

**Stepan** 



**Code  
of  
Conduct**

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# Chief Executive Officer's Message

For more than 80 years, Stepan Company has demonstrated a strong commitment to conducting its business with integrity. We have been successful at growing our business and maintaining our reputation of lawful and ethical conduct.

We continue to fulfill our mission by adhering to six principles and values: Customer Focus, People First, Integrity, Growth and Innovation, Continuous Improvement, and Sustainability. Our actions must always meet the highest ethical and legal standards and we must engage in and support only those activities that are lawful, safe, environmentally sound, and respectful of the needs of our employees and the communities in which we operate.

By maintaining a commitment to integrity, our Company can continue to be successful. We have revised our current Code of Conduct to better enable each of us to maintain our strong commitment to compliance, ethics and integrity. All employees and directors are expected to read and understand this Code of Conduct. Each employee and director is expected to carry out his or her work in accordance with applicable law and all Company policies, including this Code of Conduct.

Please remember that if you suspect that a violation of this Code of Conduct or any Company policy has occurred, you must report that violation to your supervisor or the Company's Legal Department, Human Resources Department or Internal Audit Department. Additionally, if you choose, you may report a violation by calling our Ethics Hotline or by submitting an e-mail. A complete list of all phone numbers, including local toll-free phone numbers for use in global locations, is available on the Company's website under "Contact Us" and "Ethics Hotline." Our website also provides a link to submit a report electronically.

We are also excited to announce that we will be launching new compliance initiatives globally using our current ethics hotline provider, The Network. Additional information regarding the specifics of the initiative will be forthcoming soon.

We recognize that the Code of Conduct is not all encompassing. Therefore, questions about situations not discussed in this Code of Conduct should be addressed with your supervisor or any of the Company departments listed above.

I am committed to continuing to honor and comply with this Code of Conduct and I expect each and every one of you to make your own personal commitment as well. Together we can continue the success of our past 80 years.

F. Quinn Stepan, Jr.  
President and Chief Executive Officer  
September 2015



# What is a Code of Conduct?

A Code of Conduct sets expectations for the actions of the Company's employees and members of the Board of Directors ("directors") based on the Company's values. At Stepan, our Code of Conduct is based on our Company values: **CUSTOMER FOCUS, PEOPLE FIRST, INTEGRITY, GROWTH AND INNOVATION, CONTINUOUS IMPROVEMENT, AND SUSTAINABILITY.**

This Code of Conduct outlines your responsibilities as an employee or director. As an employee or director, you are responsible for familiarizing yourself with this Code of Conduct, as well as the laws, regulations and policies that apply to your position. If you have questions about these responsibilities, you should discuss your questions with your supervisor. Additionally, you may contact the Human Resources or Legal Departments at any time.

All employees and directors are required to comply with this Code of Conduct. Employees or directors who violate the Code of Conduct are subject to disciplinary action up to and including termination of employment or service, and may also be subject to potential civil or criminal liability.

