

CODE OF ETHICS

Performance with Integrity

May 1, 2010



Integrity Message from the CEO

Performance with Integrity! It is the foundation upon which SABIC is built and the foundation upon which we will continue to grow to meet the goals of SABIC 2020. We must hold ourselves to the highest standards of ethical conduct every day, in every transaction and everywhere we do business . . . without compromise. We must create a culture where employees are secure and comfortable knowing that all compliance issues will be addressed and that there will be no negative consequences for those who raise concerns. The Code will provide a unified foundation for growth under our 1 SABIC values. The Code will:

- **Inspire** our employees by empowering them with a clear and common understanding of the ethical boundaries in which we must operate.
- **Engage** our diverse workforce by ensuring that we maintain a respectful and welcoming work environment.
- **Create** a sustainable compliance and integrity framework to support innovation in products, processes and solutions in a highly regulated world.
- **Deliver** growth by earning the trust of our employees, customers and business partners that we will always conduct business with uncompromising integrity.

The consequences of failing to embrace a strong compliance culture can be dramatic and painful. Just open the newspaper and read about companies imploding, executives going to jail and employees losing jobs because of illegal cartel activity, bribery of government officials, or accounting scandals. We each have a responsibility to maintain a compliance culture where these kinds of activities cannot take root.

To make sure we maintain this culture, I ask three things from each employee:

- (1) Read and understand our Code of Ethics;
- (2) Comply with the Code of Ethics (both the letter and spirit) in everything you do. Lead by example and don't compromise your integrity for anything or anyone; and
- (3) Report any compliance concerns you have through one of the many channels available to you. You are the "eyes and ears" of this business on compliance. We strictly prohibit retaliation of any kind against anyone for raising or helping to address a compliance concern.

Thank you for your commitment to building and maintaining a world-class compliance culture at SABIC.

Mohammed Al Mady
Vice Chairman and CEO
Saudi Basic Industries Corporation

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Our Commitment

1. Read and Understand the Code of Ethics:

- Our Code of Ethics applies to all employees, directors, officers and third parties representing Saudi Basic Industries Corporation and its wholly owned affiliates ("SABIC" or the "Company").
- Gain a solid understanding of the policies in our Code of Ethics.
- Learn the details of the Code policies that are relevant to your specific job, as well as local policies and procedures that support the Code policies.
- Complete the compliance training assigned to you in a timely manner.

2. Comply with the Code of Ethics (both the letter and spirit) in everything you do:

- Lead by example – create and maintain a culture of compliance and personally lead compliance efforts.
- Consider compliance performance when hiring, evaluating and rewarding employees.
- Build an infrastructure to prevent, detect and respond to compliance issues.
- Identify business compliance risks and build processes to prevent/manage those risks.
- Participate in periodic compliance reviews.
- Promptly raise and address compliance concerns that arise.
- Consult with Company legal counsel when requested to cooperate in any disclosures to law enforcement authorities and regulators.

3. Report compliance concerns promptly:

- Speak up - the sooner concerns are addressed the better.
- Understand the many channels available for reporting compliance concerns.
- Cooperate in investigations into compliance concerns or violations.
- Do not take any retaliatory actions against any person for reporting a concern.

OUR GLOBAL ENVIRONMENT

Competition Laws (Antitrust)

Our Policy

Competition laws, sometimes also known as antitrust laws, affect every aspect of doing business in today's regional and global markets. These laws are complex, global in reach, and may result in different outcomes depending on the particular situation. Our policy is to comply with competition laws in everything that we do, to be knowledgeable enough to proactively avoid any violation of competition laws, and to seek and follow the guidance of Company legal counsel to ensure compliance.

Remember that non-compliance with competition laws can severely harm our business interests and reputation. It can expose the Company to large fines imposed by the relevant authorities, as well as claims from our customers and suppliers. It can also expose individual employees to personal liability, including potential criminal sanctions.

Our Responsibility

The discussion below describes some of the key requirements of competition laws. Every person who conducts business for SABIC is responsible for having an understanding of how competition laws apply to his or her activities, and for seeking specific assistance from Company legal counsel whenever necessary.

All employees must:

UNDERSTAND the application of competition laws to what we do every day. For example, competition laws:

- ❖ **Prohibit agreements or understandings between competitors that undermine competition.** All business planning and decision-making must be carried out independently, in view of the needs of our business, and without communication or coordination with competitors. Extra care should be taken with activities where competitors are present, such as industry shows, trade associations and standards-setting bodies. The following topics (and related data) should not be discussed or shared with competitors:
 - Prices;
 - Bids;
 - Sales territories, allocation of customers or product lines;
 - Terms or conditions of sale;
 - Production capacity/output or sales volume;
 - Costs, profits or profit margins;
 - Market share;
 - Product or service offerings; and
 - Distribution methods.

Prior to undertaking any activity with Industry Groups involving the aggregation of Industry data, consult with Company legal counsel to ensure compliance with applicable Competition Laws.

- ❖ **Regulate the behavior of companies acting by themselves or with customers.** It is possible to violate competition laws through unilateral action or through understandings with customers. For example:

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- Companies with a dominant position in a given product or market segment are not permitted to leverage that position to increase sales of other products.
 - In certain countries, such as the U.S., competition laws generally require that our customers who compete with each other be given the same price and terms when buying the same product at or near the same time.
 - There may be limits on our ability to impose certain restrictions on the resale of our products by customers, or to influence the price or terms of resale of our products.
- ❖ **Govern mergers, acquisitions and joint ventures.** Competition laws also require many proposed business combinations and joint ventures to be reviewed by government agencies before completion, to ensure that they will not substantially reduce competition. These reviews often focus on internal documents to determine the objectives of the companies involved. Our business plans, market analyses and business development proposals should always reflect our desire to grow by serving new market segments and finding new ways to serve our customers, not by seeking to reduce competition. Joint venture activities and communications should be limited to accomplishing the approved objectives of the venture.

BUILD competition law compliance into our business procedures. Every process that touches customers, suppliers or competitors should be designed in a way that complies with competition laws. We must adhere to SABIC's guidelines regarding implementing price increases, contacts with competitors, obtaining and handling competitive information, and participating in trade and professional associations. In designing any new commercial process, involve Company legal counsel early.

REPORT any apparent non-compliance with competition laws, whether by an employee or contractor, or by a competitor's employee, to Company legal counsel immediately. If a competitor approaches you to propose an improper agreement, actively decline to take part, breaking off communications altogether, if necessary, and promptly report the approach to Company legal counsel.

CONSULT with Company legal counsel whenever you have a question or concern or are unsure about the application of competition laws to your activities. Keep up-to-date through online and face-to-face training opportunities in this area.

Concerns to Look Out For

ANY APPROACH BY A COMPETITOR seeking to enter into an agreement or understanding regarding pricing, terms of sale, bids, common customers or when, where or how we sell our products or compete with each other.

ANY COMMUNICATION WITH A COMPETITOR relating to the above topics, or seeking to obtain or share information on topics relating to competition, such as our distribution methods, manufacturing capacity/output, sources or costs of inputs or product development plans.

IMPROPER CONTACTS OR ACTIVITIES AMONG COMPETITORS participating in trade or professional organizations or standards-setting bodies.

ANY REQUEST FROM A CUSTOMER OR SUPPLIER to enter into an exclusive arrangement that could have an adverse effect on their, or our, competitors.

ATTEMPTS TO LEVERAGE STRENGTH in one product or market segment to gain share in another, such as requiring a customer to buy one product in order to have access to a second product.

ANY REQUIREMENT THAT A CUSTOMER COMMIT TO PURCHASE PRODUCT in order to receive a technology license.

