

Corporate Responsibility Report 2010/2011.





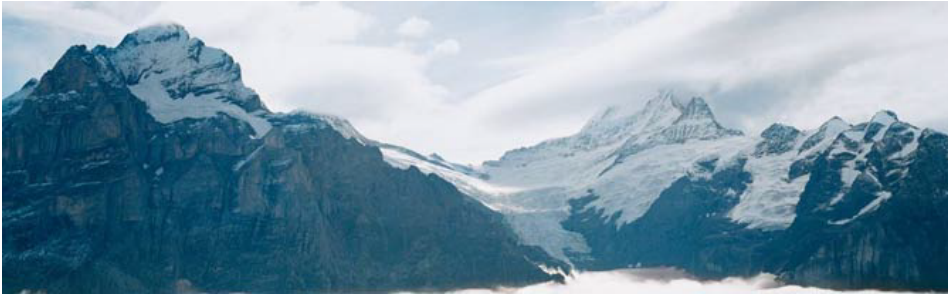
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This is the PDF download of our Corporate Responsibility Report 2010/2011.
The report is only available online.

www.linde.com/cr-report

About this report



The Corporate Responsibility Report 2010/2011 is Linde's sixth sustainability report. In it, we provide information on our corporate responsibility performance, priorities and challenges.

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Letter to the stakeholders

“With a broad portfolio of energy and environmental technologies, we are actively contributing to the goal of sustainable development.”

Professor Dr Wolfgang Reitzle, Chief Executive Officer of Linde AG

Dear Stakeholders,

In 2010, we continued our all-round positive performance, achieving significant growth in both sales and operating profit. We capitalised on the favourable economic climate, building on our global footprint and strong positions in emerging markets, especially in Asia.

Sustainability remains one of our strategic drivers. We thus continue to systematically implement our holistic concept aimed at lasting efficiency and productivity gains. So, for instance, we regularly verify our energy consumption patterns. In 2010, this allowed us to identify potential electricity savings of 290,000 megawatt hours – the equivalent of around 114,000 tonnes of CO₂ emissions. A good example of how we synergise cost management and climate protection.

Our efforts remain focussed on further strengthening our stable foundation so we can capitalise even more effectively on global megatrends such as energy and the environment, healthcare and dynamic growth in emerging markets. With a broad portfolio of energy and environmental technologies, we are actively contributing to the goal of sustainable development. Our solutions, for example, help reduce the current environmental impact of fossil fuels and reduce CO₂ emissions. And our innovative range of medical gas products and services is helping to meet the challenges of an ageing population and overstretched healthcare systems.

To achieve our goals, we build on the outstanding commitment of our team. With our People Excellence initiatives, we encourage our employees to give their very best. Key to our future success is also the ability to embrace diversity through international teams. Over 70 percent of senior managers at Linde come from countries other than Germany representing over 40 different nations in total.

In 2010, we held our first global employee survey. 73 percent of all employees participated voluntarily in the questionnaire. They confirmed, for instance, that safety and environmental protection are actively lived at Linde. Moving forward, we will be closely examining any improvement suggestions made by our employees.

For the first time, this Corporate Responsibility Report publishes figures on compliance training at Linde and on incidents reported to our Integrity Line reporting system. We have included these indicators to emphasise the fact that integrity is not negotiable at Linde. Our aim is to report additional corporate responsibility indicators over the coming years.

The United Nations Global Compact remains a valuable compass for our actions. We are committed to upholding the Global Compact principles across all of our corporate responsibility fields of action.

We see corporate responsibility management as an ongoing process and are always aiming to improve our performance. This report outlines our progress to date, the goals we have set ourselves and the biggest challenges we face moving forward.

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Professor Dr. Wolfgang Reitzle
Chief Executive Officer of Linde AG

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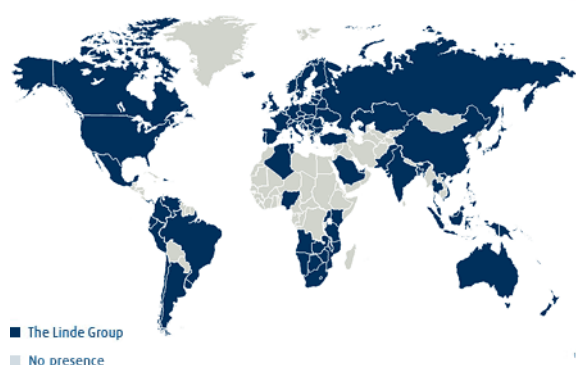
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The Linde Group

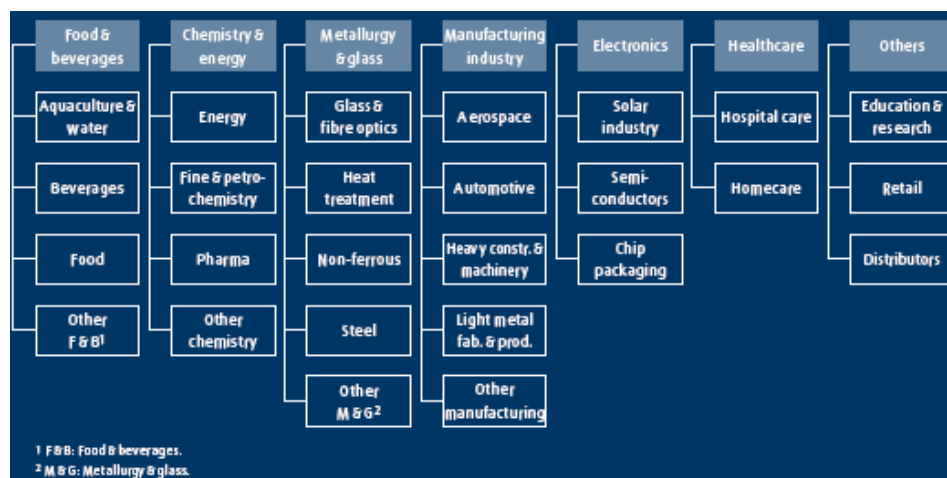
The Linde Group is a world-leading gases and engineering company with approximately 50,000 employees working in more than 100 countries worldwide.

As a global market leader in industrial, process and specialty gases and one of the most profitable engineering companies worldwide, The Linde Group is the partner of choice for customers in almost every industry. The strategy of The Linde Group is geared towards long-term, profitable growth and focuses on the expansion of its international business with forward-looking products and services. The company's headquarters are located in Munich.



The Linde Group manufactures gases and engineers plants for customers in the food and drinks, steel and automobile, healthcare, construction, electronics and solar industries. A broad, well-balanced customer base ensures stability.

Customer segmentation within the Gases Division



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Structure of The Linde Group

The Linde Group comprises three divisions: Gases, Engineering (the two core divisions) and Gist (logistics services).

Gases Division

The Linde Group is a world leader in the international gases market. The company offers a wide range of compressed and liquefied gases as well as chemicals and is the partner of choice across a huge variety of industries.

Linde gases are used, for example, in the energy sector, steel production, chemical processing, environmental protection and welding, as well as in food processing, glass production and electronics. The company is also investing in the expansion of its fast-growing Healthcare business, i.e. medical gases, and is a leading global player in the development of environmentally friendly hydrogen technologies.

The largest division, Gases, has three operating segments: EMEA (Europe, Middle East, Africa) Asia/Pacific and America, which are subdivided into nine Regional Business Units (RBUs). The Gases Division also includes the two Global Business Units (GBUs) Healthcare (medical gases) and Tonnage (on-site) as well as the two Business Areas (BAs) Merchant & Packaged Gases (liquefied and cylinder gases) and Electronics (electronic gases).

Engineering Division

Linde Engineering is successful throughout the world, with its focus on promising market segments such as olefin plants, natural gas plants and air separation plants, as well as hydrogen and synthesis gas plants.

In contrast to virtually all competitors, the company can rely on its own extensive process engineering know-how in the planning, project development and construction of turnkey industrial plants. Linde plants are used in a wide variety of fields: in the petrochemical and chemical industries, in refineries and fertiliser plants, to recover air gases, to produce hydrogen and synthesis gases, to treat natural gas and in the pharmaceutical industry.

Other activities

Other activities of the Linde Group consist mainly of Gist, Linde's logistics services.

> More on each division's business performance as well as a breakdown of division sales by operating segment (region) and business segment

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Business review 2010

In the 2010 financial year, The Linde Group achieved sales of EUR 12.868 billion, a 14.8 percent increase on the prior year. Group operating profit was up 22.6 percent at EUR 2.925 billion.

Sales and operating profit by business segment

The Linde Group

in € million	2010		2009	
	Sales	Operating profit	Sales	Operating profit
Gases Division	10,228	2,766	8,932	2,378
Engineering Division	2,461	271	2,311	210
Other activities including reconciliation	179	-112	-32	-203
Group	12,868	2,925	11,211	2,385

In the 2008 financial year, Linde began implementing its HPO (High Performance Organisation) efficiency programme. In 2010, the Group continued to execute this strategy systematically. HPO is a holistic concept for lasting process optimisation and productivity gains and should result in total gross cost savings in the financial years from 2009 to 2012 of between EUR 650 million and EUR 800 million. It should also make an ongoing contribution to Group competitiveness irrespective of the economic climate. In this context, additional key performance indicators for the measurement of productivity were introduced for all operating units and integrated into Linde's value-based management system. All individual efficiency improvement measures are centrally monitored and reviewed for lasting success.

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Report profile

This report provides information on Linde's corporate responsibility strategy, management, targets and challenges. It is aimed at all Linde Group stakeholders – employees, customers, business partners and shareholders as well as neighbours and representatives of the general public and all other parties interested in our company.

Issues and spotlight topics

Our aim is to cover all sustainability issues relevant to Linde in our corporate responsibility report. To this end, we follow internationally recognised standards on sustainability reporting, such as the Global Reporting Initiative (GRI) guidelines. This report was prepared in line with the latest GRI standard (G3.1).

This report also serves as a Communication on Progress within the framework of our commitment to the UN Global Compact. We report on how we integrate the ten Global Compact principles into our business activities. A combined GRI and Global Compact Index table provides detailed information on all relevant topics.

Our choice of CR focus topics is also guided by the expectations of our customers, shareholders, employees and other stakeholders. We regularly assess the relevance of these topics for both our business and our stakeholders.

> More on our materiality analysis, the Global Reporting Initiative and the UN Global Compact

Reporting format

This year's corporate responsibility report is available exclusively online. The report can be downloaded in whole as a PDF document. The individual sections can also be downloaded.

We also provide further information on our sustainability performance in our Financial Report and on our corporate website. To ensure this report is clearly structured and to avoid repetition, we refer to these two sources wherever appropriate.

> More in our 2010 Financial Report and on our corporate website

Reporting period and scope

This report refers to all consolidated Group companies in which Linde has at least a 50-percent stake. The reporting period for key figures is the 2010 financial year. We also refer to events and developments that took place in the 2011 financial year prior to the editorial deadline (August 2011).

Key CR indicators

We use key indicators to benchmark our performance. They enable us to monitor our progress and identify scope for improvement. Wherever possible, we present our performance indicators over a four-year period.

Key performance indicators supplement the information presented in this report on our CR strategy, management and action item progress.

> More on CR performance indicators and data collection

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Reporting standards and audit

Selected key performance indicators in this report were independently reviewed and subsequently assured by KPMG Sustainability. The audit was carried out in line with the International Standard for Assurance Engagements (ISAE) 3000.

The Global Reporting Initiative (GRI) confirmed that this report qualifies for the highest application level (A+) defined under the GRI standards.

> More on the GRI application level and the assurance

Changes since the previous year

We have made significant changes to the structure of last year's report. For instance, we have expanded on a number of topics, such as compliance, and added new indicators in these areas. It is our aim to make our corporate responsibility performance transparent as defined by GRI guidelines and to meet rising demands for information from our stakeholders.

CR reporting timeline

The Linde Group published its first corporate responsibility report in 2005. We did not release a report in 2006, the year that Linde acquired the British gas company BOC. Since 2007, the report is published each year in English and in German.

Report	Reporting period	Format
Corporate Responsibility Report 2010	2009 FY	Online report
Corporate Responsibility Report 2009	2008 FY	Online report Summary (16 pages)
Corporate Responsibility Report 2008	2007 FY	Brochure (94 pages)
Corporate Responsibility Report 2007	2006 FY	Brochure (148 pages)
Corporate Responsibility Report 2005	2004 FY	Brochure (110 pages)

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Corporate responsibility at Linde



Our vision is to be the leading global gases and engineering company, admired for our people – who provide innovative solutions that make a difference to the world. We act responsibly towards our shareholders, business partners, employees, society as a whole and the environment – the world over. Our corporate responsibility management system anchors our high standards into our everyday working lives.

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The Linde Spirit: our corporate culture

Our values and fundamental principles provide both a foundation and a compass for the way we do business. They are captured in the Linde Spirit.

Our values

Our four key corporate values define how we as a company plan to move towards our goals – namely through outstanding people who have the ability to innovate for our customers, trust each other and embrace cultural diversity.

Passion to excel	We have the commitment and drive to pursue ever higher standards of excellence and we celebrate success.
Innovating for customers	We relentlessly pursue new ways of adding value to external customers.
Empowering people	People are given the space to contribute and grow.
Thriving through diversity	Diversity results in enriched collaboration and enhanced solutions.

Our principles

We have defined four basic principles that guide our activities. They establish the values of key importance to us – both within and beyond company walls.

Safety	We don't want to harm people.
Integrity	Our actions are honest, fair and ethical.
Sustainability	We are preoccupied with today's success, but accept our responsibility for future generations.
Respect	Every human being deserves to be treated with respect.

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Corporate responsibility strategy

We act responsibly towards our shareholders, business partners, employees, society and the environment – in every one of our business areas, regions and locations across the globe. Our corporate responsibility strategy anchors our high standards into our day-to-day business.

Our corporate responsibility activities are built on four cornerstones:

1. Continuous improvement: We aim for high corporate responsibility standards. In addition, we continually assess sustainability opportunities and risks for our company, develop strategic measures to further improve our CR management activities, and set goals that enable us to benchmark our performance.
2. Holistic approach: Our corporate responsibility activities extend across the entire value chain of our products. We help our customers improve their own sustainability performance and expect contractors and suppliers to also step up to our corporate responsibility goals.
3. Stakeholder engagement: We also adapt our corporate responsibility activities to reflect changing expectations among our stakeholders. Because we view stakeholders as partners, we incorporate their demands into our CR strategy.
4. Transparency: We regularly report on our progress across all of our corporate responsibility action items. We use key indicators to track our economic, ecological and social performance.

At Linde, our Corporate Responsibility Policy defines our sustainability principles. We have developed additional guidelines and standards for individual action items to ensure our commitments are translated into concrete action in our everyday working lives. These guidelines include our SHEQ Policy, which covers safety, health, environment and quality, as well as our ethical-legal procurement guidelines, which govern our global purchasing activities. Our binding Code of Ethics ensures our conduct aligns with legal requirements and internal guidelines.

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Identification of relevant topics

Our aim is to identify all sustainable development issues relevant to Linde, evaluate these and, where necessary, implement measures to improve our performance. We regularly evaluate the relevance of issues for CR management at Linde. This process defines the spotlight topics in our CR strategy.

To do this, we follow internationally recognised standards and recommendations in sustainability management and sustainability reporting, such as the Global Reporting Initiative (GRI) and capital market requirements for sustainable business practices (SRI ratings).

We communicate with our stakeholders in a number of ways to ensure we understand and their requirements and can take them into account where appropriate. These include:

- Personal discussions with investors, customers, journalists and non-governmental organisations (NGOs)
- Employee surveys
- Participation in public political discussions
- Collaboration with sustainability networks such as UN Global Compact and econsense

At the same time, we evaluate the impact of various issues on long-term business success, drawing, for example, on findings from internal workshops with industry and strategy experts and on insights from interdisciplinary round tables. In 2010, for instance, we focused in particular on further developing our environmental strategy and the CO₂ footprint of selected products. We also feed information on potential environmental and social risks identified by Group risk management into this issue management process.

We then map the results of this process (materiality analysis) to a matrix, which rates each topic by weighing stakeholder relevance against the impact on our business activities. This enables us to develop concrete measures for issues that are high on our stakeholders' priorities, and provide new information on these subjects.

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Our goals

Our commitment to continuous evaluation and improvement also extends to corporate responsibility. We therefore set, and regularly assess, regional and global goals to benchmark our performance.

In our last corporate responsibility report, we announced a wide range of short-term goals for our individual CR action items, the majority of which we have achieved. If we have not yet reached specific targets, we explain the reason(s) in the corresponding section of this report.

The following table provides an overview of our most important global CR goals and their status during the period under review:

Goal	Timeline	Status
CR management		
Development of CR indicators	Long-term goal	<ul style="list-style-type: none"> Compliance indicators included in reporting > More
More transparent reporting of CR activities	2012	<ul style="list-style-type: none"> Reporting expanded to include additional topics Current report awarded highest GRI application level (A+) by the Global Reporting Initiative > More
Ethics and compliance		
Expansion of compliance programme	Long-term goal	<ul style="list-style-type: none"> New audience-specific training courses on competition/anti-trust law and anti-corruption practices New internal guidelines on anti-trust compliance and business partner auditing approved Over 30,000 e-learning courses completed by 2011 Over 3,000 face-to-face training sessions on competition law and anti-corruption completed in 2009 and 2010

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[> More](#)**Safety**

Reduction of serious transport incidents

Long-term goal

- New package of global transport safety measures developed

[> More](#)**Environmental protection**

Three percent improvement in energy intensity at our air separation plants relative to 2008 baseline

2013

- Energy efficiency improved by 2.3 percent by 2011

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Definition of further quantitative environmental goals

Long-term goal

- Cross-business workshops held to develop additional global environmental protection goals

[> More on climate protection](#)[> More on water protection](#)[> More on waste management](#)

Development of a standardised, Group-wide method of calculating the carbon footprint of our products

2012

- Value chain of our products examined, based on CO₂ emissions guidelines of the Greenhouse Gas Protocol
- Training on product carbon footprints conducted

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Evaluation of emissions beyond our production processes (scope 3)

Long-term goal

- Value chain of our products examined, based on CO₂ emissions guidelines of the Greenhouse Gas Protocol
- Award in recognition of sustainable company car strategy in Germany

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Expansion of childcare support	Long-term goal	<ul style="list-style-type: none">• 54 of 60 applications for childcare subsidies approved in 2010 (Germany)• Number of daycare places at our headquarters in Munich increased from 20 to 37 for 2011 > More
Global employee survey	2010	<ul style="list-style-type: none">• First global employee survey carried out• Follow-up measures defined• Follow-up survey planned > More
Targeted support of women in the company	Long-term goal	<ul style="list-style-type: none">• Percentage of women in senior management rose from 9.3 in 2009 to 10.3 in 2010• Global recruitment of 20 female high potentials for a Female Technical Talent Programme planned > More
Social engagement		
Evaluation of corporate citizenship project strategy	2012	<ul style="list-style-type: none">• Global survey and evaluation of around 200 community involvement projects > More

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Implementing corporate responsibility

The Corporate Responsibility Council steers our sustainability strategy at the highest level. Our Corporate Responsibility department coordinates the execution of this strategy in collaboration with the various departments and regions. It is also the contact point for stakeholders within and outside of the company.

Corporate responsibility organisation



The Corporate Responsibility Council has been the highest-level decision-making body in all CR matters since 2004. The Council comprises Professor Wolfgang Reitzle, Chief Executive Officer of Linde AG, and Dr Aldo Belloni, Member of the Executive Board, together with managers responsible for the following global and central functions: Communications & Investor Relations, Human Resources, Internal Audit, Legal and SHEQ (Safety, Health, Environment, Quality).

The Council meets each year to define the cornerstones of our CR strategy. It also receives reports on the status of the previous year's targets and decides on new goals for our CR action items. The decisions made by the Corporate Responsibility Council are binding for the entire company.

The Council discusses and approves a wide range of sustainability topics, including climate protection activities: In 2010, we communicated a global, quantitative climate protection goal. In 2011, the Corporate Responsibility Council also received also a status update on this goal and advised on the further evolution of our environmental strategy.

Implementing our CR strategy

Our Corporate Responsibility department coordinates the CR strategy at operational level. It works closely with the various departments responsible for implementing the individual spotlight topics. This process is supported by CR sponsors in the different regions and local companies.

The Corporate Responsibility department is also responsible for regular reports on our CR strategy and performance. In addition, it coordinates dialogue with internal and external stakeholders.

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Corporate responsibility management

With our corporate responsibility management system we implement our CR strategy throughout the company. We integrate our voluntary commitments into our business processes through the regional and global standards and management systems in place at our various units.

The objective of CR management is to identify and evaluate sustainability issues of relevance to Linde, minimise risks and explore business opportunities. Under our issue management process, we evaluate sustainability risks and opportunities. To do so, we communicate closely with stakeholders such as customers, shareholders, political circles and the general public.