# Commitment to Compliance



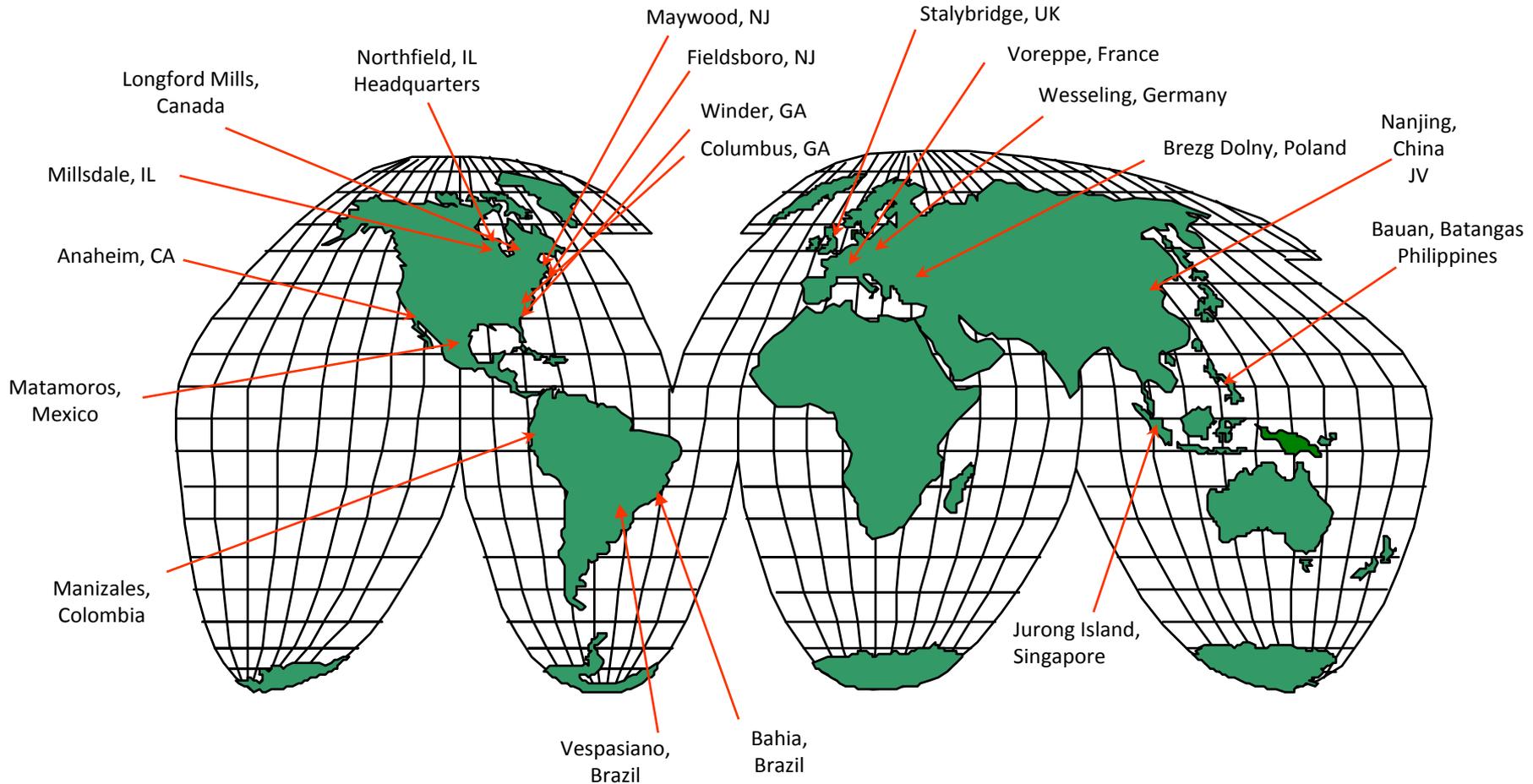
Stepan is a global company. We are subject to local, national and international laws and regulations in the communities in which we operate. Because Stepan is headquartered in the United States, some U.S. laws (such as the Foreign Corrupt Practices Act) apply to Stepan subsidiaries outside the U.S. Stepan also operates in other countries throughout the world. As a result, we must also comply with other similar anti-corruption laws (such as the U.K. Bribery Act 2010).

Compliance is not only a legal requirement, but is crucial to maintaining our business reputation and achieving our business goals.

Compliance is also a personal responsibility. Each of us is responsible for not only complying with all applicable laws and regulations, but also maintaining the highest standards of ethical behavior and integrity in everything we do.

# Our Vision

Innovative Chemical Solutions for a Cleaner, Healthier, More Energy Efficient World.



# Our Mission



The Mission of Stepan Company is to meet the requirements of all our stakeholders - customers, stockholders, employees and communities in which we operate.

With a keen focus on our customers, we will continue to drive growth, deliver innovation and achieve a strong return for our stockholders by becoming the leading manufacturer of both surfactants and polyester polyols in the world, as well as a leading supplier of specialty chemicals.

# OUR VALUES



- CUSTOMER FOCUS
- PEOPLE FIRST
- INTEGRITY
- GROWTH AND INNOVATION
- CONTINUOUS IMPROVEMENT
- SUSTAINABILITY

# CUSTOMER FOCUS



We will be a preferred global partner in our industries and technologies by providing innovative, cost-effective products and services that delight our customers.

We will sustain our long-term relationships with our customers built on transparency and trust.

# Corporate Opportunities

At Stepan, we are focused on working together to serve our customers. For that reason, employees and directors should ensure that they do not use Stepan property, information or their position with the Company for their own personal benefit.

**Ask:** *Am I personally benefiting from an opportunity or customer relationship that belongs to the Company?*

**Example:** A Stepan marketing manager and chemist develop a new application for one of Stepan's existing products for a new potential group of customers. They develop a business plan to sell the product on their own. Their actions violate the Code of Conduct. The new product application is a Company opportunity or property which may not be used for personal benefit.