SELECTIVE DISCOUNTS THAT RESULT IN DIFFERENT PRICING to customers who compete with each other, especially when SABIC has a strong market position.

LOYALTY INDUCING DISCOUNTS, under which the customer gets a larger discount if it purchases other or more products over a considerable period.

A RESTRICTION ON A CUSTOMER'S CHOICES for reselling SABIC's products.

CARELESSLY WRITTEN DOCUMENTS that create a misimpression of our current competitive situation or our future plans.

Questions & Answers

- Q.** I just notified a major customer about an important new product that we are about to commercialize. He wants me to agree not to sell the new material to his competitors for the first five years after launch. He says he'll agree to buy all we can produce, so it won't hurt us. Can I agree to this exclusive?
- A.** No. In general, we cannot agree with a customer to deny a new product to its competitors. Under certain circumstances (for example, when a customer materially assists in the development of the new product), the customer can be given a limited exclusive period. Consult with Company legal counsel to determine when, and for how long, such exclusivity can be granted.
- Q.** I'm on a committee that helps to set physical standards for automotive materials. A rubber producer is trying to get a material approved for use in instrument panels in place of thermoplastics. The rubber material meets all of the functional requirements for the application. A committee member who works for another plastics manufacturer wants to add a non-functional requirement to the standard that the rubber material cannot meet. This would have the effect of keeping the rubber material out of our market. Can I agree?
- A.** No. Industry groups and standard-setting bodies may not impose non-functional standards merely to restrict the entry of new products into competition.
- Q.** A customer just e-mailed me our competitor's latest bid, including the pricing the competitor is offering for eight different grades that compete directly with our products. The cover note said "Can you beat this?" I think I can, but I'm worried that I've received improper information about my competitor. What should I do?
- A.** Relax. Under most circumstances, it is perfectly acceptable to receive competitive information from a *customer*. In this case, the customer is sharing the information in order to promote competition, not restrict it. Consult with Company legal counsel for information about how to document and handle the customer's e-mail, but there should be no problem with using the information to put together a competing bid.

International Trade Controls

Our Policy

International trade control (ITC) laws – which exist in most of the countries where we operate -- regulate the transmission of goods, services and technology across national borders. ITCs include customer rules for import, embargoes prohibiting trade with certain countries, trade remedies such as antidumping and countervailing duties designed to offset unfair trade practices, and export restrictions around items controlled for national security reasons (e.g., military use). ITC laws apply to many aspects of SABIC's operations, not just shipping products. Exchanges of information and data, irrespective of the method (e.g., telephone, e-conferencing, e-mail, etc.), can be subject to trade controls. Failure to comply with ITC laws can have serious reputational and financial consequences for SABIC.

Our Responsibility

FOLLOW OUR ITC PROCEDURES, designed to ensure compliance with regulations of all countries in which we operate.

UNDERSTAND THE TRAINING AND COMPLIANCE REQUIREMENTS for which you are responsible in your job. These may include:

- Ensuring that SABIC (or its agent) provides accurate and complete export and import information to the appropriate government authorities.
- Ensuring that SABIC provides accurate and complete data to government authorities in the event of an antidumping or countervailing duty case within the timeframe required.
- Prior to export, checking product/technology export classifications to determine whether special authorization is required.
- Reviewing and clearing applicable export and import restrictions and license requirements on technology prior to filing patents.
- Working with suppliers to ensure that the proper export licenses and controls are in place to allow SABIC to access export-controlled products and technologies.
- Understanding and complying with export laws that may prevent you from sharing certain technology with foreign nationals - potentially including SABIC colleagues at home and abroad. Export laws of another country *may* apply to your sharing of technology even if you are in a country that does not prohibit such export.
- Screening transactions (including all customers and suppliers) for restrictions on certain sanctioned countries, persons and prohibited end uses.
- Understanding and complying with restrictions that may apply to applications for military or munitions use, including technical data associated with those applications.
- Understanding and strictly following all INCO (International contract) terms that often control responsibility for export and import compliance.
- Complying with all applicable record retention requirements.

CONSULT COMPANY LEGAL COUNSEL if you receive any request to comply with any restrictive trade practice or boycott; these may be prohibited or penalized under applicable national and international laws, or may be subject to certain government reporting requirements.

Concerns to Look Out For

If you encounter any of the following areas of concern, contact Company legal counsel immediately to help you assess the facts.

ANY FACTS OR “RED FLAGS” that suggest a customer or supplier may be attempting to evade ITC laws, including reluctant or unsatisfactory answers by a customer to questions about end use, end user, delivery dates or delivery locations.

INVOLVEMENT OR CONNECTIONS of parties or activities with the development of biological, chemical or nuclear weapons, or ballistic missiles.

TRANSACTIONS INVOLVING AN EMBARGOED COUNTRY, A CITIZEN OR REPRESENTATIVE of an embargoed country or an individual or entity subject to government sanction. Given SABIC’s global organization, there may be potential conflicts between the laws of countries where we operate. Contact Company legal counsel for guidance.

DISCREPANCIES ON IMPORTED GOODS INVOICES where the price shown does not reflect the full value, the description of the goods is not complete or the country of origin is not correctly identified.

IMPROPER IMPORT PROCEDURES – e.g., an import tariff classification that does not describe the imported goods accurately or entry of goods under a preferential duty program (GSP, NAFTA, etc.) without support that demonstrates compliance with the program’s requirements.

Questions & Answers

- Q:** A U.S. customer wants us to develop a material to meet the specific requirements for a defense-related military application. The customer provides some application information that is labeled “subject to export control laws”. Can you forward this information to a product developer in India so he/she can start work on material development?
- A:** No. The development of material for defense-related applications is subject to stringent export control laws. Before any work can proceed, you must first review the specific facts with Company legal counsel. In addition, special provisions may be necessary for receiving or transmitting customer data that is subject to export control. Do not transmit the information to anyone or store it on any open server without consulting with Company legal counsel.
- Q:** You receive a letter of credit from a customer in another country that requires a certificate to the effect that our products are not produced in certain countries or that the carrying vessel is prohibited from entering certain ports. Is it okay to just provide the certificate?
- A:** No. “Anti-boycott laws” that prohibit compliance with such boycott requests apply to many of our operations. You should immediately report this request to Company legal counsel and receive instructions on how to proceed.

Q: You are a technologist in Japan working with technical data that is export-controlled in Japan and requires a license to be exported to China. You would like to get input about this data from a colleague who is a Japanese citizen currently traveling in China. Is a license required to call her or send her an e-mail for input on the data?

A: Yes. The disclosure of the export-controlled data by telephone or e-mail to a Japanese citizen while she is located in China would be considered an export, and would require a license.

Product Risk Management

Our Policy

We are committed to providing high-quality products that meet our customers' needs and expectations. Any real or potential risks associated with our products – even if they arise only after our products have been incorporated into our customers' applications – have the potential to damage our reputation, disappoint our customers, and result in liability for the Company. As responsible employees, we have a duty to recognize, reduce and report risks associated with our products and their use by our customers.

Our Responsibility

UNDERSTAND OUR ROLE – we are experts in our products, but not in our customers' applications and end-use environments. We provide information to our customers to assist them in making material selections and design choices – we do not make suitability decisions for them.

LEARN TO IDENTIFY AND EVALUATE PRODUCT AND APPLICATION RISK FACTORS so you can develop confidence in the performance of our product in the target application.

USE OUR STANDARD SALES AGREEMENTS, STANDARD TERMS AND CONDITIONS OF SALE AND STANDARD DISCLAIMERS for every sale in accordance with the relevant local contracting instructions and do not modify them or accept alternative terms and conditions without prior approval from Company legal counsel.

