



## Code of Business Ethics

Applicable to  
All Associates

Antitrust Laws

Business Ethics

Compliance with Laws

Conflicts of Interest

Financial Integrity

Environment, Health  
and Safety

Insider Trading

International Business  
Practices

Protecting Confidential  
Information

Use of Company Property

Workplace Respect



**Hexion Specialty Chemicals, Inc.**  
180 East Broad Street  
Columbus, OH 43215  
+1 614 225 4000

For worldwide locations visit  
[hexion.com](http://hexion.com)  
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Dear Associates,

Operating in an ethical manner is the foundation for ensuring that Hexion™ Specialty Chemicals, Inc. and its associates comply with the letter and the spirit of the law. Hexion values its reputation for integrity. We strive to adhere to the highest ethical standards in the conduct of our business and to comply with all laws and regulations that are applicable to the business. Our Board of Directors and Shareholders expect honest and ethical conduct from every associate. Each associate has a responsibility to maintain and advance the ethical values of the Company. We are judged not only by the business results we achieve but also by how we achieve them. We believe that organizations that operate ethically and with integrity build value over time and have the best chance for long-term success.

#### **The Code and the Compliance Officer**

Our Code of Business Ethics provides guidelines on the high standards of integrity and the conduct expected of every associate. It cannot address every situation that associates may encounter but is intended as a source of guiding principles.

Our Board of Directors is ultimately responsible for the implementation of the Code and has designated our General Counsel, in Columbus, Ohio, as the Company's Compliance Officer to assist in the administration of the Code.

#### **Accountability and Responsibility**

It is each associate's responsibility to read and understand the Code of Business Ethics and apply the principles in the Code to the performance of their duties. If you do not understand any aspect of the Company's policies, questions may be addressed to the Compliance Officer.

In addition to understanding the policies in the Code, it is each associate's responsibility to question and report inappropriate business conduct or unethical behavior by others. Such behavior may be reported to your immediate supervisor, HR representative or the Compliance Officer, or unless prohibited by local law, you may make a confidential report by calling our **Business Ethics Report Line**. The phone number for the Report Line can be found on the Intranet under the "Associate Center" tab. We will not tolerate retaliatory actions against any associate who in good faith reports a suspected violation of the law or the Code of Business Ethics.

Requests for a waiver of a provision of the Code must be submitted to the Compliance Officer.

All suspected violations of the Code of Business Ethics will be investigated, and each associate is expected to fully cooperate with any audit or investigation.

#### **Consequences of Violating the Code**

Hexion's policy with respect to ethical behavior is firm. The Compliance Officer and all executive and management personnel are responsible for enforcing the Code. Any associate who is found to have violated the Code or any other policies and procedures of the Company or to have otherwise participated in unethical or illegal conduct, or who fails to cooperate with any audit or investigation, will be subject to disciplinary action which may include termination of employment. Violations could also lead to civil or criminal legal proceedings.



Craig O. Morrison,  
Chairman and Chief Executive Officer

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## Antitrust Laws/Competition Laws

**Principle:** Antitrust laws exist to preserve free and competitive markets.

All associates will comply with these laws. Violations can result in costly damage to the Company's reputation, and criminal and civil fines and penalties for the Company and its associates. The Company will compete aggressively, honestly and fairly. Associates participating in illegal conduct will be subject to disciplinary action, including dismissal.

### Guidelines:

- Do not agree with competitors to fix prices, rig bids, or allocate markets.
- Restrict contact with competitors to legitimate business purposes. Seek guidance from the General Counsel's office when in doubt.
- Obtain legal advice when considering territorial or customer restrictions, distributor terminations, tying or exclusive dealing arrangements, acquisitions or joint ventures.
- Familiarize yourself with the Company's Antitrust Compliance Manual.

### For Further Guidance:

- See the Antitrust Compliance Manual located on the Intranet.
- Contact the Compliance Officer.