# Fair Dealing



Each employee and director is expected to deal fairly with Stepan's customers, suppliers, competitors, employees and others with whom we interact.

No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other form of unfair dealing.

**Ask:** *Am I making decisions based on information that I should not have? Have I been honest in all my dealings with other parties?*

**Example:** A Stepan manager inadvertently received via e-mail a confidential pricing memo from one of our customers. The manager calls this customer to notify them and deletes the e-mail without reading it. The manager's actions are consistent with the Code of Conduct.

# Competition Law

Competition laws prohibit certain actions involving competitors and customers. The purpose of these laws is to ensure appropriate competition for the benefit of customers.

We cannot work with our competitors, or even discuss with them, certain matters such as prices, terms of sale, customer/prospect lists, production terms or where we will or will not sell our products. These rules apply not only to direct interactions with competitors, but also to our participation in trade associations. If a competitor, or a trade association, starts to discuss one of these prohibited topics, you must “**OLC**”:

- Object visibly

- Leave immediately

- Call the Legal Department

**Ask:** *Is this topic appropriate to discuss with a competitor? Are my actions consistent with fair competition and customer expectations?*

**Example:** One of Stepan's competitors approaches a Stepan employee at a trade association meeting complaining about recent price reductions and asks what the companies could do to stop these reductions. The Stepan employee says he really can't discuss specific pricing, but agrees to meet the competitor for drinks later that evening. The employee's action is not consistent with the Code of Conduct: meeting the competitor for drinks, knowing that pricing will be a likely topic of discussion, creates too great a risk of a violation of competition laws.

# PEOPLE FIRST

Investment in our people is the key to realizing our goals and ambitions.

We are committed to developing, recognizing and respecting our people, which will enable all our relationships to thrive and flourish.

Our interactions will be characterized by openness, teamwork and mutual respect.

As we continue to grow, we will maintain the culture that has made Stepan Company a preferred place to work.



# Promoting Health and Safety

We believe that all incidents are preventable and we are committed to providing a safe, secure and healthy working environment for all of our employees, visitors, customers and communities. We will actively work to achieve incident-free performances by making safety a daily priority in our planning and business decisions.

It is the responsibility of each employee to take personal responsibility for maintaining and improving the safety of our operations. If you see something that seems unsafe, or if you witness any kind of incident that endangers the safety of others, you must take immediate action to protect your safety and the safety of others, and immediately report the incident to your supervisor or another manager.

**Ask:** *What are the safety risks with the activities I am doing or about to do?  
What actions can I take to ensure that I perform these activities safely?*

**Example:** A Stepan employee removes the safety guard on a piece of equipment and cuts his hand. Embarrassed, he puts a band-aid on the cut in a nearby bathroom and does not report the incident to his supervisor. This violates the Code of Conduct. The employee should have reported the incident to his supervisor as soon as possible. In addition, before using the piece of equipment, the employee should have ensured that the equipment was safe to operate.

# Diversity and Teamwork

Stepan's employees are our most valuable resource. We value and respect the diversity of our employees, directors, suppliers, customers and communities.

Not only do we work to eliminate discrimination and harassment in all of its forms, we also work to cultivate an inclusive culture where everyone can thrive and differences among employees are valued and leveraged. In this inclusive culture, developing, recognizing and respecting our employee's talents, dignity and individuality is of utmost importance.

Our mission and objectives will be accomplished through teamwork. We believe that empowered employees and teams are essential to the success of our Company.



**Ask:** *Is what I am about to say or do possibly offensive to any individual or group?*

**Example:** At work, a Stepan employee receives an e-mail containing racially charged jokes from a friend and forwards it to five other employees. One of the recipients becomes upset over the contents of the joke and confronts the employee who forwarded the e-mail. This employee responds by saying that he is "too sensitive and needs to get over it." The employee who forwarded the e-mail violated the Code of Conduct. Any employee who receives an inappropriate e-mail is not allowed to forward it to anyone else and should delete it.

# Equal Opportunity

Stepan believes in equal opportunity and the fair treatment of all employees. We are committed to complying with all employment laws applicable in the countries in which we operate.

Stepan respects employees' rights to freedom of association. We do not use child-labor or forced labor of any kind in any of our worldwide operations.

We prohibit all unlawful employee harassment and do not discriminate in any employment decision based on:

- ✓ Race
- ✓ Religion
- ✓ Gender
- ✓ Sexual Orientation
- ✓ Marital Status
- ✓ Disability
- ✓ Age
- ✓ Color
- ✓ Ethnic Origin or Nationality
- ✓ Veteran's Status
- ✓ Any other status protected by applicable law

In addition, Stepan will not knowingly do business with suppliers or contractors who violate these principles.