ENSURE that the product information you provide or make available to customers or others -- including online information -- is current, accurate and complete. Promptly report any inaccuracies to the Business Unit leaders responsible for managing the relevant product(s).

LEARN HOW TO COMMUNICATE about our products (both orally and in writing) in a way that is clear, complete and accurate. Stick to the facts; avoid speculation and opinion.

CLEARLY DEFINE PRODUCT LIABILITY RESPONSIBILITIES when entering licensing or marketing agreements with other companies.

CONSULT WITH COMPANY LEGAL COUNSEL if you see a product “red flag” (e.g., issues relating to potential for personal injury, litigation, product recall) or if you have any product risk concerns or questions.

Concerns to Look Out For

POTENTIAL CONFLICTS OR INACCURACIES in internal technical data or other product information.

LITIGATION OR POTENTIAL LITIGATION (even if we are not a party) that involves our products or our customers' applications.

CUSTOMERS WHO ASK US TO SELECT the design, material, toolmaker, molder, etc. for their application.

REQUESTS FROM CUSTOMERS TO "PARTNER" with them in developing their product or for "guarantees" or enhanced warranties of product performance or other assurances that our product will "work" or is "suitable" in their applications or that our product or the product they make using our product complies with certain rules or regulations.

UNSOPHISTICATED CUSTOMERS with little or no technical expertise in developing new products and/or who lack a coherent strategy for adequate design, end-use testing, processing and regulatory compliance.

REQUESTS FROM CUSTOMERS to develop end-use protocols or conduct general failure analysis for their products.

USE OF OUR PRODUCTS IN APPLICATIONS THAT COULD CAUSE SUBSTANTIAL HARM if they were to fail or in applications that raise human rights concerns (e.g., land mines).

COMMUNICATIONS FROM CUSTOMERS suggesting that we are in some way responsible for their product issues.

Questions & Answers

Q: Your customer tells you it came to SABIC because it knows that we are "the best in the business" and it "trusts" our plastics' expertise. Consequently, the customer wants you to decide which resin "would be best" for its new application. The customer says it will buy large volumes of whatever resin you choose. Should you choose the resin for your customer?

A: No. We do not select resins for our customers. Our responsibility is to help the customer understand the performance characteristics of our materials. It is then up to the customer to decide which resin will suit its needs.

Q: Your customer has requested a Data Sheet describing the physical performance characteristics of one of our flat steel products for use in an automotive application. Before sending the Data Sheet, you notice that it lists an inaccurate number for the grade's tensile strength. You are not too concerned about the inaccuracy because you believe that tensile strength is not an important consideration for the customer's application. Should you send the customer the Data Sheet without correcting the inaccuracy?

A: No. We should never send information to a customer that we know – or have reason to believe – is inaccurate, whether or not we believe it is relevant to the customer's application. You should work with the responsible Business Unit leader to ensure that the Data Sheet is accurate and then send it to the customer.

Q: Your customer, a small start-up company, is developing a high demand, load bearing application where personal injury is a likely consequence of part failure. Due to product development time constraints and poor cash flow, the customer is unwilling to perform adequate end-use testing to determine material suitability. Despite assurances from the customer that it is their product and therefore their problem if the product fails, you still have concerns. Should we sell material into this type of application?

A: Probably not. This customer appears to be technically unsophisticated and will most likely be unable to handle a costly recall or replacement issue in the field. There are legitimate concerns about the performance of this application and the customer is unwilling to do the testing required to alleviate those concerns. In this situation, the risks of selling to this customer are likely to outweigh the probable returns. You should notify your manager who will help you decide the future course of action.

Third Party Business Dealings

Our Policy

Our third party business dealings, whether with customers, suppliers, distributors or agents, must be based on lawful, ethical and fair practices. We must never offer anything of value to obtain an improper advantage in selling our products or services, conducting business transactions or representing our interests. In our supplier relationships, we must do business only with those suppliers that obey applicable laws, including employment, environmental and health and safety laws. The integrity of our third party dealings is fundamental to building and preserving the reputation of SABIC and its people. Conversely, unethical third party dealings can seriously damage our reputation.

Our Responsibility

FOLLOW APPLICABLE LAWS AND OUR POLICIES and require any supplier or third party who works with SABIC to comply with applicable laws and our policies. Consult Company legal counsel for the appropriate language to use in all contracts with suppliers and third parties.

FOLLOW AN "EYES WIDE OPEN" POLICY and ensure that appropriate due diligence procedures are followed when selecting suppliers or third parties (i.e., distributors and sales representatives) to represent us.

ENSURE THAT WE HAVE COMPLETED AN APPROPRIATE VERIFICATION ("KNOW YOUR CUSTOMER") ASSESSMENT before transacting business with a new customer.

NEVER GIVE, OFFER OR AUTHORIZE, directly or indirectly, anything of value (money, goods or services) to a third party to obtain an improper advantage.

NEVER GIVE "FACILITATING PAYMENTS" (payments to obtain routine administrative actions to which you are entitled) without approval of your manager and Company legal counsel.

NEVER OFFER OR ACCEPT A BUSINESS COURTESY such as a gift, contribution or entertainment under circumstances that might create even the appearance of impropriety. If the circumstances and applicable laws permit you to offer or accept a gift or entertainment, make sure that it is reasonable and limited and complies with applicable legal requirements and SABIC's regional requirements relating to business gifts.

WHENEVER POSSIBLE, UTILIZE COMPETITIVE BIDDING to give suppliers an opportunity to earn a share of our purchasing volume, including qualified small and disadvantaged businesses. In certain circumstances, government regulations will apply to the procurement bidding process.

Concerns to Look Out For

ANY BACKGROUND INFORMATION about a customer, supplier, distributor or agent that indicates the possibility of improper business practices or family or other relationships that could improperly influence decision-making.

ANY REQUEST TO PAY A COMMISSION prior to obtaining business.

ANY REQUEST TO DOCUMENT A TRANSACTION with a third party in a way that does not accurately reflect the economic realities of the transaction or have a legitimate business justification.

SELECTION OF SUPPLIERS ON GROUNDS OTHER THAN OPEN COMPETITIVE BIDDING where competitive bidding would be the appropriate process of selection.

POTENTIAL CONFLICTS OF INTEREST IN THIRD PARTY SELECTION or directing business to a third party owned or managed by a close relative or a good friend.

UNSAFE CONDITIONS, DISREGARD OF ENVIRONMENTAL STANDARDS OR UNDERAGE EMPLOYMENT at supplier or other third party facilities.

Questions & Answers

Q: You work in the U.S., where a large customer has been invited to visit one of our offices to attend a customer event and has asked if you can buy him some tickets for a major upcoming sporting event while he's in town. Can we fund the whole trip?

A: While you can agree to fund the customer event, you should not agree to buy the tickets to the sporting event, unless you have first consulted with your manager and received the necessary approval.

Q: A new low-cost supplier offers good quality and reliable delivery at very competitive prices. You are concerned about the working conditions it provides its workers. Do you award business to this supplier?

A: Our reputation requires us to do business only with suppliers that deal responsibly with their workers and local environments. In light of your concerns, you should consult with your manager and Company legal counsel to determine appropriate steps to determine the suitability of the supplier.

Q: You work in the Netherlands. Your supplier presents you with a gift worth Euro 500 when you visit its plant in Germany for the first time. Can you accept it?

A: While our European operations generally permit the acceptance of Gifts of nominal value, the value of this Gift is clearly not nominal and it should be politely declined, unless refusal to accept would be contrary to established country custom, in which case acceptance of the gift must be reported to your manager. Please consult Company legal counsel to determine the location-specific "nominal" value applicable to you.

