high-income countries, including the U.S., have seen this rate start to rise after decreasing for decades. These broader trends, particularly the increase of accidents due to distracted driving, could impact our total vehicle accident rate. Please see GRI 403-2 for more information.

Linde AG also previously reported a target in this area, which was to reduce the frequency of serious transport incidents per million kilometers travelled by 20% compared with the base year 2015. Until the end of 2018 Linde AG has achieved a reduction of approximately 25%. With the merger, the mix of businesses that Linde runs will further diversify. This may affect Linde's future safety rates.



## COMPLIANCE

### **Corporate Governance – SD 2020 Target: Maintain Linde’s Corporate Governance Guidelines and a Strong Culture of Integrity, Ethics and Compliance**

This compliance target is to maintain our corporate governance guidelines and a strong culture of integrity, ethics and compliance. Its scope is all Praxair 2018 operations, and **this target was achieved**: the Praxair Board awarded maximum positive adjustment of 35% for executive non-financial variable compensation in 2018, which included compliance.

Linde believes that responsible corporate governance is a key prerequisite for its business success. This perspective was shared by both legacy companies. The Linde Board believes that a strong integrity, ethics and compliance culture is a social obligation and necessary for maintaining investor trust and effective corporate governance. The Board believes further that such culture must be driven by example and emphasis at the top of the organization.

Linde appointed a 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.

We believe that fairness, transparency and trust drive growth and prosperity for all parties involved – employees, customers, suppliers, markets – and the communities that encompass them all. The Board Audit Committee is responsible for the review of referrals, investigations, findings and resolutions with regard to alleged violations of the company's Business Integrity and Ethics policy.

The Code of Business Integrity 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 of concerns about potential non-conformance. Subcontractors and other stakeholders are expected to follow this standard.

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.

### **Ethics & Integrity – SD 2020 Target: 100% Certification to Praxair's Standards of Business Integrity (SBI) by Required Employees**

This target is to ensure that relevant employees are familiar with and trained in Praxair's SBI certification. Training is administered to all required employees, who are required to certify, (i.e., employees at various levels from administrator to management, and in areas where there is a potential for non-compliance with laws and with our policies, and/or where they have contact with customers and suppliers). All employees in these categories must annually certify SBI compliance, except where law or regulation prohibits inclusion.

In 2018, **Praxair achieved this target**. One hundred percent of required employees certified that they understood Praxair's "Compliance with Laws and Business Integrity and Ethics" policies. Certification is achieved annually for Praxair's SBIs and biennially to additional related areas. In 2018, additional training covered Doing Business with the Government, Complying with Competition Laws, Understanding the Foreign Corrupt Practices Act, and Best Practices for Email and Written Communications.

The Board Audit Committee is responsible to review the processes and results for certification of employees' understanding of, and compliance with, the company's Business Integrity and Ethics Policy.

In addition, Praxair requires that 100% of relevant third parties whose activities could expose Praxair to risk adhere to its SBI and "Compliance with Laws and Business Integrity and Ethics" policies, and imposes contractual and training requirements to ensure adherence.

### **Ethics & Integrity – SD 2020 Target: 100% Review and Close of Reports to the Integrity Hotline 406-1<sup>1</sup>**

This target is to review and close 100% of all reports to the Integrity Hotline. Scope is all Praxair operations. In 2018, **this target was achieved**: all reported issues were reviewed and closed.

In 2018, there were 340 incidents reported to the Integrity Hotline, of which 103 were substantiated, and all of these were closed. Human Rights has been integrated into the categorization of potential concerns, under "Other Policy Violations." There have been no reports of concerns about human rights violations. Praxair's anonymous and confidential third-party Integrity Hotline is available 24/7 in all countries for employees or external parties to report activity that they feel might contravene Linde's policies or be in non-compliance with laws. Also, Praxair has a non-retaliatory policy to issues raised through any of our Integrity Hotline channels (including issues raised directly to management).

Calls into the hotline need to be closed out within 30 days to the satisfaction of Corporate Security. This includes allegations that meet the threshold of Linde's policy retaining to the handling of complaints relating to accounting, internal controls, auditing and certain other matters; allegations of violations of the SBI, including concerns of violations of its diversity policy; human rights principles; government inquiries or investigations; environmental issues reportable under the Linde environmental reporting format; and any other compliance issue deemed to be of significance by the region Compliance Review Board (CRB). If concerns are substantiated, remediation plans must be implemented. Results are reviewed through our routing internal management review process until the incident is no longer subject to action.

Status is reported quarterly into a dashboard of the corporate CRB. Each year, Praxair provided a summary of the incidents and substantiated issues to the Integrity Hotline on its website at [<https://www.praxair.com/our-company/corporate-responsibility/policies-and-position-statements/hotline-reports>]. The essential elements of the program have been maintained in the new Linde.

<sup>1</sup> This meets the requirements of DJSI



## PRODUCT STEWARDSHIP

### Environmental Innovation – SD 2020 Target: Annually Contribute >50% Revenue from our Sustainability Portfolio



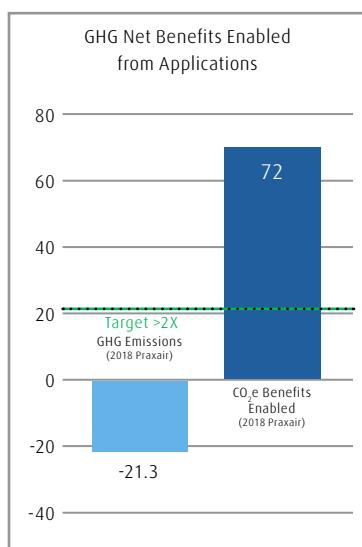
This sustainability innovation target is to annually contribute more than 50% of revenue from the Sustainability Portfolio. The scope is Praxair revenue; 2018 revenue was adjusted for divestitures.

**The target was achieved:** In 2018, Praxair earned 59% of revenue, or \$7.1 billion, from its Sustainability Portfolio.

This target includes sales from legacy Praxair's eco-portfolio and social portfolio, which include applications that bring environmental and/or social benefits. Sales from the eco-portfolio were \$6.1 billion and \$0.9 billion from the social portfolio (numbers do not sum because of rounding). For the eco-portfolio, R&D developed a simplified Life Cycle Assessment (LCA)-based screening methodology to determine and update which applications are included. A simplified LCA includes part of the four stages of a product life cycle of raw material acquisition, manufacturing, use/reuse/maintenance and recycle/waste management (i.e., it assesses one or two of the stages completely, or analyzes all four stages to lesser depth). All (100%) of Praxair's products under development were evaluated in depth in the first three stages (i.e., cradle to grave). For environmental impacts, we use Environmental Key Performance Indicators (EKPIs): energy (electricity, natural gas and fuel), air emissions and direct and indirect GHG emissions; waste (hazardous and non-hazardous), water and Ozone Depleting Substances (ODSS).

Linde legacy substantially contributes to Linde's eco- and social product portfolio. In addition to its industrial gas business, it contributes through its large healthcare business.

### Resource Transformation – SD 2020 Target: Enable >2X More GHG to be Avoided Per Year than are Emitted in All Linde Operations



This resource transformation target is to annually demonstrate that a subset of applications enables customers or their end users to avoid more than twice the related operational GHG emissions. The scope is GHG benefits from a subset of Praxair applications that enable demonstrable GHG benefits, versus Praxair's 2018 total direct and indirect (Scopes 1 and 2) GHG emissions (last year's target included Scope 3, but as we are not able to fully account for customer emissions from the use of our products, so this target was revised to include only Scopes 1 and 2). In 2018, **Linde achieved this target**.

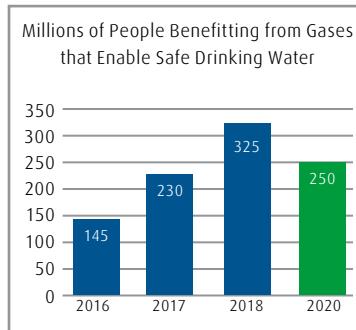
The left bar shows total Praxair 2018 GHG emissions were 21.3 million MT GHG: Scope 1 direct GHG emissions came from 7.5 million MT CO<sub>2</sub>e principally from hydrogen production and 0.8 million MT CO<sub>2</sub>e from other sources, including truck driving. In addition, 13.0 million MT CO<sub>2</sub>e Scope 2 indirect GHG emissions were emitted mainly from air separation. An accounting of Praxair's GHG sources and emissions is provided in GRI 305-1 through 305-5 and in Linde's CDP Climate Change Report.

The right bar shows GHG avoided by Praxair customers and end-users that can be attributed to the use of a subset of Praxair applications. Five applications were evaluated: argon for welding and krypton for window insulation together avoided 2 million MT CO<sub>2</sub>e; oxygen for steelmaking avoided 9.5 million MT CO<sub>2</sub>e; hydrogen used by oil refiners to make Ultra-Low Sulfur Diesel (ULSD) in trucks fitted with a diesel particulate filter avoided 44 million MT CO<sub>2</sub>e; and specialty coatings to make thermal barriers for industrial gas turbine and jet engine efficiency avoided 16.5 million MT CO<sub>2</sub>e. These five applications represent 11% of Praxair 2018 revenue and enabled nearly 72 million MT GHG to be avoided. Praxair achieved a total net benefit of 50.7 million MT CO<sub>2</sub>e, which is more than two times the GHG emissions from Praxair's operations.

**Methodology:** End-user avoided CO<sub>2</sub> emissions are calculated in accordance with International Council of Chemical Associations (ICCA) guidelines. Avoided emissions arise from efforts by multiple partners along the respective value chains. Linde's contribution has been characterized as fundamental in enabling the avoided emissions. See "Addressing the Avoided Emissions Challenge: guidelines from the chemical industry for accounting for and reporting greenhouse gas (GHG) emissions avoided along the value chain based on comparative studies," ICCA, October 2003. <https://www.icca-chem.org/wp-content/uploads/2015/08/Addressing-the-Avoided-Emissions-Challenge.pdf>

Linde AG also substantially contributes to Linde's eco-portfolio with products that help Linde customers to considerably reduce their carbon footprint; these are not reported here as methodologies have not yet been aligned. However, we are able to report that in 2018, a subset of Linde's combined application technologies enabled more than 90 million MT CO<sub>2</sub>e to be avoided - twice as many GHGs avoided by third parties than were directly emitted from all Linde's operations. See page 3.

## Resource Transformation – SD 2020 Target: Enable Safe Drinking Water for 250 Million People



This resource transformation target is that our industrial gases should enable clean water to be received by 250 million people. The scope is all end-consumers served by Praxair clean water applications. **This target was exceeded.** In 2018, Praxair gases enabled clean, safe drinking water to be delivered to more than 325 million people. The target measures people living in cities where Praxair ozone disinfects water to help make it potable, mainly in China; and where Praxair carbon dioxide aids in desalination, mainly in the U.S. Linde calculates the number of end-consumers based on market information about customers (e.g., city water utilities). UN demographic projections are used to project population growth. 2018 results reflect two changes: the loss of Praxair's European business, which reduced reported beneficiaries; and a methodology improvement that increased reported beneficiaries: the ozone dosage required for ozone applications as well as water usage data for China was adjusted in the 2018 calculations based on actual customer data.

Linde has substantial additional water benefits from the Linde AG business that are not reported here as methodologies have not yet been aligned. Additional water applications treat water and wastewater, typically for municipalities. These include a wide range of applications that treat and reuse process water, all while maximizing treatment capacity, reducing Volatile Organic Compounds (VOCs) emissions, improving safety and reducing costs.

## Product Stewardship – SD 2020 Target: Lowering Product Toxicity

This product stewardship target is a commitment to lowering product toxicity. The scope is our Surface Technologies segment.

Surface Technologies has established four targets in relation to eliminating hexavalent chrome-containing slurries. **These targets were achieved or are on track.** The targets were prompted by requirements of Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), but go beyond REACH in that they apply worldwide and will eliminate the toxic substances, not just in Europe as required by REACH, but everywhere.

- By 2019: offer coatings free of strontium chromate.
- By 2021: Offer 100% chrome-free slurry product alternatives to the market.
- By 2024: No sales of coating slurries that contain hexavalent chrome for which chrome-free alternatives have been developed and qualified by Original Equipment Manufacturers (OEMs).
- By 2029: No sales of coating slurries that contain hexavalent chrome.

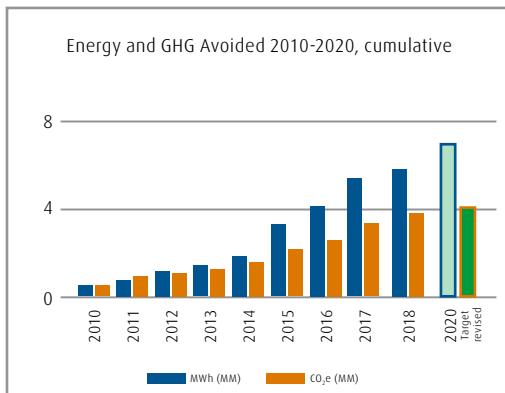
Surface Technologies continues to develop additional Cr(VI)-free alternatives to replace legacy SermeTel systems targeted for elimination in 2029. In addition to the three targets to eliminate hexavalent chrome-containing slurries, Surface Coatings expanded its focus and developed replacement coatings that are free of Strontium Chromate, a chemical that is currently used in several SermeTel® & SermaLon® coatings. Surface Technologies has introduced replacement coatings to major OEMs, and they have been accepted and incorporated into usage, allowing the OEMs to comply with the January 2019 REACH sunset date for strontium chromate.

As an update: Surface Technologies established a target that by 2017, it should provide a sustainable alternative to cadmium plating. The target was achieved with a sustainable alternative to cadmium plating with qualification complete with several OEMs. Migration of this sustainable alternative to cadmium plating is in progress and Praxair is working with OEMs to accelerate. Surface Technologies is working to have this alternative in place not just in the EU, where it is required by the 2006 regulation for REACH, but globally.



## ENERGY & CLIMATE CHANGE

### Energy & GHG Emissions – SD 2020 Target: Conserve 7 Million MWh Electricity and 4 Million MT CO<sub>2</sub>e, 2009-2020

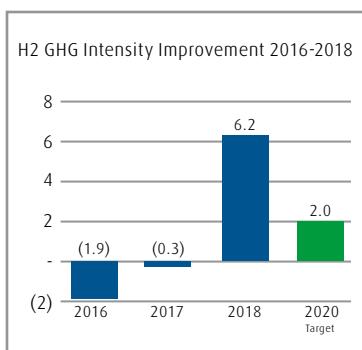


This long-term target is to reduce energy use and GHG emissions 2009 – 2020. It aims to achieve cumulative savings in excess of \$400 million, 7 million MWh and 4 million MT CO<sub>2</sub>e. Praxair has exceeded the 2020 target for financial savings and is on track to meet or exceed the targets for energy and CO<sub>2</sub>e. **At the end of 2018, Praxair achieved a cumulative \$450 million savings in energy efficiency, 5.8 million MWh electricity and 3.9 million MT CO<sub>2</sub>e avoided.**

Performance against this target is measured from efficiencies in hydrogen and air separation. Hydrogen GHG intensity performance is reported in a separate target below. ASUs account for 85% of Praxair's electricity use. To help achieve this target, ASUs have a target to improve their energy intensity by 0.7% annually. In 2018, Praxair achieved 0.2% improvement in ASU energy efficiency and a cumulative 2.8% since 2015. See GRI 302-1 for information on electricity consumption, GRI 302-3 for energy intensity and GRI 302-4 for energy reduction activities.

Linde AG previously reported a similar CO<sub>2</sub>e avoidance target for improvements in energy consumption in Linde AG's ASU and hydrogen business, 2009-2020. After 2018 divestitures, Linde AG avoided 3.8 million MT CO<sub>2</sub>e, 2009-2018. These additional benefits are not combined with those from legacy Praxair as the methodologies have not yet been aligned.

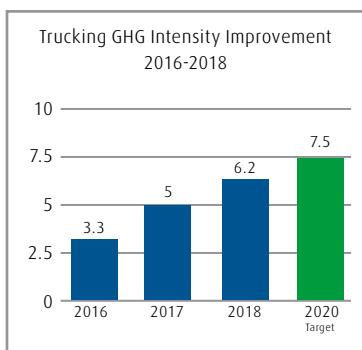
### Energy & GHG Emissions – SD 2020 Target: 2% Hydrogen GHG Intensity Improvement



This target is to achieve a 2% improvement in energy and GHG intensity by 2020 in Hydrogen production. The scope is Praxair hydrogen facilities worldwide (none of these sites were divested, so the scope of the target remains unchanged). Performance against this target was not expected to be linear. It reflects the effect of project startups over this period and the implementation of projected technology innovations. **2018 results are on track to meet target.** In 2018, Praxair GHG intensity from Praxair hydrogen production improved 6.2% over the 2015 baseline year, well ahead of the target of 2% improvement by 2020. The 2018 change was largely driven by the increase in by-product hydrogen sourced – an average of 22% in 2018.

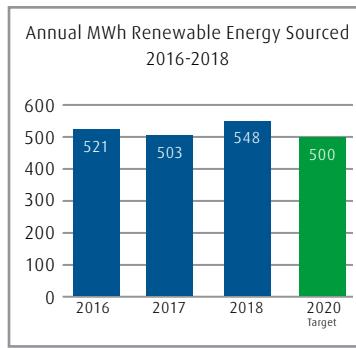
Linde also has substantial additional benefits from the Linde AG HyCo business that are not reported here as methodologies have not yet been aligned.

### Energy & GHG Emissions – SD 2020 Target: 7.5% Improvement in Trucking GHG Emissions Intensity



This target is to achieve a 7.5% improvement in trucking GHG intensity, 2016-2020. The target is calculated by multiplying the number of miles driven and fuel used in each geography by GHG emissions factors and dividing by product volume delivered. The metric combines bulk and packaged gas driving. The scope is all Praxair driving operations where the driver is a Praxair employee. **Praxair is on track to achieve this target,** achieving a 6.2% GHG intensity improvement over the 2015 baseline.

## Renewable Energy – SD 2020 Target: >500,000 MWh from Renewable Energy

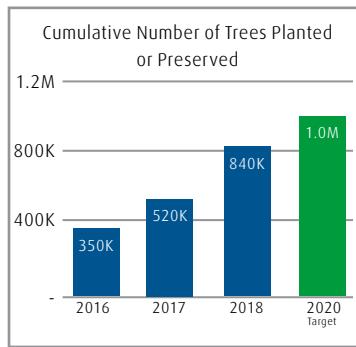


This target is to directly source more than 500,000 MWh of renewable energy annually through 2020. The scope is all Praxair operations. **This target was achieved for 2018.** Praxair sourced 548,000 MWh renewable energy: 61% mostly from Hydro in New York state; 12% from wind and hydro in Mexico, 12% from hydro in Brazil, and 16% from wind in India. Direct sourced renewable energy represents about 2% of all Praxair energy use. Adjustments were not needed as divestitures did not affect our renewable energy sources.

In addition, Praxair sourced about 30% renewable energy indirectly through the energy mix provided from its utilities. Further information is provided in GRI 302-1 through 302-5.

Linde has substantial additional benefits from the Linde AG business. In November and December 2018, Linde AG sourced about 280,000 MWh of renewable energy; 90% of this was sourced in the UK and smaller amounts in Spain, Portugal and South America. Linde AG renewable energy sourced for all of 2018 was more than 1.6 million MWh.

## Carbon Offsets – SD 2020 Target: 1 Million Trees Planted or Preserved with Conservation Groups

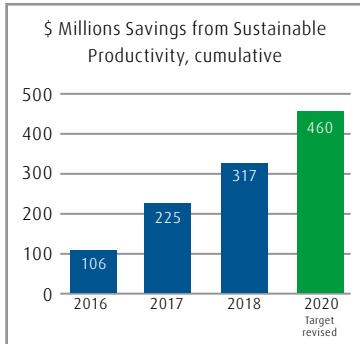


This target aims to plant or preserve one million trees 2016 – 2020, through employee engagement programs and with environmental conservation groups. The 2018 scope is all Praxair operations. Cumulatively 2016-2018, 840,000 trees were planted, **on track to achieve target.** In 2018, Praxair planted 170,000 trees, principally in Brazil, India and the U.S. Multiple social, economic and environmental benefits are created by planting or preserving trees. Much of this activity was provided through The Nature Conservancy and the Arbor Day Foundation, who received funding from the Global Giving Program. In 2018, our grant to the Nature Conservancy received a match, and these funds enabled an additional 440,000 trees to be planted. Target was not revised as tree planting activity was not significant in areas that were divested.



## SUSTAINABLE PRODUCTIVITY

### Productivity Savings – SD 2020 Target: Save \$460 Million (cumulative) from Sustainable Productivity

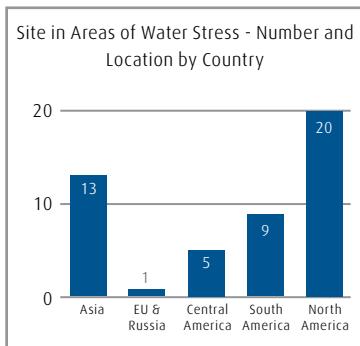


This sustainable productivity target measures productivity projects that bring financial and environmental savings in our EKPI areas. The target for sustainable productivity is a cumulative savings of \$460 million, 2016-2020. The scope is Praxair operations. The target was revised for 2018 divestitures (prior target: \$500 million). **2018 results are on track to meet target.** In 2018, the program achieved savings of more than \$92 million, cumulatively \$317 million from 2016, and is on track to reach target by 2020.

In 2018, 24.5% of all Praxair productivity projects were also classified as sustainable productivity. Sustainable productivity saved 500 million KWh; 1,300 billion BTU; 2.5 million gallons of diesel fuel, 5 million pounds of waste and 400,000 MT CO<sub>2</sub>e. For CO<sub>2</sub>e savings, we count projects where benefits are fully realized as well as projects that were implemented in 2018 and are still accruing benefits.

Linde has substantial additional benefits from Linde AG that are not reported here as the methodologies have not yet been aligned. From 2016-2018, Linde AG carried out more than 500 sustainable productivity projects at its sites, leading to considerable energy, CO<sub>2</sub>e and financial savings.

### Eco Efficiency – SD 2020 Target: High-Water Use Sites in Water-Stressed Areas to Implement Water Management Plans (WMPs)



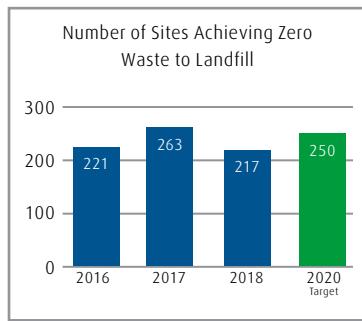
This eco-efficiency target is to implement WMPs at all sites that are high water users in areas considered to be water stressed. High water use sites are defined as those exceeding of 100,000 m<sup>3</sup>/year water withdrawal, excluding once-through, non-contacting cooling water. Areas of water stress are defined by the World Business Council on Sustainable Development (WBCSD)/WRI Aqueduct Global Water Tool (2015 version). We determined “high stress” to mean (1) that the baseline water stress was “medium to high,” “high” and “extremely high.” In addition, businesses are encouraged to use local determinants of water risk. The scope is all Praxair global sites that meet these definitions. The WBCSD tool identified 42 sites, and six sites were added voluntarily in South America, bringing the total to 48 sites. The number of sites in scope reduced from 58 in 2017 to 48 in 2018: nine sites were among those divested, three sites were removed from the list due to either plant shutdowns or extremely low water use, and two new sites that meet the criteria started up in 2018. **Praxair is on track to achieve this target:** WMPs are under development and review.

Of the 48 sites: Canada, Peru, Russia and Venezuela each have one participating site; eight sites participate from Brazil; four sites each from China, Mexico and India; five from Korea; and 19 from the U.S. South America included six additional sites, bringing the total to 48 sites. Together, these sites account for about 52% of all Praxair water use and 14% of production plants that report water use.

South America adopted a target to reduce of 1% absolute water volume by 2020. They have consistently achieved this target for three consecutive years. At the end of 2018, they achieved an overall water reduction of more than 175,000 M<sup>3</sup> – a 5% reduction compared to 2017. Investments were made to re-use rainwater, condensate and water of liquid vehicles hoses thawing as make-up water at refrigeration towers. Also see GRI 303.

Additional activity from the Linde AG business are not reported here as the methodologies have not yet been aligned. In 2017, Linde AG identified 9 percent of its sites as being in areas at risk of water scarcity, as defined by the same WRI Aqueduct tool. Linde AG implemented measures for water management at several of its water risk sites and continues to roll out water management plans and activities.

## Eco Efficiency – SD 2020 Target: >250 Sites Achieve Zero Waste to Landfill



This zero waste target is for more than 250 sites to achieve Zero Waste to Landfill. We define Zero Waste to Landfill as a site that diverts more than 90% process waste from landfill; this can include incineration for energy recovery. The scope is all Praxair operations. The target was revised to reflect 2018 divestitures (prior target: 300 sites).

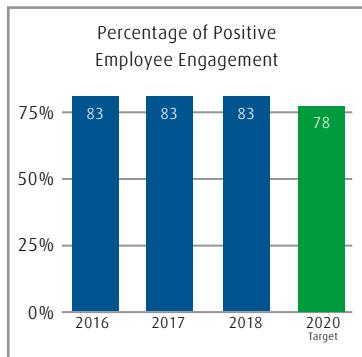
**2018 results were on track to achieve target.** At end 2018, 217 sites achieved Zero Waste to Landfill, on track to achieve target. Of these, almost 200 are significant sites. Altogether, 364 sites participated and achieved an average of 97% waste diverted – equal to 75% of all Praxair waste diverted from landfill, see GRI 306-2.

In 2018, more than 100 million pounds of waste were diverted from landfills. Cumulatively since 2011, the program has saved more than \$1 million. Zero Waste to Landfill helps extend our company's mission and values, and promote circular economy practices. In many cases, the program brings social benefits to local communities, from education to job creation. In addition to Praxair facilities, six regional headquarters offices have obtained or renewed their external recognition for greening their offices, in Bangalore, India; Seoul, Korea; Burr Ridge, Illinois; The Woodlands, Texas; Danbury, Connecticut; and Tonawanda, NY. See <https://www.greenseal.org/programs/green-office-partnership/>.



## PEOPLE DEVELOPMENT

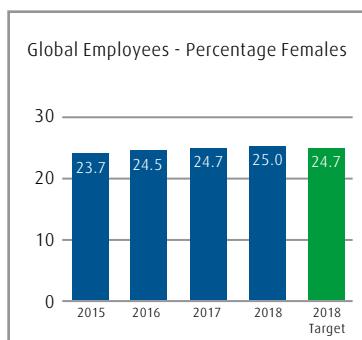
### Employee Engagement – SD 2020 Target: Achieve Top Quartile Employee Engagement Results in the Chemical Industry



Scope is all Praxair employees as surveyed biennially. Target is to achieve top quartile employee engagement results in the chemical industry, as determined by major third party HR polling firms such as Willis Towers Watson. In 2015, Praxair surveyed 30% of its employees and achieved target, with an overall employee engagement index score of 83%, 5% higher than benchmark industry peers for the Global Chemical Companies Norm (2017). Praxair postponed its normal major employee engagement survey in 2017 and 2018 as the pending merger could have distorted findings and conclusions could not be acted on. For purposes of reporting a trend, we carry forward the 2015 results, as absent the merger, there were no major changes that would have precipitated a significant change in this finding. A fresh baseline survey will be conducted now that the merger has closed, to measure employee engagement.

The survey used a five point scale and is in accordance with Sustainability Accounting Standards Board (SASBs) sustainability accounting standards for employee engagement percentage. It invited employee opinion on issues such as management, social responsibility, diversity in practice and freedom to report. Employee engagement survey results are analyzed by gender and a number of factors. Results are reviewed by leadership; corrective actions are in put in place, and conclusions and actions are communicated to employees.

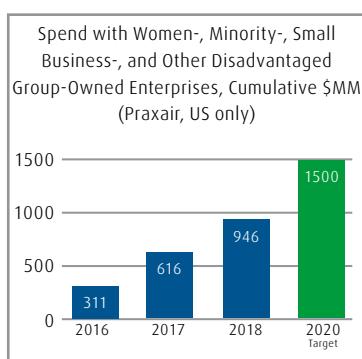
### Diversity & Inclusion – SD 2020 Target: Achieve Continuous Year-over-Year Improvement in the Representation of Women Globally



This diversity target is to achieve continuous year-over-year improvement in the percentage of women in Praxair's exempt employee population. The scope is all Praxair employees. **In 2018, this target was achieved.** The target baseline is 2015, with the objective of continuous improvement in female representation year over year. The percentage of women employees in the global Praxair organization was 25% (2017: 24.67%). Executive leadership was 19% women (2017: 17%).

Linde AG had a range of targets to promote women in their organization. These are not reported here because methodologies have not been aligned. Further information is provided in GRI 405-1.

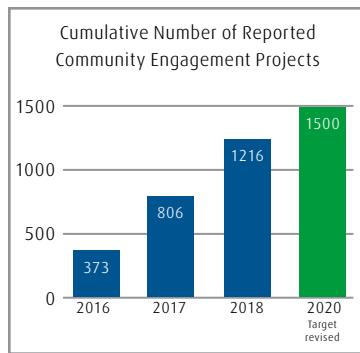
### Supplier Engagement – SD 2020 Target: Spend \$1.5 Billion with Women- Minority- Small Business- and Other Disadvantaged Group-Owned Enterprises, Cumulative



This target to promote supplier diversity is to achieve a cumulative spend of \$1.5 billion with women-, minority-, small business- and other disadvantaged group-owned enterprises, 2016-2020. The scope is Praxair U.S. **2018 results were on track to achieve target.** Praxair spent \$330 million in 2018, including \$279 million with small businesses, \$40 million with woman-owned businesses and \$11 million with minority-owned businesses, which includes businesses with ownership identifying as ethnic-minorities or non-ethnic minorities such as LGBT or Persons with Disabilities.

Linde's procurement and supply chain programs are committed to sourcing responsibly and supporting the growth of diverse suppliers and local manufacturing. We continue to incorporate qualified diverse suppliers in a range of procurement opportunities and have expanded programs that help suppliers gain access to affordable financing options. Additionally, by leveraging subject matter expertise from our own employee base, we have been able to provide training needed to help our suppliers grow and strengthen their lines of business. Further detail is provided in GRI 204-1.

## Community Engagement – SD 2020 Target: Contribute 1,500 Projects of Community Volunteerism, Cumulative



This target aims to deliver a cumulative 1,500 community service projects, 2016-2020. The scope is all reported employee-based Praxair community engagement activity. The 2020 target was revised to reflect divestitures (prior target: 1,750). The metric counts number of projects conducted as reported by the project team into a Linde database. This metric has been tracked since 2010. Praxair reported 410 projects in 2018. **2018 results were on track to achieve target.** The cumulative result since 2016 is 1,216 projects, on track to meet the 2020 target.

Praxair measures impact of projects, where applicable, on the community beneficiaries, employees and the company. Analysis shows positive impacts for all three groups. For example, teams report that in 95% of projects, quality of life of the beneficiaries is positively impacted; in 90% of projects, teams reported that their own management effectiveness improved; in 96% of projects, teams reported that positive employee engagement. In addition, 88% report that projects had a positive impact on Praxair's reputation.

Community Engagement projects are directed to address local needs. Projects focus on four themes: Education & Diversity (33%); Health & Wellness (26%); Community Support (25%) and Environment (15%). More information is provided in GRI 413-1.

Linde offers substantial additional benefits from the Linde AG community engagement that are not reported here as methodologies have not yet been aligned. Around the world, Linde AG engages with a large number of projects in the vicinity of its business locations and is focused mainly on education and research. In addition, Linde AG supports a variety of initiatives relating to safety, environmental protection and health and social affairs, as well as a variety of cultural projects.

# Governance

## 102-18

A comprehensive review of Linde's corporate governance framework is provided on our website: <http://www.linde.com>.