**Ask:** *Am I creating an environment in which an employee may believe he or she is being treated differently because of his or her protected status?*

**Example:** A group of managers is having a meeting to talk about who at Stepan should be offered a new assignment in Asia. The new assignment will require the selected employee to travel extensively. As part of that discussion, the group considers several employees, but decides against one employee even though she has the most experience with the project, based on their perception that the employee is a single mother and will not be able to find appropriate child care to enable her to take the assignment. Instead, the group decides in favor of a younger, single male employee based on their perception that he does not have any "ties" that prevent travelling and that he will be more accepted by customers and suppliers. The manager then offers the new assignment to the male employee. The manager's decision is not consistent with the Code of Conduct.

# INTEGRITY

We earn the right to operate every day. Our actions must always meet the highest ethical and legal standards.

We will engage in and support only those activities that are lawful, safe, environmentally sound and respectful of the needs of our employees and the communities in which we operate.

We will become a leader in safety and the benchmark of our industry.

# Protecting Company Information

Protecting Stepan's information is important to maintaining and growing our operations. All employees and directors are obligated to protect such information, even after leaving Stepan.

To protect company information:

- ✓ **Appropriately mark Stepan confidential information so that it is not inadvertently disclosed.**
- ✓ **Only disclose confidential information to parties outside Stepan if there is a Confidentiality Agreement in place relating to such information.**
- ✓ **Only disclose confidential information within the Company to those employees with a need-to-know the information.**
- ✓ **Do not leave confidential information in public view, including on printers, copiers or on your desktop.**
- ✓ **Do not use confidential information for personal gain.**

**Ask:** *Is the information I'm sharing confidential? Does the individual I'm sharing it with need-to-know the information?*

**Example:** A Stepan manager is working on a potential acquisition of a company in Arkansas. She leaves an out-of-office voicemail message stating that she is travelling on business in Little Rock. A caller connects the manager's function and the location in her voicemail, and determines that Stepan is considering an acquisition of a major chemical company in Little Rock. The manager did not appropriately protect confidential information by revealing her travel location and her action violates the Code of Conduct.

# Electronic Resource Use and Security

Stepan's electronic resources, such as computers, e-mail and voice mail systems, and Internet access, contain valuable business information and are provided for our employees and other authorized users for business purposes. For this reason, no employee or other authorized user should have an expectation of privacy in any data or information contained in Stepan's electronic resources, except as otherwise provided by law.

Stepan's electronic resources must be protected from unauthorized use and access. Every employee must:

- **Use Stepan's electronic resources in a way that is consistent with business purposes and in compliance with the Code of Conduct, and all applicable laws and regulations.**
- **Take appropriate measures to protect the security, confidentiality and integrity of Stepan's electronic resources. For example, every employee should:**
  - ✓ **Protect User IDs and passwords from disclosure.**
  - ✓ **Take steps to avoid inadvertent disclosure, such as locking unattended electronic devices and using devices cautiously in public places.**
  - ✓ **Use only Company-provided software and security tools. Modifying or disabling this software and these tools may compromise the security of our information and data.**
  - ✓ **Be suspicious about unfamiliar electronic communications or callers. Do not open unfamiliar e-mails and verify the identity of unfamiliar callers before providing Company information.**

# Electronic Resource Use and Security

## (Continued)

**Ask:** *Is Company information visible on my screen or in my work area? Would I be comfortable if someone from the Company accessed my Stepan computer or device? Do I know the person calling me or sending me e-mail?*

**Example:** A Stepan employee receives an e-mail from a family member. The e-mail contains a link to a video that shows puppies playing football. The Stepan employee deletes the e-mail without clicking the link. The employee protected Stepan's electronic resources by deleting the e-mail and not clicking and opening the link to a potentially corrupt and dangerous site, which is consistent with the Code of Conduct.

# Social Media

Social media activities, such as those on Facebook and Twitter, must be consistent with Stepan's policies, including the Social Media Policy and the Computer and Information Security and Internet Usage Policy. Social media activities should not interfere with an employee's work activities or impact the Company's Information Technology resources.

