

**Policies of
Business Conduct**

To All Engelhard Employees:

Pride is a great feeling.

It is one of the rewards of being part of a truly world-class enterprise. It speaks not only to what we accomplish, but how we accomplish it. It underscores not only what we do, but who we are.

Pride is critical to our success because it points us in the right direction. A poor reputation can be a company's greatest hurdle, while a good reputation is its greatest asset. Our reputation as a company is the sum total of everything we say and do. Each of us has a hand in shaping Engelhard's reputation everyday.

Ethics and integrity must be the cornerstones of Engelhard's reputation. The following Policies of Business Conduct sets forth standards of acceptable behavior for all Engelhard people worldwide. I urge you to read these policies carefully and retain them for reference. If you are unclear about any of this material or if you have any questions, talk with your supervisor. In addition, if you observe any violations of these policies, I urge you to bring them to the attention of your manager, or, if you prefer, raise the issue with either the company's General Counsel, Vice President of Human Resources, Director of Internal Audit or directly with me. The Company will not permit retaliation of any kind against those making good faith reports of violations of applicable law, rules, regulations or these Policies; any officer of employee who retaliates in any way in response to such reports will be subject to disciplinary action.

As I've said before, I believe Engelhard will be the premier Fortune 500 surface and materials science company — admired for being a highly innovative, agile enterprise; an enterprise whose people exhibit strong values, integrity and a passion for excellence.

That's something of which we can all be proud.

Sincerely,

Barry W. Perry
Chairman and Chief Executive Officer

**Engelhard Corporation
Policies of Business Conduct**

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GENERAL POLICY

Engelhard Corporation (the “Company”) values its reputation for integrity and intends that business practices of its employees be compatible with the moral and ethical standards of the various cultures within which the Company conducts its business. The policy of the Company is one of strict observance of all laws applicable to its business. **Employees will not be permitted to achieve results at the cost of violation of laws or through unscrupulous dealings.** Even in situations where applicable laws are permissive, the Company expects its employees to choose the course of high integrity. A policy of honesty is not subject to criticism in any culture. Shades of dishonesty invite demoralizing and damaging judgments.

While results are important, the manner and method of achieving those results are equally important. Achieving results by violating laws or through unscrupulous dealings would constitute a serious violation of policy and will not be tolerated. The Company expects candor from managers at all levels and compliance with its accounting rules and controls. The Company’s system of management will not work without honest bookkeeping, honest budget proposals and honest economic evaluation of projects. The Company does not want a manager to misrepresent facts, whether misrepresentations are made in a mistaken effort to protect the Company or to protect or enhance the manager’s own record.

This policy applies to all employees, including officers, and directors of Engelhard Corporation, its subsidiaries and associated companies, both United States and foreign. Adherence to this policy will help to ensure the continued prosperity of the Company and will not conflict with an employee’s responsibilities to the Company. In the event of uncertainty as to the applicability of the policy or the propriety of any particular course of conduct, the Company’s Legal Department will be pleased to provide its assistance and guidance.

Any waiver of these Policies for executive officers and directors may be granted only by the Board of Directors or a duly authorized board committee and must be disclosed to shareholders.

You should note that a violation of the Company’s *Policies of Business Conduct* may, under certain circumstances, also constitute a criminal act. Violations of this Policy may be subject to sanctions ranging from a warning to termination of employment.

POLITICAL CONTRIBUTIONS

No contributions or expenditures will be made, directly or indirectly, to political candidates, causes, or parties by the Company except with the approval of the Board of Directors and in accordance with applicable law.

“Political contribution” means any payment, direct or indirect, either in cash or anything of value, to or for the benefit of any political candidate, political party or political committee or organization. Political contributions include (a) donations, gifts or loans of company funds, assets or property, directly or indirectly, to or for the benefit of any political party, candidate, committee or organization; and (b) use of Company funds, assets or property, directly or indirectly, to oppose or support any political party, candidate, cause, committee or organization. Included within this definition are the services of any employee, officer or director whose salary, wages or fees for performing such services are paid by the Company, the lending or making available of any money, property or facilities of the Company, and the sale or use of any product or service at less than the normal price or rate.

The above prohibitions should not be interpreted as discouraging employees from making personal contributions to candidates or political parties of their choice directly or through a political action committee. In fact, the Company encourages its employees to participate in civic affairs. Employee political contributions cannot be reimbursed by the Company, either directly or indirectly, such as by bonus or any other compensation. An employee’s personal lawful political contributions, or decision not to make political contributions, will not influence the employee’s compensation, job security or opportunities for advancement.

