

## Message from the Chief Executive Officer

Airgas, an Air Liquide company, is committed to ensuring that its business is conducted with the highest ethical standards and in full compliance with all applicable legal requirements. Airgas stands behind the basic principle that it conducts its business successfully without engaging in corrupt practices. Giving a person anything of value for improper purposes is in contradiction with applicable law and our Code of Conduct.

Airgas is governed by the attached Anti-Corruption Code of Conduct which is supported by the Chairman and Chief Executive officer of Air Liquide, Benoit Potier who states:

“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.

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 Anti-Corruption Code of Conduct these important and long-held principles.

Non-compliance with this Anti-Corruption 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 Anti-Corruption Code of Conduct.”

The Airgas Anti-Corruption Code of Conduct familiarizes Airgas associates and representatives with the basic principles of anti-corruption and anti-bribery laws and reminds them of the required steps that should be taken in order to comply with such principles. Airgas requires that this Anti-Corruption Code of Conduct be applicable not only to all Airgas directors, officers and associates but also all third-party intermediaries who act in the company’s interest - including consultants, suppliers, contractors, and representatives.

Any questions or concerns regarding any aspect of this Anti-Corruption Code of Conduct may be directed to Airgas management, the Legal Department or Human Resources. I appreciate the commitment of all Airgas associates, representatives and third-party intermediaries in fully implementing this Airgas Anti-Corruption Code of Conduct.

Marcelo Fioranelli  
Chief Executive Officer

**AIRGAS, INC.**

**ANTI-CORRUPTION CODE OF CONDUCT**

**I. What constitutes bribery?**

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

Because bribery is illegal and fosters corruption, 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 otherwise 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 are forbidden. To do this, one must determine what is an improper business purpose, and then one must consider what persons or entities are covered by the anti-bribery laws.

**II. What are the relevant U.S. anti-bribery concerns?**

U.S. anti-bribery laws make it a federal criminal offense to corruptly pay, or offer to pay, anything of value, directly or indirectly, to a public official acting on behalf of the United States (i) to influence any official act or (ii) because of any official act performed. The law distinguishes between (i) a bribe which is a payment made to influence the result or occurrence of an official act and (ii) a gratuity which is a payment given for the personal benefit of a public official after an official act is completed in appreciation. A violation of the bribery portion of the law can result in a fine the greater of (i) \$250,000 or (ii) three times the monetary equivalent of the incentive and/or imprisonment of up to fifteen years. A violation of the gratuity portion of the law can result in a fine of \$250,000 and/or imprisonment of up to two years. Bribes may include campaign contributions.

The Anti-Kickback Act of 1986 makes it a federal criminal offense to corruptly pay, or offer to pay, anything of value, directly or indirectly, to any federal government prime contractor, prime contractor associate, subcontractor, or subcontractor associate for the purpose of improperly obtaining favorable treatment in connection with a government prime contract or in connection with a subcontract related to a federal prime contract. A violation of the Act can result in a fine governed under the federal bribery law and/or imprisonment of up to ten years. A civil penalty of (i) \$10,000 or (ii) two times the monetary equivalent of the kickback may be assessed.

In addition, the Department of Justice is now looking to other existing laws, such as the Travel Act (prohibits the use of facilities of interstate commerce to further unlawful activities such as violations of individual state anti-bribery laws) and anti-money laundering statutes to prosecute bribery in private business settings.

Many states have their own anti-bribery laws which govern corrupt payments to public officials but may also provide for regulation of corrupt payments related to commercial transactions. For example, California's anti-bribery law prohibits corrupt payments in a commercial context in excess of \$250.00. A violation can result in imprisonment of up to one year for bribes under \$1000 and three years for bribes over \$1000.

The highest area of risk for the payment of bribes and the furtherance of corruption occurs outside the United States. As a result, the Department of Justice has been primarily focused on its anti-bribery enforcement actions on the provision of illegal payments to foreign officials as governed under the Foreign Corrupt Practices Act.

**III. Which U.S. law governs the payment of corrupt payments to foreign officials?**

The Foreign Corrupt Practices Act of 1977 ("FCPA").

#### **IV. Whose actions are covered under the FCPA?**

- Any business that has a principal place of business in the United State or is organized under the laws of the United States (“U.S. Company”)
- Any company that has issued securities registered in the United States
- Any domestic or foreign officer, director, employee, agent or stockholder acting on behalf of the above when a violation utilizes an instrument of U.S. interstate commerce
- Any citizen, national or resident of the United States
- Any foreign person (individual or company) who performs a prohibited act under the FCPA while in the United States
- Any U.S. Company that is a parent of a foreign subsidiary where such parent company authorizes, directs or controls a prohibited act under the FCPA by the foreign subsidiary

#### **V. Which governmental agencies enforce the provisions of the FCPA?**

The Department of Justice is the chief enforcement agency, with a coordinating role played by the Securities and Exchange Commission. The Office of General Counsel of the Department of Commerce also answers general questions from U.S. exporters concerning the FCPA’s basic requirements and constraints.

