

## Our Commitment

SABIC Innovative Plastics is a leading, global supplier of engineering thermoplastics with a 75-year history of breakthrough solutions that solve its customers' most pressing challenges. Today, SABIC Innovative Plastics is a multi-billion-dollar company with operations in more than 35 countries and approximately 9,000 employees worldwide. The company continues to lead the plastics industry with customer collaboration and continued investments in new polymer technologies, global application development, process technologies, and environmentally responsible solutions that serve diverse markets such as automotive, electronics, building & construction, transportation, and healthcare. The company's extensive product portfolio includes thermoplastic resins, coatings, specialty compounds, film, and sheet. [SABIC Innovative Plastics](#) is a wholly owned subsidiary of Saudi Basic Industries Corporation (SABIC), one of the world's top five petrochemicals manufacturers.

SABIC Innovative Plastics is founded upon a commitment to performance with integrity. It is the legacy upon which this Company is built and it is the foundation upon which we will continue to grow our business around the world. We hold ourselves to the highest standards of ethical conduct every day, in every transaction and everywhere we do business. By doing so, we earn the confidence of our employees, our customers, our business partners and our communities, which helps to fuel our growth.

Integrity and operating with the highest standards of ethical business conduct are embedded in our culture. These standards include our commitment to strong and effective programs for fulfilling our environmental, health, safety and security (EHSS) obligations, for ensuring the sustainability of our operations and products, and for implementing the ten principles of the United Nations Global Compact. Strong operating systems and mechanisms to achieve these goals have been in place for years and have been enhanced over time to help ensure our vision of continued compliance and preventive action.

As a business that uses or produces chemicals throughout the globe, we are dedicated to having strong EHSS policies and programs to ensure safe, efficient operations that minimize negative impacts. Protecting the

environment and the health and safety of employees is required by law, but we believe we should do even more than the law requires as part of our commitment to the environment, our employees and our communities. Through management leadership and employee commitment, we believe in working together to conduct our operations in a safe and sustainable manner that minimizes adverse environmental impacts and prevents injuries and accidents. In addition to our own operations, we have programs to help our suppliers and customers improve key aspects of their EHSS performance, including environmental impact of operations and products.

Part of our commitment to sustainability goes beyond just our own plant operations, and extends to the development of products that use fewer natural resources and/or allow our customers to use our materials in products that reduce the use of energy and impacts on the environment. We have a tradition of innovation that has delivered materials that are inherently more sustainable than common practice in the market (such as through recycled content) and has helped our customers use plastics more effectively to achieve sustainability benefits beyond the gates of our business (for example, automotive light-weight design for fuel economy and energy efficient window materials). SABIC Innovative Plastics sees continued innovation in the area of environmental sustainability as a growth initiative for our business and continues to invest accordingly.

One key to SABIC Innovative Plastics' competitive strength is our diverse workforce that includes people from many different cultural backgrounds. Wherever we operate, we comply with all applicable labor and employment laws, including those prohibiting all forms of illegal discrimination. However, even where local law does not address these issues, we follow the principles for fair treatment and non-discrimination as described in our Fair Employment Practices Policy. We are committed to creating and fostering a culture of respect and fair employment practices and to ensuring that our employees are well trained, fairly treated, and safe in their workplaces wherever they work around the globe.

A handwritten signature in black ink that reads "Charlie Crew". The signature is written in a cursive, flowing style.

Charlie Crew  
CEO, SABIC Innovative Plastics

## **Our Compliance Culture and Processes**

### **A. Our Compliance Culture**

The framework of our Compliance Culture lies in our **Code of Ethics**. The SABIC Code of Ethics provides the foundation for our business culture and underscores our commitment to performance with integrity. The Code of Ethics provides guidelines for employee behavior and affirms our commitment to uphold our core values such as our commitment to our employees, standards for doing business, and our relationship with our communities.

In addition, we believe there are two fundamental elements to create an effective compliance culture -- **Leadership Engagement** and **Employee Commitment**. Our leaders are responsible for creating the basic systems of preventing, detecting and responding to compliance issues and for creating a culture of compliance through leading by example. At the same time, each employee is responsible for understanding the compliance risks that impact his/her job. All employees are asked to acknowledge their understanding of the Code of Ethics annually and to complete assigned training on each of the policies contained in the Code of Ethics. We **ALL** have a responsibility to raise integrity concerns or violations promptly - failure to do so can have significant adverse consequences for our company, ourselves, our fellow employees and the communities in which we live. We strictly prohibit retaliation of any kind against anyone for raising or helping to address an integrity concern.