Working With Governments

Our Policy

In the course of our business, we interact from time to time with government agencies and officials. When we do so, we must follow the highest ethical standards and comply with all applicable laws and regulations, including special laws and regulations relating to the sale or purchase of products and services.

Violation of a law or regulation relating to government interactions may subject both the Company and the individual employee to criminal penalties (including fines and jail sentences) or civil sanctions (damage awards, fines and debarment from future business).

Our Responsibility

ADHERE TO THE HIGHEST STANDARDS OF HONESTY AND INTEGRITY and comply with all applicable laws and regulations, including laws governing the sale of products and services to a government entity.

BECOME FAMILIAR WITH AND UNDERSTAND THE APPLICABLE RULES AND REGULATIONS before engaging in business discussions with any government official or agency.

ENSURE THE ACCURACY AND COMPLETENESS of all communications with, and submissions to, government officials or agencies.

RESPECT APPLICABLE CONFLICT-OF-INTEREST LAWS AND REGULATIONS regarding the recruitment or hiring of, or obtaining services from, present or former government officials.

REQUIRE ALL PERSONS OR FIRMS REPRESENTING SABIC in connection with government-related business (such as consultants, agents, sales representatives, distributors or independent contractors) to do so in a manner that is consistent with this policy.

Concerns to Look Out For

GIFTS OF EVEN A NOMINAL VALUE. Do not provide any gifts or entertainment to officials of any government – local, state, provincial or national – unless you have determined, after discussions with Company legal counsel, that you are permitted to do so under applicable law.

UNAUTHORIZED SUBSTITUTIONS. Do not deviate from government contracting requirements or make unauthorized contract substitutions without written approval from the relevant government official.

CONFLICTING RULES. In some instances, there may be a conflict between the applicable laws and regulations of two or more governments. When you encounter such a conflict, it is important that you consult with Company legal counsel to understand how to resolve that conflict properly.

Questions & Answers

Q: Since the sales by my Business Unit to government agencies are almost always through an intermediary (e.g., a distributor or a subcontractor), do we still need to comply with this policy?

A: Yes. While our status as an “indirect” seller may reduce our exposure to some of the risks covered by this policy, most of the requirements described above – e.g., the requirements of honesty and integrity in all dealings and accuracy and completeness in all submissions – still apply.

Q: If a government agency Purchase Order references certain procurement obligations for the seller, can we ignore them since we did not expressly discuss and agree to them?

A: No. Many government provisions are deemed automatically accepted and agreed to if not specifically rejected. You should work with Company legal counsel whenever you are involved in sales to a government agency.

OUR WORKPLACE

Environment, Health, Safety & Security

Our Policy

Protecting the environment and the health and safety of employees and persons on the Company's premises is required by law. But at SABIC, we believe we should do even more as part of our commitment to the environment, our employees, persons at our premises and our communities. Through management leadership and employee commitment, we must all work together to conduct our operations in a safe manner that minimizes adverse environmental impacts and helps prevent injuries and accidents. We are committed to being a world leader in environment, health and safety performance.

In addition, in an age of increasing terrorist threats, we must protect the security of our people, workplaces and information systems. We all have a responsibility for maintaining and supporting a rigorous and comprehensive security and crisis management program designed to prevent terrorist and other criminal acts from impacting our employees, persons at our premises, facilities and information technology (IT) infrastructure.

Our Responsibility

COMPLY WITH ALL APPLICABLE ENVIRONMENT, HEALTH, SAFETY & SECURITY ("EHS&S") laws and regulations, and SABIC's EHS&S policies.

CREATE AND MAINTAIN A SAFE AND SECURE WORKING ENVIRONMENT and prevent workplace injuries, illnesses and violence.

DESIGN AND OPERATE our manufacturing facilities to have effective process safety programs and to reduce the chance of accidents.

ASSESS EHS&S RISKS before starting a new activity, venture or project, buying or selling a new product, or acquiring a new business.

PRACTICE SOUND PRODUCT STEWARDSHIP in the design and production of our products and services.

ELIMINATE UNREASONABLE EHS&S RISKS from our facilities, products, services and activities. Follow practices for pollution prevention and for the conservation, recovery and recycling of materials, water and energy.

CONTINUE TO IMPROVE our EHS&S systems, performance and training of personnel; provide adequate resources and establish and measure performance towards our EHS&S goals and objectives as an integral part of our operational strategy.

IMPLEMENT RIGOROUS PLANS to address the security of employees, persons at our premises, facilities, information, IT assets and business continuity.

PREVENT ACCESS TO OUR FACILITIES by unauthorized personnel, and protect our IT assets from theft or misappropriation.

PROMPTLY ALERT your manager or EHS&S contact of any unlawful or unsafe conditions and security lapses.

Concerns to Look Out For

UNSAFE ACTIVITIES AND CONDITIONS, such as:

- failure to use personal protective equipment (shoes, safety glasses, hearing protection, gloves, monitors, etc.).
- failure to follow approved process safety operating procedures.
- unlabeled or unapproved chemicals.
- exposed or unsafe wiring.
- unsafe driving or failure to wear seatbelts.
- working in high places without fall protection.
- working on electrical or powered equipment without following safety (e.g., “lock-out, tag-out”) procedures.
- working unsafely or accepting unsafe conditions at a customer site.
- potential exposure to serious infectious diseases.
- disabling safety controls or guards on equipment and machinery.
- carrying out repetitive tasks without good ergonomic practices.

FAILURE TO COMPLY with EHS&S regulations and procedures.

EHS&S COMPLAINTS from employees, customers or neighbors.

UNREPORTED environmental, health or safety hazards, accidents or near misses.

FAILING TO RESPOND PROMPTLY to concerns about possible product safety issues.

FAILING TO FOLLOW POLICIES AND PROCEDURES for the management, shipping, transportation, import/export and disposal of hazardous materials.

RISKS AND LIABILITY associated with new acquisitions or ventures and new products, processes or services.

INADEQUATE SECURITY procedures, practices or suspicious activity that may present security threats to a facility, employees, persons at our premises, our proprietary information or our IT assets.

Questions and Answers

Q: Does our EHS&S policy apply only to manufacturing?

A: No. The EHS&S policy applies to all of our products, services and activities, including our offices, work at customer locations and our transactions. Wherever our employees are working, we expect them to work safely and in compliance with all laws.

Q: What about countries where there are no environmental, health, safety or security laws, or where enforcement is weak? What should we do?

A: Most countries have EHS&S laws and we are committed to being in full compliance with the law, even in countries where enforcement of the law is weak. In some cases, the laws impose general duties without many specifics. In these cases, we have to use our professional judgment to determine what level and type of protection is appropriate in order to comply with the law and ensure the safety and security of our employees. To assist you, we have extensive tools for managing EHS&S issues. If you are unaware of an applicable law or SABIC policy or procedure covering a risk you have identified, consult with your EHS&S Manager, Compliance Manager or Company legal counsel for guidance.

Q: I sometimes see employees operating equipment differently than required by the standard operating procedures for my site (sometimes called "SOPs"), and they say that it's okay because the equipment can still operate safely that way. Is that right?

A: No. Standard operating procedures and other plant practices are designed to make sure we operate safely and within regulatory requirements. If an employee feels that there is a better way to perform the procedure, then he or she should go through an appropriate management of change process. Until then, the employee should follow the standard operating procedures and you should report any non-compliance to EHS&S management.

Fair Employment Practices

Our Policy

A pillar of our competitive strength is our global and diverse workforce that includes people from many different cultural backgrounds. We are committed to creating and fostering a culture of respect and fair employment practices that prohibits all forms of illegal discrimination. We will recruit, hire, discipline, dismiss, compensate, promote and provide other conditions of employment in compliance with applicable law and in a manner that respects the diversity of our employees. We will also comply with SABIC regional non-discrimination statements that address local requirements or local cultural norms provided that those norms are consistent with applicable law.