GIFTS AND PAYMENTS

Public Officials

No payments or benefits, directly or indirectly, shall be paid to or conferred upon any governmental official or employee. This prohibition includes any payment¹, direct or indirect, to or for the benefit of ally official, employee or representative of any government, national, state or local, and any agency or subdivision thereof, made for the purpose of influencing or affecting his official action.

No employee shall directly or indirectly promise to give, authorize the giving of or give anything of value to any foreign official, any foreign political party or official thereof or any candidate for foreign political office for purposes of (1) influencing any act or decision of such

¹ *A “payment” is a transfer or use of funds, property or anything of value, direct or indirect, and includes donations, gifts, loans, loan guarantees and extensions of credit. An “indirect payment” means any payment made on behalf of the Company by any third person or intermediary, such as commission agents, consultants or public relations firms, whether or not such third person or intermediary is directly reimbursed for such payment by the Company.*

person or entity in his or its official capacity, including a decision to fail to perform his or its official functions, or (2) inducing such person or entity to use his or its influence with a foreign government or instrumentality to affect or influence any act or decision, in either case in order to assist the Company in obtaining or retaining business for or with, or directing business to, any person.

The Company's policy does not prohibit expenditures for gifts of an insignificant value or expenditures on meals for the entertainment of governmental officials and employees incidental to Company business where permitted by law. Also, gratuities of an inconsequential nature in foreign countries where they are customary and acceptable are not prohibited if they merely enable the Company to receive services to which it is otherwise entitled and if they are not intended to influence the recipient to act improperly.

Commercial Bribery

No commercial bribes or other similar payments and benefits, directly or indirectly, shall be paid to employees of suppliers and customers.

"Commercial bribery" includes any payment, direct or indirect, to any director, officer, employee or representative of a customer or supplier of the Company, made for the purpose of influencing or affecting his business judgment or action. Bribery of customers and suppliers includes the payment or use of company funds, directly or indirectly, to or for the benefit of any director, officer, employee, agent or representative of any customer or supplier.

The Company's policy does not prohibit expenditures for gifts of an insignificant value or expenditures on meals for and entertainment of a representative of a customer or supplier incidental to Company business where permitted by law.

No employee or members of their immediate families shall accept any benefit, gift, favor, discount or entertainment, the nature of which exceeds common courtesies extended in accepted business practice or which raises any implication that could be construed as affecting the employee's judgment or decision-making, on behalf of the Company.

COMPLIANCE WITH LAWS

Strict compliance with all laws affecting the conduct of the Company's business is required. The Legal Department will work with each of the business units or staff groups in addressing any questions as to the applicability of any law or the appropriate manner of compliance. It is the Company's policy to cooperate with all duly authorized government inquiries and investigations. In order to ensure the consistent application of this policy, employees are required to contact the Legal Department immediately if they are contacted by anyone purporting to seek information or assistance in connection with such an inquiry or investigation. On occasion, purported representatives of state and Federal enforcement agencies may contact employees at

their homes outside of normal business hours and suggest that a conflict exists between the interests of the employee, on the one hand, and those of the Company, on the other. Every employee of the Company may be assured that the Legal Department will diligently protect his/her interests as well as those of the Company until the Legal Department makes a determination that there may be such a conflict. Should this occur, the employee will be immediately informed and, if desired, assistance in retaining personal legal representation will be provided.

Antitrust Laws

The Company's policy is to comply fully with the antitrust laws.

Understandings with Competitors

No agreements or informal understandings are to be reached with the Company's competitors with respect to the price, terms, technical support, quality or other attributes of any products sold to customers. No such agreements or understandings with competitors are to be made as to identity of customers or suppliers, markets in which to operate, production quotas or capacity, bidding practices or other competitively significant subjects.

The Company's policy does not prohibit purchases from or sales to competitors and the normal bargaining incident to such transactions. Nor does the policy prohibit lawful joint ventures formed with the assistance of the Legal Department.

Employees should not assume that any understanding with a competitor is competitively insignificant without discussing the subject with the Legal Department.

The penalties for violation of the antitrust laws are severe. They include fines, damages and legal expense to the Company. They also include fines and imprisonment for individual employees convicted of participating in a violation, and the potential of disciplinary action for contravening the Company's policy even without a conviction.

To minimize the risk of inadvertent violations, the Company's policy is to avoid certain practices which may not be illegal of themselves, but may raise questions of illegality in some circumstances. The Company's policy therefore bans (1) discussions of the foregoing subjects with competitors, even though the Company's employees try to avoid any agreement or understanding, (2) attending meetings of competitors where the foregoing subjects are discussed, even though the Company's employees do not participate in the discussion, and (3) correspondence with competitors concerning the foregoing subjects (most particularly, pricing), even though there is no discussion or meeting on the subject. If exceptions are warranted or other communications with competitors on business matters are necessary (for example, in the course of discharging trade association duties), the Legal Department is available for consultation.