### **B. Our Compliance Processes**

We operationalize our compliance culture through a variety of processes and operating rhythms described below:

1. Ombudsperson To promote an atmosphere where our employees feel free to raise concerns, we have established a global organization of ombudspersons who receive and investigate concerns. In addition, employees are all trained that they can also raise their concerns with any manager or with the Human Resources or Legal organizations. The number and type of concerns raised to the Ombudsperson network are measured and tracked, and are periodically discussed at several Compliance Review Boards established by the Company.
2. Annual Compliance Review

The Company conducts an Annual Compliance Review (ACR) process that is designed to engage our employees to assess compliance processes, prioritize key risks and develop mitigation plans to address those risks. The process includes a Bottoms Up Review during which each exempt Manager must meet with his/her direct reports and cover the following:

- a. a review of each policy in the Code of Ethics;
- b. a review of Bottoms Up output from prior reviews; and
- c. a general discussion encouraging employees to freely surface compliance concerns without fear of retaliation. Each compliance concern that is raised is recorded by the Manager and addressed either during, or within a reasonable time after, the Bottoms Up Review is over.

In 2008 and 2009, the participation rate of the relevant population in the Bottoms Up reviews was over 90%. The results of the Bottoms Up review are then discussed by management which develops a summary of the issues raised and any other existing and emerging risks that could adversely impact the organization. This process results in the development of risk mitigation or action plans for the highest priority risks. These plans include assigning the responsibility for mitigation actions to particular individuals, with required dates for completion. The progress towards completion of the plans is tracked on a monthly basis, through a digitized system tracker and is also discussed at the periodic meetings of the Compliance Review Boards (see below).

### 3. Compliance Review Boards

Oversight of the Company's compliance program is performed by a network of Compliance Review Boards, which operate at a global and regional level. These Boards meet periodically to identify any new significant compliance concerns, review the activities of the Ombudspersons, and monitor the completion of the integrity training required of our employees.

### 4. Compliance Training

One way that we try to ensure compliance with our Code of Ethics is to require all employees to be trained on the specific requirements of the Code. In an effort to better equip employees to recognize and respond to increasingly complex compliance challenges, our Company's Legal team developed a comprehensive web-based compliance training program. This program reviews each policy in detail, and includes questions which must be answered correctly to show understanding of the requirements. Currently, our Company requires that all employees take 4 "Level One" courses on the

basics of all of the policies. In addition, there are another 31 “Level Two” more detailed courses that are assigned to employees based on their roles within the Company. This approach allows employees to complete training with particular focus on those compliance policies and practices that pertain most directly to the issues they face in performing their job duties. Our employees are required to take an average of about 25 courses during a two year training cycle. Several of our compliance courses are available in the most commonly used international languages. In 2008, the rate for completion of required training was 96% for Level One courses, and 91% for Level Two courses. As of December 2009, the corresponding completion rates for assigned courses were 97% and 90% .

Another feature of our compliance training program is the executive level training delivered by our Company’s senior leadership, with the support of the Legal team. This training is designed to train senior management on the compliance responsibilities of a leader, emerging compliance risks, how to conduct compliance investigations and a review of our compliance infrastructure. In 2008, 98% of the executive staff participated in this program.

In addition to Code of Ethics specific training, we also conduct live training on high-risk areas (e.g. EHS, International Trade and Antitrust). For example, we track required training in EHS, and the completion rates for 2008 and 2009 were both over 99%; the training completion rate for training on International Trade Sanctions was 95% of the relevant population.

#### 5. Supplier Qualification Process And Contracts

We have implemented a program to ensure that our suppliers are ethical and adhere to the fundamentals of our policies, including employment practices, child or forced labor and matters of environmental health and safety standards. We perform due diligence on certain categories of suppliers which may be subject to the highest risk of non-compliance with our standards. For these suppliers, we undertake inquiries which may range from questionnaires, to interviews, to site inspections. We have performed reviews of over 2300 suppliers in over 50 countries, including on-site evaluations at over 700 facilities. On-site EHS&S audits have been performed for over 80% of SABIC-IP’s annual direct material buy for manufacturers located in emerging countries. In addition, our standard forms of contract contain multiple provisions designed to make sure our suppliers meet our integrity standards.