New markets for energy and environmental technologies are opening up business opportunities for Linde as a company. And our healthcare products are helping to treat chronic illness, combat rising therapy costs and relieve the pressure on overburdened healthcare systems.

We systematically evaluate risks under our risk management programme. This is complemented by risk analyses at department level.

> More on products and technologies and on issue management

Risk management

The Linde Group, a technology company with global operations, is exposed to a great variety of risks. To identify and evaluate these risks and steer our responses to them, the Linde AG Executive Board has established a comprehensive, systematic and efficient integrated risk management system (Enterprise Risk Management [ERM] system), the basic principles of which are laid down in Group guidelines.

Our risk management system also provides a standardised framework to evaluate CR issues such as environmental, safety, HR and legal risks, along with risks resulting from political, legal and social upheaval or from pandemics.

Different departments, such as our safety, health, environment and quality (SHEQ) department, assess the risks within their areas, for example plant or product safety risks, and channel this information into Group risk management activities.

We investigate alleged compliance violations and violations of occupational and social standards by or at our company or by our suppliers through our Integrity Line reporting system.

> More on risk management and on our compliance programme

Safety, health, environment and quality management

At Linde, we have defined global safety, health, environment and quality (SHEQ) standards and responsibilities for our production processes. Our SHEQ management systems enable us to identify and minimise risks in these areas. The management systems are closely aligned with the individual workflows in the various business units. We also involve contractors and other suppliers in our SHEQ management activities.

Our SHEQ Policy steers our management activities alongside binding regional and global standards, which are communicated worldwide via our global database Linde Management

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Systems and Standards (LiMSS). We implement our SHEQ guidelines, other Group-wide guidelines and legal regulations through various internal management systems. Our aim is to continually improve existing processes across all relevant lines of business. Our global corporate responsibility indicators help us achieve this goal by helping us benchmark our progress and identify scope for improving our SHEQ performance.

Evaluation tools and certification

We use a wide range of tools and measures to assess whether we are meeting our commitments and standards. These include internal audits on process safety, occupational health and safety, environmental protection and quality at our locations across the globe.

In 2010, we performed or commissioned occupational health and safety audits at over 53 percent of our sites, and environmental protection audits at around 48 percent of our sites.

Proportion of sites in which health, safety and environmental audits have been conducted

The Linde Group

in percent	2010	2009	2008
Proportion of sites with occupational health and safety audits	53.2 [▲]	55.1 [▲]	50.8
Proportion of sites with environmental audits	47.8 [▲]	48.3 [▲]	46.1

[▲] Figure included in the Group Management Report of the Annual Report 2010 of The Linde Group.

Figures include internal and external audits.

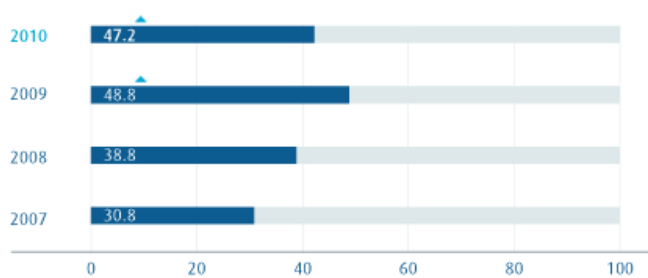
We also include findings from our internal statistics and from reports on incidents and near-misses (incident reporting) in our annual audit plan.

In 2010, we focused in particular on audits carried out within the framework of our Major Hazard Review Programme (MHRP) – an initiative for systematically assessing risks that could result in accidents or damage to property or the environment.

We systematically train our employees in the areas of occupational health and safety as well as in product safety and environmental risks. The need for training is regularly assessed at our individual sites, and our training offering is tailored to current requirements. We also run campaigns and initiatives aimed at strengthening employee awareness of the importance of safety and environmental protection.

Proportion of employees who have taken up HSE training opportunities (in percent)

Gases Division



[▲] Figure included in the Group Management Report of the Annual Report 2010 of The Linde Group.

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▲
Figure included in the Group Management Report of the Annual Report 2010 of The Linde Group.

Many of our locations are certified to international norms as proof of our high standards on safety, environmental protection and quality.

The ISO 9001 set of standards for quality management is particularly important for our Gases and Engineering Divisions. More than 200 of our sites are certified in accordance with the environmental management standard ISO 14001. Many of our sites are health- and safety-certified in accordance with the OHSAS 18001 (Occupational Health and Safety Assessment Series) or SCC (Safety Certification Contractors) standards.

Proportion of certified sites

The Linde Group

in percent	2010	2009
DIN ISO 900	72	71
DIN ISO 14001	28	27
OHSAS 18001 or SCC	22	22

We intend to maintain current levels of certification in our Gases and Engineering Divisions.

In the case of food-grade gases, we provide proof of compliance with the relevant quality standards. Within the framework of the Global Food Safety Initiative (GFSI), we intend to have another 71 sites certified by the end of 2012. This certification includes the ISO 22000 standard (food safety).

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Sustainability indicators

Global key figures are crucial tools for successfully steering our economic, environmental and social performance. Key performance indicators (KPIs) enable us to measure and document our progress in corporate responsibility over the years as well as identify scope for improvement and develop targets in areas such as health, safety, environment and HR management.

We select and publish our non-financial data also in line with internationally recognised standards, including:

- The sustainability reporting guidelines in the Global Reporting Initiative (GRI)
- The Greenhouse Gas Protocol published by the World Institute and the World Business Council for Sustainable Development
- Recommendations from the European Industrial Gases Association (EIGA), the Responsible Care initiative and the German Chemical Industry Association (VCI)

We collect selected key indicators for health, safety and the environment with the help of a global database that we rolled out across the entire Group in 2008. This system has enabled us to collect environmental data more efficiently and improve data quality. The information is gathered at the individual production sites each year, entered into the system and evaluated at several levels of the company. Our brochure "Corporate Responsibility Accounting. Overview of HSE (Health, Safety, Environment) Indicator Reporting" explains how we define and collect our HSE indicators.

We collect our HR indicators in a Group-wide database. In 2010, we continued to roll this system out across the Group. The database provides high levels of data security and enables key HR data to be accessed on demand.

We continually evaluate the possibility of including other non-financial indicators in our external reporting. In this year's report, for example, we publish data on our global compliance training measures and Integrity Line consultations for the first time. In addition, we are currently developing global key indicators for our community involvement activities.

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Linde as a sustainable investment

The capital market also assesses the impact of responsible business practices on a company's long-term success. It does this by ranking investments in line with sustainability criteria (socially responsible investments, SRI).

The Linde Group already ranks highly in several SRI ratings. We aim to qualify for further SRI indices and funds by continually improving our performance in CR management, ensuring transparent sustainability reporting in line with international standards, and maintaining open dialogue with interested analysts, investors and rating agencies.

In 2010, we were included in the German Carbon Disclosure Leadership Index (CDLI). This internationally recognised index is ranked by the Carbon Disclosure Project (CDP), a group of investors who assess the success of organisations' climate protection activities.

In addition to participating in international sustainability rankings in 2010, we also held a number of personal talks with investors on key corporate responsibility topics.

Our top 75 shareholders currently hold around 3.5 percent of Linde shares in SRI funds. The top 75 shareholders represent 65 percent of Linde's shares. Our share is listed on all German stock exchanges.

> More on stakeholder dialogue

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Supply chain management

We do business with suppliers across the globe and demand the highest levels of quality and reliability from our partners. In addition we expect them to comply with environmental and social standards.

We source various resources, materials, premanufactured products and services from suppliers in our different business fields. In the Gases Division, purchasing covers an extremely broad range of products and services including energy, gases, gas cylinders and valves, tanks and tank equipment, vehicles, healthcare equipment, components for large-scale plants and complete small plants, IT hardware and software, plus a wide range of services. Engineering Division purchases also cover a range of apparatus, machines and other components as well as office equipment and services.

In the 2010 financial year, we spent around EUR 9.7 billion on purchasing across a wide range of markets worldwide. Around EUR 7.8 billion of this is attributable to the Gases Division and around EUR 1.9 billion to the Engineering Division.

Reliability and quality

Our success hinges on our ability to reliably source products and services, to the appropriate levels of quality, in the right quantities and at fair market prices.

We use uniform tools to select and assess suppliers and also ask suppliers for self-assessments. In addition, we perform audits to assess whether our suppliers meet our quality standards.

Environmental and social standards

The Linde Code of Ethics informs our employees about the importance of compliance with environmental and social standards on the part of our suppliers. Environmental and social standards are also covered by our ethical-legal procurement guidelines. These guidelines provide a framework for our dealings with business partners and outline how we expect them to behave. They are binding for all employees of Linde AG and its subsidiaries, and are aimed in particular at employees who deal directly with suppliers, contractors and other business partners.

Where necessary, we also inform our suppliers of special requirements, for example, regarding environmental protection and safety. In 2010, we informed suppliers in Southeast Asia about our "Golden Rules of Safety".

We involve our contractors in our environmental and safety management activities; offering, for example, driver safety training courses for contractors commissioned by Linde to transport gases. Compliance with minimum occupational health and safety guidelines and environmental protection standards are included in contractual agreements with contractors whose employees are working on Engineering Division construction sites on behalf of Linde. Our CR data management also extends to contractors. We report, for example, on the number of contractor workplace accidents per million hours worked (lost time injury rate, LTIR).

Any violations of our basic standards or principles can be reported via various channels, our whistleblower system (Linde Integrity Line) included. All reports of suspected instances of

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non-compliance along our supply chain that we receive are investigated. Our assessments can also result in termination of contracts with suppliers.

> Download of our Ethical-Legal Principles Procurement

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Engaging with stakeholders

Stakeholder trust is a crucial factor for our success. Which is why we maintain close dialogue with our key audiences, including employees, shareholders, customers, suppliers, NGOs, politicians, scientists, our neighbours and the general public.

In 2010, internal stakeholder engagement activities focused amongst other things on our first global employee survey. Dialogue with external stakeholders centred on a number of important issues including sustainability across our supply chain and our activities for climate protection. Our involvement in international networks also provided us with valuable impetus for CR management.

Customers

Quality, safety and reliability in all of our products, technologies and services are key to building relationships of trust with our customers. We systematically measure customer satisfaction levels worldwide as part of our customer experience management programme. We use the results of surveys, our customer complaint management service and further information channels to help us improve our products and offerings.

In recognition of our commitment to customer satisfaction, Linde Korea received the 2010 Customer Satisfaction Management Award from the Korea Economic Daily, a leading daily newspaper in Korea.

Corporate responsibility is moving up the agenda of our customers as well. We receive increasing numbers of requests about the environmental and social aspects of our activities. We take great care in answering these queries and use them to map our performance against customer requirements. In 2010, for example, we talked to customers about the CO2 balance of our products.

Employees

Employee satisfaction is very important to Linde. Employees have the opportunity to say whether current conditions meet their expectations in one-on-one meetings with line managers. In 2010, we also carried out our first global, voluntary employee survey.

We also believe it is important that our employees understand the strategic importance of corporate responsibility for the Group's success. We therefore involve our employees in different CR initiatives, for example, via in-house communication channels or employee competitions on environmental issues. An example of this in 2010 was the publication of a newsletter on "green ideas" in the South Pacific region.

> More on our employee survey

Capital markets

In fiscal 2010, we continued to communicate closely with capital market players, conducting more than 300 personal conversations with financial analysts and investors. Shareholders and potential investors were given the opportunity to speak to members of the Executive Board at a total of 25 conferences and roadshows. Sustainability issues have also gained in importance.

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> More on capital markets

Politics

We aim to be a trusted partner in public discussions and political decision-making processes, bringing the expertise and views of a global player to the table.

Our actions are guided by the following fundamental principles:

- We support demands for a lobby register at national and European level as a means of ensuring ethical and transparent representation of interests. We believe that this should be a voluntary engagement.
- We do not post our employees to public institutions. This applies to state, national and European institutions. We respect the individual confidentiality obligations of all employees who previously worked in the public sector.
- The Linde Group does not make donations to political parties or candidates.

The Linde Group has a representative office in Berlin and has allocated three staffing positions to this office. We are also engaged in political dialogue in collaboration with numerous national, European and international industry and business associations. In Germany, for example, we are a member of the German Chemical Industry Association (VCI), the German Engineering Federation (VDMA) and the German Industrial Gases Association (IGV). On a European level we are member of the European Industrial Gases Association (EIGA).

Suppliers

We believe in maintaining transparent communication with suppliers. We focus on personal communication, although we also use online supplier portals. We have also developed awards to recognise exemplary suppliers.

Community involvement

We also put our know-how to work for local communities. In North America, for instance, we teamed up with other companies to offer training programmes that help communities deal with traffic accidents involving dangerous substances. The courses, held under the banner of TRANSCAER® (Transportation Community Awareness und Emergency Response), were run in New Jersey, Delaware and Pennsylvania.

Non-profit organisations

We also communicate with non-profit organisations within the framework of our community involvement activities. Education, science and research are key areas here.

Science and research

We are committed to offering products and technologies that unite the goals of customer value and sustainable development. To this end, we collaborate closely with numerous partners from the science and research community.

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We also partner with the science and research community to further our community involvement initiatives.

> More on current projects in the products and community involvement sections

Memberships and networks

We play an active role in industry and business associations at national, European and international level. The Linde Group is also a member of carefully selected corporate responsibility networks that enable us to exchange experiences with other members, learn from each other and further shared interests in sustainable development.

UN Global Compact supports the enforcement of human rights, compliance with work and social standards, environmental responsibility and the fight against corruption. As a participant of UN Global Compact, we are committed to the organisation's principles. In July 2007, Linde and around 150 other major international companies signed Global Compact's declaration on climate protection ("Caring for climate: The business leadership platform").

Linde has been a member of econsense (forum for sustainable economic growth in Germany) since 2007.

> More on our UN Global Compact communication on progress

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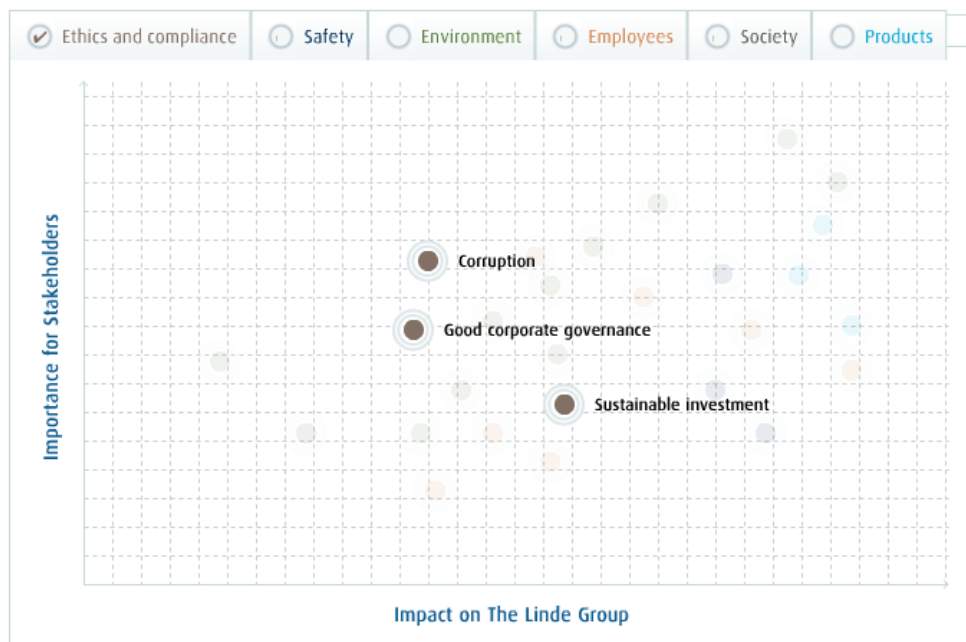
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Ethics and compliance

Our Code of Ethics describes our commitment to respect laws and regulations, not to harm people or the environment and to ensure that we always act honestly and fairly. This Code builds on the Linde Spirit, our corporate philosophy which defines the principles and core values that guide the way we do business.

Integrity and respect are two of the four core values anchored in the Linde Spirit. Our Code of Ethics defines how we live these core values in our daily business dealings – through clear standards governing our relationships with each other as well as with our customers and suppliers, with official authorities and with other business partners. This Code covers the following areas:

- Import and export laws and regulations as well as competition and antitrust laws
- Insider dealing, protection of trade secrets and company assets plus data privacy
- Conflicts of interest and corruption, including guidelines for dealing with presents and invitations
- Dealing with public authorities and politics
- Safety, health and environment standards as well as product and process quality
- Guidelines governing financial reporting, communication and advertising
- Ethical conduct among suppliers
- Upholding human rights
- Fairness and respect between Linde employees

If local laws or other Linde regulations dictate stricter or higher standards than our Code of Ethics, we uphold the local policies.

The Code of Ethics is binding for all employees of Linde AG and its affiliates worldwide. We also encourage our business partners to uphold the standards defined in our Code of Ethics. Additional, complementary guidelines give greater execution clarity in our action areas. These include regulations governing competition and antitrust law, the assessment of business partners, safety, health, environment and quality management (SHEQ Policy) plus our ethical/legal procurement guidelines.

Our compliance programme and internal guidelines for environment, safety, health protection and personnel management help us to deliver on our commitments. As part of this framework, we identify areas of responsibility and accountability, standards, monitoring instruments (such as audits) and the process flow in the event of non-compliance with standards. We implement these standards through our internal management systems.

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Corporate governance

Sound corporate governance is fundamental to a company's long-term success. The Supervisory and Executive Boards of Linde AG are firmly committed to upholding the principles of sound corporate governance. Their management and supervision actions are always guided by a strong sense of responsibility.

Linde AG follows the German Corporate Governance Code released by the Government Commission as amended from time to time and complies with the Code's guidelines to a large extent. Any deviations are explained in detail in our annual report. The Supervisory Board and Executive Board will continue to follow developments in this area closely and adapt existing corporate governance structures wherever necessary or beneficial to the Group.

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Global compliance programme

To support compliance with legal regulations and our voluntary commitments, we are setting up a global compliance programme. The programme's primary aim is to prevent violations by providing employees with continuous information and targeted training opportunities. At the same time, we actively encourage staff to report any suspected violations of our Code of Ethics. We have established a set protocol for responding to those reports. If the allegations prove to be founded, we take the appropriate corrective action.

Since 2008, Linde's Head of Compliance has been responsible for developing the compliance programme. The Head of Compliance oversees the implementation and verification of compliance measures and heads up the compliance office within the Group Legal department. Compliance officers have been appointed in the divisions, business units and operating segments to support Group-wide implementation of the compliance programme. The Executive Board and the audit committee of the Supervisory Board are regularly informed about current developments and progress within the compliance organisation, including measures aimed at communication, training employees and updating rules of conduct.

Preventing violations

We inform employees about the legal regulations and other standards that apply to their particular areas of work. All employees receive a copy of the Code of Ethics when they start working at the company and must confirm in writing that they have read and understood it.

Furthermore, we provide Group-wide e-learning and classroom-based courses to familiarise our employees with the Code of Ethics. Over 30,000 e-learning courses had been completed by 2011. In 2009 and 2010, we held over 3,000 face-to-face training sessions on competition law and the avoidance of corruption for employees. We have thus achieved our prior-year target to maintain and expand employee training on compliance with the Code of Ethics.

In 2010, the Executive Board of Linde initiated further anti-trust and anti-corruption training measures for specific target groups. Also in the same year and continuing into 2011, the Group approved and communicated new global internal directives on anti-trust compliance and the assessment of business partners (for example, agents, sponsors and consultants).

When expanding our compliance and anti-corruption programme, we are also guided by Transparency International's Business Principles for Countering Bribery.

Identification of misconduct

Employees wishing to report suspected violations of the Code of Ethics or make enquiries about the Code can contact their direct line manager or department head. Alternatively they can contact a representative from the Internal Audit, Personnel or Legal/Compliance departments.

Our Integrity Line global reporting system is one of the key pillars of our compliance programme. It provides employees and stakeholders with a channel for reporting doubts or suspected violations – anonymously, if desired.

We have set up various channels to report suspected violations to our Integrity Line:

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- A dedicated Internet portal available in seven languages
- A worldwide, toll-free hotline operated by an independent company that takes calls in all languages
- A confidential e-mail account
- A postal address

Every report is initially assessed by Linde's Integrity Line Facilitator, who forwards allegations to the Linde Integrity Committee. The committee comprises representatives from Internal Audit, Legal/Compliance, Corporate Responsibility and Human Resources departments. The committee examines the reports and determines further courses of action. Our Integrity Line policy outlines the exact protocol to be followed and ensures that reports remain confidential and data is protected. Reports of violations submitted via other channels are forwarded to the Integrity Line system to ensure that all cases are investigated with the same protocol.

