Integrity, ethics and compliance

As a good corporate citizen, SAS knows its success depends on upholding high ethical standards in dealings with colleagues, customers, suppliers and competitors. This moral compass also steers SAS’ workplace culture, which attracts and retains like-minded employees who perpetuate these high standards.

Guided by its Code of Ethics, SAS is committed to maintaining its reputation as a company that conducts all aspects of the business with the utmost integrity. SAS compliance programs use training, policies, processes and audits to ensure compliance in areas such as anti-corruption, international trade and privacy.

These practices have earned SAS its exceptional reputation as an ethical and responsible employer and business partner. As a result, SAS is known as a great place to work, a great company to do business with and a valued community member. SAS’ reputation is hard-earned and invaluable, so protecting it with constant diligence remains a top company priority.

Governance Structure

SAS is the leader in business analytics software and services. SAS is committed to employing high ethical standards in its dealings with colleagues, customers, suppliers and competitors.

Company Profile

SAS Institute Inc. is a North Carolina corporation that has been privately held since its inception in 1976. Headquartered in Cary, NC, the company operates through functional divisions that include Worldwide Marketing, Sales, Research and Development, Finance, Legal and Corporate Services. SAS delivers software and related services to customers throughout the world. Sales activities are conducted primarily through SAS Institute Inc. and its controlled sales subsidiaries in approximately 150 countries. The sales subsidiary entities are grouped into three regional sales divisions: the Americas; Europe, Middle East and Africa (EMEA); and Asia Pacific.

SAS’ global corporate organization, including our parent company, SAS Institute Inc., and a group of operating subsidiaries, provides software and services to customers in various geographic regions around the world. The Americas, EMEA and Asia Pacific regions comprise approximately 50 standalone operating subsidiaries. Additional subsidiaries in the EMEA and Asia Pacific regions are dedicated to research and development activities. Together with several representative and branch offices of these subsidiaries, SAS maintains a corporate presence in approximately 60 international jurisdictions. Continuity of business is paramount as well, with a focus on corporate governance, information security and corporate social responsibility.
CEO Jim Goodnight and co-founder and Executive Vice President John Sall constitute the board of directors of SAS Institute Inc. They also serve as executive officers, overseeing corporate performance and investment decisions across environmental, social and economic interests. Goodnight and Sall are the company’s principal shareholders.

Employee rights, including employment-based compliance issues, are managed through SAS’ Human Resources Division under the direction of the executive vice president and chief human resources officer. The Ethics and Compliance group in the SAS Legal Division, overseen by the vice president and general counsel for ethics and compliance, manages other compliance responsibilities, including anti-corruption, privacy, trade, lobbying, gifts and anti-aggression laws. Environmental conservation is managed through the Facilities group in the Corporate Services Division.

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**Corporate Social Responsibility**

SAS maintains a Corporate Social Responsibility (CSR) Task Force comprising employees across business functions, including legal, facilities, marketing and communications. This group meets bimonthly to advance annual goals and priorities, and to address topics related to sustainability throughout the year. The group’s function is to ensure the integration of corporate social responsibility efforts across the business. This team works closely with various departments and communicates with SAS executive leadership to ensure that CSR policies and initiatives are considered in all aspects of the business. SAS conducts business in accordance with the Ten Principles of the United Nations (UN) Global Compact and supports the UN Global Compact’s Sustainable Development Goals.

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**Public Policy**

SAS also actively engages in public policy discussions, particularly related to the role of technologies in solving larger societal issues that challenge local, state, federal and international agencies. These challenges include delivering better and safer health care while minimizing fraud, waste and abuse; ensuring that vulnerable children receive appropriate government services, including quality pre-K through third-grade education; providing better stewardship of taxpayer resources with greater government accountability; and helping governments make better use of their data assets to fulfill their missions, such as helping detect terrorist financing and money laundering schemes. SAS actively engages in
public policy discussions to help protect the valuable intellectual property resources that are the underpinning of its business. SAS also engages in discussions with legislators and regulators worldwide to help shape laws and policies that affect the handling of data, including discussions related to data protection and data security. Recently, SAS has begun to engage policymakers to help educate them as to the role and benefits of artificial intelligence, with an end to shaping a workable regulatory framework that encourages its use. Additionally, SAS engages with policymakers to enable reasonable rules to promote digital trade, and to ensure fair tax rules for organizations of all types.

SAS abides by political contribution laws and prohibits the use of corporate funds for political contributions to individual candidates. Corporate contributions may be made to political parties or national or state political party organizations if approved through established procedures. SAS records and reports all corporate political contributions in accordance with applicable local laws.

SAS complies with relevant lobbying laws in its operations. Lobbyist registrations and disclosure reports are filed by SAS on a regular and timely basis.

