



## ICO, Inc. Code of Business Ethics

### INTRODUCTION

This Code of Business Ethics is intended to serve as a guide to the conduct expected of our directors, officers, and employees, as well as our independent sales representatives, agents, contract laborers and consultants, everywhere that ICO, Inc. and its subsidiaries worldwide (collectively referred to in this Code as “ICO” or the “Company”) conduct business. For convenience, in this Code all of the people to which this Code applies are referred to simply as “Employees” (regardless of their employment status as a legal matter).

In this Code, there are often requirements or suggestions that you notify or consult with the “Legal Department” regarding particular matters; in such circumstances, or any time that you would like the most up-to-date legal requirements on a particular matter, please contact the Office of the General Counsel of ICO, Inc. Feel free to call or e-mail the General Counsel directly, at +1 (713) 351-4149, or [GC@icopolymers.com](mailto:GC@icopolymers.com).

At ICO, we are committed to dealing with our employees, investors, customers, suppliers and all those with whom we do business on an honest and fair basis, and to complying with all applicable governmental laws, rules, regulations and other legal requirements (referred to in this Code simply as “Laws”). Compliance with this Code of Business Ethics is a critical part of maintaining the integrity of our business practices, and you are expected to comply with both the letter and spirit of this Code.

### I. CONFLICTS OF INTEREST

On the job and in your free time, nothing you do should conflict with your responsibilities to ICO. You are expected not to engage in transactions, activities, relationships or financial interests that conflict with the best interests of the Company or your independent exercise of judgment in the Company’s best interest. No activity at work or home should hurt ICO’s reputation or good name. Misusing ICO’s resources is also prohibited. Even when nothing wrong is intended, the appearance of a conflict can have negative effects. Therefore, it is crucial to consider how your actions appear, and to avoid the perception of a conflict of interest. You must not engage in, or appear to engage in, any activity involving an inappropriate conflict between your personal interests and those of the Company. Common examples of conflicts of interests include:

- *Misusing Company Assets*, including using ICO’s resources, on-the-job time, facilities, supplies, intellectual property, proprietary information, office equipment, email and computer applications for personal gain.
- *Financial Interests* by you, or your friends or relatives, in a company where you could personally affect ICO’s business with that company (for example, if you or your relatives have financial interests in a customer, supplier, or competitor of ICO).
- *Part-Time Jobs* which you perform using ICO hours or ICO equipment, supplies or materials.
- *Part-Time Jobs or Positions* with customers, suppliers or competitors of ICO.
- *Directing Business* to suppliers when you know they are owned or managed by your family members or close friends.
- *Hiring, Promoting or Directly Supervising* a family member or close friend who is an ICO employee.
- *Taking for Yourself Personally* any opportunities that ICO could have an interest in that are discovered through the use of your ICO position, or ICO’s information, business dealings or property.
- *Gifts* of other than of nominal value from suppliers, customers or others with whom ICO does business, particularly if you are making decisions (on ICO’s behalf) that involve the gift giver.



**What to do** if any of your transactions, activities, relationships or financial interests present a conflict of interest, a potential conflict or even the appearance of one:

- a. Disclose. You must fully disclose the circumstances to your supervisor or business unit manager. If you are a financial controller, business unit manager, president, officer or director, you must disclose the conflict or potential conflict to the General Counsel.
- b. Obtain Proper Approval, or You Must Avoid. Management has the discretion to approve a transaction with the Company, or an activity relationship presenting a potential for conflict of interest, provided that such transaction, activity or relationship is conducted on terms and in a manner that is not in conflict with the best interest of ICO, and provided that any transaction is “arms-length” (conducted in the same manner as the transaction would be with a wholly-independent third party). Management also has the discretion to establish guidelines and controls around transactions, activities, relationships and financial interests to ensure that the Company’s best interests are protected. In the event that any transaction, activity, relationship or financial interest benefits an Employee or third party to the detriment of the Company, or if proper guidelines and controls cannot be established, the transaction, activity, relationship or financial interest will be prohibited and must be avoided. ICO, Inc.’s General Counsel and Chairman of the Board shall be notified of any actual or potential conflicts involving executive officers and directors, which shall be finally approved or prohibited by ICO, Inc.’s Board of Directors.