#### 6. Digital Tools and Periodic Compliance Messaging

Several digital tools enhance the robustness of our compliance program. The Field Application Support Team system is designed to mitigate the risks of selling products into high-risk applications. Our watch list screening system screens orders to ensure that we comply with all applicable government sanctions and trade restrictions and that we are only doing business with reputable entities. In addition, our leadership team issues frequent all-employee communications on compliance responsibilities. Compliance is consistently made an agenda item at staff meetings.

### **C. United Nations Global Compact**

SABIC Innovative Plastics joined the United Nations Global Compact as of January 2009, and is proud to report this first Communication On Progress. We implement our Global Compact programs through many of the compliance programs outlined above. For example, to address issues of human rights we audit our suppliers to ensure that there is no child or slave labor involved, and that wages and working conditions are acceptable. In our own operations, we have fair employment and EHS programs to make sure our employees work in a safe and healthy environment and in conditions that comply with all applicable standards as to employment. We have longstanding programs against corruption. Several of our policies and related training address the appropriate bounds for gifts and entertainment, and for knowing our customers to combat the risks of money-laundering or corruption. We also have a comprehensive financial controllership program to make sure our transactions are properly treated and reported.

Similarly, our labor policies are governed by our Code of Ethics and all applicable laws, and are reinforced periodically through our compliance training programs as outlined above. We have approximately 1200 employees covered by organized unions or Works Councils. Fair employment laws are taught and enforced throughout all of our operations. We have extensive employee safety programs, and have 30 sites that are certified to the ISO 14000 standard 8 that are certified under the United States Occupational and Health Administrations' Voluntary Protection Program (VPP), and two that are certified under Mexico's VPP program. In addition, we have developed our own Global Star safety program modeled in part on the OSHA VPP program, and have certified 19 sites as satisfying the criteria for this program. For 2008, our OSHA-based injury rate was 0.9 and for 2009 it was 0.64.

### **D. Our Environmental Sustainability Programs**

Our environmental and sustainability programs are essential to our operations. Our Policy requires us to comply with all applicable environmental laws and regulations and to minimize adverse environmental impact from our operations. Our EHS&S Stewardship includes implementation of strong management systems at all of our global facilities that tie in closely with our strong governance and integrity policies. Our compliance systems are based on education, data management tools, a multi-layered auditing system and management attention to reviewing progress. Nearly all of our manufacturing sites are ISO14001 certified, a key indication of our commitment to world class performance and continuous improvement.

Our Performance is indicated by improvements in air compliance, environmental releases and health and safety program measures. Efficient use of Energy, Materials and Natural Resources is very important to our business and we encourage good practices for pollution prevention and conservation, recovery and recycling of materials, water conservation, and energy efficiency. We have been tracking energy usage and GHG emissions for all our global manufacturing sites since 2002 and measure our progress in these areas. We also strive to eliminate unreasonable risks from our facilities, products, and services.

Our commitment to the environment, our employees and our communities also includes Product Stewardship, which involves evaluation of the safety and health aspects of our products and raw ingredients. Programs to assess and manage risks to human health and the environment, and to communicate information to our employees and customers are implemented by our Product Stewardship and Toxicology teams. Meeting our commitment includes developing internal processes and programs and complying with the increasingly complex product and chemical regulations and restrictions, such as REACH. Stewardship also includes internal programs to evaluate new materials and new products prior to their introduction.

SABIC Innovative Plastics receives multiple Awards, Recognition and Certifications that are an indication of our commitment to implementing excellent programs and processes and striving for continuous improvement. Our programs have been developed to follow the guiding principles of Responsible Care and we are in the process of implementing the full guidelines for our sites.

We believe that stewardship of our natural resources and the development of sustainable materials and processes will enhance the growth of our business, support growth for our customers' businesses and help to solve environmental challenges. Understanding impacts across our product

lifecycle helps to focus efforts in the most important areas. The product lifecycle areas where we can have the most significant impact are using more sustainable raw materials such as recycled and bio-based feeds, improving the operational efficiency of our own manufacturing sites, helping our customers to develop more sustainable designs, and continuing to strive for less impactful chemistry in our final products.

