

How To Advance an Ethics and Compliance Program

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When you have a robust ethics and compliance program in place, it can be a challenge to know how to improve it further. This Spotlight offers insights on advancing a program—even during a time of global disruption—from **Bo van Zeeland, GM & Chief Counsel Compliance & Litigation at Saudi Basic Industries Corporation (SABIC)**, a global diversified chemicals company headquartered in Saudi Arabia.

SABIC recently earned Ethisphere's Compliance Leader Verification for 2022 and 2023. This is the second consecutive Compliance Leader Verification for SABIC, confirming the continued strength and depth of SABIC's Ethics and Compliance Program.

Please tell us a bit about your program and how it has evolved over the past several years.

“*Our Ethics and Compliance team balances a global mission (Engage the business in building and maintaining a world-class compliance culture) with local execution.*

The team is part of Legal Affairs and comprises 20 members working on policies, program initiatives, training, tools and investigations. Our team works with trained commercial attorneys (and other functions such as HR) to conduct compliance concern investigations, training, and program support in several regions. For the Middle East & Africa region, we have a dedicated investigation team for compliance concerns. In addition, we have more than 150 business ethics champions, called “Integrity Ambassadors,” at all key locations. They conduct training, provide guidance, and facilitate reporting of compliance concerns. Our program has grown steadily to meet emerging compliance and regulatory needs—most recently with an elevated Data Privacy Program and initiatives to support SABIC's ESG profile and reporting.

Which are the areas of your program that you have enhanced and are particularly proud of?

“*We are working on several new IT tools for gifts and hospitality registration and approvals and conflict of interest disclosures. We are enhancing our privacy program with new policies and governance meeting the most stringent data privacy regulatory requirements. We know that we need to invest in our people and build business ethics capacity in our supply chain. For that reason, we are proud of the expansion of our business champions network in 2021 (with just under 50 individuals at key locations). We also have a new initiative to build compliance capacity in our supply chain by offering SABIC-paid online training in local language to suppliers, distributors and contractors.*

What advice would you give to others looking to expand their business ethics champions program?

“ We are very proud of our network of business ethics champions. They effectively provide us with local ‘eyes and ears’ on integrity and compliance issues at our key locations and help to ground our program. They conduct speak-up awareness training sessions and facilitate concern reporting. When setting up a program like this, we believe that it is important to ensure objective selection criteria, conduct discrete background integrity checks with your HR department, and ensure visibility and recognition by executive management. You have to enable them with tools and training (such as a train-the-trainer program) and ensure that you are not over-asking on their commitment. It’s really important and most effective to encourage them and ensure with management that they are recognized and rewarded for their contributions.

SABIC has also increased the focus on empowering managers. Why did you make this a priority? What additional steps have you taken and how can others learn from your approach?

“ We know that our employees look up to their managers as role models to determine what they should and should not focus on. Therefore, we need to make sure our managers are the best role models. For this reason, we conduct manager training to inculcate business ethics so that they regularly address business ethics as a normal part of their daily job. We want them to realize that ethics is as important as managing costs, budgeting, or addressing safety. Our role is to make them feel capable and comfortable to identify and address compliance concerns and encourage their teams to speak up and act without the fear of retaliation.

For this purpose, we have created an ethical leader toolkit with compliance scenarios for managers to use as role models during regular compliance moments with their teams. We want managers to use the toolkit. We also surveyed their teams to determine whether they used the toolkit and with which frequency. This drives ownership and accountability and builds the culture we want to see. We continue to refresh the toolkit and advertise its use by managers and our business ethics champions.

SABIC is close to rolling out a new Conflicts of Interest disclosure tool. How will this work?

“ The tool is designed for employees to self-identify and disclose potential conflicts of interest. It walks them through specific questions in the context of potential side business activities, working relations with family members or close friends and investments. Employees ‘own’ their data. They will be required to review their previous entries annually and confirm whether or not changes are needed on their conflicts of interest profile. The tool will allow us to analyze trends to determine specific conflict of interest risks across the company.