### Linde's Board of Directors

Linde's Board of Directors consists of 12 Board members. Eleven are independent non-executive directors, including the non-executive Chairman of the Board. Linde's CEO serves as an executive director. The Board currently has four standing committees: Audit Committee, Compensation Committee, Executive Committee and Nomination and Governance Committee. Each is comprised of only independent directors, except for the Executive Committee, of which the CEO is a member. The Charters for each of these committees may be found on Linde's public website, at: <https://www.linde.com/en/about-linde/corporate-governance>.

The Board maintains oversight of the company's values and strategy. Each year, the Board conducts a comprehensive long-term strategic review of the company's outlook and business plans and provides advice and counsel to management regarding the company's strategic issues. Linde's values are considered integral to its long-term sustainable success and executive compensation rewards performance in financial and strategic non-financial areas. The Board's role in these areas, as well as in risk management, is described in the company's annual Proxy statement that is available on its website at: <https://investors.linde.com/en/regulatory-filings>.

The Board has oversight of key aspects of the corporate governance structure in areas of particular interest to the sustainability community, such as director independence; split roles of Chairman and CEO; appropriate board committees; board effectiveness; shareholder outreach and alignment with long-term shareholder interests; mechanisms to avoid conflicts of interest; board diversity; limits to service; industry experience; and a comprehensive sustainability program.

Board members are nominated by the Nomination and Governance Committee for election by the shareholders. Nominees are nominated each year for election at the Annual General Meeting. The Nomination and Governance Committee believes that each director has an established record of accomplishment in areas relevant to our business and objectives and possesses the characteristics identified in our Corporate Governance Guidelines as essential to a well-functioning and deliberative governing body, including integrity, independence and commitment.

Each Board member has executive management and director

oversight experience in most, if not all, areas which the Board considers critical to the conduct of the company's business, including public policies as they affect global industrial corporations, compliance, corporate governance, productivity management, safety management and sustainable development.

### 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.

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; environmental responsibility; global compliance; productivity; and talent management. These measures are described in Linde's April 2019 Proxy Statement. Annual payout of executive variable compensation will depend on performance in several strategic non-financial areas, including best-in-class performance in safety, environmental responsibility, global compliance, productivity and talent management.

Linde's Board monitors the implementation of its Code of Business Integrity, which includes commitments to adhere to high standards for diversity and inclusion; safety; health; care for the environment and quality; human rights; corporate citizenship; and the prevention of bribery and corruption. 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.

## Alignment with Compensation

In the setting of annual performance-based variable compensation targets and goals, the Linde Board Compensation Committee determined that selected key strategic and non-financial factors will be considered in determining potential variable compensation awards and to recognize that these factors are also critical to measuring our businesses' health and the potential for future success.

Compensation for the 2018 calendar year was established separately by each legacy company, and Praxair's annual performance-based

variable compensation similarly provided incentives for non-financial performance. In October 2018, management presented the degree of achievement in meeting each goal, and for each element, provided its view of the relative degree of importance to Praxair's long-term success. Based on the results, Praxair's Compensation Committee determined that Praxair's performance with respect to the non-financial goals was favorable and awarded a 35% positive adjustment to the variable compensation award determined by the financial goals. The table below illustrates the basis for which non-financial awards were determined for Praxair in 2018.

Praxair Board 2018: Examples of Strategic and Non-Financial Goals*	Praxair Board 2018: Examples of Strategic Non-Financial Goals*
Safety, Environmental Performance and Sustainability	<ul style="list-style-type: none"> <li>• Maintained world-class performance in safety with a 10% reduction of recordable injury rates</li> <li>• Received public recognition: Dow Jones Sustainability World Index for 16th year in a row.</li> <li>• 100 million pounds of waste diverted from landfill by Zero Waste program</li> </ul>
People Development	<ul style="list-style-type: none"> <li>• Continued to develop a diverse pipeline of future senior leaders</li> <li>• Received public recognition: Consistently named a leader in inclusion and engagement by leading external media: <i>Fortune</i> magazine, Thomson Reuters, Diversity Inc. and Human Rights Campaign</li> </ul>
Productivity	<ul style="list-style-type: none"> <li>• Greater than 8% year-over-year growth in resilient end-markets</li> <li>• Maintained industry leading project execution with 98% first year reliability</li> </ul>

\* Linde plc Notice of 2019 Annual General Meeting of Shareholders and Proxy Statements, page 49

## Sustainable Development Governance 102-19, 102-20

Sustainable development is overseen by the Board and executive leadership and integrated throughout the company:

**The Management Committee** is the senior executive-level committee with responsibility for economic, environmental and social topics, and it oversees and approves of sustainable development strategy and programs.

**Executive Vice President (EVP)** is the highest-ranking executive officer responsible for sustainability and is a member of the Management Committee, reporting directly to the CEO. She is responsible for Global Functions, including R&D; the Center of Excellence (COE); Procurement; Digitalization; Sustainable Development; and Safety, Health, Environment and Quality (SHEQ).

**The Chief Sustainability Officer** reports to the EVP and is the highest-ranking functional leader of sustainability. She coordinates performance and action planning to achieve the SD 2020 targets and action plans. She coordinates the development of external sustainable development reporting and responses to external third parties such as the Carbon Disclosure Project (CDP) and Dow Jones Sustainability Index (DJSI). She is also responsible for coordinating consultations with internal and external stakeholders relating to Environmental and Social Governance (ESG) issues (see the next

section: Engaging Stakeholders) and staying current with emerging issues. Emerging issues deemed to be significant may be brought to the attention of the Sustainable Development Corporate Council. If considered relevant, they may be reported to the Management Committee and the Board. She leads the company's global programs in community engagement, Workforce Development and Zero Waste. She also leads global internal and external engagement on sustainable development issues and ensures the fair, reasonable and transparent treatment of all perspectives.

**Business Sustainable Development Councils** are established in each Praxair business. They are comprised of functional leads and coordinated by a business-level Sustainable Development Coordinator appointed by that business president. Business Councils meet quarterly. They lead business- and functional-level internal and external engagement on sustainable development and coordinate the implementation of local sustainable development action plans and the SDMS.

Business Sustainable Development Coordinators participate in a monthly global meeting coordinated by the office of Sustainable Development. Participants in these meetings typically also include the EVP and a range of corporate functional sustainable development leads (e.g., for Legal; Procurement; Productivity; SHEQ; R&D; HR; and Communications). They share sustainable development best practices and challenges between corporate groups and the

businesses. This structure will be replicated in the new company on a planned basis in 2019 and into 2020.

**Corporate sustainable development targets** are set every five years in a global process coordinated by the head of Sustainable Development and include all businesses and multiple functions. The current SD 2020 targets were created for Praxair (see letter from CSO). The next cycle, which will be the first cycle for the new Linde, will be for 2020-2025.

Linde's SD 2020 targets are managed targets, and the businesses are accountable for achieving them. Reporting on specific targets is consolidated and coordinated by one or more corporate functional vice presidents and is reviewed internally, in most cases monthly. For example, the Praxair sustainable productivity program was initiated in the Sustainable Development function in 2009 but by 2011, it had passed to the Productivity organization. That organization now integrates sustainable productivity as a key functional performance metric. Business sustainable productivity performance is reported each month to the businesses and reviewed at a monthly global meeting of the COE, led by its Vice President. The meeting tracks trends against targets and seeks opportunities to replicate best practices. The global head of Sustainability participates in this meeting.

A similar governance structure applies to all the environmental targets, which are coordinated by the SHEQ organization with the COE. One exception is Zero Waste, which is run from the Sustainable Development function. Apart from the water management target, which reports quarterly, performance towards all environmental and sustainable productivity targets is managed by the businesses

and reported monthly in this manner. Sustainable productivity and environmental programs will be rolled out to the full Linde organization on a planned basis and should be complete early in 2020.

**Climate Change** is considered a material issue for Linde. Linde reports on this issue in its 10-K and in the Combined Non-Financial Report in the Linde plc 2018 Directors' Report and Financial Statements. In 2018, at the request of the Management Committee, Linde established a Climate Change Council to develop Linde's Climate Change strategy. The Council is coordinated by the Sustainable Development function and members are drawn from global functions and businesses. Initial conclusions will be shared in mid-2019 with the Management Committee and the Board.

**Community Engagement and Workforce Development programs** are led by the Sustainable Development function. Community engagement encourages business programs that engage employees in volunteerism in their communities. "Community" is a core company value; community engagement is considered a leadership activity. Praxair sites have maintained their strong community Engagement programs. This program is being rolled out to all of Linde employees on a similar schedule to the environmental programs.

Workforce Development programs have been designed and launched with community partners in a range of areas from welding to additive manufacturing to heavy-duty truck driving.

**External sustainability reporting and the external audit of sustainability information** is coordinated by the Chief Sustainability Officer.

# Engaging Stakeholders

102-40, 102-42, 102-43, 102-44

We're working towards a single vision at Linde: to be the best performing global industrial gases and engineering company, delivering innovative and sustainable solutions for our customers and creating value for all our stakeholders. This section describes ongoing engagement on key topics with several relevant stakeholder groups. They are invited to voice their opinions, which in turn provides value to the company. Stakeholder feedback is integrated into Linde's process to determine priority factors and KPI's for sustainability management and reporting.

## Employees

Linde is committed to the safety, well-being and professional development of all employees worldwide. The company is committed to providing a safe and inclusive workplace with an emphasis on the highest standards of integrity and professional performance. This allows Linde to maintain a high rate of employee engagement (see Performance Dashboard, page 12), which in turn helps attract and retain talent.

Group	Frequency	Key Topics	Response to key topics
All employees	Continuous	<ul style="list-style-type: none"> <li>· Pay</li> <li>· Conditions</li> <li>· Retention</li> </ul>	<ul style="list-style-type: none"> <li>· Linde provides a range of employee benefits that reward performance and provide opportunities for work-life balance</li> <li>· Linde has a robust training and development program and annual employee performance appraisals. These include flexible working models, such as flexitime.</li> </ul>
All employees	Continuous	<ul style="list-style-type: none"> <li>· Employee retention and engagement</li> </ul>	<ul style="list-style-type: none"> <li>· In 2018, Linde surveyed 4,000 managers of both legacy companies to define the vision, mission, values, culture, behaviors and strategic direction for Linde and the roadmap to achieve these goals.</li> </ul>

## Customers

Customer retention is crucial to Linde's results. A significant portion of Linde revenue is earned from recurring customers and retained accounts. Linde's applications bring productivity benefits to our customers and help make our world more productive.

Group	Frequency	Key Topics	Response to key topics
All customers	Continuous and periodic	<ul style="list-style-type: none"> <li>· Productivity</li> <li>· Competitive advantage</li> </ul>	<ul style="list-style-type: none"> <li>· Work continuously to integrate Linde's business with that of its customers and continue to offer them relevant technologies to improve their resource efficiency and positive environmental impacts – particularly in energy use and the reduction of GHG emissions.</li> </ul>
All customers	Continuous and periodic	<ul style="list-style-type: none"> <li>· Safety</li> <li>· Product knowledge</li> <li>· Quality</li> </ul>	<p>Globally, Linde assures customers of safe, reliable and quality supplies of critical ingredients. For example:</p> <ul style="list-style-type: none"> <li>· Praxair Distribution, Inc. (PDI) was recognized for its supply chain excellence when supporting Bechtel's Oil Gas and Chemicals projects. The Bechtel Supply Chain Recognition Awards celebrate subcontractors and suppliers who supported Bechtel's work on projects around the world during 2018 based on several factors.</li> </ul> <p>Linde offers various services to customers related to the safe handling of gases: For example:</p> <ul style="list-style-type: none"> <li>· Linde AG uses customer trainings (in-house and on-site) to deliver training on the safe handling of gases in 2018, to more than 2,600 participants in Germany and Austria.</li> </ul>
Subset concerned about ESG issues	Periodic	<ul style="list-style-type: none"> <li>· Climate Change</li> <li>· Energy Efficiency</li> </ul>	<p>Globally, Linde works with customers to improve their energy efficiency and reduce GHG emissions. For example:</p> <ul style="list-style-type: none"> <li>· Linde responds to around a dozen customers each year from several geographies that seek information as part of the CDP supply chain assessment. Praxair's 2018 Supplier Engagement Rating Score was A-, compared to an average rating of C in our sector.</li> </ul>
Subset of customers	Continuous and periodic	<ul style="list-style-type: none"> <li>· Competitive advantage and customer satisfaction</li> </ul>	<p>Consistent with our vision and mission, the company is committed to helping customers delivering innovative and sustainable solutions. In many cases, its innovative technology solves environmental challenges, allowing its customers to be more productive while using fewer natural resources and energy, and producing fewer emissions. Praxair measures customer satisfaction levels across its businesses and had set a target satisfaction score of 88 percent. Given the closing of the Praxair-Linde merger in 4Q 2018, we carry over previous year's Praxair result and confirm that we met this target. Planned integration work includes alignment on customer satisfaction targets and development of standardized customer satisfaction measurement process.</p>
Linde Engineering customers	Continuous	<ul style="list-style-type: none"> <li>· Raising HSE competencies of our Customers</li> </ul>	<ul style="list-style-type: none"> <li>· Linde Engineering Global Construction uses digital twins of its plants to train customers and operating personnel before the plant is even built. The virtual reality experience allows customers to become familiar with the plant topology and to be trained in critical procedures.</li> </ul>

## Shareholders 102-40, 102-42, 102-43, 102-44

Linde has a strong shareholder focus. Meetings held with investors and broader SRI groups confirmed Linde's ongoing commitment to sustainability and our initial thoughts and plans around the merger. We emphasized that priorities were to retain our respective strong programs, to align data/best practices and to integrate sustainability globally across Linde.

Group	Frequency	Key Topics	Response to key topics
Regular investors	Continuous	<ul style="list-style-type: none"> <li>Confidence in the merger</li> </ul>	Since the merger closed (Oct. 31, 2018), Linde's stock performance has outpaced all major indices (ie., DOW, S&P 500 and DAX), an indication of investors' confidence in the new company.
ESG investors	Continuous	<ul style="list-style-type: none"> <li>ESG and sustainability</li> </ul>	<p>Linde is frequently recognized for outstanding performance in sustainability. We consistently excel in premier sustainability investment indexes and rankings. Both legacy companies were consistently listed on major investment indexes such as the SAM Corporate Sustainability Assessment World Dow Jones Sustainability Index (DJSI), FTSE4Good and STOXX.</p> <p>Linde was awarded a Silver Class distinction in <a href="#">SAM's Sustainability Yearbook 2019</a>. The company was one of six in the chemical sector recognized with a distinction and the only Silver Class medalist. Results are based on the 2018 Corporate Sustainability Assessment, which assessed more than 2,500 companies across 60 industries, awarding recognition to 458 organizations from 36 countries.</p>

## Suppliers

Linde infuses its core values through supply chain engagement initiatives structured to cultivate supplier capacity. This drives better business performance, sustains higher quality and improves eco-proficiency and product development, including access to innovation. We optimize initiatives locally and across the globe by focusing on select commodities and distinct groups of suppliers.

Group	Frequency	Key Topics	Response to key topics
Electric utility and capital equipment suppliers	Continuous	<ul style="list-style-type: none"> <li>Energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Linde works with some of our major electricity and capital equipment suppliers around the globe to identify and implement programs that optimize energy efficiency in our plants, thereby contributing to local communities.</li> <li>For example, in 2018: Praxair received a Leadership Circle Award from the U.S. Tennessee Valley Authority, for helping reduce its carbon emissions. Praxair was among the top three companies in Tennessee with the lowest rates of carbon emissions per unit of energy used. This was achieved by installing a new, more technically advanced and efficient ASU and by shifting some of the product load from our oldest ASU. The team also installed a Model Predictive Control implementation system.</li> </ul>
Contract drivers	Continuous	<ul style="list-style-type: none"> <li>Safety</li> </ul>	<ul style="list-style-type: none"> <li>Contract drivers receive the same or comparable levels of training, and often technology investment, as Linde drivers.</li> </ul>
Minority suppliers	Continuous	<ul style="list-style-type: none"> <li>Capacity building</li> </ul>	<ul style="list-style-type: none"> <li>Linde has an SD 2020 Target for Praxair in the U.S. to promote engagement and help build capacity among suppliers designated as diverse business enterprises; this was achieved (see Performance Dashboard, page 12).</li> <li>In 2018, Linde AG's subsidiary in South Africa, Afrox, partnered with Ulula Energy to take gas safety, affordability and convenience into the Western Cape's informal domestic and residential markets. Ulula Energy, an independent, black, South African woman-owned and managed LPG distributor, will supply Afrox Safety Gas and Handigas cylinders to the low-income housing and residential sectors as well as light industries in the province. The agreement forms part of Afrox's strategy to align with the company's objectives to engage with previously disadvantaged enterprises and suppliers in an effort to combat unemployment and contribute to the economic development of the country.</li> </ul>
Linde Engineering suppliers	Continuous	<ul style="list-style-type: none"> <li>Safety</li> </ul>	<ul style="list-style-type: none"> <li>We pay continuous attention to the transportation of products and to Linde AG construction sites in our supplier assessment reviews.</li> <li>Linde AG involves suppliers in its own safety and environmental management. Overall, this program has approximately 2,500 contractor employees since 2015.</li> </ul>

## Communities 102-40, 102-42, 102-43, 102-44

Community is a Linde value. Linde is at its core a “local” company. We make long-term investments in communities where we build facilities, source locally and source locally for talent, leadership and suppliers. This in turn helps strengthen Linde’s reputation and business relationships.

Group	Frequency	Key Topics	Response to key topics
Praxair corporate/ Global Giving Program	Continuous	<ul style="list-style-type: none"> <li>• Diversity</li> <li>• Education</li> <li>• Healthcare</li> <li>• Environment</li> <li>• Community resilience</li> </ul>	<ul style="list-style-type: none"> <li>• Community engagement is a part of Linde’s culture and is encouraged by leadership. Linde engages with its communities by building close relationships with local providers of emergency services, with employee volunteer projects that help build community resilience and through the Linde Global Giving Program (see GRI 201-1, 203-1, 203-2, 413-1, 413-2 ).</li> <li>• Linde has a strong community engagement program and activity in all businesses (see GRI 203-1, 203-2, 413-1, 413-2 ).</li> <li>• For example in 2018, 100,000 children and students benefitted from our efforts in Community Engagement.</li> </ul>

## Government Agencies

Linde has a strong global ethics and compliance program. Linde’s Government Relations department participates in discussions with international, national and sub-national governmental bodies regarding legislation that impacts our business, drives energy efficiency, delivers positive outcomes in electricity regulation and supports our unique technologies to produce clean energy. See GRI 415-1.

Group	Frequency	Key Topics	Response to key topics
Government agencies	Continuous	<ul style="list-style-type: none"> <li>• Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Linde maintains a detailed oversight process to ensure that its activities are conducted in a legal, ethical and transparent manner.</li> <li>• Linde certifies employees on issues related to doing business with the government and complying with anti-trust and competition laws and the U.S. Foreign Corrupt Practices Act (FCPA).</li> <li>• Linde meets with international, national, subnational and local government officials to discuss energy costs, energy efficiency, tax and trade-related issues and the environmental benefits of Linde technologies.</li> </ul>

## Industry Associations & Groups

Linde is a member of a range of trade associations, business associations and alliances, including national chemical associations and industrial gas associations in the company’s key geographies, and manufacturer’s associations and chambers of commerce, through which it engages in dialogue with government officials and stakeholders about issues that are important to the company and its business. See GRI 102-13 for a full list of industry associations.

Group	Frequency	Key Topics	Response to key topics
Industry groups	Continuous	<ul style="list-style-type: none"> <li>• Policy development</li> </ul>	<ul style="list-style-type: none"> <li>• In many cases, a Linde executive holds a board seat and/or serves on a relevant committee, or Linde participates in projects where it views membership as a strategic partnership.</li> <li>• Linde also participates in additional local and regional organizations.</li> </ul>
Chemical industry	Continuous	<ul style="list-style-type: none"> <li>• Responsible Care®</li> </ul>	<ul style="list-style-type: none"> <li>• Linde is externally audited for conformance to the Responsible Care Management System® (RCMS®) and is a signatory of the Responsible Care® Global Charter.</li> </ul>

# Additional General Disclosures

## 102-11 Precautionary Principle or approach

Praxair supports the Precautionary Principle as defined in Principle 15 of the Rio Declaration: "In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."

## 102-12 External Initiatives

Linde's Code of Business Integrity (CoBI) and corporate policies are provided on its website at: <https://www.linde.com/en>.

- Linde's Code of Business Integrity makes clear its commitment to values such as ethics, integrity, fairness, diversity, compliance and human rights.
- Linde's Code also confirms that 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 commits to adhering to these human rights principles and expects similar standards to be observed by all with whom it conducts business.
- Linde's global environment, health, safety and security program conforms to the Responsible Care Management System® (RCMS®) requirements, as verified by a third party. Management is committed to the Responsible Care Guiding Principles that are stated in Linde's Commitment to Stakeholders. Both are provided on the company's website at: <https://www.linde.com/en/about-linde/safety-and-environment>.
- Linde in Brazil (SAWM) is a signatory of the UN Women's Empowerment Principles.

## 102-13 Memberships of associations

	Holds a position on the governance body	Participates in projects or committees	Provides substantive funding beyond routine membership dues	Views membership as strategic
<b>Memberships of Associations (such as industry associations) and national or international advocacy organizations where Linde:</b>				
<b>GLOBAL</b>				
Hydrogen Council	X	X	0	X
International Oxygen Manufacturers (IOMA)	X	0	0	0
<b>NORTH AMERICA</b>				
American Chemistry Council	0	X	0	X
American Fuel and Petroleum Association (Associate Member)	0	X	0	X
American Institute of Chemical Engineers (AIChE)	X	X	0	X
American Iron and Steel Institute (Associate Member)	0	X	0	X
Business Council for International Understanding	0	X	0	X
Compressed Gas Association (CGA) (U.S.)	X	X	0	X
HR Policy Institute	0	X	0	X
Louisiana Chemical Association	X	X	0	X
National Enhanced Oil Recovery Initiative (NEORI)	0	X	0	X
NY Chemistry Council	0	X	0	X
Society of Human Resource Management	0	X	0	X
Texas Association of Manufacturers	0	X	0	X
Texas Taxpayers and Research Association	0	X	0	X
U.S. - Brazil CEO Forum	X	X	0	X
U.S. - India Business Council	0	X	0	X
U.S. - China Business Council	X	X	X	X
U.S. Chamber of Commerce	0	X	0	X
<b>ASIA</b>				
Asia Industrial Gas Association	X	X	0	X
<b>CENTRAL AMERICA/CARIBBEAN</b>				
Puerto Rico Manufacturers Association	0	X	0	X
<b>EU</b>				
American Chamber of Commerce	0	X	0	0
Atlantik-Brücke e.V.	0	X	0	0
Clean Energy Partnership	0	X	0	0
Deutscher Wasserstoff- und Brennstoffstellenverband	0	X	X	0
Deutsches Aktieninstitut	X	X	0	0
econsense – Forum Nachhaltige Entwicklung der Deutschen Wirtschaft e. V.	0	X	0	0
European Industrial Gas Association	0	X	0	X
European Petrochemical Association (EPCA)	0	X	0	0
Förderkreis der Deutschen Industrie e.V.	0	X	0	0
Hydrogen Europe	0	X	0	X
Ost-Ausschuss der Deutschen Wirtschaft	X	X	0	X
Stifterverband für die Deutsche Wirtschaft	X	X	X	0
Swiss-American Chamber of Commerce	0	X	0	X
Verband der Chemischen Industrie VCI	X	X	0	0
Verband Deutscher Maschinen- und Anlagenbauer (VDMA)	X	X	0	0
Verein d. Bayerischen Chemischen Industrie	X	X	0	0
<b>SOUTH AMERICA</b>				
Abiquim	0	X	0	X
<b>KEY</b>				
yes		X		
no		0		

GEN (1): Memberships of Associations

## 102-40 Stakeholder groups engaged by the organization

Selected stakeholder recognition:

### Recognition by SRI Investors

See full listing in the Sustainable Development/Recognition area on the company's website at: <http://www.linde.com>. Both legacy companies were consistently listed on major investment indexes, including the following:

- SAM Corporate Sustainability Assessment World Dow Jones Sustainability Index (DJSI)
- FTSE4Good
- STOXX

### Praxair

#### Employees

- Diversity Inc.'s 25 Noteworthy Companies for Diversity
- One of America's Best Employers by Forbes Magazine
- One of America's Best Employers for Women by Forbes Magazine
- 2018 (Inaugural) Bloomberg Gender-Equality Index
- Praxair Canada named one of Greater Toronto's Top 100 Employers for the sixth year in a row by Mediabond Canada Inc., Canada's largest publisher of quality employment periodicals.
- Praxair Mexico recognized as a "Super Company" by the business magazine, *CNN Expansión* (from the Time Inc. group).
- SAWM recognized as Company of the Year by *Exame Diversity Guide for Race*
- SAWM recognized by Exame Sustainability Guide
- SAWM: WILL Women in Leadership Proze
- SAWM: Faz Diferença "Make the Difference" Prize from O Globo, FIRJAN, and Valor Econômico

#### Customer and Customer-Related

- PST: 2018 Supplier Sustainability Award by Pratt & Whitney
- SAWM: Chemical and Petrochemical Supplier of the Year by Braskem
- SAWM: Consumidor Moderno in recognition of call center excellence
- Praxair recognized as 2018 Supplier of the Year by Worthington Industries, Inc.
- Praxair Canada: 2018 Supplier of the Year by Steel Plus Network

#### Communities and Community Groups

- Corporate Responsibility Magazine's (CR Magazine) 100 Best Corporate Citizens, fifth consecutive year (2018).
- Praxair Mexico named a socially responsible company by the Mexican Center for Philanthropy and the Alliance for Corporate Social Responsibility for the eighth consecutive year

#### Ethics and Integrity

- Named as a World's Most Ethical Company® by the Ethisphere Institute.

#### Industry Associations & Professional Associations

- Praxair Distribution, Inc., recognized by the CGA with the Fleet Safety Excellence Award.

### Linde AG

#### Employees:

- Linde China: Top Employers China (awarded 2019)
- Linde China: Good Employer Charter 2018/2020 by Hong Kong Labor Department
- Linde China: Good MPF Employer 2017/2018 by MPFA in Hong Kong

#### Communities and Community Groups

- Linde China: Hong Kong Caring Company 2017/2018 by HKCSS
- Linde Engineering, North America: Red Apple Award from Junior Achievement of Oklahoma

#### Ethics and Integrity

- Linde Engineering, North America: OK Ethics Navigator Award recognition for workplace business integrity

#### Government Agencies

- China: Energy saving and environmental protection award by Suzhou Municipal Government
- China: Environmental protection model factory to NingBo facility
- Korea: The Korea Gas Safety Award by the Ministry of Trade, Industry and Energy

#### Industry Associations & Professional Associations

- Romania: Winner of the EIGA Company Award 2017 for Category 2 Member for best performance on reportable work injuries
- Australia: Manufacturer of the Year Award and Safety Solution of the Year Award by Manufacturers' Monthly, in conjunction with National Manufacturing Week

## 102-46 Defining report content and topic boundaries

Linde's 2018 Directors' Report and Financial Statements provides non-financial information in accordance with Irish rules for reporting. Linde's first annual Sustainable Development Report (this report) provides additional quantitative and qualitative non-financial information we believe to be relevant to stakeholders and key to driving long-term sustainable results. See pages 10-11. Additional information is provided based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

Consolidated global information is provided from entities where Linde is the majority shareholder (more than 50 percent) and certain joint ventures (JVs).

## 102-46

### Principles for Defining Report Content and Quality

Consistent with the GRI Standards and the AA1000 AS Accountability Principles Standard, and to define the content and the quality of data and narrative in this report, the company followed the principles of being context-driven, inclusive, material, responsive and complete, and had data externally assured in Priority Factor (PF) areas.

### Data Consolidation and Reporting

Various databases are managed across Linde to aggregate data. Data is collected from the businesses and other corporate functions, including Safety, Health, Environment & Quality (SHEQ), Human Resources (HR), Finance, Operations, Center of Excellence (which includes Procurement and Productivity), R&D, Sales, Sustainable Development and the Global Giving Program. Consolidated information is housed in various corporate databases. Linde uses a licensed global sustainability reporting software program to integrate data reporting for sustainable development. Performance data reported against the Praxair SD 2020 targets is reported to a management team. Most environmental and community engagement data is reported monthly into the Sustainable Development Management System (SDMS). Diversity data and hotline incidents are reported monthly to the vice president for each respective area. Water is reported quarterly into the SDMS. Results for product stewardship and compliance training are reported annually.

See 103-1, 103-2 and 103-2 for management discussion and analysis (MD&A) for economic, environmental and social topics.

### Reporting Frameworks Applied

This report drew on these voluntary reporting frameworks:

1. GRI Sustainability Reporting Standards (GRI SRSs). This report has been prepared in Accordance with the GRI Standards: Core option. For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report. See the Content Index at the end of this report.
2. The Task Force on Climate-Related Financial Disclosures (TCFD) framework was used to ensure that disclosures about climate change are linked to information about financial performance in mainstream financial reports.
3. The International Integrated Reporting Framework provides a framework for investors and other stakeholders to gain greater insight into the medium- and long-term sustainability of a company. It proposes that a company should report how it manages all its six capital flows: financial capital as well as human, intellectual, manufactured, natural, and social and relationship (sometimes referred to collectively as "social capital"), and the connectivity between them.

## 102-48 Restatements of information

Divestitures made in 2018 were removed from 2018 performance results at the point of divestiture. Related adjustments to SD 2020 targets are disclosed in the Performance Dashboard summary table and related reporting.

## 102-49 Changes in reporting

The exceptional event in 2018 was the merger of two peer companies under Linde. An important change is that of scale: Linde is a far larger company than either of the legacy companies; see Letter from its CEO. While the business model, strategy and key performance indicators (KPIs) of the combined company remain similar, current and potential future impact is larger. NOTE: For financial reporting for Linde plc, Praxair is considered the successor of interest. Counted over the full calendar year 2018, Praxair contributed 80 percent of 2018 Linde revenue. Much of this report provides 2018 values for the full year, for Praxair only. The set time period is 12 months, so data from Linde AG following the consummation of the merger (i.e., November and December) is excluded, unless specifically noted. Reported annual results in Linde's sustainable development reports for the years before, during and after the merger (2017, 2018 and 2019) will not be comparable or a basis for establishing trends.

## **103-1 Explanation of the material topic and its boundary**

### **103-2 The management approach and its components**

### **103-3 Evaluation of the management approach**

#### **Economic Management approach for material aspects 103-1, 103-2, 103-3**

Financial performance is reported in Linde's financial reports. The economic dimension of sustainability is broader: it concerns the organization's impacts on the economic conditions of its stakeholders and on economic systems at the local, national and global levels. The Economic category illustrates the flow of capital among different stakeholders as well as the main economic impacts of the organization throughout society: investors, governments, employees, customers, suppliers and communities where the company operates or has an effect. This section reports on Linde's contribution to the sustainability of a larger economic system: its economic performance, market presence and indirect economic impacts.

#### Organizational Responsibility, Accountability and Incentives

Linde's chief executive officer and the Board of Directors are accountable for the economic health of the company. Responsibility for performance lies with the businesses. Performance is consolidated and reported by the responsible executives: the chief compliance officer, chief technology officer, chief human resource officer, chief sustainability officer and the vice presidents of Safety, Health and Environment and Quality (SHEQ), Center of Excellence (COE) and Global Procurement and Materials Management (GPMM). Sound integrity is a corporate value, an expectation of behavior and non-negotiable. Compliance with policies prohibiting corruption or anti-competitive behavior, the maintenance of Linde's reputation for strong ethics and integrity and the protection of human rights are managed under the chief compliance officer.

Linde's executive annual variable compensation is impacted by performance in non-financial areas considered to be Strategic Business Objectives. These include achieving best-in-class performance in several areas, including financial controls.

