



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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