



SABIC BUSINESS GIFTS AND HOSPITALITY PROCEDURES PRIVATE SECTOR

April 2019

REFERENCES:

SABIC Code of Ethics (Third Party Business Dealings Policy and Anti-Corruption Policy)

Issued by Legal Affairs

1. Introduction and Scope

(Capitalized terms are defined in Appendix A)

Our policies on Anti-Corruption and Third Party Business Dealings in the SABIC Code of Ethics require all business transactions to be based on lawful, ethical, and fair practices. An important component of these policies is ensuring that Business Gifts and Business Hospitality are exchanged in a manner that does not create an improper business advantage or the appearance of one.

These Procedures provide the minimum standard that all Employees must observe when dealing with the private sector. Business Gifts and Business Hospitality can be a normal part of activity in the commercial arena. However, in order to set a higher standard for Employees, Employees should NOT accept Business Gifts from Third Parties unless permitted by these Procedures. Beyond the prohibition on *receiving* Business Gifts, Employees are allowed to give Business Gifts, and give and receive Business Hospitality PROVIDED these are (a) incidental to business-related events; (b) in good faith; (c) permitted under local laws and customs; (d) without expectation of gain in return; and (e) in accordance with these Procedures including Appendix B.

Bribery is prohibited by laws around the world, as well as by these Procedures. Employees must immediately report any concern regarding compliance with these Procedures to any Manager, HR, Legal Affairs and/or a Compliance Helpline Leader. As with all compliance matters, SABIC strictly prohibits retaliation of any kind against any person who raises a compliance concern or participates in any compliance-related investigation.

2. Business Gifts

2.1 Do not accept Business Gifts and do not allow Third Parties, such as family members, to accept Business Gifts on your behalf, unless the following exceptions apply:

2.1.1 Employees may accept project recognition awards such as plaques or deal cubes commemorating a project milestone.

2.1.2 Business Gifts that cannot be returned for cultural reasons or because they have already been delivered and return is not possible, such as perishable food items, should be distributed fairly amongst the office. Legal Affairs should be notified so that they can help you prepare a letter for the gift-giver, thanking them for their Business Gift and informing them of SABIC's policy not to accept Business Gifts, so the gift-giver will be able to take this into account in the future.

2.1.3 Receiving a payment for services rendered normally without charge, such as speaking at a professional conference, is not acceptable and should be declined.

2.1.4 Employees can accept a discount or benefit from a Third Party if the scheme under which such is provided is generally offered to all employees at the location, local or regional management has pre-approved the scheme and the scheme complies with local law and regulations.

2.2 The global limit for giving Business Gifts is the approximate equivalent in local currency of \$100 USD, per Recipient, per event as set out in Appendix B.

2.3 Do not give or offer to give:

2.3.1 Cash (including an honorarium), cash equivalents (e.g., checks, vouchers, gift cards) or loans.

2.3.2 Favours, employment or internships, including to family members or associates.

- 2.3.3 Charitable Contributions or Sponsorships in order to obtain or provide an improper advantage. All Charitable Contributions and Sponsorships must only be given in accordance with these Procedures and SABIC's RAISE Policy. This Policy states that SABIC will not use its corporate social responsibility programs, including approved volunteer hours, for the purpose of favourably influencing the outcome of a business transaction, nor will it use its corporate social responsibility programs in a manner that may give the appearance of trying to favourably influence a business transaction.

3 Business Hospitality

- 3.1 The global limit for giving Business Hospitality is the approximate equivalent in local currency of \$200 USD, per Recipient, per event, as set out in Appendix B.
- 3.2 The global limit for receiving Business Hospitality is the approximate equivalent in local currency of \$100 USD, per Recipient, per event, as set out in Appendix B.