#### **VI. What are the sanctions or penalties for a violation of the FCPA?**

- For companies, fines up to \$2,000,000.00 per violation
- For companies, civil penalties up to \$100,000.00 per violation
- For individuals, fines up to \$100,000.00 per violation and imprisonment for up to five years
- For individuals, civil penalties up to \$100,000.00 per violation
- Under other U.S. laws, the fines may be the greater of (i) \$250,000.00 for an individual or \$500,000.00 for a corporation or (ii) double the gross gain or loss from the unlawful activity
- Fines for individuals may not be paid by their employer or principal
- Disbarment from participating in federal government contracts (can result from indictment alone)
- Ineligibility for export licenses
- Disbarment from the securities business, including the suspension from certain stock exchanges

A private cause of action for treble damages may be brought under the Racketeer Influenced and Corrupt Organizations Act (“RICO”) or other federal and state laws. For instance, an action may be brought under RICO by a competitor who alleges that a prohibited act under FCPA caused the violator to win a foreign contract.

#### **VII. What acts are prohibited under the FCPA?**

The FCPA makes it a federal criminal offense to corruptly pay, or offer to pay, anything of value, directly or indirectly, to a foreign official, or to any other person while knowing that all or part of the payment will be offered

or paid to a foreign official, for the purpose of influencing the official, or to secure any improper advantage, in order to obtain or retain business.

**A. What are corrupt payments prohibited by the FCPA?**

Typically corrupt payments involve cash. However, FCPA considers illegal payments to 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.

**B. What is an improper business purpose or advantage under the FCPA?**

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
- Payments to a local inspection agent to ignore unsanitary conditions in a facility.

**C. What kind of person or entity is concerned?**

**1. Direct Payments to Governmental Officials or Others**

The FCPA prohibits corrupt payments 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 or -operated enterprises. A payment does not have to be made directly to the person performing an improper act to be prohibited and can include payments made to persons associated with the government official including, without limitation, family members or advisers of such officials. Please consult the Airgas Gifts, Hospitality and Entertainment Policy for additional guidance.

**2. Indirect Payments via Intermediaries**

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").

Under the applicable laws, companies can be held strictly liable for bribe payments 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 and 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.

### 3. Improper Payments to Airgas Associates

It is important to also bear in mind that associates are to make clear to suppliers, customers, their intermediaries, merger or acquisition targets, joint venture partners, financial / banking institutions, contractors and subcontractors, or other third-parties that Airgas and its representatives transact business on an ethical basis, without seeking or granting special consideration. Consequently, no associate may give or accept gifts or favors of value in his or her business relationships with commercial firms or persons with whom Airgas does business, unless recognized as proper. Each associate of Airgas is responsible to ensure compliance with the Airgas Gifts, Hospitality and Entertainment Policy. Under certain applicable laws, the receipt of such payments may be illegal and subject to the recipient to significant fines and imprisonment.

## VIII. How to manage relations with Intermediaries?

Because of the significant liability that Airgas can face for the actions of Intermediaries, certain measures should be taken to carefully 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 liability for Airgas under applicable laws.

### A. 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 Airgas during the term of the agreement through, for example, audit and training.
- Airgas personnel should meet with Intermediaries occasionally to discuss the relationship and to get updates on the work done by the Intermediary on Airgas's behalf.
- The deliverables expected from 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 Airgas.

- 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 Airgas associates must be alert to other unusual circumstances and red flags giving rise to FCPA 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 the Legal Department.

## **B. 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.

## **IX. Critical concerns for mergers, acquisitions, and joint ventures**

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

Airgas 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.

Airgas 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 associates.
- Avoid structures that are based upon inappropriate schemes: i.e. "window dressing" is not acceptable.
- Avoid any legal or financial studies by Airgas which are developed or requested in order to maneuver around bribery and corruption laws and/or window dress forbidden deal structures.

## **X. What payments may be permitted in very limited circumstances?**

There are, however, limited cases where payments, otherwise improper, may be permissible. However, these situations are few and far between and should be considered the exception rather than the rule.

### **A. Promotional Expenses and Payments**

In certain limited situations, gifts, meals, entertainment, travel, and other payments and benefits may be given and/or received. All gifts, hospitality and entertainment given or received by an Airgas associate is governed by the Airgas Gifts, Hospitality and Entertainment Policy.

### **B. Charitable Donations**

If charitable contributions are made upon the request of a foreign official, the following precautions need to be taken and prior approval of the Legal Department must be obtained:

- 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.

### **C. Personal Safety Payments**

In certain extremely narrow circumstances, 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. Such personal safety payments should be avoided, but can be made if absolutely necessary and only if permitted under local laws.