The following areas of actual or potential conflicts of interests warrant special attention:

Kickbacks. You may not ask for or accept any type of kickback from or on behalf of any supplier or other entity from which ICO purchases any goods, services or property, nor may you offer, pay or facilitate payment of any kickback to any employee or representative of ICO’s customers or to any government official or employee. A “kickback” is, in essence, the payment back by a seller or seller’s employee or representative of a portion of a purchase price for goods or services to the purchaser’s employee or representative (personally), in order to induce a purchase or improperly influence future purchases of goods or services. Gifts, favors, or entertainment furnished by suppliers to ICO Employees, or furnished by ICO Employees to employees or representatives of ICO’s customers that could be construed as kickbacks are forbidden.

Corporate Opportunities. You are prohibited from (a) taking for yourself personally, or for the benefit of someone other than the Company, business opportunities that, if known to the Company, the Company may desire to pursue; (b) using ICO property, information or position for personal gain (other than authorized salary and other compensation and benefits); and (c) competing with the business of the Company. ICO Employees owe a duty to ICO to advance its legitimate interest when the opportunity to do so arises.

Gifts and Entertainment. (a) *Accepting*: You are prohibited from accepting, including through a member of your family, from third parties doing or seeking to do business with ICO, any cash payments or loans, and any lavish or excessive gifts, entertainment or travel. Furthermore, you may not accept any form of compensation from a third party for services that you normally would perform on behalf of the Company within the scope of your employment. Judgment in this area is critical. For example, acceptance of modest holiday gifts and exchanges of social amenities (i.e. business lunches, dinners, and entertainment) are generally not considered a violation of Company policy when consistent with accepted business practices and within the bounds of good taste. You should not, however, accept a gift, entertainment or other benefit (i) that is extravagant or excessive such that your acceptance might be construed as a bribe or kickback, or (ii) that affects or might reasonably be deemed by others to affect your judgment or action on behalf of ICO. (b) *Giving*: You are prohibited from giving any cash payments or loans, and from giving lavish or excessive gifts, entertainment or travel, to third parties doing or seeking to do business with ICO. Never offer a gift or entertainment under circumstances that might create an appearance of impropriety, or that would violate applicable laws or any code of conduct of the recipient’s company.



Before accepting or giving a gift or entertainment from/to a third party, make sure you understand both (i) applicable legal requirements (such as legal prohibitions on gifts to government officials), and (ii) the third party's own rules regarding its employees' acceptance or giving of gifts and entertainment (as some employers expressly prohibit their employees from accepting and/or receiving gifts and entertainment, or set dollar or other limitations). If you are unsure whether a contemplated gift or entertainment complies with this policy, you should consult with the Legal Department for guidance.

## **II. WORKING WITH GOVERNMENTS**

*Transactions involving governments and government personnel are not the same as with private parties, as special legal rules often apply.*

Prohibited Political Payments. Political contributions of Company funds made directly or indirectly to political organizations or candidates for political office are usually illegal in the U.S. and in many foreign countries. In locations where corporate political contributions are lawful, they may only be made on behalf of ICO if they are cleared in writing and in advance with the Legal Department.

Prohibition on Entertainment, Gifts, and Gratuities to Government Officials. U.S. federal law, the laws of most U.S. states and the laws of many countries prohibit giving, offering or promising anything of value (such as money, goods or services) to any government official or employee with the intent to influence any official act, even if the official is required by law to perform the act. It is ICO's policy that all "gratuities," whether paid by ICO or by an Employee, to any government personnel are generally prohibited, unless prior written approval of the General Counsel has been obtained. "Gratuities" include gifts, favors, entertainment, hospitality, transportation, loans and any other tangible items and intangible benefits given or extended to or on behalf of government personnel or their immediate families or households, for which fair market value is not paid by the recipient or applicable government.