#### Policies, Commitments, Goals and Targets

Linde adopted and published a revised Code of Business Integrity in late 2018, and a revised global Health, Safety and Environment (HSE) Policy in early 2019. Additional Linde corporate policies will be issued in the coming period. In 2018, business was conducted by both legacy operating companies and was governed by policies in place in each legacy operating company. As the 2018 financial reporting reflects 12 months of Praxair results and 2 months of Linde AG results, this 2018 sustainability report references the new corporate policies and all legacy operating company policies that remain current and on the respective legacy operating company websites as of July 2019. To the extent of any conflict between the latter and a revised Linde corporate policy, the revised Linde corporate policy supersedes the legacy operating company policy.

As described in 102-47, "Confirming our Priorities," Linde's sustainability PFs are aligned from both legacy companies and have related KPIs. Linde's economic PFs are: Compliance, Product Stewardship, Energy and Climate Change and Sustainable Productivity; these have related KPIs. For Praxair, each of these PFs has related Sustainable Development 2020 (SD 2020) targets; see the Performance Dashboard. (In some cases, these PFs overlap with environmental and social PFs.) The 200 series disclosures report against the relevant GRI Standards for these PFs, in addition to GRI elements that are not PFs but that may be of interest to various external stakeholders.

#### Mechanisms for Grievance and Recourse

Values and policies are actively communicated to employees around the world to outline Linde's expectations of conduct wherever it does business. Linde takes these standards very seriously, and non-compliance can result in severe disciplinary action up to and including termination of employment. Its employees are actively encouraged to report suspected complaints and concerns and can anonymously report violations through a number of channels, including the Integrity Hotline. It also encourages customers, vendors or other observers to use the hotline to submit complaints or allegations about these or other matters. The company provides an annual report of Praxair incidences of substantiated hotline reports on its website at: <https://www.praxair.com/our-company/corporate-responsibility/policies-and-position-statements/hotline-reports>.

#### Programs, Projects, Initiatives

These are described in the 200 series disclosures.

#### **Environmental Management approach for material aspects 103-1, 103-2, 103-3**

The environmental dimension of sustainability concerns an organization's impacts on natural systems, including ecosystems, land, air and water. Linde's business depends on a natural resource (the air), and the company's mission and business model both aim to create more value with fewer resources. Its priority factors (PFs) in sustainable development include a range of environmental aspects aimed at reducing operational environmental impacts and maximizing environmental contributions — the benefits that Linde applications bring to customers and the planet.

#### Organizational Responsibility, Accountability and Incentives

Linde's chief executive officer and the Board of Directors are accountable for environmental issues impacting the company. Responsibility for performance lies with the businesses. Performance is consolidated and reported to the Management Committee and the Board. Linde's executive vice president, accountable for Global Functions, is the most senior officer responsible for environmental issues. Global Functions includes R&D, the Center of Excellence, Procurement, Sustainability, and Safety, Health, Environment and Quality (SHEQ). Linde environmental compliance and management are managed under the vice president, SHEQ, who reports to the executive vice president. Safety and environmental responsibility are two of Linde's values, and, therefore, are non-negotiable.

Linde's executive annual variable compensation is impacted by performance in non-financial areas considered to be Strategic Business Objectives. These include achieving best-in-class performance in several areas, including productivity and environmental responsibility.

### [103-1, 103-2, 103-3](#)

#### Policies, Commitments, Goals and Targets

Linde adopted and published a revised Code of Business Integrity in late 2018, and a revised global HSE Policy in early 2019. Additional Linde corporate policies will be issued in the coming period. In 2018, business was conducted by both legacy operating companies and was governed by policies in place in each legacy operating company. As the 2018 financial reporting reflects 12 months of Praxair results and two months of Linde AG results, this 2018 sustainability report references the new corporate policies and all legacy operating company policies that remain current and on the respective legacy operating company websites as of July 2019. To the extent of any conflict between the latter and a revised Linde corporate policy, the revised Linde corporate policy supersedes the legacy operating company policy.

Linde has issued a Sustainable Development and Climate Change Position Statement. Relevant Praxair policies and position statements include its Product Stewardship Policy and its Supplier Code of Conduct.

As described in 102-47, "Confirming our Priorities," Linde's sustainability PFs and related KPIs are aligned from both legacy companies. Environmental PFs are Energy and Climate Change, Sustainable Productivity and Product Stewardship. For Praxair, each of these PFs has related SD 2020 targets; see the Performance Dashboard. The 300 series disclosures report against the relevant GRI Standards for these PFs, in addition to GRI elements that are not PFs but that may be of interest to various external stakeholders.

#### Mechanisms for Grievance and Recourse

Linde policies are communicated to employees around the world to outline its expectations of conduct wherever it does business. It takes these standards very seriously, and non-compliance can result in severe disciplinary action up to and including termination of employment. Linde employees are actively encouraged to report suspected complaints and concerns and can anonymously report violations through a number of channels, including the Integrity Hotline. The company also encourages customers, vendors or other observers to use the hotline to submit complaints or allegations about these or other matters. The company provides an annual report of Praxair incidences of substantiated hotline reports on its website at: <https://www.praxair.com/our-company/corporate-responsibility/policies-and-position-statements/hotline-reports>.

#### Programs, Projects, Initiatives

In addition to the material below, see the 200 series disclosures.

#### Environmental Management System (EMS)

Linde is a member of the chemical industry Responsible Care program. It strives to continually improve its health, safety and environmental performance; listen and respond to public concerns; work with customers, carriers, suppliers, distributors and contractors to foster the safe and secure use, transport and disposal of chemicals; achieve optimum environmental performance; and report goals and progress to the public. Linde's global Environmental Management System (EMS) conforms to the American Chemistry Council's (ACC's) RCMS and is aligned with ISO 14001:2004, the international standard for EMSs. Linde is also required to implement a third-party-certified RCMS to ensure that appropriate actions are taken to improve, track and publicly report performance and to include a security code that helps protect people, property, products, processes, information and information systems by enhancing security throughout the businesses.

#### Training

Environmental and safety training is conducted for all employees and all contractors (see 404-1). Continuous on-boarding training is conducted as part of the SDMS.

#### Internal SHEQ Assessment Program

All Linde sites, and other sites where Linde is a majority shareholder, are evaluated for safety, environment and quality (the latter for compliance with local medical regulations). Monthly assessment reports are provided to senior management. The full Board is committed to review safety and environmental risks at each board meeting. Regular assessments are a requirement of Linde's Safety, Health, Environment and Quality (SHEQ) group and help ensure consistently high standards in all areas of safety, environmental protection, security and compliance.

Linde's internal SHEQ assessment program includes type "A," "B" and "C" assessments and facility self-assessments. Type A assessments are led by Corporate SH&E staff or their designated agent. Type B assessments are led by a member of one of the global business units. Both type A and B assessments are independent of the facility being audited, and the number of these assessments is tracked by Corporate SH&E. Type C facility self-assessments are conducted by local or regional personnel to help facilities self-identify areas in need of improvement and are not tracked outside of the local operating unit. In 2018, Praxair conducted 56 "A" assessment audits, all at Praxair sites, and 216 internal "B" assessment audits as per business safety plans. See GEN (2).

Internal Assessments	2015	2016	2017	2018
"A" Assessment audits conducted	56	51	51	56
"B" Assessment audits	245	302	233	216

GEN (2): Internal Assessments

[103-1, 103-2, 103-3](#)External EMS Audit

The ACC requires member companies to be externally audited by authorized third-party auditors for compliance with the ACC's RCMS. In the United States, the company is audited by Bureau Veritas per the requirements of the RCMS. The 2017-2019 re-certification cycle requires corporate headquarters plus eight sites to be audited and certified over the three-year period. This cycle was successfully completed in 2019 with the audit of Praxair's headquarters, now Linde's corporate office. The scope of the audit includes sites that "manufacture and distribute industrial gases per the RCMS Technical Specification (TC) RC 101.03." All of these sites were audited for compliance with Praxair's SHEMS system, which incorporates TC RC 101.03 into the company's Worldwide SH&E Manual for all facilities worldwide. Praxair is signatory to and in compliance with the Responsible Care Global Charter, which includes active participation in Responsible Care programs in all countries where programs exist and where Praxair has significant business interests. Linde's global external RCMS certification is provided in the "Environment/Environmental Management" section of its website at <http://www.linde.com/safety>. Some businesses and sites are also externally certified to other international EMS certifications or their national equivalents.

Linde businesses around the world conform to Linde's worldwide EMS, and in many cases, also participate in and/or are certified to the international EMS standard, ISO 14001, to national standards for EMSs or to other related standards. In 2018, a third of Linde AG production sites were certified to ISO 14001. All Linde Germany is externally certified to ISO 5001, the international standard for energy management systems.

External eKPI Audit

The company participates in the DJSI assessment, which requests disclosures of key metrics. All of these eKPIs are audited. See 102-54 for the verification letter.

**Social management approach for material aspects [103-1, 103-2, 103-3](#)**

The social dimension of sustainability concerns an organization's impacts on people and social systems — employees, contractors, suppliers, customers, other business partners and local communities — and discloses how the risks that may arise from interactions with other social institutions are managed and mediated.

As described in the section, "Determining Priorities," Linde's sustainability PFs are aligned from both legacy companies. The social PFs identified in Linde's SDMA are Safety, Compliance, Product Stewardship and People Development, and they have related KPIs. For Praxair, each of these PFs has related SD 2020 targets; see the Performance Dashboard. The 400 series disclosures report against the relevant GRI Standards for these PFs, in addition to GRI elements that are not PFs but that may be of interest to various external stakeholders.

Organizational Responsibility, Accountability and Incentives

Linde's chief executive officer and the Board of Directors are accountable for social issues impacting the company. Responsibility for performance lies with the businesses. Several executives are responsible for social issues: The chief human resources officer is responsible for talent sourcing, management and retention as well as for diversity and inclusion. The chief compliance officer is responsible for ensuring standards are maintained for compliance, ethics and integrity. The vice president, SHEQ, is responsible for employee, contractor and product safety. The vice president, sustainability, is responsible for employee community engagement and external programs for workforce development. The vice president, Center of Excellence, is responsible for supplier and vendor management. The vice president, Global Giving, is responsible for charitable contributions.

Integrity, safety, inclusion and community are Linde values, and, therefore, are non-negotiable.

Linde's executive annual variable compensation is impacted by performance in non-financial areas considered to be Strategic Business Objectives. These include achieving best-in-class performance in several areas, including safety and talent management.

Policies, Commitments, Goals and Targets

Linde adopted and published a revised Code of Business Integrity in late 2018, and a revised global HSE Policy in early 2019. Additional Linde corporate policies will be issued in the coming period. In 2018, business was conducted by both legacy operating companies and was governed by policies in place in each legacy operating company. As the 2018 financial reporting reflects 12 months of Praxair results and two months of Linde AG results, this 2018 sustainability report references the new corporate policies and all legacy operating company policies that remain current and on the respective legacy operating company websites as of July 2019. To the extent of any conflict between the latter and a revised Linde corporate policy, the revised Linde corporate policy supersedes the legacy operating company policy.

Relevant Praxair policies and position statements include its Equal Employment Opportunity Policy, Product Stewardship Policy, Human Rights Policy, Combatting Trafficking in Persons Policy, policy to conform with the UK Modern Slavery Act of 2015, its Supplier Code of Conduct and Responsible Animal Testing Policy.

As described in 102-47, "Confirming our Priorities," Linde's sustainability PFs and related KPIs are aligned from both legacy companies. Social PFs are Safety, Compliance and People Development, and they have related KPIs. For Praxair, each of these PFs has related SD 2020 targets; see the Performance Dashboard. This section reports against the relevant GRI Standards for these PFs, in addition to GRI elements that are not PFs but that may be of interest to various external stakeholders.

Human Rights

Human rights are basic rights inherent to all human beings, regardless of differences such as race, color, religion, gender, gender identity, national origin or 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:

#### [103-1, 103-2, 103-3](#)

- 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 on working hours
- The right to privacy
- Freedom of association and freedom of peaceful assembly, including freedom to choose whether to engage in collective bargaining and employees' participation in works agreements in various countries

In addition, human rights policies from Linde AG and Praxair prohibit any form of child labor or forced labor, including human trafficking. These policies are provided on the legacy company websites and remain current until replaced by a corporate Linde policy. Praxair Human Rights Policy is provided at: <http://www.praxair.com/our-company/corporate-responsibility/policies-and-position-statements/human-rights-policy>. Linde's AG's Group Position on Human Rights is provided at: [https://www.the-linde-group.com/en/images/8485\\_tlg\\_csr\\_human\\_rights\\_statement\\_v4\\_view\\_tcm14-118566.pdf](https://www.the-linde-group.com/en/images/8485_tlg_csr_human_rights_statement_v4_view_tcm14-118566.pdf)

Specifically, the Linde Code of Business Integrity makes clear Linde's 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 commits to adhering to these human rights principles and expect similar standards to be observed by all with whom it conducts business.

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 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.

#### Mechanisms for Grievance and Recourse

Policies are actively communicated to employees around the world to outline Linde's expectations of conduct wherever it does business. It takes these standards very seriously, and non-compliance can result in severe disciplinary action up to and including termination of employment. Several channels are provided to encourage employees to report suspected complaints and concerns and can anonymously report violations, including the Integrity Hotline. The company also encourages customers, vendors or other observers to use the hotline to submit complaints or allegations about these or other matters. The company provides an annual report of Praxair incidences of substantiated hotline reports on its website at:

<https://www.praxair.com/our-company/corporate-responsibility/policies-and-position-statements/hotline-reports>.

#### Programs, Projects, Initiatives

These are described in the 300 series disclosures.

# Economic, Environmental, Social Topics

# 200 Series: Economic Topics



## 201-1 Direct economic value generated and distributed

### Revenue

2018 revenue: \$14.9 billion

See 2018 Annual Report for consolidated financial statements.

### Tax Strategy

Linde is a leading industrial gases and engineering company with approximately 80,000 employees globally, serving customers in more than 100 countries worldwide. Linde delivers innovative and sustainable solutions to customers and creates long-term value for all stakeholders. The company is making our world more productive by providing products, technologies and services that help customers improve their economic and environmental performance in a connected world.

The nature of Linde's industrial gases business is substantially local. As a result, Linde generates income and pays taxes in jurisdictions in which it has business operations. In case of cross-border transactions, the respective Linde parties endeavor to comply with the applicable transfer price regimes, including transfer price determination rules.

Linde's business, in particular in the industrial gases segment, is capital-intensive. Linde believes that capital investment provides the basis for economic growth; hence the company supports tax policies that promote capital investment.

Linde is committed to developing new technologies that help our customers increase productivity and achieve environmental benefits in a wide range of industries. Linde also supports tax policies that incent innovation and protect the value of intellectual property. Linde's Intellectual property assets are primarily developed and maintained in the United States and Germany, both geographies which are not typically regarded as low-tax countries. Transfer of these assets to low-tax jurisdictions is not part of Linde's tax planning.

Linde as a multinational company supports the continued expansion of a network of bilateral income tax treaties to reduce barriers to cross-border investment and eliminate double taxation.

For all of these reasons, Linde advocates for tax policies that drive economic growth, particularly in areas of increased engineering efficiency and enhanced local production and development.

Linde has adopted a Code of Business Integrity (the "CoBI") and One Linde Philosophy. It explains Linde's corporate vision, mission and values — safety, integrity, accountability, inclusion and community. The principles in the CoBI set out Linde's commitment to integrity, to its employees, to the company, to its customers and partners and to its communities. The CoBI provides guidance and insight to navigate compliance and ethical questions and to promote an overall culture of compliance. One key guiding principle is full compliance with laws and regulations.

In line with its CoBI, Linde manages its tax affairs in a responsible and transparent manner and in compliance with applicable tax legislation. Linde maintains processes and controls designed to minimize the risk of errors that could impact the amount of tax that it pays. These processes and controls are regularly monitored, reviewed and tested, and underpin the preparation and submission of its tax returns.

Linde has a responsibility to its shareholders to maximize returns and structure its affairs in an efficient manner, including taxes.

Linde's effective tax rate and tax exposures are reviewed annually with the Audit Committee of the Board of Directors of Linde. Linde discloses its effective tax rate publicly, together with the associated risks for the company's future tax rate and exposures, in the company's annual *10-K* filing.

### Charitable Spend

Praxair Global Giving program spend: \$6.2 million. See also 413-1.

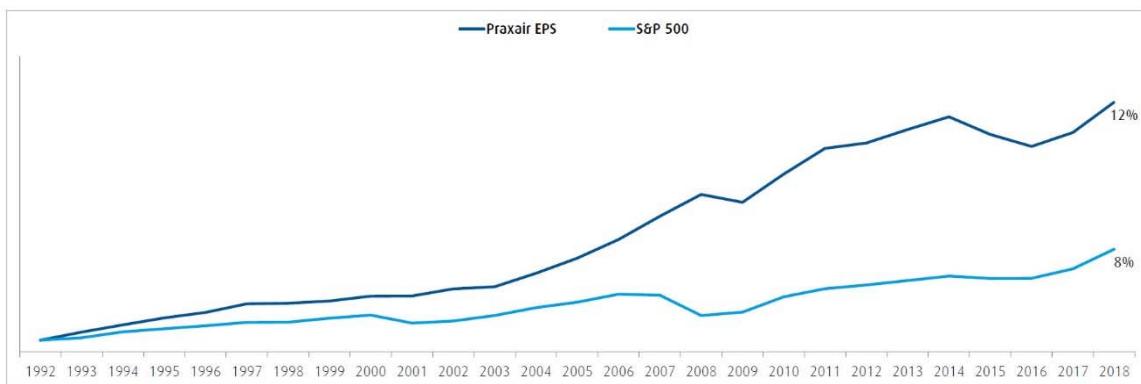
A full description of Linde's financial results is provided in the *2018 10-K*.

In 2018, the Praxair Global Giving program donated approximately 11 percent of Global Giving funds toward efforts to increase diversity and inclusion. Approximately one-third of the funding was directed to education, and approximately 9 percent was directed to the environment. Each of these three areas directly complements Praxair's strategic focus for philanthropy. The balance provided impact in communities through targeted community support and healthcare support. Praxair also reports the breakdown of Global Giving support by purpose and by region.

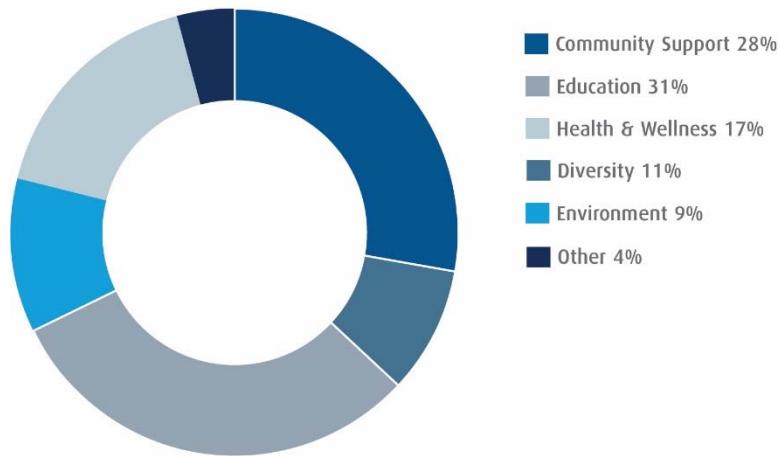
See also 413-1 for information on community engagement.

See also 203-1 for information on indirect economic impacts.

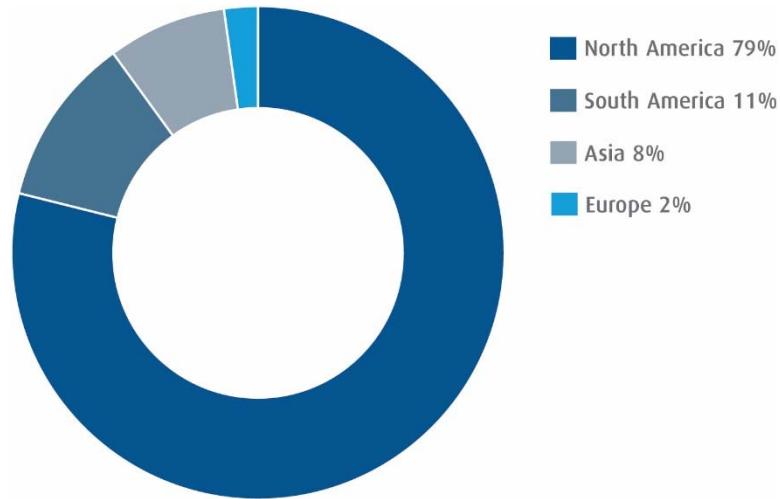
201-1



EC (1): Indexed Earnings per Share (EPS), Praxair, 1992-2018



EC (2): Global Giving Spending by Area, Praxair, 2018



EC (3): Global Giving Spending by Geography, Praxair, 2018

## (\*) 201-2 Financial implications and other risks and opportunities for the organization's activities due to climate change

For information on financial and other risks and opportunities from climate change, see Linde's 2019 CDP response. The document will be available on its website (<https://www.linde.com/en/about-linde/sustainable-development/reporting-center>) at the beginning of August.

## 201-3 Coverage of the organization's defined benefit plan obligations

A defined benefit and/or a defined contribution plan is available to all U.S. employees, as well as to employees in some other countries. Further detail is provided in Note 18, pages 112 and following, of the 2018 10-K.

Dependent upon the business and date of hire, employees may participate in Praxair or Linde AG programs, which may include defined benefits and defined contributions.

Retirement coverage for employees of Praxair's international subsidiaries is provided by those companies through separate plans that are typical for the country of employment.

## 201-4 Financial assistance received from government

The government is not present in Praxair's shareholding structure.

Praxair periodically receives grants from the Department of Energy to sponsor innovation. Praxair also periodically receives state and local economic development incentives related to capital investments.

## 202-1 Ratios of standard entry-level wage by gender compared to local minimum wage at significant locations of operation

One-hundred percent of employees in all business units earn at least the local minimum wage. Praxair's Human Rights Policy states: Fair Compensation and Equal Remuneration: Praxair will pay employees at least the minimum wages and overtime rates required by law and collective labor agreements and, if no such laws or agreements apply, wages in line with marketplace practices. Praxair will not discriminate in remuneration on any basis covered by its Prevention of Discrimination and Harassment standards.

Praxair's compensation policy assigns jobs into pay levels based on job descriptions so that people performing the same type of job functions are in the same pay range, regardless of age, gender or race. To help ensure that its compensation policy is being appropriately administered, Praxair conducts annual pay equity analyses in the United States and in other countries where required by law. Specific salary information is confidential.

## (\*) 202-2 Proportion of senior management hired from the local community at significant locations of operation

Praxair's business model is locally focused: Consistent with its growth goals and goals to grow innovation capacity in emerging economies, Praxair has a commitment to source and develop local talent. Most country or regional business leaders are local or regional nationals. In hiring and promotion, the company practices the consideration of local leadership who understands the culture and business practices of the area. This provides ideal role models for the local workforce and offers a more cost-effective option than moving leaders from another country.

The following activities help ensure that local talent receives leadership opportunities:

1. Increase local recruiting efforts.
2. Train and develop current workforce for advancement.
3. Offer opportunities for language learning to promote the ability to operate effectively in a multi-national environment.
4. Create opportunities for high-potential local nationals to have special assignments outside their home countries.
5. Collaborate with educational programs to develop the local workforce.

See 405-1.



## 203-1 Development and impact of infrastructure investments and services supported

A significant portion of Praxair's applications support the development of social and economic infrastructures. Praxair gases help to make safe drinking water for more than 230 million consumers each day, mostly in China. Industrial and specialty gases enable cleaner and more efficient economic growth in industries from cement to steel. Praxair applications are also integral to the development of future energy infrastructures (e.g., applications for renewable energy and second-generation biofuels).

Praxair is committed to improving the quality of life in the communities it serves. Through financial contributions and the volunteer efforts of employees, Praxair supports programs that address diversity, education, the environment and community resilience — all important aspects of community sustainability. In 2018, the Praxair Global Giving program contributed \$6.2 million to a range of programs and charitable organizations around the world. See 201-1 for information on how the Global Giving contribution was distributed by focus area and by business region.

Employee and facility/business contributions from community engagement projects were estimated at \$281,000, and the dollar value of employee and facility in-kind contributions, such as food, clothing and supplies, was estimated at more than \$175,000. Global Giving also tracked more than \$265,000 in in-kind contributions, including product donations.

The total Praxair contribution, including in-kind contributions, but not volunteer time, is estimated at more than \$6.6 million. The estimated value of volunteer time is more than \$1 million.



## 203-2 Significant indirect economic impacts

Praxair's business helps countries modernize with technologies that enable environmentally responsible economic growth. Praxair provides careers and benefits to more than 26,000 employees, many of whom are hired locally, and to thousands of retirees. Indirect benefits accrue to Praxair vendors (also, often, contracted locally), as well as customers, shareholders and communities in which the company operates.

Almost all of the company's products are produced, and customer relationships managed, on a regional basis. Distribution economics are specific to the local geographies in which the company operates. Praxair's business is structured to build density and to integrate supply between on-site, merchant and packaged gases, and to drive performance regionally. Praxair is, at root, a "local" company: It aims to grow density in target geographies. It invests locally and for the long term in large-scale capital projects. It supplies its customers with a reliable, integrated service. In many ways, sustainable development — and Praxair — are about the value of place. People who remain in their home communities tend to have stronger ties to family and community, economy, culture and society. For Praxair, business success depends on its ability to hire, retain and develop human and social capital in the geographies where it invests and does business. Revenue is closely correlated with employee headcount.

The company hires local talent:

- Most emerging economy business leaders are host country or regional nationals.
- It sources local contractors. Substantially all contract drivers, and most contract construction workers, are sourced locally.
- It helps build capacity in local communities. Praxair employee volunteers provided a range of benefits to more than 355,000 people, mostly in communities local to Praxair sites.

All Praxair community engagement projects are encouraged to help meet specific needs identified by community leaders, but there is no science with which to measure the impact of community outreach. Praxair uses a methodology based upon that developed by the London Benchmarking Group (LBG) to evaluate the indirect economic, environmental and social impacts of its community engagement activity for the company, its employees and beneficiaries (see 413-1 and 413-2).

In 2018, for 95 percent of projects, volunteers reported that community engagement had a direct positive impact on recipients' quality of life. In approximately 82 percent of projects, volunteers reported that community engagement provided the beneficiaries with value that could lead to economic benefits, such as job skills or opportunities for personal growth.

Community engagement is a component of Praxair's SD 2020 goals, with the target to benefit 1.5 million people from Praxair community engagement. These activities support Praxair's contribution to the SDG target to achieve full and productive employment and decent work for all women and men.

The significance of Praxair's economic and governance PFs and targets in the context of external benchmarks and stakeholder priorities is explained in the "Our Sustainable Development Priorities" section.

In 2017-2018, Praxair worked with students from Villanova University on pilot research to measure the Total Impact Valuation, i.e., the social, economic and environmental impacts, of producing hydrogen for ultra-low-sulfur diesel. The preliminary findings of this work calculated that the potential approximate \$0.6 billion economic investment and potential social and environmental costs were outweighed by potential economic, social and environmental benefits of approximately \$2.8 billion.



## 204-1 Proportion of spending on local suppliers

*Note: This section responds to 204-1 and also responds to 102-9.*

### Local Sourcing

The company works with suppliers in many countries in which it does business — more than 50 countries as Praxair, and more than 100 as Linde. Its commitment to emerging economy growth is complemented by its commitment to investing in such economies. Due to the nature of Praxair's industrial gas products, it is generally uneconomical to transport them distances greater than a few hundred miles from the production facility. As a result, the company invests in building local facilities and hires locally for management, employees and contractors.

The most significant sets of suppliers from the point of view of local sourcing are facility construction contractors and contract drivers. Installation of new equipment, as well as ongoing maintenance, is largely performed by local suppliers. One-hundred percent of Praxair contract drivers in Asia, Europe and North and South America are local. [102-9](#)

The company invests in supplier capacity-building to raise performance standards and share benefits at the same time. The company also values opportunities to engage suppliers and team members to better understand product offerings and applications. One example of supplier collaboration was a recent Supplier Innovation Fair held over two days at the Linde Technology Center. Suppliers joined the session to discuss technology topics; Linde team members then had the opportunity to learn and to share.

In Brazil, White Martins is committed to the sustainability, integrity, reliability and conduct of its business in full compliance with current legislation and requires the same from its suppliers. To confirm this, an updated code of conduct for suppliers was introduced in 2018. The code is sent to all suppliers when signing contracts, and clearly expresses the company's position on sustainability, as well as child labor or slave labor. Further, in order to contribute to the eradication of child sexual exploitation on the roads, the company is a signatory of the Pact Na Mão Certa, and all carriers of contracted liquid products also adhere to the pact. Praxair provides subject matter information at all liquid distribution centers. From 2013–2018, Praxair in Brazil (SAWM) trained and certified 100 percent of contract drivers (more than 1,000 people) to the Na Mão Certa program. A similar program with Truckers Against Trafficking (TAT) was launched in the U.S. and Canada in 2016–2018, and 100 percent of drivers and contract drivers were trained (more than 2,000 people).

In addition to actions in the social sphere, in 2016, SAWM joined Integrale, an organization that promotes the strategic inclusion of small and medium suppliers into Praxair's supply chain and fosters socioeconomic development.

### Promoting Supplier Diversity

Providing innovative and valuable solutions for customers around the globe requires diverse talents, perspectives and experiences. At Praxair, employees have leveraged diversity to remove obstacles, generate creative solutions and provide outstanding service to customers. Another way that the company is achieving success in making the world more productive for its customers and the communities in which it operates is by embracing programs that assist it in fostering relationships with a variety of qualified, diverse businesses for its supply chain around the globe.

Praxair's Supplier Diversity Program encourages and supports the use of a variety of qualified distinct business enterprises. It seeks to provide maximum practical opportunities for diverse businesses to participate in the supply of goods and/or services that support the company's business model.

For the past 16 years, Praxair's Supplier Diversity Program in the United States has championed companies classified as small and diverse businesses. Praxair's vice president and controller serves as the small business liaison officer and oversees Praxair's Small Business Subcontracting Program. On an annual basis, in collaboration with management and support staff from Praxair's Procurement team, a detailed small business subcontracting plan is established with practical goals that the company strives to achieve with small businesses in procuring designated commodities. In 2018, the company spent a total of \$340 million with diverse business enterprises. Approximately \$279 million was procured from U.S. small businesses, representing products and services that covered approximately 447 different commodity codes. Some companies that identified as small also identified as a veteran-owned or service-disabled-veteran-owned businesses, corresponding to 12 percent of total small business spend, or \$34 million. Forty million dollars was spent with women-owned businesses, , and \$11 million with minority-owned businesses, including businesses identifying as ethnic minorities or non-ethnic minorities, such as LGBT or persons with disabilities. The company's U.S. Procurement team has collaborated with its global affiliates to understand the supplier diversity landscape and opportunities in each country in which it operates. By leveraging the knowledge and skills of the company's diverse employee population and continuing to provide cultural awareness training around the world, the company strives to achieve an organically inclusive environment where diversity is known as a valuable asset and competitive advantage in its supply chain. See the Performance Dashboard.

Linde also invests in supplier capacity-building that has yielded benefits on both sides. For some suppliers, formal and informal mentoring has been offered in areas of business development that are mutually important, including safety, Lean Six Sigma, technical proficiency, sustainable productivity and international trade. In 2018, Praxair's Procurement team further expanded its supply chain financing program across the globe. This program encourages the formalization and growth of micro, small and medium enterprises through access to financial services and accelerated payments. Around the world, more than 1,700 suppliers are participating in the company's traditional supply chain financing or Virtual Payables programs to receive accelerated payments for outstanding invoices coupled with taking advantage of Praxair's competitive interest rates. Approximately 10 percent of suppliers invited to participate in the SCF program offerings enroll, with 57 percent qualifying as disadvantaged, ethnic minority, non-ethnic minority or MSME (micro, small or medium) business enterprises, representing more than \$125 million in procurement spend.

