



SUSTAINABLE DEVELOPMENT

EVER SINCE IT WAS FOUNDED, AIR LIQUIDE HAS INCLUDED A SUSTAINABLE DEVELOPMENT VISION IN ITS STRATEGY. IT HAS GRADUALLY STRUCTURED THIS APPROACH BY DETERMINING THE MAJOR DIMENSIONS OF SUSTAINABLE DEVELOPMENT FOR THE GROUP AND DEFINING INDICATORS SO THAT IT CAN TRACK ITS PERFORMANCE IN THIS AREA.



Jean-Louis Étienne and Christian Haas on a ridge in the Arctic Circle.

Sustainable development...

For Air Liquide, this concept above all means over 100 years of existence in the same business, with the same name, constant growth, regular benefits, long-lasting relations with its major customers, employees with long-standing seniority and individual shareholder loyalty.

In 2002, Air Liquide formalized this "natural" approach and structured it into four pillars that reflect its values:

CREATING VALUE FOR SHAREHOLDERS by developing the company's business performance over the long term and with transparency.

DEVELOPING THE POTENTIAL OF MEN AND WOMEN OF THE COMPANY in their commitment to common objectives.

PRESERVING LIFE AND THE ENVIRONMENT in the Group's operations and at its customers' sites.

INNOVATING FOR TOMORROW to guarantee the growth of the company and its customers.

The creation in 2003 of the position of Sustainable Development Director contributed to reinforcing this approach. Indicators were defined to measure the Group's performance in these four dimensions. Today, around 100 indicators provide information on a global scope and seven, considered to be essential, are accompanied by precise targets. Air Liquide's auditors, who visit about a dozen sites each year, examine the reports on these data. In early 2007, the Group engaged a specialized external consultancy to conduct a detailed evaluation of its sustainable development approach, and to establish a "Sustainable Development" action plan.

In France, the Group also participated in the "Grenelle de l'environnement", a wide-ranging national dialogue on environmental questions. In more general terms, Air Liquide contributes to several working groups on environmental and societal issues. It is a member of ORSE (Observatoire sur la Responsabilité Sociétale des Entreprises) and EPE (Entreprises Pour l'Environnement).

AIR LIQUIDE AND ITS SHAREHOLDERS - A LASTING RELATIONSHIP

TO A LARGE EXTENT, AIR LIQUIDE OWES ITS SUCCESSFUL, ONGOING DEVELOPMENT TO THE SUPPORT OF ITS SHAREHOLDERS. BACKED BY THE TRUST OF 380,000 INDIVIDUAL SHAREHOLDERS, AS WELL AS THAT OF ITS INSTITUTIONAL INVESTORS, THE GROUP ENDEAVORS TO ESTABLISH A LONG-LASTING, PROFITABLE RELATIONSHIP WITH THEM.

When it was created in 1902, Air Liquide was able to develop thanks to the unfailing commitment of 24 shareholders. On February 20, 1913, Air Liquide shares were traded for the first time on the Paris Bourse and, little by little, became one of the market's blue-chip stocks. Today, Air Liquide's strategy continues to center on its shareholders. The Group has constantly maintained the objective of enhancing the value of its shareholders' investments through sustained, regular growth in results and dividends over the long term. Accessibility, loyalty, and proximity are essential values for Air Liquide.

Our shareholders understand this, and continue to express their confidence in Air Liquide: in 2007, despite turbulence in the markets, Air Liquide's share value increased by 13.2%, while the CAC 40 index grew by only 1.3% overall.

RESPONSIBLE INVESTMENT

For Air Liquide and its shareholders, economic profitability goes hand-in-hand with a commitment to society. By becoming shareholders in the Group, investors are choosing a company with sustained growth: on average, share value has increased at an annual rate of 12% since the company was first traded on the Bourse. Investors have also chosen a responsible company, whose gas applications and services contribute to protecting the environment and protecting life.

ACCESSIBILITY AND LOYALTY

Air Liquide seeks to increase the number of its long-term shareholders. On June 13, 2007, by splitting the nominal share value in two, the company made its shares more accessible, improving liquidity, particularly for individual investors.

The business in which the company is engaged involves long-term investment. The Group's commitment to its customers frequently leads to 10- to 15-year contracts. To keep in step with this business model, achieving long-term relationships with shareholders is key.

