

Our Compliance Culture and Processes

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. See the attached "**Our Compliance Culture and Processes**" for additional details.

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, which includes local and regional policies. 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
President and 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**. **In 2010, SABIC adopted a Code of Ethics that consists of 13** policies covering three broad areas: (a) Our Global Environment; (b) Our Workplace; and (c) Protecting our Assets. The SABIC Code of Ethics requires all employees to obey the law, be honest and trustworthy. These policies reflect our commitment to integrity and corporate citizenship, including our commitment to the United Nations Global Compact.

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 SABIC Innovative Plastics employees are asked to acknowledge their understanding of the Code of Ethics annually and to complete assigned training on 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. Compliance Helpline Leaders: To promote an atmosphere where our employees feel free to raise concerns without fear of retaliation, we have established a global organization of Compliance Helpline Leaders who are responsible for receiving concerns and ensuring that all concerns are properly investigated and addressed. 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 Compliance Helpline Leaders are measured and tracked, and are periodically discussed at several regional Compliance Review Boards established by the Company.

2. Compliance Review

For several years, SABIC Innovative Plastics has conducted a Compliance Review 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).

In 2010, SABIC initiated a global compliance review program for the entire Company. The new process consists of a Bottom Up Review, as described above, as well as a Top Down review for Enterprise Risks. As with the previous process, management discusses the results of these reviews and risk mitigation plans are developed and tracked for the highest priority risks.

3. Compliance Review Boards

Oversight of SABIC's compliance program is performed by a network of regional Compliance Review Boards. These Boards meet periodically to identify any new significant compliance concerns, review the activities of the Compliance Helpline Leaders, 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 that must be answered correctly to show understanding of the requirements. Currently, our Company requires that all employees take four General Awareness courses on the basics of all of the policies. In addition, there are another 31 Advanced courses that are more detailed and 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 languages most commonly used by our employees. In 2008, the rate for the completion of required training in SABIC Innovative Plastics was 96% for General Awareness courses, and 91% for advanced courses. As of December 2009, the corresponding completion rates for assigned courses were 97% and 90%. As of 2010 the respective completion rates were 98% and 97%.

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. During 2010, the executive level training was rolled out to SABIC businesses outside of the Innovative Plastics business, and was given to 95% of the target audience.

In addition to Code of Ethics specific training, we also conduct live training on high-risk areas (e.g. EHSS, International Trade and Antitrust). For example, we track required training in EHSS, and the completion rate for 2008 was 99.8%, 2009 was 93.86%, and 2010 was 99.39%; the training completion rate for training on International Trade Sanctions was 95% of the relevant population. In 2010 the training was rolled to SABIC businesses outside of Innovative Plastics and targeted global audiences were trained in Anti-dumping, International Trade, EHSS Compliance, Antitrust and Intellectual Property.

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 Code of Ethics and EHSS policies, including: fair employment practices, no underage or forced labor, reasonable hours of work and wages, no discrimination, freedom of association and EHSS matters such as providing a safe work environment, pollution prevention, waste minimization and recycling, and safe and secure transportation of materials. We perform EHSS due diligence on all direct material suppliers at varied levels dependant on each suppliers risk potential. For all suppliers, we undertake inquiries that range from questionnaires, to interviews, to thorough on-site EHSS inspections. We have performed reviews of over 2600 suppliers in over 50 countries, including over 700 on-site inspections. On-site EHSS inspections have been performed for over 80% of SABIC Innovative Plastics' annual direct material buy for manufacturers located in emerging countries. In addition, our standard forms of contract contain multiple provisions designed to ensure our suppliers meet our integrity standards and EHSS expectations.

6. Digital Tools and Periodic Compliance Messaging

Several digital tools enhance the robustness of our compliance program. 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 second 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 EHSS 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, eight 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 Health and Safety Star of Excellence program modeled in part on the OSHA VPP program, and have certified 20 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, and for 2010 it was 0.71.

D. Our Sustainability Programs

Our environmental and sustainability programs are essential to our operations. Our EHSS Policy requires us to comply with all applicable environmental laws and regulations and to minimize adverse environmental impact from our operations. Our EHSS 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. SABIC Innovative Plastics is also in the process of implementing Responsible Care at all of our chemical manufacturing sites worldwide. Our two Mexico facilities received their initial Responsible Care certification in 2010 through Asociacion Nacional de la Industria Quimica (ANIQ).

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. The most important sustainability categories that are applicable across SABIC's entire manufacturing operations are energy usage, GHG emissions, water usage and material efficiency. Energy usage and GHG emissions are closely related and are

addressed through a network of energy and GHG experts that focus on implementing efficiency programs, monitoring progress, and identifying improvement projects and actions. Concerns about water usage have been designed into our sites that are located in water stressed regions. We have taken steps such as using seawater for process cooling to minimize desalination and maximizing process water recycle and recovery. Material effectiveness efforts focus on reducing process wastes or losses, and maximizing the quantity of high value product we produce from the valuable raw materials that we purchase.

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.

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.

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. 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. More information on our Sustainability Programs can be found [here](#).

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.