Prohibition Against Bribery of Public Officials. ICO strictly prohibits the bribery of public officials in the conduct of ICO's business in the U.S. and abroad. Furthermore, we require strict compliance on the part of all of our Employees, at all locations worldwide, with the anti-bribery provisions of the **Foreign Corrupt Practices Act ("FCPA")**. The FCPA generally prohibits bribes, kickbacks or otherwise giving, offering or promising anything of value (such as money, goods or services) to a "government official" in an attempt to influence the government official's discretionary decision or official action or inaction. The term "government official" is very broadly defined in the FCPA, to include: any officer or employee of a non-U.S. government or governmental department or agency, including low-ranking government employees; non-government employees who carry out governmental functions; political parties and officials; candidates for political office; and employees of state-owned businesses. The FCPA's prohibitions extend to the Company's payments to consultants, agents or other intermediaries when the payor knows or has reason to know that some portion of the payment or "fee" paid to the intermediary will be used to bribe or otherwise influence a public official. Under the FCPA, companies and their employees (personally) may be subject to substantial civil and criminal penalties for violations (including imprisonment for individuals).

In some countries it is customary at times to pay a "facilitating payment," which is defined as a relatively small amount of money paid to a government official for routine government actions, usually performed by low-ranking officials engaged in ministerial duties (e.g. payments in connection with obtaining ordinary licenses, processing official papers such as visa applications or work orders, or establishing common governmental services such as phone service, mail pickup, power supply or water supply). Generally, such facilitating payments are illegal and are prohibited by the Company; however, on rare occasions it may be permissible to make a facilitating payment. **The distinction between a prohibited bribe and a permissible facilitating payment is one of legal interpretation and is confusing, and creates a risk of significant civil and criminal liability for the Company, the Company's officers and directors and the Employee making or authorizing the payment. You are expressly prohibited**



**from making, offering or promising to make, directly or indirectly (such as through an agent or other intermediary), any facilitating payment without the express prior approval of the Company's General Counsel (who must have authorization from the Audit Committee of ICO, Inc.'s Board of Directors to approve such payment). It is ICO's policy that no Employee, agent or intermediary will be penalized for delayed performance resulting directly from refusal to promise or to make facilitating payments or refusal to pay bribes.**

**What to do if you are confronted with a demand for, or are aware of the possibility that any Employee, agent, or other intermediary may make, offer or promise to make, a facilitating payment or a bribe:**

- a. Disclose to the General Counsel. You must promptly fully disclose, to the Company's General Counsel, the circumstances surrounding the possible facilitating payment or bribe. As noted above, the distinction between a bribe and a facilitating payment is one of legal interpretation, and there is significant risk to the Company and its Employees personally if an improper payment is made.
- b. Obtain Express Approval from the General Counsel, or You Must Avoid. Employees will always be prohibited from paying, offering or promising to pay bribes to government officials. You must obtain express, written pre-approval from the General Counsel prior to making, offering or promising to make a facilitating payment; otherwise, you are expressly prohibited from making, offering, or promising to make the facilitating payment. The only exception to this policy is in the case of imminent medical or safety emergency.
- c. Accurately Record the Payment. In the event that the General Counsel authorizes a facilitating payment and the payment is made, the expenditure must be accurately and timely recorded in the Company's financial statements (in the designated chart of account code 6303).

### **III. COMPLIANCE WITH LAWS**

Complying with all applicable Laws is the foundation upon which ICO's ethical standards are built. Although Employees are not expected to know every Law applicable to the Company, it is important that they be familiar with those Laws that apply to their areas of responsibility and know enough to ask questions and seek advice from supervisors, managers, lawyers or other appropriate personnel if they have any doubt regarding the legality of any matter.

Import/Export Laws. Import and export laws affect the transmissions of goods, services and technology across national borders. All ICO Employees must comply with ICO's U.S. Export Management & Compliance Policy and Procedures ("EMCP"), which is a guide for compliance with U.S. export laws. It is also critical to ICO's business that we comply with applicable import and export Laws in all countries where ICO does business. In this regard:

