

Ethical-Legal Principles  
Procurement. Version 1.0

Linde Group



采购工作道德法律准则

Firemní eticko-právní zásady

Règles éthico-juridiques d'achat

Principi etico-legali dell'approvvigionamento

Ethical-Legal Principles – Procurement

Principios ético-legales para compras

Ethisch-rechtliche Grundsätze Beschaffung

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Dear Colleagues,

Linde AG has published a Code of Conduct applicable to all employees of the Linde Group. Therein we commit ourselves to high ethical standards.

In performing our business activities, we must comply with many different laws and regulations. Violations can cause harm to our company and to other people. For this reason, cautious handling of relationships with our business partners is a high priority.

Our global procurement activities require us to fulfill complex requirements regarding our professional conduct. Therefore we have supplemented the Code of Conduct for employees with the additional guidelines provided here; they apply equally to all employees of Linde AG, but those who are directly involved in procurement processes must pay special attention to them.

In the spirit of Corporate Responsibility, we depend on support from all of you to ensure compliance with the Ethical-Legal Principles of Procurement.

Wiesbaden, April 2006

A handwritten signature in black ink, consisting of a stylized 'W' followed by a large, flowing 'R' and a final flourish.

Prof. Dr.-Ing. Wolfgang Reitzle  
President and CEO of  
Linde AG



Dear Colleagues,

We consider compliance with laws and regulations aimed at ensuring global free and fair competition as a natural part of doing business, including during procurement of products and services.

However, it is completely possible that the expectations we place on ourselves and our activities, as expressed in the Linde AG Code of Conduct, may go beyond these minimum requirements. For this reason we have jointly formulated universally applicable “Ethical-Legal Principles of Procurement”, not to replace the legal regulations, but instead to provide additional concrete orientation for conduct towards our business partners and similarly to express expectations for the conduct of our business partners.

Environmental protection, product safety, and social concerns are important on both our side and our business partners’ side of procurement.

We perceive this document to be part of a continuous process of Corporate Responsibility within which we wish to fulfill our role at Linde AG and its subsidiaries in the most positive manner possible.

Only your convictions and active contributions can fill these principles with life. It is crucial not only that we comply with these principles ourselves, but that you also inform your business partners about these principles and convince them of the importance of compliance.

As you do this, we will support you in any way possible. Your replies are important to us and we will be happy to hear from you.



Wiesbaden and Pullach, April 2006

Reinhard Mertsch  
Corporate Center,  
General Manager Purchasing

Bernd Heuer  
Linde Engineering,  
General Manager Procurement

Gerhard Gehweiler  
Linde Gas,  
General Manager Purchasing

Christian Harm  
Material Handling,  
General Manager Purchasing

# Ethical-Legal Principles Procurement

## 1. Preamble

The Ethical-Legal Principles – Procurement are effective worldwide for all persons employed by Linde AG and its subsidiaries (hereinafter also referred to as “we”) supplementary to any general provisions prescribed by law. They are addressed particularly to those persons who deal directly with suppliers, ordering parties/contractors, and other business partners.

With the adoption of these principles, Linde AG establishes principles for business conduct and for avoiding conflicts of interest (point 2.0 et seq.) that must be adhered to by each employee. In addition, we endeavour to manufacture our products as ecologically and as socially-responsible as possible in compliance with the laws in effect from time to time and taking into account the particular economic circumstances (point 3.0 et seq.).

We encourage our business partners to commit themselves to these principles as well, and we expressly point out that these principles may influence the choice and assessment of a business partner.

The Ethical-Legal Principles - Procurement are congruous both with our Corporate Responsibility Policy (adopted in August 2005) and the Code of Conduct for Employees (adopted in April 2005).

<sup>1</sup> We have decided not to use sex-specific language for reasons of easier readability only.

<sup>2</sup> All Linde companies with more than 50% interests held by Linde. This guideline is strongly recommended to all Linde companies with 50% or lower interests held by Linde Group.

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## 2. Business Conduct and Avoidance of Conflicts of Interest

We are committed to the principles of free and fair competition. We therefore reject any illegal business practices in connection with the procurement of goods and services.

Such practices have a lasting detrimental effect on our company and fundamentally jeopardize the corporate values and norms everywhere where Linde AG transacts business either directly or indirectly through its subsidiaries.

Those employed by Linde AG and its subsidiaries are therefore obliged to structure their relationships with business partners in accordance with the following principles.

- 2.1 Competition law regulations must always be complied with. Accordingly, it is not permitted to conclude agreements with competitors or other business enterprises in contravention of antitrust law.
- 2.2 Employees who demand, obtain promises of, or accept personal benefits from business partners in exchange for preferential treatment in conjunction with the awarding of contracts will – regardless of any criminal law repercussions – be disciplined and held accountable under employment law.
- 2.3 Business partners who attempt to win a contract in an unfair manner by granting personal benefits to employees of Linde or to our customers are – regardless of any criminal law repercussions – to be excluded from being awarded contracts in future.
- 2.4 The provisions of the purchase procedures are geared towards the respective purchasing guidelines in effect in the corporate divisions, particularly with regard to signature procedures and approval levels.
- 2.5 All purchase orders must be countersigned by at least one other employee. This person is equally responsible for the correctness of the procedure and of all documents so-called “four eyes principle”. For reasons of local necessity, various divisions of the company may, in certain cases, modify this requirement provided that appropriate rules are established and documented.

2.6 Linde expects its contractual partners to comply with the various quality requirements (for example the SHE Guideline Procurement Linde Gas) adopted by the respective corporate divisions.