4 Procedures

- 4.1 Only offer a Business Gift or partake in Business Hospitality that is reasonable, necessary and directly related to a business purpose.
- 4.2 The most senior hosting Employee should request approval, pay for and claim business expenses where more than one Employee is involved in providing Business Hospitality.
- 4.3 All Business Gifts and Business Hospitality should be provided in the name of the relevant SABIC company and not in the name of the individual.
- 4.4 Upon request, the Regional Chief Counsel and relevant L2 Leader may, in exceptional circumstances, approve giving a Business Gift or, giving or receiving Business Hospitality exceeding the monetary limits set out in Appendix B (e.g. to commemorate the contributions of a retiring Third Party business representative with whom SABIC has been working for many years).
- 4.5 Any Business Gift or Business Hospitality for a government official is outside the scope of these Procedures and must receive approval of the Regional Chief Counsel. SABIC's Anti-Bribery Guidelines apply to interactions with government officials and may be found [here](#).
- 4.6 All Business Gifts and Business Hospitality should be exchanged in an open and transparent manner.
 - 4.6.1 All payments for Business Gifts and Business Hospitality should be accurately recorded.
 - 4.6.2 Do not provide services as an alternative to a Business Gift or Business Hospitality unless necessary for a reasonable business purpose (e.g., do not assist a customer with arrangements to visit Makkah for Umrah or Hajj, which is a personal purpose).
 - 4.6.3 Do not use personal funds to provide Business Gifts or Business Hospitality.
- 4.7 "Adult" entertainment is never allowed, even if it is part of locally accepted custom.
- 4.8 Do not use a Third Party to give or accept anything prohibited under these Procedures on your behalf.
- 4.9 SABIC and its affiliates that have adopted the SABIC Code of Ethics must adhere to these Procedures.

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- 5 SABIC-Sponsored Events
- 5.1 All expenses for SABIC-Sponsored Events must fall within the limits set forth in Appendix B.
- 5.2 The primary purpose of the proposed Business Hospitality must be legitimate business – for example, providing travel, accommodations and food as part of a SABIC-Sponsored Event designed to acquaint customers with our products or services.
- 5.3 The business purpose must be supported by a detailed agenda that demonstrates a majority of time will be spent directly on business matters.
- 5.4 Arrangements for SABIC-Sponsored Events, including the venue, must be appropriate in light of the business purpose.
- 5.4.1 If SABIC is offering travel as part of the event, SABIC should pay the travel provider directly rather than the guest. If that is not possible, the guest must provide original receipts for the travel and submit them to SABIC for reimbursement. Please check Appendix B, as some regions may not allow arrangements and payment for travel and accommodation.
- 5.4.2 Premium economy and business class airfare are permissible with prior written approval from your L2 and Regional Chief Counsel.
- 5.4.3 Accommodation should not be extravagant. Five-star or resort hotels may be the only option in some geographies, but should receive prior written approval from your L2 leader and Regional Chief Counsel.
- 5.4.4 SABIC will not pay for traveling companions to attend SABIC-Sponsored Events – e.g., a family member whose presence is not linked to the business purpose of the trip.
- 5.4.5 SABIC will not arrange or pay for extra trips surrounding the event such as visiting Makkah or diving at the Red Sea.
- 5.5 Partners in joint venture companies are considered external Third Parties for purposes of these Procedures.
- 6 Our Responsibilities
- 6.1 Employees must consider the following factors when determining whether to give a Business Gift or to give or receive Business Hospitality:
- 6.1.1 Could the Business Gift or Business Hospitality give rise to an improper advantage?
- 6.1.2 Does the monetary value of the Business Gift or Business Hospitality exceed the limits in Appendix B? Does it exceed industry standards?
6.13 To the extent you are aware, would giving the Business Gift or Business Hospitality be acceptable under the Recipient's company policies?
- 6.1.3 Would you be concerned if giving the Business Gift or giving or accepting the Business Hospitality appeared in a news headline? If the answer to any of the foregoing is "yes," don't give the Business Gift or give or accept the Business Hospitality.
- 6.2 Learn the difference between a legitimate Business Gift or Business Hospitality and a Bribe. A Bribe or improper Business Gift or Business Hospitality can cause you or a Third Party to:
- 6.2.1 Ignore the duty to act in the best interest of the company you or the Third Party represents.
- 6.2.2 Enter into a transaction that would otherwise not be entered into.
- 6.2.3 Grant more favourable contractual terms than would otherwise be granted.
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7 Questions and Answers

