CHEMISTRY THAT MATTERS™



MANAGER'S TOOL KIT

SCENARIOS

2018

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IMPORTANT DATA

Faisal is a Director. His manager, Othman, told him that his team is spending much more money on travel than any other team in the BU and that he needs to get his costs under control. Faisal has observed that many employees who work for his peers seem to travel a lot and he does not understand how his team's expenses could be more than his peers' team expenses.

Faisal asked his administrative assistant, Saad, to get data on the T&L spend for his team and the other teams that report to Othmam (i.e., his peers' teams). Saad sent an email to Mohammed and Khaled in Finance, and copied Faisal. The email states, "Please send me an excel spreadsheet with the name of Faisal's team members, his colleagues' team member, their T&L expenses, and the reason for each expense. The information is needed for a cost analysis. Thank you in advance for your assistance."





HOW MIGHT MOHAMMED AND KHALED RESPOND AND WOULD THEIR RESPONSE SUPPORT OUR CULTURE OF INTEGRITY?

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Provide an excel with the requested data and send it to Saad and Faisal. As a Director, Faisal must need the data, otherwise he would not have asked for it.

Supportive?

Our responsibility to act ethically at all times requires that we reasonably and pro-actively ensure our actions are compliant. Ask questions and seek answers. Personal data (names and T&L expenses) has been requested and we need to ensure compliance with our Data Privacy Policy. We should not simply assume that an action is appropriate merely because a more senior person in the organization is involved. Ask Saad and Faisal if they need the names associated with each expense or if they can just give the expenses without names, or by anonymizing ("employee 1, employee 2 etc....").

Supportive?

While Mohammed and Khaled may avoid violating the Code of Ethics and our legal obligations by not providing the personal data (i.e., names and T&L data), they are merely being Integrity BYstanders. They have not taken any action to help their colleagues understand the issue and therefor reach the best decision for SABIC. Send an email to everyone on the email chain, explain that personal data is protected under our Code of Ethics and ask if it is okay to provide the figures, without any personal data (i.e., no names)

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Supportive?

By explaining the potential concerns, Mohammed and Khaled are demonstrating that they are Integrity UPstanders. They took the opportunity to ask questions that also helped colleagues understand the issue so that they are better prepared next time.

Think about Privacy/Data Protection

- T&L data connected to individual names is personal data and protected under our Code of Ethics and the law in many countries.
- You should only share as much personal data as is strictly necessary with those that have a need-to know. Here, neither Saad nor Faisal had a "need-to-know" the spend of each employee by name.

Be an Ethical UPstander

- Ask clarifying questions
- Question potentially unlawful/unethical actions
- In choosing compliant alternatives, make sure ALL of the team is aware and learns for the future

CONFLICTED

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CONFLICTED



Janice and her colleague Ed work in Manufacturing. Janice has been with the Company for just over one year and is well trained on compliance topics.

Janice and Ed are responsible for control of manufacturing equipment. Janice recently sent out a tender for new supplies, and two companies were selected as the most, and equally, qualified. Her brother-in-law works with one of the suppliers. Even though her brother-in-law's company offered the best priced, Janice decides to favor the other supplier in order not to violate our Conflicts of Interest Policy. Ed agrees, and they present the decision to their manager.



WHAT DO YOU THINK ABOUT JANICE'S AND ED'S DECISION? DOES IT SUPPORT OUR CULTURE OF INTEGRITY?



They took the right approach. The decision not to select the supplier where Janice's brother works is safe, as it avoids even the perception of allowing an improper conflict of interest to arise.

Supportive?

We each have a responsibility to avoid any conflict of interest in the exercise of our tasks. However in this case, compliance with our policies could have been handled differently while preserving our commercial interests fully (allowing for the selection of the most qualified and best priced vendor). Janice should have let Ed take the decision about the selection of the supplier and then inform their manager.

Supportive?