## **E. Green Product/Sustainability Portfolio**

Our sustainability programs go beyond how we operate our business to include what we design and sell in the market. We have a culture of innovation and product development that has delivered sustainability benefits to our clients and stakeholders throughout our history. In the 80's and 90's, our company was a leader in the novel plastics technologies of that time such as thin-wall plastics and structural foam molding and the engineering plastics that made these processes successful. These processes significantly reduced the amount of material resources used to manufacture goods in almost every industrial sector. Today, we continue this tradition of sustainable innovation by developing materials that are inherently more sustainable than common practice in the market (e.g., recycled content) and by working with our customers to use plastics effectively to achieve sustainability benefits beyond the gates of our business (e.g., automotive light-weight design for fuel economy, energy efficient window materials). SABIC Innovative Plastics sees continued innovation in the area of environmental sustainability as a growth initiative for our business and continues to invest accordingly.

### **Selected examples:**

**Valox iQ\* resin technology:** Valox iQ\* resin is made using an environmentally responsible polybutylene terephthalate (PBT) resin that uses post-consumer PET feedstock (e.g., disposable water bottles), which gets upcycled via a proprietary process to make iQ-PBT resin. Valox iQ resin has 50-85% lower carbon footprint than comparable engineering thermoplastics, with excellent electrical properties, chemical resistance, and good aesthetics. These resins have virgin properties and fall within the same specification as traditional PBT resins. PBT resin is commonly used in electrical connectors or blended with other resins for use in consumer product housings and automotive exteriors. Valox iQ\* technology has received numerous awards, including the 2006 SAE Environmental Excellence in Transportation (E2T) Award, the 2007 Society of Plastics Engineers (SPE) Environmental Award, EcoMark certification by the Japan Environmental Association, Cradle to Cradle certification from MBDC for Valox iQ8280SF resin, and most recently the 2009 Responsible Care Award.

Environmentally responsible Valox iQ\* resin

SABIC Innovative Plastics Scores Big with 2009 Responsible Care® Award Win for Eco-Optimized iQ\* Resin

**Lexan\* EXL recycled resin:** Using up to 25% post-consumer recycled (PCR) content from discarded 5 gallon water bottles, Motorola collaborated with SABIC Innovative Plastics to develop Lexan EXL 8414 polycarbonate for the MOTO W233 Renew mobile phone, which Motorola reported as being the world's first certified carbon neutral device.

News Article from Modern Plastics Worldwide

**Flexible Noryl\* resin:** Because wire and cable is often tucked out of sight, it is easy to ignore the sheer volume of its application in our lives. This volume is what makes the disposal and recycling of wire and cable such an increasingly pressing environmental issue. Ecologically minded consumers and government bodies have put increasing pressure on wire and cable manufacturers to phase out conventional PVC wire coatings that can release toxins during incineration. Flexible Noryl\* wire coating resins are an alternative to PVC, providing non-halogenated, nonbrominated, lead-free flame resistance – an increasingly important quality for consumer electronics applications. Flexible Noryl\* resins also have lower specific gravity (mass per unit volume), enabling weight reduction in automotive cabling. However, the true value of SABIC Innovative Plastics wire coating material becomes evident in how it meets changing consumer and government demands, while preserving the status quo on the manufacturing floor. Many wire coating manufacturers will find that Noryl resin is compatible for use in similar extruders used to process PVC and other conventional materials.

**Lightweight design for automotive fuel economy:** SABIC Innovative Plastics has a tradition of collaborating with our automotive clients to replace heavier materials such as steel and glass, with lighter weight plastics. Weight plays a significant role in fuel economy: heavier cars require more energy and fuel to drive a given distance than lighter cars. Three examples of our contribution to light weight design are Noryl GTX\* fenders replacing steel, Exatec polycarbonate glazing, and Ultem\* resin lighting reflectors replacing thermoset composites. In one example, the 2007 Twingo and 2008 Kangoo models from Renault vehicles featured lightweight, durable Noryl GTX\* resin for the fenders as an alternative to steel, enabling Renault

to keep the fender weight down by as much as approximately 50 percent vs. steel, while delivering better low-speed impact durability than steel. [In a second example, Mitsubishi Motors Corporation used Noryl GTX resin in the front fenders of the Delica D:5 van to reduce weight and increase design flexibility.](#) Recognizing its contribution to the automotive and plastics industries, the Noryl GTX\* fender was inducted into the [Society of Plastics Engineers \(SPE\) Hall of Fame in 2009.](#)

## **Conclusion**

SABIC Innovative Plastics recognizes that it can best succeed by having a culture based on integrity, devoted to quality and innovation, and responsible for maintaining high standards for the environment, health and safety, fair employment and sustainability. Our compliance culture and processes are designed to fulfill these goals, and are a core part of our commitment to how we do business.

\* Trademark of SABIC Innovative Plastics IP BV