SABIC made continual improvements to the compliance and ethics program during 2020 when there was great global disruption due to the pandemic. How were you able to make this progress?

“*The pandemic didn't change who we were or relax the rules. We acknowledged that we would not allow these challenging times to be an excuse to cut any corners on our compliance processes. Still, it presented us with challenges to travel to continue with initiatives that are best delivered in person. We took the time to focus on what we could do, such as work on tools, have regular communications that started from an understanding that employees may struggle with the pandemic, ensure that our virtual training sessions are as interactive as possible, and grow our business ethics champions' network.*

SABIC has earned Ethisphere's Compliance Leader Verification for 2022 and 2023. This is the second consecutive Compliance Leader Verification for SABIC. What is the significance of this recognition?

“*The external verification by Ethisphere as a well-respected leader in Ethics and Compliance program assessments is very important to us. It tells us where we do well and where we need to improve in comparison to the practices of other leading companies. We use the assessment as a marker on several elements of our program to calibrate what we can do better and subsequently, combined with other inputs, set our direction accordingly.*

We were very pleased with the recent Compliance Leader Verification and the ratings provided to SABIC. The recognition is a testament to the hard work and commitment of all our employees to compliance and integrity. It also reflects the visible ethical leadership and tone at the top by our executive management. It validates that our program meets the expectations of our stakeholders, such as customers and investors.

What did you learn through the process? Any advice you would share with others about it? And how do you plan to utilize the Compliance Leader Verification recognition?

“*This was the second consecutive Compliance Leader Verification for SABIC. We see it as a continuous process, enabling us to work on our program and culture from one assessment to the other. We use this certification together with other external benchmarking, employee surveys and other business risk data points as important snapshots providing us with an overview of the progress of our program and culture.*

It is good to prepare early for the assessment to get the most value out of the assessment, keeping good records of what you submit. It is important to spend time with internal stakeholders to review the assessment and focus on improvement opportunities.

Our team works with, amongst others, our Corporate Affairs department and our Corporate Sustainability and Investor Relations department to make sure that our verification is shared widely, showcasing its value to our employees and externally in support of our brand value.

Any major initiatives in the coming year?

“ In 2022, we will introduce the new IT tools for gifts and hospitality registration and approvals as well as for conflict of interest disclosures. We will introduce, as part of a campaign, a new Code of Ethics in the key languages of the countries where we operate.

We will expand our compliance training to suppliers, contractors and distributors, and enhance our Data Privacy program, introducing new policies and governance. We will work with our Procurement department to make sure that our suppliers know how to use our “Speak Up” tools should they have any compliance concerns to report.

Overall, we know that integrated embedded controls and reliance on real-time data analytics significantly reduce the risk of non-compliance (source: Gartner). Going forward, many of our initiatives will focus on the integrated use of data analytics, for instance, in new updates to our online training modules and in measuring our intranet employee traffic when employees look at our Code of Ethics and policies. In addition, we will be working on an enhanced compliance dashboard, providing us with improved real-time insights into our risk data.

Our team is also an integral part of our ESG Working Group that develops our ESG profile and external reporting. Our company realizes that ESG is our new license to operate. An important part of our ESG focus during 2022, which also links to some of our initiatives mentioned earlier, is to assess and mitigate the compliance risk of suppliers, contractors and other third parties in our supply chain. We will do this by reviewing our supplier registration and qualification processes and providing training to such third parties, using a third-party business partner. Collectively, we will try to make the world better by creating ‘Chemistry that Matters™’.

Compliance Leader Verification

The Compliance Leader Verification is awarded to companies that have demonstrated a commitment to, and investment in, a leading ethics and compliance program. The process involves a rigorous review of the ethics and compliance program and corporate culture. It also includes taking the Ethics Quotient® (EQ), a questionnaire covering the elements of an effective program, and benchmarking results to the data from the World's Most Ethical Companies®. Ethisphere's experts also conduct extensive document review and interviews with executives and stakeholders.



Learn more at www.ethisphere.com/clv and www.ethisphere.com



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