- Q. A Supplier visits our office and brings you a small Business Gift. May you accept it?
- A. No. Employees cannot accept any Business Gifts, unless under one of the limited exceptions articulated in the Procedures.
- Q. A Supplier delivers a basket of cookies to you during a holiday period. Can you keep the basket?
- A. Remember our zero gifts rule. If the delivery is already made, the cookies should be distributed fairly amongst the office. Report the Business Gift to Legal Affairs so that they can help you prepare a letter for the Supplier, thanking them and reminding them of our policy not to accept Business Gifts.
- Q. A SABIC Procurement Manager wants to encourage all of his Suppliers to donate to a charity that SABIC supports. May he do so?
- A. No. Encouraging Third Parties to make Charitable Contributions could create a risk of the appearance that SABIC will treat those who make such contributions more favourably.
- Q. A Customer visiting us in the Kingdom of Saudi Arabia wants to visit Makkah/Medina and asks you to assist in organizing the trip. May you assist?
- A. No. You should only provide travel assistance to Third Parties if associated with a business purpose. Here, the Customer's purpose is personal.
- Q. The Procurement Team is negotiating a new contract with a Supplier and the Supplier wants to take a break to go to a restaurant? Can you go?
- A. It is fine to go to the restaurant with the Supplier, but the Procurement Team should pay for its own meals. When contract negotiations are ongoing, it is important to avoid the appearance that a Supplier is giving us something of value in order to influence the outcome of the negotiations. It is also fine for the Procurement Team to pay for the Supplier, up to the limit as provided in Appendix B for giving Business Hospitality.
- Q. What if I suspect a violation of these Procedures?
- A. Employees are responsible for complying with these Procedures and have an obligation to report suspected violations to any Manager, HR, Legal Affairs, and/or a Compliance Helpline Leader. SABIC strictly prohibits retaliation of any kind against anyone for raising or helping to address an integrity or compliance concern.

Appendix A

Definitions

Bribe – Money or other items of value offered, promised, given, paid, authorized or demanded to improperly influence the Recipient, including but not limited to luxury gifts or excessive hospitality, jewellery, jobs, internships, and free services.

Business Gifts – Items given as part of the valid furthering of business interests. Examples of legitimate Business Gifts (subject to the monetary limits set out in Appendix B) include, but are not limited to: fruit baskets, flowers, cookies, moon cakes, and promotional items such as pens, mugs, or T-shirts. *Note that tickets to shows or sporting events when not accompanied by a Third Party business representative are considered gifts.*

Business Hospitality – Meals, lodging, travel and entertainment provided where the main purpose of the hospitality is the valid furthering of business interests. Examples of legitimate Business Hospitality include, but are not limited to: meals surrounding business meetings, social events, sporting activities or events, airfare, car service, and standard hotel rooms. *Note that tickets to shows or sporting events when accompanied by a Third Party business representative are considered hospitality.*

Charitable Contribution – Anything of value (monetary or otherwise) given to a charitable organization; any public event sponsorship where a portion of the proceeds will be donated to a charitable organization; or any community development or similar program or expenditure.

Customer – A firm or individual that is a buyer or potential buyer of products or services from SABIC, including any employee or other representative or agent of such firm or individual.

Employee – An individual employed by SABIC.

Giver – A company that offers a SABIC employee a Business Gift or Business Hospitality. Note that the Giver is the company, not an individual at a company.

Manager – Any Employee with at least one direct report.

Procedures – SABIC Business Gifts and Hospitality Procedures

RAISE Policy – SABIC's approach to charitable donations, sponsorships, partnerships, and employee-volunteer programs. We use RAISE – Reputation, Audience, Innovation, Strategy, and Endurance – to select programs that elevate SABIC's brand, address community needs, and promote our values. SABIC's RAISE Policy may be found [here](#).

Recipient – Individual person who receives something.

SABIC – Saudi Basic Industries Corporation and any entity – whether or not incorporated – that is directly or indirectly wholly owned by Saudi Basic Industries Corporation.

SABIC-Sponsored Event – Occasion hosted by SABIC for customers or other external stakeholders to showcase SABIC products, programmes or expertise.

Sponsorships – Payment to support an event, activity or organization in exchange for the use and branding of the SABIC name.

Supplier – A firm, individual, or contractor that is a seller or potential seller of goods or services to SABIC, including any employee or other representative of such firm, individual or contractor.