- All declarations and other information furnished to customs agents and government officials in regard to imports and exports must be accurate and complete.
- You must check the export classifications of any products, software or technology prior to export to determine whether special authorization is required. See the EMCP for details on U.S. export classifications.
- U.S. laws restrict or prohibit commercial trade with individuals or businesses of certain nations deemed by the U.S. government to have ties to terrorist organizations, or for other security or foreign policy reasons. These U.S. laws apply to ICO's U.S. operations, Employees who are U.S. citizens, permanent U.S. residents or otherwise subject to U.S. law, and in some cases to ICO's personnel and operations located outside of the U.S. All Employees must comply with these U.S. laws to the extent applicable. See the EMCP for details.
- You must screen Company import/export transactions against applicable rules that restrict transactions with certain sanctioned countries, persons or groups and for certain prohibited end-uses. See the EMCP for details. The U.S. Department of Treasury Office of Foreign Asset



Control (OFAC) maintains a constantly changing list of persons and entities with whom trade is prohibited at <http://www.ustreas.gov/offices/enforcement/ofac/sdn/index.html>.

- As of July 2008, the countries of **Cuba**, **Iran** and **Sudan** are subject to a comprehensive U.S. embargo, and all ICO Employees and business entities are **expressly prohibited** from trade, directly or through agents or intermediaries, with businesses of these nations. There are also limited sanctions for additional countries, as referenced in the EMCP and set out on OFAC's website at <http://www.ustreas.gov/offices/enforcement/ofac/programs/>.
- The Company must not cooperate with any restrictive trade practice or boycott that is prohibited or penalized under U.S. law.
- You must consult with the Legal Department if a potential transaction involves a conflict between U.S. laws and applicable local laws, such as the laws adopted by Canada and members of the E.U. blocking certain U.S. trade restrictions.

Antitrust and Competition Laws. In the U.S. and many other countries where we operate, antitrust and competition Laws have been designed to foster fair and open competition by prohibiting collusive business practices and other anticompetitive behavior. These Laws prohibit agreements or understandings between competitors that undermine competition. Violations can result in severe penalties, including personal criminal liability. The following generally illustrate practices prohibited under such Laws:

- The allocation of markets by competitors, geographically or otherwise.
- The fixing of production volumes or quotas by competitors.
- The fixing of prices or bid rigging by competitors.
- The sharing of any information with competitors regarding present or future pricing of commodities or services that they sell or intend to sell.
- Entering into agreements or understandings, formal or informal, with competitors regarding resale prices, price or quantity discounts, or other terms or conditions of sale or service.
- Concerted refusal by competitors to deal with a particular customer.

As an ICO Employee, you are expected to comply with all applicable competition Laws. You must avoid contacts of any kind with competitors that could create the appearance of improper agreements or understandings.

Privacy Laws. A growing number of countries are more stringently regulating the manner in which personal data of individuals, and even of companies, is collected and used. ICO is committed to handling personal data responsibly and in compliance with all applicable privacy laws. Access to personal data should be limited to individuals who need it for a legitimate business purpose, and those individuals must use care to prevent unauthorized access in processing of personal data, or accidental loss or destruction. Before transferring personal data between countries, you must consider applicable legal requirements. If you learn that personal data has been used in violation of this policy or local privacy Laws, or if you learn that any system or device containing personal data has been compromised, immediately notify your supervisor or the Legal Department.

#### **IV. ACCOUNTING SYSTEMS AND FINANCIAL RECORDS AND REPORTING; PUBLIC DISCLOSURES**

ICO has consistently maintained a policy that its books and records will, in reasonable and accurate detail, reflect the transaction and disposition of the Company's assets. In this regard:

- All of the Company's financial records, including expense reports, sales records and timesheets, must be timely, accurate and prepared in accordance with the law. It is ICO's unequivocal position that no false, artificial or misleading statements or entries should be made in the Company's books, records, accounts, documents or financial statements. Moreover, all transactions must be recorded in such a manner both to maintain accountability for all ICO assets and to permit preparation of financial statements in conformity with generally accepted accounting principles.



- Under no circumstances shall any Employee, or any person acting under the direction of any Employee, coerce, manipulate, mislead or fraudulently influence the auditors of the financial statements of ICO, Inc. or any of its subsidiaries.
- ICO maintains, and all Employees are compelled to comply with, detailed guidelines as to internal accounting controls and financial reporting, including without limitation the Company's Group Accounting and Financial Policy Manual ("GAFF"). Intentional non-compliance with the GAFF and the Company's other internal accounting controls constitutes a violation of this Code.
- It is the Company's policy that all disclosures made by the Company to its security holders, the Securities and Exchange Commission (SEC) or the investment community should be full, fair, accurate, understandable and complete, and should be made on a timely basis as required by applicable Laws. ICO's Employees are obliged to comply with the Company's Disclosure Controls and Procedures Policy, which sets forth ICO's policy with respect to disclosure controls and procedures, including the process employed in connection with the Company's filings with the SEC and other material communications to Employees, shareholders, investors and analysts.