In particular, comments on blogs, forums, and social networking sites:

- ✓ Cannot imply that your opinion represents that of Stepan.
- ✓ Must not disclose Stepan or customer proprietary, confidential or sensitive information.
- ✓ Must be respectful to Stepan, other employees, customers, partners and competitors.
- ✓ Should not reference or discuss Stepan customers.
- ✓ Must comply with all laws and regulations.

**Ask:** *Is my communication respectful? Does it include confidential information? When my communication is public, is it completely clear that my personal views don't represent Stepan's position?*

**Example:** Frustrated with not having received an order from one of the Company's most significant customers, a Company sales representative posts the following to his Twitter account:

"Bad day :( No order at Giant Co Tht stnx and so will our quarter."

The tweet violates the Code of Conduct by disclosing confidential information and referencing a Stepan customer.



# Avoiding Conflicts of Interest

Employees and directors must protect Stepan's best interest as they perform their duties. This includes an ongoing obligation to engage in honest and ethical conduct, including the ethical handling of both actual and potential conflicts of interest between personal and business relationships.

It is unethical to seek any additional economic gain by virtue of being a Stepan employee or director. It is inappropriate to give or to receive anything of value which is intended to, or could be perceived as, influencing our business judgment, or our customers' or suppliers' business judgment.

While mutually beneficial relationships with customers and suppliers are encouraged, we should avoid situations that create the appearance of impropriety.

For example, having a significant stake in, or serving as a director of, a firm that sells to or purchases from Stepan may create an actual or potential conflict of interest. Employees should also not work for a customer or supplier.

Stepan's principal executive officer, principal financial officer, principal accounting officer or controller, or any person fulfilling similar functions, must make immediate disclosure to the Audit Committee of any material transactions or relationship that reasonably could be expected to give rise to a conflict.

All other employees must make such disclosures immediately to their manager, supervisor or to the Vice President, General Counsel in the Legal Department.

# Avoiding Conflicts of Interest

## (Continued)

Circumstances that pose a conflict of interest are prohibited unless a waiver is obtained from the General Counsel (or from the Audit Committee, if the potential conflict involves an executive officer or a director).

Notwithstanding anything to the contrary in this Code of Conduct, a waiver will not be required if the conflict of interest results from the employment of a family member or an employee or director by a customer, supplier or competitor of the Company if the employment is a temporary or entry level position and does not otherwise require disclosure.

If a potential conflict of interest arises, it must be disclosed immediately to your manager, supervisor or the General Counsel.

**Ask:** *Could this activity influence my business decisions? Will it look to others like my decision was influenced by this activity?*

**Example:** A current supplier provides a Stepan employee with four tickets to the Super Bowl and allows the employee and the employee's family and friends to use the supplier's condominium free-of-charge. This violates the Code of Conduct. These items would be considered gifts that, because of their excessive value, create or would be perceived to create a situation in which the employee may inappropriately favor the supplier. In addition, the event lacks an appropriate business purpose since the supplier is not attending, and therefore no business will be conducted or discussed.

# Proper Use of Company Assets and Funds

Employees and directors should protect Stepan's assets and Company funds. All of Stepan's assets should be used for legitimate business purposes.

Employees are personally accountable for any form of Company funds such as credit cards, tickets, cash and checks. Stepan recognizes that business entertainment and gifts are meant to create goodwill and sound working relationships, not to gain advantage with customers or suppliers. Neither Stepan, nor our employees or family members, may offer, give or accept any gift or entertainment unless it:

- ✓ Is not a cash gift.
- ✓ Is consistent with customary business practices.
- ✓ Is not excessive in value.
- ✓ Cannot be construed as a bribe or payoff.
- ✓ Does not violate any laws or regulations.



Any questionable gift or invitation should be discussed with a supervisor or more senior manager, if appropriate.

**Ask:** *Am I using Stepan's assets for personal gain?*

**Example:** An employee notices that Stepan discards scrap materials. The employee decides to take the materials home and sell them to a local scrap yard, and keeps the money he receives. The employee's actions violate the Code of Conduct.

# Political and Non-Governmental Contributions

No contributions of funds or services are to be made to or on behalf of any political organization or candidate by Stepan or any of our subsidiary companies without advance approval of the General Counsel. Offering any favor, service, entertainment, meal, gift or anything of value to government officials or employees, or their family members, in connection with their government duties is prohibited.

Stepan recognizes that in some countries it is legal and customary for companies to make certain contributions to political parties and government officials. Nevertheless, no such contributions or payments can be made by Stepan or our subsidiaries, employees, officers, directors or agents with the intent to obtain or retain business. In addition, all such payments must be approved by the General Counsel and must be completely and accurately documented in our Company's books and records.

