THE LINDE GROUP

Report by the Executive Board to the Annual General Meeting on agenda item 8 regarding the exclusion of a right to enter into option transactions or of a tender right or the subscription right in the acquisition and the use of treasury shares using derivatives in accordance with section 71 para. 1 no. 8 German Stock Corporation Act in conjunction with section 186 paras. 3 and 4 sentence 2 German Stock Corporation Act

In addition to the report on agenda item 7, the Executive Board hereby submits the following report to the Annual General Meeting in accordance with section 71 para. 1 no. 8 in conjunction with section 186 para. 3 and para. 4 sentence 2 German Stock Corporation Act, setting forth the reasons for authorising the Executive Board to exclude the subscription right of shareholders using treasury shares that have been acquired using Derivatives (as defined in no.1 of agenda item 8). This report is available for inspection at the offices of the Company as of the calling of the Annual General Meeting, and will be mailed to each shareholder upon request. Such report is also available via the Company's website at www.linde.com/hauptversammlung and will also be available at the Annual General Meeting.

The report is published as follows:

In addition to the options for acquiring treasury shares stipulated in agenda item 7, the Company shall also be authorised to acquire treasury shares by means of specific Derivatives. Such authorisation shall not increase the total volume of shares which may be acquired, but only introduce further options for the acquisition of treasury shares. Such additional options provide the Company with a higher degree of flexibility in structuring the acquisition of treasury shares.

It may be advantageous for the Company to acquire Call Options, sell Put Options, or effect forward purchases or a combination of the above instead of acquiring Company shares directly. The proposed authorisation provides that all Derivatives used may relate to a maximum proportionate amount of no more than 5 percent of the current share capital existing at the time of the resolution by the Annual General Meeting or – if lower – of the share capital existing at the time the present authorisation is exercised in each individual case. The term of the Derivatives is limited to 18 months and must be chosen in such a way that the acquisition of shares by way of exercising the options does not take place after 2 May 2021.

By selling Put Options, the Company grants the respective holder of a Put Option the right to sell shares in the Company to the Company within a specified period of time or at a specific date at a price fixed in the Put Option (the strike price). As consideration for this obligation to acquire treasury shares, the Company receives an option premium to be determined based on market terms taking into account the strike price, the term of the option and the volatility of the share, among other factors. Exercising the Put Option makes economic sense for the holder of the Put Option in the event that the share price at the time the Put Option is exercised is lower than the strike price as, in this instance, the holder can sell the share to the Company at a price which is higher than the achievable market price. The Company may buy protection in the market against too high a risk arising from the development of the share price. The use of Put Options for the repurchase of shares offers the Company the advantage that a specific strike price will already be fixed when the option transaction is concluded, while the cash outflow does not occur until the option is exercised. From the point of view of the Company, the consideration payable for the acquisition of the shares is reduced by the option premium already received. Although the Company cannot acquire treasury shares in this way if the holder of the Put Option does not exercise the option, in particular because the share price is higher than the strike price on the exercise date or during the exercise period, it ultimately and without further consideration retains the option premium received.

When purchasing Call Options, the Company acquires, against payment of an option premium, the right to buy a predetermined number of shares in the Company within a specified period of time or at a specified date at a specified exercise price (the strike price) from the seller (or writer) of the option. In principle, the exercise of the Call Option makes economic sense for the Company if the market price of the Company's shares is above the strike price and the Company then acquires the shares from the writer at the strike price which is lower than the market price. The same applies if by exercising the option, a block of shares is acquired which could only have been acquired otherwise at higher cost. Thus, the Company can hedge the risk of rising share prices. Through the use of Call Options, the Company's liquidity situation is also eased because a specific strike price is agreed for the shares as early as upon conclusion of the option transaction but need not be paid until the Call Option is exercised. The option premium must be determined based on market terms taking into account the strike price, the term of the option and the volatility of the share, among other factors.

In the case of a forward purchase contract, the Company agrees with the forward seller to purchase the shares at a fixed future date at a predetermined price (forward price) agreed at the time the forward purchase contract is concluded. It is expedient for the Company to enter into forward purchase contracts in order to satisfy its fixed need for treasury shares at a specific price level at a specific date.