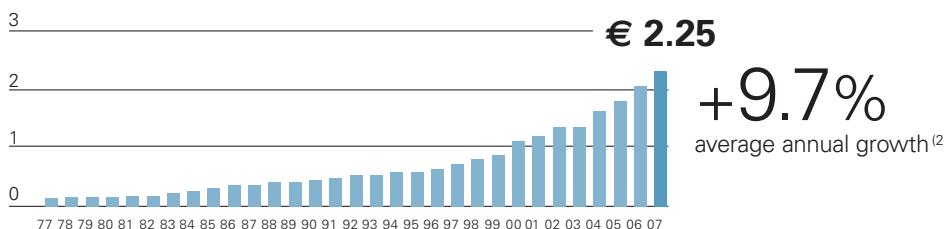
Air Liquide therefore rewards shareholder loyalty by increasing dividends and bonus share allocations by 10% to all registered shareholdings held for more than two years.

THE SHAREHOLDERS' CHARTER

Air Liquide has formally expressed its responsibility to all of its shareholders through the Shareholders' Charter, which is based on four commitments:

- Consideration and respect for all its shareholders;
- Remunerating and increasing investment value over the long term;
- Listening to and informing shareholders;
- Providing services to shareholders.

DIVIDEND PER SHARE ADJUSTED⁽¹⁾ IN EUROS



⁽¹⁾ Adjusted to account for bonus share issues and stock split.

⁽²⁾ The data presented over 30 years were calculated using accounting standards in force at the time. As at January 1, 2005, standards have changed. These new standards were used for financial years as of 2004.



A meeting of the Shareholders' Communication Committee

A CLOSE RELATIONSHIP

Air Liquide does everything possible to make life simpler for its shareholders, working continuously to provide them with more services and information about its development and strategy: Annual Report, Shareholders' Guide – annual report summary, regular financial information, financial advice, letters to shareholders, and so on. This is because maintaining transparency for its shareholders is more than ever a priority for Air Liquide. In addition, over 20 team members in Air Liquide's Shareholder Services are available to listen to and serve shareholders in daily operations, as well as to answer questions concerning the transfer of their shares. To further strengthen this contact, in 2008 Air Liquide inaugurated a brand-new Shareholders' Reception Lounge. This forum for exchange, welcoming current and future shareholders and designed in a spirit of warmth and conviviality, is located at the Group's headquarters in Paris.

The Group also regularly participates in various events where it can meet with its shareholders. Air Liquide participates in the Actionaria shareholder fair in Paris, which provides an opportunity to present its businesses in an entertaining and interesting way and personally meet and inform visitors.

In the regions outside Paris, information meetings are organized in collaboration with partners such as the Fédération Française des Clubs d'Investissement (French investment clubs) and investment magazines. The Annual General Meeting of Shareholders remains the key event of the year, providing a unique opportunity to take part in the Group's decisions and to fully play a role as a shareholder. Benoît Potier, President and Chief Executive Officer of the Group, extends the impact of this event by meeting with shareholders in the regions.

2008 - THE ESSENTIAL

- Dividend*: 2.25 euros per share (+12.5% over last year)
- Allocation of bonus shares*: one bonus share for every 10 shares owned

* To be proposed at the Annual General Meeting of Shareholders on May 7, 2008

- Annual General Meeting of Shareholders: May 7
- Benoît Potier meets shareholders
 - May 20: in Marseille
 - May 22: in Lille
 - May 29: in Bordeaux

Share ownership as at December 31, 2007

37%
of the capital held by individual shareholders

380,000
individual shareholders

including
140,000
registered shareholders

32%
of the capital held
by foreign
institutional investors

30%
of the capital held
by French
institutional investors

ATTENTIVE TO EACH INDIVIDUAL

RESPECT FOR HUMAN BEINGS, A CULTURE OF DIVERSITY, THE CAREER AND PERSONAL DEVELOPMENT OF EMPLOYEES, REWARDING SKILLS... IN AN INTERNATIONALLY HARMONIZED FRAMEWORK, AIR LIQUIDE IMPLEMENTS A HUMAN RESOURCES POLICY THAT AIMS TO OFFER EACH INDIVIDUAL A MOTIVATING PROFESSIONAL LIFE.

WIDELY DISSEMINATED PRINCIPLES OF ACTION...

