

Corporate Responsibility 2009. At a Glance.



LeadIng.


THE LINDE GROUP

Corporate responsibility towards the environment and society in general has always been a high priority for Linde. Each year, we make tangible progress across all five action items that underpin our Corporate Responsibility policy. The five dimensions are: Employees, The Environment, Corporate Citizenship, Ethics and Compliance, and Socially Responsible Investments (SRI). Once again this year, we are documenting our achievements in a Corporate Responsibility report.

We see the successful management of environmental and climate protection issues plus a dedicated worldwide talent development strategy as key success factors in the future of The Linde Group. Which is why this year's Corporate Responsibility report focuses on these factors alongside current non-financial key indicators. You can view the full report at www.linde.com. This fast facts brochure gives you an overview and introduction to many of the topics you may then wish to research further online.

Foreword



Ladies and Gentlemen,

The current global financial and economic crisis calls on governments, political circles, society at large and industry players to fundamentally review the way they think and act.

For us, as for other global organisations, this means constantly raising the bar – not just for employee excellence, but also for process quality. We are challenged to increase productivity against stiff international competition and expand our leading position particularly in up-and-coming markets. We are called upon to support our customers worldwide in the drive to cut energy consumption, emissions and costs. The market also expects us to partner and innovate the energy delivery chain, delivering solutions – also for mobility – with a minimal environmental footprint.

We can only achieve this if we actively live our value system, strictly adhere to our business codex and constantly prove our ability to master global change processes as a unit. The aim of this fast facts brochure accompanying our Corporate Responsibility Report 2009 is to show you how and where we see the main ecological and HR challenges in particular and explain how we are proactively stepping up to these issues today. The full report will be published online this year at www.linde.com.

Munich November 2009

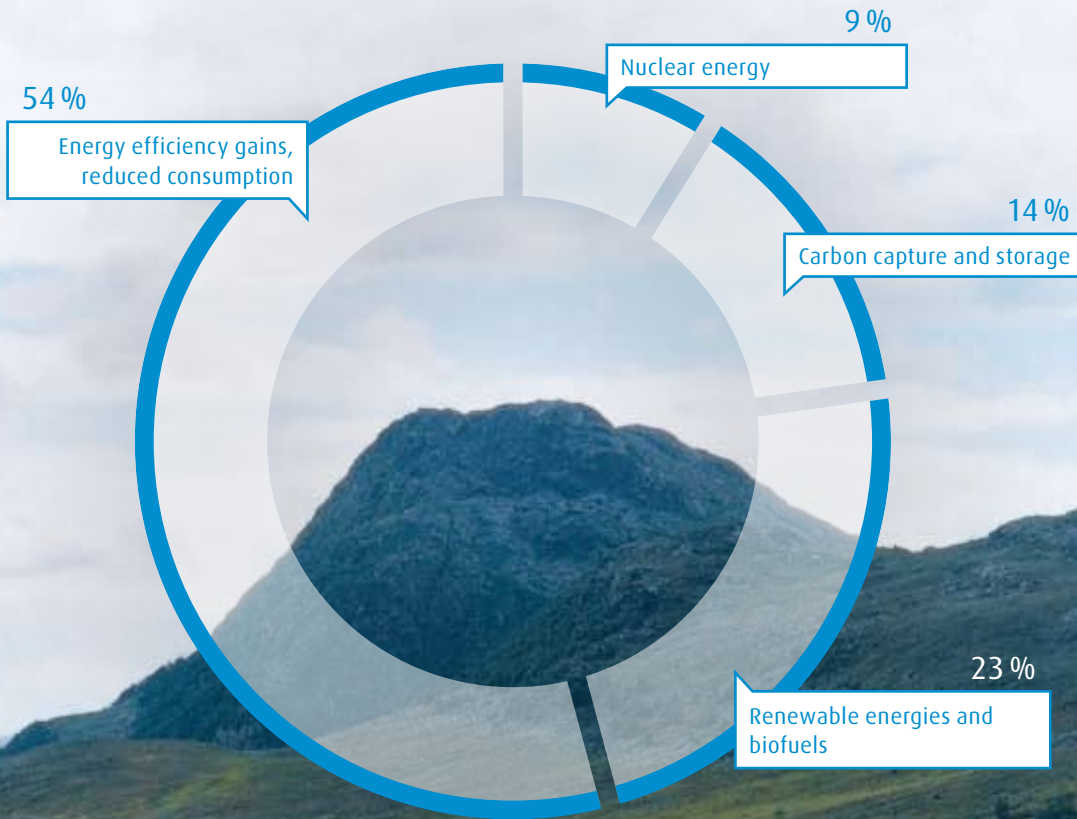
Best wishes

A handwritten signature in blue ink, which appears to be 'W. Reitzle', written in a cursive style.