The derivative transaction must be entered into with one or several credit institution(s) or one or several other enterprises fulfilling the requirements under section 186 para. 5 sentence 1 German Stock Corporation Act (jointly "Financial Service Providers").

In case Put Options are used, the consideration payable by the Company for the shares is the respective strike price (in each case excluding incidental acquisition costs but taking into account the option premium received). The strike price can be higher or lower than the stock exchange price of the share of the Company at the date of entering into the Put Option transaction and on the date of the acquisition of the shares by way of exercising the Put Option. However, the strike price must not exceed by more than 10 percent and not fall below by more than 20 percent the arithmetic mean of the share prices (average closing auction price of shares in the Company of the same kind in Xetra trading or in a comparable successor system on the Frankfurt Stock Exchange) on the last three trading days before the relevant transaction is entered into. In case Call Options are used, the consideration payable by the Company for the shares is the respective strike price (excluding incidental acquisition costs) plus the value of the option used at the time of the exercise. The consideration can be higher or lower than the stock exchange price of the share of the Company at the date of entering into the Call Option transaction and on the date of the acquisition of the shares by way of exercising the Call Option. However, the consideration must not exceed by more than 10 percent and not fall below by more than 10 percent the arithmetic mean of the share prices (average closing auction price of shares in the Company of the same kind in Xetra trading or in a comparable successor system on the Frankfurt Stock Exchange) on the last three trading days before the Call Option is exercised.

The Call Option premium paid by the Company must not be significantly higher, and the Put Option premium received by the Company must not be significantly lower, than the theoretical market value of the respective options determined using recognised financial mathematical models. Among other factors, the agreed strike price shall be taken into account when determining the theoretical market price. This and the limited volume of treasury shares that can be acquired using Derivatives are in line with the basic principle underlying section 186 para. 3 sentence 4 German Stock Corporation Act which, in general, governs the exclusion of the subscription right, but which principle is also applied to any tender right of the shareholders. This also applies *mutatis mutandis* to the forward price in the case of forward purchase contracts. The determination of both option premium and strike price/forward price in the manner described above and the commitment to be included in the terms and conditions of the derivative contract to satisfy the exercise of options or the fulfilment of forward purchases by utilising only shares that were previously acquired through the stock exchange or otherwise in compliance with the principle of equal treatment of the shareholders prevents economic disadvantages to shareholders from such an acquisition of treasury shares. This also satisfies the principle of equal treatment of shareholders set forth in section 71 para. 1 no. 8 German Stock Corporation Act.

The Company may also enter into Derivatives under which shares are delivered at a discount to a weighted average price. The obligation to agree on options and other Derivatives only with one or several credit institution(s), Financial Service Provider(s) or equivalent enterprises and to ensure that the shares to be delivered are purchased at the stock exchange at prices within the range that would be applicable to a direct acquisition made by the Company itself via the stock exchange prevents also in this constellation disadvantages to shareholders in the event of acquisition of treasury shares using Derivatives.

The option of agreeing on Derivatives enables the Company to exploit market opportunities as soon as they arise and enter into corresponding option transactions or other Derivatives. Any potential rights of shareholders to enter into such option transactions and other Derivatives with the Company are excluded, as are any potential shareholder tender rights. This exclusion is necessary to permit the use of Derivatives in connection with the re-acquisition of treasury shares and to achieve the associated advantages for the Company. Agreeing corresponding Derivatives with all shareholders would not be feasible. Since the price for the option is determined on market terms as described above, shareholders not participating in the option transactions are not subject to any value-related disadvantage. Therefore, after weighing the interests of the shareholders and the interests of the Company, the Executive Board considers the authorisation to withhold or limit potential shareholder rights to agree on such Derivatives with the Company and potential shareholder tender rights to be justified on account of the advantages arising for the Company from the use of Call Options, Put Options, a combination of Put and Call options or other aforementioned Derivatives.

With regard to the use of the Company's treasury shares acquired using Derivatives, there are no differences compared to the options of use as proposed under agenda item 7. Regarding the reasons for excluding shareholder subscription rights in connection with the use of the shares, reference is therefore made to the report by the Executive Board on agenda item 7.