
An Overview of ISO 37001

Anti-Bribery Management System Standard

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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 organizations to bribe overseas. As a result, a person or organization may be liable for bribery both:
 - In the country where the bribery took place; and
 - In the person or organization's home country.

Prosecution

- Prosecution agencies in many countries are now starting to investigate and prosecute organizations and individuals for bribery.
- There have been many recent major cases resulting in:
 - Fines and debarment for organizations
 - Fines and imprisonment of individuals.

Corporate anti-bribery programme (1)

- While good laws and enforcement are vital, it is also important that organizations implement anti-bribery measures.
- Bribery prevention is increasingly seen as a management issue.
- Good management in government, in organizations 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 organizations internationally have responded to the changing legal and ethical environment by implementing anti-bribery management systems within their organizations.
- Ethical organizations 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 organization.

BS 10500

- Organizations are now requiring proof that their own organization, 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 ISO 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 (37):** Australia, Austria, Brazil, Cameroon, Canada, China, Colombia, Croatia, 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 (22):** 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, Uruguay.

Development of ISO 37001(2)

- **Liaison organizations (8):** ASIS, European Construction Industry Federation (FIEC), Independent International organization for Certification (IIOC), International Federation of Consulting Engineers (FIDIC), IQNet, organization for Economic Co-operation and Development (OECD), Transparency International (TI), World Federation of Engineering organizations (WFEO).
- **Committee Secretariat and Chair:** British Standards Institution (BSI).
- **Co-ordinator and publisher:** The International Organization for Standardization (ISO), which is an independent, non-governmental international organization with a membership of national standards bodies from 162 countries.

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)

- ISO 37001 was published on 15th October 2016.
- ISO 37001 replaces BS 10500.
- Is a Type A requirements standard, so can be independently certified.
- Contains supporting guidance to help with implementation.
- Focuses on bribery, but can be expanded to include other corruption offences.

Purpose and scope of ISO 37001 (1)

- ISO 37001 is intended to help an organization to implement an effective anti-bribery management system.
- It requires organizations to implement various anti-bribery measures on a reasonable and proportionate basis according to the type and size of the organization, 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 organizations 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 organization. But it can help establish that the organization has implemented reasonable and proportionate measures designed to prevent bribery.
- Organization can get certified to ISO 37001 in a similar way to 9001 and 14001. Risk of corrupt or negligent certification reduced by use of well known, accredited certifying organizations.
- Provides assurance to owners, directors, employees and business associates that organization is taking steps to prevent bribery.
- Can be used as project pre-qualification requirement.
- Can enhance organization's reputation.

Requirements of ISO 37001 (1)

- ISO 37001 requires the organization to implement, in a reasonable and proportionate manner, a series of measures which are designed to help the organization prevent, detect and deal with bribery. The following summarises the key measures:
 1. Implement an anti-bribery policy and supporting anti-bribery procedures (the ABMS). These procedures are listed below.
 2. Ensure that the organization's top management has overall responsibility for the implementation and effectiveness of the anti-bribery policy and ABMS.
 3. Appoint a person(s) to oversee anti-bribery compliance by the organization (compliance function).

Requirements of ISO 37001 (2)

4. Allocate responsibilities for ensuring compliance with the anti-bribery policy and ABMS throughout the organization. e.g.:
 - department heads responsible for compliance in department;
 - all personnel responsible for their personal compliance.
5. Ensure that controls are in place over the making of decisions in relation to more than low bribery risk transactions (e.g. appropriate seniority of decision maker, no conflicts of interest).
6. Implement appropriate vetting and controls over the organization's personnel designed to ensure that they are competent, and will comply with the anti-bribery policy and ABMS.

Requirements of ISO 37001 (3)

7. Provide appropriate anti-bribery training and/or guidance to personnel on the anti-bribery policy and ABMS.
8. Undertake periodic bribery risk assessments and appropriate due diligence on transactions and business associates.
9. Implement appropriate financial controls to reduce bribery risk (e.g. two signatures on payments, restricting use of cash, etc.).
10. Implement appropriate procurement, commercial and other non-financial controls to reduce bribery risk (e.g. separation of functions, two signatures on work approvals, etc.).
11. Implement controls over gifts, hospitality, donations and similar benefits to prevent them from being used for bribery purposes.

Requirements of ISO 37001 (4)

12. Ensure that all other organizations over which it has control implement reasonable and proportionate anti-bribery measures.
13. Require, where practicable, any business associate which poses more than a low bribery risk to the organization to implement anti-bribery controls which manage the relevant bribery risk.
14. Ensure, where practicable, that appropriate anti-bribery commitments are obtained from business associates which pose more than a low bribery risk to the organization.
15. Ensure that the organization does not participate in, or withdraws from, any transaction where it cannot appropriately manage the bribery risk.

Requirements of ISO 37001 (5)

16. Ensure that resources (personnel, equipment, financial) are made available as necessary for effective implementation of ABMS.
17. Produce and retain appropriate documentation in relation to the design and implementation of the anti-bribery policy and ABMS.
18. Implement reporting (whistle-blowing) procedures which enable persons to report suspected bribery, or breach of the ABMS, to the compliance function or to appropriate personnel.
19. Implement procedures to investigate and deal appropriately with any suspected or actual bribery or violation of the ABMS.

Requirements of ISO 37001 (6)

20. Monitor, measure and evaluate the effectiveness of the ABMS.
21. Undertake internal audits which assess whether the ABMS complies with ISO 37001 and is being effectively implemented.
22. Undertake periodic reviews of the effectiveness of the ABMS by the compliance function and top management.
23. Rectify any identified problem with the ABMS, and improve the ABMS as necessary.

ISO 37001 has an Annex which contains guidance to help an organization implement an anti-bribery programme.

Cost of implementation (1)

- The cost of implementing an ISO 37001 compliant ABMS will depend on many factors such as:
 - size of the organization
 - complexity of its structure and operations
 - where it does business
 - number of interactions it has with other organizations
 - how advanced its existing programme is.

- If the organization chooses to get its programme independently certified, there will also be the cost of certification. This cost is also likely to vary according to the above factors (which is the same as with e.g. ISO 9001).

Cost of implementation (2)

- Cost is unlikely to be a competitive disadvantage. Likely to be an advantage if:
 - a procuring entity requires all its bidders to be compliant with 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 organization which gets involved in bribery. System can help prevent loss.

Outcome

- ISO 37001 cannot provide absolute assurance that no bribery will occur. But it can help establish that the organization has implemented reasonable and proportionate anti-bribery measures.
- The risk of bribery is reduced and the playing field is levelled for organizations if proof of compliance with ISO 37001 is a project pre-qualification requirement.
- The publication and use of ISO 37001 is therefore a major step forward in the fight against bribery.
- For further information, see:
www.giaccentre.org/ISO37001.php

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End of Presentation