**Ask:** *Am I providing something of value to a government official or someone related to a government official? Have I obtained the approval of Stepan's General Counsel for any political contribution?*

**Example:** A Stepan employee at a manufacturing facility volunteered to help with his brother-in-law's campaign to be elected mayor of their hometown. During the workday, he typed up and printed 500 flyers using Stepan office equipment to support his brother-in-law's campaign. The employee's actions violated the Code of Conduct in two ways: the actions could be viewed as a political contribution from Stepan, and the employee used Stepan resources for a non-business purpose. The employee should have reviewed this matter with Stepan's General Counsel and obtained prior approval.

# Insider Trading



It is Stepan's policy to comply with all securities laws, rules and regulations applicable to Stepan's stock, including those prohibiting insider trading.

Insider trading occurs when someone buys or sells a company's stock based on Material Nonpublic Information. Material Nonpublic Information is information that might impact another person's decision to buy or sell stock and which has not been made publicly available by that company. Examples of Material Nonpublic Information include financial results or news of a significant transaction that has not yet been publicly released.

Material Nonpublic Information must not be disclosed to anyone, except those within Stepan or third parties (such as investment banking advisors, outside legal counsel or consultants) with a need-to-know, until such information has been publicly released by Stepan.

It is against Stepan policy and against the law for Stepan employees or employee household members to trade Stepan stock based on such Material Nonpublic Information.

# Insider Trading

## (Continued)



Precautions should be taken to avoid conversations in public places and care should be taken to avoid leaving confidential documents or devices containing Stepan information unguarded.

No person who is aware of Material Nonpublic Information concerning Stepan may transact in Stepan stock.

In addition, it is against the law to pass along such information to anyone who may use it in a trading decision.

Additional restrictions also apply to Stepan Executive Officers, certain key employees and directors.

Please refer to the Company's Insider Trading Policy for more information.

**Ask:** *Am I sharing material information about Stepan that has not yet been made public?*

**Example:** Shortly after the year-end closing, a Stepan employee overhears a conversation in the lunchroom about Stepan's financial results being better than expected. She tells her spouse that the bonuses should be good this year based on these results. Her spouse inadvertently conveys this information to a friend, who instructs his broker to purchase Stepan stock. The employee, her spouse and the friend have all violated insider trading laws and may face criminal and civil fines, penalties and imprisonment. In addition, the employee has violated Stepan's Insider Trading Policy and the Code of Conduct.

# Financial Reporting

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

(MARK ONE)  
(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_  
Commission File Number 1-4462

**STEPAN COMPANY**  
(Exact name of registrant as specified in its charter)

Delaware 36-182034

State or other jurisdiction of incorporation or organization 214 S. Taylor Street, Suite 200  
Evanston, Illinois 60119  
Address of principal executive offices (zip code)

Registrant's telephone number including area code: 847-486-7500

Securities registered pursuant to Section 12 (b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$1 per value	New York Stock Exchange
	Chicago Stock Exchange
5.12% Convertible Preferred Stock, no par value	New York Stock Exchange
	Chicago Stock Exchange

Securities registered pursuant to Section 12 (g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes  No

Indicate by check mark if the registrant is an emerging growth company, as defined in Rule 405 of the Securities Act: Yes  No

Indicate by check mark whether the registrant (1) has filed reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months for each month in which the registrant is required to file such reports, and (2) has been subject to the filing requirements in the past 12 months: Yes  No

Indicate by check mark whether the registrant has submitted to the SEC an electronic filing of its annual report, proxy statement, or other documents required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934: Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, as defined in Rule 405 of the Securities Exchange Act of 1934, an accelerated filer, as defined in Rule 405 of the Securities Exchange Act of 1934, or a non-accelerated filer, as defined in Rule 405 of the Securities Exchange Act of 1934: Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 101 of the Securities Exchange Act of 1934): Yes  No

Number of shares outstanding of each of the registrant's classes of common stock as of January 31, 2013:

Class	Outstanding at January 31, 2013
Common Stock, \$1 per value	21,262,972

Documents Incorporated by Reference

Part of Form 10-K	Document Incorporated
Part 20, Items 10-14	Portions of the Proxy Statement for Annual Meeting of Stockholders to be held April 30, 2013.

\* Based on reported ownership by all directors, officers and beneficial owners of more than 1% of registrant's voting stock. However, this

As a public company, Stepan's principal executive officer, principal financial officer or controller, or any person performing similar functions must strive to ensure that Stepan provides full, fair, accurate, timely and understandable disclosure reports to the Securities and Exchange Commission, and any other public communications made by the Company.