Regardless of personal backgrounds or characteristics, we must rely on each other to perform our job duties so that we (and SABIC) can reach our full potential. In order to achieve this goal, all employees must be treated with respect and dignity in all interactions. We expect all employees to be cognizant of, and to embrace, the cultural differences that exist between us.

We will observe all applicable labor and employment laws wherever we operate. That includes, wherever applicable, observing those laws that pertain to freedom of association, privacy, recognition of the right to engage in collective bargaining, the prohibition of forced, compulsory and child labor, and those laws that pertain to the elimination of any improper employment discrimination.

Our Responsibilities

USE MERIT, QUALIFICATIONS AND OTHER JOB-RELATED CRITERIA (e.g., education, experience and competence) as the bases for employment-related decisions affecting employees and applicants in a manner consistent with Our Policy.

STRICTLY OBSERVE ALL APPLICABLE LABOR AND EMPLOYMENT LAWS, including those relating to freedom of association, privacy, the right of employees to engage in collective bargaining, forced, compulsory and child labor, and non-discrimination.

PROVIDE A WORK ENVIRONMENT FREE OF HARASSMENT, such as harassment directed at a person because of his or her personal background or characteristics. Such harassment can take many forms and includes unwelcome verbal or physical conduct (e.g., use of inappropriate stereotypes, ethnic slurs, offensive jokes or verbal or physical conduct of a sexual nature) which has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

RESPECT THE PRIVACY RIGHTS OF EMPLOYEES by using, maintaining and transferring their personal data in accordance with applicable Company requirements and local law. While seeking to maintain employee privacy, however, we reserve the right to monitor use of Company property and resources (e.g., computers, e-mail, phones, proprietary information, etc.), in accordance with applicable law.

OBSERVE ANY APPLICABLE LAWS REGARDING HIRING OR PROMOTIONAL OPPORTUNITIES as they relate to the recruitment, hiring and employment of local nationals and/or other groups.

Concerns to Look Out For

PROVIDING OR WITHHOLDING WORK-RELATED ASSISTANCE, cooperation, and/or information to fellow employees based on their personal backgrounds or characteristics.

HIRING, COMPENSATION, PROMOTION AND LAYOFF PRACTICES that are inconsistent with Our Policy.

HOSTILE OR DEMEANING BEHAVIOR (e.g., telling jokes that offend or ridicule a particular race, gender, religion or ethnic group).

UNWELCOME SEXUAL ADVANCES to a fellow employee.

DISPLAYING OR POSTING (including transmitting via e-mail) inappropriate material (e.g., sexually suggestive materials, hate literature, materials that include inappropriate ethnic or religious stereotypes, etc.).

DISCLOSING EMPLOYMENT DATA to a person (either within or outside the Company) who does not have a legitimate business need, and the legal authority or the employee's consent, to receive such data.

Questions & Answers

Q: What specific forms of discrimination are prohibited by law?

A: The specific forms of discrimination that are prohibited by law vary by country. SABIC is committed to following all applicable laws regarding non-discrimination in employment and has issued regional non-discrimination statements where applicable. If you have a question about applicable legal requirements, please consult Company legal counsel.

Q: We hear a lot about “workforce diversity.” How does this concept relate to fair employment practices?

A: Having an environment in which fair employment practices are implemented helps us compete for and attract a high quality and increasingly global and diverse workforce. Diversity initiatives complement our fair employment obligations and are aimed at bringing about a greater recognition of the value and enhanced competitiveness of a workforce that includes people from many different cultural backgrounds.

Q: What if there is a conflict between local legal requirements or customs and this policy?

A: The Company must follow local legal requirements where it conducts business. Further, because we operate in so many countries with varied cultures, we will also give due deference to local cultural norms provided they do not conflict with our legal obligations. If you have a question whether a particular local practice is acceptable, you should consult with Company legal counsel.

Conflicts of Interest

Our Policy

Employees may have legitimate financial, business and other activities outside their work for the Company. These are their personal affairs. However, such activities must be lawful and conducted in a manner so as not to conflict with the employees' job responsibilities for the Company. Employees must not use SABIC's name or resources for their personal affairs, use their position in the Company to obtain a personal benefit, give a relative or friend an unfair advantage or do anything that damages SABIC's good name and reputation. Even creating the appearance of a conflict of interest can have a negative effect on the Company and must be avoided.

Our Responsibilities

AVOID ACTIONS OR RELATIONSHIPS THAT MIGHT CONFLICT OR APPEAR TO CONFLICT with your job responsibilities or the interests of the Company; exercise good judgment in all your dealings and comply with all applicable laws and SABIC's policies. Local employment contracts or local Company policy may prohibit or restrict employment or ownership of a business interest outside the Company, or may require you to follow specific procedures. If you are unsure whether a conflict exists, or whether there are procedures you must follow, discuss it with your manager, HR, or raise it with Company legal counsel.

DO NOT USE THE COMPANY NAME, COMPANY RESOURCES (such as intellectual property, computers, equipment and offices) or your time at work for financial gain or, except as specifically permitted by local work rules, for your personal affairs.

DO NOT PROFIT PERSONALLY FROM ANY BUSINESS OPPORTUNITIES THAT BELONG TO THE COMPANY or that you have learned about in the course of your work as a Company employee.

BEFORE ACCEPTING ANY POSITION AS AN OFFICER, DIRECTOR OR OTHER OFFICIAL IN ANOTHER COMPANY, NON-PROFIT ENTITY OR OTHER ORGANIZATION:

- Consider the potential impact the activity may have on the Company, including the amount of time it will require and any potential conflict of interest that may arise.
- Understand and consider your responsibilities in this role as described in the applicable by-laws and regulations.
- Obtain the approval of your manager if this organization has (or is intending to have) a business relationship with SABIC, or if it is expected that you will use your status as a Company employee for the benefit of that organization.

DISCLOSE TO YOUR MANAGER EXTERNAL ACTIVITIES, including financial investments, employment and other relationships, if they may present a conflict of interest or create the appearance of such a conflict. Make these disclosures when the situation arises and obtain any necessary approvals before the actual conflict exists.

IF YOU BECOME AWARE OF A POTENTIAL OR ACTUAL CONFLICT OF INTEREST involving yourself or another SABIC employee, or potentially affecting the Company, raise this concern with one of the many resources available to you: your manager, Company legal counsel, Human Resources or a Company Compliance Helpline.

Concerns to Look Out For

HOLDING A FINANCIAL INTEREST IN A COMPANY while being in a position to influence SABIC's business relationship with that company.

TAKING A PART-TIME JOB OR OTHER OCCUPATION where you are tempted to spend time during your working hours or to use Company assets or resources to perform these activities.

SERVING ON THE BOARD OF ANOTHER COMPANY, UNIVERSITY OR CHARITABLE INSTITUTION where you will be involved in financial or investment decisions that could affect SABIC.

RECEIVING GIFTS OR SPECIAL FAVORS, such as discounts or free services, from a third party while you are in a job where you can influence SABIC's business relationship with this party.

SOLICITING SUPPLIERS, CUSTOMERS AND OTHER BUSINESS CONTACTS outside of the Company for donations to a charitable cause you are personally involved with prior to obtaining manager approval.

DIRECTING BUSINESS TO A SUPPLIER OR CUSTOMER that is owned or managed by a spouse, close relative, personal friend or business partner.

HIRING, SUPERVISING OR MAKING HR DECISIONS about a spouse, close relative or personal friend.

Questions & Answers

Q: I work in the facilities operation of one of our large plants. I have heard that an electrical contractor at the plant whose work I oversee wants to offer me a part-time job on weekends. Would there be any issue with this?