In 2010, our Integrity Line was contacted 334 times. Each one of these contacts was assessed to determine whether it entailed a general enquiry or an allegation of misconduct. Without exception, concrete accusations were systematically investigated. Most of the reports last year were related to personnel topics (approx. 40%) and offences against property (approx. 20%). In addition to the regular consulting and auditing activities carried out by our compliance organisation, Internal Audit and HR management, 54 audits were instigated in 2010 as a result of reports to the Integrity Line.

Consequence management

Linde employees who violate laws or regulations must be prepared to face sanctions. The guidelines in our Code of Ethics are binding and non-negotiable. Repercussions for violations can involve dismissal and prosecution under criminal or civil law.

With our Integrity Line Consequence Management process we want to ensure that appropriate, corrective action is taken if allegations prove justified. If an internal investigation reveals that a report is substantiated, we explore the measures that have subsequently been implemented – following a set protocol and timeframe. The responsible line managers are always asked to comment on the incident and are involved in this process.

If our compliance systems uncover any circumstances or events requiring further criminal investigation, we work very closely with the authorities. In 2010, we actively contacted the Munich public prosecutor's office to share Internal Audit findings that called for further clarification. The findings in question involved joint projects with other companies that were investigated by public prosecutor for suspected bribery. Linde was not found to be in breach of the law. The state prosecutor did, however, establish that external third parties had acted unlawfully. Investigators estimated that Linde benefitted indirectly from these violations by a sum of money in the amount of EUR 35 million over the years. The Group made a compensatory payment in this amount to redress the situation.

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Safety

Safety is a number one priority at Linde. Here we focus not only on our internal business processes, but also on how our products are used. The main aim of our safety management activities is to protect employees, business partners, customers and neighbours from harm.

Safety is one of our four fundamental principles. With our global safety management system we minimise risks for human beings and the environment. Another focus area is the protection of our company property. Our global SHEQ function coordinates the implementation of our safety standards in our business units worldwide. Safety representatives are appointed at regional and local level. Our safety standards align with our global SHEQ Policy.

Through our Group-wide integrated management system we systematically identify and assess risks, implement local and global safety standards, and define areas of responsibility. Using defined monitoring mechanisms we check whether our safety standards have been put in place.

We also rely on transparent incident reporting mechanisms to evolve and improve our safety systems. We record all incidents and near-misses – whether they be related to accidents, explosions or leaks – that occur at our sites or during transport. This includes incidents that occur in connection with the use of our products by customers. The lessons learned from our incident reporting are then sent to our global communication networks so that we can learn from them and prevent similar incidents from happening again. Whenever necessary, we adapt our safety measures. In 2010 we communicated over 130 such incident reports. They include a description of the incident, key causes and learnings. We made them available to our employees and posted them on our site safety notice boards.

We involve contractors, customers and suppliers as well as authorities and local communities in our safety activities.

Raising safety awareness among employees

We sensitise our employees to potential hazards through regular training sessions (for example, safety videos) and a risk matrix. Our aim is to foster a sense of safety awareness and responsibility among all managers – beyond the responsibility of our safety officers. At Linde Gas Germany, for example, managers at all levels are obliged to conduct a set number of safety talks with their team members every year.

We highlight examples of best practices in safety. Each year, for example, Linde holds its Linde Group Safety Awards, recognising selected sites in three separate categories: The Site Safety Award for the best location or facility, the Company Safety Award for the best company within the Group, and the Improvement Award for the site or company that has made most progress in reducing lost time injury rates.

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Product stewardship

Our product stewardship activities cover the entire lifecycles of our products. We systematically identify, assess and control potential sources of danger and the associated risks at all stages of the value chain – from materials purchasing through product manufacturing to use of our products at customer sites. Our efforts here extend beyond minimum legal requirements.

Product development and launches

Our analysis of potential safety, health and environment hazards in a product's lifecycle starts as early as at the development phase of new solutions. We take particular care when launching new products and technologies as rarely have long years of experience to fall back on. Our new product introduction (NPI) process outlines the different steps that have to be taken before a product can be brought to market.

Purchasing

Product stewardship starts with the procurement of key resources and materials. We have determined standardised processes for supplier selection and assessment. They ensure, for instance, that materials and products meet the highest quality requirements and that all applicable packaging and transport safety regulations are followed. We also include safety, health and environment risks when assessing suppliers.

> More on supply chain management

Safety at our sites

At all of our sites, we identify and evaluate risks that our plants might pose to employees and any neighbouring companies or people living in the vicinity. Our major accident prevention policies (MAPPs) define concrete responsibilities and processes at regional level.

In recent years, we have also rolled out a Group-wide management programme to systematically identify the most serious risks at all sites. This major hazards review programme (MHRP) creates a uniform basis for measuring risks at all locations and defining specific control mechanisms to minimise these risks to the greatest possible extent. The major hazards in focus cover all key aspects of occupational health, safety and environmental protection relevant to The Linde Group.

We have developed regulations and instructions for our employees, visitors and employees from other companies to ensure their safety at our production sites and make sure they are aware of our safety requirements. Employees from other companies are also bound by the regulations in our material safety data sheets. This document is always an integral part of Linde contracts.

Prerequisite for the employment of security guards at our sites is a suitability vetting process. The security personnel at our sites respect human dignity and human rights and comply with local laws and regulations. In safeguarding the security of our sites we act in accordance with international standards such as the UN basic principals on the use of force. We require that all Linde guards are trained accordingly.

Our crisis management agenda includes emergency planning for major catastrophes such as fire, explosions, natural disasters, crime and pandemics, and the impact these would have

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on our sites and business processes. We have defined areas of responsibility and decision-making channels for these scenarios at local, regional and Group level and developed guidelines for structured communication during crises. We reviewed our crisis planning worldwide in 2010.

Health, safety and environmental metrics are an integral part of plant planning and engineering. Design reviews are crucial here, with interdisciplinary teams checking compliance with all HSE criteria at every stage of plant construction. The scope of our inspections extends to our suppliers.

Regular audits enable us to ensure compliance with our internal management system, as well as with industry standards and individual national and international regulations. Operational audits are performed using a risk-based approach, i.e. the higher the risk, the more frequent the audit. In 2010, we performed or commissioned occupational health and safety audits at over 53 percent of our sites. MHRP audits were an important part of our safety activities in 2010. As a minimum requirement under MHRP, all locations operated by Linde that store or process hazardous substances must hold a valid licence awarded following an internal audit.

Many of our locations have been certified in line with international safety standards. 22 percent of our sites, for example, are certified in accordance with the international standard OHSAS 18001 (Occupational Health and Safety Assessment Series) or with SCC (Safety Certification Contractors).

> More on occupational safety, on supply chain management and on environmental audits

Storage, packaging and distribution

Products and packaging are labelled in line with international and local statutory regulations, international standards and our in-house standards.

At the beginning of 2011, we completed notification of classification and labelling notification for our substances to comply with the European Union CLP regulations (classification, labelling and packaging of substances and mixtures). This is a key step under the new European regulations on hazardous substances.

Customer sites

When we hand over our products to our customers, we want them to be aware of all necessary safety measures and fully understand our products and their properties. Providing clear information is the first step here. Our product safety datasheets plus extensive information on the handling, storage and labelling of gas products can be easily accessed, for example, via our online customer portals.

We also offer special customer safety training sessions covering the properties of gases, potential risks and important safety measures for transport, use and storage. We complement our offering with an extensive portfolio of gas supply services, ranging from risk assessment through explosion avoidance documents to the inspection, maintenance and repair of customer gas supply systems. In the Gases Division, for example, specially trained Linde employees carry out customer screenings prior to delivery, assessing whether all requirements for the safe and proper handling of gases have been met. Our product list details the different gases where customer screening is mandatory. Linde emergency teams are also on hand to help customers outside of business hours and on weekends.

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Medical gases call for consistently high quality standards in relation to the purity of the gases as well as the safe handling. Linde Healthcare follows Good Manufacturing Practices (GMP) and Good Distribution Practices (GDP) covering, among other issues, quality management, production and quality control of medicinal products as well as the processes involved in the storage and distribution of medicinal gases.

In addition, we work with clinical specialists, healthcare providers and regulatory authorities. At hospitals and other care facilities, we continue to introduce and implement training, systems and procedures to ensure safe and effective gas handling, proper controls, timely response and adherence to guidelines and standards.

As quality standards in the supply of medical gases to patient are also affected by activities within the hospital, Linde Healthcare helps customers to meet these challenging requirements by offering a complete range of services under the brand name QI Medical Gas Services. These are practical services that include all areas of medical gas supply from planning efficient gas delivery through ensuring emergency supplies to managing maintenance and repairs. Ongoing monitoring and staff training are also available.

Our high safety standards were also recognised by our customers in 2010. In Thailand, Cargill Meats, an important customer in the food industry, presented Linde with the "Safety Award – Best Contractor of the Year".

Disposal and recycling

We constantly strive to avoid waste, decrease the volume of waste we generate, and reduce its risk potential. When we cannot recycle waste, we dispose of it in line with legal regulations. In 2011 we published a global standard and training materials for asbestos management in our operations. These outline steps required to ensure that asbestos materials are handled and disposed of safely.

> More on waste management

Meeting legal requirements: REACH

The European Union has reformed the law governing chemicals in the EU. The new REACH regulation stipulates that all companies manufacturing or importing chemical substances in the EU in quantities of one tonne or more per year must assess the impact of these chemicals on the environment and register them according to a strict timeline.

The Linde Group meets all requirements set down in REACH to the full extent. To do this, we set up a project team of over 30 specialists across Europe headed by a REACH Europe manager to coordinate compliance with REACH.

We work actively with the European Industrial Gases Association (EIGA) and other industry associations to ensure compliance with REACH. In 2010 for example, we led a consortium formed mainly of EIGA members to complete the registration of carbon monoxide for intermediate uses. We also work with our customers and suppliers to ensure successful execution.

Our REACH website we provide detailed information on how we are meeting our legal obligations within the framework of REACH as a manufacturer, importer and user. We also detail the substances we have registered and explain how we inform our customers and suppliers about this.

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> More about our activities for REACH and on use of resources

Working together for more safety

We also collaborate with industry associations and local communities to promote the safe handling of gases. For example, we joined forces with the European Industrial Gases Association (EIGA) to take part in a campaign promoting the safe handling of oxygen.

Our commitment to safety in the US includes sponsoring a safety day for handling industrial gases on the campus of Pennsylvania State University in DuBois, Pennsylvania. An event for customers, fire fighters and emergency services in July 2010 focused on the safe handling of cryogenic and compressed gases.

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Transport safety

At Linde, transport incidents have a particularly high profile within the safety risks we monitor. We aim to further reduce the number and frequency of transport-related accidents – among our own transport fleets and those of our contractors.

Gas transports are governed by various regulations such as the European Agreement concerning the International Carriage of Dangerous Goods by Road (Accord européen relatif au transport international des marchandises dangereuses par route, ADR). Correct handling, sufficient knowledge of properties and the right packaging significantly reduces transport risks.

We document and store all transport requirements for Linde in our global management databases. These stipulate everything from the requisite driver qualifications and training levels to detailed instructions on how to equip transport fleets to comply with our safety standards.

Engaging our transport service providers

Our Gases Division transports the majority of its products to customers itself, using pipelines or its own transport fleet. We also actively engage our contractors working for all of our divisions in our transport safety management policy, for example through safety training.

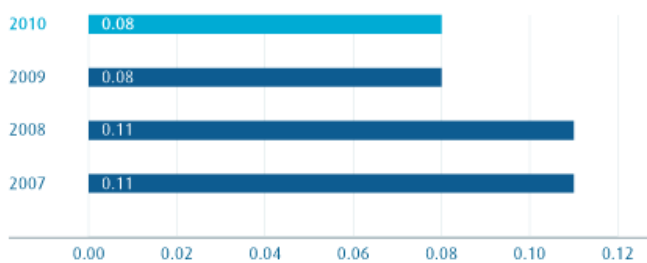
As an approved training institute within the framework of the ADR, we also offer third-party training seminars across Germany. These courses are an integral part of our LIPROTECT® safety service.

Focus on transport safety

The number of serious transport incidents involving trucks per million kilometres driven in 2010 remained level with the previous year at 0.08.

Serious traffic incidents involving trucks (per 1 million km driven)

Gases Division



The figures relate to the transport fleet run directly by The Linde Group as well as those run by our transport contractors. The exact definition can be found in our Corporate Responsibility Accounting brochure.

To ensure a safe and secure logistics chain from source to customer, we again upped our efforts in transport safety. In 2010 we developed a new package of global transport safety measures comprising the following four components:

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- Revision of local and global minimum transport safety standards and their integration in our global standards database
- Employee training sessions covering these revised standards
- Audit programme to check compliance with standards
- Global implementation of our new transport safety driver training programme (ActSafe for Drivers)

We have defined a timeline for each element. At least 95 percent of the standards must be reviewed and incorporated in the database, and the associated employee training measures implemented by the end of 2012. We intend to have audited compliance with these standards at 60 percent (minimum) of all sites involved in transport by the end of 2015. The new ActSafe for Drivers training programme is to be implemented at 30 percent (minimum) of our sites by 2015.

In our regional business unit Continental and Northern Europe for example, about 2,500 tanker drivers from our own and our contractors fleets took part in training sessions in 2010, covering topics such as fatigue and speed management, roll-over protection, defensive driving and loading. Drawing on input from Linde drivers, we have also created a new safety training DVD called "Staying in control". The DVD has been localised into a number of languages and is being used worldwide to support transport training.

Our strong commitment to transport safety was recognised on several occasions. The European Industrial Gases Association (EIGA) presented Linde with the Road Safety Award 2010 for the lowest tanker accident rate with an annual driven distance of over five million kilometres. In the US, Linde was presented with the Thoroughbred Chemical Safety Award in 2010 by transport company Norfolk Southern Corporation in recognition of our outstanding safety track record in transporting chemicals by rail.

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> More indicators on transport safety

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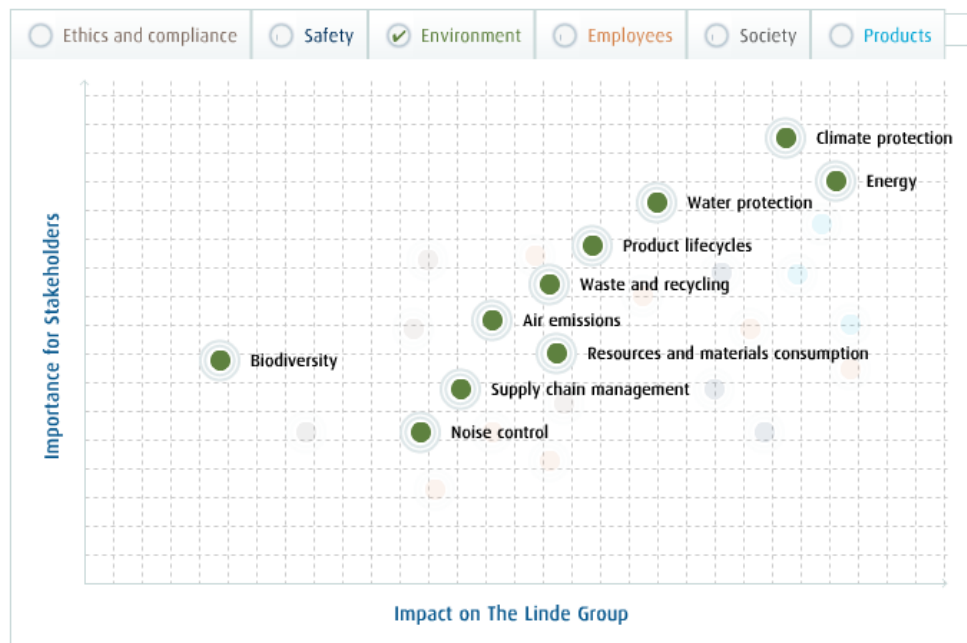
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Environmental protection

With our innovative technologies and products, we are helping to tackle major ecological challenges of our time – especially when it comes to protecting our climate and water resources. Our processes are optimised to reduce emissions and ensure the efficient use of resources, materials and energy.

In our Safety, Health, Environment and Quality (SHEQ) Policy, we set out our commitment to mitigating ecological harm to the best of our ability. Here we focus in particular on conserving resources, maximising plant and product safety and minimising emissions and waste.

We understand the environmental impact of our processes and are therefore able to develop and implement plans to reduce and control such effects. We have SHEQ management systems in place to help us identify environmental risks throughout the world, define responsibilities and implement local and global environmental standards in our business areas. SHEQ officers are appointed at regional and local level to coordinate these environmental activities.

We routinely examine our environmental protection performance in the course of our worldwide audits. Our Group risk management process also systematically assesses environmental risks on a global level. In addition, many of our locations are certified to international standards like the ISO 14001 environmental management standard.

Prior to constructing a new plant, we always draw up a detailed environmental protection plan. This includes an emissions list, a framework for obtaining official environmental clearance and specifications for noise protection measures. The emissions list must include plans for drainage, wastewater treatment and air pollution control. These are incorporated in the plant operating manuals.

Between 2008 and 2010, we completed more than 500 internal environmental projects across the globe, which included schemes to reduce CO₂ emissions and save water. In 2010, our main priorities in the field of environmental protection included further development of our global environmental strategy and calculation of the carbon footprint or balance of our products.

Raising environmental awareness among employees

The cooperation and commitment of our employees is vital to achieve our environmental protection aims. Information campaigns and recognition for outstanding environmental management raise awareness and encourage initiative. We have awarded Linde employees in several regions for their useful climate protection ideas for the workplace. We also included environmental protection questions in our Group-wide employee survey in 2010.

Complaints related to the environment

We always follow up suggestions for improvement that we receive. During the reporting year, we received 19 environment-related complaints (2009: 18). Most of these concerned noise or odour issues. In addition, we were aware of 31 environmental incidents that had to be reported to the authorities (2009: 24). In the main, these involved minor discharges of oil or diesel, and there were also a few cases of air emissions that fell under reporting requirements. These resulted in small environmental fines and warning fees to the total amount of around EUR 38,900.

Eco-friendly solutions

For many of our customers environmental protection – and climate protection in particular – are playing an increasingly important role. That is where we come in, working in

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collaboration with our customers to create eco-friendly solutions. We focus on using resources more efficiently, reducing emissions, eliminating the use of harmful substances and developing solutions for clean water.

> More on our environmental and energy technologies as well as environmental audits and international certification

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Energy management

Energy efficiency is an important success factor for Linde. As such, one of our key challenges lies in finding ways to reduce energy consumption and the associated emissions of greenhouse gases. We differentiate ourselves from the competition with products that help to make fossil fuels more environmentally friendly and drive the advance of renewable energy sources.

Improving energy efficiency

The manufacture of industrial gases is an energy-intensive activity: electricity accounts for over half of the associated costs. As our air separation units account for around 85 percent of our electricity consumption, we are focussing our efforts on improving energy efficiency and productivity in these units. We are continually investigating ways to make our air separation units more efficient with a view to conserving resources and preventing indirect greenhouse gas emissions. To measure our performance, we have set ourselves a global goal for these production processes.

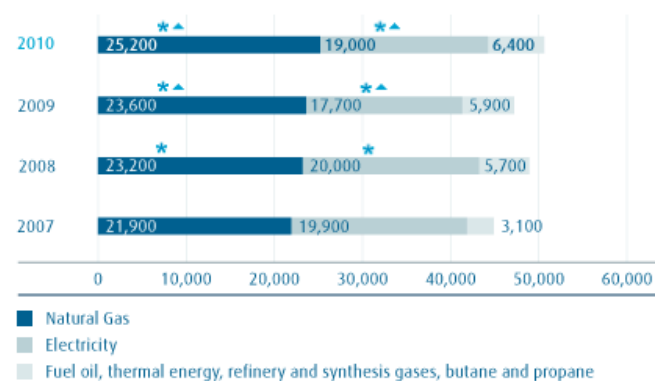
Energy management at Linde combines climate protection with effective use of resources. We conduct internal audits to check the energy efficiency of our plants and processes across the globe and verify that resources are used as efficiently as possible. The potential energy savings discovered during the audits are then realised where possible. In 2010, we identified over 280 projects worldwide which will enable us to reduce our energy consumption and CO₂ emissions. Projected savings correspond to 290,000 MWh and 114,000 tonnes of CO₂ equivalent.

Energy consumption

During 2010, our total energy consumption amounted to over 50 terawatt hours (2009: 47 TWh). The reason for this higher figure was an increase in production compared with the previous year

Energy consumption (in GWh)

The Linde Group



* Within KPMG assurance scope. The assurance report for the reporting year 2010 is available [here](#).

▲ Figure included in the Group Management Report of the Annual Report 2010 of The Linde Group.

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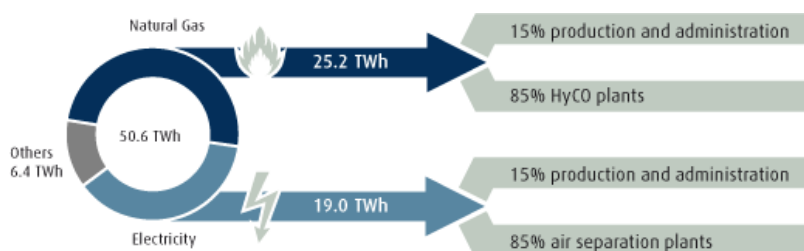
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The exact definition can be found in our Corporate Responsibility Accounting brochure.

