

Corporate Governance Guidelines

PRAXAIR CORPORATE GOVERNANCE GUIDELINES

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The Corporation shall comply with all applicable legal requirements and New York Stock Exchange standards; and the Board shall adopt such additional practices and structures that it believes will improve the Corporation's governance so as to better serve the interests of the shareholders and the other constituencies of the Corporation.

Business integrity, ethics & compliance with laws

The Board believes that a strong integrity, ethics, and compliance culture is (1) a social obligation to those impacted by the Corporation, (2) necessary for maintaining investor trust, and (3) a necessary condition for effective corporate governance, the absence of which cannot be overcome by formal practices and structures. The Board believes further that such culture must be driven by example and emphasis at the top of the organization.

- The Board shall adopt and periodically review a Corporate Policy on Compliance with Laws and Business Integrity and Ethics, and such policy shall be equally applicable to the directors of the Corporation as it is to its officers and employees.
- The Board, acting through its Audit Committee, shall oversee and monitor management's development and operation of preventative, reporting, investigation, and resolution programs for implementing that policy.
- Ethical values and performance shall be significant factors in the selection of directors, the CEO, and senior management.
- Each elected officer of the Corporation shall be accountable to the Board for policy compliance within his/her areas of responsibility and compliance performance shall be considered in the performance reviews and compensation determinations for such officers.

Any "related transaction" by an officer or director shall be pre-approved by a Committee of independent and disinterested directors. A "related transaction" shall mean any transaction reportable under the rule SK Item 404 of the Securities and Exchange Commission or that would violate the Board's Independence Standards.

Role of the Board of Directors

The duties of the Board are largely defined by Delaware law, federal statutes and regulations (notably those of the Securities and Exchange Commission), and New York Stock Exchange Listing Standards. The Board shall focus its priorities on the following core responsibilities:

- Advice and counsel to management regarding significant issues facing the Corporation.
- Assessing the performance of the Chief Executive Officer and senior management and setting compensation accordingly.
- Succession planning and management development.

- Overseeing the Corporation's integrity and ethics, compliance with laws, and financial reporting.
- Evaluating and approving the Corporation's strategic direction and initiatives and monitoring implementation and results.
- Monitoring the Corporation's operating results and financial condition.
- Understanding and assessing risks to the Corporation and monitoring the management of those risks.

Board & committee effectiveness assessment

To assure that it is effectively fulfilling its role, the Board must periodically reflect on its own performance.

- At least annually, the Board shall assess the Corporation's governance practices and structures; and its effectiveness as a Board in fulfilling its responsibilities and in addressing the issues facing the Corporation.
- The Governance & Nominating Committee shall be responsible for organizing and initiating this assessment and shall take into account the views and recommendations of recognized governance authorities as well as national and international codes of best governance practices.

Each Board Committee, under the leadership of its Chairman, shall conduct a self-assessment of its effectiveness at least annually, including a review of its charter from the Board.

Board leadership

Combining the positions of Chairman and Chief Executive Officer provides the most effective leadership model for this Corporation but, in order to assure a proper balance between the Chairman/CEO and the independent directors, and to assure effective leadership in the event of a contingency:

- Regular private meetings of the independent directors shall be scheduled no less than quarterly.
- The independent directors shall elect an Executive Session Presiding Director (PD) to preside at such meetings and to provide leadership in the event of the incapacitation of the Chairman or of a crisis or other event or circumstance which would make management leadership inappropriate or ineffective. It is the practice to appoint the Chair of the Governance & Nominating Committee to this position.
- The PD shall act as a spokesman and contact for the Board or the Company in engagements with shareholders or external parties when the circumstances warrant.
- The PD shall be responsible for conducting at least annually a formal performance review of the Chief Executive Officer.
- The PD may periodically advise the Chief Executive Officer of the views of the independent directors and, when circumstances warrant, serve as a liaison between the Chief Executive Officer and the independent directors. However, such role shall not diminish (1) the responsibility of each director to communicate frank advice and counsel directly to the Chief Executive Officer, and (2) the benefits of the Chief Executive Officer having a frank and open relationship with each director.
- The Chairman shall ensure that the Board's agendas, schedules, and information flow to the directors provide adequate focus, time, and background for the Board to fulfill its core responsibilities.
- Each Committee shall review at least annually its charter from the Board and the annual calendar of agenda topics and meetings.
- The Chairman shall ensure that each Committee's agendas cover every item of the Committee's responsibility as set forth in the Committee's charter as adopted by the Board.
- The Chairman shall discuss with the PD, and the PD shall review in advance of each Board meeting: the agenda and such other matters pertaining to the meeting and its agenda as the PD may request.

