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# Anti-Corruption In-house Code of Conduct

## Message of the President

As stated in our Principles of Action, it is Air Liquide's policy to ensure that its business is conducted with the highest ethical standard and in full compliance with all applicable legal requirements.

Giving a person or persons anything of value for improper purposes is in contradiction with applicable law and Air Liquide's values and principles. Our Group stands behind the basic principle that it conducts its business successfully without engaging in corrupt practices.

This Code of Conduct will allow Air Liquide personnel and representatives to familiarize themselves with the basic principles of anti-corruption and anti-bribery laws and to remind themselves of the recommended steps that should be taken in order to comply with such principles.

Because many countries are putting a renewed emphasis on anti-bribery and anti-corruption laws, and because the Group's growth objectives involve expansion of our business in new territories we have chosen this time to restate in this Code of Conduct these important and long-held principles.

Non-compliance with this Code of Conduct can lead to significant legal and financial consequences. It is of the utmost importance to comply with the recommendations given in this Code of Conduct.

This Code of Conduct is applicable not only to all Air Liquide officers and employees concerned by corruption and bribery issues but also all Intermediaries who act on the company's behalf - including sales agents, commission agents, consultants, representatives and distributors.

Questions or concerns regarding any aspect of this Code of Conduct may be directed to management or any of the following departments: Ethics, Group Legal, or Human Resources.

I appreciate the commitment of all Air Liquide Personnel in fully appropriating and implementing this Code of Conduct, issued by the Group Legal and Control and Group Audit Departments.

Benoît Potier  
Air Liquide Chairman and CEO

## 1. What constitutes corruption or bribery?

Anti-corruption and bribery laws are designed to prohibit payments for improper business purposes.

Because bribery and corruption are illegal, local laws provide for civil and/or criminal sanctions against those persons or entities who engage in such prohibited activities. Companies can be held liable for such conduct, but it is also important to note that individuals who pay or receive bribes, or engage in corrupt behavior, can also be personally sanctioned according to applicable criminal and/or civil laws.

Therefore, the first step in compliance is to determine what kind of payments is forbidden. To do this, one must determine what an improper business purpose is, and then one must consider which persons or entities are covered by the anti-bribery and corruption laws.

### 1.1. What payments are forbidden by law?

Typically corrupt payments involve cash. However, the applicable laws state that illegal payments also include anything that has value to the receiving party such as excessive gifts, trips, meals etc.

In addition, the mere offering or promising something of value can be inappropriate. Laws may be broken even if the bribe is not actually paid.

### 1.2. What is an improper business purpose or advantage in terms of law?

An improper business advantage is very broad and includes essentially anything that improperly benefits the company's business in any respect. The improper awarding of a government procurement contract is the most obvious example of an improper benefit, but the definition goes far beyond that.

A non-exhaustive list of other improper benefits includes:

- Payments to a customs official to reduce duties or to allow entry of merchandise that otherwise would not be allowed into the country;
- Payments to a tax official to reduce a company's value added tax or corporate income tax burden; or
- Payments to a local inspection agent to ignore unsanitary conditions in a facility.

## 1.3. What kind of person or entity is concerned?

### 1.3.1. Direct Payments to Governmental Officials or Others

Traditionally, corruption laws cover payment to government officials. “Government Officials” is a very general term covering legislative, administrative and judicial positions at all government levels. It also covers persons who work in state-owned enterprises. However, anti-bribery laws also prohibit bribery of any kind to private persons, in particular, clients, suppliers and partners.

### 1.3.2. Indirect Payments via Intermediaries

A payment does not have to be made directly to the person performing an improper act to be prohibited.

Corrupt payments can also be made indirectly through third parties (persons or companies) such as consultants, advisors, sales agents, distributors, or any other sales representatives (“Intermediaries”). In many countries, companies can be held strictly liable for illegal payments made by their Intermediaries, even if those payments were not approved or even known by the company.

Here are a few examples of what could make a payment via Intermediaries illegal:

- The Intermediary suggests that a certain amount of money is needed up-front to secure a government procurement contract or to close a deal;
- The agreement with the Intermediary is unwritten or is written but does not set forth a specific commission or payment schedule;
- The payment schedule set forth in the Intermediary agreement is clearly excessive given the amount of work that will be undertaken in the country in which the Intermediary will operate;
- The Intermediary requests unusual payment terms, such as payment in kind or in cash, or payment routed to a third country account.

### 1.3.2. Improper payments to Air Liquide Employees

A payment does not have to be made directly to the person performing an improper act to be prohibited.

Corrupt payments can also be made indirectly through third parties (persons or companies) such as consultants, advisors, sales agents, distributors, or any other sales representatives (“Intermediaries”). In many countries, companies can be held strictly liable.