Air Liquide has always conducted its business in a framework of strong ethical principles. Today, its teams have over 40,000 people spread throughout the world. To make sure that these principles, the basis of its identity, are well-known and shared by everyone, Air Liquide brought them together and formalized them in a document available in 16 languages, distributed in each of its entities in 2007. This document sets out the Group's ambitions and the behavior expected of each employee with key stakeholders: employees, customers, suppliers, partners, and so on. Air Liquide's Principles of Action are also available for download in French and English from the Group's Internet site.

... REFLECTED IN LOCAL CODES OF CONDUCT

At the same time, each subsidiary has been invited to reflect these principles of action in a local code of conduct incorporating the customs and regulations of the country in question. All the codes of conduct mention the basic points: respect for human rights, the rejection of corruption and discrimination, respect for freedom of association and so on.

At the end of 2007, entities representing a total of 43% of the Group's employees had put such a code of conduct in place. Many transversal entities have also adapted a specific code of conduct. This is the case with the Group's Procurement activity, which incorporated a specific clause dealing with sustainable development.

DIVERSITY IN ALL ITS FORMS

Convinced that diversity is the source of creativity and dynamism, Air Liquide encourages it in all its forms: nationalities, male/female parity, skills, career paths...

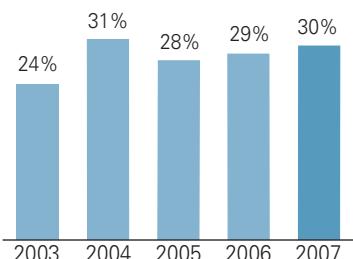
As for moving toward the equal sharing of responsibilities between men and women, for example, the efforts Air Liquide has introduced over the last several years are beginning to bear fruit: women represent 19% of engineers and executives worldwide and 30% of new recruits in these categories.

The diversity of cultures is a reality too: the Group's 200 senior managers come from 20 different countries and 85% of them have international experience. Exchanges have also been organized between subsidiaries to facilitate access to international opportunities for a certain number of employees.

In career terms, each person who wishes to do so may have the opportunity to perform very different functions over the term of his or her career. In fact, there are many bridges between sectors and entities, enabling employees to move from a technical field to a management or sales-related position.

GENDER MIX

% OF WOMEN AMONG ENGINEERS AND EXECUTIVES RECRUITED OVER FIVE YEARS



In 2007, for the first time in the Group's history, three women were appointed to manage subsidiaries, in Chile, Finland and Lebanon.



Air Liquide employees.

FAVORING THE DEVELOPMENT OF EACH INDIVIDUAL

Air Liquide places great importance on its employees' professional and personal development. An annual performance review meeting allows each employee and his/her manager to evaluate his/her situation using a method standardized worldwide and based on common criteria. Over the past four years, the percentage of employees taking part in these performance reviews has increased from 60% to 71%.

Whatever the job, each employee benefits from a career development plan focused on improving performance and maintaining his/her motivation. This plan is founded on the individual's abilities and his/her desire for change and is discussed in depth at a career development meeting, held on average every three years. Air Liquide encourages its employees' development through knowledge-sharing, especially through teamwork and networking, participation in transversal projects, geographic and professional mobility and increased responsibilities.

RECOGNITION OF TECHNICAL EXPERTISE

To permit its technical experts, who are a critical asset for the Group, to obtain real professional success within their chosen specialist area, Air Liquide has set up a formalized recognition system for its researchers, engineers and technicians. It consists of a "Technical Career Ladder", whose salary levels match those of management positions.

A COMPENSATION POLICY THAT REWARDS PERFORMANCE

In order to reward its employees for their contributions, Air Liquide has established a compensation policy which, in addition to paying the base salary, increasingly provides profit-sharing incentives. In 2007, 49% of employees received a variable portion of their compensation based on their performance, that of their team, and the results of their entity or the Group. In addition, approximately 50% of the Group's employees are Air Liquide shareholders, accounting for 1.1% of the company's capital. Increases in capital are regularly reserved for employees.

INTEGRATING PEOPLE WITH HANDICAPS

For Air Liquide, diversity and equality of opportunity also means better integration of people with handicaps within its teams. The agreement the company reached in November 2006 with social partners in France reflects this spirit. In particular, it seeks to favor the employment of people with handicaps, with the goal of integrating 25 such employees on permanent contracts by the end of 2009.

Other actions are planned, in particular to receive people with handicaps on internships or on-the-job training courses (20 people), maintaining employment, increased cooperation with aid-through-work centers and awareness-raising operations. This approach is coordinated at a national level by the Handicap Air Liquide program.