**204-1, 102-9**

Suppliers in the program have achieved enhanced working capital by receiving accelerated payments, enhanced borrowing capacity for business expansion, self-sufficiency, less reliance on external sources of capital to operate their businesses and overall economic growth. Praxair continues to evaluate and explore financing solutions to aid in strengthening diverse suppliers by increasing their working capital so they can grow and increase opportunities for employment in their local communities.

Globally, the company continues to identify and enhance supplier diversity initiatives in areas with emerging programs and/or the potential to develop them. In 2018, Praxair renewed its membership with the National Minority Supplier Development Council (NMSDC) and established membership with the Women's Business Enterprise National Council (WBENC), WEConnect International and the National Gay and Lesbian Chamber of Commerce, NY Chapter (NGLCC-NY). Throughout 2018, Praxair continued to promote its pre-qualification program for potential suppliers by collecting advanced information on diverse businesses seeking sales opportunities, including, but not limited to, service geography, description of business capabilities and acquired certifications. Coupled with Praxair's existing business matchmaker program, the advanced business information has continued to provide opportunities for Praxair's procurement team and operations personnel to more efficiently identify experienced candidates for requests for proposals, leading to a higher percentage of diverse suppliers offering proposals and ultimately being awarded contracts.

Outreach and capacity-building with Praxair's prime supplier population allowed for the sharing of best practices in supplier diversity and yielded a commitment to enhance or establish mutually beneficial diversity metrics from suppliers that Praxair directly spends \$1 million or more with annually. In 2018, Praxair continued its Tier 2 diverse spend reporting program with U.S. prime suppliers, demonstrating the company's long-term commitment of sustaining diversity and inclusion in its supply chain. The program's goal is to develop diverse suppliers, beyond the company's direct supplier relationships, by providing additional economic growth opportunities. In its second year, the program identified \$9 million in combined direct and indirect diverse spend, an increase of 54 percent over the previous year. Fifteen prime suppliers from various industry sectors, including telecom, logistics, healthcare and MRO, participated in the program. Capturing this information has allowed the team to advance its supplier diversity program for validating and tracking Praxair spend with diverse businesses and has helped to identify collaboration opportunities for 2019 with companies that have established supplier diversity programs.

**Investing in Supplier Relationships: A Win-Win-Win**

Praxair works hard to deepen relationships with suppliers and contractors while ensuring that they meet its standards and business values. This brings multiple benefits to the company and to the communities near to its operations.

In 2018, approximately 1,200 suppliers were assessed in the areas of safety, financial strength, assurance of supply, environmental policies, diversity, global reach and compliance with government laws. Given the importance of these areas and how they can affect Praxair's operational business discipline, the company puts a high priority on evaluating risks associated with its supply chain and collaborates with suppliers and other stakeholders where its involvement can make the most impact. On a regular basis, Praxair works with its carriers on safety initiatives and in sharing best practices to continuously improve upon operational efficiency, reduce environmental hazards and promote security and human rights. Praxair shares common values with more than 20 of its direct top-tier logistics suppliers, who are also corporate sponsors of TAT, a 501(c)(3) organization that exists to educate, equip, empower and mobilize members of the trucking and travel plaza industry to combat domestic sex trafficking (<http://www.truckersagainsttrafficking.org>). Voluntary training in the crime of sex trafficking along long-haul driver routes has been provided to more than 2,000 Praxair and contractor drivers in South America and the U.S. In addition, the company's logistics providers combined have trained over 227,000 employees.

**Worldwide contractor safety training:** One-hundred percent of contract drivers, and most contract construction workers, are hired from local firms. In addition to the jobs provided to locally based construction workers and drivers, in 2018, Praxair invested more than 230,000 hours in safety training to contractors. This included training for more than 3,500 contractors in emerging economies. Contractor training averaged 16 hours a year, almost a work week. If each contractor hour costs Praxair \$20, this investment can be estimated at more than \$4.5 million. In all cases, this training is directed towards achieving safer construction of Praxair facilities and safer, more secure and more fuel-efficient transportation of Praxair products. Praxair's world-class results for contractor and driver safety are a measurable consequence of this investment (see 403-2). In addition, the safety and other professional driver training results in a transfer of professional skills that increases the employability of the recipient

For information on supplier and contractor training, , see 412-2 and 414-2.

**205-1 Operations assessed for risks related to corruption**

Praxair administers an annual risk assessment that is circulated to all business managers globally and to all functional leaders and covers 100 percent of all business units. Potential risks related to corruption are an explicit focus.

A CRB performs quarterly regulatory risk assessments. Dedicated Foreign Corrupt Practices Act (FCPA) audits are conducted; 35 such audits have been conducted in the last eight years. (This includes audits conducted in both 2017 and 2018.)

Praxair operates in certain jurisdictions identified as high risk based on the Corruption Perception Index from Transparency International. The company has not identified significant risks other than regular risks that are dealt with through training and certifications of employees.



## 205-2 Communication and training on anti-corruption policies and procedures

In 2018, Praxair trained the entire Board of Directors on anti-corruption policies and procedures. The company also trains all its salaried employees globally on anti-corruption. The company has an established process to conduct thorough due diligence prior to contracting and sends training to 100 percent of all third parties and agents who interact with the government on Praxair's behalf.

Praxair has adopted a code of ethics that applies to the company's directors and all employees, including its chief executive officer, chief financial officer and controller. This code of ethics, the Compliance with Laws and Business Integrity and Ethics Policy, has been approved by the Praxair Board of Directors. To assist employees and directors in complying with this code of ethics, management periodically develops specific standards implementing certain provisions of the code; these standards are contained in Praxair's Standards of Business Integrity (SBI). The SBI is posted on Praxair's website in all country languages where Praxair operates.

One-hundred percent of salaried Praxair management and employees, and some non-exempt employees, are required to annually certify that they have read and understand Praxair's Compliance with Laws and Business Integrity and Ethics policy and the SBI, which includes a rigorous outline of the FCPA. This is an online training and survey. Training to targeted populations was conducted in 2018; as in previous years, Praxair achieved 100 percent compliance with this requirement.



## 205-3 Confirmed incidents of corruption and actions taken

Linde takes its commitment to integrity very seriously. Non-compliance with Praxair's SBI (Code of Business Integrity [CoBI] for Linde) depending on the circumstances, can result in serious disciplinary action up to and including termination of employment. Employees are actively encouraged to report suspected complaints and concerns, and are expected to report violations through a number of channels, including the Integrity Hotline. Reports through the Integrity Hotline may be made anonymously. It is a violation of Praxair policy for any person to retaliate against any individual who has reported an SBI matter in good faith.

Table SOC (10) provides the aggregate number of Praxair hotline reports and a summary of the types of reports received; see 406-1 and the website <https://www.praxair.com/our-company/corporate-responsibility/policies-and-position-statements/hotline-reports>. All hotline reports are promptly handled, and identified issues are addressed. Further details are not provided in Praxair's public reporting as they are business confidential. No confirmed incidents of corruption occurred in 2018.



## 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes

No anti-trust regulatory or enforcement action was initiated in 2018. Also refer to the "Contingent Liabilities" section of Linde's 2018 10-K.

# 300 Series: Environmental Topics

Note: In Environmental Topics, data is provided for Linde as per financial reporting. Charts or tables provide breakouts for Praxair (12 months) and Linde AG (2 months).



## 301-1 Materials used by weight or volume

Praxair estimates that 99 percent by weight of the raw materials used in 2018 to produce gaseous nitrogen, oxygen, argon, carbon dioxide and hydrogen were renewable raw materials. Non-renewable raw materials are 1 percent by weight and include natural gas and naphtha, which are used in hydrogen production. Renewable raw materials used by Praxair include air, water, carbon dioxide and hydrogen. These products represent over 90 percent of the revenue Praxair received for the products it manufactures. Examples of products not included are those manufactured by Praxair Surface Technologies and low-volume products such as acetylene.

Using air as its raw material, Praxair produces oxygen, nitrogen, argon and rare gases through several air separation processes, of which cryogenic air separation is the most prevalent. As air is a renewable natural resource, there is no negative environmental consequence to using this raw material.

Process gases, including carbon dioxide, hydrogen, carbon monoxide, helium, specialty gases and acetylene, are produced by methods other than air separation. In many cases, these are sourced as an industrial by-product or waste. Some of these by-product sources are renewable, but all offer a means to reuse products that would otherwise have been waste.

- Most carbon dioxide is purchased from by-product sources, including chemical plants, refineries and industrial processes. These by-product sources include ethanol manufacturing facilities, where the waste carbon dioxide is considered renewable. A portion is recovered from carbon dioxide wells.
- Hydrogen and carbon monoxide are produced by either steam methane reforming of natural gas or by purifying by-product sources obtained from the chemical and petrochemical industries. In 2018, Praxair procured 22 percent by-product hydrogen.
- Most of the helium sold by Praxair is sourced from helium-rich natural gas streams in the United States, with additional supplies being acquired from outside the United States.
- Acetylene can be produced from calcium carbide and water. A significant percentage is purchased as a chemical by-product.

The volumes of process gases procured are considered business confidential.

Praxair also builds air separation units (ASUs) and steam methane reformers (SMRs). Construction materials for these are generally from non-renewable sources: aluminum, carbon steel, stainless steel, copper and brass alloys, brass and metals. The largest material by spend is steel. The estimated weight of steel purchased worldwide for various equipment and components was 371,000 MT in 2018.

Raw materials are procured through a global procurement organization under global procurement standards and expectations that include requirements for material sustainability. Praxair has Supplier Expectations that manage sustainability in its supply chain.

## 301-2 Percentage of materials used that are recycled input materials

Also see 301-1 for information on renewable raw materials. As part of its sustainable supply chain program, Praxair's Procurement organization works with vendors to reduce consumption of upstream, non-renewable natural resources. For some of its business lines, Praxair actively sources recycled input materials by using by-products. The total weight of these by-products as a percentage of total material use is not reported here.

From 2011–2018, most of the acetylene produced by Praxair in the United States was sourced from by-product acetylene, avoiding the mining of calcium carbonate and the recycling or disposal of carbide lime. Most Praxair carbon dioxide sold is sourced from ethanol fermentation (a biomass source). As a business, Praxair is constantly researching innovative ways to expand the use of this application.

Most gases are transported in pipelines or trucks, including cylinder trucks, and use little packaging (see 301-3).

## 301-3 Reclaimed Products and Their Packaging Materials

Overall, Praxair produces very little packaging waste. Praxair delivers most of its product in pipelines or bulk cylinder trucks. As the products are consumable, there is nothing to reclaim and no packaging material for the majority of products. For the packaged gases product lines, either disposable cylinders or reusable cylinders are utilized. The metal cylinders last about 40 years, are returnable and are typically reused multiple times. In addition, the company's Procurement organization has launched an asset management program that is actively identifying idle assets (e.g., cylinders) to ensure they are put back into use rather than purchasing new materials. The program actively tracks all assets, is well reported and is yielding good results.

In addition, Praxair's PortaGreen recyclable cylinders with their "Strip & Ship" return program, used by labs across a wide variety of industries, have traditionally been one-time-use, non-refillable, non-returnable cylinders. Labs and other customers then have to dispose of the cylinders in-house or have an environmental firm retrieve them, and associated costs often exceed the original cost of the cylinder and its contents. PortaGreen

recyclable cylinders eliminate those costs and logistical hassles by providing an easy-to-use returnable package. Customers strip the outer cylinder sleeve to reveal a ready to ship inner sleeve, already addressed. In addition, PortaGas products have an exceptionally long shelf life, which further reduces costs and helps to eliminate waste.

### 302-1 Energy consumption within the organization

Praxair's total non-renewable fuel consumption in 2018 was 11.1 million gigajoules. Fuel types used included natural gas, diesel, oil, and "other," which includes naphtha and other refinery fuel gas.

Linde AG's total non-renewable fuel consumption for two months in 2018 was 11.6 million gigajoules. Fuel types used included natural gas, diesel, oil, and "other," which includes naphtha and other refinery fuel gas.

The company does not report combined Linde fuel consumption data because methodologies across the two legacy companies have not been aligned for reporting energy consumption from fuels. Praxair included the amount of fuel consumed for energy, while Linde AG included the amount of fuel used both for energy consumption and feedstock. This and other methodological differences meant that Linde's reported fuel consumption values for two months were higher than Praxair's full year. The company will align methodologies and report combined figures beginning with 2019 data.

#### Total electricity, heating, cooling and steam consumption.

Linde consumed 29,882,000 MWH of electricity and 1,526,000 MWH of steam in 2018. Of the electricity purchased and consumed, 67 percent (17 million MWH) was from non-renewable sources. The remaining 33 percent was either renewable electricity from the grid mix or purchased through either power purchase agreements or certified renewable energy credits. Linde estimates that 30 percent of the company's total purchased electricity in 2018 was from renewable sources included in the grid mix. (This is a weighted average based on country-specific renewable electricity percentages provided by the U.S. Energy Information Administration.) In 2018, this amounted to approximately 9 million MWH of renewable electricity as part of the energy mix from Linde's utility providers.

#### Total energy consumption

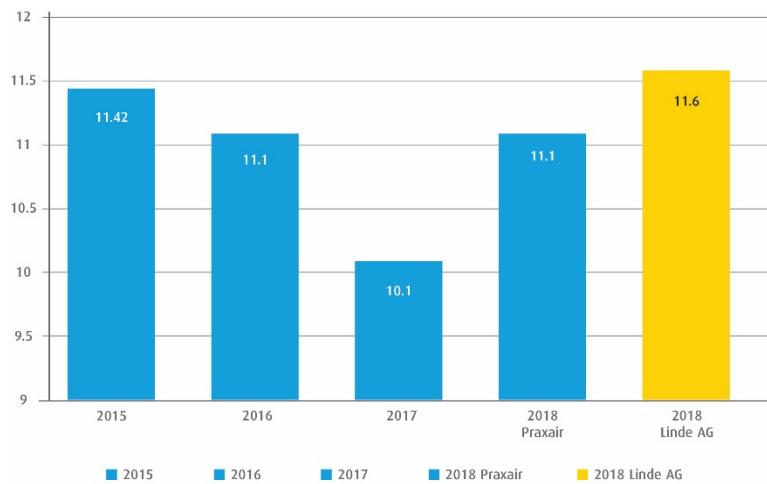
Praxair consumed a total of 109.0 million gigajoules of energy in 2018. Of this, approximately 2 million gigajoules were from renewable sources.

Linde AG consumed 26.7 million gigajoules of energy in 2018. Of this, 1 million gigajoules were from renewable sources.

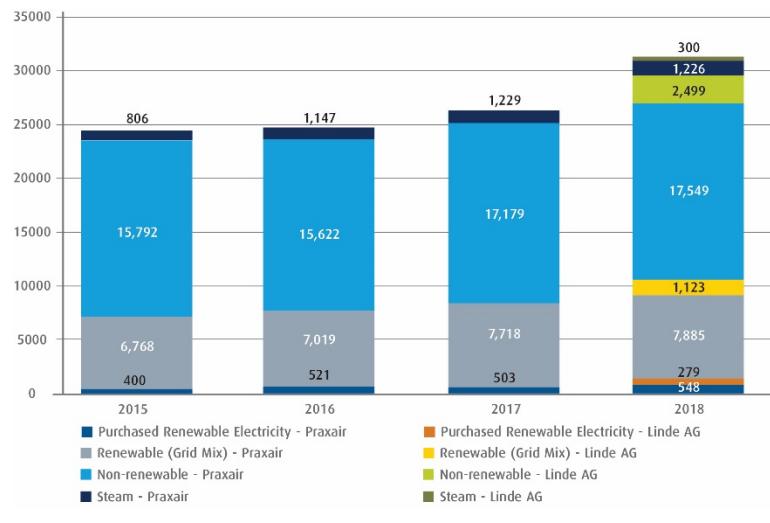
The company does not report combined Linde energy consumption data because it has not yet aligned methodologies across the two legacy companies for reporting energy consumption from fuels. Praxair included the amount of fuel consumed for energy, while Linde AG included the amount of fuel used both for energy consumption and feedstock. This and other methodological differences meant that Linde's reported fuel consumption values for two months were higher than Praxair's full year. The company will align methodologies and report combined figures beginning with 2019 data.

#### Standards, methodologies, assumptions, and/or calculation tools used.

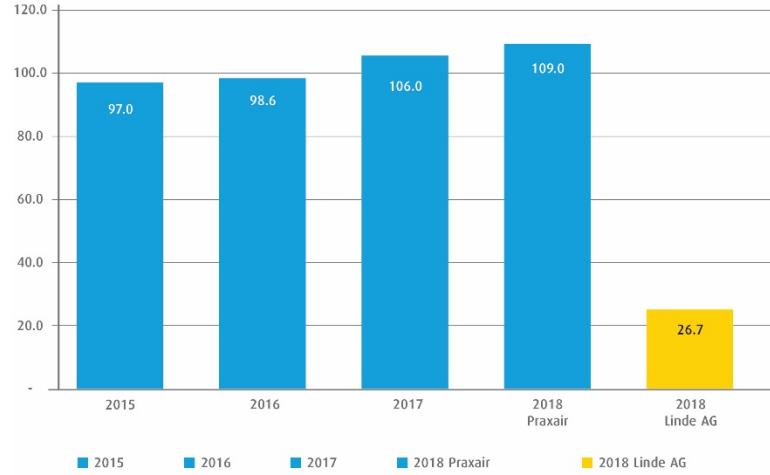
Linde tracks energy consumption through meters and utility bills. Where MWH were converted to gigajoules, the amount of MWH was multiplied by 3.6.



EN (1): Non-renewable Fuel Consumption



EN (2): Electricity and Steam  
Units: thousand MWh



EN (3): Total Energy Consumption  
Units: million GJ

### 302-2 : Energy consumption outside of the organization

Linde did not consume energy outside the organization.



### 302-3 Energy intensity

Linde considers energy intensity data to be business confidential. Internally, energy intensity is tracked monthly. For example, for air separation plants, energy intensity is measured as total energy used over billed production, calculated as equivalent gaseous oxygen (eqGO<sub>2</sub>).



### 302-4 Reduction of energy consumption

See the Performance Dashboard, Energy and GHG Emissions, target to conserve 7 million MWh electricity, page 17.



### 303-1 Water withdrawal by source

Linde reports water for all sites where use exceeds 10,000 gallons/month (120,000 gallons/year). In 2018, Linde withdrew 435.3 million cubic meters of fresh water. Of this, 366.9 million cubic meters were discharged to surface water sources with no impact to quality. Net fresh water consumption was 68.4 million gallons.

Two percent of Linde's total withdrawal came from ground water sources, 75 percent from fresh surface water, 15 percent from municipal supplies, and eight percent from industrial/recycled water sources.

In addition to fresh water, Linde also used 38.5 million cubic meters of industrial/recycled water.

	2015	2016	2017	2018
A. Municipal Water	54.6	56.3	22.2	71.9
B. Fresh Surface Water	267.7	279.3	316.2	355.5
C. Fresh Ground Water	6.4	6.4	9.3	7.9
D. Total Fresh Water (A+B+C)	328.7	342	347.7	435.3
E. Fresh Once-Through Cooling Water Returned to Surface Water Sources	264.8	278.8	280.3	366.9
F. Net Fresh Water Usage (D-E)	63.9	63.2	67.4	68.4
G. Industrial/Recycled Water	5.8	6.4	60	38.5
H. Total Once Through Cooling Water (Fresh and Industrial/Recycled) Returned to Source	270.6	285.2	340.2	405.4
TOTAL WATER (D+G)	334.5	348.4	407.7	473.8

Praxair	Linde AG
2018	2018
23.2	48.7
321.1	34.4
5.4	2.5
349.7	85.6
283.5	83.4
66.2	2.2
34.2	4.3
317.7	87.7
383.9	89.9

EN (4): Water Withdrawal

Units: million m<sup>3</sup>



### 303-2 Water sources significantly affected by withdrawal of water

No water sources were significantly affected by Linde's withdrawal of water.



### 303-3 Water recycled and reused

Linde's two legacy companies, Praxair and Linde AG, have not fully aligned all water KPIs, including water recycled/reused. Based on data from previous years, it estimates that more than 90 percent of the water used in 2018 at Linde production plants (excluding once-through) was recycled numerous times through cooling towers before discharge.

## 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

### 304-2 Significant impacts of activities, products, and services on biodiversity

### 304-3 Habitats protected or restored

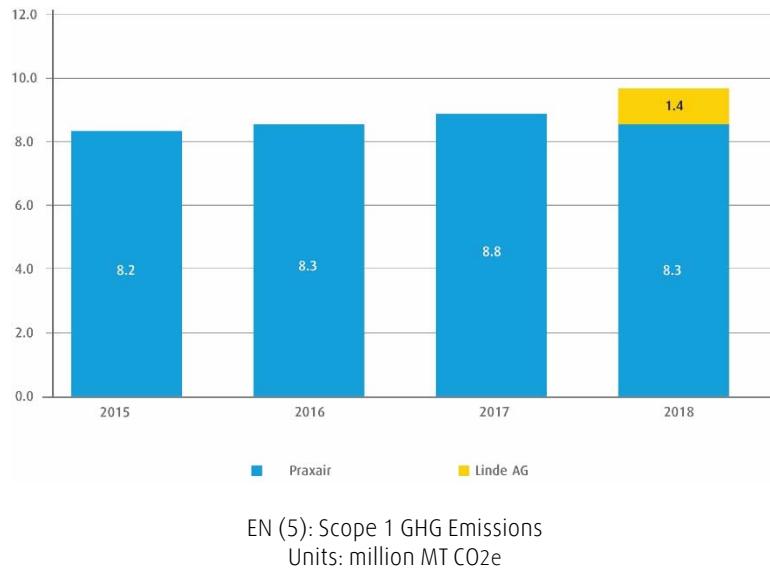
### 304-4 Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk

Linde operations do not have a significant impact on biodiversity. An evaluation of more than 600 production sites established that none of these sites are located in the vicinity of a protected area. Many sites are located in industrial zones or business parks.

When planning new sites, processes are in place to ensure that Linde minimizes any potential negative impacts on biodiversity. It follows internationally recognized guidelines when performing its evaluations, such as the Voluntary Guidelines on Biodiversity-Inclusive Impact Assessment issued by the United Nations.

### 305-1 Direct greenhouse gas (GHG) emissions (Scope 1)

Linde's total direct Scope 1 GHG emissions in 2018 were 9.7 million metric tons CO<sub>2</sub>e. The primary source of these emissions is combustion of natural gas at hydrogen plants. A secondary and much smaller source is combustion of diesel and gasoline from transport activities.



### 305-2 Energy indirect greenhouse gas (GHG) emissions (Scope 2)

Linde's total location-based indirect Scope 2 GHG emissions in 2018 were 15.2 million metric tons CO<sub>2</sub>e. The largest electricity user is air separation units.

#### Total GHG Emissions

Linde's total GHG emissions from Scopes 1 and 2 were 24.9 million metric tons in 2018.

#### Linde GHG Inventory

Linde GHG emissions disclosures have been prepared based on a reporting year of January 1 to December 31, the same as the financial reporting period. All GHG emissions figures are in MT of CO<sub>2</sub>e and cover six gases: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), perfluorocarbons (PFCs), hydrofluorocarbons (HFCs) and sulfur hexafluoride (SF<sub>6</sub>). Linde does not have emissions of nitrogen trifluoride (NF<sub>3</sub>).

For more information on GHG emissions results and methodology, see Linde's 2019 CDP response (containing calendar year 2018 data), which will be available at: <https://www.linde.com/en/about-linde/sustainable-development/reporting-center> in early August. The CDP response reflects Praxair, and combined data and information is referenced where possible; the scope of all data is clearly indicated.

#### GHG Inventory Methodology

Linde's GHG emissions information was prepared with reference to the World Resources Institute/World Business Council for Sustainable Development's *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard*, revised edition (the GHG Protocol®).

#### Boundary

Direct and indirect GHG emissions from electricity have been reported from entities where Linde has financial control. One-hundred percent of emissions from entities within Linde's global organizational boundary have been reported.

#### Emissions Factors and GWPs

For electricity, Linde uses either utility-specific emission factors or the IEA country carbon dioxide emissions factors, except in the United States, where it uses the mostly recently published U.S. Environmental Protection Agency's (EPA's) eGRID regional emissions factors. For natural gas and other fuels, Linde used emission factors from the U.S. EPA's AP-42 document and from DEFRA.

Global warming potentials (GWPs) are sourced from the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report.

### Base Year GHG Emissions

Linde's base year is 2015. To align with financial reporting, the base year includes data from Praxair only. See the "About This Report" section and the Letter from the Chief Sustainability Officer for more information. The base year of 2015 was chosen for the 2016–2020 target period. Where the base year is different than 2015, it is clearly stated as part of the target.

### Excluded Sources of GHG Emissions

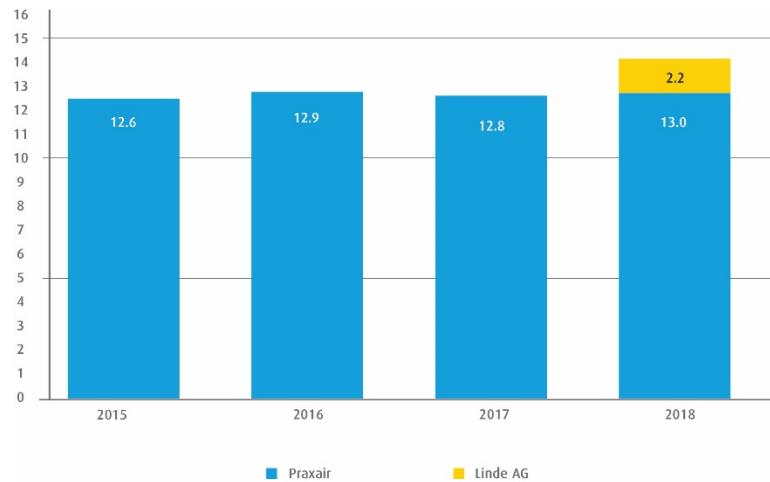
Linde has very small office sites and smaller sales outlets (such as retail outlets) with less than five people. Emissions from these sites are negligible and are therefore not included in the GHG inventory.

### Prior Year Revisions

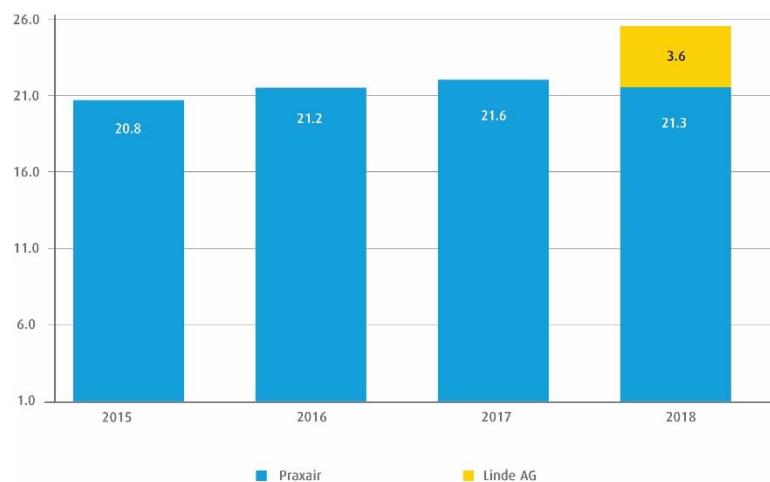
No revisions to Scope 1 and 2 emissions from prior years have been made.

### External Verification

Linde had its 2018 GHG inventory verified by a third party. In 2018, a Limited Assurance was performed on Scopes 1, 2 and 3 emissions (2018 calendar year data). A copy of Linde's assurance statement is available at: <https://www.linde.com/-/media/linde/merger/documents/sustainable-development/2018-kpi-verification.pdf>.



EN (6): Scope 2 GHG Emissions  
Units: million MT CO<sub>2</sub>e



EN (7): Total Scope 1+2 GHG Emissions  
Units: million MT CO<sub>2</sub>e

### 305-3 Other indirect greenhouse gas (GHG) emissions (Scope 3)

Criteria for selecting Scope 3 reporting categories were:

- Relevance and transparency: This includes activity over which Linde has a level of operational control but where the GHG emissions are reported by another party.
- Relevance or materiality to Linde's footprint: This includes activity that may have a potentially significant GHG consequence.
- Activity where the data was easy to obtain from a cost/benefit perspective.

The company has not aligned all Scope 3 calculation methodologies across the two legacy companies. Praxair's methodologies for Scope 3 emissions from relevant sources are provided below. Linde AG includes estimated emissions for two months of 2018 (i.e., after the consummation of the merger).

#### Upstream Scope 3 Emissions

Linde's methodologies for upstream Scope 3 emissions are described below.

##### Fuel- and Energy-Related Activities not Included in Scopes 1 or 2

The methodology used is based on the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, Category 3. For electricity, Linde prorated the fuel mix ratios in seven countries where it uses more than 1 billion kWh. These seven countries represent more than 87 percent of Linde's total electricity usage. The company then extrapolated this mix to the remaining 13 percent of its electricity usage. It then assumed a transportation and distribution (T&D) loss rate of 7 percent, based on information from the U.S. Department of Energy, and added in emissions from upstream natural gas. Linde AG used a similar method to calculate emissions. However, as with direct energy (see 302), Linde AG has a different methodology for calculating fuel consumption than Praxair. The company will align methodologies for 2019 data onwards.

##### Capital Goods

The principal material Praxair procured for capital projects is steel. Based on its annual spend, Praxair used its Steelfirst subscription to calculate the price of carbon steel per country. The weight of steel was then calculated as price per ton divided by spend. Related GHG emissions were calculated by multiplying the weight of carbon steel using a GHG emission factor derived from the U.S. EPA (0.87 MT CO<sub>2</sub>e/per MT carbon steel).

Linde AG estimated emissions from capital goods based on its 2017 results and accounting for divestitures.

##### Waste Generated in Operations

The amount of waste handled by third parties is tracked according to the waste treatment methods used (landfill, recycled, other not landfilled). To calculate the CO<sub>2</sub>e emissions resulting from waste treated in landfills:

- The total amount of waste generated by Praxair that is disposed was multiplied by an emissions factor provided by the EPA, which is associated with the municipal waste mix in the United States. The IPCC suggests that any CO<sub>2</sub>e emissions associated with recycling should not be included in Scope 3 inventories. Therefore, Praxair used an emissions factor of zero for recycled waste treated by third parties.
- The total amount of waste generated by Linde AG was multiplied by emission factors from the Edinburgh Centre for Carbon Management.

#### Downstream Scope 3 Emissions: Downstream Transportation and Distribution (Contractor Driving)

Linde's methodologies for downstream Scope 3 emissions are described below.

Contractor miles driven are collected in each country and business or region and tracked. Linde's Scope 3 emissions resulting from delivery of products by third-party carriers were derived using the same methodology to calculate GHG emissions from owned trucks: Total miles were converted into gallons (assuming a weighted-average constant miles per gallon), then converted to GHGs using an EPA emissions factor for diesel fuel to metric tons CO<sub>2</sub>e. Product delivered by Linde-owned trucks is reported as Scope 1.

#### Scope 3 Sources Not Reported

Linde does not report emissions in the following categories: purchased goods and services, upstream transportation and distribution, business travel, employee commuting, upstream leased assets, downstream leased assets and investments. These emissions have been calculated or estimated and were determined to be not relevant due to their very small contribution to Linde's Scope 3 footprint. Linde also does not report emissions from processing of sold products, use of sold products and end-of-life treatment of sold products. Linde is at the beginning of numerous value chains and provides many intermediate products with many downstream applications, each of which has a very different GHG profile. Linde does not estimate the downstream emissions associated with the various end uses of all of its products.