Third Party – A person or entity in the private sector that is not affiliated with SABIC, such as family members, friends, contractors, Suppliers, Customers, sales agents or distributors, consultants and partners in joint venture companies.

Approval limits are subject to the Business Gifts and Hospitality Procedures.

APPENDIX B: BUSINESS GIFT AND HOSPITALITY APPROVAL LIMITS

- This Appendix B is subject to the:
 - Business Gifts and Hospitality Procedures (“Procedures”), and in case of conflict between this Appendix B and the Procedures, the Procedures will prevail.
- All amounts are listed in the prevailing regional currency, but may also be converted to other currency equivalents.

Note: Upon request, the Regional Chief Counsel and relevant L2 Leader may, in exceptional circumstances, approve giving a Business Gift or, giving or accepting Business Hospitality exceeding the monetary limits set out in Appendix B (e.g. to commemorate the contributions of a retiring Third Party business representative with whom SABIC has been working for many years). See section 4.4 of the Procedures.

Approval limits are subject to the Business Gifts and Hospitality Procedures.

MEA GIFTS

Giving	Approval	Receiving	Approval
Up to \$100 per Recipient, per event	No pre-approval required	NOT ALLOWED	N/A
Above \$100 per Recipient, per event	NOT ALLOWED	NOT ALLOWED	N/A
Annual cumulative limit of 1 time per year to same Recipient without approval	Giving beyond 1 time per year to the same Recipient requires the approval of the Employee's Manager and L3 Manager	NOT ALLOWED	N/A

Approval limits are subject to the Business Gifts and Hospitality Procedures.

MEA HOSPITALITY

Giving	Approval	Receiving	Approval
Up to \$200 per Recipient, per event	No pre-approval required	Up to \$100 per Recipient from the same Giver	No pre-approval required
Above \$200 per Recipient, per event	NOT ALLOWED	Above \$100 per Recipient from the same Giver	NOT ALLOWED
Annual cumulative limit – no more than 3 times per year to same Recipient without approval	Giving beyond 3 times per year to the same Recipient requires the approval of the Employee's Manager	Annual cumulative amount – no more than 3 times per year from same Giver without approval	Receiving beyond 3 times per year from the same Giver requires the approval of the employee's manager
SABIC-Sponsored Events up to \$2000 per Recipient per event up to a total of \$50,000 for the event	Employee's Manager, L2 Manager of business sponsoring event, and Regional Chief Counsel Note: General Managers may delegate to their respective Directors for hospitality amounts up to \$1000 per Recipient, per event, for events that do not include travel.	N/A	N/A
SABIC-Sponsored Events above \$2000 per Recipient per event or above \$50,000 for the event	Employee's Manager, L1 Manager of business sponsoring event and Regional Chief Counsel	N/A	N/A

Approval limits are subject to the Business Gifts and Hospitality Procedures.

APAC GIFTS

Giving	Approval	Receiving	Approval
Up to \$100 per Recipient, per event	No pre-approval required	NOT ALLOWED	N/A
Above \$100 per Recipient, per event	NOT ALLOWED	NOT ALLOWED	NA
Annual cumulative limit of 1 time per year to same Recipient without approval	Giving beyond 1 time per year to same Recipient requires the approval of the Employee's Manager	NOT ALLOWED	N/A

Approval limits are subject to the Business Gifts and Hospitality Procedures.

APAC HOSPITALITY

Giving	Approval	Receiving	Approval
Up to \$200 per Recipient, per event	No pre-approval required	\$100 per Recipient from the same Giver	No pre-approval required
Above \$200 per Recipient, per event	NOT ALLOWED	Above \$100 per Recipient from the same Giver	NOT ALLOWED
Annual cumulative limit – no more than 3 times per year to same Recipient without approval	Giving beyond 3 times per year to same Recipient requires the approval of the Employee's Manager	Annual cumulative limit – no more than 3 times per year from same Giver without approval	Receiving beyond 3 times per year from same Giver requires the approval of the Employee's Manager
SABIC-Sponsored Events up to \$2,000 per Recipient per event up to a total of \$50,000 for the event	Employee's Manager, L2 of business sponsoring event and Regional Chief Counsel <u>Note:</u> General Managers may delegate to their respective Directors for Business Hospitality amounts up to \$1,000 per Recipient, per event for events that do not include travel.	N/A	N/A

Approval limits are subject to the Business Gifts and Hospitality Procedures.