A: Yes. You need to avoid even the appearance of a conflict of interest. If you find yourself in this situation, you should inform your manager of the offer. Your manager will need to determine if it is feasible for you to accept the offer since this would require you to relinquish oversight responsibilities for the contractor at our plant.

Q: My spouse just became the office manager for a small company that provides maintenance services for our fertilizer plant where I work as a maintenance manager. In the past, I have occasionally generated sole-source authorization letters that approve the use of this service provider when we have an urgent business need. Now that my spouse took this job, do I need to let my manager know about it?

A: Yes. You have a clear conflict of interest. You should notify your manager and Company legal counsel of your spouse's relationship with the service provider, and you should refrain from any involvement in decisions regarding the use of that supplier.

Q: I've been asked to serve on the board of a local charity that helps children with learning disabilities. I know that I am going to be asked to solicit funds from Company employees for this charity. Is that a problem?

A: We encourage employees to serve and support non-profit organizations in their personal time. But it is important that this is not done in a way that suggests you are representing the Company. Requests for funding or donations should be reviewed for potential conflicts of interest on a case-by case basis with your manager and Company legal counsel.

Privacy/Data Protection

Our Policy

An increasing number of countries regulate the collection, use and disclosure of “personal data” (e.g., name, home and office contact information, financial records and national identifying numbers). Some countries even regulate information pertaining to corporations. SABIC is committed to handling personal data responsibly in order to earn and preserve the trust of our employees and business partners. Each employee must exercise care to protect personal data from unauthorized and unlawful collection, use and disclosure.

Our Responsibility

LEARN AND COMPLY WITH THE DATA PRIVACY LAWS AND REGULATIONS that govern personal data in the country where the data is collected, processed and used, as well as SABIC’s applicable guidelines.

COLLECT, PROCESS AND USE PERSONAL DATA ONLY FOR LEGITIMATE BUSINESS PURPOSES. Before you establish or update any system or process that collects, uses, discloses or transmits personal data, ensure that it will be compliant with all applicable personal data requirements. If unsure, seek guidance from Company legal counsel.

USE “ANONYMOUS” AND “AGGREGATED” DATA WHERE POSSIBLE. Anonymous and/or aggregated data should be used where the risk of transferring personal data is high, the need for the personal data is low and you can readily aggregate the data or make it anonymous.

LIMIT ACCESS TO PERSONAL DATA to those who need it for a legitimate business purpose.

USE CARE TO PREVENT UNAUTHORIZED ACCESS in processing personal data and the accidental loss or destruction of personal data.

NOTIFY YOUR MANAGER, COMPANY LEGAL COUNSEL OR SECURITY LEADER if you learn that personal data has been used in violation of this policy or if you learn that the security of any system containing personal data has been compromised.

Concerns to Look Out For

UNNECESSARY COLLECTION OF PERSONAL DATA, particularly sensitive personal data such as health information, national identity numbers and personal financial data.

INADEQUATE SECURITY CONTROLS FOR PERSONAL DATA, such as e-mailing or otherwise distributing personal data other than on a “need to know” basis, leaving printouts with personal data in an open workspace or storing personal data on a server which can be accessed by persons without a need to access the data, or on a laptop computer or portable drive that is not protected.

STORING PERSONAL DATA LONGER THAN NECESSARY for a legitimate business purpose.

SHARING PERSONAL DATA with unaffiliated third parties, such as suppliers or customers, without considering whether the Company has the legal right to do so and whether the third parties have appropriate security safeguards and restrictions on information use.

USING PERSONAL DATA FOR A PURPOSE OTHER THAN THAT FOR WHICH IT WAS ORIGINALLY COLLECTED without considering whether the Company has the right to do so.

CROSS-BORDER TRANSFERS OF PERSONAL DATA, even within the SABIC group, without considering applicable legal requirements.

Questions & Answers

Q: You attend a trade show in Germany where a potential customer hands you her business card containing her name and business contact details. Should you put this information into a Company-wide database where other employees can access it?

A: No. In many countries, including most countries in Europe, this type of personal data is regulated by a “personal data protection” law that may prohibit you from using or sharing it if the data subject did not give her express consent. You should consult your manager or Company legal counsel for guidance on how and where you can store this information.

Q: Your manager asks you to provide a list of all customers globally who have bought a certain basic chemical in the last 24 months so he can evaluate purchasing trends by region. When collecting this data, should you include the purchasing agents’ names and contact information?

A: It depends. Some countries prohibit the cross-border transfer of personal data unless certain conditions have been met. Since the personal data is not necessary for your manager’s evaluation, the “best practice” would be not to include it.

Q: The Company has just come out with a new resin line. Can we send a mass e-mail to all leads (potential customers) announcing the new resin?

A: Possibly not. Some countries prohibit marketing e-mails without the recipient’s express consent, even where it is not part of a larger marketing campaign. Many countries have additional requirements relating to proper identification of the sender and providing the recipient with the opportunity to “opt-out” of receiving additional marketing materials. You should contact your Company legal counsel to discuss the best way to “get the message out” consistent with applicable privacy laws.

PROTECTING OUR ASSETS

Intellectual Property

Our Policy

Our intellectual property is among SABIC's most valuable assets. We are committed to establishing, protecting, maintaining and defending our rights in all commercially significant intellectual property and to using those rights in legally responsible ways. We must also respect the valid intellectual property rights of others. Our new products, services, processes and software should be reviewed in a timely and diligent manner to evaluate potential infringement of the valid intellectual property rights of others. Our employees must consult with Company legal counsel before making any use of the intellectual property of third parties.

Our Responsibility

IDENTIFY AND PROTECT OUR INTELLECTUAL PROPERTY. Hold our trade secrets and other proprietary information in confidence, and work with Company legal counsel to secure appropriate legal protection on inventions, copyrightable material, trademarks and other commercially significant intellectual property. Work with Company legal counsel to properly safeguard and administer all agreements relating to intellectual property.

UNDERSTAND YOUR RESPONSIBILITIES TO THE COMPANY REGARDING NEW INVENTIONS AND IDEAS that you may develop while a Company employee. Consult with Company legal counsel if you have any question about these responsibilities.

CONSULT WITH COMPANY LEGAL COUNSEL before disclosing any confidential information to outsiders or permitting third parties to use Company intellectual property.

RESPECT THE VALID LEGAL RIGHTS OF OTHERS in patents, copyrights, trademarks, trade secrets and other intellectual property. Consult with Company legal counsel concerning necessary licenses or approvals to use such intellectual property.

DO NOT ATTEMPT TO SOLICIT OR DISCOVER THROUGH IMPROPER MEANS THE TRADE SECRETS OR OTHER PROPRIETARY INFORMATION OF OTHERS. If you became aware of such trade secrets or proprietary information, either through prior employment or under an obligation of confidentiality, you must inform Company legal counsel and not use the information or disclose it to anyone except as approved by Company legal counsel.

CONSULT WITH COMPANY LEGAL COUNSEL if you have any questions regarding the proper use of trademarks and trade names.

Concerns to Look Out For

ACCEPTING CONFIDENTIAL INFORMATION belonging to a third party, without first consulting Company legal counsel.

DISCUSSING OUR CONFIDENTIAL INFORMATION with third parties without the benefit of a signed confidentiality agreement.

USING ANOTHER COMPANY TO DEVELOP NEW PRODUCTS without a written agreement covering ownership and other rights in the developed intellectual property.

SIGNING A CONFIDENTIALITY AGREEMENT provided by a third party without prior review by Company legal counsel.

INTRODUCING, OR PUBLICLY DISCLOSING INFORMATION about, a new product or service before patent applications have been filed or a decision has been made not to file applications.