Any personal safety payments must be reported immediately to the Legal Department after the imminent threat has passed by providing a written record or description of such payment.

## **XI. What payments are specifically prohibited by Airgas?**

### **A. Political Contributions**

Individuals are prohibited from making any political contributions on behalf of Airgas.

### **B. Facilitation Payments**

Payments known as “facilitation payments” may be illegal under the local laws of certain countries. Accordingly, Airgas prohibits 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 (less than \$100.00), are infrequent, and are intended to expedite routine, non-discretionary actions by lower-level public officials.

#### **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
- Providing phone service, power and water supply, loading and unloading of cargo, or protecting perishable products or commodities from deterioration.

## **XII. What is your obligation to report any payments made in violation of this Anti-Corruption Code of Conduct?**

Knowledge of any payments made to any person in violation of these requirements must be immediately reported to a responsible manager and the Legal Department by providing a written record or description of such payment.

Should an associate report in good faith to his supervisor, manager, Human Resources, or the Legal Department, a potential violation of these requirements by another associate or agent of Airgas, such associate will not be sanctioned for making such a report.

## **XIII. 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 Airgas'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 sorts of documents can be very helpful for demonstrating compliance with applicable law, it is expected that the Airgas's associates:

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

## **XIV. Where can I seek clarification regarding anti-bribery laws?**

In carrying out your tasks, you may encounter situations which raise anti-bribery law issues. If you have any doubts as to the lawfulness of any actions or requests, be careful and consult management and the Legal Department as soon as possible.

The Department of Justice has established a Foreign Corrupt Practices Act Opinion Procedure by which any U.S. company or national may request a statement from the department stating whether a particular business conduct would be considered a violation of the FCPA. The Attorney General will issue an opinion specific to the facts



provided. This may be particularly helpful in the event of an upcoming merger, acquisition or joint venture when there are concerns regarding the conduct of a target entity or if there is inadequate time to determine whether a target entity has any issues with FCPA compliance.

## **XV. What are my obligations as an associate regarding compliance?**

It is the responsibility of each associate to ensure his/her compliance with the following internal procedures regarding anti-bribery law compliance.

### **➤ Code of Conduct**

All associates will be required to review and acknowledge their understanding of this Anti-Corruption Code of Conduct within the Airgas Code of Conduct. Specifically the Code of Conduct states:

#### **Bribes and Kickbacks**

“Bribery is illegal and subject to criminal penalties in the United States and many other countries. You may not give any bribes, kickbacks or other similar considerations to any person or organization to attract business. All decisions regarding the purchasing of materials, supplies and services must be made on the basis of competitive price, quality and performance, and in a way that preserves the Company’s integrity. You also may not offer or promise a payment, gift or reward of any kind, directly or indirectly, to any federal, state or local government official in order to secure preferential treatment for the Company or its employees. You must adhere to the company’s separate Anti-Corruption Code of Conduct which governs these matters.

Fees, commissions or other amounts paid to outside consultants, agents or other third parties must be fully disclosed to our Chief Financial Officer or Controller, and must be legal, proper and reasonable in relation to customary commercial practice. Payments to these persons should never be used to accomplish indirectly what the Company could not properly or legally do directly.

You should also be familiar with, and observe, the provisions of Section 6 of this Code relating to Gifts and Gratuities, because the giving or receiving of such items could constitute an illegal bribe or kickback under certain circumstances.”

#### **Gifts and Gratuities**

“Gifts, hospitality and entertainment may be given to others at Company expense, or accepted from others, only if they are consistent with the law and accepted business practices and if they are of sufficiently limited value and in a form that could not reasonably be construed as a bribe or payoff. Gifts in the form of cash or its equivalent are prohibited. Similarly, secret commissions or other compensation to employees of customers or their family members or associates are prohibited. It is impossible to set absolute standards for gifts that are "appropriate" rather than "inappropriate." If gifts are of nominal value, however, and given without obvious intent to gain inappropriate influence or advantage, they are likely acceptable. Gifts of a personal nature with a slight value, or entertainment that is clearly in the interest of the Company by virtue of the business contacts established, should be regarded as acceptable. Gifts and entertainment provided to a government official may be permitted after specific approvals. All gifts, hospitality and entertainment given or received by an Airgas associate is governed by the Airgas Gifts, Hospitality and Entertainment Policy.”

➤ **Training**

For those associates who are particularly exposed to the risk of non-compliance with anti-bribery laws (such as those associates involved in international transactions), in-person, google hangout or online anti-bribery training will be made available to each applicable associate to ensure adherence to this Anti-Corruption Code of Conduct.

➤ **Disciplinary measures**

Any Airgas associate who fails to comply with applicable anti-bribery laws may be subject to disciplinary measures including termination of employment.