Professor Dr Wolfgang Reitzle
Chief Executive Officer of Linde AG

Reducing CO₂ emissions.





Outlook: Percentage breakdown of the technologies and processes required to maintain the CO₂ concentration in the atmosphere at 450 ppm (parts per million) by 2030.

Source: World Energy Outlook 2008, International Energy Agency (IEA)

Slowing down climate change.

Scientists have confirmed that the earth's climate is changing; the process of global warming has already begun. Although it is no longer possible to reverse this process, it certainly can be checked. The objective today is to combat climate change on two fronts.

The first course of action is based on mitigation – we must do all in our power to combat the root of the problem by reducing or – even better – eliminating the emission of greenhouse gases. At the same time, we must adapt to climate change by developing strategies that tackle the results of global warming.

The experts have defined a clear roadmap. If we wish to slow down the pace of climate change, greenhouse gas emissions must have peaked before 2020 and have dropped at least 80 percent relative to the 1990 baseline by 2050.

Joining forces

The message is clear – the rapid development and implementation of global, effective greenhouse gas strategies call for a joint effort. Industry must explore every technical avenue, just as politicians must ensure the enabling framework is in place.

And time is pressing, especially given that growing industrialisation in densely populated countries such as China and India is set to fuel a massive and spiralling demand for energy. In its 2008 World Energy Outlook, the International Energy Agency (IEA) estimates that global demand for primary energy will rise by 45 percent between 2006 and 2030. This represents an average annual increase of 1.6 percent.

In the same report, the IEA reckons that fossil fuels will account for 80 percent of the primary energy mix in 2030. This is a relatively insignificant drop relative to the current balance. Coal will continue to meet more than one third of total energy requirements in this future scenario. However, this projected reliance on fossil fuels is at odds with the need to stabilise the world's climate.

Technical progress paves the way

To protect the climate, we must limit global warming to 2°C. If we wish to achieve this goal, particularly against the backdrop of rising energy demands worldwide, we must explore five different courses of action. These involve saving energy, increasing energy efficiency, expanding the renewable share of the energy mix, moving to low-CO₂ fuels and combustibles, and exploiting technical innovations. According to the IEA, efficiency measures and low-emission fuels offer the greatest potential to stabilise the earth's climate.

Our Gases and Engineering Divisions offer a wealth of synergised technical solutions spanning all five approaches. For example, energy efficiency is a top priority at our own production facilities, both for ecological and economic reasons. Many of our customers are looking to harmonise the same goals. Targeted correctly, industrial gases can in some cases significantly reduce energy consumption and/or emissions of a product across its entire lifecycle.

Experts estimate that global demand for energy from primary sources will rise by 45 percent between 2006 and 2030.

Bringing innovative ideas to market

Available at www.linde.com, our online Corporate Responsibility Report 2009 spans all divisions to present the key technologies capable of contributing to climate protection. Given that fossil fuels remain essential in meeting global energy demands, we showcase the process technologies that help to reduce the environmental footprint involved in tapping and using these resources.

In keeping with our role as a leading technology provider, we foster a steady stream of innovative ideas in our company. Our aim is to bring as many of these to market as possible – especially those serving the goals of climate protection.

Increasingly tight government controls also call on us and our customers to innovate to the benefit of the environment. We liaise closely with our customers and provide a transparent, factual review of our contribution through our Corporate Responsibility reports. Our mission is to enable our customers to mitigate social and ecological risks along their entire logistics chains.



