



Building Your Compliance Program

As explained in “The Case for Compliance” the Corporate Governance Regulations (“CGR”) for Saudi listed Companies provide specific requirements for conflicts of interest policies but only the requirement to have policies and procedures to ensure compliance with relevant laws and regulations.

Determining what laws and regulations are relevant, depends on what your company does, the countries in which it operates, and who it does business with.

What your company does

Understanding what your company does is key to determining what types of laws and regulations will apply to your operations. Do your operations require government licenses or approvals? Do you require personal data to manage employees or interact with customers business partners? Do you need access to controlled items, technology, software, or services? These activities are subject to laws and regulations that address Anti-Corruption, Data Privacy, and Trade Controls.

Because industry classifications group companies according their primary business activities, understanding the industries you operate in can also help identify laws and regulations that will apply to your operations.

Some industries are subject to greater scrutiny in specific regulatory areas than others. While other industries can be subject to scrutiny in multiple regulatory areas. Industries that are subject to greater scrutiny under Anti-corruption and bribery laws include:

- Energy & Natural Resources
- Construction
- Manufacturing
- Transportation
- Information Technology
- Telecommunications

Industries that are subject to greater scrutiny under data privacy laws include:

- Banking & Finance
- Healthcare
- Transportation
- Information Technology
- Telecommunications

Industries that are subject to greater scrutiny under Trade Controls include:

- Defense & Security
- Energy & Natural Resources
- Information Technology

Where your company operates

While activities determine what type of laws will be relevant, where the activities take place determines which countries laws apply.

If you have operations the United States and Europe you will need to know how the Foreign Corrupt Practice Act or General Data Protection Regulations apply to those operations.

If you acquire goods, services, or technology from the United States or Europe, U.S. and EU trade controls (that can limit your access to, or restrict your use of, U.S. and EU goods, technologies, and services) will apply even if you do not have operations in those countries.

Even the requirements for transferring personal data from one country to another depends on the country from which and to which the personal data will be transferred. For example, the requirements for transferring personal data from an EU member state to another country differs if the personal data is being transferred to another EU member state, the United States, countries with adequate procedures for data privacy, or other countries.

Who you do business with

In addition to your activities and applicable jurisdictions, who you do business with can affect which laws apply as well as the types of compliance programs your business partners might expect or require you to have.

If you do business with listed or publicly traded companies can they will be subject to Capital Markets regulations that may require them to ensure that their business partners have adequate compliance programs. Either through a Supplier Code of Conduct or contract terms and conditions that detail compliance requirements and obligations.

If you do business with parties or countries that are subject to trade controls or sanctions, your ability to do business with non-sanctioned parties or obtain US denominated financing could be significantly restricted.

Similarly, doing business with Government Officials or Government Owned entities can affect the requirements and obligations other business partners might place on you.

After you have determined the laws and regulations that apply to your operations, you will need to start developing written policies and procedures necessary for an effective compliance.

For more information visit www.emme-advisory.com.