Electricity and natural gas together account for about 85 percent of the energy carriers we use. We primarily use them to operate our air separation and HyCO plants. Over 85 percent of the electricity we consume is being used in air separation plants, while around 85 percent of our natural gas consumption is attributable to our HyCO plants.

Energy balance 2010

The Linde Group



> More on our global energy efficiency and climate protection target, on products and services for resource efficiency and renewable energies as well as on consumption of resources

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Climate protection

Climate protection is a fundamental principle throughout the value chain of our products. From research and development through production to storage and transport, we focus on resource-efficient processes and eco-friendly solutions. Our products and technologies help our customers to make renewable energies economically viable, cut consumption of natural resources and reduce or even eliminate harmful emissions.

Our climate protection management activities are organised around clear lines of responsibility and systematic analysis of how our activities and processes affect the climate. We rely on innovative technologies and energy efficiency measures to conserve resources, reduce greenhouse gases and ensure sustainable commercial success.

All of our divisions employ measures for climate protection. These measures are applied at different stages of the respective process chains. We focus in particular on the energy-intensive air separation plants of our Gases Division, which generate nitrogen, oxygen and argon. They are responsible for over 85 percent of our electricity consumption and therefore the bulk of our indirect CO₂ emissions. In the Engineering Division, climate protection measures are likewise integrated into every key process – in particular the preparation of tenders and plant planning.

As part of our Group risk management programme, we systematically assess risks in relation to climate change. These risks include regulatory risks, physical risks (natural disasters) and risks associated with energy supplies.

We combine our climate protection expertise across the Group to exploit opportunities. For example, we formed a cross-business interdisciplinary round table team focussed on carbon applications. This team has investigated possible applications for CO₂ and assessed market opportunities for climate protection solutions. In 2010, one of the topics under review was internal guidelines on how to calculate product carbon footprints.

One of our climate protection targets in 2010 was to develop a standardised, Group-wide method of calculating a product's carbon footprint and train key individuals on this process. We have already prepared lifecycle assessments evaluating the eco balance of key products such as oxygen and hydrogen.

We regularly measure and evaluate company processes with relevance to climate protection, publishing the findings in our annual corporate responsibility report in line with internationally recognised standards. In 2010, we participated once again in the Carbon Disclosure Project (CDP) survey on climate protection reporting and performance.

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Greenhouse gas emissions in CO₂ equivalents

The Linde Group

in million tonnes	2010	2009	2008	2007
Total direct greenhouse gas emissions	6.2	5.4	5.4	5.6
of which CO ₂ emissions	5.4*▲	4.6*▲	4.5*	4.7
of which emissions of other Kyoto greenhouse gases	0.4	0.4	0.5	0.5
of which Greenhouse gas emissions from Linde Group transport fleet	0.4	0.4	0.4	0.4
Indirect CO₂ emissions	9.5*▲	9.0*▲	9.7*	9.7
Total	15.7	14.4	15.1	15.3

* Within KPMG assurance scope. The assurance report for the reporting year 2010 is available [here](#).

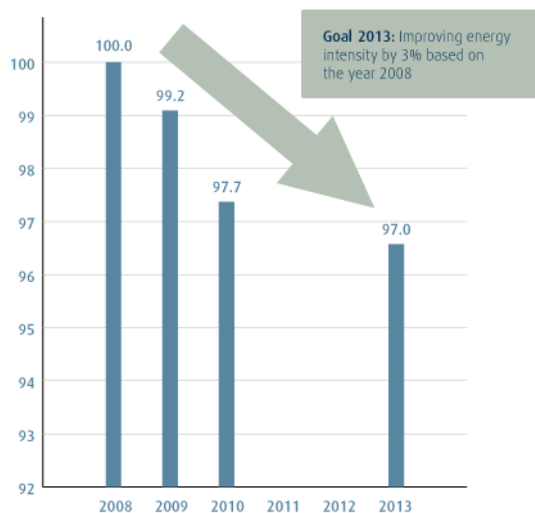
▲ Figure included in the Group Management Report of the [Annual Report 2010](#) of The Linde Group.

Global goal for climate protection

For the first time in 2010, we announced a global goal for energy efficiency and climate protection. By 2013, we aim to improve energy intensity in our plant designs by three percent per quantity of gas produced relative to 2008. This goal represents a potential saving corresponding to around 630 GWh of electricity. Based on a global average value used to calculate CO₂ emissions, this translates to a saving of around 270,000 tonnes of CO₂. In 2010, we managed to improve efficiency by 2.3 percent.

Specific energy intensity air separation units

The Linde Group



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We are making advance preparations to accommodate any requirements that may arise from the European Union Emissions Trading Scheme (ETS) as of 2013 at our hydrogen and synthesis gas plants. Our plants are well equipped to work within the scheme as they are designed with state-of-the-art technologies.

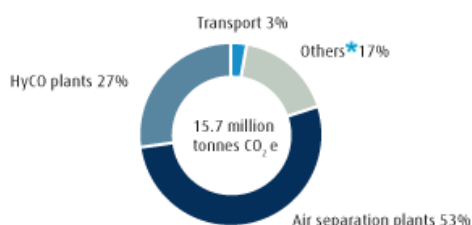
> More on energy efficiency projects

Greenhouse gas emissions at Linde

We track the greenhouse gases emitted at different stages of our products' value chain, using the guidelines of the Greenhouse Gas Protocol as our basis. We distinguish between direct and indirect CO₂ emissions from our production activities and emissions resulting from non-Linde processes. In 2010, Linde emitted 15.7 million tonnes of greenhouse gases (2009: 14.4 million tonnes). The increase on 2009 can be explained by our higher production volumes.

Greenhouse gas emissions 2010

The Linde Group



* includes direct emissions from HyCO plants, indirect emissions from air separation plants and other greenhouse gases

Direct and indirect greenhouse gas emissions

Direct emissions refer to all the greenhouse gases which Linde is directly responsible for releasing into the atmosphere. Around 80 percent of our direct CO₂ emissions are the result of chemical reactions in our plants producing hydrogen, carbon monoxide and synthesis gas (HyCO plants). The Linde Group's transport fleet is also responsible for a share of the direct CO₂ emissions. Process losses resulting in the release of greenhouse gases into the atmosphere are also counted as direct emissions.

Indirect emissions include CO₂ emissions caused indirectly when we consume energy (electricity and steam) generated by energy providers. Most of our indirect CO₂ emissions result from the large amounts of electricity required by our air separation plants to produce nitrogen, oxygen and argon.

To determine indirect emissions not resulting from our production processes, we calculate the emissions of our contractors' transport fleets on a Group-wide basis. In 2010, these emissions came to around 410,000 tonnes. We intend to expand our reporting in this category. To achieve this, we examined our value chain in 2010 using the emissions categories of the Greenhouse Gas Protocol as a guideline. This will help us to further develop our data collection for climate protection reporting.

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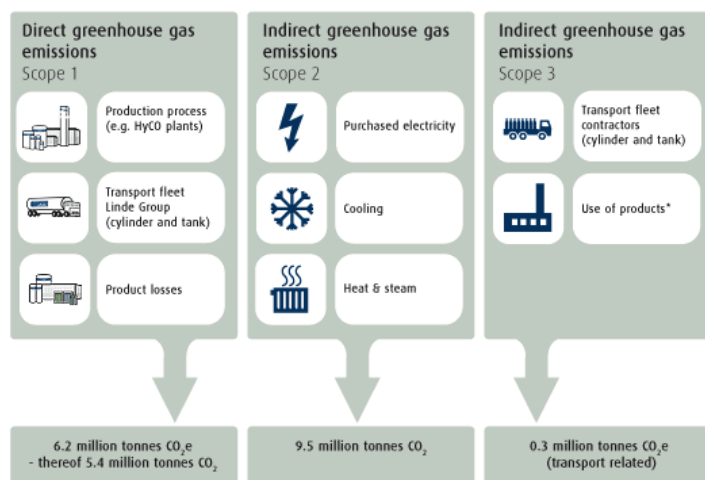
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Emissions balance 2010

The Linde Group



* For selected gas applications, we report greenhouse gas emissions resulting from product use

Reducing transport emissions

We have put several measures in place to reduce emissions released during the transport of our products. These include optimal routing, improved capacity planning and training courses in fuel-efficient driving. Around 90 percent of the vehicles in our logistics company Gist's fleet comply with the Euro 5 emission standard, compared with 60 percent in 2009.

We have set out CO₂ emission targets in a car policy for our fleet in Germany, which numbers almost 1,000 cars, and we have replaced over one third of our vehicles to comply with the new targets. In addition, we introduced an incentive system for fuel-efficient driving. Through these measures, we were able to reduce our average greenhouse gas emissions of our German fleet from 167 grams per kilometre in 2008 to 147 grams per kilometre in 2011. This translates into total carbon savings of 240 tonnes between 2008 and 2010. In recognition of this sustainable company car strategy, TÜV Süd, a German testing, inspection and certification company, presented its GreenFleet Award to Linde in 2011. This was the second time we received this award.

Helping customers reduce their carbon footprint

Our gases can help our customers significantly cut their emissions and become more energy efficient. Across various industries, our gas applications help make production processes more eco-friendly. They can do this in a variety of ways, for instance by making combustion processes more efficient or by replacing harmful substances.

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Water

The responsible use of water resources is one of the principles of our in-house environmental management programme. At all of our locations throughout the world, we focus on using water resources sustainably. We concentrate on making a special effort to save water in regions affected by shortages and to prevent emissions to water. In addition, our gases can be used in multiple ways to improve the quality of water.

To save water, we use water circulation systems, for example, and we try to use grey water where possible to reduce our consumption of drinking water. We also monitor water used at our locations as part of our worldwide energy management commitment. In 2010, for instance, we examined the efficient use of water pumps. In the same year, we also performed a situation analysis of locations across the world where water poses a risk, due to supply shortages, for example. We will include the findings in our evaluation of local water targets and incorporate them in our target-defining process.

We regularly report on our water consumption and emissions to water in our CR report. In 2010, we participated once again in the Carbon Disclosure Project (CDP) survey on water consumption and opportunities for water-related products.

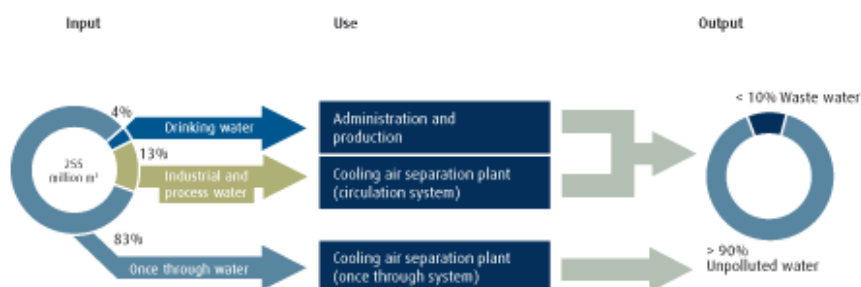
Our employees also got involved in water conservation projects during the year, notably engaging in environmental protection programmes in New Zealand and in the South & East Asia region.

Water demand and water consumption

We mainly use water in product manufacturing, steam generation, plant cooling processes and office buildings. In 2010, The Linde Group used approximately 255 million cubic meters of water worldwide (2009: 242 million m³). The increase on 2009 can be explained by our higher production volumes. Over 80 percent of this water was sourced from rivers and lakes and used as once-through water to cool our plants. As this cooling water does not come into contact with products or sources of contamination, it can be returned to the water cycle with no further treatment at a temperature that does not pose any risk to the surrounding ecosystem.

Water balance 2010

The Linde Group



In 2010, our consumption of drinking water and process water amounted to approximately 43 million cubic meters. Around 75 percent of this was industrial and process water and around 25 percent was drinking water.

The Linde Group's consumption of industrial water and process water in 2010 totalled 32 million cubic meters. Over half of this water was used in our air separation plants. In addition

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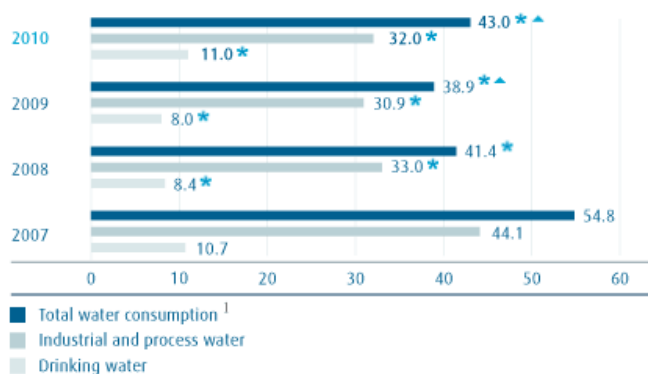
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to once-through systems, we also use water circulation systems to recirculate water several times. Only a small percentage of this water needs to be replaced in the process. The amount varies depending on the water quality and the equipment within the plant. However, since the water must be chilled prior to reuse, we are working to reduce the energy required in this process as much as possible. Our drinking water consumption in 2010 totalled 11 million cubic meters.

Water consumption (in million m3)

The Linde Group



* Within KPMG assurance scope. The assurance report for the reporting year 2010 is available [here](#).

▲ Figure included in the Group Management Report of the Annual Report 2010 of The Linde Group.

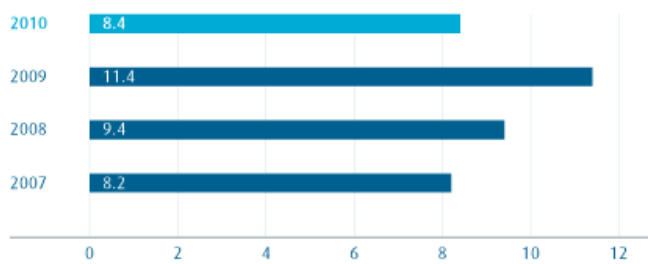
¹ Water consumption refers to drinking water and process water. It does not include once-through water for cooling systems, which is simply drawn from local water sources and heated. After use, it is pumped back into the original water source. The exact definitions can be found in our brochure Corporate Responsibility Accounting.

Waste water

Where necessary, we purify the wastewater from our production and sanitary facilities either by using our own treatment systems or by sending it to municipal or industrial plants. In 2010, we produced around 8.4 million cubic meters of waste water at our locations throughout the world.

Waste water (in million m3)

The Linde Group



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The exact definition can be found in our Corporate Responsibility Accounting brochure.

To assess our level of water pollution, we measure the amounts of phosphorus, nitrogen and organic compounds we release. Heavy metals can occur in the wastewater from our air separation plant cooling processes. These are present in the metal pipes and their protective coating and are released by corrosion. We use phosphates as anti-corrosion agents here.

The nitrogen and phosphate levels in 2010 were similar to those measured in the previous year. The fact that the figures for chemical oxygen demand and biochemical oxygen demand were down on the previous year can primarily be explained by restructuring in Ecuador and improved production processes.

Water emissions

The Linde Group

in tonnes	2010	2009	2008	2007
Chemical oxygen demand (COD)	308	381	237	203
Biochemical oxygen demand (BOD)	75	157	181	147
Nitrates	35	37	45	93
Phosphates	3	3	4	11

The values stated apply to all locations legally obliged to report these water emissions. The exact definitions can be found in our [Corporate Responsibility Accounting](#) brochure.

Water treatment solutions

Our water solutions for customers help to improve the quality of untreated water and drinking water. We also offer solutions to optimise the treatment of wastewater. In addition, we offer carbon dioxide as a solution for treating high levels of sulphate and acid in lakes and mine water that pose an environmental threat to ground water.

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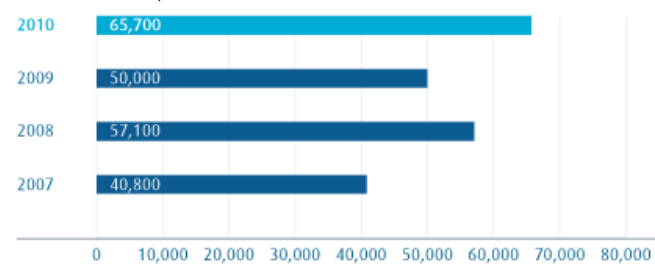
Raw materials and materials consumption

The conservation of resources is an economic and ecologic principle for the Linde Group. As a leading global supplier of industrial gases, our most important resource is the atmospheric air. We do, however, need other materials for our processes.

We consumed approximately 65,700 tonnes of materials in 2010, including metal required to manufacture components and parts, calcium carbide used to produce acetylene, ammonium nitrate to produce laughing gas as well as coolants and other chemicals.

Materials consumption (in tonnes)

The Linde Group



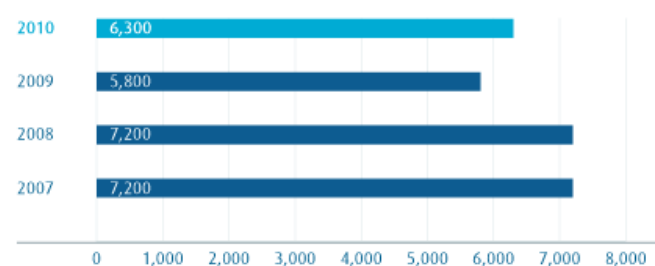
The exact definition can be found in our Corporate Responsibility Accounting brochure.

Packaging materials

Most of our products are delivered to customers in gas cylinders or tanks. Other products such as welding materials, however, need to be packaged, which in turn puts the spotlight on waste management and resource conservation. In 2010, we needed approximately 6,300 tonnes of packaging materials.

Packaging materials (in tonnes)

The Linde Group



The exact definition can be found in our Corporate Responsibility Accounting brochure.

Paper, cardboard and plastic are the main packaging materials we use. In line with industry standards, gas cylinders are not defined as packaging materials. After use, gas cylinders are refilled and reused. On average, our cylinders are reused three and a half times a year, and they have a lifespan of approximately 20 years.

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Air emissions and noise protection

We control air emissions at all of our sites around the world. As well as greenhouse gases, we also analyse emissions of air pollutants. Our production processes result in air emissions of inorganic gases such as carbon monoxide (CO), sulphur oxides (SO_x), nitrogen oxides (NO_x), ammonia (NH₃) and volatile organic compounds (VOC). The VOC emissions are primarily released during the painting and cleaning of metals such as gas cylinders, storage tanks and plant components. The majority of CO, NO_x and SO_x emissions arise from combustion processes, while NH₃ may be emitted during nitrous oxide or acetylene production.

We remain committed to our goal of further reducing air emissions or – where possible – eliminating them altogether. In 2010, we managed to lower our air emissions relative to the previous year.

Air emissions

The Linde Group

	in tonnes	2010	2009	2008	2007
VOCs		182	236 ¹	287	330
NH ₃		70	78	348	323
CO		1.747	2.161	2.202	2.341
NO _x		717	856	994	812
SO _x		620	730	582	427

The values stated apply to all locations legally obliged to report these air emissions.

Please find the exact definitions in our [Corporate Responsibility Accounting](#) brochure.

¹ This value was changed from 300 to 236 tonnes after the publication of our previous report. The reason was a subsequent correction for one of our sites.

We work closely with our customers to develop solutions aimed at reducing emissions. Pure oxygen, for example, offers a range of environmental benefits for foundries, heat treatment facilities, steelworks, non-ferrous metalworks, waste treatment plants and recycling facilities. Replacing air with oxygen eliminates nitrogen ballast in combustion and reheating processes. It also improves energy efficiency and reduces CO₂ and NO_x emissions.

Noise protection measures

In the interests of both our employees and neighbours, we aim to minimise noise emissions at our locations. We regularly measure noise levels both within and beyond our sites and improve ratings where appropriate by installing sound buffers, for instance. If we receive complaints about noise, we systematically follow these up. Noise protection for our employees is an important aspect of occupational safety.

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Waste

We continuously look for way to avoid waste. Where this is not feasible, we try to keep our volume of waste to a minimum and reduce its environmental risk potential. In 2010, we undertook a review of the types of regional waste in order to assess potential targets across our locations. We will incorporate the findings in the rocess to define global waste management targets.

Waste from our business operations mainly consists of oils and oil-contaminated materials from our plant compressors, chemicals, and metallic waste, or gas cylinders that have reached the end of their useful life. The majority of gas cylinders are fully recyclable and only a few types need to be disposed of at landfill sites, as is the case, for example, with old acetylene cylinders.