## 2. How to manage relations with Intermediaries?

Because of the significant liability that Air Liquide can face for the actions of Intermediaries, certain measures should be taken inside each company of the Group to recruit and work with Intermediaries. The simple fact that an inappropriate payment has been made by an Intermediary may be sufficient for those payments to result in anti-corruption liability for Air Liquide.

### 2.1. Process of selecting Intermediaries

Critical points when selecting to work with an Intermediary or deciding to continue an existing relationship include:

- Due diligence screening on the reputation and background of Intermediaries (and their owners) prior to entering into or renewing a formal relationship,
- Ensuring that all agreements with all Intermediaries are documented in writing,
- Ensuring that such agreements provide sufficient oversight rights to Air Liquide during the term of the agreement through, for example, audit and training.
- Air Liquide Personnel should meet with Intermediaries occasionally to discuss the relationship and to get updates on the work done by the Intermediary on Air Liquide's behalf.
- The deliverables expected from the intermediaries should be clearly defined.
- Any "red flags" or warning signs of potentially corrupt activities that are discovered necessitate further review of the Intermediary and may possibly justify not entering into any agreement with the Intermediary.

#### **Red flags**

Here are a few examples of red flags when choosing a potential intermediary:

- The Intermediary operates in a country with a reputation for a high incidence of public corruption;
- The Intermediary is reluctant to give his identity, is a shell company, has some other unorthodox structure, or refuses to disclose its ultimate beneficial ownership or other indirect owners;
- The Intermediary is not qualified or clearly lacks the experience or manpower to perform the tasks outlined in the Intermediary agreement;
- The Intermediary is or is (partly) owned/controlled by a foreign official, or a close relative or acquaintance of a foreign official;
- The Intermediary was recommended by a foreign official or the customer;
- There is potentially a conflict of interest between the Intermediary and Air Liquide;

- The level of remuneration or reimbursement requested by the Intermediary seems unusual or excessive with regard to his assignment.

It should be noted that the above list is not intended to be complete, and Air Liquide employees must be alert to other unusual circumstances and red flags giving rise to anti-corruption compliance concerns. To comply with law, any red flags that are discovered during the Intermediary due diligence process must be brought to the attention of the subsidiary or department manager as well as any of the following departments: Legal, Ethics, or Human Resources.

## 2.2. Payment of Intermediaries

Payments should only be made if they are legal, in accordance with contract terms, and against receipt of a proper invoice.

Further:

- No payments to the Intermediary should be made without adequate documentation including evidence of the work performed by the Intermediary and receipts and other documentation to support reimbursable expenditures incurred by the Intermediary;
- No payments should be made to the Intermediary if they exceed the payment or commission schedule set forth in the agreement;
- All payments should be transferred to the Intermediary's normal place of business, preferably by bank transfer, and, in any case, never by cash;
- All subsequent payments should be withheld if there is a suspicion that an Intermediary has either paid a bribe to a foreign official or that a bribe payment is likely to be made.

### 3. Recommended steps on the way to treat special cases such as mergers, acquisitions, and joint ventures.

Air Liquide can also face liability for the actions of entities that are acquired through mergers and acquisitions. This type of liability, often called “successor liability,” attaches to Air Liquide for corrupt conduct that occurred within the merger or acquisition company even prior to the effective date of the merger or acquisition.

Air Liquide can also be liable for the actions or behavior of its joint venture partners. It is therefore critically important when choosing a joint venture partner to thoroughly investigate and understand its reputation and business practices.

Air Liquide can additionally be liable if it agrees to improper deal structures that are meant to mask or hide bribery and corruption.

As a protection against these kinds of risk, be sure to:

- Conduct a thorough due diligence audit on, among other topics, the reputation and background of all merger and acquisition targets and on all prospective joint venture partners.
- Include the appropriate warranties in the definitive acquisition or joint venture documents.
- Consider in a joint venture how liability should be shared in case of improper acts of one or the other party’s employees.
- Avoid structures or studies that are based upon inappropriate schemes: i.e. “window dressing” is not acceptable.

## 4. Certain payments requests which require special attention

### 4.1. Facilitation Payments

Facilitation payments are generally payments that are made to induce a foreign official to perform that person's official function. Payments are typically of very limited value and are intended to expedite routine, non-discretionary actions by lower-level public officials.

Facilitation payments are illegal under the laws of most countries. Most are, in effect, a form of bribery. In some countries, the practice is allowed but it is always difficult to determine when such payments are acceptable and when they are not. Air Liquide's policy is that such payments are not to be made even if permitted under local rules.

Examples:

- Obtaining permits, licenses, visas or other official documents to qualify a person or an entity to do business in a foreign country;
- Processing governmental papers, such as work visas and work orders;
- Providing police protection, mail pick-up and delivery, or scheduling inspections associated with contract performance or inspections related to transit of goods; and
- Providing phone service, power and water supply, loading and unloading of cargo, or protecting perishable products or commodities from deterioration.