Carbon capture and storage

In the move to improve the eco-balance of energy generated at power plants, coal-fired primary energy plants in particular, the spotlight is increasingly shining on carbon dioxide capture and storage (CCS). The market success of this process hinges on further evolution of the underlying technologies, clarification of the legal ramifications and impact studies on the resulting cost structure. In other words, the market needs a series of demo plants, such as those in China, where economic growth is largely being powered by coal. Linde is actively involved in development of the three main processes used to capture carbon dioxide at coal-fired power plants, namely post-combustion capture, pre-combustion capture and oxyfuel combustion. Working with our partners, we are currently investigating sequestration, i.e. storing carbon dioxide below the ground or seabed. Visit www.linde.com for details.



Partnering for biofuels

Together with Süd-Chemie, we opened a pilot plant in Munich in 2009 that currently generates up to two tonnes of bioethanol from straw each year. The jointly developed process technology uses biotechnological enzymes to turn cellulose-based plant material, such as wheat and maize straw, into biofuels such as ethanol. This partnership benefits from Süd-Chemie's expertise in the area of biocatalysts and biological process technologies in general, and from Linde's vast know-how in industrial-scale chemical and biotechnological manufacturing processes, which is bundled in our LKCA subsidiary in Dresden. Albeit on a limited scale, the pilot plant covers the entire, integrated production chain. And we are already working on plans to build a larger demo plant that will scale up to several thousand tonnes of bioethanol. You will find more information about this project at www.linde.com.



New HR development model

NORTH AMERICA

Focus on succession planning

SOUTH AMERICA

Atmosphere is everything. Especially within company walls.

EUROPE

People Excellence programme

MIDDLE EAST

Encouraging talent through Junior Circle

High performance organisation (HPO) training

CHINA/JAPAN

Advanced training for managers in leadership roles

SOUTH-EAST ASIA

PACIFIC

Local HR advancement through Talent Circle

Healthcare programme for Afrox employees

AFRICA

Employees are firmly anchored within our Corporate Responsibility strategy. This action item focuses on the interface between individual employees, the company and wider society. A variety of modern concepts, such as our People Excellence programme, greatly enhances the effectiveness of our HR strategy.

Talent development faces new challenges.

Climate change is not the only major challenge facing society today. We also have to contend with a massive swell in the world's population.

Experts predict that over eight billion people will be living on this planet by the year 2025. As much as 95 percent of this increase will take place in today's developing countries. These regions will face spiralling demand across the board – for education, childcare, healthcare and energy, to mention but a few. But the demographic trends are far from uniform. While the population in developing and emerging economies continues to swell, Europe and Japan will see a marked drop in birth rates.

Lifelong learning

This shift in global demographics also presents a range of HR management challenges for a global player such as Linde. On the one hand, we face a rapidly ageing population and rising life expectancy in industrialised countries. On the other, we need to systematically tap and develop talent in emerging and developing countries.

In many industrialised countries, Germany included, the pool of qualified specialists is dwindling and experts are urgently needed. This is attributable to falling birth rates and reduced investment in education.

Through our school sponsorships, we foster an interest in natural sciences and are actively involved in partnerships with universities and the research community.

There is an acute shortage of engineers in particular. The ability to attract highly qualified engineers is, however, crucial to the long-term success of a technology player such as Linde. We have taken a number of steps across all levels of the education system to actively resolve this shortage. For instance, we have established a number of sponsorships with schools in Germany aimed at raising interest in natural sciences. Looking beyond Germany, we are also actively involved in partnerships with universities and the research community.

Another example of our proactive stance in this area is the active encouragement of learning among older members of staff through the WeGebAu programme (Weiterbildung Geringqualifizierter und beschäftigter älterer Arbeitnehmer in Unternehmen). Organised by the Federal Employment office, this initiative supports further education for people with limited skill sets and older employees. We are initially rolling this scheme out in Germany in conjunction with Bildungswerk der Bayerischen Wirtschaft, the educational institute of industry and commerce in Bavaria. This move underpins our belief in productive targeted education opportunities for employees of all ages.

Global, dedicated talent development

To ensure we can meet our future needs along the full competence chain, we take as global a perspective as possible on the talent development front. The Junior Circle of our Gases Division, for example, networks talented young employees from around the globe at a regional level. Competence networking complements traditional hierarchical structures, also increasing responsiveness and speed across divisions.

