



## 1.3 Supply Chain

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 sells. 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 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' 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, it must provide a statement regarding its active supplier diversity programs or opportunities it has to subcontract to diverse suppliers.

### 2017 Data

Beginning in 2017, the Strategic Sourcing and Procurement Department requires adherence to the [SAS Supplier Code of Conduct](#) in SAS' standard vendor agreements and purchase orders.

## Supplier Diversity

As part of the Corporate Services Division, the Manager of Supplier Diversity is responsible for the supplier diversity process, 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 and small businesses.

By developing and maintaining effective relationships with suppliers, the company 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 and the North Carolina Veterans Business Association. SAS is also represented on the boards of various minority supplier development councils and economic development initiatives. Two examples include the North Carolina Governor's Working Group for Veterans, Service Members and Their Families; and the North Carolina Governor's Advisory Council for Small and Historically Underutilized Businesses.

SAS' supplier diversity program has continually earned accolades and service awards, such as the "2017 Partner of the Year" recognition from the Women's Business Center of North Carolina.

## 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.

As a federal contractor, SAS complies with Executive Order 11246, as amended, and the implementing rules and regulations of the Office of Federal Contract Compliance,

Vietnam Era Veterans' Readjustment Assistance Act of 1974, and the Rehabilitation Act of 1973.

In the area of professional services offered to its customers, SAS provides small business concerns owned and controlled by socially and economically disadvantaged individuals, and woman-owned small businesses, the opportunity to participate in the subcontracts it awards to the maximum practicable extent, consistent with efficient performance of the contract.

Regarding the procurement of goods and services to support corporate operations, SAS continually seeks ways to make business opportunities available to small businesses and businesses that are:

- Minority-owned.
- Woman-owned.
- Disabled-owned.
- HUB Zone-certified.
- Veteran- or service-disabled veteran-owned.

SAS encourages diverse businesses interested in more information about potential working opportunities and relationships to email [supplierdiversity@sas.com](mailto:supplierdiversity@sas.com).

## Suppliers 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.

### 2017 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. SAS achieved an overall CDP performance score of B-. The average performance score for more than 3,300 supplier responses was C-.