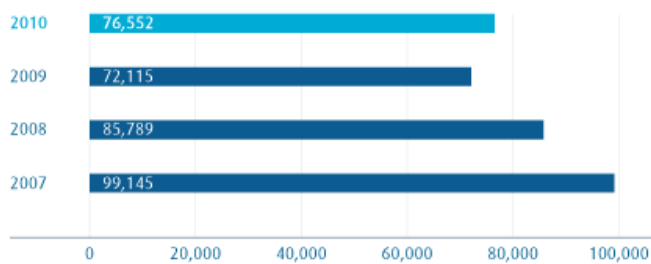
Closed product cycles play an important role in increasing material and resource efficiency levels and reducing waste volumes. Lime slurry for example, a by-product of acetylene production, is not included in our waste figures as it can be used in other industries without further processing or cleaning. We do not classify lime slurry as waste as over 75 percent of it is reused.

Our commitment to responsible waste management extends to working with our customers and business partners. For instance, we offer a waste collection and disposal service to some of our customers. Also, compared with conventional processes, recycling with industrial gases can help to lower emissions and energy consumption across a wide range of materials, including aluminium and rubber.

In California, US, Linde and a US waste management company jointly received the "2010 Governor's Environmental and Economic Leadership Award" for a jointly owned and operated plant that produces a sustainable supply of biofuel from landfill gas. By displacing 2.5 million gallons of diesel a year, the renewable biogas the plant produces eliminates nearly 30,000 tonnes a year of transport-related greenhouse gases. Nitrogen oxides (NO_x) are reduced by almost 200 tonnes and particulate matter emissions by four tonnes a year.

Total waste (in tonnes)

The Linde Group



The exact definition can be found in our Corporate Responsibility Accounting brochure.

In 2010, Linde generated around 75,500 tonnes of waste worldwide. We classify the waste generated by our business activities as hazardous or non-hazardous in line with national legislation. Hazardous waste in the Gases Division primarily consists of oil and oil-

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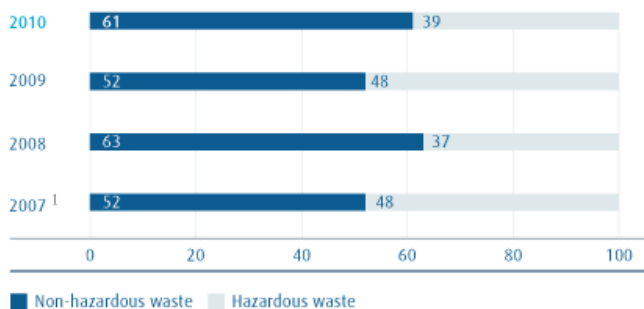
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contaminated materials from compressors in our air separation, acetylene and hydrogen plants as well as oil-contaminated sludges generated when oil/water separators are cleaned.

Hazardous and non-hazardous waste (in percent)

The Linde Group



We classify waste as hazardous or non-hazardous in line with local legislation. The exact definition can be found in our Corporate Responsibility Accounting".

¹ Not including metallic waste

Disposal

Our waste management activities also includes the proper, responsible storage and disposal of waste. We have introduced guidelines defining minimum standards here, with local legal requirements always acting as the baseline.

Waste by disposal method

The Linde Group

in percent	2010	2009	2008	2007
Recycled materials	43	28	47	54
Landfill waste	22	35	30	32
Incineration waste	28	28	15	14
Other disposal method ¹	7	9	7	k.A.

The exact definitions can be found in our [Corporate Responsibility Accounting](#) brochure .

¹"Other disposal methods" is a new category introduced in 2008. It covers waste that cannot be explicitly assigned to one of the defined disposal methods. In the years before, we reported this type of waste under "incineration waste".

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Biodiversity

As part of our environmental management programme, we examine the potential impact of our activities on biodiversity. Most of our locations are in industrial or commercial zones, which means that our activities are unlikely to cause any significant additional impact on biodiversity. When setting up new locations, we use standard procedures as a basis to assess the potential environmental impact of our activities. This includes for example the UN Voluntary Guidelines on Biodiversity-Inclusive Impact Assessment.

If bird sanctuaries, protected bodies of water or other sensitive habitats are located in the immediate vicinity of our plants, we take measures to ensure that they are not negatively impacted. We do an on-the-spot needs analysis before deciding what measures to take. Noise protection measures are one of the options here.

> More on our contributions to biodiversity with solutions for fish aquaculture and on environmental projects as part of our social commitment

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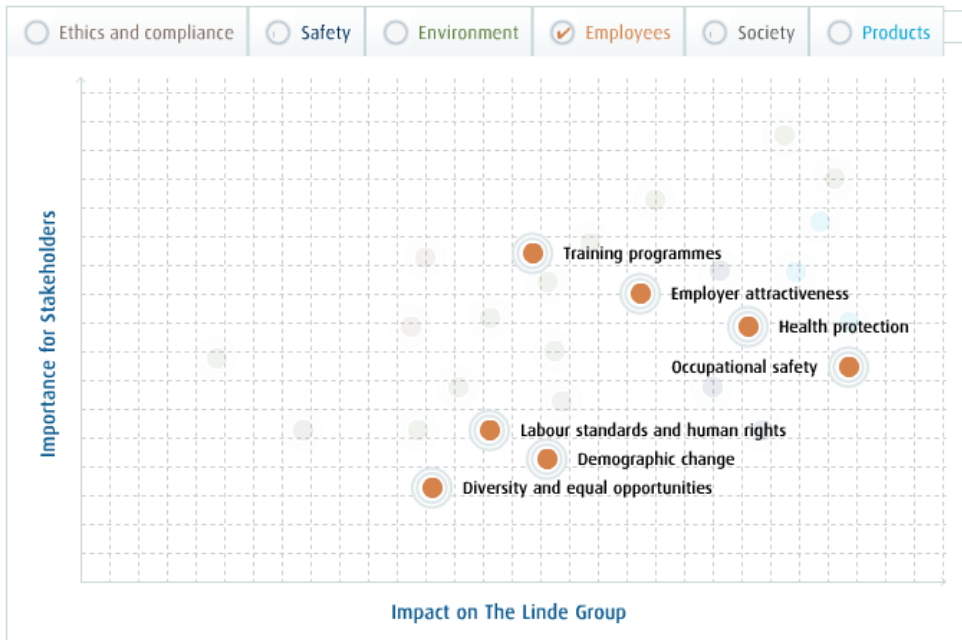
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Our employees



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Our employees

Qualified, motivated employees are crucial to our business success. Our Group-wide HR strategy focuses on winning and developing the best talent and building long-term loyalty to Linde as a company.

In 2008, we introduced a holistic concept for lasting process optimisation and productivity gains (High Performance Organisation, HPO). As a cornerstone of this efficiency programme, people excellence frames our overall HR strategy. This strategy has three main pillars – talent development, corporate culture and performance.

We are committed to offering our employees safe working environments and attractive conditions, treating them with fairness and respect, and rewarding outstanding performance. In return, we expect our employees to assume responsibility for the company's success and live its values. Our Code of Ethics provides clear guidelines on how to do this, covering everything from compliance with laws and regulations to showing a sense of responsibility in our dealings with each other.

In 2010, we had 48,430 employees - a slight rise on the previous year's figure. Personnel expenses at The Linde Group came to EUR 2.527 billion. The average global fluctuation rate was 5.7 percent, varying from 1.8 to 9.9 percent depending on the region. The average duration of employment in 2010 amounted to 9.7 years.

Employees

The Linde Group

at 31 December	2010 [▲]	2009 [▲]	2008	2007
Gases Division	37.603	37.362	41.109	39.577
Western Europe	12.674	12.814	13.616	13.284
Americas	6.977	6.970	7.881	7.554
Asia & Eastern Europe	11.375	10.983	11.735	11.309
South Pacific & Africa	6.577	6.595	7.877	7.430
Engineering Division	5.811	5.716	5.951	5.637
Other activities	5.016	4.653	4.848	5.271
Group	48.430	47.731	51.908	50.485

▲ Figure included in the Group Management Report of the [Annual Report 2010](#) of The Linde Group.

In 2011, our aim is to keep headcount stable overall. The Group plans to increase staff number in Asia.

In 2010, our HR activities focused on the further development and extension of our people excellence initiatives. We also carried out our first global employee survey and continued to develop our Group-wide HR data management system.

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Working conditions

We are committed to providing employees with fair working conditions that inspire excellence. This includes recognising and acknowledging outstanding performance and giving employees the opportunity to balance personal and professional goals.

Performance-related pay

Our different remuneration components encourage our employees to identify with the company's long-term, strategic objectives. This mix includes target- and performance-related remuneration for managers as well as a global performance management system including regular feedback between employees and line managers. From a certain level of seniority upwards, remuneration includes a variable component. It is related to the company's success in realising targets as well as the performance of the individual manager.

We do not differentiate payment based on gender. Our employees are paid solely on the basis of their role, qualifications and performance. Our global performance management system includes assessments of all management positions, thus ensuring transparency, equality and fair-market-value remuneration. We regularly benchmark remuneration levels internally and externally to ensure payments are appropriate and in keeping with established market practice.

We disclose the remuneration payable to the Executive Board and the Supervisory Board in our annual report in compliance with the recommendations of the German Corporate Governance Code.

Social benefits

We offer around 36,500 employees in over 50 countries company and employee-financed pension schemes and healthcare benefits. Almost 76 percent of the Group-wide workforce is thus covered by company benefit schemes.

Social responsibility is a key factor for long-term schemes such as pension plans. Payments must align with the social standards of the country in question, yet also remain financially viable for the respective companies in the long term. To ensure these goals remain harmonised, The Linde Group has introduced binding pension governance guidelines that regulate the introduction, termination or modification of pension schemes. Before changes can be made to local pension schemes, they must first be approved by the Global Pension Committee. The committee is made up of the Chief Executive Officer, the Chief Financial Officer and experts from Accounting, Treasury and Human Resources.

In 2010, we introduced or prepared to introduce four pension schemes in companies in Eastern Europe and Southeast Asia. In the US, we harmonised our pension structure by consolidating schemes. In 2010, we also reviewed our pension scheme structure in the UK – the largest fund in The Linde Group.

In the 2010 financial year, we spent a total of EUR 178 million (2009: EUR 186 million) on pensions and support. We provided occupational pensions for 28,620 current employees who are active members of schemes. 18,479 former employees have acquired a non-forfeitable entitlement to a company pension (deferred pensions) and 32,584 pensioners drew a Group occupational pension.

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Co-determination

The relationship between employees, employee representatives and unions is based on a fair balance between our business interests and the interests of our people worldwide. In 2010, 54.9 percent of our payroll was employed under collective wage agreements (2009: 55.3 percent).

In Germany, the Works Constitution Act regulates cooperation between company management and employee representatives. Employee representation is two-tiered, consisting of decentralised works councils in the individual units and a central works council for the Group as a whole. In addition to this dual co-determination system, Linde has maintained a European Works Council with 28 members since 2007. This body promotes communication between European employee representatives across national borders.

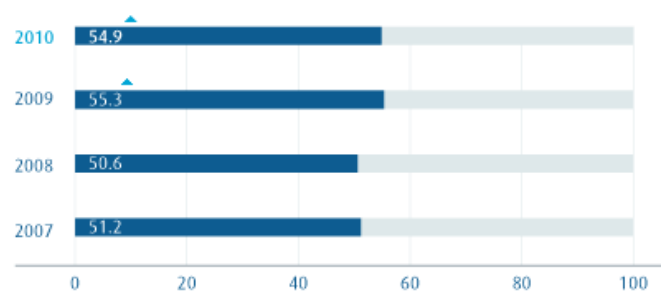
Talks between the company and employee representatives in Germany in 2010 focused, for instance, on compliance training, the assignment of childcare places and financial subsidies for childcare. Group Works Agreements were concluded on each of these subjects.

The European Works Council of Linde AG initiated a project in 2011 to improve collaboration between management and the European Works Council on cross-country HR matters. This initiative aims to establish a consultation protocol, which will enable employee representatives to express concerns in good time and give them a reasonable degree of influence over HR developments that affect more than one country. The project is supported by the European Union and is scheduled to finish in summer 2012.

We provide timely reports to our employees and employee representative committees on key operational changes.

Employees covered by collective wage agreements (in percent)

The Linde Group



▲ Figure included in the Group Management Report of the Annual Report 2010 of The Linde Group.

Benefit plans

We offer our employees various benefit plans. These are organised at local level and vary from location to location. Examples include occupational pension plans and childcare subsidies.

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Work-life balance

We help employees balance private and professional goals by offering flexible work schemes, childcare support and support for employees with family members who require special care. In addition to flexitime and teleworking options, we offer part-time work models. In 2010, 1.9 percent of The Linde Group workforce were part-time employees. 332 employees in total took parental leave in 2010, and 21 of these were men.

Since the beginning of 2007, our employees in Germany have had access to a professional childcare support service that helps them find au pairs as well as emergency or holiday childcare services. In 2008, this programme was expanded to include support for employees looking after family members who require special care. Linde covers consultation and service-finding fees. We also offer a number of daycare places in and around Munich. To meet rising demand, we increased the number of places from 20 to 37 in 2011. The places are awarded according to social circumstances. Beyond the Munich area, we offer financial childcare subsidies for employees living in Germany.

We also offer employees in the US consultation and service-finding support to help them find childcare services and care services for family members who require special care. Employees at our British company have the option of childcare vouchers. The vouchers are issued by a service provider and can be redeemed at state-approved childcare facilities.

Labour and social standards

We are actively committed to protecting and promoting human rights. Our Code of Ethics advocates the core principles of the United Nations Declaration of Human Rights, and outlines our commitment to uphold human rights worldwide. These include the right to dignity, the prohibition of discrimination and harassment, the right to privacy, the prohibition of slavery and servitude, the right to freedom of peaceful assembly and association as well as the right to fair remuneration.

We also expect our suppliers to uphold labour standards and human rights. Binding worldwide, our Ethical-legal Principles Procurement align with the principles anchored in the conventions of the International Labour Organisation (ILO) and the United Nations Universal Declaration of Human Rights. They include:

- entitlement to occupational safety and health,
- compliance with legislation governing hours of work and remuneration,
- the right to equal opportunities and equality of treatment,
- the prohibition of forced and child labour and
- the guaranteed availability of communication channels and negotiation structures between employers and employees.

Non-compliance with any of these principles has an impact on our assessment and selection of business partners.

Our employees work in countries with varying conventions governing hours of work per week. These standards are based on national regulations and collective wage agreements.

Suspected instances of non-compliance with our Code of Ethics or our Ethical-legal Principles Procurement can be reported at any time to our Linde Integrity Line reporting system.

Our endorsement of the UN Global Compact means that we also commit to upholding the principles governing human rights and labour standards.

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> More on the Linde Integrity Line and on our participation in the Global Compact

Employee satisfaction

In 2010, we carried out a global voluntary employee survey for the first time. 73 percent of forms were completed and returned, confirming a high level of interest among employees. Based on this survey, our Employee Engagement Index is on a par with equivalent global figures reported by other companies. The index is based on four key questions about employee satisfaction in the workplace.

The results of the survey point indicate widespread support for our corporate strategy. Furthermore, employees confirm that our commitment to safety, health, environment and quality is lived throughout the company. Participants also showed great willingness to translate the results of the survey into concrete actions.

The survey also provided us with valuable insights into ways of increasing employee satisfaction. For instance, our employees would welcome improvements in the areas of personnel management and talent development as well as communication to support this.

Following evaluation of the survey results, team meetings were held in all lines of business to discuss the current status, plan binding improvement action plans and track performance. We are planning a follow-up survey in 2012 to assess the success of these action plans and reevaluate employee satisfaction levels.

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Occupational health and safety

Our occupational health and safety standards protect our employees and contractors against work-related risks at Linde and help them stay healthy. We use our management system for safety, health, environment and quality (SHEQ) to systematically identify workplace risks worldwide and define measures to control these risks.

We benchmark and evaluate our performance in these areas against key performance indicators (KPIs), including, for example, statistics on workplace incidents and injuries and the number of safety training sessions attended. We verify and document compliance with our standards through regular internal audits.

Each year, we acknowledge best practices in safety through our Improvement Award. Part of The Linde Group Safety Awards, this recognition is presented to the site or company that has made the most progress in reducing Lost Time Injury (LTI) rates.

> More on HSE training and audits, on The Linde Group Safety Awards and on product safety activities

Raising awareness amongst our employees

Through regular, systematic training, we promote a high level of health and safety awareness amongst employees and contractor personnel, and want to ensure that our requirements are implemented correctly. We regularly assess the need for training at individual locations and develop training programmes accordingly. In parallel, we also run campaigns and initiatives targeted at health and safety.

> More on safety training for our customers

Occupational health measures

In 2010, we introduced new Group minimum requirements for occupational health management following a Group-wide qualitative review in this area. Under the umbrella of this initiative, we are gradually rolling out additional key performance indicators (KPI) for health management. In addition, we defined binding and uniform role profiles for regional health experts in 2010. The aim is to identify specific training needs and support the implementation of our new Group standards across our lines of business.

We offer our employees a range of health schemes tailored to the different risks and requirements of our business divisions. Especially in our international plant engineering business, many employees are required to live and work abroad – in many cases, contending with unfamiliar climates and health risks. Appropriate medical check-ups, for instance, are therefore mandatory for employees prior to on-site assignments abroad. We also ensure that reliable medical care is available at the foreign destination.

In addition, we align our health programmes with regional needs. In some regions we have implemented local health programmes. In Germany for example, Linde has been subsidising non-smoking courses for many years. Also in Germany, negotiations are underway for a Group Works Agreement supporting the reintegration of employees who have been off work for extended periods of time due to illness. Our South African subsidiary Afrox has had its own HIV and Aids programme for employees since 2003. Employees can use the

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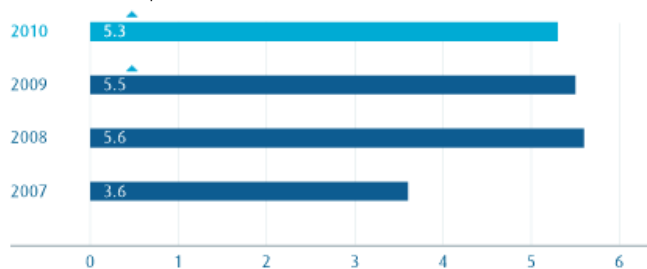
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programme to register for treatment anonymously. By 2010, 70 percent of Afrox employees had taken part in a special HIV/Aids awareness course. These courses are a mandatory part of introductory training for new employees.

In the 2010 financial year, the average number of days lost due to sickness per employee totalled 5.3.

Days sick leave (average per employee)

The Linde Group



The exact definition can be found in our Corporate Responsibility Accounting brochure.

▲ Figure included in the Group Management Report of the Annual Report 2010 of The Linde Group

Over the coming years, we intend to further expand and globally harmonise our integrated SHEQ management system. In the area of occupational health and safety, we are focusing in particular on the safe handling of chemicals, noise exposure, as well as health risks resulting from manual or repetitive work.

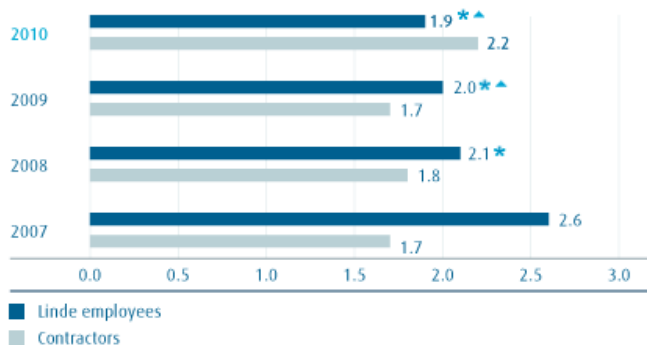
Occupational safety measures

Our occupational safety programme includes Group-wide minimum requirements and guidance on a wide range of operational and SHEQ management topics and activities. The Linde Golden Rules of Safety set out global minimum standards for seven critical activities in our business, focusing on incident reporting driver and vehicle safety, contractor management, working at heights, lifting operations, engineering change management and permits for safety-critical work.

The lost time injury rate (number of workplace lost time injuries per million hours worked) was further reduced in 2010 to 1.9 per million hours worked. The lost time injury rate for contractors increased to 2.2 per million hours worked.

Workplace accidents per million hours worked (lost time injury rate; LTIR)

The Linde Group



The exact definition can be found in our Corporate Responsibility Accounting brochure.

* Within KPMG assurance scope. The assurance report for the reporting year 2010 is available here

▲ Figure included in the Group Management Report of the Annual Report 2010 of The Linde Group

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To keep our LTI rate as low as possible, we continually evolve our extensive safety management system and implement a wide range of initiatives and programmes to further improve our safety culture and our risk management.

It is with sadness that we report six fatalities at The Linde Group in 2010. Two involved our own employees and four involved contractor employees. All fatalities were vehicle-related as a result of transport operations. Linde continues to focus on the causes of transport incidents and puts measures in place to further reduce the risks. Concrete measures include the implementation of an extensive driver training programme and vehicle roll-over training.

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Vocational education and training

In today's highly competitive marketplace for talent, we focus on recruiting and retaining high potentials and building long-term loyalty with our employees. Cornerstones of our HR management programme include training for young talent and ongoing, needs-driven professional development for employees worldwide.