## Business Ethics

**Principle:** Hexion is committed to conducting its business in accordance with the highest ethical standards and expects all associates to be sensitive to ethical considerations and the consequences of their actions on the Company, its reputation and its continuing business and public relationships.

### Guidelines:

- Deal fairly with Hexion's associates, customers, suppliers, regulators, business partners, competitors and others.
- Practice candor among management and with auditors with respect to financial reporting and accounting matters.
- Conduct yourself in a manner that will avoid any actual, potential or apparent conflict of interest between you and the Company.
- Do not use Company resources, assets or confidential information for personal benefit.
- Promptly report suspected ethical or legal violations to your immediate supervisor, HR representative, the Compliance Officer, or other Hexion management or, if you wish to remain anonymous, and local law does not prohibit it, you may make a confidential report by calling our **Business Ethics Report Line**. For calls from the U.S. and Canada, the Report Line number is: 1-800-241-5689. For all other countries the local **Report Line numbers can be found on the Intranet under the "Associate Center" tab**. No retaliation will be permitted by the Company against associates who report suspected violations in good faith.
- Cooperate with ethics and legal compliance audits and investigations.
- Actively promote honest and ethical behavior among associates in the work environment.
- Take corrective action upon the discovery of unethical business practices.

### For Further Guidance:

- Contact the Compliance Officer.

## Compliance with the Laws

**Principle:** Hexion will comply with all laws, rules and regulations governing its businesses. A variety of federal, state and local laws apply to the Company and its businesses, and some carry criminal penalties. We must and will report all suspected criminal violations to the appropriate authorities for possible prosecution and will investigate, address and report, as appropriate, other violations.

### Guidelines:

- Understand the laws, rules and regulations that apply to your business activities.
- Seek legal counsel if you become aware of possible violations of laws or regulations, or if those laws or regulations seem ambiguous or difficult to interpret.
- Think globally. Compliance with laws as well as Company ethics is required even in foreign countries where local culture or common practice might be inconsistent or where legal compliance might place the Company at a competitive disadvantage.
- Do not offer anything of value (e.g., gifts, entertainment) directly or indirectly, to any government official, department or agency, except where such gift, payment or favor could not be reasonably construed to be a "bribe, payoff or deal," and where public awareness of the event would not embarrass the Company or the recipient.
- Do not contribute Company funds to political parties or candidates for office without prior approval by the General Counsel and Compliance Officer and CEO.
- Personal loans by the Company to associates are prohibited.

### For Further Guidance:

- Contact the Compliance Officer.

## Conflicts of Interest

**Principle:** You and your immediate family members should avoid personal involvement or interest in activities that might conflict with Hexion's interests or with your responsibilities to the Company.

### Guidelines:

- Do not serve as a director, officer, partner, agent or in any other capacity to a competitor, supplier, or customer whether for personal profit or not, unless authorization is received from the Compliance Officer.
- Do not hold or allow immediate family members to own significant financial interests in any enterprise which may be a competitor, supplier or customer of the Company.
- Accurately disclose any actual, potential or apparent conflicts of interest on the Company's annual Conflicts of Interests Questionnaire.
- Graciously decline expensive gifts or entertainment from persons or organizations doing business with or seeking to do business with the Company, except those offered as common courtesies or usually associated with customary business practices. Entertainment should not be accepted if you are not in a position to reciprocate and if such reciprocation would not be considered a reimbursable business expense. Gifts and entertainment may be appropriate if they are consistent with customary business practices, are not excessive in value, do not create the appearance of impropriety, and would not embarrass the Company or the associate if publicly disclosed. Any exceptions require approval of the Compliance Officer.
- Do not contribute Company funds to political parties or candidates for office, or seek reimbursement of individual contributions, without prior approval by the General Counsel and Compliance Officer. Hospitality toward public officials should not give an appearance of impropriety.
- Consult with the CFO or General Auditor prior to interviewing current or former employees of our external audit firm. Recent former employees of the external audit firm who participated in the audit of the Company during the prior year are prohibited from serving in certain financial management positions with the Company.
- Personal loans by the Company to associates are prohibited.