2.7 Business contacts are not to be exploited for business transactions and for purchases of goods or services of a private nature.

2.8 A Linde-employee may not take part in a decision to award a contract to a company

- in which the employee exercises a function or is legally part of such a company,
- in which the employee or a member of his/her family has a financial interest (except wide spread shareholdings),
- if the employee is related to a member of the management or to the owner(s).

The rule is: Suppliers of goods and services are not allowed to simultaneously be employees of Linde AG and vice versa.

2.9 The acceptance of gifts of any kind whatsoever, but particularly in the form of money, certificates with a monetary value, payments in kind, or services, is not permitted. This does not apply to inexpensive tokens of appreciation commensurate with the circumstances or to typical promotional gifts bearing a company's logo. Under no circumstances may gifts be received at a private address.

Also considered as unacceptable benefits are invitations from suppliers and business partners to events for which airfare, hotel, or other travelling expenses are being paid by the latter. Invitations to social events must be appropriate and should be based upon the principle of reciprocity. Participation in an event must always be reported to the employee's superior and approved by him/her.

In some countries, gifts and invitations are customary and a sign of politeness. This does not give rise, however, to a binding commitment, and all legal provisions must still be complied with. The employee's superior must be informed of such gifts.



### 3. Social Aspects, Product Safety, and Environmental Protection

In general, our business activities are subject to the respective national laws and regulations dealing with environmental protection, product safety, and social welfare matters.

We therefore also orient ourselves along the lines of the conventions of the International Labour Organisation (ILO) and the Universal Declaration of Human Rights of the United Nations (UN). Such international regulations are in the nature of agreements establishing minimum requirements recognized worldwide in a global framework

Compliance with laws and regulations is a matter of course for us; we constantly strive for conformance .

We also take this into account in the procurement of goods and services, and we expect of our business partners that they feel obliged, in the same manner, to comply with these and the following principles.

**3.1** The respective national laws or recognized international rules are standards for a safe and hygienic working environment. We take the appropriate measures to ensure safety and health protection at the work place, and we endeavour to continually improve the work environment and health care. These goals are also enhanced by internal corporate guidelines, which go beyond the named laws and regulations.

**3.2** At all locations the national law and sector-specific labour regulations concerning working time are to be applied.

**3.3** Remuneration will be no less than that prescribed by the respective national laws. The remuneration must be monetary and paid on a regular basis.

**3.4** Employees will be selected, hired, promoted, and remunerated on the basis of their qualifications and their capabilities.

**3.5** The principles of equal opportunity and equal treatment (non-discrimination) apply to all employees regardless of ethnic origin, skin colour, sex, religion, citizenship, sexual orientation, social origin, or political opinion that is based on the principles of freedom and democracy and tolerance towards those with dissenting opinions.

**3.6** We reject any practice that restricts employees in their right to a free choice of work. In addition to slavery-like forced labour, this also includes, but is not restricted to, debt bondage, psychological and physical use of force, the retention of personal documents, the depositing of money as security (including the retention of outstanding wage payments), or mandatory remuneration in the form of non-monetary resources.

**3.7** The minimum age requirements prescribed by national laws and international agreements, and the existing laws for the protection of adolescent employees, must also be complied with. In no case may the taking on of an employment activity interfere with the obligation to attend school.

**3.8** An effective communication and negotiation climate amongst the employers and staff members enhances competitive strength. A functioning company dialogue structure is the basis for continuous improvement and adaptive processes for increasing market requirements.

**3.9** The quality/condition of our products and the products purchased from our suppliers, must not unreasonably endanger the safety of our employees, our business partners, or innocent bystanders.

**3.10** Our products also aim to enable our customers to transact with the earth's resources in a protective manner and to minimize negative impacts on nature and the environment. Our suppliers and ordering parties/contractors also participate in the attainment of this goal in a decisive way. The manufacturing of products should also be as environmentally friendly as possible.

In relation to all business activities, any national and international laws for the protection of the environment and for sparing resources that are in force from time to time must be complied with.

We support every initiative that aims – over and above that which is required by existing law – to minimize a negative environmental impact.

**3.11** Education and know-how are key factors for successful economic activities and social development. A continual commitment to educating and training employees is therefore extremely important.

**3.12** Social involvement by the employees beyond that required by law is something to be encouraged.

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## 4. Implementation

4.1 All employees of Linde AG and its subsidiaries will receive notification of these principles.

4.2 Each particular employee is responsible for notifying our business partners of these principles. We therefore also expect our business partners to comply with these principles.

4.3 The responsibility for implementing these principles in the business partner's enterprise lies with the enterprise itself. Consequently, Linde AG is not liable in any way whatsoever for the actual conduct of the concerned business partner. Furthermore, the granting of support in this connection by Linde AG or its subsidiaries does not give rise to any legal obligation whatsoever.

4.4 Should employees become aware of a digression from the aforementioned principles, they may at any time approach their superiors, the responsible personnel department, or the central Corporate Compliance Committee of Linde AG ([compliance.committee@linde.com](mailto:compliance.committee@linde.com)). Each inquiry will be treated with the necessary degree of confidentiality.

4.5 Compliance with these regulations will be observed and monitored by the internal audit department.

## 5. Concluding Comments

In our opinion, the safeguarding of environmental and social standards and the combating of unfair competition practices in a globalized economic area is a long-term learning and development process. We will continually review and revise the foregoing principles in terms of their practicability and effectiveness.

Wiesbaden and Pullach, April 2006

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