Ethics and Regulatory Compliance

Guided by the Code of Ethics, SAS is committed to maintaining its reputation as a company that conducts all aspects of the business with integrity and reflects ethical practices. SAS compliance programs use training, policies, processes and audits to ensure compliance in areas such as anti-corruption, international trade and privacy.

SAS is committed to demonstrating honesty, fairness and accountability in every decision and action, including each interaction with employees, customers, suppliers and competitors. The SAS Code of Ethics helps the company define and maintain high standards for respect, honesty, fairness and accountability. This SAS Code of Ethics applies to every employee – at every subsidiary and in every region – as well as all members of the board of directors, officers appointed by the board of directors and agents. Failure to comply with the SAS Code of Ethics or other applicable policies can result in disciplinary action, up to and including termination.

The Code of Ethics is publicly available and linked to in this report. The Code of Ethics is made available to the public to demonstrate the company’s vision and values for the benefit of customers, suppliers and other stakeholders. The Code of Ethics is also available to all employees on the company’s intranet and is periodically promoted by the company’s communications program. The content of the Code of Ethics is the same in both the publicly available and employee version; however, the internal version also includes live hyperlinks to associated internal SAS policies and procedures, which serve as a guide for employees on specific requirements to ensure and maintain compliance with the Code of Ethics and with SAS’ overall mission and core values.

2018 Data
SAS did not have any substantiated, materially negative incidents with regard to public policy, privacy, corruption, ethics, bribery, anti-competitive actions, anti-trust violations or monopoly practices, societal impacts, the environment, labor practices, or employee discrimination or harassment; nor were there any sanctions or fines for noncompliance.
Training
The Ethics and Compliance group at SAS has developed courses to help employees abide by the SAS Code of Ethics and applicable external rules and regulations. SAS provides this training to equip all employees to make the right choices when ethical and regulatory challenges arise.

Online training was developed under the management and oversight of the vice president and general counsel for ethics and compliance, with input from many departments across SAS, and with ultimate approval by the chief legal officer. All global training courses developed since 2012 are available in English, simplified Chinese, French, German, Italian, Japanese, Portuguese, Russian and Spanish.

How SAS monitors completion and renewal of training varies, depending on relevant policies, strategies, trainings and codes. Online training completions are tracked by the third-party vendor that helped to create them and are monitored by the Ethics and Compliance group. Automated reminders are sent to those who have not completed training as the deadline approaches, and managers are contacted as trainings become overdue. All new employees and certain contract workers are required to take some or all of the following training:

- Code of Ethics.
- Information Security.
- Effective Trade Compliance.
- Workplace Respect.
- Global Anti-Corruption.
- Data Privacy.

SAS provides specialized training for personnel as needed. For example, certain California and India employees take additional anti-sexual harassment training as required by law. In-person, targeted compliance training is conducted periodically. These courses are developed by the Ethics and Compliance group in the Legal Division with input from the relevant functional business units. For example, in 2018, SAS conducted anti-corruption training for government sales and marketing groups, privacy training for IT staff, export training for federal government sales and services, and HIPAA training for employees interacting with data in the company’s health care center or associated with its health care industry solutions.
Employee Feedback
Employees are responsible for appropriately communicating concerns regarding suspected unethical or illegal conduct to a supervisor, Human Resources or the Legal Division. Specific procedures for reporting concerns are displayed on the Legal Division’s internal website. Employees may submit comments to SAS Ethics and Compliance via email, telephone or an anonymous online form.

SAS does not retaliate against anyone who reports suspected violations in good faith. All reports of misconduct are investigated in a timely fashion. Unless the complaining individual chooses to remain anonymous, he or she receives feedback on the results of the investigation, to the extent allowed by applicable law.

2018 Data
100% of complaints to SAS Ethics and Compliance were investigated and addressed as needed.

Anti-Corruption
SAS has an anti-corruption program to provide training and monitoring across the company. This program includes an online anti-corruption course for all new employees and certain third parties; and in-person, targeted training for sales, marketing, finance and other affected groups. In addition, SAS has implemented gift, marketing event, “revolving door,” conflict of interest, lobbying and donation policies - as well as review procedures - to comply with applicable laws and customer requirements. These documents are available to all employees on the Ethics and Compliance internal website.

SAS conducts advance and ongoing due diligence on subcontractors, partners and other third parties to verify their reputability and identify and mitigate anti-corruption risks. SAS also contractually requires that its subcontractors comply with the principles set forth in its Code of Ethics, including anti-bribery provisions. SAS also conducts audits and transaction-specific due diligence measures to support compliance in high-risk transactions.