The Securities and Exchange Commission, as well as other governmental entities, strictly regulate the accuracy and timing of our public disclosures and financial reporting.

Such disclosures include:

- ✓ Annual and Quarterly Reports (Form 10-K, Form 10-Q)
- ✓ Proxy Statements
- ✓ Form 8-K

We must cooperate and communicate with our internal and external auditors to ensure our financial information is accurately reported.

**Ask:** *Are all aspects of this transaction being disclosed and recorded accurately?*

**Example:** While reviewing his portion of Stepan's quarterly financial disclosures, a manager discovers a significant error in one of the reported items. He immediately brings this to the attention of his manager and the error is corrected before the disclosures are finalized. The manager's actions are consistent with the Code of Conduct.

# GROWTH AND INNOVATION



We will drive profitable growth through innovation.

We will anticipate market trends and needs.

We will use our creativity, expertise and discipline to provide practical solutions that deliver value to our customers.

# Intellectual Property

As we continue to grow and innovate, it is important that our employees understand how to protect our intellectual property. Stepan expects its employees to understand what we need to do to protect all forms of Stepan's intellectual property, including patents, copyrights, trademarks and trade secrets.



- ✓ **All employees, officers or directors with access to Stepan's intellectual property must only disclose intellectual property or confidential information to employees with a need-to-know or to third parties who are contractually obligated to protect that intellectual property or keep such information confidential.**
- ✓ **Do not disclose to Stepan, or use, during your employment at Stepan, any property or confidential information, including computer records, from prior employers.**
- ✓ **Do not load any unlicensed software on any Stepan device.**
- ✓ **Do not accept or use anyone else's intellectual property or confidential information except under an agreement approved by the Legal Department.**

# Intellectual Property (Continued)



**Ask:** *Is the information I am about to provide confidential or involve the Company's intellectual property? If so, am I only disclosing it to another employee with a need-to-know or to a third party who has signed a Legal Department-approved confidentiality or similar agreement with Stepan?*

**Example:** One of Stepan's Sales and Marketing Managers is working on a product that is protected as a trade secret. Before disclosing it to a customer or anyone else, she confirms that the employee for the customer has a need-to-know and checks with the Legal Department to make sure that Stepan has a Non-Disclosure Agreement in place with the customer. The manager's actions are consistent with the Code of Conduct.

# International Activities

As Stepan's international business grows, so does the importance of complying with all international laws and regulations.

All employees and directors, who either work or travel abroad, as well as those who deal with international trading, should dedicate time to fully understand the governing laws and regulations of the regions in which they work.

Additionally, Stepan urges all employees to understand the general rules of import and export controls as well as custom duties. The information in the section "Anti-Corruption" includes some important laws and regulations for all employees and directors.



**Ask:** *Do I know who the end user or customer is? Can all the parties in this transaction be identified and verified?*

**Example:** A Stepan sales manager notices that the name of a customer company on a contract does not match the name of the company she has been communicating with. After attempting to get clarification from her contact, the manager puts a stop to the sale and contacts the Legal Department. The manager's actions are consistent with the Code of Conduct.

# Anti-Corruption

We do not engage in bribery, kickbacks or any other activities that facilitate corruption. Corruption of government officials or private parties to gain or keep business or to gain an unfair advantage is illegal everywhere we do business. Here is a partial list of activities that are prohibited:

- ✓ **Promising or giving either a financial or other similar advantage.**
- ✓ **Agreeing/Receiving/Accepting a financial or other similar advantage.**
- ✓ **Failure of commercial organizations to prevent bribery by a person associated with it.**

If a vendor or government official tries to imply that a bribe is "just the way business is done," the answer is always simple - we don't do it.

Government officials can include:

- ✓ **Any officer, employee, or candidate for an elected office.**
- ✓ **Any officer or employee who acts on behalf of a government.**
- ✓ **An officer of a foreign political party.**
- ✓ **Any person acting in an official capacity for or on behalf of an international public organization.**
- ✓ **Employees or organizations that are owned and/or operated by a government, including hospitals, universities, utilities, and telecommunications companies.**

Examples of anti-corruption laws include the Foreign Corrupt Practices Act and the U.K. Bribery Act 2010. Other state or country laws prohibit bribery or other forms of corruption.

Please refer to the Company's Anti-Corruption Policy for more information.

