



# ANTI-BRIBERY EMBEDDING CULTURAL CHANGE WITH ISO 37001



**BUREAU  
VERITAS**

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# BRIBERY

is one of the most common forms of corruption around the world

The detrimental practice of offering and receiving bribes presents a major business risk, posing significant legal, financial and reputational threats to both companies and individuals. Among the numerous economic and social consequences of bribery are the distortion of free markets, reduced investment, increased operational and maintenance costs, proliferation of safety risks, a lack of organizational competitiveness and decreased employee morale<sup>(1)</sup>.



**\$1.5 trillion**

Estimated annual cost of bribes worldwide<sup>(2)</sup>



**43/100**

Average Corruption Perception score for 180 countries<sup>(3)</sup>



**53%**

Number of CEOs or high-level officials aware of bribery within their organization<sup>(4)</sup>



**THIS WHITE PAPER** seeks to explain the legislative context of anti-bribery measures and define the management systems approach to combatting bribery as laid out in ISO 37001. It provides a high level summary of the standard's key features, details requirements for addressing system failures and explores the advantages of having your organization certified to ISO 37001.

(1) Harvard Business School Working Knowledge, *The Real Cost of Bribery*, 2013 — (2) The Guardian, *The Cost of Corruption is a Serious Challenge for Businesses*, 2014 — (3) The Corruption Perceptions Index, Transparency International, 2017; Based on a scale of 0-100, from High Corruption to Low Corruption — (4) The OECD Foreign Bribery Report, 2014; Based on a study of 427 corporations

# AN INCREASINGLY RESTRICTIVE **LEGISLATIVE LANDSCAPE**

**Bribery was once considered a typical practice, but as times and business norms have changed, anti-corruption legislation has increased and tightened around the world. Preventing bribery is now a key concern of business leaders, for a variety of reasons.**

**F**irst, anti-bribery legislation is spreading globally and becoming increasingly stringent, with consequences for companies the world over. While some regulations have been in place for decades – the United States' Foreign Corrupt Practices Act (FCPA) dates back to 1977 – most European legislation has emerged in the last fifteen years. Following the OECD Convention on Combatting Bribery in 2009, more than 40 countries have enacted stricter regulations.

What many of these new regulations have in common are the tough penalties they impose on companies and individuals and their extra-territorial reach in prosecuting offenders (*see p.4*). Company directors can now face imprisonment for acts of bribery committed by employees abroad, reducing the temptation to ignore questionable practices previously considered standard in some sectors and countries.



## An Increasingly Restrictive **LEGISLATIVE LANDSCAPE**

Second, investigators and prosecutors are showing greater readiness to enforce tough legislation. While the US has pursued high-profile anti-bribery cases across national borders for many years, authorities in Europe have typically shown more leniency. This appears to be changing, with a number of flagship cases, out of court settlements and deferred prosecution agreements appearing in recent years in France, Italy, the United Kingdom and Germany.

Third, companies' overall appetite for risk is waning. Emerging threats that fall under the umbrella of Enterprise Risk – from cybersecurity, to business continuity and financial risks – have made controlling bribery risk a board-level issue. Consumers and media today are quick to denounce companies perceived as unethical, and fewer firms are prepared to risk a major hit to their reputation or share price.

Finally, some companies are viewing Anti-Bribery Management Systems (ABMS) as an opportunity. Having defined corruption as a material risk to their business, these companies are seeking to differentiate their businesses from others by demonstrating ethical leadership.



## WHAT DOES THIS MEAN **FOR YOU?**

To meet new legislative requirements and corporate objectives, companies are working with legal counsel and risk assessment experts to develop better policies and procedures for controlling corruption.

Yet ensuring the implementation and enforcement of new policies across a company can be challenging, particularly for large organizations. How do you guarantee that thousands of people, sometimes operating in countries or sectors where bribery is the norm, embrace an irreproachably ethical work culture and follow the procedures you have established?

One answer lies in implementing an ABMS such as ISO 37001. Implemented to meet the specific needs of your organization, it offers a practical approach to understanding bribery risks, putting proportional controls in place and embedding a culture of integrity in your company. Certifying your organization to ISO 37001 can also help you meet legislative requirements, by demonstrating your efforts to ensure procedures are adopted across the organization.