Find the complete list of indicators in the Sustainable Development chapter of the Reference Document.

INNOVATION AT THE SERVICE OF ENVIRONMENTAL PERFORMANCE

SAVING WATER AND ENERGY, OPTIMIZING DELIVERY ROUTES, REDUCING GREENHOUSE GAS EMISSIONS: AIR LIQUIDE CONSTANTLY INNOVATES SO THAT ITS ACTIVITIES, AS WELL AS THOSE OF ITS CUSTOMERS, HAVE MINIMAL IMPACT ON THE ENVIRONMENT.

RESPECTING THE ENVIRONMENT IN ALL ITS PRODUCTION ACTIVITIES

Reducing carbon dioxide emissions

The Group's air separation units do not directly emit carbon dioxide (CO₂). However, they are heavy electricity consumers and so are indirectly responsible for CO₂ discharges. For this reason, Air Liquide has made a commitment to reduce these units' electricity use by 400 GW/h between 2004 and 2009, corresponding to the annual domestic consumption of a city of 180,000 residents.

Moreover, Air Liquide has invested in the cogeneration process, which enables steam and electricity to be produced simultaneously. The advantage: a cogeneration unit produces CO₂ emissions 15 to 30% lower than those of separate units. The 16 units of this type which the Group owns worldwide consequently reduced the release of CO₂ by 573,000 tonnes in 2007.

The Group is also concerned about CO₂ emissions linked to transporting its industrial and medical gases, and is constantly working to improve its delivery routes. To limit truck transportation, 84% of all the air gases and hydrogen the Group produced in 2007 were either delivered to customers via pipeline or generated by small units built on the customers' sites. Such on-site production means 59 million fewer kilometers of truck transport, which corresponds to 63,000 tonnes of CO₂ emissions avoided.

Limiting water consumption

Air Liquide is determined to reduce the amount of water its production sites use and to limit their wastewater discharges.

Non-polluting solutions are gradually being adopted to process the cooling water for air gas separation units, replacing conventional chemical treatments. In this vein, the Clean'O system put in place by Air Liquide Tunisia combines three treatment processes: electromagnetic, ultraviolet, and ultrasound.

Air Liquide New Zealand also uses an ultrasound water treatment system to destroy bacteria in the cooling systems of their units while respecting the environment.

IMAGINING INNOVATIVE ECOLOGICAL SOLUTIONS FOR CUSTOMERS

Air Liquide proposes technologies, processes and products to its customers that enable them to combine productivity and respect for the environment in their industrial processes. Chemicals, steelmaking, electronics, paper mills... many different sectors are concerned.

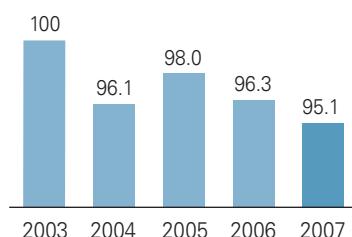
For Air Liquide, solutions which aim to preserve the environment and life represent 33% of revenue and 60% of the Research and Development budget.

Oxygen to reduce pollution

The oxygen the Group supplies makes combustion processes in industry "cleaner". Combustion using pure oxygen (oxycombustion) is carried

EFFICIENCY OF BULK LIQUID GAS DELIVERIES

CHANGE OVER FIVE YEARS
(KILOMETERS PER TONNE DELIVERED,
BASE 100 IN 2003)





Filling a car with hydrogen during the Challenge Bibendum 2007.

out without nitrogen being present, reducing discharges of nitrous oxide, responsible notably for acid rain. Furthermore, oxygen makes the combustion more efficient, diminishing energy consumption and thereby decreasing CO₂ emissions into the atmosphere.

In the paper industry, the use of oxygen instead of chlorine helps to preserve water quality. Using oxygen makes it possible to increase the capacity of wastewater treatment plants.

Hydrogen preserving the environment today and tomorrow

Refineries throughout the world use hydrogen to remove sulfur from fuel.

This solution prevented the release of 780,000 tonnes of sulfur dioxide into the atmosphere in 2007, equivalent to almost twice the annual emissions of sulfur dioxide in France.

Another of hydrogen's applications is its utilization as a fuel, paired with the fuel cell, to power vehicles. On the horizon: a reduction of 20 to 30% in CO₂ emissions compared to diesel, over the fuel's entire cycle, from production to use.