### For Further Guidance:

- See the Policy on Conflicts of Interest located on the Intranet.
- Contact the Compliance Officer.

## Financial Integrity and Full, Fair, Accurate and Timely Disclosure to the Public

**Principle:** Hexion will have the highest integrity in its financial reporting and accounting operations and in making other public disclosures, including other filings with the SEC and press releases. Failure to insist on accurate financial reporting and adequate disclosure to the public can destroy Company value and may result in significant penalties for the Company and individuals involved, and therefore, is contrary to our values and policies.

### Guidelines:

- Financial statements and all books and records on which they are based must reflect accurately all transactions of the Company in accordance with Company and generally accepted accounting policies.
- Communicate openly, honestly and in a timely manner with our internal and independent auditors.
- Understand and adhere to Hexion's accounting and financial reporting policies and practices set forth in the Financial Accounting Policies located on the Hexion Intranet.
- Provide those involved in the preparation of the Company's public disclosures with information that is accurate, complete, objective, relevant, timely and understandable.
- Act in good faith, responsibly, and with due care, competence and diligence, without misrepresenting material facts or allowing your independent judgment to be subordinated by others.
- Reports or other documents filed with or submitted to the Securities and Exchange Commission and other public communications will contain, and each associate will endeavor to ensure, full, fair, and accurate disclosures. All reports will be filed timely and will contain understandable disclosures as required by the SEC.
- Encourage associates to raise questions and concerns regarding the Company's public disclosures and ensure that such questions and concerns are appropriately addressed.
- Preserve business documents and records in accordance with record retention policies.
- Report concerns regarding questionable accounting or auditing matters to your immediate supervisor or HR representative or to any member of the Audit Committee, the General Auditor, the Compliance Officer, or if you wish to remain anonymous and where not prohibited by local law, you may make a confidential report confidentially to the **Business Ethics Report Line**.

### For Further Guidance:

- See the Accounting and Financial Accounting Policies located on the Intranet.
- Contact the Chief Financial Officer, General Auditor or the Compliance Officer.

## Environment, Health and Safety

**Principle:** Hexion is committed to environmental health and safety excellence throughout our worldwide operations, both to live up to our social responsibilities and as a means to build the value of our businesses. Hexion pledges to strive for continuous improvement as it works towards the vision of no accidents, injuries or harm to the environment.

### Guidelines:

- Understand the environmental and occupational health and safety implications of your products and businesses and understand and comply with the legal requirements relating to them.
- Include in all business plans due consideration for the environmental health and safety impact of the actions or non-actions contemplated in such plans.
- Strive to conserve natural resource usage and assure safe handling of hazardous materials, reducing their use where practical.
- Provide a safe working environment for our associates.
- Establish meaningful performance measures and regularly report on our progress.
- Embrace the practice of product stewardship by providing our distributors and customers with information necessary to handle and manage our products safely.

### For Further Guidance:

- See the EH&S site on the Intranet.
- Contact the Executive Vice President of Environmental Health and Safety, or the Compliance Officer.

## Insider Trading

**Principle:** The securities laws dealing with insider trading are intended to ensure the maintenance of fair and honest stock markets. Conduct in violation of securities laws can subject individuals as well as the Company to civil and criminal penalties and is contrary to our values.

### Guidelines:

- Confidential business information should be restricted to those associates who “need to know,” especially if it concerns any entity that has publicly traded securities.
- You and your immediate family members should not buy or sell securities of the Company or any other entity if you possess material, non-public information about that company.
- Communication of material, non-public information to another person who trades or advises others to trade based on that information is also illegal.

