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Compliance in the Modern
Multi-National:
Aligning Trade Compliance with
Your Compliance & Ethics Program

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This Session Uses Polling

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**Advanced Discussion –
Bridging the Gap**

How can you incorporate Trade Compliance into the broader Compliance program

- Speaking the Same Language
- Alignment with Third Party Compliance and Supply Chain Compliance
- Creating Synergies and Avoiding Duplication of Efforts (Fact-gathering, KYC, Due Diligence, Audits/Assessments)
- Creating Standards in a Politicized Trade Environment

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What is Trade Compliance?

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Trade Compliance is the Process by which Goods Enter and Exit Individual Countries in Conformance with all Local, National, Foreign and International laws and regulations.

Compliance with Import & Export laws and regulations, including but not limited to:

- Due Diligence Requirements
- Product Classifications (Harmonized Tariff Classifications, Export Control Classifications, etc.)
- Import & Export Declarations
- Import & Export Licenses
- Compliance with Sanctions and Embargos
- Compliance with Restricted Countries and Individuals
- Compliance with International Boycotts
- Origin Determinations
- Customs Valuation
- Duties
- Trade Remedy Programs including Antidumping and Countervailing Duties
- Duty Preference Programs (Free Trade Agreements, Duty Reduction Programs, etc.)
- Self Assessments, Risk Assessments and Audits
- **SO MUCH MORE!!....**



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What is Trade Compliance?

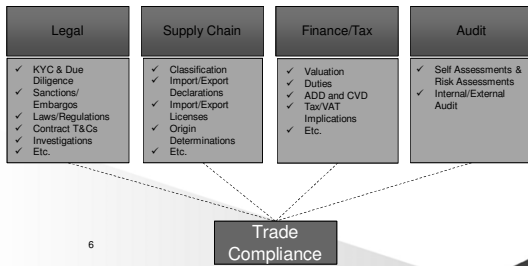
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Where Does Trade Compliance Fit?

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Where does Trade Compliance sit within your Organization?

Legal
Supply Chain
Tax
Audit
It is broken up by function
Other

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Where do you think Trade Compliance SHOULD sit within your Organization?

Legal
Supply Chain
Tax
Audit
It is broken up by function
Other

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Does Trade Compliance sit within the same Organization as your Third Party or Supply Chain Compliance Program?

Yes
No

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Aligning Trade Compliance with your Third Party Compliance Program **EASTMAN**

- Anti-Bribery Anti-Corruption Compliance, including FCPA, UK Bribery Act, etc.
- Compliance with Sanctions, Embargos, Restricted and Denial Lists
- End User/End Use Restrictions

Due Diligence

- ✓ Collect Information about the proposed Transaction Partner
- ✓ Understand the Partners' Corporate Structure and Shareholders
- ✓ Conduct Screening against Restricted or Denial Lists
- ✓ Address potential Red Flags

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When it comes to Due Diligence, does your Third Party Compliance Program align with your Trade Compliance Program?

Yes

No

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Aligning Trade Compliance with your Third Party Compliance Program **EASTMAN**

Benefits of Aligning your Trade Compliance and Third Party Compliance Program:

- Centralized Collection of Information (Fact-gathering)
- Shared Expertise/Resources
- Consistency of Due Diligence Process
- Shared IT Solutions (Screening Solutions, etc.)
- Collaborative Red Flag Reviews

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Aligning Trade Compliance with your Third Party Compliance Program

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Collaboration Exercise

You are a U.S. Corporation that manufactures pumps and valves for global industrial end use. Some of your products are controlled for U.S. export and require an export license. Your Third Party Compliance team has been approached to review a potential distributor in Dubai, United Arab Emirates. The distributor has extensive contacts throughout the Middle East and is expected to ramp-up the organization's sales in the region. In discussions with the sales team, the distributor has admitted to a prior FCPA violation that occurred 7 year ago. They have advised that they do distribute products into Iran, but, as your organization is a U.S. company, they have stated that they would not distribute your company's products to Iran.

How can a combined Third Party Compliance and Trade Compliance Due Diligence Program be of a benefit in this scenario?

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Aligning Trade Compliance with your Third Party Compliance Program

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Collaboration Exercise

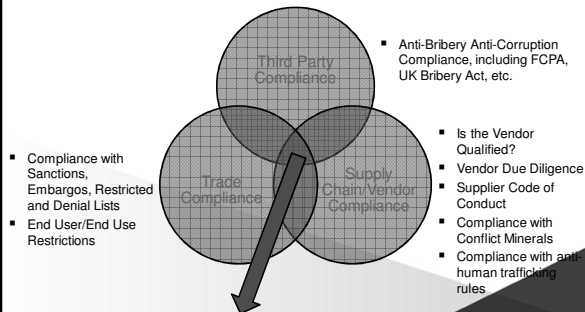
You are a U.S. Corporation that manufactures industrial equipment for the oil and gas industry. Your products typically do not require a U.S. export license. Your Third Party Compliance team has been approached to review a potential agent in Russia. The agent has acknowledged sales of product to shale oil projects in the Arctic and they have admitted that the "facilitation of payments" is often needed to secure project approvals.