- Management shall discuss with the applicable independent Committee Chair, and that Committee Chair shall review in advance of each Committee meeting: the agenda, the time allocated for each agenda topic for that Committee meeting, and such other matters pertaining to the meeting and its agenda as the Committee Chair may request.
- The Chair of the Governance Committee shall ensure that the Board and Committee effectiveness assessment (as described in the foregoing section of these Guidelines) includes an assessment of the coverage of required oversight matters over the annual cycle of Board and Committee meetings, the time allocated to agenda topics and the quality and sufficiency of information provided by management to the Board and its Committees.
- Each director shall have the right to request that items be added to the Board and Committee agendas, that additional time be allocated to discussion of an issue, and that additional information be provided by management or other sources.

The Board shall have access to management other than the Chief Executive Officer for the purposes of information gathering and management assessment and development.

Board structure

Much of the oversight work of the Board shall be done through specialized Committees in which a focus and expertise can be brought to bear on important issues.

- As a minimum, the Board shall have standing Committees as follows: an Audit Committee, a Governance & Nominating Committee, a Compensation & Management Development Committee, and a Finance & Pension Committee.
- Each of the foregoing Committees shall be comprised only of independent directors.
- The Board shall formally adopt a written charter for each Committee specifying in detail the responsibilities delegated to that Committee.
- Each Committee Charter shall provide authority to the Committee to retain and pay such external advisors as it deems necessary to fulfill its obligations.
- Each Committee shall regularly report to the full Board on its reviews, actions, decisions and recommendations.
- While director qualifications, anticipated retirement dates, and other considerations may constrain strict adherence to any fixed rotation policy, it shall be the goal of the Board to regularly rotate Committee Chairs and members every 3-5 years while maintaining at all times on each Committee some number of members having reasonable tenure and experience in the Committee.

The Governance & Nominating Committee shall review Committee membership at least annually and recommend to the Board any changes that may be appropriate; and the Board shall appoint Committees annually at the meeting immediately following the Annual Shareholders' Meeting.

Board independence & shareowner representation

The Board recognizes its duties to the shareowners of the Corporation and believes that it can best fulfill those responsibilities by being and acting independent of management.

- A substantial majority of the Board shall be independent.
- The Board shall establish and periodically review independence standards for service on the Corporation's Board.
- Board members and candidates shall be periodically evaluated for compliance with these independence standards.
- Director stock ownership guidelines shall be established to insure that each director has sufficient meaningful long term stake in the performance of the company to be aligned with the interests of long term shareowners; but not so substantial to the individual's total wealth as to potentially compromise the director's independence or willingness to raise issues that may adversely affect the short-term market price.

- Any director appointed by the Board to fill a vacancy shall stand for election at the next meeting of the shareholders for which inclusion of such nomination in the Corporation's proxy materials is practicable.

Director qualifications & performance

The Board acknowledges the importance of insuring that it has the mix of perspectives, experience and competencies that are appropriate to the Corporation's strategies, and its business, market, geographic, and regulatory environments. The Board also recognizes that its effectiveness is dependent on having directors who have the time to focus on the Corporation's issues, and who contribute to an open Board culture that encourages frank discussion and free exchange of information.

- The Governance & Nominating Committee shall be responsible for evaluating the mix of Board member skills required in connection with filling any vacancy on the Board.
- The Committee shall take into account the Chief Executive Officer's views as to areas in which management desires additional advice and counsel.
- It shall be the Board's policy that any director whose principal employment materially changes from that in effect at the time s/he was first selected for service on the Corporation's Board shall offer his or her resignation as a director.
- The Board shall establish, and periodically review, a policy limiting each director's service on other public company Boards and Audit Committees to assure that the Corporation's directors are able to provide sufficient focus on their responsibilities to this Board.
- The Board shall establish such tenure policies as it deems necessary to maintain an appropriate balance between fresh perspectives and energy and institutional experience and knowledge of the Corporation.
- The full Board's self-assessment of its effectiveness shall include questions regarding the preparedness and contributions of directors generally. The Governance & Nominating Committee shall provide feedback to directors and suggest additional training as deemed appropriate based on this self-assessment.
- The Governance & Nominating Committee shall privately consider measures of director effectiveness when recommending an incumbent director for re-election.