	2015	2016	2017	2018
<b>Upstream</b>				
Capital Goods (Praxair)	505,000	483,000	515,000	323,000
Capital Goods (Linde AG)				107,000
Fuel- and Energy- Related Activities not Included in Scopes 1 or 2 (Praxair)	2,173,000	2,166,000	2,199,000	2,210,000
Fuel- and Energy- Related Activities not Included in Scopes 1 or 2 (Linde AG)				729,000
Waste Generated in Operations (Praxair)	17,000	14,000	14,000	15,000
Waste Generated in Operations (Linde AG)				1,000
<b>Downstream</b>				
Downstream Transportation and Distribution (contractor driving) (Praxair)	260,000	276,000	282,000	271,000
Downstream Transportation and Distribution (contractor driving) (Linde AG)				65,000
<b>Total Reported Scope 3 Emissions</b>	<b>2,955,000</b>	<b>2,939,000</b>	<b>3,010,000</b>	<b>3,721,000</b>

EN (8): Scope 3 GHG Emissions  
Units: MT CO<sub>2</sub>e

#### (\*) 305-4 Greenhouse gas (GHG) emissions intensity

Linde scope 1 and 2 emissions are as reported in 305-1 and 305-2 and include CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, PFCs, HFCs and SF<sub>6</sub>. Revenue used to calculate intensity is reported in Linde's financial filings.

	2015	2016	2017	2018
Total Scope 1+2 GHG emissions (thousand MT)	20,800	21,200	21,600	24,900
Revenue (million USD)	10,776	10,534	11,437	14,900
GHG Intensity, Linde	1.93	2.01	1.89	1.67

EN (9): GHG Intensity

#### (\*) 305-5 Reduction of greenhouse gas (GHG) emissions

##### Scopes 1+2 GHG Emissions Reductions

The company is not able to report combined Linde savings, as methodologies have not been aligned. For Praxair, total sustainable productivity in 2018 yielded savings equivalent to 400,000 MT CO<sub>2</sub>e. It counts projects where benefits are fully realized as well as projects that were implemented in 2018 and are still accruing benefits. These projects provided GHG savings from enhancing the energy efficiency of buildings, processes and the transportation fleet. Information on the projects, including investment made and cost savings, can be found in Linde's 2019 CDP response, which will be available at: <https://www.linde.com/en/about-linde/sustainable-development/reporting-center> in early August.

##### Scope 3 - Customer GHG Benefits

A subset of Praxair applications enabled customers and end users to avoid a substantial amount of GHG emissions. See the Performance Dashboard, Product Stewardship, target to enable >2X more GHG benefit , page 15.

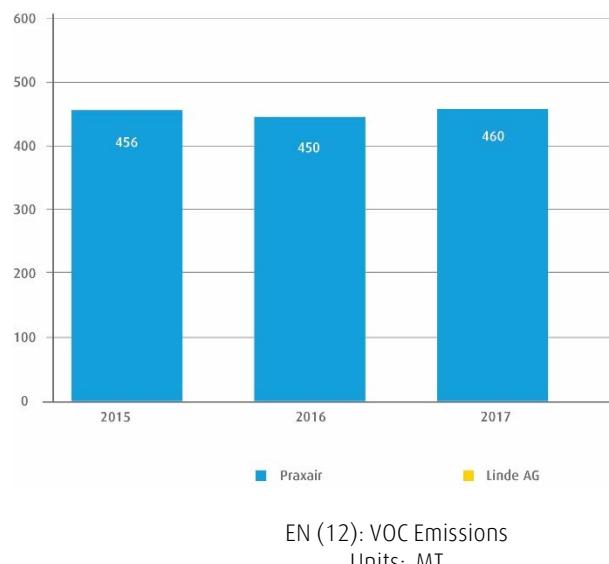
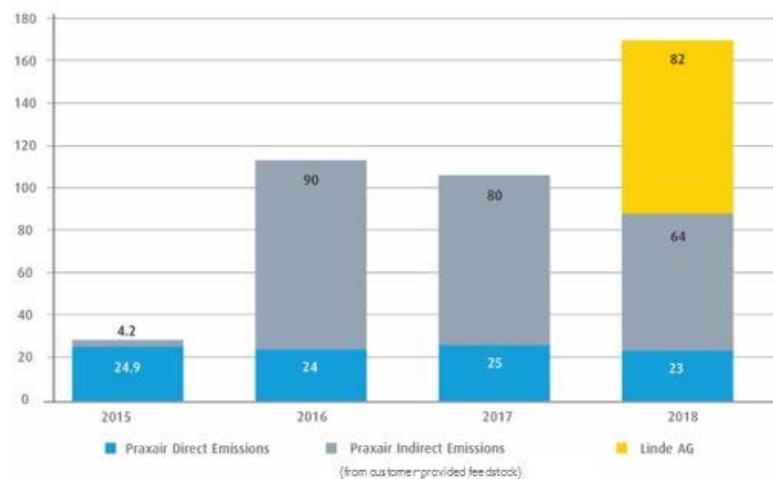
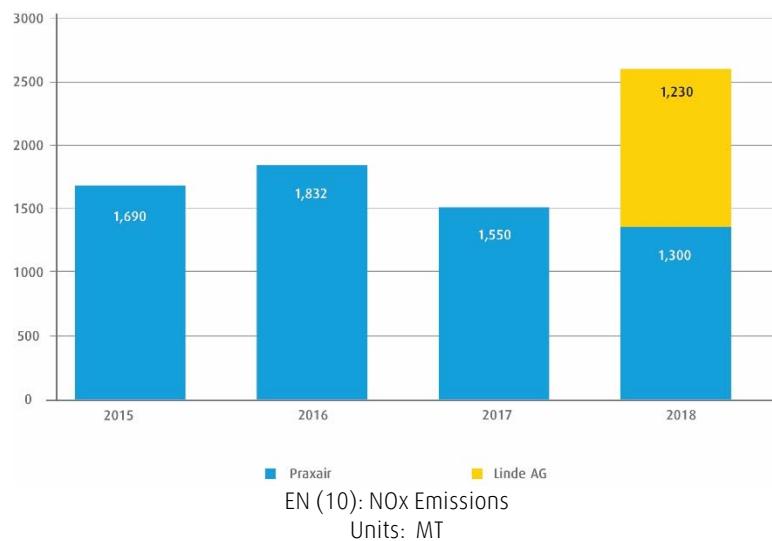
#### (\*) 305-7 NOx, SOx, and other significant air emissions

Linde's NOx emissions in 2018 were 2,530 metric tons.

Linde's SOx emissions in 2018 were 169 metric tons.

Linde's VOC emissions in 2018 were 490 metric tons.

305-7



## 306-1 Total water discharge by quality and destination

Linde did not have any unplanned water discharges in 2018.

Where Linde facilities discharge process water, discharges are governed by discharge permits issued by a regulatory agency. Linde estimated chemical oxygen demand at these sites to be 1,216 metric tons in 2018 (of this, 1,024 metric tons came from Praxair operations).



## 306-2 Waste by type and disposal method

### Hazardous waste by disposal method

Linde generated 11,500 metric tons of hazardous waste in 2018. Of this, 19 percent was sold/recycled and 81 percent was either landfilled or otherwise disposed. Since Praxair did not track marketable vs. non-marketable hazardous waste, it assumed half of the hazardous waste that it recycled was sold. Linde AG did not track hazardous waste by disposal method, so it assumes 100 percent of hazardous waste generated by these sites was disposed.

### Non-hazardous waste by disposal method

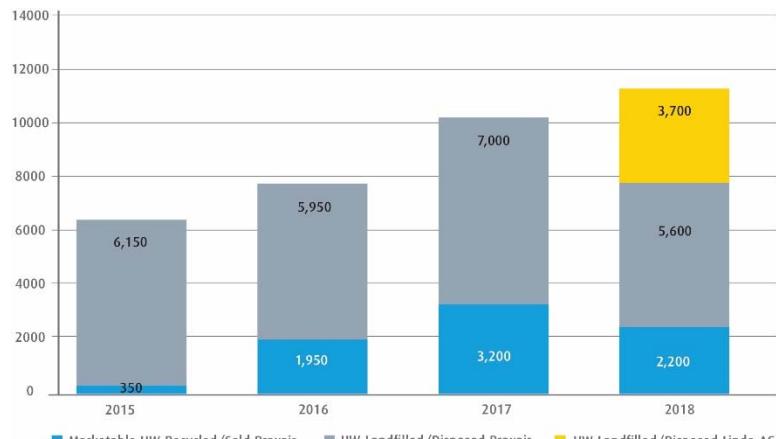
Linde generated 64,900 metric tons of non-hazardous waste in 2018. Of this, 84 percent was recycled, reused or sold, and 16 percent was landfilled or otherwise disposed.

### Waste Diverted from Landfills

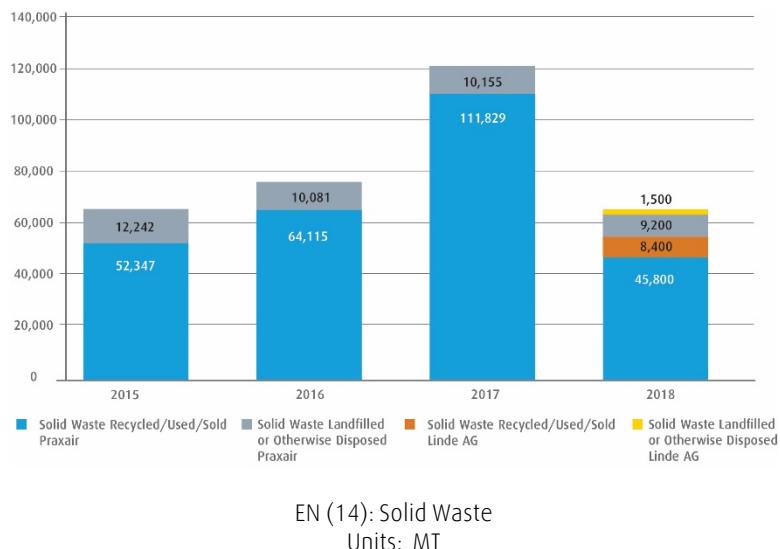
In 2018, Praxair recycled a total of 48,000 metric tons of waste (both solid and hazardous). An additional 9,100 metric tons was disposed in a manner other than landfilling (e.g., by waste to energy or incineration). A total of 57,100 metric tons of waste (or 91 percent of all waste generated) was diverted from landfill in 2018.

Of this, 47,337 metric tons (104,360,000 pounds) was diverted from landfill by 364 sites participating in the Zero Waste program (see page 20 for information on this program, including this target). These sites achieved an average of 97 percent waste diversion from landfill.

Because the Zero Waste program is part of one of the SD 2020 targets, the company has the amount of waste diverted by participating sites verified by a third-party auditor, as this is the company's most significant waste-related KPIs. The amount of waste diverted from landfill by Zero Waste sites represents 75 percent of the total amount of waste diverted from landfill by all Praxair operations.



EN (13): Hazardous Waste  
Units: MT

**306-2****306-3 Total number and volume of significant spills**

Linde had no significant spills in 2018.

**306-4 Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex i, ii, iii, and viii, and percentage of transported waste shipped internationally**

Linde did not transport, import or export hazardous waste across international borders in 2018.

**306-5 Identify, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff**

No water bodies or related habitats were significantly affected by Linde water discharges or runoff.

**307-1 Non-compliance with environmental laws and regulations**

There were zero significant fines assessed to Linde for non-compliance with environmental laws or regulations in 2018. Significant fines are those costing more than \$10,000. In the table below, the company reports fines in the year the violation occurred (not the year the fine was paid). This is different than the way Praxair reported in the past. In previous years' reports, Praxair reported all penalties, regardless of significance, in the year the penalty was paid. Linde has updated prior years in the table below to reflect this new method.

Two significant notices of violation were issued in 2018. Fines for these violations have not yet been assessed.

Linde is not aware of any non-monetary sanctions for environmental non-compliance or any actions brought through dispute resolution mechanisms involving independent third-party review.

	2015	2016	2017	2018
Number of violations, Linde	0	1	0	2
Amount of fines related to above (USD)	\$0	\$17,200	\$0	\$0

EN (15): Environmental Violations and Fines



### 308-1 New suppliers that were screened using environmental criteria

One-hundred percent of suppliers that present environmental risk are screened using environmental criteria.

### 308-2 Significant actual and potential negative environmental impacts in the supply chain and actions taken

Linde uses a risk-based approach to supplier management. Those at risk of negative environmental impacts in the supply chain are principally suppliers of chemicals, or process and specialty gas suppliers, and all are subject to additional pre-qualification requirements. These qualifications are revisited in periodic audits and in any contract re-qualification. Linde values its supplier relationships and works to develop supplier capacity. Those that show an unwillingness or inability to conform are subject to disciplinary action up to and including contract termination.

# 400 Series: Social Topics



## 401-1 New employee hires and employee turnover

*Note: This section responds to 401-1 and also responds to 102-8.*

### Total Employment

The number of employees as of December 31, 2018, was 80,820, reflecting an increase of 54,359 employees from Praxair's total as of December 31, 2017, largely attributed to the recent merger. For the purposes of consistent reporting, the company provides the following historical information and breakdown for Praxair. See SOC (1a) and SOC (1b).

The company's workforce includes professional/managerial-level employees, technical/administrative employees (drivers), and technical and administrative staff. Many of the company's truck drivers and administrative assistants in the United States are non-exempt employees. Praxair has implemented a centralized tracking system for workforce statistics and continues to phase this system globally.

U.S. employees who work more than a pre-defined number of hours per week are entitled to benefits. The distribution of Praxair employees by region is provided in SOC (2).

Overall, 75 percent of Praxair professional employees were men and 25 percent are women. The senior management team was 19 percent female. The company's workforce does not include a substantial portion of work performed by self-employed workers or by individuals other than employees. Regional Human Resources (HR) is responsible for managing each respective region, and the company consolidates key metrics at the global level; these are reported here. This indicator is partially reported. The company does not typically employ seasonal labor. [102-8](#)

### Turnover

Praxair's global turnover rate was 13 percent.

Globally, Linde does not provide additional details about the number and rate of new hires, as it considers this information to be confidential.

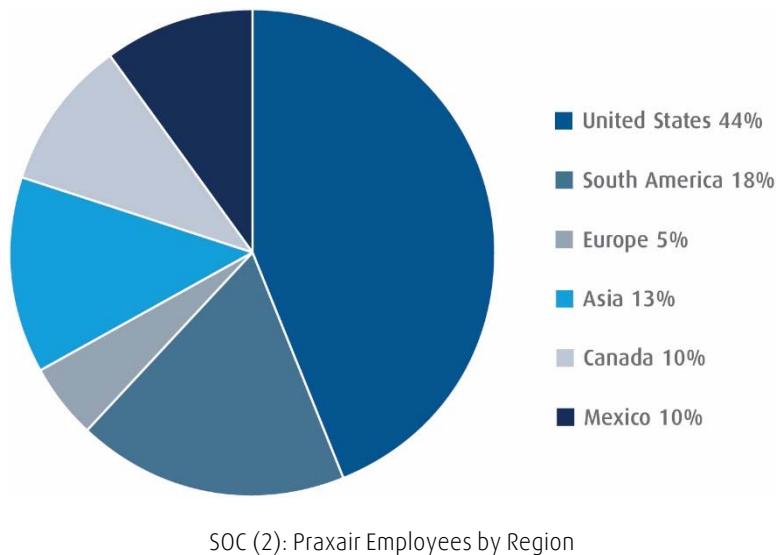
Number of Linde Employees	
2018	
80,820	

SOC (1a): Number of Linde Employees

Number of Praxair Employees			
2015	2016	2017	2018
26,657	26,498	26,461	23,720

SOC (1b): Number of Praxair Employees

401-1, 102-8



#### 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation

Praxair offers a high-performance culture, values ambitious and creative employees, and incentivizes and rewards good performance. Employees can expect to receive a competitive pay package that recognizes the experience, skills and abilities they bring to the company.

Training and development are offered, as well as a full range of benefit programs ranging from wellness to work-life balance. Benefits are available to all full-time employees—in the U.S., those working more than 20 hours per week—and vary according to business unit. Paid vacations and holidays, life and accident insurance, healthcare, disability/invalidity coverage, primary caregiver leave (maternity/paternity leave, including for adoption), flextime, education reimbursement, wellness allowances and a range of personal and family insurance policies, options for professional services (legal, counseling, medical care, childcare, eldercare), purchasing subsidies (personal office equipment and supplies, gym membership/equipment) and retirement provisions are some of the types of benefits provided to employees of the organization. Many specific program descriptions here apply to U.S. programs, but equivalent programs may be offered in each country and referenced on that country's careers website. These benefits are generally not provided to temporary or part-time employees by major operations.

- Flexible Work: Praxair understands that everyone has commitments outside of work. Recognizing this, the company has global policies that provide work arrangements that help employees meet enduring or shorter-term personal needs through formal and informal means. For example, in the United States, Praxair offers paid personal days and a Flexible Work Policy that allows flexible scheduling.
- Work/Life: Praxair offers a confidential resource and referral service for practical advice and referrals related to parenting and childcare, eldercare, financial and college planning, retirement planning, survivor support programs and more. Facilities offer accommodations to employees. For example, Praxair sites offer private rooms for breastfeeding, and some sites feature on-site daycare.
- Health and Wellness: A range of activities are offered to all employees to support employee health and wellness. They include seminars on such diverse topics as financial health/retirement; stress management information and stress management/reduction techniques and training; sleep management and managing such work-life issues as a family member with Alzheimer's disease; community engagement; office picnics/parties; and "bring your child to work day." Some activities are managed by an Employee Activity Council or similar and vary by site. For those participating in the Praxair medical plan in the United States, benefits include a Healthy Living Plan, nutritional/health support and a 24-hour nursing consultation. Some sites also have on-site fitness programs.
- Volunteerism: Praxair is committed to supporting the communities around the world where its employees live and work. Employees are encouraged to participate in volunteerism and community engagement activities. The Praxair Global Giving program provides generous matches to a range of employee giving. Community engagement is part of Praxair's culture, and employees at all levels of the company contribute their time and skills to help build resilient communities. Corporate policies allow employees to volunteer during work hours with the support of their managers. Options for employees include employee-driven projects, giving campaigns such as the annual United Way campaign held at various locations, and the year-round matching gift program. The matching gifts program provides a 100 percent match for all eligible donations, up to \$15,000. It was previously available to employees in the United States; a similar program has now been extended to other regions.

#### 401-3 Return to work and retention rates after parental leave, by gender

Subject to country or region's laws, Linde employees of either gender are entitled to parental leave or benefit entitlement that may be used for parental leave purposes.

Additional employee benefits and entitlements in the United States fall under the Family and Medical Leave Act (FMLA) and Short Term Disability (STD). To be eligible for FMLA leave benefits of 12 weeks in a year, an employee must meet some eligibility requirements, for example, time worked for Praxair (12 months). The FMLA covers birth, adoption or foster care of an employee's child within 12 months after the birth or placement

of the child ("Bonding Leave"); care for an immediate family member (spouse, child or parent) with a serious health condition ("Family Care Leave"); and an employee's inability to work because of a serious health condition ("Serious Health Condition Leave"). Other countries have equivalent programs. In the United States, full-time employees, having one year or more of service, who are parents of newly birthed or adopted children are eligible for a Primary Caregiver Leave, which allows parents of newly birthed or adopted children up to 10 weeks of leave. This includes four weeks of paid leave in addition to any disability benefits that may be available. In addition, subject to management's discretions, all new parents may request flexibility or accommodations in the six months after birth or adoption.

At this time, the company does not report on the number of employees who took parental leave or their return to work retention rates.

## 402-1 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements

*Note: This section responds to 402-1 and also responds to 102-41.*

Linde considers relations with its employees to be excellent.

Praxair data is provided for the purposes of this report: Praxair's Human Rights Policy upholds its employees' right to choose which organizations they join and whether to unionize or not. Approximately 25 percent of Praxair employees belong to an independent trade union or are covered by collective bargaining agreements. Employees in Europe are members of work councils.

The company has collective bargaining agreements with unions at numerous locations throughout the world, which expire at various dates. Most of the company's labor agreements have language that defines severance arrangements. In countries or companies where employees have third-party representation via a works council or collective bargaining, the company respects these relationships and works with these third parties in a mutually respectful manner. In the case of work councils, the company meets any predetermined notice periods mutually agreed to by the parties.[102-41](#)

As a matter of business practice, the company keeps employees well informed of operational changes through normal internal communications channels, most notably its corporate intranet, through which global/corporate information and business unit information (in home country language) is provided directly to employees. Business leaders also communicate through regular channels that include periodic business teleconferences, newsletters and issue communications.

The company makes every effort to be proactive and to provide reasonable notice to all employees if a significant change occurs, and it has a good record of employee relations in countries where it does business.

## 403-2 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

Key KPIs for Linde's safety performance include days away from work (lost workday case rate), and the tracking of illnesses and injuries, including fatalities and occupational diseases. These and other safety key figures are reported monthly to the Office of the Chairman. In addition, Linde's full Board of Directors has 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 safety. Accidents and near misses are closely monitored, reported and investigated. Evaluations of these events are performed, and the lessons learned are communicated in safety training and special safety alerts for the relevant work groups. The benefit of these continuous efforts is that Linde's employee and contractor safety performance continues to be better than general industry benchmarks and among the best within the industrial gases and chemical industry.

To promote continuous improvement and recognize efforts contributing to a safe working environment, Praxair presents an annual Chairman's Safety Award. The award is given to businesses that meet or exceed their best-ever performance over the last five years in reducing recordable injuries, lost workday cases and/or product vehicle accidents. In addition, Linde annually holds a global "Safety Day" which provides information about different safety issues and various workshops around safety; external contractors are also invited to join.

Linde also promotes a healthy work environment by, for example, providing employees with information on ergonomics and lighting considerations. Linde controls workplace environmental factors, including noise, lighting, indoor air quality, humidity and temperature.

Linde's 2018 numbers include two months of Linde AG and reflect the impact of a more diversified business (e.g., larger healthcare business) in the combined company.

This section also reports Praxair safety rates. In 2018, there was a slight increase in Praxair employee injury rates. This is mainly attributed to a decrease in work hours, along with stable or declining number of incidents.

403-2

The lost workday case rate for construction contractors in 2018 was 0. The scope for construction contractor groups was the same as 2017 (Praxair data only). See also page 13 for safety performance versus SD 2020 targets.

See SOC (3a), SOC (3b).

Global Safety Performance Rates per 100 Employees		Worldwide 2018
Rates of occupational diseases (Total: 4 worldwide)		0.009
Lost Workday Case Rate overall (Total 64 worldwide)		0.15
Rates of injury (Total 227 worldwide)		0.529
Rates of injury and illness (Total 231 worldwide)		0.538
Global Work-Related fatalities		
Employees		0
Contractors		2

SOC (3a): Global Safety Performance by Region, Linde

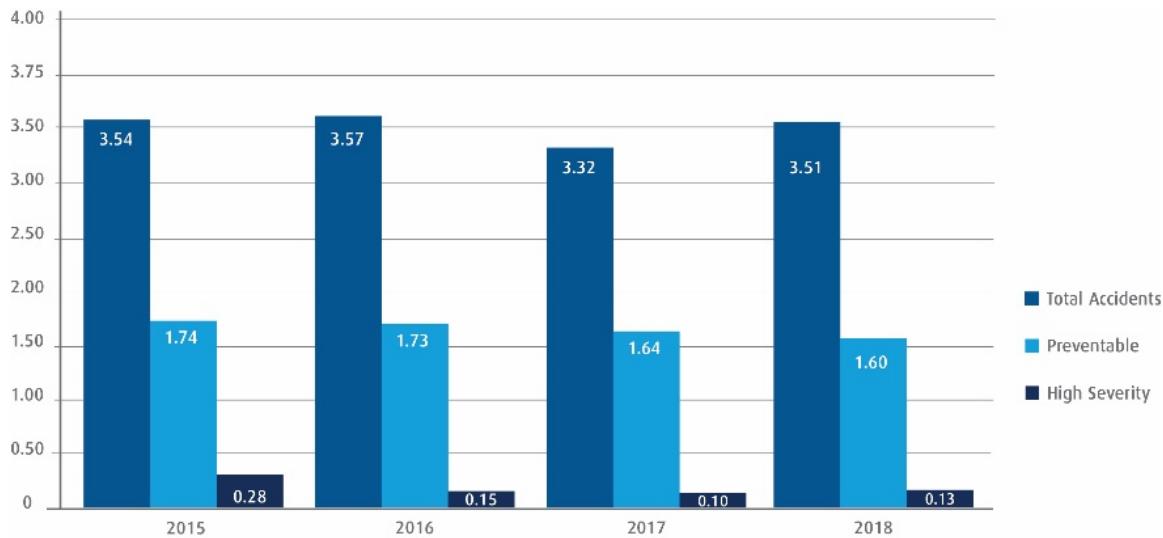
Global Safety Performance Rates per 100 Employees	Worldwide 2015	Worldwide 2016	Worldwide 2017	Worldwide 2018	N. America 2018	Europe 2018	S. America 2018	Asia 2018
Rates of occupational diseases (Total: 4 worldwide)	0.003	0.009	0.010	0.012	0.015	0	0	0.016
Lost Workday Case Rate overall (Total 19 worldwide)	0.042	0.073	0.062	0.059	0.082	0.031	0.023	0.016
Rates of injury (Total 131 worldwide)	0.419	0.307	0.371	0.406	0.596	0.216	0.047	0.094
Rates of injury and illness (Total 135 worldwide)	0.422	0.32	0.381	0.418	0.611	0.216	0.047	0.109
Global Work-Related fatalities								
Employees	0	1	0	0	0	0	0	0
Contractors	2	0	0	2	0	0	2	0

SOC (3b): Global Safety Performance by Region, Praxair

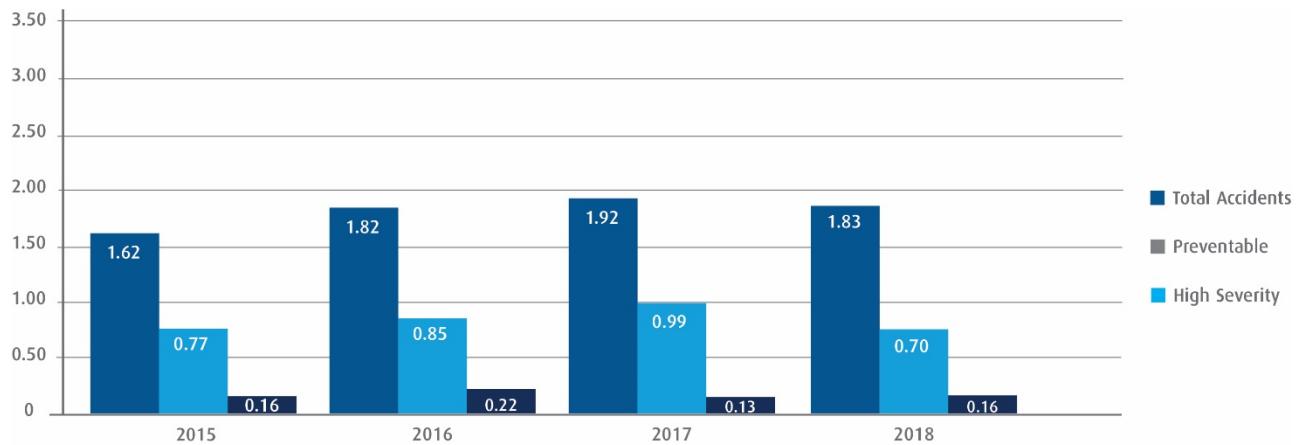
403-2

2015	2016	2017	2018
0.048	0	0	0

SOC (3c): Construction Contractor Lost Workday Case Rate, Praxair  
Units: Rate per 100 contractors



SOC (4): Worldwide Product Vehicle Safety: Praxair Drivers  
Units: Rate per million miles



SOC (5): Worldwide Product Vehicle Safety: Contract Drivers  
Units: Rate per million miles

#### 404-1 Average hours of training per year per employee by gender, and by employee category

##### Business Benefits from Training and Education

Like many companies, Linde must attract, hire and retain qualified personnel in order to develop, market or sell its products or successfully manage its business. Linde is dependent upon its highly-skilled, experienced and efficient workforce to be successful. Much of Linde's competitive advantage is based on the expertise and experience of its key personnel regarding marketing, technology, manufacturing, 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 the company's financial results. Investments in employee training and development bring value, but this is often hard to measure, or of indirect business benefit. The challenge in this area is to create training interventions that bring direct learning and measurable business benefits.

This section explains some examples from Praxair:

One example of Praxair's investment in development training demonstrates the multiple values of employee development programs to employees and to the company. Prior to implementation in 2016, the Talent Development team conducted a detailed needs assessment to ensure that potential programs met the needs of a company. The goal was to highly prepare people managers to engage the workforce. The program was first introduced in the United States. Over the past several years, Praxair has increasingly employed technology in training and development. One example of continued deployment of e-learning in 2018 was its use of Skillsoft and its use in the "Inclusion Boost" program.

### **Employee Learning and Development**

Praxair employee careers and career paths are strategically managed. Employees and management use a range of competence-based and goal-setting tools. Employees store and maintain resumes, experience, completed training, certifications achieved, performance appraisals and career goals and aspirations. Career paths are planned in conversations with their managers against competency ladders. These plans are used for talent development and succession planning and in internal recruitment.

Praxair has invested in Learning Management System (LMS) software that facilitates global reporting of formal training. The data reported below is a subset of all the Praxair-sponsored formal training provided. The LMS system enables all businesses and functions to house, track and offer training and training-related information on a single enterprise platform.

Due to the installation of new global training systems, Praxair now collects global training statistics by region. For all types of training, excluding safety training, Praxair reports an average of 12.8 hours of training globally (regional average); however, these hours vary depending on training needs and budgets. See SOC (6).

In 2018, Praxair continued to expand the use of technology to offer significant training with increased efficiency of time and cost:

- Praxair expanded its e-learning offering to more than 5,500 employees. In 2018, nearly 26,000 courses, videos and other resources were taken, representing 11,780 training hours.
- Praxair continued the use of e-learning to reach substantially all employees for business integrity and sustainability training. Globally, this included more than 20,000 employees.

When added to standard compliance training and safety training, employees received an average of at least 58 hours in 2018. See SOC (7).

This training consists of:

1. Ethics and compliance training: This is mandatory at all levels. The average employee receives two hours of training each year.
2. Employee development training: Praxair employees received an average of 12.8 hours of formal training in 2018.
3. Professional skills training: Employees in specific businesses and functions receive additional training as needed or requested. This will be tracked globally when Praxair's LMS is fully automated.
4. Management and development training: Praxair also provided additional management and development training as needed or requested.

### **Safety Training**

The company is committed to providing its employees with a safe operating environment by investing in state-of-the-art technology and driving a culture in which safety is the top priority. Accordingly, Praxair rigorously focuses on training to prevent work-related risks and/or occupational health hazards for employees, their families, contractors, and, in many cases, for community members. Its industry-leading safety performance is the result of a program of continuous training and communication using a wide range of media.

In 2018, Praxair invested more than 1.3 million hours in safety training for its employees and contractors. The average Praxair employee (at facilities and offices) received 44 hours of formal safety training in 2018. See 204-1.

All sites in all regions and business units have periodic safety meetings and an annual Safety Commitment Program, which is held at every facility globally and represents Praxair's commitment to safety (operations are shut down for Safety Commitment Programs). There are periodic "stand-down" meetings when operations are stopped for a safety program, continuous short "toolbox" reviews, and additional annual training for specific job functions and for compliance purposes. In addition, Praxair conducts general safety training and communication through a range of global, regional and site-based channels on a needs basis, for example, in relation to safety changes in different seasons, a worldwide health threat or to communicate learnings after a safety incident. Safety training is conducted for all employees in all functions.

### **Cultural Awareness, Diversity and Inclusion, and Unconscious Bias Training**

Training is one of the four key tenets of Praxair's diversity and inclusion strategy. Accordingly, training is offered globally through multiple platforms, with various contents and to various levels across the organization. Diversity and inclusion training goals are to enhance managerial and leadership capabilities in understanding Praxair's business case for diversity and building inclusive leadership skillsets, and also equipping employees to effectively manage talent in a multicultural, increasingly diverse environment.