#### **V. PROTECTING THE COMPANY'S NONPUBLIC INFORMATION**

It is your responsibility to protect and safeguard the Company's nonpublic and confidential information, and you are prohibited from disclosing nonpublic information relating to ICO's business to anyone outside of the Company, except when the disclosure is required for business purposes and appropriate steps have been taken to prevent misuse of the information. Your legal right to use and access ICO's confidential information or materials is limited to use and access necessary for you to perform your job responsibilities. This restriction continues after termination of your employment with the Company.

Examples of Confidential Information. You must safeguard all non-public, confidential or proprietary information belonging to, used by, or developed by ICO or its customers, including information relating to internal operations, policies and procedures, business strategies, pricing, billing information, actual or potential customer lists, contracts, contract terms and conditions, sales lists, process descriptions, financial data, marketing plans, technology, software source codes, research and development plans, business plans, computer programs, computer software and systems, inventions, developments, formulas and trade secrets, employee lists, employee salary information and other nonpublic information regarding the Company's personnel. As an ICO Employee you must comply with ICO's Confidential and Proprietary Information Policy, which details your responsibilities regarding confidential information.

Public Statements. All news releases and public statements are to be made from ICO's designated corporate officers in accordance with the Company's Disclosure Controls and Procedures Policy. Employees are prohibited from making any public statements on behalf of the Company and/or any of its Employees or customers, unless specifically authorized by ICO, Inc.'s Chief Executive Officer (CEO), Chief Financial Officer (CFO) or General Counsel. Any inquiries from the news media, securities analysts and investors must be referred to the CEO, CFO or General Counsel.

#### **VI. ADMINISTRATION OF THIS CODE OF BUSINESS ETHICS**

Reporting Violations and Concerns. You may discuss concerns with or report violations of this Code or any other Company policies or procedures to your immediate supervisor, your business unit manager, or higher levels of management, including but not limited to ICO's CEO, CFO and General Counsel/Ethics Compliance Officer. If you feel uncomfortable discussing these issues with your supervisor or higher levels of management, you may express your honest concerns anonymously and without fear of retaliation, by leaving a message on the Ethics Hotline, or sending an anonymous letter or e-mail to the Company's Ethics Compliance Officer, as follows:



**Ethics Compliance Officer**  
1811 Bering Drive, Suite 200  
Houston, Texas 77057  
Ethics Hotline: +1 (713) 351-4172  
E-mail: [ethics@icopolymers.com](mailto:ethics@icopolymers.com)

The “ethics hotline” and “ethics” e-mail address are monitored by the Company’s Legal Department, and the Company’s General Counsel, as ICO’s Ethics Compliance Officer, will direct an appropriate response to all inquiries and reports. For those Employees who do not speak English, you may send an e-mail or letter to, or leave a voice message for, the Ethics Compliance Officer in your language, and we will make every attempt to provide a prompt response in your language.

You may also communicate your complaints or concerns via **EthicsPoint**, which is a comprehensive and anonymous internet and telephone-based reporting tool that is maintained by a third-party. The EthicsPoint system and report distribution are designed so that no report is ever shared with an implicated party. You may contact EthicsPoint as follows:

- Toll free from the U.S. and Canada: (800) 471-1957
- Toll free from countries outside the U.S. and Canada: please see ATT access codes posted at the Company’s offices and facilities.
- Internet: [www.ethicspoint.com](http://www.ethicspoint.com), click “File a New Report,” organization name: **ICO Polymers**.