Under the umbrella of our People Excellence programme, our various HR development initiatives are designed in a modular fashion to meet the needs of different target groups. This reflects the sheer diversity of professional profiles across the company. We believe in complementing theory with hands-on experience, giving our trainees the best possible spring-board for a successful career in our company.

Our future managers are coached by trainers who are engineers, scientists or qualified technicians.

Group-wide examples of this in practice include training schemes for future managers. They are coached by Linde-certified trainers who are qualified as engineers, scientists or technicians. Our Line Manager Training Programme is targeted at top and second-level managers as these carry the largest direct responsibility for staff at Linde. One of the core competencies acquired with this course is people management skills - how to effectively steer and actively engage employees in such a way as to strengthen the company's position as a whole.

Community involvement is a must

Our Corporate Responsibility Report 2009 and our Corporate Responsibility website reach beyond a holistic HR strategy to also look at issues such as diversity, work/life balance, occupational safety, employee awards, pension schemes and employee representation in company management. Reaching beyond training and continuous advancement, we attach just as much importance to the active involvement of our employees in local communities. Often, it is the initiative and personal dedication of our people that inspire local community programmes and donations. Visit www.linde.com for examples from all regions in the world where you will find Linde.



Talent management

The Linde Group is committed to developing people at all levels of the organisation and around the globe. We nurture talent and potential so that our employees become the kind of leaders and specialists that are willing and ready to take on tomorrow's business challenges. Talent management at Linde bundles all processes designed to harmoniously align each individual's professional growth with Linde's business objectives. Throughout their professional life at Linde, employees have a wealth of opportunities waiting for them, including the option to change division, team or actual job across national boundaries. Our graduate and exchange programmes are designed to foster international know-how transfer, and allow our people to build networks across the Linde world.



The Linde University

At Linde, we believe in the importance of lifelong learning and personal development. We offer a challenging and rewarding suite of education programmes at regional and global levels. These programmes aim to develop the key qualities we look for in our people. Under the umbrella of The Linde University, we have an established global training and development framework for leadership and business management skills, as well as ongoing professional development in general. The Linde University offers a mixed curriculum of classroom-based and virtual, interactive learning programmes flanked by project work. To channel the latest scientific findings and academic insights into the learning experience, we partner with leading universities around the world. And we involve our most senior managers in our education programmes to create learning experiences with lasting practical impact.



Facts and figures

Non-financial indicators allow us to also document and evaluate the ecological and social footprint of our business activities. Our aim is to continually improve our sustainability performance on the basis of this information. These metrics are a valuable tool in systematically planning and steering our CR measures on the one hand, and, on the other, enabling a steady flow of relevant and precise information to our stakeholders.

We have expended the Facts and Figures section of our online CR report to include Health, Safety, Environment (HSE) and employee key indicators over a period of up to five years. Where it makes sense to do so, we differentiate between the Gases and Engineering Divisions. Where relevant, we also break the Gases Division indicators down according to our four operating segments: Western Europe, the Americas, Asia & Eastern Europe, and South Pacific & Africa. In keeping with our policy of transparency, we complement this with background information on how we manage our data and define the criteria underlying key indicators.

For this condensed report, we have selected key metrics that give you an overview of our economic, ecological and social performance at a glance.

Presentation of key indicators

The metrics in this report include all national and international companies and locations consolidated under The Linde Group. They always span a fiscal year (1 January to 31 December). To ensure meaningful comparison, we have aligned all figures with the new structure of The Linde Group and with our activities as a going concern. In other words, figures for BOC are incorporated in the values from 2006 onwards, the year when Linde acquired the British gases company. Similarly, our former forklift division, the KION Group, which was sold in 2006, as well as further lines of business sold as part of the BOC transaction, are not included in the year-on-year comparisons.

Health, Safety, Environment (HSE) indicators

Our key HSE figures relate to 819 national and international production, sales and administration locations, covering around 94 percent of the consolidated companies.

We are making ongoing efforts to increase standardisation of our data collection methods and improve the quality and scope of our key indicators. In 2008, we employed a number of measures to advance data collection across the Group. Key developments here include greater accuracy in terms of definitions, creating and communicating internal guidelines for recording and validating environmental indicators, extending data acquisition to companies previously not con-

solidated and to new locations and introduction of a standardised, web-based data capture system.