Classroom training and e-learning are used to enhance personal and managerial skills and are offered on a mandatory and voluntary basis. For example, in 2013, cultural awareness training was offered to all employees, and a learning tool, Culture Wizard, was introduced. The tool benefits global business managers, business travelers, international assignees and employees working in virtual teams to strengthen their global business skills and work effectively with others from diverse backgrounds. In 2014, more than 1,200 global managers were trained on a newly embedded segment within the Leading in Praxair (LIP) program, "Managing Diversity." The program defines diversity and inclusion within Praxair's cultural context and enhances managers' capability to drive inclusion in the organization. Since 2015, Praxair has implemented unconscious bias training and tools for managers; more than 1,000 global managers have received this training.

Informal diversity training is also offered at all global locations, embedded within celebrations of Global Diversity Day and International Women's Day events, during which time the company offers learning webinars and inclusion activities. Praxair also celebrates up to six heritage days around the world celebrating the global diversity of its employees.

"Inclusion Boost" was introduced in 2018. This self-directed training utilizes videos to reinforce inclusion initiatives and prior unconscious bias training. In a series of short videos, employees can learn, reflect and share. More than 2,000 employees participated in this training.

### **Leadership and Skills Development**

Classroom training is only part of the education that employees receive. Mentoring, networking, skills training and work experience are all designed to enhance employee career opportunities. Some employees receive formal mentoring, and there are various networks for employees to join based on interest (e.g., Toastmasters clubs or "Success Network" events). Eligible employees receive tuition reimbursement for approved studies, including university degrees. Following are highlights of additional initiatives that promote the career development of Praxair employees:

- Widespread e-learning opportunities to increase technical and managerial skills and for personal development. The Personal Development Center, for example, provides on-line coaching and tools for developing competencies used in annual performance evaluations, and other valued skills.
- An enterprise-wide LMS system enables all businesses and functions to house, track and offer training and training-related information on a single enterprise platform.

### **Business Programs**

- Praxair's commercial and corporate programs offer challenging projects that will help prepare dynamic sales and corporate talent within the business. Examples include the following rotational programs:
  - Commercial Leadership Program (CLP): The CLP is designed to expose employees to key areas within Praxair's sales arena and cylinder gas business.
  - Corporate Leadership Development Program (CLDP): This two-year rotational program exposes employees to the critical issues, decision-making processes and data analysis methods unique to each Praxair business.
  - Hydrogen Technical Orientation Program (HyTOP) : HyTOP is a nine-month program designed to expose employees to key areas across the hydrogen business and give them hands-on experience in a variety of plant operations areas, such as safety, quality, environmental control and maintenance.
  - Leadership and Technical Orientation Program (LTOP): LTOP is a one-year program designed to introduce employees to the operations and commercial aspects of Praxair's U.S. Industrial Gases (USIG) business, such as plant startups or shutdowns, maintenance, project planning and execution, project management, sales and planning.
  - Operations Leadership Program (OLP): OLP is a one-year program that exposes employees to key plant operations within Praxair Distribution, Inc.
  - International Leadership Development Program (ILDP): ILDP is a two-year international program designed to expose attendees to key business areas and help them to build their skills. Rotations can be across several functions, including the financial, business development and marketing areas.

### **Corporate Development Programs**

- LIP: This three-day supervisory skills program is offered in all geographies. To date, more than 2,300 managers have benefitted from this training, helping them to expand their managerial skills. This program allows Praxair to standardize managerial practices around the world.
- Career Development Program (CDP): This program was developed for early-career employees. In 2016, more than 100 employees benefitted from this program. "Train the trainer" sessions for regional groups provide the capability to deliver this CDP to more employees, as millennials continue to enter the workforce.
- General Managers Program: This program teaches employees how to create value using experiential techniques. The program enhances employees' ability to operate in a competitive business environment. During 2016, 50 top leaders experienced this program.
- Global Leadership Program: In order to prepare the future Praxair executive, the Global Leadership Program develops the business management and leadership skills required to achieve both short- and long-term business objectives. Successful executives have the opportunity to understand their leadership strengths and weaknesses and to develop the potential of direct reports.

This indicator is partially reported. Praxair businesses are responsible for HR management at their respective regional level. Key metrics are consolidated at the global level and reported here.

Training	
Regional Average, Global	12

SOC (6): Global Employee Development Training, not Including Safety Training, Praxair  
Units: hours per employee

Average Training Hours per Employee	2015	2016	2017	2018
All employee compliance training (ethics, integrity)	2	2	2	2
Employee development training, not including safety*	12	12	12	12
Safety training – all employee average	37	37	37	44
<b>Total average recorded formal training hours</b>	<b>51</b>	<b>51</b>	<b>51</b>	<b>58</b>

SOC (7): Global Employee Training, not Including Safety Training, Praxair  
Units: hours per employee



#### 404-2 Programs for upgrading employee skills and transition assistance programs

Linde offers a wide variety of training programs to different groups of employees to support their professional development and help them advance in their respective functions. Included are some examples of programs from both legacy organizations:

##### Exemplars from Linde AG

- Linde provided training programs and university courses with a work experience element to young people, as well as training opportunities in various technical and commercial areas. In Germany, in 2018, the company offered vocational training in 26 different professions. During the reporting year, 91 apprentices and student trainees were recruited in Germany. The company took on 32 percent of one year's cohort of apprentices and student trainees as permanent employees at the end of their vocational training and offered a further 54 percent a fixed-term contract.
- Linde AG's *Emerging Leader Programme* is targeted to managers in transition (from first line managers to middle managers). It was launched in 2018 in all three segments with 60 people participating.

##### Exemplars from Praxair:

- Eligible employees receive tuition reimbursement for eligible studies such as an MBA. Globally, Praxair directed approximately 11 percent of its training budget towards educational reimbursement in 2018. Several learning and development tools are made available to employees to allow them to develop professional and interpersonal skills. Employees participate in industry conferences and seminars that facilitate best-practice sharing and professional networking. Praxair's financial services vendor routinely offers on-line and in-office seminars on financial planning, including financial planning for employees approaching retirement.
- In the United States, under the company's generally applicable severance plan, if employment terminates for certain reasons, U.S. employees are generally eligible for severance benefits of up to a maximum of 26 weeks of base pay, depending on their completed years of service. See Linde's *Notice of 2019 Annual General Meeting of Shareholders and Proxy Statement*, pages 64 - 65.
- In addition to retirement savings plan benefits, Praxair offers access to financial planning tools and resources to aid in transition to retirement.



#### 404-3 Percentage of employees receiving regular performance and career development reviews

##### Talent Management

At least annually, all eligible Praxair employees meet formally with their supervisors to review their performance and development opportunities. Employees receive a performance appraisal through the systematic use of agreed-upon measurable targets and a multi-dimensional performance appraisal. Performance reviews and development plans are a part of a global talent management system, which is designed to effectively utilize and advance employees across all regions.

**404-3****Performance**

Every year, Praxair ensures that managers and employees measure the results of individual objectives, creating a transparent link between performance and rewards. All employees around the world are expected to obtain results and demonstrate a series of competences and behaviors that support the local business strategy.

Praxair's Performance Management Process (PMP) is designed to:

- Ensure alignment between employee and business unit/function goals.
- Enhance communication between employees and managers.
- Promote meaningful assessment and evaluation of individual performance.
- Promote alignment between individual performance and pay.

The first step in the PMP is to set annual performance goals. Goal-setting is a collaborative process between managers and employees. Goals are the driving force behind achievement and provide an opportunity to challenge employees and improve their skills. Goals serve the needs of the company and aid in the development of employees.

**405-1 Diversity of governance bodies and employees**

Global Diversity and Inclusion is a formal support function operating under Corporate HR, and develops strategies and initiatives within four pillars: Talent Management, Inclusive Culture, Managerial Training and Marketplace Branding.

Linde's Board of Directors, CEO and Management Committee monitors results by business group in diverse representation at all levels of the talent pipeline, including senior leadership, talent acquisition, talent development and advancement, managerial training and workplace culture and engagement. This oversight, which includes quarterly reviews, provides accountability for business leaders and ensures that diversity and inclusion is sustained as a top priority for the organization's long-term growth and viability. Each subsidiary and business is held accountable through the development and implementation of an annual Diversity Action Plan that includes both qualitative and quantitative aspirational goals.

Among other things, Linde (1) sponsors talent pipeline initiatives, including employee resource groups, for diverse talent segments; (2) celebrates heritage days and cultural awareness events; (3) offers Inclusive Leadership and Unconscious Bias training to employees; and (4) brands itself through social media and other forms of external communications. See also 404-1.

SOC (8) provides information on diversity in Praxair's Board, global senior leadership team and CEO senior management team.

Praxair's Board of Directors consisted of nine members, including its CEO, all of whom are over 50 years old. Of those nine Board members, one was female, one was Brazilian, and one was African-American.

For the 2018 Praxair organization, 60 percent of executive officers were over the age of 50, and 40 percent were below. Globally, the percentage of women employees is 19 percent (25 percent for professional women employees).

Post-merger, the Linde board consists of 12 members, including its CEO. Of the 12 Board members, three (25 percent) are female. Of the executive officers, 63 percent are over the age of 50.

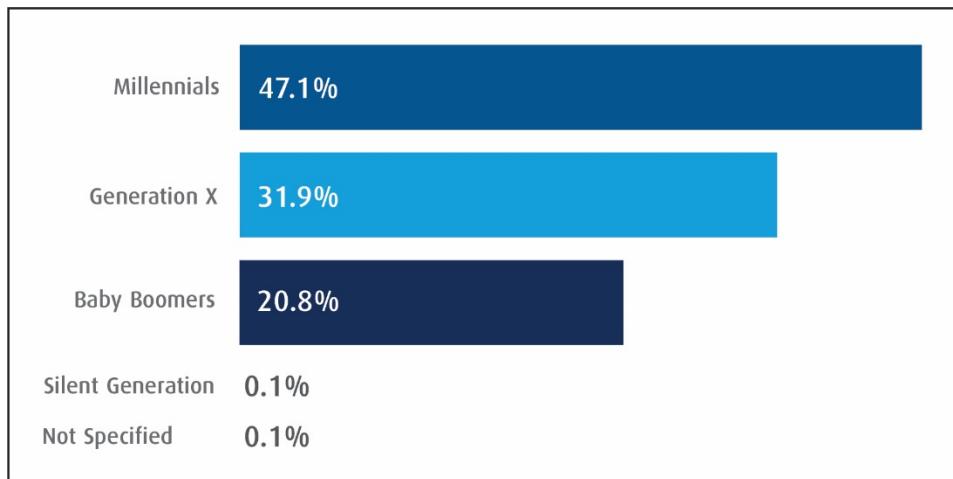
Praxair is committed to sourcing and retaining local talent, particularly in its emerging economy countries. Praxair does not currently report global diversity breakdowns in all the ways requested in the GRI Standards. However, Praxair reports data from Mexico and Central America in the sustainability reports for those businesses.

In addition, Praxair reports on the age distribution of its global workforce in the following categories: silent generation (those born in 1945 or before); baby boomers (those born from 1946 to 1964); generation X (those born from 1965 to 1976) and millennials (those born from 1977 to 1995). See SOC (9).

405-1

	2016	2017	2018
<b>Board Diversity at Praxair</b>			
% Women	18	11	11
% U.S. minority or non-U.S.	27	22	22
% Total board diversity	45	33	33
<b>Executive Leadership</b>			
% Women	17	17	19
% U.S. minority or non-U.S.	43	42	39
% Total executive diversity	51	53	51
<b>Global Diversity Male/Female*</b>		Male/Female	Male/Female
% Overall	81/19	81/19	81/19
% Management level and up	83/17	83/17	83/17

SOC (8): Diversity in Global Leadership and Management, Praxair



SOC (9): Age Distribution, Praxair Employees



#### 405-2 Ratio of basic salary and remuneration of women to men

Praxair's compensation policy assigns jobs into pay grades based on job descriptions so that employees with comparable functions and responsibilities are compensated appropriately, regardless of age, sex, race or other prohibited characteristics. As part of its compensation program, Praxair conducts annual pay equity analyses in the United States and in other countries where required by law.

Linde disclosed compensation information for named executive officers, both men and women, as well as the ratio of CEO pay to the median employee. See Linde's 2019 Proxy statement, pages 52, 54 and 71. Other specific salary information is confidential.



#### 406-1 Incidents of discrimination and corrective actions taken

Discrimination is prohibited by company policies. The Board of Directors has approved a Code of Business Integrity and related program(s) to provide additional, specific business conduct guidance to employees.

**406-1**

Linde is committed to recruiting, hiring, compensating and promoting people based solely on their abilities, performance and qualifications for their jobs, and to maintaining a professional work environment in which employees are treated with respect and dignity. As part of its commitment to equal employment opportunity, the company prohibits discrimination or harassment based on race, color, religion, sex, national origin, age, disability, veteran status, pregnancy or gender identity or expression. This prohibition is applicable to all employees worldwide whether such behavior is prohibited by the laws in the regions where it operates. The company is also committed to complying fully with applicable labor and employment laws wherever it operates.

The company takes these standards very seriously, and any non-compliance, depending on the circumstances, can result in serious disciplinary action, up to and including termination of employment. For example, in 2018, information was distributed to Praxair employees worldwide to outline management's expectation of ethical conduct and integrity wherever Praxair does business. Consistent with Praxair's practice in prior years, all employees in 2018 were required to annually certify that they have read and understood the material.

Employees are expected to report suspected complaints, concerns, and violations through a number of channels, including the Praxair Hotline or Linde Integrity Line. Reports may be made anonymously. All reports to the hotline are appropriately investigated and satisfactorily closed. It is a violation of Praxair policy for any person to retaliate against any individual who has reported such a matter in good faith.

Reports to the Praxair Integrity Hotline include, but are not limited to, potential human rights violations and includes potential incidents of alleged discrimination, involving internal and/or external stakeholders, across operations in the reporting period. See the Performance Dashboard and 412-1, 412-2, 414-1 and 414-2.

In 2018, 340 reports were made to the Praxair Integrity Hotline. Of these reports, approximately 75 percent were related to workplace issues not within the scope of the SBI. See SOC (10). The remainder addressed a range of issues under the SBI, which were appropriately investigated and addressed. The director of internal audits is responsible for maintaining and retaining complete records about the receipt of all targeted complaints and their reporting, investigation and final resolution. The director of internal audits, acting through the Corporate Security department, develops and maintains a control and follow-up system for targeted complaints, including, to the extent he/she deems appropriate, a written tracking system to ensure that each complaint is promptly followed up and resolved, accountabilities are assigned and communicated, and each step in the handling of the complaint is described in detail.

	2015	2016	2017	2018
Number of hotline reports	388	387	393	340

SOC (10): Hotline Reports, Praxair



### **407-1 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be at risk**

*Note: This section responds to 407-1 and also responds to 409-1.*

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. This includes freedom of association and freedom of peaceful assembly, including freedom to choose whether to engage in collective bargaining and employees' participation in works agreements in various countries. These rights are referenced in Praxair's Human Rights Policy, which makes clear that the company recognizes freedom of association, and that employees have the right to choose which, if any, organizations they join, including determining whether to unionize. Praxair expects suppliers to demonstrate similar practices. See <http://www.praxair.com/our-company/corporate-responsibility/policies-and-position-statements/human-rights-policy>.

For actions taken, see 412-2.



### **408-1 Operations and suppliers identified as having significant risk for incidents of child labor**

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. In addition, human rights policies from Linde AG and Praxair prohibit any form of child labor or forced labor, including human trafficking. These policies are provided on the legacy company websites and remain current until replaced by a corporate Linde policy. For actions taken, see 412-2.

Praxair's Human Rights Policy makes clear that the company opposes all forms of child, compulsory or forced labor at its operations and expects suppliers to demonstrate similar intolerance for such practices. This helps to mitigate the risk of child labor in Praxair operations or among contractors that work on company property. Definitions of terms are consistent with the ILO. See <http://www.praxair.com/our-company/corporate-responsibility/policies-and-position-statements/human-rights-policy>. For actions taken, see 412-2.



## 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor.

See 407-1.



## 410-1 Security personnel trained in the organization's human rights policies or procedures

One-hundred percent of Praxair security personnel were trained in Praxair's Human Rights Policy and its application to their work in 2018, and in the Linde Code of Business Integrity. See 412-2.



## 411-1 Incidents of violations involving rights of indigenous peoples

In 2018, there were no determinations of Linde's operations precluding employees from their rights to freedom of association, there was no likelihood of incidences of child labor or forced labor, and Linde was not involved in any incidents of violation of the rights of indigenous people, so action was not required.



## 412-1 Operations that have been subject to human rights reviews or impact assessments

One-hundred percent of operations were reviewed. Operational human rights issues include those connected to employee and contractor work conditions (e.g., safety, training, personal protective and other safety equipment, the prohibition of forced or child labor, and if appropriate, access to housing and to clean and sanitary facilities) and worker wellness (inclusion, development opportunities, diversity, access to healthcare and appropriate facilities). These are assured as part of the company's normal management processes in 100 percent of its sites and offices globally, as well as in JVs where it has management control. Similar management processes were in place in Linde AG, and the same assertion can be made. Other human rights issues relate to the company's supply chain. For these and general human rights issues management, see 414-1 and 414-2.



## 412-2 Employee training on human rights policies or procedures

Overall, Linde provided more than 1 million hours of training on human rights policies or procedures concerning aspects of human rights. Further information is provided in 414-2.

### Training in the elements of human rights relevant in operational business dealings

One-hundred percent of employees are trained annually in the corporate code of conduct — in 2018, this was Praxair's Standards of Business Integrity and Linde AG's Code of Ethics. Since November 2018, the combined company has had a Code of Business Integrity. Assuming a minimum of one hour per person, this amounts to a minimum of 25,000 hours.

### Training in the elements of human rights relevant in operations

One hundred percent of employees and contractors are trained in safety policies and procedures. Large segments of employees are trained in relevant policies and procedures for compliance, diversity and anti-harassment. All of these activities are included within the company's Human Rights Policy.

### Training in human rights relevant to distribution

Praxair has worked with leading non-governmental organizations (NGOs) in the Americas to bring awareness to its drivers, contract drivers and office employees. Training started in Brazil in 2012; in South America, Central America and the U.S. in 2016; in Canada in 2017; and in Mexico in 2018. Once Praxair drivers and contract drivers were trained and made aware of the issue and what actions they can take, they have been very supportive. This training was presented as consistent with Praxair's Human Rights Policy. More than 3,000 employees received this training. Assuming one hour per person, this amounts to about 3,000 hours. In addition, 15 of the company's top-tier logistics providers were trained, reaching some 195,000 additional contractors.

The Mexico program started in 2018. The company is partnering with Consejo Ciudadano de la Ciudad de Mexico, the national TAT partner. Consejo Ciudadano received a grant from the Global Giving Program. Training has been conducted in the company's largest plants in Central Mexico, and plans are in place to train 100 percent of drivers before the end of 2019. Sessions are held in the morning before the drivers depart on their daily routes.

### Training in the Human Rights Policy and its related procedures

Custom training is distributed annually or biennially through the Praxair Learning Management System (LMS) to more than 1,000 managers globally in functions that have a direct role in the implementation of the policy: Compliance, HR, SHEQ, GPMM, communications and sustainable development; and certain others that have an indirect role, for example, Mergers and Acquisitions (M&A) and Security. Praxair in South America delivers human rights training as part of their annual Compliance Day, which is targeted towards all employees. Assuming one hour per person for this training, it amounts to about 5,000 hours.

 **412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening**

All significant investment decisions incorporate human rights screening in keeping with Praxair's Human Rights Policy. Potential investment agreements that would violate this policy are not pursued. This includes capital investments and acquisitions.

 **413-1 Percentage of operations with implemented local community engagement, impact assessments and development programs**

Community is a core value at Linde:

*We are committed to improving the communities where we live and work. Our charitable contributions, along with employee volunteerism, support initiatives that make important and sustainable contributions to our world.*

The company's commitment to community is executed through two philanthropic program arms:

- Community engagement represents employee- and corporate-led programmatic efforts in communities where the company has a presence.
- Charitable contributions through Praxair's Global Giving program, which provides financial, philanthropic support in the form of scholarships, contributions and support for employee volunteerism and matching gifts, and Linde AG's giving program.

Both of these strategic arms are aligned and work together to provide a significant, lasting value to local communities, to positively impact the company's reputation, and to develop and engage employees. Strategically, the programs work to deepen impact, engage employees and drive business goals, complementing the corporate mission of *making our world more productive*.

In Praxair, many community engagement projects are also supported by the Global Giving program; this financial support helps volunteer projects to potentially have more far-reaching, long-term impact.

Post-merger, Linde looks forward to impactful programs across the newly enlarged footprint. For 2018, the company reports on exemplary programs from both organizations, with selected data from Praxair's community engagement program

One-hundred percent of Praxair businesses participate in employee volunteer community engagement activities. **413-1**

All businesses also provide charitable development through Praxair's Global Giving program. Impact assessments are performed on all reported community engagement efforts and on significant and long-term projects supported by the Global Giving program. **413-1**

#### **Community Engagement Overview**

Since being formally launched nine years ago, community engagement remains strong. In 2018, Praxair employees spearheaded approximately 411 projects across the globe (adjusted for projects conducted by divested sites). These projects represent the efforts of approximately 397 sites. Frequently, sites collaborate on projects. In 2018, 31 percent of Praxair community engagement projects were sponsored by more than one site. The incidence of volunteerism — a measure of the number of times individual employees engaged with the community — reached nearly 18,000.

The company has a healthy mix of established projects and a growing pipeline of new efforts launched to address changing needs. Approximately 15 percent of projects have continued for more than five years, and approximately 47 percent of projects in 2018 were new initiatives. Community engagement projects are classified by focus area: environment, health, education/diversity and general community support. These focus areas parallel the focus areas of the Praxair Global Giving program. See SOC (11), EC (2) and 203-2. More than half of Praxair projects are in the priority focus areas of education, diversity and environment.

Examples of company projects include:

- Education
  - Passion for Community Success: Linde AG employees in Mexico volunteer to assist students at primary schools, secondary schools and universities with limited financial means. Volunteers provide educational opportunities and mentor unemployed women.
- Diversity
  - MLK Literacy Kits: Praxair employees donate books annually to support literacy in honor of the Dr. Martin Luther King, Jr. holiday.
  - Domestic Violence Awareness: PDI employees in Bethlehem, Pennsylvania, helped raise more than \$7,000 to help an organization that assists individuals and families affected by domestic violence.
- Environment
  - Earth Week celebration: At Praxair sites around the globe, employees, family members and friends join together to conduct cleanup activities and other environmentally friendly projects. Consistent with Praxair's emphasis on Zero Waste and environmental conservation, the teams' efforts build team camaraderie and promote long-term environmental benefits. These projects formed the basis for many of the projects in the 2018 Earth Week celebration at Praxair, which boasted the theme, Let's Clean Up! In 2018, more than 3,000 employees performed individual acts of environmental engagement, which Global Giving

matched with a donation to provide seeds for planting in areas where hunger is a pressing concern. In early 2019, after the merger, Linde celebrated its first global Earth Week celebration with the theme, Protect Our World.

- Tree Planting: In 2018, Praxair employees planted more than 31,000 trees through community engagement activities.

### **SDGs, Praxair's SD 2020 Goals and Community Engagement**

Community engagement efforts seek to make a lasting impact on communities and to address enduring problems. Praxair has tracked projects against the Sustainable Development Goals (SDGs) for the past three years.

Praxair's community engagement program supports the SDGs.

Eighty-six percent of the community engagement projects addressed specific SDGs. These foci also reflect congruence with Praxair's priority areas, focusing on development in the areas of environment, diversity/inclusion and education. For example, approximately 27 percent of projects address SDGs related to education (SDG 4).

One educational program that contributes to the SDGs is the Praxair *Skills Pipeline™* workforce development program, which is directly tied to the SDG decent work and economic growth (to achieve decent work and employment for men and women by 2030). In 2016, the program was expanded from the Louisiana inaugural effort to China. In 2017, the program was expanded to Indiana in the area of advanced manufacturing. In 2018, the program was further expanded to other geographies in welding. Moving into 2019, the program has been expanded to professional truck driving, in a program focused on transitioning soldiers. The program looks forward to continued geographic and job area expansion.

### **Recognition and Incentives to Grow Impact**

Enthusiasm for community engagement is complemented by Praxair's global award for Community Engagement. Introduced in 2009, this recognition from Praxair's CEO honors successful efforts that demonstrate a high level of commitment and impact. In 2018, exemplary projects from each business or region were recognized, along with five global winners. Award-winning project teams are honored and receive a significant charitable donation. In addition, businesses and regions that produce lasting outcomes, increase employee engagement and reinforce the corporate mission are recognized with the Chairman's Award for strategic alignment with company goals.

Charitable awards, when possible, are designated to the original beneficiary organization to enable the project teams to deepen their efforts, and, ultimately, to increase the impact to communities.

### **Strategy**

Three strategic elements for community engagement are deepen, engage and drive.

- *Deepen*  
Community need is a primary driver of community engagement.

Projects are dictated by the needs of local communities combined with the desire and ability of local project teams to help address these needs. Praxair community engagement is a proactive outreach to help build community resilience. In order to facilitate needs assessment, Praxair has conducted training on incorporating community needs assessments when determining projects, and guidance for needs assessment is included in the community engagement reporting tool.

Sites are encouraged to build strong relationships with local communities. In order to identify and meet local needs, community engagement is frequently conducted with partners, including local government agencies, suppliers, customers and community groups. These partnerships help deepen and extend the ability to help build resilient communities.

- *Engage*  
Community engagement is considered a leadership activity and is initiated by volunteers. It is also a way to increase awareness of community needs.

Praxair often incorporates community engagement at company-sponsored meetings and conferences, and the company uses these events to develop employee skills and company networks; the company has done so formally since 2012. With the support and participation of business leaders, these events continue to spur additional community engagement participation in locations around the globe.

A hallmark of engagement at Praxair has been the annual Earth Week celebration. In place formally since 2012, Earth Week is an opportunity for employees and teams around the world to engage in personal and corporate acts of environmental responsibility, mirroring the culture at Praxair every day.

Projects often involve community activities, including tree planting, roadside clean-ups and school educational events. Employees also share individual environmentally-friendly acts — more than 3,000 in 2018. Praxair's Global Giving program then "matches" each act with a donation; in 2018, this donation funded contributions to community organizations that provide seeds for growing food in areas where hunger is a pressing concern.

Such programs have not only social impact, but also environmental impact. They also support Praxair's strategic goal to engage employees.

In addition to the camaraderie, community engagement also helps to develop leadership and other beneficial skills for all employees. Employees participate in design contests for museum exhibits and help to build skills by organizing activities in local communities. Employees continue to affirm the value of time spent in these activities, and community engagement has been cited as a factor contributing to choosing to join Praxair for employment.

Employees also direct much of the spending from Praxair's Global Giving program. Through matching gifts and employee volunteer grants, the Global Giving program helps employees benefit charities in their communities. More than 25 percent of the Global Giving program is employee-directed. The matching gifts program now includes countries outside of the United States.

- *Drive*

Driving impact through community engagement is the third main strategic objective.

Example from Praxair

Along with employee-led efforts, Praxair's corporate-led community engagement efforts work to confirm its mission and align with business drivers through strategic initiatives, especially in the STEM fields. These programs directly help to increase the number of skilled men and women in the workforce. In addition, both illustrate that the Praxair community engagement program and Praxair's Global Giving program work hand-in-hand.

In 2018, Praxair also saw the graduation of the second class of students in the Praxair *Skills Pipeline* workforce development program in advanced manufacturing in Indiana. This succession in the *Skills Pipeline* family was created to address the skilled-crafts gap that exists in manufacturing technology, where PST maintains a presence. Students gained industry-relevant credentials, and graduates from this class are now employed in industry, including at PST. Students also earn college credit.

The program offers a multi-faceted approach to workforce development, including community awareness campaigns, scholarships to provide training for skilled workers, professional development opportunities, support to increase the skills of incumbent workers and instructorships for teachers.

The skills gap comprises problems for many stakeholders:

- Workers: Lack of preparedness for the underemployed and unemployed.
- Colleges: Disconnects between training and industry expectations.
- Industry: Increased cost or project delays, due to training or retraining.

Moving into 2019, the program has been further expanded to other skill areas critical for Praxair, and to more geographical locations.

Example from Linde AG

Linde AG has supported schools and training centers for welding technology in a number of countries, especially in regions with low levels of average income, by providing the necessary equipment and expertise. Such programs contribute to improving local living conditions and enhancing equal opportunities.

In South Africa, for example, Linde AG set up training areas at five schools and donated the necessary equipment. Approximately 2,700 students have benefitted from this effort. In addition, Linde AG has provided training for instructors. Employees from the subsidiary, Afrox, support schools by lending their expertise during regular visits.

### Community Input

Community events are often a part of workforce development programming as well as engagement between businesses and the neighborhoods. In 2018, such community events were held in Indiana, Texas and Louisiana.

In addition, Praxair's pipeline business has frequent events to educate the community about the business and the importance of safety.

### Starting with Need... Ending with Impact

Praxair assesses the short- and long-term impacts generated by its philanthropic activity. By understanding community needs and how the company can best help address them, impacts are anticipated at the beginning and then measured at appropriate times during projects.

#### Assessment of Impact

##### *Community Engagement Impact Assessment*

Impactful projects are the goal of all community engagement efforts. In 2016, Praxair's SDMA identified community engagement as a priority for Praxair and its stakeholders. Goals and targets are developed and maintained based on the SDMA, managed and reported in the SDMS and published in this report and in the annual *Community Engagement Highlights*. Praxair's strong culture of execution complements its efforts to measure the impact of community engagement. As in prior years, Praxair measures and reports the social and environmental impact and outcomes, as well as the employee and company benefits, of community engagement based upon a methodology developed by the United Kingdom-based LBG report, *Making a Difference*.

Prior to the start of community engagement efforts, project teams focus on desired outcomes from the projects. At the conclusion of each project, the team measures benefits, as reported by volunteers and/or beneficiaries. Increasingly, third parties help to validate project benefits.

- Inputs  
Inputs are measured by number of hours, number of sites participating and incidence of volunteerism. See SOC (12).
- Outputs  
Outputs are measured by number of beneficiaries, money raised and goods donated. Praxair volunteers brought direct benefits to more than 240,000 people, including approximately 73,000 students. See SOC (13). Additionally, projects reported funds that employees and facilities raised or donated in support of community engagement. In addition to funding from the Praxair Global Giving program, employees and facilities raised or donated approximately \$459,000 in cash and in-kind donations, including food, clothing, trees/seedlings and other forms of in-kind support. This contribution included approximately \$281,000 in cash contributions from employees and facilities. As a part of efforts to continually validate the program, the cash component of this reported contribution was independently verified by an external party for 2018.
- Impacts  
Key impacts are reported as benefits to project recipients, employee volunteers and to the company. Praxair has compared the performance of these metrics over time, and the results are strong year-over-year. See SOC (14).
- Beneficiary Benefits: In 96 percent of projects, volunteers reported that community engagement created a positive impact on the attitudes of recipients. In 82 percent of projects, volunteers reported that community engagement provided recipients with job skills or opportunities for personal growth. In 95 percent of projects, volunteers reported that community engagement had a direct impact on the recipients' quality of life.
- Employee Benefits: In 95 percent of projects, volunteers reported that community engagement helped to increase their own personal growth and effectiveness. In 98 percent of projects, employees reported that volunteering helped increase their interpersonal development. In 90 percent of projects, volunteers reported that community engagement helped to increase their management effectiveness. Further, in 60 percent of projects, employees reported learning and/or developing skills that were transferable to the workplace.

Community engagement affects how employees view both Praxair and their communities. In 95 percent of projects, volunteers reported that community engagement positively impacted their outlook on Praxair and/or their job. In 97 percent of projects, volunteers reported that community engagement gave them a better awareness of the community.

- Company Benefits : Benefits to Praxair are measured in terms of increased engagement with customers and employees and impact on reputation. In 46 percent of projects, volunteers reported that the community engagement projects allowed better engagement with customers. In 96 percent of projects, volunteers reported that community engagement helped to build employee engagement.