If you would like to report *questionable accounting or auditing matters* directly to the Chairman of the Audit Committee of ICO, Inc.’s Board of Directors (the “Audit Committee”), please report your concerns to EthicsPoint in accordance with the above procedures, or address your concerns as follows, and your concerns will be passed directly to the Audit Committee Chairman:

**Audit Committee Chairman**  
**1811 Bering Drive, Suite 200**  
**Houston, Texas 77057**

It is the responsibility of all ICO employees to immediately report suspected violations of this Code. *ICO policy prohibits punishing, retaliating against or taking any adverse employment or disciplinary action against any Employee who, in good faith, brings these concerns to our attention, whether personally or anonymously.* We will make every effort to maintain the confidentiality of reports of violations. All Employees are obligated to cooperate and be truthful in connection with any investigations into violations of the Code of Business Ethics or other Company policies.

Investigations. ICO, Inc.’s General Counsel and CFO are responsible for investigating violations of this Code and determining corrective and disciplinary actions with the assistance, where necessary or appropriate, from the ICO, Inc.’s CEO and the Company’s business unit managers. Furthermore, the Audit Committee may conduct, manage, or otherwise assist with investigations when it deems necessary or appropriate. Local grievance procedures will be followed in countries where such procedures apply. Violations and corrective actions shall be periodically reported to the Audit Committee.

Disciplinary Actions. Disciplinary action for violation of this Code (including the Company’s other related policies) may include, without limitation, warnings, letters of reprimand, suspension without pay, demotion, loss of bonuses, forfeiture of incentive compensation or termination of employment or other service relationship with the Company.

Signature and Acknowledgement. All Employees are required to sign an acknowledgement confirming that they have read and understand this Code. The referenced individuals are, however, required to



comply with the Code regardless of whether they have actually read it or signed the acknowledgement, and failure to read the Code or sign an acknowledgement does not provide an excuse from compliance.

Waivers. Persons seeking a waiver of compliance with this Code should be prepared to disclose all pertinent facts and circumstances, respond to inquiries for additional information, explain why the waiver is necessary, appropriate, or in the best interest of the Company and comply with any procedures that may be required to protect the Company in connection with a waiver. Any waiver of any provision of this Code by directors or executive officers of ICO, Inc. shall be made only by ICO, Inc.'s Board of Directors, and if such a waiver is granted, appropriate disclosure will be made promptly in accordance with applicable Laws (including without limitation NASDAQ listing standards).

#### Additional notes regarding application of this Code of Business Ethics

- ICO expressly reserves the right to unilaterally change its policies, guidelines, and related procedures at any time, and to amend or terminate this Code at any time.
- This Code of Business Ethics is a statement of the fundamental principles and key policies and procedures that govern the conduct of ICO's business. It is not intended to and does not, in any way, constitute an employment contract or an assurance of continued employment or create any rights in any employee, client, supplier, competitor, shareholder or any other person or entity.
- Any act by an ICO Employee in violation of any Law or ICO's policies is beyond the scope of such individual's authority, and does not constitute an act by or on behalf of ICO.
- This Code of Business Ethics includes restatements of the principles set forth in the Company's prior published codes of business ethics, and supersedes and replaces such documents in all respects.

### **SUPPLEMENTAL PROVISIONS APPLICABLE TO EXECUTIVE OFFICERS AND DIRECTORS**

These Supplemental Provisions Applicable to Executive Officers and Directors are applicable to all of the directors and executive officers of ICO, Inc.

- Prohibition Against Loans to Officers and Directors: ICO, Inc.'s directors and executive officers are expressly prohibited from seeking or accepting, from the Company, Company credit, extensions of credit, or the arrangement of an extension of credit in the form of a personal loan.
- Maintaining Independence of Independent Directors: Each independent director of ICO, Inc. shall use reasonable efforts to ensure that he or she does not have any relationships or engage in any activities that would result in such director not being independent, as defined by applicable laws, rules and regulations (including, if the Director is a member of the Audit Committee, any applicable Laws regarding the independence of Audit Committee members). Prior to engaging in any material relationship or activity that reasonably could be expected to affect his or her independence, the director shall consult with and obtain approval from the Company's General Counsel, who shall determine whether the relationship or activity is permitted under applicable independence standards. If it is possible that the Director's relationship or activity may cause the Director to no longer be deemed to be independent under applicable criteria, the matter shall be referred to the Board of Directors of ICO, Inc. for determination.