SABIC-Sponsored Events above \$2,000 per Recipient per event or above a total of \$50,000 for the event	Employee's Manager, L1 Manager of business sponsoring event and Chief Regional Counsel	N/A	N/A
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Approval limits are subject to the Business Gifts and Hospitality Procedures.

AMERICAS GIFTS

Giving	Approval	Receiving	Approval
Up to \$100 per Recipient, per event	No pre-approval required	NOT ALLOWED	N/A
Above \$100 per Recipient, per event	NOT ALLOWED	NOT ALLOWED	N/A
Annual cumulative limit of 1 time per year to same Recipient without approval	Giving beyond 1 time per year to same Recipient requires the approval of the Employee's Manager	NOT ALLOWED	N/A

Approval limits are subject to the Business Gifts and Hospitality Procedures.

AMERICAS HOSPITALITY

Giving	Approval	Receiving	Approval
Up to \$200 per Recipient, per event	No pre-approval required	Up to \$100 per Recipient from the same Giver	No pre-approval required
Above \$200 per Recipient, per event	NOT ALLOWED	Above \$100 per Recipient from the same Giver	NOT ALLOWED
Annual cumulative limit – no more than 3 times per year to same Recipient without approval	Giving beyond 3 times per year to same Recipient requires the approval of the employee's manager	Annual cumulative amount – no more than 3 times per year from same Giver without approval	Receiving beyond 3 times per year from same Giver requires the approval of the Employee's Manager
SABIC-Sponsored Events up to \$2000 per Recipient per event up to a total of \$50,000 for the event	Employee's Manager, L2 Manager, and Regional Chief Counsel	N/A	N/A
SABIC-Sponsored Events above \$2000 per Recipient per event or above a total of \$50,000 for the event	Employee's Manager, L1 Manager of business sponsoring event, and Regional Chief Counsel	N/A	N/A

Approval limits are subject to the Business Gifts and Hospitality Procedures.

EUROPE GIFTS

Giving	Approval	Receiving	Approval
Up to €100 per Recipient, per event	No pre-approval required	NOT ALLOWED	N/A
Above €100 per Recipient, per event	NOT ALLOWED	NOT ALLOWED	N/A
Annual cumulative limit of 1 time per year to same Recipient without approval	Giving beyond 1 time per year to same Recipient requires the approval of the Employee's Manager	NOT ALLOWED	N/A

Approval limits are subject to the Business Gifts and Hospitality Procedures.

EUROPE HOSPITALITY

Giving	Approval	Receiving	Approval
Up to €200 per Recipient, per event	No pre-approval required NOTE: Payment for flights and accommodation is not permitted.	Up to €100 per Recipient from the same Giver	No pre-approval required
Above €200 per Recipient, per event	NOT ALLOWED	Above €100 per Recipient from the same Giver	NOT ALLOWED
Annual cumulative limit – no more than 3 times per year to same Recipient without approval	Giving beyond 3 times per year to same Recipient requires the approval of the Employee's Manager	Annual cumulative limit – No more than 3 times per year from same Giver without approval	Receiving beyond 3 times per year from same Giver requires the approval of the Employee's Manager
SABIC-Sponsored Events up to €200 per Recipient per event up to €40,000 total for the event	Employee's Manager, L3 Manager of business sponsoring event, and Regional Chief Counsel NOTE: Payment for flights and accommodation is not permitted.	N/A	N/A
SABIC-Sponsored Events €201 to €1,500 per Recipient per event up to €40,000 total for the event	Employee's Manager, L2 Manager of business sponsoring event, and Regional Chief Counsel NOTE: Payment for flights and accommodation is not permitted.	N/A	N/A

Approval limits are subject to the Business Gifts and Hospitality Procedures.

Giving	Approval	Receiving	Approval
SABIC-Sponsored Events above €1,500 per Recipient per event or above €40,000 for the event	Employee's Manager, L1 Manager of business sponsoring event, and Chief Regional Counsel NOTE: Payment for flights and accommodation is not permitted.	N/A	N/A