Regarding the impact on reputation, in approximately half of projects, volunteers reported that community engagement projects were likely to increase awareness of Praxair. In approximately half of these instances, teams reported that third parties have provided validation of their efforts or of the positive impact of their project(s).

Longer term, Praxair assesses the impact on multiple stakeholders from signature efforts. Considered impacts are both qualitative and quantitative. For example, students who have participated in the Praxair *Skills Pipeline* program have reported high levels of preparation and increased quality of life and self-sufficiency.

The college system has cited increased ability to gauge student completion and the ability to enhance student preparation due to close input from industry.

Praxair has seen increased engagement with customers and suppliers, and, ultimately, available skilled talent to meet current demands for workers.

#### Building Communities... Building Leaders

Community engagement programs often give employees opportunities for leadership. In 2018, a voluntary offering at Praxair allowed employees to learn more about voluntary board service and the multiple skills offered through such experiences. Several employees have expressed interest or have joined non-profit boards since the training, increasing engagement with the community.

#### Community Impact... Business Impact

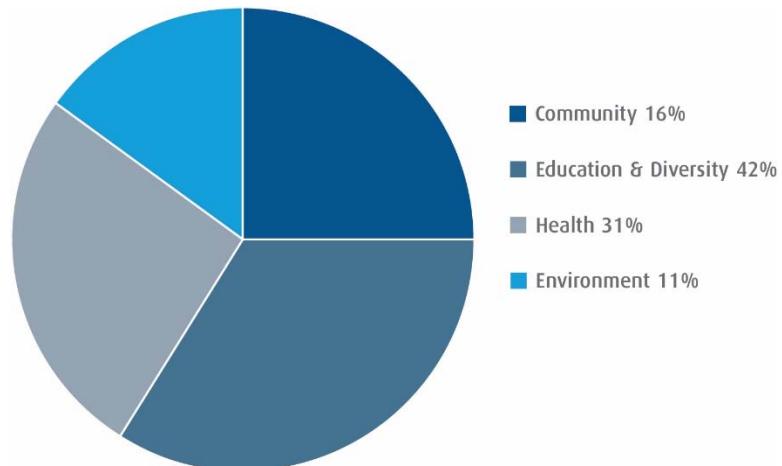
Praxair has seen increased engagement with customers and suppliers, and ultimately, available skilled talent to meet current demands for workers. Graduates from the Praxair *Skills Pipeline* program have been hired by Praxair, its customers and other members of industry. Graduates leave the program with industry-recognized credentials. The program also introduces skills to diverse populations, including women and veterans. The program has also introduced welding to women, historically underrepresented in the field. The first graduating class in Louisiana was comprised of approximately 21 percent women. The second class, which graduated in 2017, was comprised of approximately 17 percent women.

#### Global Giving Impact Assessment

Since 2014, Praxair's Global Giving program has strategically performed impact assessment, also based upon the LBG methodology. Large contributions above a pre-determined threshold and long-term contributions are assessed to ensure that outcomes have been achieved. The result of such assessments is annually reviewed by the Global Giving advisory board.

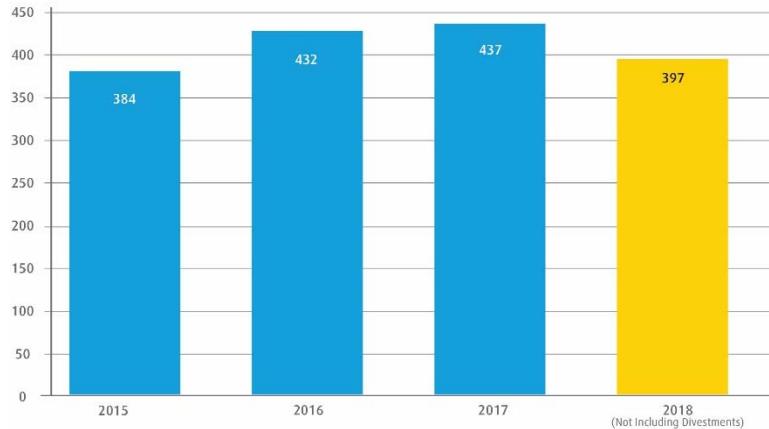
### *Environmental Impact Assessment*

Community impact is a broad consideration at Praxair and extends beyond employee philanthropy. Environmental impact assessments are performed in advance of all Praxair capital investments. Plant leadership often participates in town meetings to provide information and answer questions. Ongoing monitoring is provided through Praxair's cycle of safety and environmental internal assessments. Praxair continues to consider ways to further reach and align with local communities.

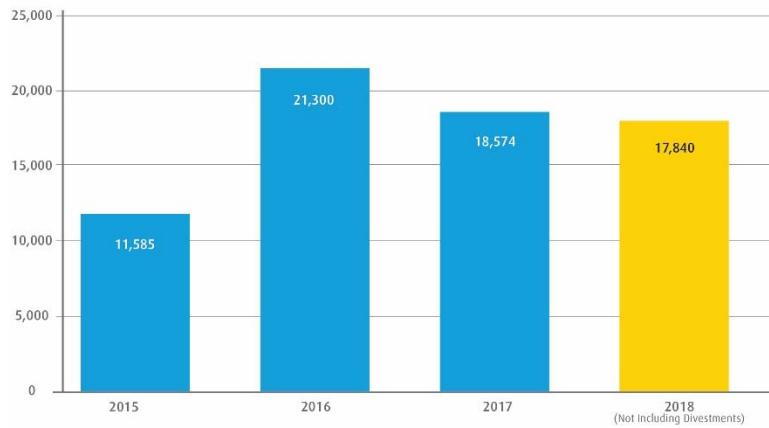


SOC (11): Community Engagement Projects by Focus Area

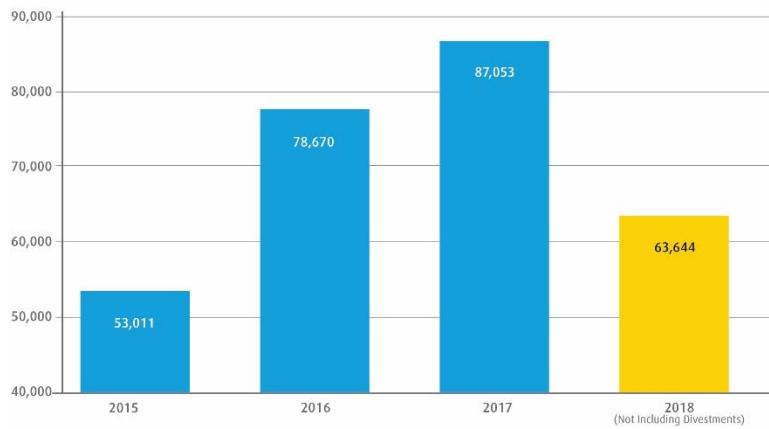
### Number of Sites Participating



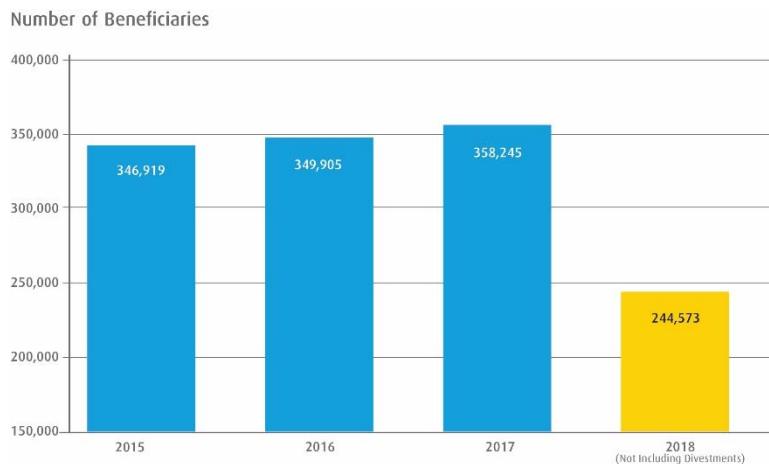
### Incidences of Volunteerism



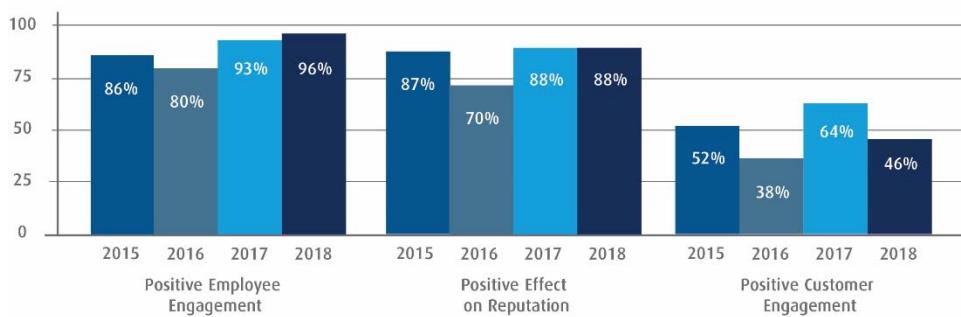
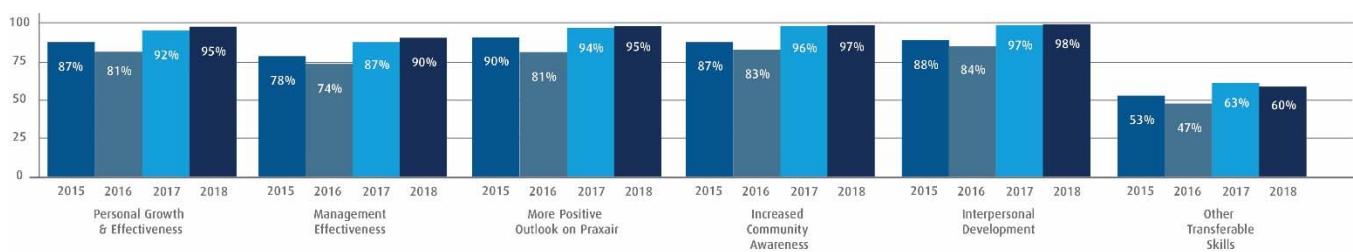
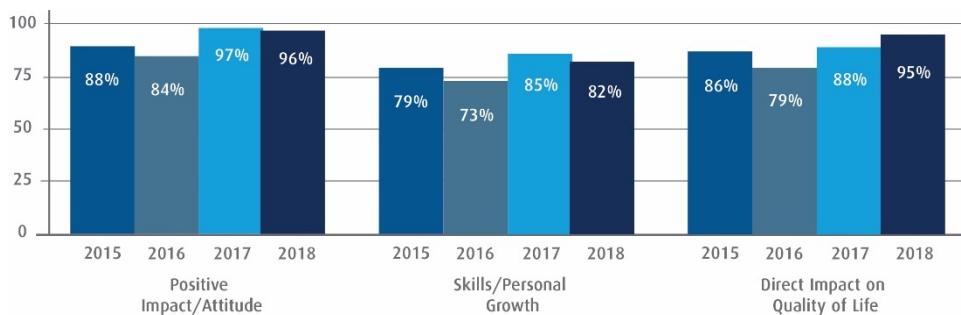
### Hours of Volunteerism by Employees



SOC (12): Community Engagement Projects Inputs



### SOC (13): Community Engagement Project Outputs



### SOC (14): Community Engagement Project Outcomes



## 413-2 Operations with significant actual and potential negative impacts on local communities

Praxair is unaware of situations where it has had a negative impact on local communities. Praxair exercises great care to ensure that its investments in local communities are positive and that local communities perceive the company as a safe place to work and as a good employer. Praxair has had no reports of significant potential or actual negative impacts on local communities. Rather, community engagement efforts have demonstrated tangible positive outcomes. See 413-1.

Praxair's pipeline community education events, STEM programs and workforce development programs and Praxair's Greenway Project are examples of the ways that Praxair aims to make positive, relevant impact in communities. Programs also provide opportunities to develop skills and increase quality of life. Notably, Praxair's *Skills Pipeline* workforce development program has introduced many in the community, including women, to welding. Through the workforce development program in Indianapolis, community members gain skills and credentials in advanced manufacturing technology.

Praxair conducts community events in many neighborhoods, including those near its pipelines. Such events help to introduce communities to the importance of safety and to increase familiarity with the industry, facilities and products.

Both the collaboration with Buffalo Manufacturing Works and the Praxair *Skills Pipeline* workforce development program are indicative of the collaboration with local communities — including in Buffalo, New York, and in the states of Louisiana and Indiana in 2018 — as well as other members of industry, academia and/or government. These programs are intended to have positive economic impact for communities and for individuals and have been well regarded by legislators, industry groups and academic leadership as offering a creative solution to address a recognized need.

These programs build communities by providing resources to potentially impact long-term quality of life. Praxair India employees have joined together for several years, working mainly in health, education and the environment, working in concert with local non-governmental organizations and humanitarian groups to make a positive difference.

For many years, SAWM employees in Brazil have helped provide local residents with environmental education and training to generate income by waste sorting.

Plant leadership often participates in town meetings to provide information and answer questions.

The tree planting provided by the Greenway Project not only helps to beautify areas but also combats erosion and enables local self-sufficiency.

Additionally, charitable funds, in-kind donations and resources contribute to overall positive impact on local communities. For Praxair in 2018, these include:

- Cash contributions from the Global Giving program: \$6.2 million
- In-kind donations raised and donated, including food, clothing, seedlings, product donations and other: \$443,000 (including approximately \$178,000 through the Community Engagement program and \$265,000 through the Global Giving program)
- Approximate value of service by Praxair volunteers: \$1,055,302
- Approximate value of management support/overheads: \$571,328, including fees paid to external organizations for vetting and processing organizations, included in cash contributions above, as well as an approximation of the staff time to manage the Global Giving and Community Engagement programs. (Note: Programs are internally managed, and Praxair does not charge overhead to these programs.)



## 414-1 New suppliers that were screened using social rights criteria

The company's supplier agreements routinely include language that require its suppliers to obey national and regional statutory requirements in the countries in which they operate, including any applicable national laws regarding human trafficking, forced labor and other forms of modern slavery. It is currently developing standard language for terms and conditions, which will be included, where applicable, in future contracts. The policy includes a description of the "Complaint Procedure and Implementation" that describes action expected from different functional groups, and provides a channel for third parties to report anonymously and without threat of retaliation, into Praxair's hotline.

Praxair trains all procurement managers and the global security team each year on the Human Rights Policy. Custom training was developed in 2015-2016 and communicated to nearly 1,000 other managers. The policy is provided with Supplier Expectations to suppliers at the contract start, and they are reminded of it in an annual integrity letter to suppliers co-authored by the head of Procurement and the company's chief compliance officer. Additionally, voluntary training in the crime of sex trafficking along long-haul driver routes was provided to more than 4,000 Praxair employees, drivers and contract drivers in South America and the U.S. This amounts to at least 2,000 hours of training. In addition, 20 of the company's top-tier logistics providers have been trained — more than 227,000 employees combined.

### Supply Chain

In furtherance of its goal of utilizing "conflict-free" materials, Praxair has developed global policies and procedures that communicate its expectation that suppliers of conflict minerals (1) implement due diligence processes to determine the origin of raw materials within their supply chain; and (2) will not supply to Praxair any conflict minerals known to come from the conflict region that are not either (a) from a compliant smelter or refiner, or (b) from recycled or scrap sources.

**414-1**

The executive management team communicates with the company's top-tier suppliers annually to reinforce its commitment to its policies and to remind suppliers of their obligations in contracting with the company. In particular, the executives reaffirm that the company expects business dealings with suppliers to be based on fairness, honesty, lawfulness, safety, environmental stewardship and social consciousness. It continues to assess the effectiveness of its strategy and, where appropriate, adopt policies and practices that improve its program.

Suppliers, vendors and contractors must agree to ensure compliance with their contractual commitments and Praxair's Supplier Expectations, SBI and governing policies, including its Human Rights Policy, or to demonstrate a comparable commitment to business integrity and human rights via their own policies.

The company's supplier agreements routinely include language that require its suppliers to obey national and regional statutory requirements in the countries in which they operate, including any applicable national laws regarding human trafficking, forced labor and other forms of modern slavery. It is currently developing standard language for terms and conditions, which will be included, where applicable, in future contracts. The Procurement organization regularly discusses these expectations with suppliers upon qualification, contracting and during any audits conducted. All sourcing associates and managers receive training at least annually in Praxair's Supplier Expectations and Human Rights Policy.



## **414-2 Negative social impacts in the supply chain and actions taken**

### Praxair Annual Review of Human Rights Risks - 2018

An "adverse human rights impact" occurs when an action removes or reduces the ability of an individual to enjoy his or her human rights. Both because it is consistent with the company's values and because of potential risk, Praxair actively seeks to avoid causing or contributing to adverse human rights impacts through its own activities with its employees, contractors and suppliers, and also with joint ventures (JVs), including those over which the company does not have management control. Praxair may be required to address human rights impacts when required by national legislation, and may choose to take voluntary action to support its values and reputation, even if Praxair has not contributed to those impacts. Action in both areas is described below.

For policies and commitments, see 103 (social), 406-1, 207-1, 408-1 and 409-1.

### **Due Diligence**

Praxair has developed and implemented a systematic risk-based process to identify salient human rights issues and to prevent, mitigate and report how the company addresses its potential impacts on human rights, including enabling the remediation of potential adverse human rights impacts that Praxair may have caused or to which it may have contributed. See SOC (15b).

This process is informed by the UN Guiding Principles Reporting Framework. To mitigate potential human rights violations in the "conflict minerals" supply chain, Praxair's due diligence process conforms, in all material respects, with the framework set forth in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance) and the related supplements for gold, tin, tantalum and tungsten. This process includes monitoring the performance and continual improvement of its suppliers, and, where relevant, with their suppliers, and reporting to the U.S. Securities and Exchange Commission (SEC), on Praxair's website at: <http://www.praxair.com>, and in this section.

### **Process to identify and assess salient human rights risks**

Praxair's chief sustainable development officer (CSO) performs an annual review of current and emerging human rights risks, and Praxair's policy, processes and countries of operation.

This review systematically uses five tools to identify, review and assess potential human rights risks across the company's own operations, its contractor operations and the operations of its JVs, including those over which it has no management control:

1. Annual internal Global Business Risk Assessment (GBRA)

Country management and functional leaders participate in the annual enterprise-wide global risk assessment (GBRA) survey that results in a risk map for Praxair, with priority issues. This considers potential internal operational risk as well as potential risk in Praxair's value chain. Praxair's annual GBRA is a bottom-up survey of potential risk. It specifically addresses a range of human rights risks such as employee safety, welfare and working conditions. Enabling employee welfare and safety is always represented among Praxair's top risks, and substantial management resources are allocated.

Human rights as a specific topic was not determined to be a top risk, directly or indirectly, in Praxair's 2018 GBRA, nor has it been so identified in the last several years. Nevertheless, proactive actions in 2018 will help ensure that local eyes in all countries where it operates have been sensitized to these issues and trained to take action if needed. The message to participants was "The GBRA depends on information from those closest to the source."

### Action taken in 2018

- For the second consecutive year, a presentation was given by the Internal Audit department to the business SD coordinators to reinforce training in the GBRA. The goal was to encourage their participation, especially in identifying risks relating to sustainable development. Risk identification was introduced through the business risk map, a "heat map" that asks respondents to define potential risk in terms of their likelihood or severity. These include risks relating to human rights (e.g., physical

security, employment and labor law, health and safety, and sourcing) within Praxair's operations or its supply chain. The risk assessment process was introduced. Results are supplemented with a Qualitative Assessment that confirms top status risks, reviews outlook and changes over the last year, reviews incidents or near incidents, and updates mitigation steps plans.

- An additional presentation was made internally to several departments and functions on the top risks identified by the World Economic Forum's Global Risks Report 2018. ESG risks have become more common, and there is consensus that solutions should involve governments, business and NGOs. Business unit and functional SD coordinators were encouraged to report relevant ESG issues, even if they were ultimately not considered major risks, as it helps management to spot trends. To prompt thinking, they were directed to the themes of Praxair's SD 2020 targets, which include targets that relate to human rights, safety, equal opportunities and supplier capacity-building.
  - Human rights-related issues could be reported directly or indirectly through other themes, like Safety or Employment and Labor Law, and would be managed in those areas.
2. Continuous review of emerging regulatory issues in human rights  
It is the job of the chief compliance officer, together with the businesses and the CSO, to stay current with emerging regulations in the area of human rights.  
Action taken in 2018
- Human rights remained the focus in countries where Praxair operates.
  - Conflict Minerals: Linde confirmed its due diligence and filed its Form SD, which is available on its website .
  - The EU CSR Directive/Irish Regulation, which includes a request for information about human rights. This was provided in Linde's 2018 Director's Report and Financial Statement.
3. Praxair's Compliance Review Board  
The chief compliance officer oversees compliance with the SBI and related policies, including human rights. He coordinates activity with business Compliance Review Boards (CRBs) and with senior management to oversee emerging regulatory issues, review hotline reports and take appropriate action. If these reviews indicate an emerging potential risk, proactive measures are put in place. Praxair's CRB reviews information supplied to the Integrity Hotline monthly at the business level and each quarter at the corporate level (including the Office of the Chairman).

#### Action taken in 2018

- In 2018, there were 340 reports to the Praxair hotline, of which none related to potential human rights issues (which would be listed within concerns about "Other Policy Violations"). See Integrity Hotline Reports on the company's website at: <http://www.praxair.com>. Praxair reported no reports via the hotline from internal or external parties, and has no knowledge of systematic discrimination by Praxair employees against Praxair colleagues or third parties (e.g., potential recruits, suppliers, customers) or potentially vulnerable groups (e.g., children, indigenous people, migrant labor or local communities) on the basis of race, color, religion, gender identity or expression, political opinion, national origin, age, disability, veteran status, pregnancy or sexual orientation, and it has no knowledge or reports of unfair compensation or hours of work, lack of access to a safe and sanitary work environment, restrictions on the right to choose or not choose employee organizations, or the use of child, compulsory or forced labor. All of these areas are protected under Praxair's SBI and/or Human Rights Policy. Praxair prohibits any form of retaliation against any individual for good faith reporting what he/she believes to be non-compliance with this policy to his/her management, to the appropriate staff group or to the confidential Praxair Integrity Hotline. Individual cases of misconduct are promptly investigated. Praxair does not tolerate verified misconduct: appropriate measures are taken, up to and including dismissal. Reports to the hotline are reviewed locally by the business CRBs and by the corporate CRB.
- The Praxair CRB identifies human rights as a potential issue in its hotline classifications, among "Other Policy Violations." Praxair reports four incidents of "Other Policy Violation" in 2018 that were substantiated; none was a human rights issue. If any issue was to arise and be substantiated, it would be managed in the company's standard process. Substantiated violations of the SBI are escalated to the Office of the Chairman and subjected to a root cause analysis, and a corrective action plan is implemented. This process has been carried forward in Linde.

4. New third-party software program that provides a continuous review of supply-chain risks to compliance or other business risks, including human rights [414-1](#), [414-2](#)

Globally, Praxair's Procurement team uses a third-party global trade management tool for international trade compliance and to assess risk in working with customers and suppliers. Praxair screens for sanctioned or restricted parties as identified by the U.S. and other countries around the globe. Once an entity has been loaded into the tool, they are perpetually screened against the global risk lists. If any changes to the lists occur and a customer or supplier is identified as a restricted entity, Praxair's global trade compliance team is made aware in order to evaluate the risk and to take appropriate action with the business as needed (sometimes this means discontinuing business with a customer, supplier or region if embargoed).

A few lists of particular note that are screened in relation to human rights include the U.S. Department of Justice - Human Trafficking Cases, the U.S. Department of Labor - Convict of Child Labor Monitoring, and Brazil - Transparency List on Contemporary Slavery in Brazil.

#### Action taken in 2018

- Regular reviews conducted.
- In 2018, Praxair maintained its third-party conflict minerals compliance and reporting solution to collect and assess smelter and country of origin data it received from its suppliers of conflict minerals. This additional layer of due diligence allowed Praxair to

quickly identify anomalies or gaps in information issued from suppliers. As an outcome, the identified gaps allowed for a more thorough and comprehensive evaluation of the supply chain for potential sourcing activities in high-risk countries where armed conflict or human rights risks, such as child or forced labor, are prevalent.

##### 5. Praxair annual review of emerging country-level human rights risk

Annually, the CSO reviews trends in human rights risk on a country basis in countries where Praxair operates. The CSO reviews material in the media and annual reports issued by the U.S. Department of State (DOS). In 2018, these reports included the U.S. DOS Human Rights Reports:

- Country Reports on Human Rights Practices 2018: No change in Praxair countries.
- June 2018 Trafficking in Persons Report.

The human rights situations in Praxair countries did not show marked change from prior years. Potentially relevant information is shared with the chief compliance officer, and, if appropriate, also applicable functional leadership, such as M&A, GPMM, SHEQ, HR and Security, or a specific business. This risk identification and communication with Praxair's team in Brazil resulted in action being taken to help mitigate sex trafficking on driver routes, and subsequent action taken across the Americas.

##### Action taken in 2018

- The U.S. DOS report categorizes country governments in terms of their appetite to support victims of trafficking in their countries. The DOS typology shows that Praxair operates in Tier 1 countries whose governments fully meet the minimum standards of the Trafficking Victims Protection Act (TVPA); Tier 2 governments that are working towards this; Tier 2 Watch List governments that are taking efforts towards this but where the trend is not or not yet improving; and Tier 3 governments that are not taking significant effort in this area. See SOC (15a).
- This typology is consistent with advice the company has been given by its NGO anti-sex-trafficking partners (i.e., that a supportive infrastructure [reliable hotline linked to a rapid response system] needs to exist for anti-sex-trafficking campaigns to be effective). They also told us that this infrastructure does not exist in Praxair regions outside of the Americas, and the company has not initiated action there. Praxair will continue to explore this issue.
- This also meant that the greatest opportunity for Praxair to have an impact is in activities related to its business (i.e., where it can use its driver and contract driver network and collaborate with Tier 1 and 2 country governments and effective NGOs to help to eradicate this crime). In 2017, Praxair mapped the DOS country evaluation to its own countries of operation/regional revenue. This map was updated in late 2018 to include countries incorporated from Linde AG. See SOC (15b).
- Praxair has worked with leading NGOs in the Americas to bring awareness to its drivers, contract drivers and office employees across the continent; see 412-2a. Once Praxair drivers and contract drivers were trained and made aware of the issue and what actions they can take, they were very supportive.
- Praxair's work with TAT helps sensitize employees, drivers and contract drivers to broader human rights issues in society, consistent with Praxair's commitment to the safety and security of its local communities. In 2018, following a request from TAT, Praxair maintained its commitment to work on this issue and planned to extend it to office employees.

##### **Human Rights Risk - Assessment**

Groups that were specifically assessed include Praxair employees, suppliers, third-party contracted labor and children/adolescents. Praxair revenue from worldwide activity deemed to be at risk of human rights violations by regulatory agencies in some countries where Praxair operates is less than 10 percent of total Praxair revenue.

##### **Identification of potential human rights risks within Praxair's value chain**

In 2018 and in prior years, neither the GBRA nor the global trade management tool identified human rights as a priority issue for Praxair employees or among suppliers, and there was no report to the hotline about human rights concerns, from internal or external parties. Management therefore concludes that after due diligence assessment, there is little basis for concern about human rights risk in Praxair operations or among its suppliers and contractors, and no sites are required to implement mitigation plans.

There is concern within a small portion about suppliers, or their suppliers, principally for Praxair Surface Technologies, that some materials could be sourced from "conflict zones" where there is a risk of human rights violations. Also, there is a concern that product imported into the U.K. could have used slave labor. There is an opportunity to enhance the work with Praxair contract drivers to help eliminate sex trafficking on driver routes. Praxair has taken action in all these areas.

**Conflict Minerals in Electronic Materials:** Based on Praxair's commitment to governance, compliance and human rights, the most salient human rights issue associated with Praxair activities and business relationships is the issue of potential "conflict minerals" in its supply chain. Certain minerals (including tin, tantalum, tungsten and gold) have been linked with funding killings, violence, rape and other human rights abuses in the Democratic Republic of Congo and other conflict zones. These affect all citizens in these regions, particularly women, children and adolescents.

**Slavery in Supply Chain, UK:** Praxair has published a policy in conformance with The U.K. Modern Anti-Slavery Act of 2015 that reiterates its "opposition to the use of all forms of child, compulsory or forced labor at our operations and establishes the expectation that our business partners, suppliers and contractors will demonstrate similar intolerance for such practices."

**Sex Trafficking on Truck Driving Routes:** Praxair works with major NGOs active in this area to train its network of employee and contractor truck drivers to help mitigate this crime. Voluntary action is ongoing in Brazil, the U.S. and Canada, and will be extended to Mexico.

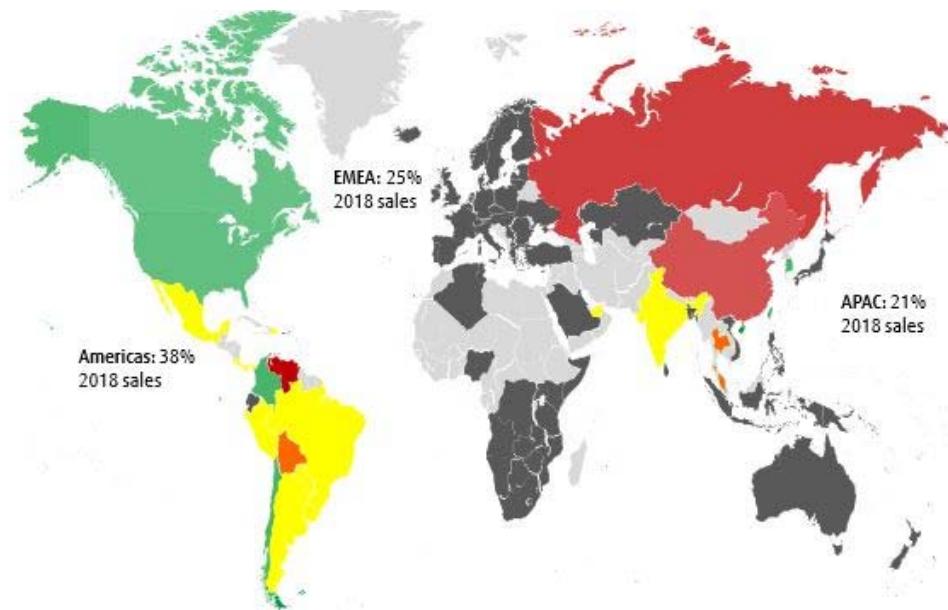
## Monitoring, communication and training

Regular reviews are conducted across all regions to confirm that processes are set up to ensure compliance with corporate policies, including human rights, compliance, safety and employment, and labor standards. Many of these themes fall under regular Praxair management and are managed through those functions. See 404-1 for a description of training and other programs to reinforce compliance, safety and fair labor practices.

Action to ensure compliance with the company's Human Rights Policy is led by the Office of Compliance and is required of managers and supervisors in HR, SH&E and GPMM. Human rights adherence is a condition in Praxair's Supplier Expectations. A clear process is established and communicated to employees and third parties to report incidents of suspected violations of the Human Rights Policy into an anonymous hotline. Praxair's due diligence process includes M&A reviews of 100 percent of potential new acquisitions for compliance and human rights risk. Praxair's Human Rights Policy training was provided to 100 percent of procurement managers, and 100 percent of the security team receive this training annually. Training in Praxair's Human Rights Policy has been conducted for global managers and above and is available to all staff. Training in the issue of modern-day slavery and sex trafficking has been made available to segments of Praxair staff and contractors in the Americas — more than 5,000 people.

## Human Rights Grievances

To Praxair's knowledge, in 2018, there were no grievances related to human rights filed through formal organizational grievance mechanisms by individuals or groups, internal or external to the organization, and none through the integrity hotline.



Note: Sales are non-GAAP. Gases sales exclude Engineering (10% sales) and Other (6% sales).