The Group is investing in hydrogen energy through its subsidiary AXANE. For example, it supplies part of the fuel cells of "clean" vehicles tested as part of the European project, Hychain. Air Liquide has also developed a number of hydrogen storage technologies for this project.

Reduction of CO₂ emissions: R&D exploring multiple options

Air Liquide is involved – whether alone, in partnership with other manufacturers, or in the framework of research programs – in many pilot programs and experiments.

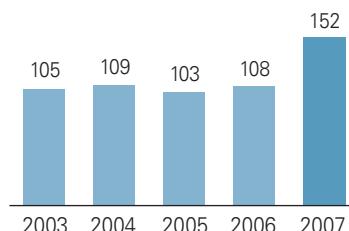
At Lacq (southern France), Air Liquide is participating in an industrial pilot project using oxycombustion technology in existing 30 MW boilers for which Air Liquide has developed special burners. The exhaust fumes collected in this way have a higher concentration of CO₂, which can then be captured more easily and economically. The Lacq project seeks to demonstrate the feasibility of storing CO₂ in former natural underground gas deposits over the long-term, instead of releasing it into the atmosphere.

Lurgi, the engineering company which joined the Group in 2007, is working on developing so-called "second-generation" biofuels. These biofuels are produced using the inedible part of plants, leaving the edible part for use as a food source. The objective is to obtain a yield of 4,000 liters of biofuel per hectare (compared to 1,200 today), dividing CO₂ emissions by 10.

Find the complete list of indicators in the Sustainable Development chapter of the Reference Document.

PATENTS

NUMBER OF PATENT APPLICATIONS FILED IN THE GROUP'S FOUR MAIN GEOGRAPHIC ZONES (EUROPE, THE UNITED STATES, JAPAN AND CHINA).



REINFORCING THE CULTURE OF SAFETY WITHIN OUR TEAMS

THE SAFETY OF PROCESSES AND INSTALLATIONS CONTINUES TO BE REINFORCED WITHIN THE GROUP, IN PARTICULAR THROUGH THE DEPLOYMENT OF AN INTEGRATED INDUSTRIAL MANAGEMENT SYSTEM (IMS).

TO CONTINUE IMPROVING SAFETY PERFORMANCE – BRINGING DOWN THE NUMBER OF ACCIDENTS AND ELIMINATING DANGEROUS SITUATIONS AND BEHAVIOR WHICH COULD CAUSE ACCIDENTS – IN 2008, AIR LIQUIDE IS FOCUSING ON DEVELOPING A REINFORCED SAFETY CULTURE ACROSS ALL GROUP ENTITIES.

MAKING IMS* PART OF DAILY LIFE IN THE COMPANY

Following a long period of regular reductions, the rate of lost-time accidents has been decreasing more slowly in recent years (2.1 accidents per million man-hours worked in 2007 compared to 2.3 in 2006). Analysis shows that most accidents are not due to technical causes: the deployment of IMS*, completed in 2006, has largely contributed to reinforcing the safety of processes and installations.

Based on a repository of procedures and technical standards shared by all of the entities of the Group, IMS seeks to continuously improve Air Liquide's performance in terms of safety, respect for the environment, and the reliability of its installations. The Industrial Audit Directors for the entities and the Group regularly organize systems audits and technical audits in each subsidiary or zone. Improvement also depends on enhancing skill levels. To this end, a program to develop technical training modules was launched at the end of 2006.

ESTABLISHING A CULTURE OF SAFETY

Air Liquide seeks to raise the awareness of all of its employees concerning safety, so that it becomes a focus for everyone – for each individual



- AT EACH SITE
- IN EACH REGION
- IN EACH ENTITY

THE GROUP'S GOAL IS TO ACHIEVE
ZERO ACCIDENTS EVERY YEAR

*IMS (Industrial Management System): Air Liquide's industrial policy dealing with safety, reliability, preservation of the environment, and risk management.

dual and his or her close coworkers – as well as becoming a personal value and a way of working. To develop this culture of safety, awareness campaigns began in 2007 involving Group managers worldwide. They were asked to evaluate the impact and efficiency of safety actions implemented in their entity and their own behavior with regard to safety.

In 2008, a survey of all employees will enable each country to define a personalized action plan aimed at developing awareness and implementing safety, not only as a priority, but as a key company value.

SAFETY OUTSIDE THE COMPANY

Air Liquide would also like to extend safety as a value by encouraging good safety behavior beyond work time and the workplace. The first initiatives in this direction were launched in 2007.