Talent development measures

Regular review meetings with Linde employees focus on steering professional development. In this context, we are currently expanding our Group-wide performance management system.

We offer a wide range of programmes to constantly build employee skills and foster a positive attitude to change and learning in general. The individual programmes are designed to meet the varying needs of the different professional profiles across the company. The main emphasis of training initiatives is on practice-oriented learning.

We have bundled international training and development programmes in leadership and business management under the umbrella of the Linde University. The Global Talent Circle, which we started in 2010, is one example of these initiatives. It is aimed at executives in middle management. We partner with leading business schools for this initiative. The Global Talent Circle aims to give participants in-depth knowledge and skills in business administration, management and personnel leadership. The programme was held twice in 2010.

We continued our Global Leadership Development Circle (GLDC) in 2010 at the Linde University. The programme was developed in collaboration with the Business School at the University of Oxford. Various experts ensure that the latest scientific findings and management theories are channelled into the learning experience. GLDC is targeted at experienced managers with a high level of staff responsibility.

Earmarking tomorrow's leaders

We bring talented young employees together under the umbrella of our Junior Circles and Regional Talent Circles. These programmes enable us to identify potential leaders, strengthen their interpersonal, leadership and management skills, and build long-term loyalty to the company. Junior Circles are key programmes in the three regions of Continental and Northern Europe, Eastern Europe and the Middle East, and the UK & Ireland. The programmes are part of our people excellence initiative.

In addition, we expanded our Line Manager Development Programme for first and second line managers in 2010. This programme teaches a number of core skills, including how to effectively steer and actively engage employees. 3.900 of our 5.000 or so executives had already completed the training course by mid 2011. In summer 2011, we started the second phase of our Line manager Training as a pilot project in order to ensure the long-term impact of the training. On completion of these pilots, we intend to implement the programme globally.

We also offer employee development programmes at local level, tailored to regional requirements. Our Linde China University, for example, focuses on our managers in China. In 2010, over 200 employees took part in our internal regional mentoring programmes.

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In 2010 we joined the European Institute for Industrial Leadership, an organisation that specialises in coaching managers from scientific/technical companies. The institute's courses enable our employees to network with participants from other companies and industries and exchange experiences.

Every employee spent an average of two days in training during 2010. The company spent EUR 241 on training per employee (2009: EUR 216). The number of employees who availed of training opportunities rose by 5 percent.

Employees who have taken up training opportunities (in percent)

The Linde Group

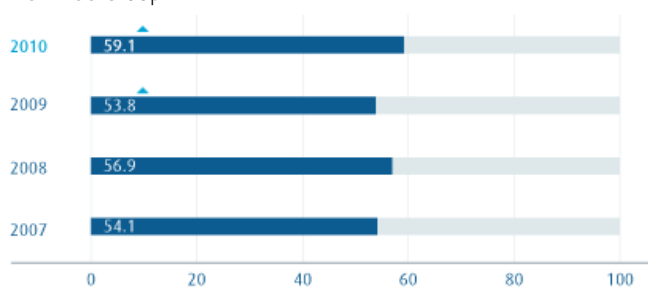


Figure included in the Group Management Report of the Annual Report 2010 of The Linde Group

We identified a number of priorities for our HR development programme for 2011 and 2012. These include the targeted development of female talent at management level, the expansion of our performance management system and the continued expansion of our management training portfolio. Within the umbrella of Linde University Campus Asia Pacific, we are, for instance, planning a leadership development programme for the entire Asia Pacific region.

Training opportunities at Linde

We offer a wide range of industrial/technical and commercial training opportunities worldwide. In Germany, for example, we offer apprenticeships in twelve professions. In 2010, we were able to maintain the number of training positions in both the Gases and Engineering Divisions in Germany. Each division hired between 25 and 30 percent of the young people who completed their training.

We partner up with universities and third-level institutes that offer dual study programmes to train up-and-coming engineers in process technology, industrial engineering, construction and electrical engineering.

In 2010, apprentices and trainees accounted for 1.3 percent of the entire workforce. Over 50 percent of these were based in companies outside of Germany.

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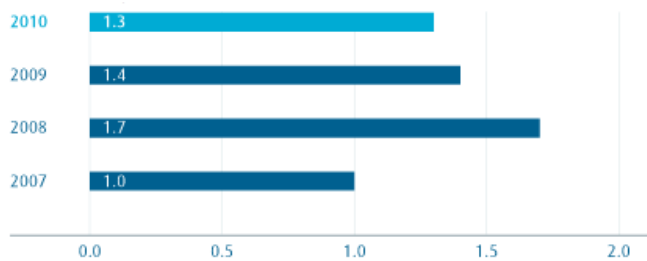
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Proportion of apprentices and trainees (in percent)

The Linde Group



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Winning talents

We provide a wide range of starting-out and skill-building programmes for young talent. Work placements give school goers and university students an early opportunity to get to know our company. Students can complete their thesis research (bachelors, masters or PhD) on the basis of a challenging business or technical project with the support of a dedicated mentor and our various experts. We also offer student workers the opportunity to flank their learning with practical experience in one of our areas of expertise.

Attracting graduates to Linde

We maintain contact with past interns and trainees at Linde Engineering via our loyalty programme "Continue". As part of this programme, we organise interesting talks, business exercises, workshops and other activities in order to win graduates directly over to Linde.

Our trainee and graduate programmes ensure that college and university graduates are ideally equipped for a subsequent career at Linde. We offer business and technical graduate programmes within the different divisions and business units. These usually last between 16 and 24 months and include at least one post abroad. They provide an ideal, international platform for graduates to gain early professional experience and quickly build networks.

In addition, we offer regional programmes for talented university graduates such as the graduate programme for the Continental and Northern Europe region as well as Eastern Europe and Middle East region. We recruited 16 graduates for this programme in 2011.

There is a lack of engineers in South Africa. The graduate programme of our South African company Afrox is therefore geared towards the next generation of engineers. Each year, Afrox selects ten to fifteen of the best engineering students after their first year at university as future managers and finances the remainder of their studies. The students can complete internships at the company during semester vacations to get to know the company before joining.

Afrox also offers grants to build loyalty at an early stage with students in mechanical engineering, industrial chemistry and electrical engineering. In the South Pacific region, Group member BOC focuses on winning graduates from six "target universities" for its graduate programme.

For all of these talent development initiatives, The Linde Group also cooperates with different schools, universities and foundations. In Germany, for example, we partner with the Technical University Munich (TUM), the Technical University Dresden, the secondary boarding school Schloss Hansenberg and the Bayerische Eliteakademie (Bavarian Elite Academy). In Singapore, we offer educational tours of our HyCO plant on Jurong Island to students pursuing chemical engineering studies. In 2010, 90 students from the chemical engineering faculty of the National University of Singapore and from Temasek Polytechnic participated in the tours.

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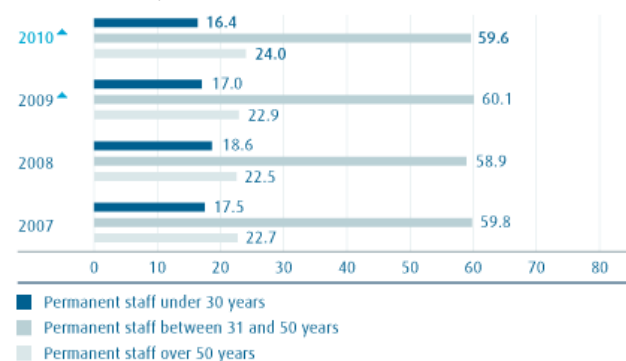
Demographic change

We created the work/life balance taskforce in 2008. It brings together employer and employee representatives to address issues such as the effects of demographic change. We also carried out a demographics analysis of our companies in Germany.

Around 60 percent of our permanent workforce were between 31 and 50 years of age in 2010. The proportion of employees aged 50-plus has increased continuously in recent years and now accounts for almost a quarter of the entire workforce.

Age structure of employees (in percent)

The Linde Group



▲ Figure included in the Group Management Report of the Annual Report 2010 of The Linde Group

Recruitment activities

Competition for qualified specialists is rising in many industrialised countries due to demographic shifts. We must therefore continue to increase our appeal as an employer and step up the efficiency of our recruitment efforts.

Health and working environment

In light of changing demographics, we aim to increasingly adapt working environments to meet the needs of older workers. Here we focus in particular on maintaining physical and mental performance. In Germany, we are currently planning activities to achieve this in cooperation with the health insurance fund BKK.

Another example of our proactive stance in this area is the active encouragement of learning among older members of staff through the WeGebAu (Weiterbildung Geringqualifizierter und beschäftigter älterer Arbeitnehmer in Unternehmen) programme. Linde is organising this scheme in conjunction with the educational institute of industry and commerce in Bavaria (Bildungswerk der bayerischen Wirtschaft).

Demographics fund

We set up a demographics fund in conjunction with a number of other companies in the chemical industry. Each year, we pay 300 euros for each employee with a collective wage

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agreement into the fund. The proceeds of this fund will contribute to the company pension scheme and help finance part-time contracts for older workers.

> More on pension plans

Demographic change and healthcare solutions

Longer life expectancy, the growing number of chronically ill patients and the resulting increases in healthcare costs present society with new challenges.

Our healthcare products can make an important contribution to resolving these challenges – helping older patients, for example, who rely on mechanical ventilation.

> More on healthcare products

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Opportunities through diversity

At the end of 2010, The Linde Group employed over 48,000 people in more than 100 countries. Each member of our workforce brings his or her unique perspectives, experiences and skills to the table. We regard this as a huge opportunity for the company. Our aim is build the best teams worldwide that understand customer needs on the ground, know the local markets and understand and respect cultural differences.

We have long recognised the benefits of a diverse, multicultural workforce as we believe this is one of our key success factors. Over 70 percent of employees in senior management, for example, are from 40-plus countries other than Germany. Diversity is one of our key values and a cornerstone of our corporate culture.

The international makeup of Linde AG's Executive Board reinforces the multicultural nature of our company. In 2011, Sanjiv Lamba from India was appointed to the Executive Board of Linde AG. Based in Singapore, he is responsible for the company's gases business in Greater China, South & East Asia and the South Pacific regions, Asian joint ventures and the Electronics Business Unit. 2011 saw the appointment of Prof. Ann-Kristin Achleitner to the Supervisory Board of Linde AG. Prof. Achleitner has extensive international experience. She was voted in at the 2011 annual general meeting to replace a Supervisory Board member who stepped down from the Board.

> More on values and principles

Diversity Management

Our diversity management programme gives us a framework to capitalise on the opportunities presented by a varied workforce. Our Code of Ethics prohibits discrimination in any form at Linde. What this means, for example, is that open positions must be awarded to the best candidate, regardless of gender, race, nationality, ethnic origin, religion, ideology, disability, age, sexual persuasion or identity. Remuneration at Linde is also based solely on each individual's tasks, qualifications and performance. Violations of these standards can be reported to line managers, the appropriate HR department or our central Linde Integrity Committee at any time.

Diversity management activities pursued by our various companies are shaped by the respective social context. At our South African company Afrox, for example, Broad Based Black Economic Empowerment (BBBEE) continues to play a key role by supporting segments of the population who suffered discrimination under the Apartheid regime. Female representation is a much debated issue in Germany.

We also expect our suppliers to uphold the principles of equal opportunities and equality of treatment. We refer to these standards in our Ethical-legal Principles Procurement.

In 2011, we signed the diversity charter, a corporate initiative in Germany that supports diversity in companies – thus underscoring our commitment to diversity.

Female staff

We are committed to equality between women and men. The percentage of women in The Linde Group has remained constant over the past years at 20 percent. The number of women

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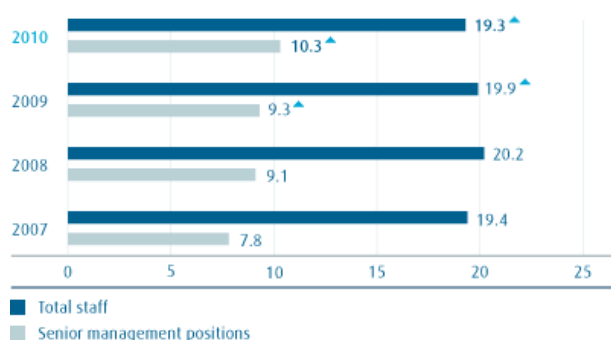
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in management positions varies significantly at each management level and decreases as responsibility increases. In 2010, 10.3 percent of senior managers were women. The percentage of women in management positions has thus increased slightly compared with previous years.

Proportion of women (in percent)

The Linde Group



▲ Figure included in the Group Management Report of the Annual Report 2010 of The Linde Group

We are committed to further increasing the percentage of female workers in the general workforce and at management level across The Linde Group. 2010 saw us take further action to increase our appeal as an employer for women.

In North America, we created a new graduate programme for technical sales engineers. Five of the seven participants are women. In the Continental and Northern Europe region, 50 percent of participants in the region's graduate programme are women.

We also intend to raise the percentage of women in our Global Leadership Development Circle and Global Talent Circle programmes. In addition, we plan to recruit 20 female high potentials from around the world for a global female technical talent programme. The company also intends to launch an in-house awareness campaign promoting opportunities for women in management.

Supporting severely disabled employees

Our commitment to equal opportunities includes supporting employees with severe disabilities or health issues. A Group Works Agreement governing the reintegration of employees who were not able to work for extended periods back into working life has been in place since 1995. A new Group Works Agreement on reintegration management is currently under discussion. The aim is to find tailored solutions that enable individuals to return to work.

In our German companies, the percentage of employees with disabilities has remained constant over the years. In 2010, 251 people with severe disabilities were employed by Linde in Germany. This corresponds to 3.5 percent (2009: 3.3 percent). The value of orders that we placed in Germany with workshops for people with disabilities rose to over 80,000 euros during the period under review.

We also offer people with disabilities appropriate work opportunities at sites beyond Germany where there are no comparable legal regulations.

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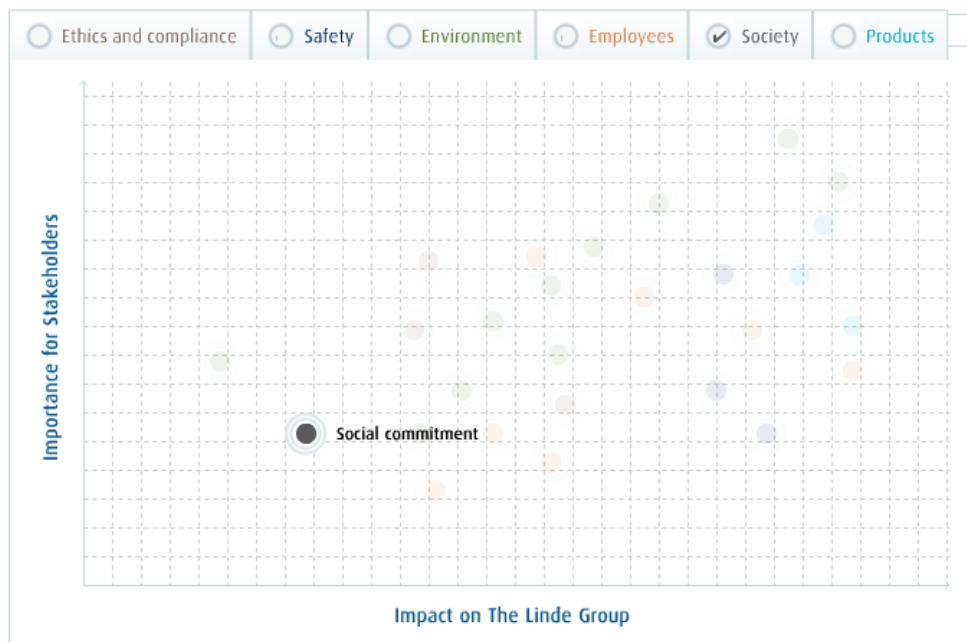
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Social commitment



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Social commitment

For Linde, taking responsibility also means being a good neighbour – as a business partner, an attractive employer and a corporate citizen committed to actively shaping the communities in which we live and work. We ensure that our social engagement ties in with our core business and encourage our employees to get actively involved in community projects.

Across the globe, The Linde Group participates in numerous community projects and initiatives to support local communities. This engagement takes the form of donations, sponsorships, foundations or simply time devoted by our employees. Our strategy here is shaped by a number of key criteria and aims:

- Alignment with core business: We provide long-term support for projects that harmonise in particular with our own philosophy and strategy.
- Focus areas: We have defined focus areas for our community activities. So we support in particular initiatives that promote research, education and science, plus projects where we can step up to our responsibility as a corporate citizen and good neighbour, contributing our specialised know-how as a technology player and industrial gases expert.
- Local context: We are particularly committed to the communities where our employees live and work, and align our activities with local social needs.
- Employee involvement: We encourage staff to get involved in social and environmental activities in their local communities, and provide support them in doing so.
- Emergency relief: Linde as a company and our employees provide fast, efficient emergency relief in the wake of disasters.
- Donations: Our donation guidelines provide a standardised framework for donations within The Linde Group, aligned with the aims of our corporate citizenship strategy.

Cross-regional activities are organised by the Group headquarters in Munich. Local activities are coordinated at regional level. South African Group member Afrox, for instance, donates one percent of its after-tax profits each year to good causes.

As a company, Linde does not make donations to political parties. In the US, however, employees of Linde have set up a federal political action committee to collect donations for politicians, political parties and associations.

We remain committed to our aim of providing key indicators to substantiate our corporate citizenship activities and their contribution to society. In 2010, we carried out a survey of our regional sponsoring initiatives and CR activities across the globe, evaluating around 200 projects. We intend to report global corporate citizenship indicators as of 2012.

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Strategic focus areas

Research, education and science

By promoting education and science, we are investing in the communities where we operate. Here we focus on projects that are closely linked to our core business and initiatives that stand to benefit from our know-how as a technology player and industrial gases expert.

For instance, we foster interest in natural sciences among children and young adults. The BOC Gases Challenge, for example, is a competition run in secondary schools in the UK aimed at inspiring pupils to develop innovative ideas in the area of chemical technology. The best entries receive a prize. Under the motto "It's a Gas", Linde experts from the UK & Ireland Regional Business Unit also visit schools and universities to raise interest in industrial gas applications. In 2010, Linde employees also visited schools in Korea and North America as science ambassadors from the world of industry.

In Germany, Linde is a sponsor of Schloss Hansenberg, a secondary boarding school for especially talented and motivated pupils. We also support the Physics Prize, which is awarded by Bavaria's state universities to students who produce the best school-leaving results.

The Deutsches Museum in Munich plays an important role in fostering interest in science and technology among children, young people and adults. As one of the founding members of the museum's Future Initiative programme, we are supporting the renovation and modernisation of the world's largest science and technology museum with a total donation of 5 million euros over a ten-year period.

Education is also a big priority in the regional projects that both the company and its employees support across the globe. In 2010, for example, South African Group member Afrox invested most of its corporate citizenship budget in maths and science programmes as well as in other educational programs and scholarships in local communities. As part of a regional project we have started a pilot in Ecuador, based on a partnership with Junior Achievement, an international organisation represented in more than 100 countries. Junior Achievement helps prepare school children for professional careers by providing them with general economic and entrepreneurial skills. The organisation primarily targets young adults from disadvantaged backgrounds.

We have undertaken a host of initiatives to help universities train the engineers and scientists of tomorrow. The Carl von Linde Academy at the Technical University of Munich (TUM) is sponsored by Linde. It gives budding engineers, natural scientists and computer scientists a grounding in intellectual, cultural and social studies that extends far beyond pure technical knowledge. At the Technical University of Dresden, the Group sponsors the Linde Award, a series of prizes that recognise outstanding research projects and theses in the fields of process technology and chemical engineering.

Focus on medical aid

Linde Healthcare is involved in a number of community activities around the world to help improve quality of care, broaden the understanding of medical conditions, provide information and training as well as raise the level of hospital effectiveness.

Health is one of the core areas into which we channel science and research funding. In 2010 we set up the Linde Healthcare REALfund to continue Linde's tradition of innovation in

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healthcare, by supporting and stimulating novel ideas, research and projects relating to the use of gases in therapeutic focus areas. The REALfund supports projects for new applications of gases, devices for safe and effective application of gases or monitoring of effects and success of gas-related therapies, as well as complementary products and services in the field. Recent REALfund awards have been made for further research on how oxygen therapy can help patients with the lung disease COPD; research on the use of nitric oxide in the treatment of infections for cystic fibrosis; investigation of the effect of oxygen on headaches, including migraines; and investigation of how new technology can be used to monitor patient oxygen saturation and heart rate from home rather than in hospital. The four grantees, selected from over 30 applications, received a total EUR 300,000 in funding in 2011.

In Australia we co-operate with Redkite, a national charity that provides practical, financial and educational assistance for children with cancer and their families. Over the course of 2010, we increased our long-standing commitment to this organisation and now offer employees in Australia the chance to donate part of their paid annual leave (Kitetime) to Redkite in the form of a cash payment. In Germany Linde Healthcare sponsors AtemWeg, an organisation dedicated to further exploring the causes and potential treatments of chronic lung disease, linking basic research and clinical treatment.