While it may be good for Janice to abstain from the decisionmaking process herself to avoid even the appearance of a conflict of interest, the perception that there was a conflict of interest may still persist since she did not disclose the conflict. In addition, there the business may want more than one person taking the decision. Janice should have informed her manager upfront about the potential conflict of interest. That way a process for decision-making excluding Janice could be agreed with Ed and her manager.

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Supportive?

By disclosing the conflict, Janice could be excluding from the decision making. This supports the best commercial option (selecting the best qualified/priced vendor) and ensures compliance with our Conflict of Interest Policy. In addition, compliant processes can be shared with the team, promoting Integrity Upstanders.

Act as an Ethical Upstander

- Be transparent about potential conflicts and ethical issues
- Discuss which compliant solutions best suit our commercial interests

Think about potential Conflicts of Interests

 Inform your manager upfront and abstain from any decisionmaking when conflicted

CRITICAL CONTRACT

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Marc is a sales manager for an SBU that has suffered from depressed sales recently. Prior to quarter close, Marc's business VP told the sales organization to "mind costs and secure good margins" for SABIC going forward.

Some months ago, Marc and one of his direct reports, Jill, closed a deal with a very important customer, PlasTech. Under the contract, PlasTech will buy SABIC's products for three years and SABIC commits to maintain sufficient levels of stock for PlasTech. The profit projections are reasonably good if costs can be maintained. Over the past few weeks however, Marc and Jill have noticed that the warehousing costs for keeping Plastech's stock have increased significantly. They discuss it with their manager, Alex, who tells them that it is critical to get the increased costs covered "as soon as possible".

While travelling, Marc discusses the increase in warehousing fees with PlasTech's representative, who tells him that the increase is acceptable if they agree to some logistical changes (not affecting agreed prices). Marc instructs Jill to facilitate the logistical changes as soon as possible to get the increase covered. When Jill starts to work on the changes, Plastech's representative tells her to redirect billing to a named third party in Cyprus, which has no affiliation with PlasTech. Jill believes Marc has discussed all details already and has agreed to implement the requested change.







HOW CAN JILL SUPPORT OUR CULTURE OF INTEGRITY?



Implement the change to capture the agreement on the increase of warehousing fees and inform Marc thereafter.

Supportive?

We each have a responsibility to identify red flags under our Code of Ethics. Using and invoicing an unaffiliated third party in a tax haven, exposes us to risks of fraud and money laundering (e.g. import at a substantially lower invoice price to avoid VAT). These risks should be appropriately addressed.

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Act as an Ethical UPstander

- Be alert to identify compliance risks ("STOP-THINK-ACT")
- Don't assume "others have looked at it already or have accepted it".
- Ask questions and raise issues with relevant internal experts to avoid compliance misses

Think about potential Fraud and Money Laundering risks in third party business dealings. Avoid SABIC being associated with illegal practices.

WHERE DID THAT HAPPEN?



WHERE DID THAT HAPPEN?

Hans twisted his knee over the weekend when he was playing football with some friends, including his colleague Sander. He put some ice on it and took some medicine to relieve the pain. It was still a little sore when he came to work the next day, but not too bad.

Hans' manager, Johan, saw Hans and Sander walking to lunch and noticed that Hans was limping a bit. Johan asked Hans what happened, and Hans told Johan about the football match with Sander.

When Hans and Sander were walking across the plant after lunch, Hans lost his footing. He turned to catch his balance and twisted the same knee again. Hans went to the medic to report his injury. The medic told him to go home until his knee healed. He stayed home for the rest of the week.

At the weekly team meeting the following week, Johan welcomed Hans back and said that the incident was not recordable under SHEM because Hans hurt himself at home.



HOW MIGHT HANS OR SANDER RESPOND TO JOHAN'S STATEMENT AND WILL THAT SUPPORT OUR CULTURE OF INTEGRITY?



Even if they have doubts about whether Hans really hurt himself at home or at work, they could say nothing. After all, Johan is the manager and must "know" what is right.

Supportive?