Export Controls
SAS maintains an export management system complete with product licensing and screening processes that include checking employees, customers and suppliers against the Office of Foreign Asset Control (OFAC) Specially Designated Nationals and Blocked Persons list and certain other government lists of prohibited parties. SAS also files regular and timely anti-boycott reports as required by US law.

SAS classifies its products according to US export laws and makes such classifications available to its customers at the SAS Current Export Designation Information page.

Privacy
The Ethics and Compliance group in the SAS Legal Division works to ensure that SAS’ use of personal data complies with applicable laws, SAS policies and customer expectations. SAS Global Information Security establishes processes and deploys technologies to protect the confidentiality, availability and integrity of data in the custody or control of SAS.

These groups work closely together to manage data privacy issues and security by, among other things, establishing information governance policies, standards, guidelines and processes based on regulations, business needs and industry best practices. Periodic privacy and security-related assessments and compliance reviews include privacy impact assessments for newly developed or modified applications that may affect individual privacy interests, and for any new or significantly modified uses of personal data that may affect those interests.

The Ethics and Compliance group also takes a leadership role with the SAS Privacy Champions Network, a cross-functional, global network of employees who are on the “front lines” of privacy and SAS’ handling of personal data on a daily basis. The Ethics and Compliance group ensures that timely and accurate privacy guidance is distributed through the network, and responds to concerns identified in the field by network members. The network was crucial in preparing SAS for the May 25, 2018 implementation of the EU’s General Data Protection Regulation (GDPR), including reviewing and reforming
hundreds of business practices to drive a “privacy by design and by default” culture at SAS. The Privacy Champions Network continues to operate and adapt to the GDPR and the increasing number of privacy laws like it.

The Ethics and Compliance group ensures that SAS’ externally posted privacy statement accurately reflects its information collection and use practices with respect to external parties, and works with our Human Resources team to provide similar notice to SAS’ workforce.

SAS’ privacy statement is global, covering SAS US and its foreign subsidiaries and other business units. Translated versions of the privacy statement with country-specific requirements are linked to the English version.

SAS strives to build long-term relationships with both direct and indirect suppliers. A wide range of best practices, tools and policies are used to ensure that the supply chain remains strong and the company is identifying the best fit for all procurement needs. Direct suppliers provide products or services used in creating the products and services SAS provides to customers. These include software, software as a service, hardware, consultants and IT infrastructure. Indirect suppliers in areas such as food services, legal and accounting, real estate, facilities services and travel provide support for operating the business. SAS places a priority on contracting with local suppliers when it makes sense for the company.

SAS uses mechanisms such as service level agreements, key performance indicators, benchmarking and supplier relationship management to monitor and manage suppliers’ results. Suppliers are subject to ongoing anti-corruption due diligence, which – proportionate to the level of the supplier’s business and risks presented – screens prospective suppliers and relevant or high-risk individuals within those organizations.

The company also has an advance due diligence process for suppliers who assist in sales efforts and potential acquisitions. The process involves investigation of the supplier at levels that are proportionate to the risks.

SAS requires all its employees and certain categories of contractors to complete training on privacy and information security. SAS Global Information Security publishes a monthly information security awareness newsletter to inform employees about information security and privacy issues.

**Supply Chain**

**Continuity of Business**

At SAS, *continuity of business* (COB) is an important global corporate initiative, addressing threats or hazards that may affect employees and customers and disrupt business operations. COB planning supports corporate governance, information security and corporate social responsibility.
presented by the supplier, including investigating the supplier’s background, qualifications, conflicts of interest, financial condition and history of regulatory violations.

SAS has confirmed via supply chain due diligence that no conflict minerals are necessary to the functionality or production of any product manufactured by or contracted for manufacture by SAS.

The supply chain compliance program also consists of contractual requirements for anti-corruption and ethics rules for all contractors and consultants. SAS also conducts in-person and online training, expense record and expenditure reviews, audits, and global outreach through organizations such as the UN Global Compact. SAS voluntarily provides supply chain information for the Carbon Disclosure Project (CDP) and Great Place to Work.

SAS uses competitive bidding to help ensure competition and fairness in the marketplace for suppliers. SAS’ standard request for proposal form emphasizes the importance of corporate social responsibility, including environmental stewardship and promotion of supplier diversity. Additionally, if the bidder is not a diverse company, SAS requests a statement regarding its active supplier diversity programs or opportunities it may subcontract to diverse suppliers.

Beginning in 2017, the Strategic Sourcing and Procurement Department requires adherence to the SAS Business Partner Code of Conduct and SAS Sustainable Procurement Charter in SAS’ standard vendor agreements and purchase orders.

Supplier Diversity
SAS’ Supplier Diversity Department was formed in 2005 out of a need to satisfy customer requirements during the sales contracting process. Over the years, responsibilities have evolved to reflect SAS’ corporate conscience and competitive advantage as a global leader in analytics software and solutions.