### Material, non-public information might include:

- Company earnings projections.
- Significant accounting actions such as write-downs of assets, increases in reserves, or earnings restatements.
- The filing of a significant lawsuit.
- The fact that a major acquisition or sale of assets is being negotiated.
- Reaching an agreement with a customer or supplier that could have a significant impact on the Company's revenues or income.
- The hiring or termination of a key executive.

### For Further Guidance:

- Contact the Compliance Officer.
- See the Insider Trading Policy on the Intranet.

## International Business Practices

**Principle:** Hexion associates will comply with the letter and spirit of the Foreign Corrupt Practices Act and other U.S. and international laws and regulations which govern international business relationships and practices even if they seem inconsistent with local practice in foreign countries, or would place the Company at a competitive disadvantage.

### Guidelines:

- Do not offer anything of value (e.g., gifts, entertainment) directly or indirectly, to any government official, department or agency except where such gift, payment or favor could not be reasonably construed to be a “bribe, payoff or deal,” and where public awareness of the event would not embarrass the Company or the recipient.
- Seek legal counsel upon receipt of any boycott-related requests for information or action from a customer located in a boycotting country.
- Abide by import and export controls as they relate to your business and products.
- Seek legal counsel when doing business with countries which may be regarded as “unfriendly” or “sanctioned” by the U.S. Government.
- Apply Hexion’s standards of financial control, ethics and conduct internationally, even in foreign countries where culture or common practice might indicate that lower standards of conduct are acceptable.

### For Further Guidance:

- Contact the Compliance Officer.

## Protecting Confidential Information

**Principle:** In the course of performing your job, you may become aware of confidential business information belonging to the Company or entrusted to it by third parties. You must recognize the sensitivity of such information and conduct yourself accordingly. Improper disclosure or use of confidential business information can create serious financial, strategic or competitive problems for the Company and could lead to legal liabilities for you, Hexion, and any other associates involved.

### Guidelines:

- Restrict confidential business information to those associates who “need to know.”
- Refrain from discussing confidential business information in public places or with family and friends.
- Clear and coordinate all discussions of business matters with the media through the Investor Relations Manager.
- Avoid entrusting confidential business information to temporary associates, when possible.
- Use care in storing and disposing of documents containing confidential information.
- Use code names for mergers, acquisitions, dispositions, or other confidential business transactions.
- Understand the laws on insider trading.

### For Further Guidance:

- Contact the Compliance Officer.

## Use of Company Property

**Principle:** We are committed to providing our associates with the necessary systems and/or equipment to satisfactorily perform their job responsibilities and to further the goals of the Company.

### Guidelines:

- Use of Hexion property to engage in unethical, harassing, illegal or inappropriate activities or to promote personal gain by associates is prohibited.
- You should refrain from keeping personal items or information that you consider private in your work area or on Company information systems. Hexion reserves the right to gain access to these areas, in accordance with applicable laws.

### For Further Guidance:

- See the Information Technology Use Policy on the Intranet.
- Contact the Compliance Officer.

## Workplace Respect

**Principle:** Hexion values the diversity of its associates and strives to be representative of today's work force by maintaining policies that encourage workplace respect and enable us to attract, hire, retain, and leverage the best associates at all levels of the Company without regard to race, color, religion, sex, sexual orientation, national origin, age, disability or veteran status.

### Guidelines:

- Promote understanding and respect in all interactions with other associates. All associates have the right to expect a work place free of conduct that is harassing or abusive in nature. Keep others' sensitivities in mind.
- Make an affirmative effort to consider candidates that are reflective of today's work force when making hiring and promotional decisions.
- Base employment decisions on qualifications and performance. Recruit, hire, train, develop, and promote persons in all job classifications in accordance with the principle stated above.
- Participate in the creation of a respectful and friendly work environment.
- Take personal ownership for making day-to-day decisions that reflect our principle on workplace respect.
- When business necessity makes it feasible, look for win/win situations that are work/life compatible.

### For Further Guidance:

- Contact the Compliance Officer.