How can a combined Third Party Compliance and Trade Compliance Due Diligence Program be of a benefit in this scenario?

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Aligning Trade Compliance with your Third Party and Supply Chain Compliance Program

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Aligning Trade Compliance with your Third Party and Supply Chain Compliance Program **EASTMAN**

Due Diligence

- ✓ Collect Information about the proposed Transaction Partner
- ✓ Understand the Partners Corporate Structure and Shareholders
- ✓ Conduct Screening against Restricted or Denial Lists
- ✓ Ensure Compliance with Supplier Code of Conduct
- ✓ Compliance with Conflict Minerals
- ✓ Compliance with Anti-Human Trafficking Rules
- ✓ Address potential Red Flags

1) Conflict Minerals – Designed to obstruct the funding of warlords accused of committing violence as they run mines in the affected countries. The rule does not ban use of materials from such mines, but it requires companies to track and report the origin of the gold, tantalum, tin, and tungsten through their supply chain. The goal is to create transparency that will cause companies that want to be seen as good corporate citizens to avoid obtaining raw materials from mines where human rights abuses are occurring.

2) Anti-Human Trafficking - The Rule requires contractors to implement a compliance plan for contracts exceeding \$500,000 that are for non-COTS (commercial off-the-shelf) goods or services acquired outside the United States. Responsible sourcing includes Code of Conduct, Recruitment and Employment Benchmarks, Vendor Agreements, Evaluating Labor Recruitment Candidates, Sample Supplier Self-Assessment, Monitoring Labor Recruiters, Migrant Worker Interviews, Sample Supply Chain Assurance Program and Risk Management

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Aligning Trade Compliance with your Third Party and Supply Chain Compliance Program **EASTMAN**

Collaboration Exercise

You are a U.S. Corporation soliciting a new contract with a freight forwarder in Southeast Asia. The forwarder services all of the region, including transactions with North Korea. In conducting their due diligence review, your Third Party Compliance team notes that the forwarder has had violations that lead to public enforcement actions. The supplier admits to these violations and provides you with a copy of their Policies and Procedures. They agree to sign your Supplier Code of Conduct.

How can a combined Third Party Compliance, Trade Compliance and Supply Chain Compliance Due Diligence Program be of a benefit in this scenario?

Aligning Trade Compliance with your Third Party and Supply Chain Compliance Program **EASTMAN**

Collaboration Exercise

You are a U.S. Corporation that procures tungsten valves for your global industrial manufacturing sites. Some of the valves that you purchase require an import permit. Your Third Party Compliance team has been approached by Procurement to review a potential supplier in India. The supplier explains that they conduct a portion of their manufacturing in North Africa. The supplier has been provided with your organization's Supplier Code of Conduct, but it is concerned about some of the language.

How can a combined Third Party Compliance, Trade Compliance and Supply Chain Compliance Due Diligence Program be of a benefit in this scenario?

U.S. Trade Policy and the Fluidity of Trade Compliance

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As of late, U.S. trade policy has become increasingly politicized making global trade compliance and trade strategy significantly less predictable

- Economic Sanctions and Embargos
- Restrictions on Individuals and Entities
- Restrictive Trade Measures
- U.S.-China "Trade War"

Trade Compliance Programs flow with Trade Policies

- Policy of Compliance will remain the same, but day-to-day processes and procedures may change
- Enhanced Due Diligence is required
- Due Diligence may vary based on country, individual, entity, product and requirements
- Restrictive Trade may trigger "Entrepreneurial Thoughts"
- Just when you have your best practices in place.. Everything changes!

U.S. Trade Policy and the Fluidity of Trade Compliance

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What Does this Mean for your Organization's Trade Compliance Program?

- Trade Compliance Programs flow with Trade Policies
- Policy of Compliance will remain the same, but day-to-day processes and procedures may change
- Enhanced Due Diligence is required
- Collaboration with Third Party and Supply Chain Compliance is becoming more prevalent
- Due Diligence may vary based on country, individual, entity, product and requirements
- Restrictive Trade may trigger "Entrepreneurial Thoughts"
- Just when you have your best practices in place.. Everything changes!

U.S. Trade Policy and the Fluidity of Trade Compliance

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**Discussion –
Managing Trade Compliance in a highly Politicized Environment**

Thank you for Joining
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Aligning Trade Compliance with Your Compliance &
Ethics Program
Advanced Discussion Forum