# THE FIGHT FOR TRANSPARENCY

## BATTLING BRIBES GLOBALLY

Bribery is a primary source of corruption worldwide. Present across industries and sectors, bribery corrodes public trust in governments, businesses, and global markets.



**57%**  
Bribes made to obtain public procurement contracts<sup>(5)</sup>



**1.5 trillion USD**  
Cost of bribery worldwide per annum<sup>(6)</sup>



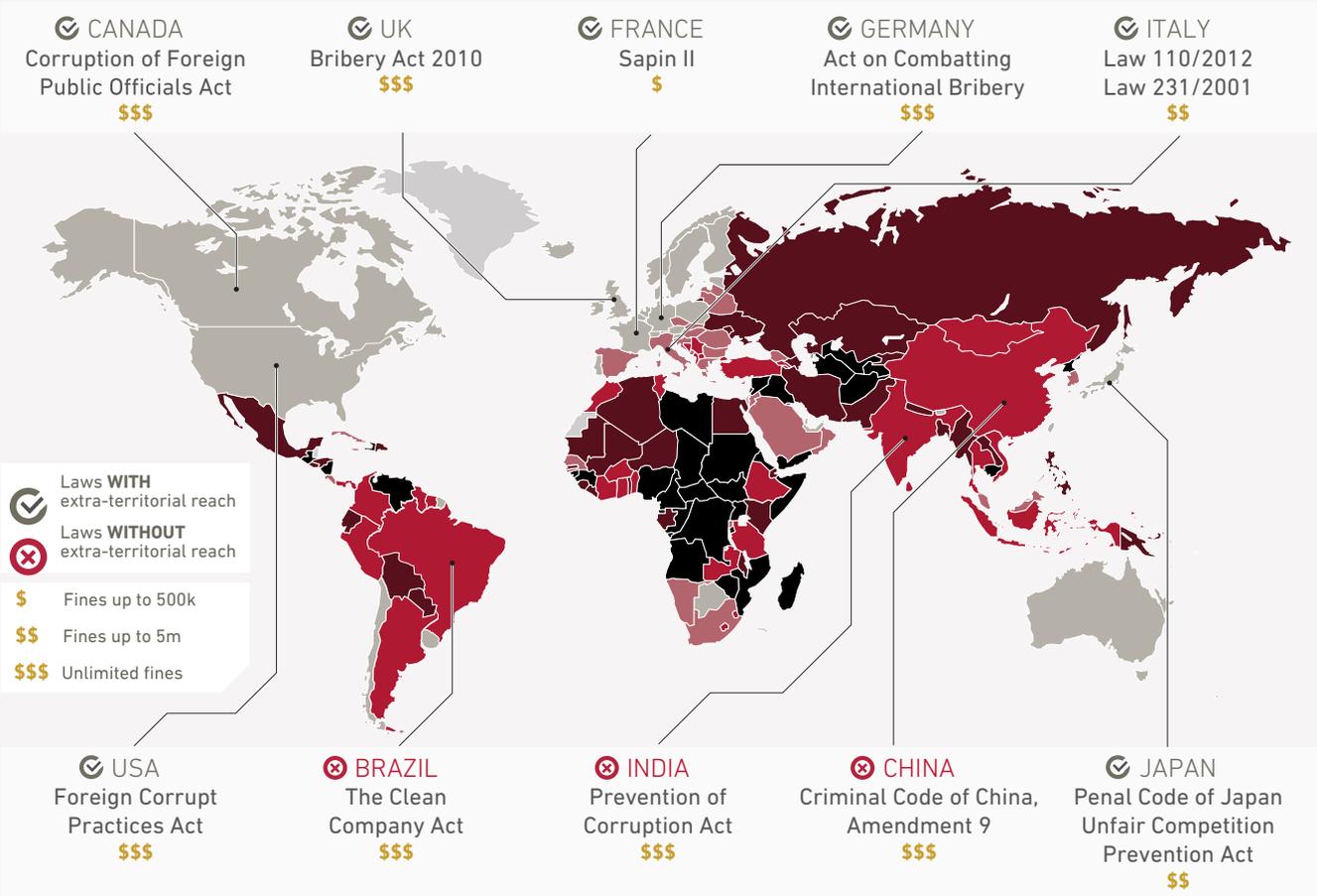
**75%**  
Bribes paid through intermediaries<sup>(7)</sup>

### TAKING ACTION

## THE WORLD'S TOP 10 ECONOMIES CRACK DOWN

A recent wave of legislation has countries enforcing harsher sentences and higher fines for bribery over a larger geographic area than ever<sup>(8)</sup>.