Directors shall be periodically offered self-assessments as a way to communicate expectations and the factors by which effective directorship can be measured, to encourage reflection and self-improvement, and to provide another means for directors to identify their requests for additional training or orientation to assist them in discharging their duties as directors.

Director election & resignation policy

Any nominee for election to the Board of Directors who is then serving as a Director and, in an uncontested election, receives a greater number of "against" votes than "for" votes shall promptly tender his or her resignation following certification of the vote. The Governance and Nominating Committee of the Board shall then consider the resignation offer and recommend to the Board whether to accept or reject the resignation, or whether other action should be taken; provided that any director whose resignation is under consideration shall not participate in the committee's recommendation regarding whether to accept the resignation. The Board shall take action on the committee's recommendation within 90 days following certification of the vote, and promptly thereafter publicly disclose its decision and the reasons therefor.

Director training

- Each director is responsible for his or her own continuing education.
- Management shall periodically identify for the Board third party-provided continuing education programs and the Corporation shall sponsor the attendance of any director who wishes to attend any such program, as well as attendance at other like programs that may be identified by the director.
- Management shall annually conduct training related to matters within the oversight responsibilities of the Audit Committee, and non-Audit Committee members shall be free to attend as well.
- The Corporate Secretary will be responsible for designing and organizing an orientation program tailored to the needs of any new director.

Director compensation

Compensation for the non-management directors' service to the Corporation shall be based on the following principles:

- Total compensation shall be targeted at the median of a benchmark group of U.S. public companies in the S&P 500 selected by the Governance Committee having similar size, business complexity and global reach as the Corporation.
- At least 50% of the total compensation value delivered shall be in the form of equity so as to align each director's interests with that of the Corporation's diversified shareholders.
- The form of equity granted and terms of grant shall be aligned with the directors' long term focus and fiduciary role.
- Mandatory stock ownership guidelines shall be established to require each director to acquire and hold a meaningful investment in the Corporation's stock during the director's tenure on the Board, including acquisition from personal resources before or upon first joining the Board.
- Compensation arrangements shall provide flexibility to allow each director to balance a mix of equity and cash according to his/her own needs while meeting the mandatory stock ownership guidelines.

The Governance Committee shall have the responsibility to periodically review the appropriateness of the directors' compensation program and the foregoing principles.

Political donations

The Corporation shall comply with all applicable federal and state laws governing contributions of Corporate assets for political purposes.

In accordance with law, the Corporation may administratively support one or more federal or state political action committees (PAC) comprised of the voluntary contributions of employees or retirees but individual donations to such PACs shall not be coerced in any way nor shall an individual's donation decision affect in any way that person's employment status or performance evaluation.

Shareholder rights plan policy

The Board will adopt or materially amend a Stockholder Rights Plan only if, in the exercise of its fiduciary responsibilities under Delaware law, and acting by a majority of its independent directors, it determines that such action is in the best interests of Praxair's shareholders. Also, if the Board adopts or materially amends a Stockholder Rights Plan, it will submit such action to a non-binding shareholder vote as a separate ballot item at the first annual meeting of shareholders occurring at least six months after such action.

Whenever a Rights Agreement is in place, a committee of independent directors shall evaluate the Agreement annually to determine whether it continues to be in the best interests of the Company's stockholders. Among the subjects of this annual review will be consideration of whether the threshold for calling a special meeting is appropriate in view of the ownership profile of the company.

Independent auditors

The Audit Committee's Charter shall provide that this Committee is responsible for evaluating the independence of the Corporation's independent auditors, and adopting such policies as it deems necessary to assure that independence.

The independent auditors shall report to the Audit Committee and that Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors.

Adopted by Praxair's board of directors on October 27, 2009