The monthly safety newsletter, published by the Group, devotes an article in each issue to safety at home and safety for children. Some of these articles have been taken up by various subsidiaries. In South Korea for example, "Family Day", in November 2007, provided an opportunity to raise the awareness of employees' families concerning safety in the home.

BEHAVIOR VISITS

Safety behavior visits are among the initiatives launched to encourage a culture of safety within the Group. These visits are led by a manager (supervisor, site manager, subsidiary general manager), and go beyond simply hunting out anomalies. Instead they focus on everyone's behavior, enabling the manager to open a real dialogue with employees on risks and actions to improve safety in the workplace.

Find the complete list of indicators in the Sustainable Development chapter of the Reference Document.



The polar ice cap at 90° north in Canada.

A CITIZEN OF THE WORLD

VERY CONCERNED ABOUT THE WORLD AROUND IT, AIR LIQUIDE IS DEVELOPING PHILANTHROPIC ACTIONS SOME OF WHICH WILL SOON BE UNDER THE AEGIS OF A FOUNDATION. WHEREVER IT IS PRESENT, THE GROUP ALSO ENCOURAGES ITS TEAMS' INITIATIVES AS THEY WORK TO ACHIEVE INTEGRATION IN LOCAL COMMUNITIES.

PATRONAGE

Air Liquide has a long history of corporate patronage, particularly in the fields of health, environment and medical emergency. In healthcare, its actions range from supporting medical research teams specializing in respiratory diseases to financing a hospital-train which crisscrosses South Africa. In terms of the environment, for many years the Group has contributed to the scientific expeditions of Jean-Louis Étienne, the French physician and explorer.

GETTING INVOLVED LOCALLY: THE EXAMPLE OF AFRICA

Africa is one of the many regions in the world where Air Liquide shows the variety and vitality of its regional involvement. Since 2004, the Group's subsidiaries in several countries (Cameroon, Congo, Gabon, Ghana) have taken part in the Sida-Entreprises association, created by about 20 French companies located on the continent. The goal of this initiative is to make employees aware of the fight against AIDS. The Group's involvement takes the form of training health personnel, running prevention and anonymous screening operations, and providing easier access to treatments.

The Group has also invested in developing professional training by supporting the ICAM (Institute of Arts and Professions in the Congo and Cameroon). In this way, Air Liquide's African subsidiaries help over 150 local technicians and engineers (25% of whom are women) to take advantage of quality training in Africa rather than in Europe or the United States, where African students are often obliged to go to receive such training.

On a different note, Air Liquide Egypt has been involved, since 2005, in archeological excavations in Ayn Soukhna, on the Red Sea. This archeological dig, run by the IFAO (French Institute of Oriental Archeology), presents a two-fold interest for Air Liquide. On one hand, the Group is keen to support a local initiative, especially as the excavations are near one of its air separation units. On the other, the site has brought to light combustion techniques used by the ancient Egyptians, which echo some elements of the Group's most recent advances in know-how.

The Ayn Soukhna oven, returned to a working state by the IFAO archeologists, was directly supplied with oxygen using a system of stacked stones that allowed the wind to keep combustion going!

THE EARTH IS WARMING, THE ICE PACK IS MELTING...

Measuring the thickness of the ice pack that covers the Arctic Ocean to track climate changes with precision: this is the objective of Jean-Louis Étienne's Total Pole Airship expedition. The explorer planned to carry out these measurements in April-May 2008 aboard an airship filled with helium, beneath which a recorder would be attached.

A long-standing partner of Jean-Louis Étienne's expeditions (Ice Pack Mission in 2002, Clipperton in 2004), Air Liquide is once again working with him in this new scientific adventure.

For the first tests conducted in April 2007, Aqua Lung, a Group subsidiary, provided researchers with diving equipment adapted to water at -1.8°C and Air Liquide's Healthcare World Business Line supplied medical oxygen to treat any possible decompression incidents. In September, Air Liquide filled the airship with about 5,000 m³ of gaseous helium.

Unfortunately, in January 2008, an unforeseen gust of wind, measured at 170 km/h, destroyed the airship and postponed the expedition.

However, the setback is only temporary. The tenacity of the French explorer should allow him to start off again in 2009, delaying his expedition by only a year. Air Liquide will continue, of course, to provide its support to this undertaking.