# ISO 37001

# Anti-bribery management system standard

Neill Stansbury

Chair:  ISO 37001 Project Committee

Co-founder & Director:  GIACC

**www.giaccentre.org**

# Bribery is a significant business risk

- Bribery is widely acknowledged as a significant business risk in many countries and sectors.

- Previously, bribery has in many cases been tolerated as a "necessary" part of doing business.

- Now, increasing awareness of the damage caused by bribery to countries, organizations and individuals has resulted in calls at international and national level for effective action to be taken to prevent bribery.

# International treaties

- Many international treaties have been signed during the last 15 years requiring member states to implement anti-bribery laws and procedures:

- Most internationally significant:

  - The United Nations Convention against Corruption (2003)

  - The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1999).

# Laws

- Most countries have changed their laws in accordance with treaty requirements. Bribery and other corruption offences are therefore crimes worldwide.

- All OECD countries have now made it a crime for their nationals and organisations to bribe overseas. As a result, a person or organisation may be liable for bribery both:

  - In the country where the bribery took place; and

  - In the person or organisation's home country.

# Prosecution

- Prosecution agencies worldwide are now starting to investigate and prosecute companies and individuals for bribery. There have been many recent major cases.

# Corporate anti-bribery programme (1)

- While good laws and enforcement are vital, it is also important that organisations implement anti-bribery measures.

- Bribery prevention is increasingly seen as a management issue.

- Good management in government, in companies and on projects can materially reduce bribery.

- Bribery prevention should be treated in a similar manner to safety, quality and environmental management.

# Corporate anti-bribery programme (2)

- Significant number of organisations internationally have responded to the changing legal and ethical environment by implementing anti-bribery management systems within their organisations.

- Ethical organisations also need to ensure that their partners and supply chain implement appropriate controls.

- Government departments, funders, and companies should all adopt anti-bribery measures within their organisation.

# BS 10500

- Organisations are now requiring proof that their own organisation, and their clients, agents, joint venture partners, and major sub-contractors, suppliers and consultants have implemented adequate anti-bribery measures.

- This led to a call for a standard which provides minimum requirements and allows independent verification.

- This led to development of British Standard BS 10500 - Specification for anti-bribery management system.  Published 2011.

- BS 10500 successfully adopted by numerous companies.  Many are now certified to it on a similar basis to IS0 9001 and 14001.

# Development of ISO 37001(1)

- ISO in 2013 established a Project Committee to publish a new ISO anti-bribery management system standard, ISO 37001.

- **Participating countries (36):** Australia, Austria, Brazil, Cameroon, Canada, China, Colombia, Czech Republic, Denmark, Ecuador, Egypt, France, Germany, Guatemala, India, Iraq, Israel, Kenya, Lebanon, Malaysia, Mauritius, Mexico, Morocco, Nigeria, Norway, Pakistan, Saudi Arabia, Serbia, Singapore, Spain, Sweden, Switzerland, Tunisia, UK, USA, Zambia.

- **Observing countries (21):** Argentina, Armenia, Bulgaria, Chile, Cyprus, Cote d'Ivoire, Finland, Hong Kong, Hungary, Italy, Japan, Korea, Lithuania, Macau, Mongolia, Netherlands, New Zealand, Poland, Portugal, Russia, Thailand.

# Development of ISO 37001(2)

- **Liaison organisations (8):** ASIS, European Construction Industry Federation (FIEC), Independent International Organisation for Certification (IIOC), International Federation of Consulting Engineers (FIDIC), IQNet, OECD, Transparency International, World Federation of Engineering Organisations (WFEO).

- **Committee Secretariat and Chair:** UK.

# Development of ISO 37001(3)

- First draft of ISO 37001 based on content of BS 10500 merged into ISO standard management systems template.  Uses same template as ISO 9001 and 14001, so is consistent with these standards.

- The drafts were circulated for international comment, and were modified at six international drafting meetings over three years to take account of international comments.

- Over 80 experts from over 20 countries participated in these meetings, which were held in London, Madrid, Miami, Paris, Kuala Lumpur and Mexico City.

- Decisions on text made by consensus of participating countries.

# Development of ISO 37001(4)

- Publication of ISO 37001 is scheduled for mid-October 2016.

- ISO 37001 will replace BS 10500.

- Is a Type A requirements standard, so can be independently certified.

- Contains supporting guidance to help with implementation.

- Focuses on <u>bribery</u>, but can be expanded to include other corruption offences.

# Purpose and scope of ISO 37001 (1)

- ISO 37001 is intended to help an organisation to implement an effective anti-bribery management system.

- It requires organisations to implement various anti-bribery measures which should be adapted according to the type and size of the organisation, and the nature and extent of bribery risks faced.

- Requirements of internationally recognised good practice are taken into account.

- It is applicable to small, medium and large organisations in the public, private and voluntary sectors.

# Purpose and scope of ISO 37001 (2)

- ISO 37001 cannot provide absolute assurance that no bribery will take place in relation to an organisation. But it can help establish that the organisation has implemented reasonable and proportionate measures designed to prevent bribery.

- Organisation can obtain certification to ISO 37001 in a similar way to obtaining certification to 9001and 14001.

- Provides assurance to owners, directors, employees and business associates that organisation is taking steps to prevent bribery.

- Can be used as project pre-qualification requirement.

- Can enhance organisation's reputation.

# Requirements of ISO 37001 (1)

ISO 37001 specifies a series of requirements which the organisation must implement in a reasonable and proportionate manner.

In summary, they include:

- Implement an anti-bribery policy and programme.

- Communicate the policy and programme to all relevant personnel and business associates (joint venture partners, sub-contractors, suppliers, consultants etc.)

- Appoint compliance manager (full time or part time) to oversee programme.

# Requirements of ISO 37001 (2)

- Provide appropriate anti-bribery training to personnel.

- Assess bribery risks, including appropriate due diligence.

- Take reasonable steps to ensure that controlled organisations and business associates have implemented appropriate anti-bribery controls.

- Verify as far as reasonable that personnel will comply with the anti-bribery policy.

# Requirements of ISO 37001 (3)

- Control gifts, hospitality, donations and similar benefits to ensure do not have corrupt purpose.

- Implement appropriate financial, procurement and other commercial and contractual controls so as to help prevent the risk of bribery.

- Implement reporting (whistle-blowing) procedures.

- Investigate and deal appropriately with any actual or suspected bribery.

# Cost of Certification

- Cost of certification is likely to vary according to the size of the organisation (which is the same as with e.g. ISO 9001).

- Cost is unlikely to be a competitive disadvantage.  Likely to be an advantage if:

  - a procuring entity requires all its bidders to be certified to ISO 37001; or

  - additional points given in the procurement evaluation for evidence of anti-bribery policies.

- Cost of implementing system likely to be minimal when compared to loss and damage which could be suffered by organisation which gets involved in bribery.  System can help prevent loss.

# Outcome

- ISO 37001 cannot provide absolute assurance that no bribery will occur. But can help establish that organisation has implemented reasonable and proportionate anti-bribery measures.

- The risk of bribery is reduced and the playing field is levelled for organisations if certification to ISO 37001 is a project pre-qualification requirement.

- The risk of corrupt or negligent certification is reduced by the use of major, well known, accredited international certifiers.

- The publication and use of ISO 37001 is therefore a major step forward in the fight against bribery.

ISO 37001

# Anti-bribery management system standard

---

End of Presentation