High corruption ————— Low corruption



(5) The OECD Foreign Bribery Report, 2014 — (6) The OECD Foreign Bribery Report, 2014 — (7) The OECD Foreign Bribery Report, 2014 — (8) Based on information from <https://www.bakermckenzie.com/en>

# Penalizing Offenders

## HOW BRIBERY DISRUPTS YOUR BUSINESS



### LEGAL

Repercussions

Most recent legislation holds both companies and individuals liable for passive and active bribery. Directors and management may now face criminal charges leading to imprisonment for acts of bribery committed at home or abroad.



### FINANCIAL

Penalties

Companies and individuals in violation of anti-bribery law often face severe financial penalties. Furthermore, the average duration of a foreign bribery case is 7.3 years<sup>(9)</sup>, causing costly legal fees to accumulate.



### REPUTATIONAL

Risk

Businesses found guilty of corrupt practices frequently lose credibility in the eyes of the public. Consumers, suppliers, and business partners will steer clear of organizations considered unethical, which can endanger a company's future.



### OPERATIONAL

Delays

Organizations under investigation may encounter a variety of slowdowns and operational barriers. Mounting a legal defense is draining for personnel and resources, and staff changeover can halt or slow regular operations across locations.

## PROTECTING YOUR ORGANIZATION

### BENEFITS OF AN ANTI-BRIBERY MANAGEMENT SYSTEM

Certifying your anti-bribery procedures shows you take clean business practice seriously. By implementing a management system like ISO 37001, you can:

- Meet national legal requirements
- Mitigate penalties in the event of a bribery charge
- Create cultural change to reduce the risk of future bribery
- Achieve compliance with consensus-based management system standards
- Receive certification from an accredited certification body



(9) The OECD Foreign Bribery Report, 2014

# MANAGEMENT SYSTEMS: SOME ESSENTIAL CONCEPTS

A management system is a structured approach for companies to control key aspects of their business and achieve their objectives.

A business may have one or several management systems covering risks for the organization, including quality, environmental performance and cybersecurity controls. Companies can also implement an integrated management system as a comprehensive way to track and manage different risks across the business.

Many management systems, particularly those based on ISO standards, share common features. They provide a practical way for companies to implement and embed procedures across the organization, and are built around a PDCA cycle (see below). This allows companies to target continuous improvement, and provides a platform for seeking third party recognition of risk control via certification.

## WHAT IS ISO 37001?

ISO 37001 is the first international ABMS standard designed to help organizations combat bribery risk throughout their global value chains. The standard provides a framework for establishing, implementing, maintaining, reviewing and improving an ABMS within the context of individual organizations.

ISO 37001 clearly defines the scope of anti-bribery compliance, providing a clear structure for implementing either a stand-alone system or one integrated with any existing ISO-based management system.

## THE PDCA CYCLE

*The ISO 37001 management system operates on the PDCA Cycle. This enables organizations to ensure the detailed analysis and opinions provided by lawyers and risk experts are acted on throughout the organization, and refined over time.*



### PLAN

Undertake a bribery risk assessment, accounting for the specific structure and context of your organization.

This will allow you to identify areas of risk and evaluate your company's current controls.

Step 1



### DO

Establish a policy, allocate responsibilities and resources for anti-bribery compliance and delegate decision making as needed. Implement supporting procedures and operational controls, then set and communicate objectives to address identified bribery risks.

Step 2



### CHECK

Review the effectiveness of the management system. This multi-step process begins with an internal audit, to be reviewed by your organization's anti-bribery compliance function, top management or governing body. In the case of companies seeking certification, a secondary review is then conducted by external auditors.

Step 3



### ACT

Modify and update the anti-bribery controls and procedures determined in Steps 1 and 2 based on deficiencies ("non-conformities") identified during audits, reviews, normal operational events and performance evaluations.