Although these measures – in particular the web-based data capture tool – have a positive impact on data quality, we are aware that they may also compromise meaningful comparison with data from previous years. We realise that the data pool on which HSE indicators are based involves uncertainty due to the actual nature of the data and the fact that we have limited means to verify compliance with data capture guidelines. This is compounded by the fact that measurement methods may vary and some indicators are based on estimates or calculations that have to be regularly updated.

We continue to focus on improving the quality and comparability of the HSE data. Above all, we will be stepping up internal checks on data quality across all organisational levels and tightening up documentation of these checks.

Human Resources

We have adapted and consolidated our human resources indicators to reflect The Linde Group's organisational structure. 31 December is the closing date for each year. During the year under review, we started gradually rolling out our new Group-wide standardised reporting system. This system scales smoothly, allowing us to easily add new indicators step by step. The employee figures are reported as full-time equivalents.

Financial indicators

Our key financial indicators are reported according to the International Financial Reporting Standard (IFRS) in our consolidated financial statements. You will find more information in our 2008 financial report.

External audit

We commissioned an independent service provider to audit our reporting of selected indicators for the first time. The auditors KPMG Sustainability assessed our process for capturing HSE metrics relevant to our business. The audited indicators are identified with a *. Turn to page 14 to view the auditor's report.

You will find additional indicators and detailed information on our CR accounting processes online at www.linde.com.

Fast facts

		2008	2007	2006
FINANCIAL INDICATORS¹				
Sales	€ million	12,663	12,306	8,113
In Germany	%	10.5	10.2	14.6
Outside Germany	%	89.5	89.8	85.4
Operating profit ²	€ million	2,555	2,424	1,586
Earnings before interest and taxes on income (EBIT) ³	€ million	1,703	1,591	989
Earnings before taxes on income (EBT)	€ million	1,006	1,375	363
Earnings after taxes on income	€ million	717	952	1,838
Earnings per share ⁴	€	5.46	5.02	4.66
Dividend	€ million	303	283	241
Market capitalisation (at closing rate)	€ million	10,084	15,046	12,579
Capital expenditure (excluding financial assets)	€ million	1,470	1,035	776
Cash flow from operating activities	%	14.8	14.4	10.5
Equity ratio	%	34.6	36.9	29.5
Return on capital employed (ROCE)	%	12.4	10.3	11.4
Research and development costs	€ million	104	97	92
Cost of materials	€ million	5,431	4,662	5,834
HUMAN RESOURCES				
Number of employees		51,908	50,485	51,038
In Germany	%	14.7	14.1	14.1
Outside Germany	%	85.3	85.9	85.9
Employees with limited contracts	%	4.7	6.7	5.9
Female staff	%	20.2	19.4	18.7
Staff turnover rate	%	6.6	7.2	6.8
Employees who have taken up training opportunities	%	56.9	54.1	53.1
Personnel costs	€ million	2,380	2,449	2,809
HEALTH, SAFETY, ENVIRONMENT (HSE)				
Consumption of electricity	TWh	* 20.0	19.9	20.4
Electricity consumption by air separation plants	TWh	* 17.5	16.9	17.8
Consumption of natural gas ⁵	TWh	* 23.2	21.9	24.8
Natural gas consumption by HyCO plants ^{5 6}	TWh	* 20.7	21.2	20.2
Direct CO ₂ emissions	Million tonnes	* 4.5	4.7	4.2
Direct CO ₂ emissions from HyCO plants	Million tonnes	* 3.4	3.3	3.1
Indirect CO ₂ emissions	Million tonnes	* 9.7	9.7	10.0
Indirect CO ₂ emissions from air separation plants	Million tonnes	* 8.4	8.0	8.7
Consumption of water ⁷	Million m ³	* 49.3	54.8	n/a
Water consumption by air separation plants	Million m ³	* 34.7	33.8	31.7
Number of workplace accidents per million hours worked by Linde employees (Lost Time Injury Rate; LTIR) ⁸		* 2.1	2.6	2.6
Number of working days lost per million hours worked		34.1	42.3	70.0
Number of fatal industrial accidents involving Linde employees		2	6	1

* **KPMG** created an Assurance Report (02.11.2009) for this indicator, which you will find on page 14.