INTRODUCING A NEW PRODUCT OR SERVICE, or a new product or service name, before checking for patent or trademark infringement.

THREATENING AN INFRINGEMENT OF OUR INTELLECTUAL PROPERTY without first consulting with Company legal counsel.

RECEIVING A CLAIM FROM A THIRD PARTY that we are infringing its intellectual property rights. If this happens, immediately inform Company legal counsel.

EMPLOYING A NEW PERSON WHO PREVIOUSLY WORKED FOR A COMPETITOR without determining whether any safeguards need to be implemented to prevent the person from inadvertently disclosing or using the confidential information of his or her previous employer. When hiring an employee who previously worked for a competitor, consult Company legal counsel.

Questions & Answers

Q: I have an idea for an invention, and don't know if it's patentable. What do I do?

A: Disclose your idea to Company legal counsel even if you are unsure if your idea could be patented. Prompt disclosure of all inventions to your Company legal counsel for evaluation is essential so that, if appropriate, patent applications can be timely filed to establish and preserve our rights in the invention.

Q: You have a meeting at a customer's facility and you are asked to sign a confidentiality agreement before entering the facility. Can you sign?

A: No. You must have the agreement reviewed and approved by Company legal counsel before you sign. Confidentiality agreements frequently contain provisions that require us to compromise or give away rights in Company intellectual property that are unacceptable.

Q: What precautions should we take when sending proprietary information by e-mail to our employees and third parties?

A: Proprietary information should be made available to our employees only on a need-to-know basis. Disclosure to other personnel could result in competitive loss, liability, or damage to our reputation. Before sending proprietary information to a third party, consult with Company legal counsel to determine whether a confidentiality agreement needs to be signed and by what means the information should be sent.

Additionally, export issues may exist if the information is to leave the country or is intended to be shared with foreign nationals. Contact Company legal counsel for guidance.

Controllership

Our Policy

Robust controllership processes are essential to allow our management to make well-informed decisions regarding the operations of our business and to ensure integrity in disclosures to government agencies and the public. Controllership consists of three critical components: (1) proper classification of business transactions and balances; (2) rigorous internal processes to ensure that assets are safeguarded and information is recorded with accuracy and consistency; and (3) fair and timely reporting of all transactions and financial information.

Our Responsibility

COMPLY WITH ALL APPLICABLE INTERNAL AND EXTERNAL ACCOUNTING PRINCIPLES, STANDARDS AND REGULATIONS AFFECTING ACCOUNTING AND FINANCIAL REPORTING.

MAKE CERTAIN that financial and non-financial information and operating metrics are reported accurately and on time.

PROMPTLY CREATE COMPLETE AND TRUTHFUL RECORDS and accounts reflecting all business transactions, expenditures and expenses.

PROTECT COMPANY ASSETS (physical, financial and intellectual property) from unauthorized access, use or loss.

COMPLY WITH COMPANY DELEGATIONS OF AUTHORITY with respect to the approval and execution of transactions and documents.

PROVIDE TIMELY, UNBIASED PROJECTIONS AND EVALUATIONS.

COOPERATE FULLY with both internal and external independent auditors.

UNDERSTAND AND ADHERE to internal document management procedures.

SAFEGUARD DOCUMENTS that may be relevant to pending or reasonably foreseeable litigation, audits or investigations, and as directed by Company legal counsel.

Concerns to Look Out For

FINANCIAL RESULTS THAT LACK TRANSPARENCY or do not appear to reflect underlying business performance.

DISTORTED RECORDS, such as inflated travel expense reports, inaccurate timesheets or false invoices.

BUSINESS DEALS that are structured in a way that does not make economic sense.

LACK OF PROCESSES AND CONTROLS to protect assets from risk of loss.

ATTEMPTS TO BYPASS internal authorization controls.

ALLOWING A THIRD PARTY VENDOR TO BEGIN WORK before an authorized purchase order has been issued.

USE OF ALTERNATE ACCOUNTING TREATMENTS without specific justification.

ABSENCE OF DOCUMENTED ROUTINES AND CONTROLS particularly at remote sites.

DESTROYING DOCUMENTS (including e-mail) without determining whether the documents are subject to legal preservation requirements.

Questions & Answers

Q: The winning bid for a maintenance project in my area is SR 100,000. My colleague is authorized to approve expenditures up to SR 75,000. He asks me to open two purchase orders for services related to this same project, one for SR 60,000 and the other for SR 40,000. Is this okay?

A: No. The delegation of authority is an important internal control. Your colleague may be attempting to circumvent the approval process. Since there is no clear justification for the request, you should report it to your manager.

Q: An important raw material supplier has recently demanded a price increase. In order to ensure continuity of supply, we accept the price increase. If the Supplier agrees to provide a letter characterizing the additional cost as a “reservation fee” for future supply, can the business properly capitalize this increase rather than treat it as an expense?

A: No. Intentional accounting misclassification (e.g., cost v. capital) is unacceptable. All financial transactions must be booked in accordance with both internal business standards and the external standards applicable to your business (e.g., GAAP, IFRS, SOCPA, etc.). Use of any alternative accounting treatments must be approved by Finance and documented.

Q: Sales are down this quarter and the business is struggling to meet its numbers. You have convinced a large customer to purchase additional volume in advance of its production needs in return for a substantial price break, extended payment terms and our agreement to hold the material in inventory until they can use it. Should you close this deal to make our sales numbers look better?

A: No. Revenue recognition rules are very strict. From an accounting standpoint, the conditions related to the additional volume may disqualify it from being booked as sales in the current quarter. You need to consult with the Controller of the affected business before making any agreements of this type.

Money Laundering

Our Policy

People involved in criminal activity – e.g., terrorism, narcotics, bribery and financial fraud – may try to “launder” the proceeds of their crimes to hide them or make them appear legitimate. This so-called “money laundering” is a growing problem in our global economy – more than 100 countries now have laws that make it a crime to accept or process the proceeds of criminal activities. A related concern is that legitimate funds may be used to finance terrorist activity – sometimes called “reverse” money laundering.

We are committed to complying fully with all anti-money laundering and anti-terrorism laws throughout the world. We will conduct business only with reputable customers involved in legitimate business activities, with funds derived from legitimate sources. Each of our business units is required to implement risk-based “Know Your Customer” due diligence procedures and take reasonable steps to prevent and detect unacceptable and suspicious forms of payment. A failure to detect relationships and transactions that place us at risk of being associated with improper laundering or use of money can severely damage our reputation, and create risk of criminal prosecution.

Our Responsibility

COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS THAT PROHIBIT MONEY LAUNDERING and the financing or support of terrorism, and that require the reporting of cash or suspicious transactions. Understand how these laws apply to your business unit or function.

IMPLEMENT AND FOLLOW APPROPRIATE “KNOW YOUR CUSTOMER” PROCEDURES. Conduct effective background reviews of prospective customers, agents and business partners to ensure that they are involved in legitimate business activities and their funds come from legitimate sources.

FOLLOW THE RULES IN YOUR BUSINESS CONCERNING ACCEPTABLE FORMS OF PAYMENT. Learn the types of payments that have become associated with money laundering (for example, multiple money orders or travelers checks, checks on behalf of a customer from an unknown third party, or cash).

IF YOU ENCOUNTER ANY WARNING SIGN OF SUSPICIOUS ACTIVITY, RAISE YOUR CONCERN PROMPTLY with company legal counsel and do not proceed further until your concern is resolved. Be sure to fully document the resolution of your concern.