Step 4



# MANAGING BRIBERY RISKS

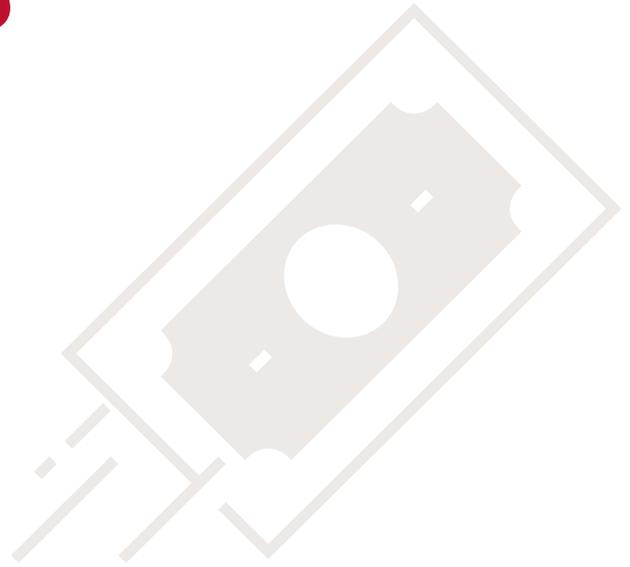
## WITH ISO 37001

One of the strongest safeguards against bribery is creating a company culture of integrity, but corporations often struggle to embed their core values across countries, offices, subsidiaries and partner organizations. Of the world's top ten economies, only half of countries score more than 50/100 on the Corruption Perception Index<sup>(10)</sup> (see infographic, p.4). Furthermore, many of the multinational companies within these economies operate in countries with far lower scores. With increased globalization, the reality of implementing comprehensive, effective procedures is complex, and many companies are unsure where to begin.

A practical solution to anti-bribery management, ISO 37001 provides a structure for implementing customized procedures and defines the required resources for organizational controls (see p.8). This enables companies to manage bribery risks in an organized, pragmatic way, ensuring compliance with the standard at all levels.

# €1.8bn

**THE HIGHEST AMOUNT  
IN COMBINED MONETARY  
SANCTIONS EVER  
IMPOSED IN A FOREIGN  
BRIBERY CASE<sup>(11)</sup>**



## WHAT ARE THE LEGAL BENEFITS?

Certain countries require organizations to have a framework for implementing company-wide procedures. By implementing a management system like ISO 37001, companies can avoid heavy fines. This is the case in France, for example, where the Sapin II law requires the implementation of procedures to combat bribery.

In countries that do not specifically require procedural frameworks, such as Brazil, Spain and the Netherlands, having an ABMS can mitigate legal difficulties. Being certified to an internationally recognized standard is viewed favorably by regulators, considered proof of good intent and the desire to maintain or improve ethical business practices. In some cases, the judicial system may respond more leniently to offenses committed by companies with existing anti-bribery controls.





### Based on analysis of your company's specific context, risks and needs

ISO 37001 accounts for your company's sectors and countries of operation, as well as stakeholder expectations (*the context of the organization*). This exercise is designed to map the likely risk scenarios, both macro (*i.e.*, if the company operates in a sensitive country) and micro (*i.e.*, if the company has relationships with business associates who present higher bribery risks).



### Addresses a major bribery concern: third parties (*business associates*)

The scope of ISO 37001 is extremely wide-ranging, and includes external parties, subsidiaries, joint ventures and suppliers, as well as employees at all levels. Explicitly including third parties in the management system sends an important message that you are genuine about change, by meeting requirements for the prevention, detection and remediation of potential bribery.



### Ensures employees and managers understand their roles

ISO 37001 designates clear responsibilities to the appropriate individuals, ensuring that everyone understands their role in tackling bribery. Management-level individuals are required to show leadership by promoting a culture of integrity (*i.e.*, through communication with employees). Setting this "tone from the top" removes any confusion, particularly in organizations where bribery may have previously been tolerated.

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# KEY BENEFITS

## OF ISO 37001

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### Recognizes that employees have a major role to play

ISO 37001 provides an overarching structure for how employees should be recruited, and the training they should receive. It also emphasizes the need for ongoing training and regular communication with staff by senior managers. This, combined with regular audits and upgrades to the system, helps ensure continual improvement.