Legend	Description
<b>Human Rights tiers in countries where Praxair operated (after divestments).</b>	
Tier 1	Countries whose governments fully meet the Trafficking Victims Protection Act's (TVPA) minimum standards
Tier 2	As above, but are making significant efforts to bring themselves into compliance with those standards.
Tier 2 Watch List	As above, but (i) # victims is significant/ increasing; OR (ii) evidence was not provided about programs to combat trafficking; OR (iii) country commitments are in the future.
Tier 3	As above and are not making significant efforts to do so. This includes Russia, which has assets from legacy Linde AG and Praxair
Linde plc	Countries where Linde AG operated (after divestments) and are not yet included in this assessment. Note that Linde acquired sites in Russia and the Middle East from both legacy companies. The overlap countries are included in the assessment of Praxair operations in those regions

SOC (15a): Linde 2018 Markets & Country Human Rights Risk Map

Human Rights Due Diligence Process: 2018 Report				
How the issue was Identified	Vulnerable groups	Policy & due diligence process	Business with mitigation and/or action plans	Action to remediate and report
<b>Activity to Eliminate "Conflict Minerals" from Praxair Supply Chain/ Praxair Surface Technologies</b>				
<ul style="list-style-type: none"> <li>Industry awareness (Responsible Business Alliance)</li> <li>Compliance (U.S.)</li> </ul>	<ul style="list-style-type: none"> <li>All citizens of DRC, particularly women and children</li> </ul>	<ul style="list-style-type: none"> <li>Human Rights Policy</li> <li>Conflict-Free Materials Supply Policy</li> <li>Leadership support</li> <li>Implementation process</li> <li>Hotline</li> <li>SEC Reporting Hotline</li> </ul>	<ul style="list-style-type: none"> <li>PST business: (38 sites)</li> <li>Corporate GPMM</li> </ul>	<ul style="list-style-type: none"> <li>Due diligence of chain of custody</li> <li>Working with suppliers</li> <li>SEC reporting</li> </ul>
<b>Activity to Support Elimination of Sex Trafficking along Long-Haul Driver Routes/Praxair Americas</b>				
<ul style="list-style-type: none"> <li>Local media and business awareness</li> <li>Global Trade Management screening tool</li> <li>U.S. DOS Human Rights Report</li> </ul>	<ul style="list-style-type: none"> <li>Child victims of sex trafficking rings in South and Central America, U.S., Canada</li> </ul>	<ul style="list-style-type: none"> <li>Maintained Na Mao Certa Pledge for Praxair and all contract driver companies</li> <li>U.S. and Canada: Partnered with TAT</li> <li>Mexico: Launched partnership with Consejo Ciudadano de la Ciudad de Mexico, the national TAT partner</li> </ul>	<p><u>South America:</u></p> <ul style="list-style-type: none"> <li>9 distribution centers</li> <li>9 contract driver companies</li> </ul> <p><u>U.S. Industrial Gases:</u></p> <ul style="list-style-type: none"> <li>Trained &gt;700 employees, &gt;100 contractors</li> </ul> <p><u>U.S. Packaged Gases:</u></p> <ul style="list-style-type: none"> <li>Trained &gt;2,000 employee &amp; contract drivers</li> </ul> <p><u>Canada</u></p> <ul style="list-style-type: none"> <li>Trained &gt;150 employee &amp; contract drivers</li> </ul> <p><u>Mexico</u></p> <ul style="list-style-type: none"> <li>Training in all major facilities</li> </ul>	<p><u>South America:</u></p> <ul style="list-style-type: none"> <li>Committed to Na Mao Certa Pledge</li> <li>100% supplier commitment to Pledge.</li> </ul> <p><u>All Americas:</u></p> <ul style="list-style-type: none"> <li>Awareness training for employee and contract drivers.</li> </ul> <p><u>USA</u></p> <ul style="list-style-type: none"> <li>TAT training included Praxair <i>Skills Pipeline</i> Workforce Development Program to train veterans re-entering the workforce to become accredited with Commercial Driver's License (CDL) training and the opportunity to obtain HazMat and tanker endorsements relevant to work in the chemical industry.</li> </ul> <p><b>Disclosure:</b></p> <ul style="list-style-type: none"> <li>SD Report (this document)</li> </ul>
<b>Additional Planned for 2018-2019</b>				
<p>Continue:</p> <ul style="list-style-type: none"> <li>Monitor results of company risk assessment</li> <li>Sustainable Development group tracks emerging issues and leads the Human Rights Assessment</li> <li>Local media and business awareness</li> </ul>	As above	<ul style="list-style-type: none"> <li>Issue new Linde Human Rights Policy.</li> <li>Update work process to include all Linde countries in Human Rights Risk Assessment.</li> <li>Maintain and extend internal management awareness.</li> <li>Maintain and extend employee awareness across Linde.</li> </ul>	<ul style="list-style-type: none"> <li>Mexico to complete rollout of trucker training to all sites.</li> <li>Maintain all existing trucker programs.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and extend awareness training for drivers through NGO partners.</li> <li>Second Veteran Training program to be launched in 2019.</li> <li>Report in Linde SD Report.</li> </ul>

SOC (15b): Human Rights Due Diligence Process



## 415-1 Total value of political contributions by country and recipient/beneficiary

Linde does not make any political contributions as a company, neither to political parties nor candidates. In the United States, employees have formed a political action committee (PAC). Under the umbrella of this independent registered committee, employees collect donations to politicians, political parties and associations and make their own decisions as to how the funds will be used. The Praxair PAC contributed \$16,500 to state and federal candidates for elected office representing both political parties during 2018. The Linde AG PAC contributed \$69,000 to state and federal candidates for elected office and \$2,500 to association PACs.

Political contributions are disclosed publicly and can be found on the US Federal Elections Commission website at:  
<https://www.fec.gov/data/committee/C00283440/> for Praxair and at <https://www.fec.gov/data/committee/C00471193/?cycle=2018> for Linde AG.

Political contributions overview and more information on political activities is provided on the legacy company websites at:

- <http://www.praxair.com/our-company/corporate-responsibility/government-affairs>
- [https://www.the-linde-group.com/en/corporate\\_responsibility/strategy/stakeholder/political\\_interests/index.html](https://www.the-linde-group.com/en/corporate_responsibility/strategy/stakeholder/political_interests/index.html).

Also refer to the Linde AG Code of Conduct for Responsible Advocacy at:

[https://www.the-linde-group.com/en/images/Code%20of%20Conduct%20for%20Responsible%20Advocacy\\_tcm14-472014.PDF](https://www.the-linde-group.com/en/images/Code%20of%20Conduct%20for%20Responsible%20Advocacy_tcm14-472014.PDF).

The two largest public policy advocacy issues for 2018 were the implementation of U.S. federal tax reform, specifically administration of international provisions and the promotion of hydrogen as substitute for fossil fuels.

Praxair's total spend on contributions to trade associations, lobbying organizations and political campaigns (coming from the PAC) in 2018 is approximately \$1.6 million, of which almost \$1 million is for trade associations.

There was no spending on ballot measures or referendums.

In addition to reporting political contributions, Linde also reports on trade associations in which the company is a member. Two of the largest trade associations in which the company is a member include the ACC and CGA. See 102-13.



## 416-1 Assessment of the health and safety impacts of product and service categories

### Minimizing Product Risk

Praxair has a team of business, engineering, operations and safety professionals that examine the potential environmental, health and safety risks of every new product. The entire life cycle of the product — from raw material procurement through manufacturing, distribution, use and disposal — is reviewed.

Significant product or service categories are covered by and assessed for compliance with these procedures.

- Risk Review: Identify the potential risks in each phase of the product's life cycle and the design features and management systems that minimize those risks.
- Product Design Safety: Consider how a product may be used or misused, and identify design features that could mitigate potential hazards.
- Procurement Specification and Control: Verify compliance with purchased material requirements and specifications.
- Manufacturing Control: Establish procedures and train personnel to ensure consistent product quality within product specifications.
- Distribution and Installation Control: Establish procedures and train personnel to ensure safe product deliveries, storage and customer application.
- Hazard Communication: Communicate information on the safe use and handling of each product in a timely manner through appropriate use of Safety Data Sheets (SDSs), product labeling, product use instructions, customer training and support.
- Product Disposal: Establish procedures to identify products that are no longer suitable for customer use and refurbish, replace or dispose of them in an environmentally safe manner.
- Incident Reporting and Investigation: Report, investigate and analyze incidents involving product misuse and disposal to learn more about product risks and to take corrective action.

**416-1**

Stage	Health and safety impacts of products and services are assessed for improvement at all product life cycle stages
Development of product concept	Product Design Safety: Design reviews consider the ways that the product may be used or misused and include design features that mitigate associated hazards and help protect customer safety. Risk Review: During Praxair's product risk review process, new products are evaluated to identify potential health, safety and environmental risks associated with each phase of the product's life, and to identify product design features and management systems that will adequately control those.
R&D	R&D evaluates commercialization projects, from ideation to launch, for environmental and health and safety impacts.
Certification	Praxair's product stewardship conforms to the RCMS and is certified applicable sections in the standard.
Manufacturing and production	Manufacturing control procedures are established, and personnel involved in the manufacturing process are trained to help ensure consistent product quality within product specifications.
Marketing and promotion	Procurement Specification and Control: The specifications for materials purchased from others are communicated to suppliers, and compliance with those requirements is adequately verified. Praxair's programs on Safety Leadership: Training, Resources, and Personal Commitment, provides additional details.
Storage distribution and supply	Distribution and Installation Control: Procedures are established, and personnel involved in product distribution and customer site equipment installation are trained to help ensure safe product deliveries, storage, and customer application.
Use and Service	Incident Reporting and Investigation: Incidents involving misuse and disposal of Praxair products are reported, investigated and analyzed to learn more about product risks and, if necessary, provide a basis for corrective action. Hazard Communication: Information on the safe use and handling of each product, together with relevant health, safety and environmental protection information, is communicated to the customer in a timely manner through appropriate use of SDSs, product labeling, product use instructions, customer training and support upon request. Product Recall: Procedures are established to help ensure that products already in the marketplace can be recalled or upgraded, if necessary, when previously unidentified risks associated with those products are discovered.
Disposal, re-use or recycling	Product Disposal: When applicable, procedures are established to identify products or product components in inventory that are no longer suitable for customer use and, as appropriate, to refurbish, replace or dispose of them in an environmentally safe manner.

SOC (16): Product Responsibility

**416-2 Incidents of non-compliance concerning the health and safety impacts of products and services**

For 2018, the company is not aware of reported incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of products and services during their life cycle. (Scope: Praxair)

**417-1 Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements**

Under Praxair's product safety procedure, "each new product is evaluated to identify potential health, safety, and environmental risks associated with each phase of the product's life, as well as the product design features and management systems that will adequately control those risks."

Processes are in place to ensure that 100 percent of significant product and service categories are labeled. For hazard communication, information on the safe use and handling of each product, together with relevant health, safety and environmental protection information, is communicated to the customer in a timely manner through appropriate use of SDSs, product labeling, product use instructions, customer training and support upon request.

- SDS Worldwide Library: SDSs have been prepared in accordance with either U.S. or European directives and are country-specific. As the use of this information and the conditions of the use of the product are outside of Praxair's control, the user is obligated to determine the conditions of safe use of the product.

- Chemicals of Concern and REACH: Praxair is in compliance with the REACH regulations promulgated by the European Union, which require complete information on the chemical properties, hazard profile and uses of all products manufactured in or imported into Europe. Praxair is also implementing activities required for compliance with the Globally Harmonized System for Classification and Labeling.

Praxair tracks the status of all substances that have to be registered through the European Chemicals Industry Association's REACH website. During the pre-registration phase, which ended on December 1, 2008, Praxair submitted more than 85 pre-registrations. (Some of the chemicals that were pre-registered will not require final registration due to business decisions that have occurred since December 2008.)

#### **417-2 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes**

Praxair is aware of no incidents of non-compliance with regulations or voluntary codes concerning product and service information and labeling in 2018. (Scope: Praxair)

#### **418-1 Substantiated complaints received concerning breaches of customer privacy**

Linde's Code of Business Integrity has a section on data protection that defines how important it is for employees to follow the law and comply with company procedures, protocols and guidelines. This issue has been strongly prioritized in recent years because of new complexities being created by the proliferation of electronic communication; thus, the policies and training provided have increased.

Linde's 2018 10-K, page 12, identifies the risk regarding information technology systems.

As far as the company can determine, there have not been substantiated complaints regarding breaches of customer privacy and losses of data for 2018. (Scope: Praxair)

Dedicated cybersecurity teams conduct surveillance for potential threats and implement both procedural and technological controls to protect data and to ensure safe, uninterrupted operations.

#### **(\*) 419-1 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services**

Praxair is unaware of any significant penalties imposed in 2018 resulting from the use of its gas products. (Scope: Praxair)

## Assurance 102-56



1178 Broadway, 3rd Floor

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[www.CarbonVerificationService.com](http://www.CarbonVerificationService.com)

July 8, 2019

**To the Management of Linde plc.**

Carbon Verification Service, LLC was engaged by Linde plc to provide assurance of its global 2018 Key Performance Indicators (KPI) and other social metrics. 2018 was the ninth consecutive year that Carbon Verification Service was retained by the company to verify its KPIs. (Carbon Verification Service was retained eight years by Praxair before this year after the merger). Upon being retained, Carbon Verification Service conducted a conflict of interest review to ensure that its review would be free of bias and would be done on an independent basis. Carbon Verification Service provides only verification and auditing services to its clients, including Linde plc, to avoid conflict of interest concerns. Carbon Verification Service is not owned or operated by any other entity.

The objective of the verification was to provide limited assurance of the reported KPI values and to assess the accuracy, completeness, relevance, consistency and transparency of Linde plc's information and assertions. Carbon Verification Service assessed conformance of Linde plc's GHG emission inventory with The Greenhouse Gas Protocol. The verification protocol employed for verification of Linde plc's 2018 GHG emissions was ISO 14064-3 (2006): Specification with guidance for the validation and verification of greenhouse gas assertions, and is consistent with the requirements for ISAE 3000. Consensus protocols for the verification of the KPI metrics, other than GHG emissions, do not currently exist. Carbon Verification Service utilized the same verification principles prescribed by ISO 14064-3 to guide the verification of this data.

Carbon Verification Service, LLC reviewed selected quantitative KPIs. The verification was based on desk audits of data from 54 sites that were, as in past years, selected so as to be representative of Linde plc's global geographies and businesses. One site visit was conducted at an air separation unit in IJmuiden, Netherlands. Site selection criteria also included prior usage of energy and water. We did not review all information and supporting documentation associated with the KPIs for all of Linde plc's global locations and facilities.

Linde plc management is responsible for the reported KPIs and for the process of assembling the data upon which the reported KPI values are based.

Based upon the verification work performed from April through June 2019, there is no evidence that Linde plc's KPI data assertions, which appear in the table below, are not materially correct and are not a fair representation of data and information and have not been prepared in accordance with accepted standards and practice.

For Carbon Verification Service, LLC

A handwritten signature in black ink, appearing to read "James J. Groome".

James J. Groome  
President



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## LINDE PLC'S ASSERTIONS

Linde plc reported the following KPI values:

Metric	Praxair	Linde AG	Linde plc 2018 Value	Units of Measure
GHG Emissions Scope 1	8,325,000	1,400,000	9,725,000	Metric Tons CO <sub>2</sub> e
GHG Emissions Scope 2	12,967,000	2,200,000	15,200,000	Metric Tons CO <sub>2</sub> e
Proportion of reported Scope 1 and 2 emissions verified	100	100	100	%
Year-over-Year Change - Scope 2 Emissions	1.0%	Not verified	n/a	%
GHG Emissions Scope 3 - Contractor Driving	271,000	65,000	336,000	Metric Tons CO <sub>2</sub> e
Non-renewable Electricity Consumption	25,434,000	3,621,000	29,055,000	MWh
Renewable Electricity Consumption	548,000	279,000	827,000	MWh
Steam	1,226,000	300,000	1,526,000	MWh
Non-renewable Fuel Consumption	3,087,000	3,215,000	n/a	MWh
Total municipal water supplies	23,200,000	48,700,000	71,900,000	Cubic meters
Fresh surface water withdrawal	321,100,000	34,400,000	355,500,000	Cubic meters
Fresh ground water	5,400,000	2,500,000	7,900,000	Cubic meters
Once-Through cooling water returned to the source of extraction at similar or higher quality	317,700,000	87,700,000	405,400,000	Cubic meters
Total net fresh water consumption	66,200,000	2,200,000	68,400,000	Cubic meters
NO <sub>x</sub> Emissions	1,300	1,230	2,530	Metric Tons
SO <sub>x</sub> Emissions	87	82	169	Metric Tons
VOCs	412	77	489	Metric tons
Total (Solid + Hazardous) Waste Not Landfilled from Zero Waste Program	104,360,000	n/a	104,360,000	Lbs.
Chemical Oxygen Demand	1,024	192	1,216	Metric Tons
Employee Lost Time Injury Frequency Rate	0.059	Not reported	0.145	Lost time injuries per 200,000 hours worked
Employee Lost Time Injury Frequency Rate	0.295	Not reported	0.725	Lost time injuries per 1,000,000 hours worked



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Metric	Praxair	Linde AG	Linde plc 2018 Value	Units of Measure
Occupational Illness Frequency Rate	0.012	Not reported	0.009	Occupational Illness Cases per 200,000 hours worked
Occupational Illness Frequency Rate	0.06	Not reported	0.045	Occupational Illness Cases per 1,000,000 hours worked
Contractor Lost Time Injury Frequency Rate	0	Not reported	0	Lost time injuries per 200,000 hours worked
Contractor Lost Time Injury Frequency Rate	0	Not reported	0	Lost time injuries per 1,000,000 hours worked
Tier 1 Process Safety Events	0.015	Not reported	0.015	Number of Events per 200,000 hours worked
Tier 1 Process Safety Events	0.077	Not reported	0.077	Number of Events per 1,000,000 hours worked
Community Engagement: cash raised or donated by employees and facilities.	\$281,000	n/a	\$281,000	USD
Community Engagement: cash raised or donated by employees and facilities, and including in kind donations.	\$459,000	n/a	\$459,000	USD

# The GRI Content Index 102-54, 102-55



*This report has been prepared in Accordance with the GRI Standards: Core option.*

*For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report.*

GRI Standard	Disclosure	Direct Answer OR Page number(s) and/or URL(s)	Omission Part Omitted /Reason / Explanation
<b>GRI 101: Foundation 2016</b>			
<b>General Disclosures</b>			
<b>GRI 102: General Disclosures 2016</b>	<b>Organizational profile</b>		
	102-1 Name of the organization	Linde See pages 4–6 of the <a href="#">2018 Linde 10-K</a> at: <a href="https://lindeplc.gcs-web.com/node/7026/html">https://lindeplc.gcs-web.com/node/7026/html</a> .	
	102-2 Activities, brands, products, and services	See also Sustainable Development Report, page 8.	
	102-3 Location of headquarters	United Kingdom (location of principal offices) See pages 5–6 of the <a href="#">2018 Linde 10-K</a> at: <a href="https://lindeplc.gcs-web.com/node/7026/html">https://lindeplc.gcs-web.com/node/7026/html</a>	
	102-4 Location of operations	Publicly traded See Sustainable Development Report, page 8.	
	102-5 Ownership and legal form	See pages 20, 23–24 of the <a href="#">2018 Linde 10-K</a> at: <a href="https://lindeplc.gcs-web.com/node/7026/html">https://lindeplc.gcs-web.com/node/7026/html</a> .	
	102-6 Markets served	See Sustainable Development Report, page 8.	
	102-7 Scale of the organization	See Sustainable Development Report, Section 401-1, pages 58–59; see also page 7 of <a href="#">2018 Linde 10-K</a> at: <a href="https://lindeplc.gcs-web.com/node/7026/html">https://lindeplc.gcs-web.com/node/7026/html</a> .	
	102-8 Information on employees and other workers	See Sustainable Development Report, pages 8–9, and Section 204-1, pages 43–44.	
	102-9 Supply chain	See pages 22, 28–30 of the <a href="#">2018 Linde 10-K</a> at: <a href="https://lindeplc.gcs-web.com/node/7026/html">https://lindeplc.gcs-web.com/node/7026/html</a> .	
	102-10 Significant changes to the organization and its supply chain	See Sustainable Development Report, page 30.	
	102-11 Precautionary Principle or approach	See Sustainable Development Report, page 30.	
	102-12 External initiatives	See Sustainable Development Report, page 30.	
	102-13 Memberships of associations	See Sustainable Development Report, page 31.	
<b>Strategy</b>			

102-14 Statement from senior decision-maker  
See Sustainable Development Report, pages 4 and 6.

#### Ethics and integrity

102-16 Values, principles, standards, and norms of behavior  
See Sustainable Development Report, page 9. See also <https://www.linde.com/en/about-linde/vision-mission-values>. See also pages 8 and 9 of the Code of Business Integrity at <https://www.linde.com/-/media/linde/merger/documents/corporate-governance/code-of-business-integrity.pdf?la=en&rev=59f6c5cc0def455c968c3ecdd5fd27d1>.

#### Governance

102-18 Governance structure  
See Sustainable Development Report, page 23. See also <https://www.linde.com/en/about-linde/board-of-directors>.

#### Stakeholder engagement

102-40 List of stakeholder groups  
See Sustainable Development Report, pages 26–28.

102-41 Collective bargaining agreements  
See Sustainable Development Report, Section 402-1, page 60.

102-42 Identifying and selecting stakeholders  
See Sustainable Development Report, pages 26–28.

102-43 Approach to stakeholder engagement  
See Sustainable Development Report, pages 26–28.

102-44 Key topics and concerns raised  
See Sustainable Development Report, pages 26–28.

#### Reporting practice

102-45 Entities included in the consolidated financial statements  
See pages 20–21 and 64–69 of the [2018 Linde 10-K](#) at: <https://lindepclc.gcs-web.com/node/7026/html>.

102-46 Defining report content and topic boundaries  
See Sustainable Development Report, pages 32–33.

102-47 List of material topics  
See Sustainable Development Report, page 11.

	102-48 Restatements of information	See Sustainable Development Report, page 33.
	102-49 Changes in reporting	See Sustainable Development Report, page 33.
	102-50 Reporting period	January 1, 2018 to December 31, 2018
	102-51 Date of most recent report	2018 (2017 data year)
	102-52 Reporting cycle	annual
	102-53 Contact point for questions regarding the report	Dr. Riva Krut, VP and Chief Sustainability Officer, Praxair Email: <a href="mailto:Riva.krut@linde.com">Riva.krut@linde.com</a> or <a href="mailto:sustainable.development@linde.com">sustainable.development@linde.com</a> Telephone: 203-837-2337
	102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in Accordance with the GRI Standards: Core option. Please see GRI Content Index, on page 90, of the Sustainable Development Report.
	102-55 GRI content index	Please see GRI Content Index, starting at page 90, of the Sustainable Development Report.
	102-56 External assurance	See Sustainable Development Report, pages 86-89.

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission Part Omitted /Reason / Explanation
<b>Material Topics</b>			
<b>GRI 200 Economic Standard Series</b>			
<b>Economic Performance</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	See Sustainable Development, Report, page 34.	
	103-2 The management approach and its components	See Sustainable Development Report, page 34.	
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 34.	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	See Sustainable Development Report, pages 39-40.	

	201-2 Financial implications and other risks and opportunities due to climate change	See Sustainable Development Report, page 41.
<b>Market Presence</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 34.
	103-2 The management approach and its components	See Sustainable Development Report, page 34.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 34.
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	See Sustainable Development Report, pages 41.
<b>Indirect Economic Impacts</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 34.
	103-2 The management approach and its components	See Sustainable Development Report, page 34.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 34.
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	See Sustainable Development Report, page 42.
	203-2 Significant indirect economic impacts	See Sustainable Development Report, page 42.
<b>Procurement Practices</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 34.
	103-2 The management approach and its components	See Sustainable Development Report, page 34.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 34.
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	See Sustainable Development Report, pages 43–44.
<b>Anti-corruption</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 34.
	103-2 The management approach and its components	See Sustainable Development Report, page 34.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 34.

<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	See Sustainable Development Report, page 44.
	205-2 Communication and training about anti-corruption policies and procedures	See Sustainable Development Report, page 45.
	205-3 Confirmed incidents of corruption and actions taken	See Sustainable Development Report, page 45.
<b>Anti-competitive Behavior</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	See Sustainable Development Report, page 34.
	103-2 The management approach and its components	See Sustainable Development Report, page 34.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 34.
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	See Sustainable Development Report, page 45.
<b>GRI 300 Environmental Standards Series</b>		
<b>Materials</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 34–36.
	103-2 The management approach and its components	See Sustainable Development Report, page 34–36.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 34–36.
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	See Sustainable Development Report, page 46.
<b>Energy</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 34–36.
	103-2 The management approach and its components	See Sustainable Development Report, page 34–36.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 34–36.
<b>GRI 302: Energy 2016</b>	302-3 Energy intensity	See Sustainable Development Report, page 48.
	302-4 Reduction of energy consumption	See Sustainable Development Report, page 48.
<b>Water</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 34–36.

	103-2 The management approach and its components	See Sustainable Development Report, page 34–36.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 34–36.
GRI 303: Water 2016	303-1 Water withdrawal by source	See Sustainable Development Report, pages 49.
	303-2 Water sources significantly affected by withdrawal of water	See Sustainable Development Report, page 49.
	303-3 Water recycled and reused	See Sustainable Development Report, page 49.
<b>Emissions</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 34–36.
	103-2 The management approach and its components	See Sustainable Development Report, page 34–36.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 34–36.
GRI 305: Emissions 2016	305-4 Greenhouse gas (GHG) emissions intensity	See Sustainable Development Report, page 53.
	305-5 Reduction of greenhouse gas (GHG) emissions	See Sustainable Development Report, page 53.
	305-7 NOX, SOX, and other significant air emissions	See Sustainable Development Report, pages 53–54.
<b>Effluents and Waste</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 34–36.
	103-2 The management approach and its components	See Sustainable Development Report, page 34–36.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 34–36.
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	See Sustainable Development Report, page 55–56.
<b>Environmental Compliance</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 34–36.
	103-2 The management approach and its components	See Sustainable Development Report, page 34–36.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 34–36.

<b>GRI 307: Environmental Compliance 2016</b>	307-1 Non-compliance with environmental laws and regulations	See Sustainable Development Report, page 56.
<b>Supplier Environmental Assessment</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 34-36.
	103-2 The management approach and its components	See Sustainable Development Report, page 34-36.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 34-36.
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	See Sustainable Development Report, pages 57.
<b>GRI 400 Social Standards Series</b>		
<b>Employment</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 36-37.
	103-2 The management approach and its components	See Sustainable Development Report, page 36-37.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 36-37.
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	Partial omission. The following are not disclosed: rates of new hires; turnover by age group and by minority group. Reason: This information is subject to specific confidentiality constraints. Explanation: The information is considered business confidential.
<b>Labor/Management Relations</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 36-37.
	103-2 The management approach and its components	See Sustainable Development Report, page 36-37.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 36-37.
<b>GRI 402: Labor/ Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	See Sustainable Development Report, page 60.
<b>Occupational Health and Safety</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 36-37.
	103-2 The management approach and its components	See Sustainable Development Report, page 36-37.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 36-37.
<b>GRI 403: Occupational</b>	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and	See Sustainable Development Report, pages 60-62.

<b>Health and Safety 2016</b>	number of work-related fatalities by region and by gender	
<b>Training and Education</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 36-37.
	103-2 The management approach and its components	See Sustainable Development Report, page 36-37.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 36-37.
<b>GRI 404: Training and Education 2016</b>	404-2 Programs for upgrading employee skills and transition assistance programs	See Sustainable Development Report, page 65.
	404-3 Percentage of employees receiving regular performance and career development reviews	See Sustainable Development Report, page 65-66.
<b>Diversity and Equal Opportunity</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 36-37.
	103-2 The management approach and its components	See Sustainable Development Report, page 36-37.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 36-37.
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	See Sustainable Development Report, pages 66-67.  Partial omission. The following is not disclosed: Percentage of employees by minority group. Reason: This information is subject to specific confidentiality constraints. Explanation: The information is considered business confidential.
	405-2 Ratio of basic salary and remuneration of women to men	See Sustainable Development Report, page 67.
<b>Non-discrimination</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 36-37.
	103-2 The management approach and its components	See Sustainable Development Report, page 36-37.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 36-37.
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	See Sustainable Development Report, page 67-68.  Partial omission. The following are not disclosed: The percentage of discrimination incidents and their corrective actions is not completely reported, separately within the total number of hotline reports. Reason: This information is subject to specific confidentiality constraints. Explanation: The information is considered business confidential.
<b>Freedom of Association and Collective Bargaining</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 36-37.

	103-2 The management approach and its components	See Sustainable Development Report, page 36–37.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 36–37.
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	See Sustainable Development Report, page 68.
<b>Child Labor</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 36–37.
	103-2 The management approach and its components	See Sustainable Development Report, page 36–37.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 36–37.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	See Sustainable Development Report, page 68.
<b>Forced or Compulsory Labor</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 36–37.
	103-2 The management approach and its components	See Sustainable Development Report, page 36–37.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 36–37.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	See Sustainable Development Report, page 69.
<b>Security Practices</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 36–37.
	103-2 The management approach and its components	See Sustainable Development Report, page 36–37.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 36–37.
GRI 410: Security Practices 2016	410-1 Security personnel trained in the organization's human rights policies or procedures	See Sustainable Development Report, page 69.
<b>Rights of Indigenous Peoples</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 36–37.
	103-2 The management approach and its components	See Sustainable Development Report, page 36–37.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 36–37.

<b>GRI 411: Rights of Indigenous Peoples 2016</b>	411-1 Incidents of violations involving rights of indigenous peoples	See Sustainable Development Report, page 69.
<b>Human Rights Assessment</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary  103-2 The management approach and its components  103-3 Evaluation of the management approach	See Sustainable Development Report, page 36-37.  See Sustainable Development Report, page 36-37.  See Sustainable Development Report, page 36-37.
<b>GRI 412: Human Rights Assessment 2016</b>	412-1 Operations that have been subject to human rights reviews or impact assessments  412-2 Employee training on human rights policies or procedures  412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	See Sustainable Development Report, page 69.  See Sustainable Development Report, page 69.  See Sustainable Development Report, page 70.
		Partial omission. The following is not disclosed: total number of contracts. Reason: This information is subject to specific confidentiality constraints. Explanation: The information is considered business confidential.
<b>Local Communities</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary  103-2 The management approach and its components  103-3 Evaluation of the management approach	See Sustainable Development Report, page 36-37.  See Sustainable Development Report, page 36-37.  See Sustainable Development Report, page 36-37.
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs  413-2 Operations with significant actual and potential negative impacts on local communities	See Sustainable Development Report, page 70.  See Sustainable Development Report, page 77.
<b>Supplier Social Assessment</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary  103-2 The management approach and its components  103-3 Evaluation of the management approach	See Sustainable Development Report, page 36-37.  See Sustainable Development Report, page 36-37.  See Sustainable Development Report, page 36-37.
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria  414-2 Negative social impacts in the supply chain and actions taken	See Sustainable Development Report, pages 77-78 and 79.  See Sustainable Development Report, pages 78-79.

<b>Public Policy</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 36–37.
	103-2 The management approach and its components	See Sustainable Development Report, page 36–37.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 36–37.
<b>GRI 415: Public Policy 2016</b>	415-1 Political Contributions	See Sustainable Development Report, page 83.
<b>Customer Health and Safety</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 36–37.
	103-2 The management approach and its components	See Sustainable Development Report, page 36–37.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 36–37.
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	See Sustainable Development Report, pages 83–84.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	See Sustainable Development Report, page 84.
<b>Socioeconomic Compliance</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	See Sustainable Development Report, page 36–37.
	103-2 The management approach and its components	See Sustainable Development Report, page 36–37.
	103-3 Evaluation of the management approach	See Sustainable Development Report, page 36–37.
<b>GRI 419: Socioeconomic Compliance 2016</b>	419-1 Non-compliance with laws and regulations in the social and economic area	See Sustainable Development Report, page 85.