Concerns to Look Out For

A CUSTOMER, DISTRIBUTOR, AGENT OR OTHER BUSINESS PARTNER WHO IS RELUCTANT to provide complete information, provides insufficient, false or suspicious information, or is anxious to avoid reporting or record-keeping requirements.

A CUSTOMER WHO IS RELUCTANT TO PERMIT A SITE VISIT to its base of operations.

PAYMENTS USING MONETARY INSTRUMENTS THAT APPEAR TO HAVE NO IDENTIFIABLE LINK TO THE CUSTOMER, or have been identified as money laundering mechanisms.

ORDERS, PURCHASES OR PAYMENTS THAT ARE UNUSUAL IN TYPE OR AMOUNT, inconsistent with the customer's trade or business or that reflect no real business purpose.

UNUSUAL FUND TRANSFERS to or from countries unrelated to the transaction or not logical for the customer.

TRANSACTIONS INVOLVING LOCATIONS OF KNOWN TERRORIST ACTIVITY, narcotics trafficking or money laundering.

TRANSACTIONS INVOLVING FOREIGN SHELL OR OFFSHORE BANKS, unlicensed money remitters or currency exchangers, or non-bank financial intermediaries.

STRUCTURING OF TRANSACTIONS TO AVOID REPORTING REQUIREMENTS (for example, multiple transactions below the reportable threshold amounts).

REQUESTS TO TRANSFER MONEY OR RETURN DEPOSITS to a third party or unknown or unrecognized account.

Question & Answers

Q: You meet a new customer at a media trade show who tells you he is starting up a new CD/DVD replication business. A week later the customer places an order for OQ resin that is far larger than you would expect from a new start-up business. Before filling the order, you request a site visit to the customer's new facility and he refuses. Should you fill the order anyway?

A: No. You have reason to be suspicious of this customer, given his unusually large order and his refusal to allow you to visit his site. Following standard "Know Your Customer" procedures, you should not sell product to this customer until you have received adequate assurances that he is operating a legitimate replication business.

Q: A Russian customer based in Moscow places an order for an unusually large amount of methanol. The customer requests a drop shipment to the Netherlands (where it does not have a manufacturing facility) and, since the order exceeds the customer's credit terms, he/she offers a cash advance in the form of a money order. Should you accept this order?

A: No. This transaction raises several "red flags" – the unusually large order, the drop shipment and the payment by money order – all of which suggest the possibility of money laundering. You should decline the order and immediately notify the Finance and Legal teams.

Insider Trading & Stock Tipping

Our Policy

We are committed to the principles of fair and open markets for publicly traded securities throughout the world, because such markets offer everyone an equal chance to succeed. Insider trading and stock tipping (the use of material non-public information about a company to effect a transaction in the securities of that company) undermines these principles and is prohibited by SABIC's policies and the laws of many countries.

Our Responsibility

NEVER BUY OR SELL the stock or other securities of any company while you have inside information about that company.

NEVER RECOMMEND OR SUGGEST THAT ANYONE ELSE BUY, SELL OR RETAIN the stock or other securities of any company while you have inside information about that company.

CONSULT COMPANY LEGAL COUNSEL before trading in a security if you have any question as to the propriety of that trade, or before disclosing information about a publicly-traded company if you are unsure that such information can legally be conveyed to the intended recipient.

Concerns to Look Out For

FAILING TO IDENTIFY INSIDE INFORMATION. Information is "inside information" if it is non-public and a reasonable investor is likely to consider it important in making an investment decision.

INCORRECTLY ASSUMING THAT, BECAUSE SABIC IS NOT PUBLICLY-TRADED OUTSIDE THE KINGDOM OF SAUDI ARABIA, PROHIBITIONS ON USE OF INSIDE INFORMATION ARE NOT APPLICABLE TO OUR EMPLOYEES when they trade in countries (including the ksa) that have insider trading prohibitions. Such prohibitions apply to the securities of all publicly-traded companies, not just the company you work for. Where insider trading is prohibited, trading on inside information about any publicly-traded company, including sabic and our publicly-traded customers, suppliers and other business partners, is prohibited.

DISCLOSING INSIDE INFORMATION TO A THIRD PARTY to enable that party to buy, sell or hold stock or other securities of a company based on such information.

Questions & Answers

Q: During negotiations with a large public company supplier, I was informed in confidence about an imminent, major acquisition the supplier plans to make. I would really like to invest in the supplier, given the size and nature of the planned acquisition. Is that okay?

A: No. If the possible acquisition has not been publicly announced, this is inside information that you may not use to make a trade. If you execute a trade on the supplier's stock based on your tip, both you and the supplier employee who provided it could be charged with insider trading.

Q: I was at a trade show recently and was having a friendly conversation with an employee of a public customer. She told me that they are coming out with a “top secret” new product that will really take the market by storm. My father likes to play the stock market and I am sure he would find this information very interesting. Can I tell him about it?

A: No. If you disclose this information to your father and he buys stock in the customer based on your tip, you, your father, and the customer employee who gave you the information could all be charged with stock tipping.

REPORTING COMPLIANCE CONCERNS

Reporting Compliance Concerns

Our Policy

The core of a robust compliance culture is an effective mechanism that allows employees to speak up and raise actual or potential compliance concerns in a non-retaliatory environment, so that they can be addressed quickly and effectively. We all have a responsibility to raise compliance concerns or violations promptly – failure to do so can have significant adverse consequences for SABIC and its employees, and for the communities in which we live. We strictly prohibit retaliation of any kind against anyone for raising or helping to address a compliance concern.

Our Responsibility

SPEAK UP – you are SABIC's “eyes and ears” on compliance issues. Promptly raise any actual or potential compliance violation through the reporting channels available to you. The sooner a concern is raised and addressed, the better. If you are not satisfied about how your concern is being addressed, please advise your manager or company legal counsel.

Understand the several channels that you have for raising compliance concerns, which include your manager, hr, legal or the compliance helpline:

SABIC Regional Compliance Helplines:

KSA and Middle East:	+800 30 22220
Americas:	+1 800 643 1614
Europe:	+31 164 29 2256
Asia:	+81 285-80-2535

While you are free to raise a concern anonymously, if you elect to identify yourself, we can follow up with you and provide feedback.

COOPERATE IN INVESTIGATIONS INTO POLICY CONCERNS OR VIOLATIONS. Your identity (should you choose to disclose it) and the information you provide will be shared only on a “need-to-know” basis with those responsible for resolving the concern.

DO NOT TAKE ANY RETALIATORY ACTIONS against any person for reporting a compliance concern.

Questions & Answers

Q: What constitutes a compliance concern?

A: The following are some examples of compliance concerns:

- A Violation of our Policies or applicable law.
- A Request made by others to violate our Policies or applicable law.
- Failure to promptly raise a known violation of our Policies or laws.
- Failure to cooperate in investigations of possible Policy violations.
- Retaliation against another employee for reporting a compliance concern.
- Failure to demonstrate leadership and diligence to ensure compliance with our Policies.

Q: What happens when a compliance concern is raised?

A: Compliance concerns are thoroughly investigated. Depending upon the nature and magnitude of the concern, the investigation process may include: (i) assigning an investigation team with members who have the proper expertise and objectivity; (ii) conducting an investigation, including interviews and review of relevant documents; (iii) recommending corrective actions to the appropriate managers for implementation; and (iv) providing feedback to the person raising the concern.

Q: What if I am not sure my concern is a compliance concern?

A: You should report your concern anyway. All reported concerns are investigated by the compliance team. We would rather investigate all concerns than risk having any potential compliance issue go unreported. Reporting a concern will allow the Company to make a timely assessment as to whether there is a compliance violation. If the issue is not a compliance concern, we can clarify the policy or provide information to others to allow the issue to be resolved or addressed as needed.

“Performance with Integrity”