As part of the Corporate Services Division, the manager of supplier diversity is responsible for the supplier diversity process and mission, which includes:

- Reviewing RFPs and contracts and responding to customers with diversity requirements.
- Preparing and providing diversity spending reports to customers.
- Providing information and access to SAS’ procurement opportunities by supporting and conducting various diversity activities and events (e.g., sponsorships, education and attendance).
- Providing internal training to buyers and stakeholders regarding the importance and value of providing access to and utilization of diverse suppliers.

By developing and maintaining effective relationships with suppliers, SAS aims to create value throughout the life of each contract based upon economy, quality, environmental preservation and social values. SAS is a member of the National Minority Supplier Development Council, the Women’s Business Center of North Carolina, the North Carolina Veterans Business Association, the local LGBTQ Chamber of Commerce and the local chapter of Disability:IN. SAS is also represented on the boards of various diverse supplier development councils and economic development initiatives. Three examples of active board chair positions include the Carolinas Virginia Minority Supplier Development Council, Piedmont Chapter; the Carolina/Virginia Chapter of the Institute for Supply Chain Management and the North Carolina Chapter of Disability:IN. SAS believes that active participation and collaboration with these organizations fosters a strong climate for diverse business development.
SAS Supplier Diversity is a member of the North Carolina MWBE Coordinators’ Network, a professional development organization for supplier diversity professionals. Membership ensures SAS’ program stays relevant on legislation and industry changes. SAS partners with the Small Business and Technology Development Center to provide procurement-related educational services to small and diverse-owned businesses.

SAS values extend into the community in which we live and work. In 2018, SAS volunteered with Dress for Success to provide mock interviews and business training to women entrepreneurs. The organization partnered with several minority business owners to collect and pack truckloads of supplies to deliver basic necessities to the victims of Hurricane Florence. Giving back strengthens local communities and in turn strengthens the suppliers with which SAS does business.

Supplier Diversity Policy Statement
SAS customers represent a wide range of industries, people and locations – and the company seeks this same level of diversity in its supplier community. Unlike a typical manufacturing environment, the creation of SAS products does not require purchasing materials or component parts, but rather relies on a highly skilled staff of technical professionals. SAS complies with federal laws and regulations that prohibit discrimination in employment based on race, color, religion, gender, national origin, age, disability or veteran status.


Regarding the procurement of goods and services to support corporate operations, SAS continually seeks ways to make business opportunities available to all certified, diverse business categories: These categories include:

- Women-Owned Business Enterprises.
- Disability-Owned Business Enterprises.
- LGBTQ-Owned Business Enterprises.
- Veteran or Service-Disabled Veteran-Owned Businesses.
- Federal HUB Zone-Certified Businesses.

In the area of professional services offered to its customers, SAS provides small and diverse-owned businesses the opportunity to participate in the subcontracts it awards. As with all SAS suppliers, there must be a demonstrated “value-added” benefit. SAS seeks out suppliers that show a commitment to our values, innovative business solutions, cost savings and competitive pricing.

SAS encourages diverse businesses interested in more information about potential working opportunities and relationships to email supplierdiversity@sas.com.
Supplier and the Environment

The environmental impact of business activities extends beyond the SAS campus and work spaces to the entire supply chain, from suppliers to distribution channels to product use. The Environmental Management Program researches ways to incorporate corporate social responsibility into procurement efforts and reduce the environmental impact of supply chain processes. To accomplish this, SAS:

- Strongly encourages employees to give consideration and preference to suppliers with environmental practices and programs.
- Promotes the adoption of environmental principles by contractors and suppliers, encouraging or requiring improvements.
- Completes the annual CDP supply chain questionnaire.
- Makes extensive use of green products, such as environmentally friendly cleaning supplies and low-emissions paints and products for campus buildings. The procurement teams routinely assist with finding the most efficient and Earth-friendly options.
- Maximizes investments by eliminating unnecessary purchases, extending the life of assets through repurposing and reselling outdated equipment to employees as well as donating materials to educational institutions. Only then are materials processed for responsible recycling.

As a software company, SAS has limited risks and concerns in regard to raw materials, hazardous wastes and supplier practices. Because the primary input to SAS products is intellectual property, SAS does not currently collect data on GHG emissions and climate change strategy from suppliers.

2018 Data

SAS continued to research options for incorporating corporate social responsibility elements into procurement processes and reducing environmental impact of supply chain processes. As in years past, SAS completed its annual CDP supply chain questionnaire related to greenhouse gas emissions inventory and related climate change management, and water management and stewardship. SAS achieved an overall CDP performance score of B- for both surveys. The average performance score for supplier responses was D for climate management and C for water management.