¹ BOC is included in this figure from September 2006 to year-end as BOC was consolidated for the first time in September.

² EBITDA before non-recurring items, including our share of the income from associates and joint ventures.

³ EBIT before non-recurring items and before amortisation of fair value adjustments identified in the course of the purchase price allocation.

⁴ Adjusted for the effects of the purchase price allocation and non-recurring items.

⁵ Prior-year figures for 2008 have been adjusted. Some of the information therefore differs from the information given in the 2008 financial report.

⁶ HyCO plants is a collective term for plants producing hydrogen, carbon monoxide and synthesis gas. This includes steam reformers, partial oxidation plants and methanol crackers.

⁷ Water consumption refers to drinking water and process water. It does not include once-through water for cooling systems.

⁸ Our high safety standards also apply to contractors working on behalf of Linde. Together with our partners, we have introduced a wide range of measures aimed at raising safety standards across both companies. To assess the success of these measures, we document the LTIR reported by our contractors every quarter and publish these figures in the Internet.

Assurance report

To the readers of The Linde Group publication: 'Corporate Responsibility 2009. At a glance.'

Introduction

We have been engaged by the Executive Board of Linde AG (further referred to as 'Linde') to provide limited assurance on the data for the parameters listed in the section 'Scope', together with the related explanatory information in the publication: 'Corporate Responsibility 2009. At a glance.' (further referred to as 'The Report'). The Report, including the identification of material issues, is the responsibility of the company's management. Our responsibility is to issue an opinion on whether the data for the selected parameters, stated below, and the related explanatory information are fairly stated.

Scope

Our engagement was designed to provide limited assurance on whether the data for the parameters listed in the table below, together with the related explanatory information, are fairly stated.

Energy consumption	Total consumption of electricity
	Total consumption of electricity by air separation plants
	Total consumption of natural gas
	Total consumption of natural gas by HyCO plants
CO ₂ emissions	Direct emissions of CO ₂
	Direct emissions of CO ₂ by HyCO plants
	Indirect emissions of CO ₂
	Indirect emissions of CO ₂ by air separation plants
Water consumption	Total consumption of water
	Total consumption of water by air separation plants
Safety	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 data and are less extensive than those for a reasonable level of assurance.

Reporting criteria

There are no generally accepted standards for reporting sustainability performance. Linde applies the Sustainability Reporting Guidelines of the Global Reporting Initiative (G3) together with internal corporate guidelines. It is important to view the performance data in the context of this explanatory information. We believe that these criteria are suitable in view of the purpose of our assurance engagement.

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. Amongst other things, this standard requires that the assurance team members possess the specific knowledge, skills and professional competencies needed to understand and review the information and that they comply with the requirements of the IFAC Code of Ethics for Professional Accountants to ensure their independence.

Work undertaken

With regard to the information in The Report, we carried out the following activities:

- reviewing the systems and processes for data management, internal control and processing of the selected parameters as defined under Scope;
- reviewing the data as defined under Scope as reported by the production sites under operational control of Linde;
- visiting six selected production sites in the USA, India, the Netherlands and the United Kingdom;
- visiting one selected regional office in Sweden;
- interviewing representatives of four regional business offices in the USA, Europe and Asia;
- reviewing data trends and discussions with management thereto;
- interviewing staff at corporate level responsible for the analysis and reporting of the data and explanatory notes for the parameters defined above under Scope.

During the assurance process we discussed changes to the various drafts of The Report with Linde, and reviewed the final version of The Report to ensure that it reflected our findings.

Conclusion

Based on the work described above, we conclude that the data for the parameters as defined under Scope, together with the related explanatory information, do not appear to be unfairly stated.

Emphasis of matter

Without qualifying our opinion above, we draw attention to the paragraph Health, Safety, Environmental (HSE) Indicators under Facts and Figures, which explains the uncertainty related to the CO₂ emissions, energy consumption and water consumption data.

Amstelveen, 2 November 2009

KPMG Sustainability

W.J. Bartels

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Additional copies of the report and
further information about Linde can
be obtained from us free of charge.



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