Information about competitors' activities will normally be obtained from customers, publications, and similar sources. It will not be sought directly from competitors, their representatives, or their distributors.

Acts prohibited by this policy may not be undertaken indirectly through others, including distributors.

Dealings with Customers or Suppliers

The Company's policy is to select its own customers or suppliers. Although the Company may base its selection on information obtained from third parties, such as credit bureaus, there should be no understanding that the Company will act one way or another on the basis of such information.

Because terminations of customers frequently lead to litigation, and cause excessive expense and distractions, no such termination is to be effected or threatened without advance consultation with the Legal Department, except in those cases where the termination is solely for failure to pay bills or adhere to normal credit conditions, a written record of such failure exists, and the Credit Department has recommended termination.

The Legal Department will work with each of the business groups whenever the Company enters into a new distribution or supply agreement, other than on a Company standard form, if the agreement (1) is for a term exceeding one year, (2) contains any provision requiring the customer to limit or avoid dealings with other suppliers, such as a "requirements" clause, (3) contains any provision requiring the supplier to limit or avoid dealings with other customers, (4) contains any provisions requiring the customer to purchase certain products as a condition of being allowed to purchase other products, or (5) grants exclusive rights to any geographic territory. Company employees will not enter into informal understandings on these subjects without concurrence from the Legal Department.

The Company's policy is not to enter into any formal or informal agreements as to the resale price of products sold by it to customers for resale. The policy does not prohibit announcing a list or suggested resale price, provided that the customer's assent to those suggestions is not sought or obtained.

The Company may specify territories and types of businesses within the United States in which its distributors or representatives are expected to concentrate their selling efforts. The Legal Department will participate in the development of such contracts to ensure compliance with the law before the contract is presented to the distributor or representative.

Price Discrimination

In order to assure compliance with laws governing discrimination in pricing, allowances and promotional services, all pricing will be done from price lists (or contracts previously developed by the business unit with Legal Department assistance) except where a lower price is needed to meet competition and the applicable meeting-competition procedures have been followed.

Improper Accounting Practices

No false, fictitious or misleading accounting entries shall be made. A false, fictitious or misleading accounting entry is one that does not accurately describe the underlying transaction or is not posted to the proper account. Such a false, fictitious or misleading accounting entry is prohibited, whether made to conceal or disguise any unlawful or questionable payment, as described above, or for any other purpose.

All Company bank accounts, funds, properties and assets must be reflected in the Company's regular books and records and be subject to the Company's established internal control and audit procedures.

No accounting entries and records which falsify and distort transactions shall be made. No secret or special books, records or funds shall be maintained for the purpose of evading taxes, currency control regulations or for any other purpose.

CONFLICTS OF INTEREST

The ethical conduct of the Company's relationships and transactions with individuals outside the Company and with other business concerns is a matter of vital importance.

Without full and complete disclosure thereof, no director, officer or employee of the Company shall have any position or connection with or a direct or indirect interest in, any other business enterprise operated for a profit, the existence of which would conflict or might reasonably be supposed to conflict with the proper performance of his duties or responsibilities, or which might tend to affect his independence of judgment with respect to transactions between the Company and such other business enterprises.

A "direct or indirect interest" includes, but is not limited to, you or any member of your immediate family acting in any capacity (i.e. officer, partner, investor, consultant, employee, distributor, agent, etc.) for suppliers, contractors, subcontractors, customers or other entities with which the Company does business. The investment in securities which are listed on a national securities exchange where such investment comprises less than 1% of the class of securities so listed is not to be prohibited by this policy. However, no employee shall acquire or permit any member of his or her immediate family to acquire securities in any firm in which the

Company or any of its subsidiaries or affiliated companies has a significant investment, whether or not listed on a national securities exchange.

No employee shall, for any reason, disclose or misuse confidential information acquired as a result of employment by the company, except that such information may be disclosed to the extent required by law following consultation with Senior Management and the Legal Department.

No employee shall for personal gain deprive the Company of an opportunity to benefit which could be construed as related to any existing or reasonably anticipated future activity or business venture of the Company.

No employee shall have outside interests which materially interfere with the time and attention the employee should devote to the Company.

Commodities Transactions

No employee of the Company or any of its subsidiaries, domestic or foreign, shall trade or permit any member of his or her immediate family to trade in any of the materials or commodities normally bought, sold, produced or processed by the Company or in which it may trade on behalf of its customers including counterparties. The prohibited trading pertains to those materials which are significant to the Company's production process and all commodities in which the Company trades including but not limited to precious metals (gold, silver, platinum group metals); base metals (copper, tin, nickel, aluminum, etc.); and energy (oil, natural gas, electricity).