Any request for facilitation payments must be immediately reported to a responsible manager and/or the Chief Financial Officer.

### 4.2. Promotional Expenses and Payments

In certain limited situations, small gifts, meals, entertainment, travel, and similar benefits may be given and/or received provided such payments are: (i) reasonable and bona fide, (ii) related directly to the promotion of the company's products or services or for other contract-related purposes.

For example, what is allowed?

- paying for the travel expenses for clients to visit a facility,
- small tokens of appreciation (pens, promotional products, etc),
- reasonable meals,
- invitations to sporting or cultural events.

In providing or receiving such gratuities, importance is placed on the following:

- The provision or receipt of any such gratuity must not be for the purpose of improperly influencing decision-making. Care must be taken to avoid the appearance of impropriety.

- Such gratuities should be provided or received infrequently.
- There must be careful documentation of the type and reason for the gratuity.
- Gratuities provided to family members or acquaintances of customer officials should be avoided.
- As much as possible, payments for gratuities should be made directly to the hotels, transport companies or other vendors providing services, and not to the customer official or Air Liquide employee.

### 4.3. Personal Safety Payments

In certain countries and regions, it may be necessary to make “personal safety payments.” Such personal safety payments are payments that are made to avoid imminent bodily or physical harm or unfounded personal detention that is not in accordance with local law. Such personal safety payments should be avoided, but can be made if absolutely necessary.

Any personal safety payments must be reported immediately to a responsible manager and/or the Chief Financial Officer after the imminent threat has passed by providing a written record or description of such payment.

### 4.4. Political Contributions

Air Liquide has always maintained a neutral position with regards to any political parties or candidates and refuses to engage in political contributions except in very specific situations when duly approved and permitted by local law.

### 4.5. Charitable Donations

If charitable contributions are made, the following precautions need to be taken:

- Donations should not be made when there is doubt about the quality, reputation, or purpose of the charity.
- Donations should only be made in situations where they cannot be interpreted as an attempt to gain undue influence or improper business advantage.
- Donations should not be made to individuals.
- Donations / payments made in cash are not permitted.



## 5. What are the books and records requirements?

The use of corporate assets (including cash) must be properly recorded in reasonable detail so as not to be perceived as hiding improper payments. This includes payments to Intermediaries.

The applicable laws prohibit the following:

- false, misleading, or incomplete records of transactions or disposition of assets,
- undisclosed or unrecorded funds or accounts,
- agreeing to any request to create false documents for any reason,
- payments to Intermediaries that are inconsistent with the terms of Air Liquide's agreement with that Intermediary, or that are otherwise unusual, excessive, inadequately described, or otherwise raise questions concerning the purpose and accuracy of such payment.

It is equally important that documentation demonstrating the appropriateness of an Intermediary's work be kept.

As these kinds of documents can be very helpful for demonstrating compliance with anti-bribery and corruption laws, it is important to:

- keep all drafts of the agreement(s) signed with the Intermediary (contracts, presentations),
- keep minutes of all meetings of discussions Air Liquide personnel have with Intermediaries,
- record all payments, receipts of funds.

## 6. Sanctions

In the event of a violation of this Code of Conduct, an Air Liquide employee will be subject to disciplinary actions corresponding to the seriousness of the deviation in accordance with his or her entity's rules and local law requirements. Before deciding on sanctions, the entity manager will consult with the relevant Legal department, Human Resources department and Ethics representative and will inform them upon deciding on the sanctions. In case of violation of laws and regulations, Air Liquide employees will be held responsible for their actions and may be subject to legal actions and related sanctions (civil or criminal) by the competent authorities.

## 7. Implementation of this Code

If an Air Liquide employee has any doubt about the application of the rules presented in this document in a given situation, he/she is encouraged to contact his or her immediate supervisor, Human Resources department, the Air Liquide Group Human Resources department or the Ethics Officer of the Group for advice.

To the extent allowed under applicable laws and regulations, any Air Liquide employee, who witnesses a behavior he or she feels is inappropriate and that falls within the scope of this Code of Conduct, is encouraged to report it to his or her immediate supervisor, Human Resources department, the Air Liquide Group Human Resources Department or the Ethics Officer of the Group. Alternatively, he or she may report it through EthiCall, the Air Liquide ethics alert system. Such reports will be handled with integrity, confidentiality and in compliance with applicable laws and regulations.

An employee who has, in good faith, reported a potential violation of this Code of Conduct will not be subject to any disciplinary measures or retaliation of any kind related to the reporting. The principles provided in this Code will be implemented by the subsidiaries in each country after adaptation in compliance with applicable laws and regulations and after the completion of local procedures when required by law.