# Anti-Corruption (Continued)

**Ask:** *Could this contribution or payment be considered a bribe, even if it is "the way things are done?" Am I making a payment of any kind to a government official?*

**Example:** After noting a minor inconsistency in Stepan's regulatory records, an Agency Plant Inspector asks the Plant Manager to contribute \$100 in cash to an unnamed "charitable event." The Plant Manager informs the Agency Plant Inspector that he will need to check this out with Stepan's Legal Department first. The Plant Manager's actions are consistent with the Code of Conduct.

# CONTINUOUS IMPROVEMENT



We will constantly strive to grow and prosper through continuous improvement.

Additionally, we will relentlessly seek to increase the effectiveness and productivity of our employees and our facilities to meet our customer's needs.

These principles will continue to maintain our strength and independence while increasing the value of our Company for all Stockholders.

# Recordkeeping



Stepan is required to accurately document its activities and transactions, and to maintain certain documents we create. Documents include electronic communications, like emails and texts, as well as paper documents.

Stepan has established a Records Management Policy which provides guidance on record retention.

In the event of litigation or governmental investigation, employees will be contacted by the Legal Department for further instructions on recordkeeping requirements.

**Ask:** *Am I obligated to retain this document? Does the document accurately reflect Stepan's activities and transactions?*

**Example:** A Stepan assistant is cleaning the file room and decides to get rid of an entire file drawer of documents created five years ago. He does not review the documents prior to destroying them nor does he check Stepan's Record Retention Schedule. The assistant's actions violate the Code of Conduct.

# SUSTAINABILITY



We embrace a broad view of sustainability and are committed to delivering outstanding, sustainable value to all our Stockholders.

We are constantly striving to increase our efficient use of resources, minimizing our footprint and working as innovative partners with our customers in pursuit of their sustainability goals.

# Protecting the Environment



At Stepan, protecting people and the environment is part of everything we do and every decision we make. Each employee has the responsibility to ensure that our products, practices and operations meet applicable government and Stepan standards.

Stepan strives to comply with all applicable laws and regulations governing environmental compliance in our manufacturing, research, marketing, distribution and administrative activities.

In addition, Stepan is a member of the American Chemistry Council ("ACC") and a charter member of Responsible Care®, an initiative created by the chemical industry to safely handle products from inception in the research laboratory, through manufacture and distribution, to ultimate disposal, and to involve the general public in appropriate decision-making processes.

Responsible Care requires member companies to continually improve their health, safety and environmental performance. Stepan accomplishes this by listening and responding to public concerns, assisting each other to achieve optimum performance and reporting goals and progress to the public.

# Protecting the Environment (Continued)

**Ask:** *Are my actions consistent with safe practices and compliant with environmental regulations?*



**Example:** A Stepan supervisor instructs a Stepan operator to dump a small amount of oil down a drain to save time and disposal costs. The operator refuses but does not report the supervisor's instructions to the Company. Both the supervisor and operator have violated the Code of Conduct. While the operator acted appropriately by refusing to dump the oil down the drain, he did not report the supervisor's instruction to a higher level manager or to Stepan's Human Resources or Legal Departments.

# Reporting Concerns and Violations

Because the Code of Conduct cannot address every situation, you must seek guidance or ask questions to aid in proper adherence to the Code of Conduct.

Stepan requires any employee who suspects or witnesses a violation of any of Stepan's policies or any laws or regulations, to report these violations to management. Additionally, any employee who suspects or notices a product deficiency must immediately report these deficiencies to management.

So long as the violation is reported in good faith, Stepan will not tolerate any retaliation of any kind. Employees or directors who believe they have been subjected to retaliation for reporting possible violations should immediately contact the Legal Department.

If you have a question or are reporting a concern, the following are available as resources:

- **Your Supervisor**
- **Human Resources Department**
- **Legal Department**
- **Internal Audit Department**

A complete list of all phone numbers, including local toll-free phone numbers for use in global locations, is available on the Company's website under "Contact Us" and "Ethics Hotline." Our website also provides a link to submit a report electronically.

# FINAL NOTES

- Each employee, officer and director must certify, in writing or electronically, that he or she has read, understood and will abide by the Code of Conduct.
- Each employee, officer and director must comply with all Stepan policies. These policies are available on the Stepan Intranet. Stepan reserves the right to amend or alter the Code of Conduct or other policies at any time for any reason.
- The Code of Conduct or any other Stepan policy is not an employment contract between Stepan and our employees, officers or directors and does not change the status of any employee.