Each one of us has a responsibility to act ethically at all times. The requires that we each be reasonably sure that our actions are appropriate by asking and seeking answers to some questions. We should not simply assume that an action is appropriate merely because a more senior person in the organization is involved. At the meeting, Sander or Hans could ask for clarification by explaining that Hans' had to stay home because he twisted his knee at work, not because of the football injury.

Supportive?

By seeking clarification during the meeting, Sander or Hans is ensuring that SABIC takes the right course of action AND everyone gets clarification on what is and what is not a workplace injury. After all, Johan may not realize that Hans hurt himself at work and had just assumed his football injury started to hurt more while he was at work. Even if Sander thought that Hans stayed out because of twisting his leg at work, he could keep quiet since he was not involved. If anyone should say something, it is Hans.

Supportive?

By not raising his concerns, Sander is being a BYstander and is not helping SABIC reach the right decision. Report all workrelated injuries Accurate reporting enables the Company to take action to prevent future injuries, is important to maintain accurate SHER rates and, in some countries, must be reported to the government

Be an Ethical UPstander

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Ask clarifying questions

- Provide information that others may lack
- Help protect all employees by making
 - sure the Company
 - has accurate
 - information

WHAT A GREAT IDEA!



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Susan, an administrative assistant, sends out the following email to her colleagues:

"I know that many of us struggle with converting PDF documents to other forms. I just learned of the document conversion site linked below from a SABIC colleague in the KSA who heard about it from a SABIC colleague in Singapore. I've used it and it works well with our security system -- no login required and it does a great job. Hope you find it as useful as I do."



WHAT IS THE BEST WAY FOR CAMILLA TO RESPOND IF SHE WANTS TO SUPPORT OUR CULTURE OF INTEGRITY, AND WHY?

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Assume it is fine to use the site because colleagues in APAC and MEA have used it.

Supportive?

We each have a responsibility to act ethically at all times. The requires that we each be reasonably sure that our actions are appropriate by asking and seeking answers to questions. We should not simply assume an action is appropriate merely because others have done it before. Contact Susan with her concerns and ask Susan if she has run this by Legal and/or IT.

Supportive?

By contacting Susan directly, Camila is helping Susan to get the information she needs to make the best decision about what is appropriate conduct. However, it does not prevent others from unintentionally compromising our data. Decide that she does not want to use the site because there is a risk that the site may not protect SABIC confidential information.

Supportive?

While Camilla, individually, may avoid any potential issues under our Code of Ethics, she is merely being an Integrity BYstander. She has not encouraged action to help her colleagues reach the best decision for SABIC.



Supportive?

By sharing her concerns, Camilla can inform everyone of the potential risk and see if anyone has sought advice from Legal or IT. That way, everyone has the same information at the same time and can take any necessary steps to protect SABIC information.

WHAT REALLY HAPPENED?*



Susan's colleague, Camilla, responded:

Good morning. I would seek approval from the global service desk for the usage of this site. Most sites keep cookies and information relating to the document you are uploading for conversion. I believe this may be an unapproved method since Adobe Professional is available for purchase with manager's approval. Moreover, I would be a bit hesitant to upload a document that may have any confidential information. Perhaps Legal can provide further input?

I hope this helps.

Susan wrote back to Camilla saying, "Thank you for your fine points" and sought advice from IT and Legal.

Legal and IT thanked the business for bringing the concern to their attention and advised them:

- Not to use the site
- IT worked with the business to find a licensed tool that could be installed on SABIC computers that would enable the user to convert documents without sending them outside our system

Be an Ethical UPstander

- Be alert to identify compliance risks ("STOP-THINK-ACT")
- Don't assume "others have looked at a compliance risk already or have accepted it
- Verify for yourself that an issue has been or will be addressed appropriately
- Encourage others to do what is right by helping them understand the potential risk

Protect Company Data Each of us is responsible for protecting Company data. This means not using a site that may compromise the safety or security of our data.

DO WE KNOW YOU?

DO WE KNOW YOU?



Rebecca works for an SBU. Julia works in Global Procurement. They are negotiating a significant contract to purchase goods from the ABC company and have discussed it with Rebecca's VP, who is in favor of the deal. The contract needs to be concluded urgently.