Trading in Securities

The Company encourages employees to invest, but not to speculate, in Company stock. In order to avoid any appearance that any employee is speculating in Company stock, no employee should engage in short sales, or trade in puts, calls, or other options on Company stock, other than the exercise of any options granted by the Company. If an employee believes that unusual circumstances make such transactions in Company stock appropriate, the employee should get advance approval from the Company's General Counsel.

The U.S. securities laws and Company policy prohibit trading in securities of any company (including Engelhard) based on material, non-public information acquired as a result of employment by the Company. Employees are also prohibited from communicating non-public information to any person (including spouse or other family members) for other than legitimate corporate purposes. The penalties for violation of the applicable laws are severe and can include criminal as well as civil penalties. Violations also constitute a breach of an employee's ethical obligations to the Company and will be grounds for an employee's immediate termination.

Information is “material” if it might be significant to a decision to buy, sell or hold a particular security or significantly affect such security’s market price, such as interim earnings, mineral discoveries or possible acquisitions or divestitures. Information becomes “public” a reasonable period of time (generally not less than 24 hours) after it has been disclosed in a manner to ensure its availability to the investing public, such as a press release.

Note that each Director and Executive Officer of the Company is required to file timely and accurate reports with the Securities and Exchange Commission (the “Commission”) and the New York Stock Exchange with respect to any purchases or sales of the Company’s equity securities by or attributable to such Director or Executive Officer. The Company’s Legal Department is available to respond promptly to any questions regarding securities trading or related reporting obligations.

ENVIRONMENTAL, HEALTH AND SAFETY

The Company is committed to respecting the environment in the conduct of its business and recognizes the need to preserve and protect our vital natural resources. Environmental protection plays a key role in the Company’s business objectives and is an integral component of all daily operations.

The Company is equally committed to protecting and promoting the health and safety of its employees, the communities where its facilities are located and its customers. The Company believes that there are no tasks so critical that injury to our employees or neighbors should be risked.

In order to fulfill these commitments, it is the policy of the Company to:

- Conduct business activities in a responsible manner to protect the environment and the health and safety of its employees, customers and the public.
- Comply with all applicable environmental, health, and safety laws and requirements.
- Continually improve the environmental, health, and safety performance at all facilities, including developing objectives and targets, prevention of pollution and conservation of natural resources.
- Educate all employees to increase their awareness of environmental, health, and safety issues.
- Provide effective environmental, health and safety management systems and resources at all levels to ensure that all employees implement and uphold this policy within their respective areas.

- Cooperate with the public authorities to establish and update contingency procedures to minimize the impact of any accidental release to the environment.
- Provide the public with the information necessary to understand the environmental impact of a facility's activity.
- Routinely evaluate our processes and operations to assess conformance with the implementation of this policy.

EMPLOYMENT RELATIONS

Engelhard's success has always reflected the individual and collective ability of its employees. The Company selects, develops, promotes and compensates people based on their individual qualifications, ability and job performance without regard to race, color, religion, creed, gender, sexual orientation, national origin, ancestry, marital status, veteran's status, age or disability.

The Company's policy is to maintain an environment free of any harassment and intimidation resulting from a person's actual or perceived identification with any of the aforementioned classifications. Furthermore, it is the Company's policy to comply with the letter and spirit of applicable national, provincial, Federal, state, local and other government statutes concerning equal employment opportunity.

The implementation of this policy is the joint responsibility of Engelhard and its managers and supervisors.

ANNUAL CERTIFICATION FORM

The following is a sample of the Certification Form to be sent to employees for completion each year.

ENGELHARD CORPORATION

POLICIES OF BUSINESS CONDUCT — CERTIFICATION

1. I certify that I have read the booklet Policies of Business Conduct of Engelhard Corporation (the “Policy”) and fully understand my responsibility to comply with the principles and policies contained in it. I also understand that my failure to comply with those principles will be cause for disciplinary action, which may include termination of employment.

2. Except as set forth in detail below:

- (a) I have no interest which might be deemed to be a conflict of interest under the Policy,
- (b) I have not violated the Policy or any local or foreign law in connection with the Company’s business; and
- (c) I am not aware of any activities of the Company or anyone purporting to act on its behalf that violate the Policy.

Signature _____ Date _____

Name _____

Location _____

Note: This is a *privileged and confidential* communication. Please sign, date, and return in a sealed envelope to: General Counsel’s Office, Engelhard Corporation, 101 Wood Avenue, PO. Box 770, Iselin, NJ 08830-0770.