In 2010 we provided the charitable organisation INTERPLAST with nine mobile oxygen concentrators for on-site oxygen generation. These are earmarked for INTERPLAST trips to Ecuador, Sierra Leone, Rwanda, Tanzania and Nepal. INTERPLAST could thus carry out 130 surgical interventions during a three-week mission in Sierra Leone alone.

Commitment to environmental protection

Our employees are involved in environmental projects at many sites around the globe. The "Where There's Water" environmental programme in New Zealand was instigated by Linde employees, for instance. Its goal is to promote water conservation. The project is run by the environmental organisation Water New Zealand with financial support from our local company.

Environmental protection was also the central theme of the HELP programme in the South & East Asia region during the course of 2010. Linde and other neighbouring companies in Penang's Free Industrial Zone launched a major programme to clean the nearby river Parit MOX, named after local Linde Group member MOX-Linde Gases. The companies are supplying the necessary biological materials, while their employees are investing their free time to form thousands of mud balls made of red earth, molasses, bio-compost and bacteria. This continuous biological purification method stops algae growth, inhibits pathogen development and regulates the ammonia content of the water. In India, employees of BOC, a member of The Linde Group, teamed up with a regional NGO to plant 10,000 trees in a number of villages including those devastated by the 2009 cyclone Aila.

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Active involvement from our employees

Many of our employees are committed to helping their local communities through a range of activities including projects that focus on children, young people and environmental protection, or through relief efforts following natural disasters. At many of our sites, we support the voluntary efforts of our employees in their local communities by enabling them to take time off work, by providing financial support or matching donations.

In North America, Linde has made a tradition of its annual Giving Campaign. Here, volunteers organise various initiatives to collect financial donations for charitable causes and organisations. The company then doubles the final sum. In 2010, the company raised 380,000 US dollars, 12 percent more than in 2009. A third more employees took part in the project than in the previous year.

Our South Pacific and Africa Regional Business Units (RBUs) channel their sense of corporate citizenship into Community Involvement Programmes. In Australia and New Zealand, the corporate citizenship programme focuses on three main areas: supporting the families of children suffering from cancer (Redkite initiative), developing improved road safety awareness among driving aged school children and promoting environmental projects, in particular water conservation (Where There's Water).

At our South African Group member Afrox, a large share of the workforce is involved in the company's regional Community Involvement Programme. Employees work with the local authorities at the various Afrox locations throughout South Africa and in various other African countries to identify pressing needs and align aid activities accordingly. Support for disadvantaged children is a top priority here. In 2010, Afrox supported around 80 projects to the benefit of over 7,000 children.

In the South & East Asia region, we established the HELP Community Involvement Programme in 2010. This bundles a varying range of aid, sponsorship and environmental activities. Our employees are actively involved in the programme at ground level. HELP represents four areas that are particularly important to Linde: Healthcare, Education, Local community development/assistance, and environmental Protection.

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Emergency relief

In the event of emergencies, we provide help fast by donating money and equipment and providing on-site assistance. Following the severe earthquake in Haiti in January 2010, our North American company immediately began working with the American Red Cross and set up a website for employee donations. Employees donated over 30,000 US dollars, which the company matched to bring the grand total to over 60,000 US dollars. The Linde Group Corporate Center in Munich supported local aid organisations with an additional donation of 100,000 euros.

Catastrophic flooding in Pakistan following heavy rainfalls in 2010 affected millions in the country, causing severe hardship for many people whose homes were seriously damaged or completely destroyed. We quickly mobilised rebuilding assistance, also providing financial support and offering paid leave to employees who wanted to give voluntary assistance. Staff donations from Pakistan and the South & East Asia regional head office in Singapore were also collected, amounting to around 112,000 euros. This money went to two local non-profit organisations specialised in emergency flood relief and reconstruction in Pakistan.

In Thailand, flooding devastated 21 provinces in the past year and rendered 890,000 people homeless. Here, similar to Pakistan, Linde employees and their families were affected. We set up temporary accommodation near our premises and provided food, drinking water and financial support. We also provided emergency aid to victims in the nearby province of Saraburi. In addition, we made a corporate donation to the national flood relief fund, while employees at various locations organised donations of money, rice and dried foodstuffs for victims of the flooding. Linde Indonesia supported the Indonesian Red Cross in 2010 with funds to assist victims affected of the volcano eruption, andslides and tsunami that struck the Indonesian Mentawai Islands.

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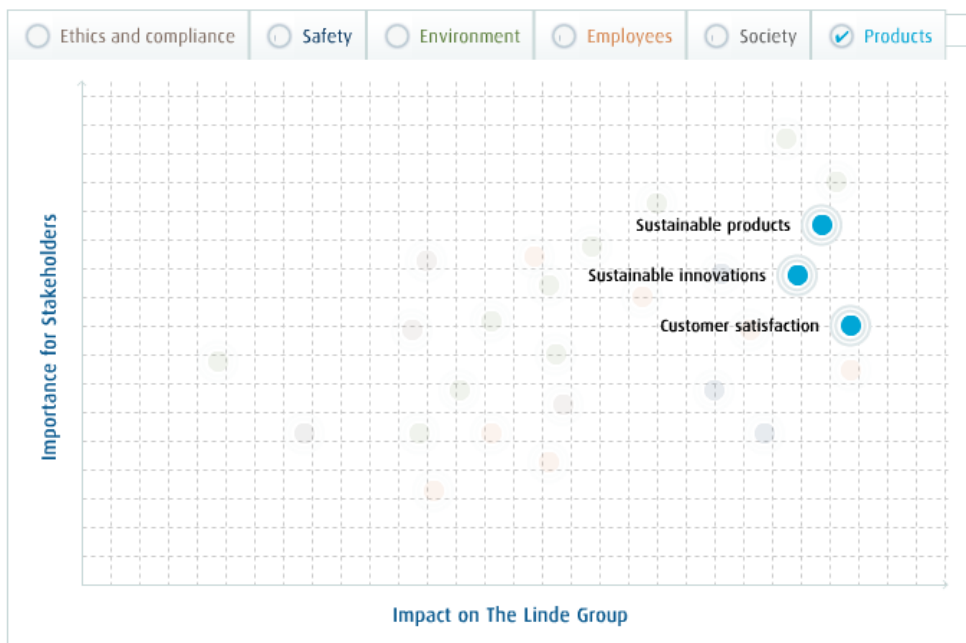
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Products for a sustainable future



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Products for a sustainable future

We are committed to solutions that unite the goals of customer value and sustainable development. These include technologies aimed at reducing the current environmental impact of fossil fuels and reducing CO₂ emissions, as well as products for protecting water resources and contributing to improved healthcare.

As the world's population increases, so too does demand for environmentally friendly technologies and solutions that have the ability, for instance, to secure energy supplies, purify drinking water and optimise healthcare delivery. We have prioritised three megatrends and intend to align our business activities increasingly with those. Within each of these focus areas, we make an active contribution to the goals of sustainable development with our products and technologies.

1. **Energy and the environment:** Our portfolio already includes numerous products and technologies that help our customers minimise their environmental footprint. We focus on climate protection, energy efficiency, the efficient use of resources, as well as on the responsible management of water resources.
2. **Healthcare:** Ageing populations and the growing prevalence of chronic diseases are opening up new growth markets for us as a leading supplier of healthcare products. Our portfolio of medical gases supports the treatment of chronic diseases and helps to ease some of the pressure caused by rising treatment costs and over-burdened health systems.
3. **Emerging economies:** Linde is already very well-positioned in the fast-growing economies. Asia and the Middle East alone already account for almost half of our Engineering Division's contract wins. We are helping to satisfy the emerging economies' rising demands for energy and environmental technologies as well as for high-quality medical care.

> More on customers and markets and on product safety and quality

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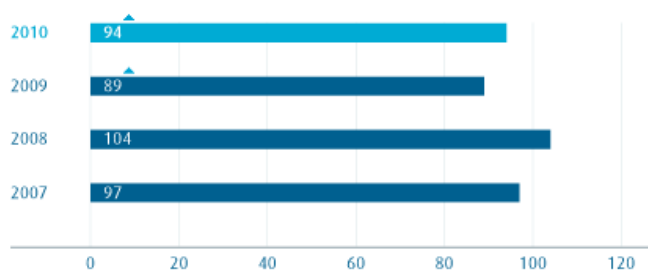
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Research and development

We continuously open up new application opportunities for our gases and optimise existing process technologies. To ensure the best possible fit for individual needs, we work closely with our customers. In the last financial year, we spent a total of EUR 94 million on research and development and filed 232 new patent applications.

Expenditure for research and development (in € million)

The Linde Group



▲ Figure included in the Group Management Report of the Annual Report 2010 of The Linde Group

Focus on eco-friendly technologies

Our R & D activities are focussed on those global megatrends that stand to benefit substantially from our products and technologies.

We have identified six trends of particular relevance and will be aligning our R & D projects even more closely with these market dynamics in future. They are as follows: reduced environmental impact, industrial process efficiency, clean energy, healthy eating and convenience food, geographic and demographic shifts, and performance materials.

Our research activities focus in particular on the environmental impact of production processes. Key priorities include the need to increase energy efficiency across technological processes and plants and cut the emissions released during production – by both Linde and our customers. As in previous years, the Engineering Division's R&D expenditure in 2010 was targeted at developing new and existing technologies in its four product lines – air separation plants, olefin plants, natural gas plants and hydrogen and synthesis gas plants. As always, efforts concentrated on ways to improve energy efficiency and further reduce the environmental impact of plants.

The search for a sustainable, climate-friendly source of energy is increasingly throwing the spotlight on renewable raw materials. Our work here includes research into ways of generating hydrogen from biogenic raw materials. At our site in Leuna (Saxony-Anhalt,

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Germany), we have constructed a pilot plant that produces hydrogen from glycerol. The technology used in this process was developed by our engineers and has already been lab tested. With the pilot plant in Leuna we have demonstrated industrial-scale technical feasibility and are now able to supply hydrogen-powered fuel-cell vehicles with certified "green" hydrogen.

When measuring our innovation performance, we do not rely solely on lagging indicators, such as the absolute number of patents registered. We have also introduced a leading indicator to benchmark the Group's innovative contribution to environmental and climate protection. Going forward, we intend to make greater use of this Environmental Innovation Performance Indicator (EIP) to evaluate our innovation processes.

Innovation award

The Linde Innovators Club was set up to promote a culture of creativity and inventiveness among the Group's engineers and technicians. 2010 marked the fifth year of honouring the most outstanding innovations under the Linde Group Patent and Innovation Award umbrella. Awards are presented for the ten best patents registered during a calendar year in each of the following categories: technological invention, commercial invention and Group innovation. The outstanding patent applications are often directly linked to environmental and climate protection. Examples include innovations in the fields of renewable energy and hydrogen technology, CO₂-free power generation and emissions reduction, as well as new technologies to increase plant efficiency.

> More on our research and development outlook

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Energy and environmental technologies

With a range of innovative technologies and products, we are helping to tackle major ecological challenges of our time. We have, for instance, a broad technology portfolio aimed at reducing the current environmental impact of fossil fuels and reducing CO₂ emissions. In addition, we are driving the development of alternative fuels and renewable energy sources.

Technologies for energy efficiency and climate protection

We provide modern energy-saving technologies and clean energy solutions to support a climate friendly transition to new forms of energy production and usage. In 2010, we collaborated on a number of environmental and climate protection projects with partners from industry and science.

Low-emission coal-fired power plants: We are involved in the development of key carbon capture and storage (CCS) processes. These projects look at separating carbon dioxide from coal-fired power plant flue gases, purifying it and then compressing it for storage. We teamed up, for instance, with the Vattenfall energy group to pilot CCS technology in Brandenburg (Germany).

Making natural gas accessible: Our engineers are building natural gas treatment and liquefaction plants all around the globe to make natural gas - on of the most eco-friendly fossil fuels - more readily accessible. Liquefied natural gas (LNG) releases around 20 percent less CO₂ than conventional diesel during combustion.

Recycling: As part of a joint venture with a US waste management company in California, we have built and put on stream the world's largest plant for transforming landfill gas into green biogas. The plant has two key benefits: it prevents the discharge of biogas from the landfill site into the atmosphere and replaces diesel as a fuel.

Hydrogen technologies: We are pioneering the advancement of hydrogen technologies. As the world's largest engineer of hydrogen plants and a leader in hydrogen fuelling station hardware, our long-term aim is to produce hydrogen from renewable sources and create a fully sustainable energy value chain. We are working on various innovative technologies that explore different approaches.

Solar industry: We deliver the specialty gases for eco-friendly solar cell production. In April 2010, we announced that, from 2010 onwards, customers in the electronics industry will be able to reduce CO₂ emissions from production processes by a quarter of a million tonnes by replacing nitrogen trifluoride (NF₃) with fluorine (F₂), which can be produced cost-effectively with Linde on-site generators. This corresponds to the volume of CO₂ emitted each year by 125,000 large family cars.

Pure oxygen for greater efficiency: Using pure oxygen instead of air can reduce fuel consumption across many combustion processes in the chemicals, glass and steel industries. A case in point is the Linde REBOX® oxyfuel solution used in steel production.

CO₂ recycling: Our Gases Division is the world's leading supplier of CO₂. We focus on capturing carbon dioxide generated as a by-product from industrial processes and putting it

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to good use – also to the benefit of the environment. In the Netherlands, for example, CO₂ captured from a refinery is pipelined to greenhouses in the vicinity.

We have established a cross-disciplinary Clean Energy Group to combine and advance our expertise in energy and sustainability.

Water solutions

Linde gases have been successfully used to improve water quality for many years now. They can improve the quality of untreated and drinking water and treat waste water. Our large offering includes process technologies for treating water with pure oxygen and treating alkaline waste water.

We also have tailored solutions for fishfarming. Aquaculture plays a role in preventing further overfishing at sea and securing healthy food supplies. With over 500 reference plants worldwide, Linde Gas is leading in the application of oxygen solutions in aquaculture.

> More on current projects and collaborations, on hydrogen from biogenic raw materials and on waste and recycling

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The growing Healthcare market

Medical gases are used across a broad spectrum of applications, supporting patients and healthcare institutions in achieving higher standards of care and quality of life. Our Healthcare products are used in anaesthesia, resuscitation, respiratory failure, peri-operative oxygenation and pain management. Linde Healthcare products also help treat various conditions such as chronic respiratory disease, asthma and sleep apnoea.

Ageing populations and chronic disease

Medical gases have long been used in hospitals. Ageing populations and the growing prevalence of chronic disease is driving further innovations in gas-enabled care programmes and therapies for patients outside of the hospital. These include intermediate care centres for ventilated patients and specialised services for oxygen-dependent patients in the home. Therapies for ventilation, oxygen, aerosol and sleep are all particularly relevant in meeting the challenges of chronic disease and conditions of old age.

Rising healthcare costs

While the burden on healthcare systems rises, there is also an inevitable pressure on budgets. We have introduced a number of programmes designed to help practitioners and payers manage the realities of healthcare. In all of our solutions, we work to ensure that healthcare resources are being used as effectively as possible while maintaining quality of care and patient well-being.

Medical gas therapies

Our innovative programme for long-term ventilated patients responds to the needs of an ageing population and the challenges of COPD, one of the fastest-growing chronic diseases. This programme improves the care of long-term ventilated patients, combining clinical and medical resources in specialised health service centres. Among our programmes and therapies, we continue to develop the REMEO® programme. The centres shorten the time spent in hospital intensive care units and offer professional treatment in surroundings more similar to home. In 2010 we continued to expand our offering here, particularly in the major Homecare markets of Europe and the Americas. New REMEO® ventilation centres were opened in the US, Colombia and Germany.

Further therapy solutions from Linde Healthcare offer relief to patients suffering from sleep apnoea or pain and thus improve patient quality of life. Through LISA, Leading Independent Sleep Aide, we are extending our efforts to provide dedicated support and services for patients with sleep apnoea. This disorder is characterised by intermittent upper-airway collapse during sleep leading to irregular breathing and repeated awakening.

Our LIVOPAN®/ENTONOX inhaled nitrous oxide/oxygen mixture meets a growing demand for rapid, effective and non-invasive acute pain relief across a number of applications, including emergency care, paediatrics, obstetrics and diagnostic procedures. We have also developed a dependable, quality solution that uses oxygen to treat cluster headache - a chronic condition where patients suffer periodically from intensely painful headaches.

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Measuring corporate responsibility



We use key performance indicators to track our economic, ecological and social performance. They enable us to benchmark our progress and identify scope for improvement.

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Financial indicators

		2010	2009	2008	2007
Sales	€ million	12,868	11,211	12,663	12,306
In Germany	%	9.5	10.8	10.5	10.2
Outside Germany	%	90.5	89.2	89.5	89.8
Operating profit ¹	€ million	2,925	2,385	2,555	2,424
EBIT ²	€ million	1,933	1,460	1,703	1,591
Earnings before taxes on income (EBT)	€ million	1,399	838	1,006	1,375
Earnings after taxes	€ million	1,064	653	776	1,013
Adjusted earnings per share ³	€	6.89	4.58	5.46	5.02
Dividend per share	€	2.20	1.80	1.80	1.70
Market capitalisation (at year-end closing price)	€ million	19,337	14,215	10,084	15,046
Capital expenditure	€ million	1,302	1,137	1,470	1,035
Cash flow from operating activities as percentage of sales	%	18.8	19.1	14.8	14.4
Equity ratio	%	42.3	37.7	34.6	36.9
Return on capital employed (ROCE)	%	12.5	10.4	12.4	10.3
Expenditure for research and development	€ million	94	89	104	97

¹ EBITDA before non-recurring items including share of income from associates and joint ventures.

² EBIT before non-recurring items and before amortisation of fair value adjustments identified in the course of the purchase price allocation.

³ Adjusted for the effects of the purchase price allocation.

Our financial figures are published in the Group financial statements in line with the International Financial Reporting Standard (IFRS).

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Environment and safety

Certified sites		
in percent	2010	2009
Proportion of locations certified to DIN ISO 9001	72	71
Western Europe	90	91
Americas	56	54
Asia & Eastern Europe	68	63
South Pacific & Africa	74	82
Proportion of locations certified to DIN ISO 14001	28	27
Western Europe	46	48
Americas	7	7
Asia & Eastern Europe	33	28
South Pacific & Africa	23	34
Proportion of locations certified to OHSAS 18001 or SCC	22	22
Western Europe	31	31
Americas	4	2
Asia & Eastern Europe	29	19
South Pacific & Africa	25	39

Audits and training				
in percent	2010	2009	2008	2007
Audits				
Proportion of sites in which occupational health and safety audits have been conducted	53.2 	55.1 	50.8	N/A
Proportion of sites in which environmental audits have been conducted	47.8 	48.3 	46.1	N/A

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**Training**

Proportion of employees who have taken up HSE ¹ training opportunities	47.2 [▲]	48.8 [▲]	38.8	30.8
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▲ Figure included in the Management Report of The Linde Group's [Annual Report 2010](#)

¹ HSE = Health, Safety, Environment

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Usage of resources

	2010	2009	2008	2007
Energy consumption in GWh				
Natural gas	25,200 ^{*▲}	23,600 ^{*▲}	23,200 [*]	21,900
Electricity	19,000 ^{*▲}	17,700 ^{*▲}	20,000 [*]	19,900
Fuel oil, thermal energy, refinery and synthesis gases, butane and propane	6,400	5,900	5,700	3,100
Water in million m³				
Total water consumption	43.0 ^{*▲}	38.9 ^{*▲}	41.4 [*]	54.8
Industrial and process water consumption	32.0 [*]	30.9 [*]	33.0 [*]	44.1
Drinking water consumption	11.0 [*]	8.0 [*]	8.4 [*]	10.7
Waste water	8.4	11.4	9.4	8.2

Materials and packaging consumption in tonnes

Materials	65,700	50,000	57,100	40,800
Packaging materials	6,300	5,800	7,200	7,200

* Within KPMG assurance scope. The assurance report for the reporting year 2010 is available [here](#).