When Julia is preparing the contract for the signing phase, she finds out via Google that one of the listed owners of ABC is a government minister. That minister oversees an agency that regularly inspects some of SABIC's plants.



IF JULIA TOOK ANY OF THE FOLLOWING ACTIONS, WOULD THAT SUPPORT OUR CULTURE OF INTEGRITY? WHY OR WHY NOT?



Julia can proceed and assume that there is no issue because under the MAS, Rebecca's VP will approve the deal and he would not approve it if it were not okay.

Supportive?

We each have a responsibility to act ethically at all times. The requires that we each be reasonably sure that our company actions are appropriate by asking and seeking answers to address compliance risks as they arise. We should not simply assume that a manager has considered this compliance risk. With Rebecca, try to find more information about the relation between the minister and ABC and contact Legal for advice before concluding the deal.

Supportive?

By contacting Legal and seeking advice from people with more knowledge about the risks, they both learn whether there is an issue and, if so, how to mitigate the risk. They can then take that knowledge and share it with Rebecca's VP as necessary.



Work to close the deal but make a note to Rebecca for her to discuss with her SBU whether the potential relation between the minister and ABC poses risks for SABIC.

Supportive?

We each have a responsibility to act ethically at all times. The requires that we each be reasonably sure that our actions are appropriate by asking and seeking answers to some questions. We should not simply assume that someone will "fix" an issue.

<EY TAKE-AWAYS

Be an Ethical UPstander

- Recognize potential risk and take ownership to address them:
 - Gather facts and ask for advice if you have questions
 - Bring in all the stakeholders before making a decision

Watch out for even the Appearance of Bribery Even where no bribe is intended, all transactions must be – and appear to be – conducted at arms' length

THE NEW EMPLOYEE

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HI, AND WELCOME TO SABIC!

Some countries impose additional legal obligations on companies that sell goods or materials that are used in military or defense applications. SABIC's Trade Compliance Team regularly provides training to certain Commercial Sales teams that work directly with SABIC's customers. As part of its training, the Trade Compliance Team explains how the commercial team should interact with customers that may be purchasing SABIC products for use in military or defense applications.

Two days after a training session, a sales manager, Sarah, sends around a note to her team: *"I am pleased to announce that Joseph has joined our team and will be supporting both new and old SABIC customers in commercial and military aviation, as well as consumer electronic, applications."*

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WHAT IS THE BEST ACTION FOR JOSEPH'S TEAM MEMBERS TO TAKE TO SUPPORT OUR CULTURE OF INTEGRITY, AND WHY?



Send a note back to Joseph, welcoming him to SABIC and suggesting he get in touch with the Trade Compliance Team for training.

Supportive?

By suggesting Joseph contact the Trade Compliance Team, they are helping him by pointing him in the right direction to consider and manage trade compliance risk. However, given that Joseph just joined the Company, it may be unrealistic to expect him to immediately reach out to the Trade Compliance Team. Therefore, the risk may not be mitigated for some time. Forward the new employee announcement to the Trade Compliance Team and copy Joseph to introduce them to each other and suggest they review any risks in Joseph's portfolio.

Supportive?

By introducing Joseph and the Trade Compliance Team to each other, Joseph's colleague is helping to make sure that Joseph receives the training he needs to take the appropriate actions when dealing with certain customers.

Do nothing because Sarah 3 is the manager and she must know if Joseph needs training. Supportive? By doing nothing, Joseph's colleagues will be acting as Integrity Bystanders but not Integrity UPstanders (because they got the training and but have not actively supported their new colleague and assume that Sarah will handle). This

response does not encourage compliance risk control for SABIC .

Watch out for International Trade Control Laws ITC laws are complex. The Legal group has specially trained employees to assist you with this area of the law. Reach out to them with questions

Be an Ethical Upstander

- Watch out for others
- Help colleagues who may not have all the information they need
 Bring stakeholders together