▲ Figure included in the Management Report of The Linde Group's [Annual Report 2010](#)

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Emissions

	2010	2009	2008	2007
CO₂ emissions in million tonnes				
Direct CO ₂ emissions	5.4*▲	4.6*▲	4.5*	4.7
Indirect CO ₂ emissions	9.5*▲	9.0*▲	9.7*	9.7
Total CO ₂ emissions	14.9	13.6	14.2	14.4
Direct greenhouse gas emissions in 1,000 tonnes				
Direct CO ₂ emissions	5,400*▲	4,600*▲	4,500*	4,700
Direct emissions of other Kyoto greenhouse gases in CO ₂ equivalents	400	400	500	500
Total direct greenhouse gas emissions in CO ₂ equivalents	5,800	5,000	5,000	5,200

Transport related greenhouse gas emissions in 1,000 tonnes				
Greenhouse gas emissions from Linde Group transport fleet in CO ₂ equivalents	410	380	430	440
Gist Division	165	140	160	150
Gases Division	245	240	270	290
Greenhouse gas emissions from fleet of transport contractors in CO ₂ equivalents	310	320	330	330
Air emissions in tonnes				
VOCs	182	236	287	330
NH ₃	70	78	348	323
CO	1,747	2,161	2,202	2,341
NOx	717	856	994	812
SOx	620	730	582	427
Water emissions in tonnes				
Chemical oxygen demand (COD)	308	381	237	203
Biochemical oxygen demand (BOD)	75	157	181	147
Nitrates in tonnes	35	37	45	93
Phosphates	3	3	4	11

* Within KPMG assurance scope. The assurance report for the reporting year 2010 is available [here](#).

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**Waste and recycling**

	2010	2009	2008	2007
Total waste in tonnes	76,552	72,115	85,789	99,145
Hazardous and non-hazardous waste in percent				
Proportion of non-hazardous waste	61	52	63	52
Proportion of hazardous waste	39	48	37	48
Disposal method in percent				
Recycled materials	43	28	47	54
Landfill waste	22	35	30	32
Incineration waste	28	28	15	14
Other disposal methods	7	9	7	N/A

Transport

	2010	2009	2008	2007
Transport incidents				
Number of serious traffic incidents involving trucks with 1 million km driven	0,08	0,08	0,11	0,11
Transport distance driven in million km				
Cylinder transport fleet (Gases Division)	194	179	214	233
Tank transport fleet (Gases Division)	383	357	372	385
Gist Division fleet	187	153	172	158

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Plant specific indicators

	2010	2009	2008	2007
Air separation plants				
Electricity consumption in GWh	16,800 ^{*▲}	16,000 ^{*▲}	17,500 [*]	16,900
Indirect CO ₂ emissions in million tonnes	8.3 ^{*▲}	8.0 ^{*▲}	8.4 [*]	8.0
Water consumption in million m ³	27.5 ^{*▲}	24.3 ^{*▲}	26.8 [*]	33.8
HyCo plants				
Natural gas consumption in GWh	21,200 ^{*▲}	21,300 ^{*▲}	20,700 [*]	21,200
Direct CO ₂ emissions in million tonnes	4.3 ^{*▲}	3.9 ^{*▲}	3.4 [*]	3.3

* Within KPMG assurance scope. The assurance report for the reporting year 2010 is available [here](#).

▲ Figure included in the Management Report of The Linde Group's [Annual Report 2010](#)

Divisions

Gases Division	2010	2009	2008	2007
Natural gas consumption in GWh	25,200	23,500	23,000	21,900
Electricity consumption in GWh	18,900	17,600	19,900	19,800
Total water consumption (industrial, process and drinking water) in million m ³	43	37.7	49.0	54.6
Industrial and process water in million m ³	32	30.9	40.8	44.0
Drinking water in million m ³	11.3	7.8	8.2	10.6
Waste in tonnes	66,206	65,107	68,900	78,840
Proportion of non-hazardous waste in percent	43	47	55	49
Proportion of hazardous waste in percent	57	53	45	51

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Engineering Division	2010	2009	2008	2007
Natural gas consumption in GWh	40	36	40	32
Electricity consumption in GWh	45	45	56	47
Total water consumption (industrial, process and drinking water) in million m³	0.126	0.125	0.146	0.077
Industrial and process water in million m³	0.043	0.034	0.103	0.042
Drinking water in million m³	0.083	0.091	0.043	0.035
Waste in tonnes	4,776	2,248	12,757	6,564
Proportion of non-hazardous waste in percent	87	95	95	93
Proportion of hazardous waste in percent	13	5	5	7

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Employees

Employment structure and expenditures				
	2010	2009	2008	2007
Employees by regions and divisions				
Group	48,430 [▲]	47,731 [▲]	51,908	
Gases Division	37,603 [▲]	37,362 [▲]	41,109	39,577
Western Europe	12,674 [▲]	12,814 [▲]	13,616	13,284
Americas	6,977 [▲]	6,970 [▲]	7,881	7,554
Asia & Eastern Europe	11,375 [▲]	10,983 [▲]	11,735	11,309
South Pacific & Africa	6,577 [▲]	6,595 [▲]	7,877	7,430
Engineering Division	5,811 [▲]	5,716 [▲]	5,951	5,637
Other activities	5,016 [▲]	4,653 [▲]	4,848	5,271
Employment structure in percent				
Permanent staff under 30 years old	16.4 [▲]	17.0 [▲]	18.6	17.5
Permanent staff between 30 and 50 years old	59.6 [▲]	60.1 [▲]	58.9	59.8
Permanent staff over 50 years old	24.0 [▲]	22.9 [▲]	22.5	22.7
Proportion of women	19.3 [▲]	19.9 [▲]	20.2	19.4
Proportion of women in senior management positions	10.3 [▲]	9.3 [▲]	9.1	7.8
Proportion of severely disabled employees in Germany	3.5	3.3	3.3	3.3

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Employees by type of contract in percent				
Proportion of part-time employees	1.9 [▲]	1.8 [▲]	1.7	N/A
Proportion of employees with limited contracts	4.3 ^{1▲}	1.8 [▲]	4.7	N/A
Proportion of staff covered by collective wage agreements	54.9 [▲]	55.3 [▲]	50.6	51.2
Training				
Proportion of trainees in percent	1.3	1.4	1.7	1.0
Proportion of apprentices and trainees in Germany in percent	3.5	3.7	3.4	3.4
Proportion of employees who have taken up training opportunities in percent	59.1 [▲]	53.8 [▲]	56.9	54.1
Average number of training days per employee	2.0 [▲]	1.6 [▲]	1.8	1.5
Average expenditure on training programmes per employee in €	241 [▲]	216 [▲]	281	323
Employee retention				
Staff turnover rate ² in percent	5.7 [▲]	4.2 [▲]	6.6	7.2
Average length of service in years	9.7 [▲]	10.1 [▲]	8.5	8.6

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Expenditures				
Personnel costs per employee in 1,000 €	52.2	48.6	45.9	48.5

▲ Figure included in the Management Report of The Linde Group's [Annual Report 2010](#) .

1 In 2010, the definition was adapted. Previously, all contracts concluded for 24 months or longer were reported as unlimited-term contracts. From 2010 on, fixed term shall include all contracts with a specific termination date.

2 The staff turnover rate relates to employees who have left the Group voluntarily during the financial year.

Occupational health and safety

	2010	2009	2008	2007
Workplace safety				
Number of workplace accidents per million hours worked by employees (LTIR)	1.9*▲	2.0*▲	2.1*	2.6
Number of workplace accidents per million hours worked by contractors (LTIR)	2.2	1.7	1.8	1.7
Number of workplace accidents with at least one day of absence	198▲	202▲	216	275
Number of working days lost due to industrial accidents	3,813▲	3,768▲	3,596	4,424
Number of working days lost per million hours worked	36.9▲	37.3▲	34.1	42.3
Number of fatalities involving employees	2▲	3▲	2	6
Number of fatalities involving contractors	4	7	5	9

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Health

Average number of days sick leave per employee	5.3 [▲]	5.5 [▲]	5.6	3.6
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* Within KPMG assurance scope. The assurance report for the reporting year 2010 is available [here](#).

▲ Figure included in the Management Report of The Linde Group's [Annual Report 2010](#)

Divisions

Gases Division	2010	2009	2008	2007
Employment structure				
Number of employees	37,603	37,362	41,109	39,577
Percentage of employees with limited contracts	4.7	1.6	4.7	7.8
Percentage of part-time employees	1.5	1.6	1.4	2.0
Permanent staff under 30 years old in percent	15.5	16.5	18.4	17.1
Permanent staff between 30 and 50 years old in percent	61	61.5	59.9	61.2
Permanent staff over 50 years old in percent	23.5	22.0	21.7	21.7
Training and development				
Proportion of trainees in percent	1.2	1.3	1.6	0.8
Proportion of employees who have taken up training opportunities in percent	58.1	56.2	58.1	55.4
Average number of training days per employee	2.2	1.8	2.0	1.6

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Employee retention				
Average length of service in years	10	10.2	8.4	8.5
Health and safety				
Number of workplace accidents per million hours worked by employees (LTIR)	2.0	1.9	1.7	2.2
Number of workplace accidents with at least one day of absence	151	133	131	174
Average number of days sick leave per employee	4.9	4.9	5.3	2.8

Engineering Division	2010	2009	2008	2007
Employment structure				
Number of employees	5,811	5,716	5,951	5,637
Proportion of employees with limited contracts in percent	2.1	3.4	7.0	4.7
Proportion of part-time employees in percent	2.3	2.0	1.7	6.7
Permanent staff under 30 years old in percent	23.1	19.6	20.7	18.9
Permanent staff between 30 and 50 years old in percent	55.1	54.8	53.7	53.9
Permanent staff over 50 years old in percent	21.8	25.6	25.6	27.2
Training and development				
Percentage of trainees	3.3	3.4	3.1	3.1
Percentage of employees who have taken up training opportunities	66.7	62.2	80.6	79.8
Average number of training days per employee	1.4	1.2	2.1	1.8
Employee retention				
Average length of service in years	10.3	11.4	10.9	11.8

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Health and safety				
Number of workplace accidents per million hours worked by employees (LTIR)	2.1	2.7	4.2	5.8
Number of workplace accidents with at least one day of absence	22	30	47	60
Average number of days sick leave per employee	5.4	6.7	5.3	5.5

Collecting and validating HR indicators

We have adapted and consolidated our Human Resources indicators to reflect The Linde Group's organisational structure. The figures are reported as full-time equivalents, with 31 December as the closing date for each year. Wherever possible, we benchmark our HR indicators against the same-period figures reported over the previous four years.

We highlight any indicators that are also included in The Linde Group's 2010 Annual Report. The Group Management Report was audited by KPMG Wirtschaftsprüfungsgesellschaft.

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Global Reporting Initiative






























































































































We report our corporate responsibility performance in line with the recommendations of the Global Reporting Initiative (GRI), a multi-stakeholder organisation that publishes internationally recognised guidelines on sustainability reporting. We used the latest version of the guidelines, G3.1, for this year's report. It was awarded the highest GRI standard application level of A+. Last year's report was rated application level B+ (self assessment).

The GRI index provides an overview of core and supplementary indicators. It also provides links to further information on each topic in this report. If an indicator has not been covered or only partially covered, we explain why this is the case. The index also contains links to additional information relating to Global Compact.

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CAPTION

Status

-  Covered in full
-  Covered in part
-  Not covered

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8,9	EN7 Reduction of indirect energy consumption		  
8	EN8 Total water withdrawal by source		 
8,9	EN9 Water sources affected by withdrawal of water		
8,9	EN10 Water recycled and reused		
8	EN11 Land in, or adjacent to, protected areas		
8	EN12 Impact on biodiversity		
8	EN13 Habitats protected or restored		 
8	EN14 Managing impacts on biodiversity		
8	EN15 IUCN Red List species and national conservation list species		
8	EN16 Greenhouse gas emissions		 
8	EN17 Other greenhouse gas emissions		 
7,8,9	EN18 Initiatives to reduce greenhouse gas emissions		  
8	EN19 Emissions of ozone-depleting substances		  
8	EN20 NOx, SOx and other air emissions		 
8	EN21 Water discharge		 
8	EN22 Waste by type and disposal method		  
8	EN23 Total number and volume of significant spills		  
8	EN24 Waste deemed hazardous		 
8	EN25 Water bodies affected by discharges of water and runoff		
7,8,9	EN26 Initiatives to mitigate environmental impact of products and services		   
8,9	EN27 Reclaimed packaging material		
8	EN28 Sanctions for non-compliance with environmental laws and regulations		 
8	EN29 Environmental impacts by transport		 
7,8,9	EN30 Environmental protection expenditures		
Social indicators: Labour practices and decent work			
	Management approach		   
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LA2	Employee turnover		 

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	LA3	Benefits		
1,3	LA4	Employees covered by collective bargaining agreements		
3	LA5	Minimum notice period regarding significant operational changes		
1	LA6	Health and safety committees		
1	LA7	Rates of injury, occupational diseases, lost days, and absenteeism		  
1	LA8	Risk-control programmes in place regarding serious diseases		
1	LA9	Health and safety topics covered in formal agreements with trade unions		
	LA10	Employee training		 
	LA11	Programs for skills management and lifelong learning		 
	LA12	Performance and career development reviews		
1,6	LA13	Composition of staff and governance bodies		  
1,6	LA14	Differences in salary according to gender		
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		Management approach		    
1,2,3,4,5,6HR1		Significant investment agreements		
1,2,3,4,5,6HR2		Screening of suppliers with regard to human rights issues		
1,2,3,4,5,6HR3		Training on human rights		 
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1,2,5	HR6	Operations involving significant risk of child labour		   
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1,2	HR8	Security practices		
1,2	HR9	Rights of indigenous people		
1,2	HR10	Human rights reviews and/or impact assessments		
1,2	HR11	Grievances related to human rights		
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		Management approach		    
	SO1	Impact on local communities		     
10	SO2	Risks related to corruption		
10	SO3	Anti-corruption training		 
10	SO4	Actions taken in response to alleged incidents of corruption		
1-10	SO5	Public policy positions and lobbying		  
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10	SO7	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		
	SO8	Sanctions for non-compliance with laws and regulations		
	SO9	Operations with negative impacts on local communities		   
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Social indicators: Product responsibility				
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1	PR1	Impact on health and safety throughout the product lifecycle		   
1	PR2	Non-compliance concerning health & safety impact of products		
8	PR3	Product information		  
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1	PR8	Complaints regarding customer privacy		 
	PR9	Sanctions for non-compliance with laws and regulations concerning products and services		

¹ Principles of the United Nations Global Compact (UNGC)

² Move the mouse over the index entries to display background information on some of the indicators.

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 **Global Reporting Initiative™**

Statement GRI Application Level Check

GRI hereby states that Linde AG has presented its report "Corporate Responsibility Report 2010/2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 27 October 2011


Nelmar Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Linde AG has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 19 October 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

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United Nations Global Compact

As a participant in the United Nations Global Compact (UNGC), we publish a progress report (Communication on Progress) each year. We have included this in our Corporate Responsibility Report. The Communication on Progress outlines how we incorporate the ten principles of the UN Global Compact in our business activities. We use the Global Compact logo to highlight any information relevant to Global Compact. Our GRI Index also links to this content.

The following table provides an overview of the commitments, standards and management systems that we use at Linde to incorporate the principles of Global Compact into our business processes. In the text passages under each field of action we report on the progress we have made during the year under review.

UNGC Principles	Implementation
Human rights	
Principle 1: Support and respect of internationally proclaimed human rights	<ul style="list-style-type: none"> • Our Code of Ethics is binding for all employees. In it, we commit to protecting and promoting human rights and the core principles of the United Nations international charter on human rights. • Our global Ethical-Legal Principles Procurement align with the principles anchored in the conventions of the International Labour Organisation (ILO) and the United Nations Universal Declaration of Human Rights. • Our SHEQ Policy defines how we protect the health and safety of our employees. We also include contractors and other business partners in our health and product safety programme. • The primary aim of our compliance programme is to prevent misconduct (for example, by providing employee training) and to identify violations. Suspected abuses can be reported via our Integrity Line.
	<p>> More on labour and social standards</p> <p>> More on supply chain management</p>
Labour standards	
Principle 3: Upholding the freedom of association and	

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the right to
collective
bargaining

Principle 4:
Elimination of all
forms of forced
labour

Principle 5:
Abolition of
child labour

Principle 6:
No
discrimination
during the
hiring process
or in the
workplace

- In our Code of Ethics, we commit to protecting and promoting human rights. This includes the prohibition of discrimination, harassment, slavery and servitude as well as the right to freedom of peaceful assembly and association, and the right to fair remuneration.
- Our global Ethical-Legal Principles Procurement address the issues of forced and child labour, the guaranteed availability of communication channels and negotiation structures between employers and employees as well as the right to equal opportunities and fair treatment.
- Our [diversity management](#) programme also aims to prohibit discrimination and actively promote equal opportunities.

> More on [working conditions](#)

Environmental protection

Principle 7:
Supporting a
preventative
approach to
environmental
challenges

Principle 8:
Supporting
initiatives aimed
at promoting
greater
environmental
responsibility

Principle 9:
Development
and
dissemination
of

- Our commitment to protecting the environment is outlined in our binding Code of Ethics. Our global SHEQ Policy details the implementation of these targets.
- Our environmental management system, risk management system and product safety programme are geared toward minimising the environmental impact of our processes and products. This includes preventative measures such as risk analyses and [certifications](#) at our locations in line with international standards as well as monitoring instruments such as audits.
- Raising employee awareness of environmental and safety issues is also an important factor, and one which we address through various channels, including training initiatives.
- We are helping to tackle major ecological challenges of our time through our [energy and environmental technologies](#). We have a wide-ranging technology portfolio that helps reduce the current environmental impact of fossil fuels and cut CO₂ emissions. We are also driving the development of alternative fuels and renewable energy sources. Furthermore, our gases are used to improve the quality of untreated and

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environmentally
friendly
technologies

drinking water supplies and to clean wastewater.

- Our [corporate citizenship activities](#) are also geared towards environmental protection.

> More on [environmental protection](#)

> More on [CR management](#)

Anti- corruption

Principle 10:
Combating all
forms of
corruption,
including
extortion and
bribery

- Our Code of Ethics prohibits corruption for all employees worldwide.
- This commitment is backed by additional, supplementary guidelines, including regulations governing competitive and anti-trust laws as well as our Ethical-Legal Principles Procurement.
- The primary aim of our compliance programme is to prevent misconduct (for example, by providing employee training) and to investigate and penalise suspected violations. Suspected incidents can be reported via our [Integrity Line](#).

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Independant assurance report

To the readers of the Corporate Responsibility Report 2010/2011 of Linde AG

Introduction

We have been engaged by the Executive Board of Linde AG (further referred to as 'Linde') to provide limited assurance on the 2010 data for the indicators listed in the section 'Context and scope' together with the related explanatory information in the publication: 'Corporate Responsibility Report 2010/2011' (further referred to as 'The Report'). The Executive Board of Linde is responsible for preparing The Report, including the identification of stakeholders and material issues. Our responsibility is to provide an assurance report on the 2010 data for the indicators listed in the section 'Context and scope' together with the related explanatory information in The Report.

Context and scope

Our engagement was designed to provide readers of The Report with limited assurance on whether the 2010 data for the indicators listed in the table below together with the related explanatory information are prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative together with internal reporting criteria as published on Linde's website.

Consumption of energy	Consumption of electricity
	Electricity consumption by air separation plants
	Consumption of natural gas
CO ₂ emissions	Natural gas consumption by HyCO plants
	Direct CO ₂ emissions
	Direct CO ₂ emissions from HyCO plants
	Indirect CO ₂ emissions
Consumption of water	Indirect CO ₂ emissions from air separation plants
	Consumption of water
	Consumption of industrial and process water
	Consumption of drinking water
Safety	Water consumption by air separation plants
	Number of workplace accidents per million hours worked by Linde employees (Lost Time Injury Rate-LTIR)

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those for a reasonable level of assurance.

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Reporting criteria

Linde applies the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative together with its internal reporting criteria for reporting on sustainability as described on Linde's website. We believe that these criteria are suitable in view of the purpose of our assurance engagement.

Assurance standards

We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. This Standard requires, amongst others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to understand and review sustainability information, and that they comply with the requirements of the Code of Ethics for Professional Accountants from the International Federation of Accountants to ensure their independence.

Work undertaken

Our procedures included the following:

- Performing a media analysis and internet search to obtain information on relevant sustainability issues for Linde in the reporting period;
- Reviewing the design and existence of the systems and processes for data management, internal control and processing of the selected indicators as defined under Context and scope at corporate, regional and local level by:
 - Interviewing staff at corporate level responsible for the collection, analysis and reporting of the data
 - Visiting four selected regional offices in Europe, South America, Africa and Asia
 - Visiting five selected production sites in United Kingdom, Italy, Venezuela, South Africa and Taiwan;
- Performing analytical review procedures of the data reported by the production sites under operational control of Linde;
- Reviewing data trends and discussions with management thereto;
- Assessed whether the comparable figures for 2008 and 2009 are accurately taken from the 2008 and 2009 CR Reports of Linde AG, for which we provided limited assurance on the same scope as this year's assurance.

As part of our assurance procedures we discussed changes to the draft reports with Linde and reviewed the final version of The Report to ensure that it reflected our findings.

Our conclusion

Based on our procedures performed, nothing came to our attention to indicate that the data for the indicators as defined under Context and scope together with the related explanatory information are not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative together with internal reporting criteria as published on Linde's website.

Amstelveen, October 28, 2011
W.J. Bartels, partner,
on behalf of KPMG Sustainability,
part of KPMG Advisory N.V.

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