### Easy to integrate with other management systems

The high level structure of ISO 37001 is common across ISO management systems standards. This allows organizations already certified to other standards (*i.e.*, for quality, environmental, information security) to easily adopt an ABMS and synchronize auditing and reporting with other standards. For organizations seeking to position themselves as ethical players, the ability to adopt ISO 37001 alongside environmental and/or health and safety standards is a particular advantage.



### A natural complement to existing compliance programs

For organizations that have previously conducted reviews with internal risk experts or legal advisors, ISO 37001 is a logical continuation of that work, easily incorporating previous information into its evaluations. This provides consistency throughout the organization and simplifies compliance at all levels.

# CONTROLLING AND PREVENTING NON-CONFORMITIES

ISO 37001 provides a clear methodology for developing corrective actions and improving the effectiveness of your overall management system. It lays out a series of steps for organizations to follow in the case of unmet requirements, such as missing controls or incorrectly executed procedures. The standard requires that organizations:

- 1) React promptly to any non-conformity, controlling and correcting its consequences
- 2) Investigate the underlying cause(s) and determine if similar non-conformities have occurred (or could have occurred)
- 3) Identify actions that will eliminate the cause of the failure
- 4) Implement the necessary measures to resolve the non-conformity
- 5) Review the effectiveness of corrective actions
- 6) Alter the management system to prevent future failures

Even with a robust set of procedures in place, no organization can completely eradicate corruption. Certain industries (mining, construction, transportation, energy, telecommunications<sup>(12)</sup>) face consistently higher risks, and it may be impossible to fully prevent bribery by a determined individual.

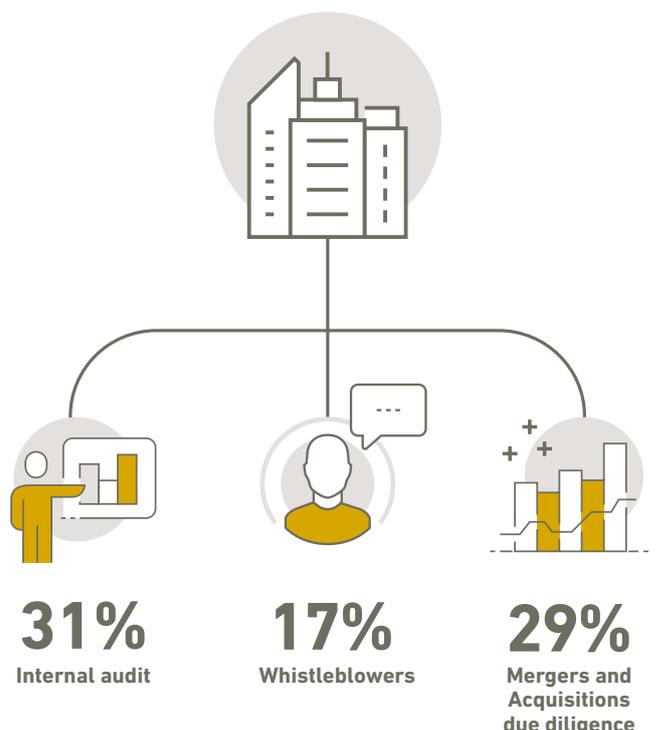
However, by implementing a system like ISO 37001, companies can thoroughly monitor all aspects of their organizational controls. Achieving certification provides a further measure of protection, limiting corrupt activity throughout your organization.

## Guaranteeing protection for whistleblowers

A solid way to limit bribery is by creating a culture of transparency and honesty within your organization. ISO 37001 helps companies build intolerance for bribery at all levels and mandates protection for employees who report bribery issues.

ISO 37001 requires organizations to implement procedures that allow personnel to report suspected bribery. Companies must establish anonymous reporting channels, ensure the confidentiality of report content, and prohibit all forms of retaliation against informants. Through relevant training or communications, personnel must know who to contact if faced with bribery-related concerns.

Over three quarters of self-reporting companies become aware of foreign bribery within their business as a result of one of three mechanisms<sup>(13)</sup>:



# CERTIFICATION AND TRAINING WITH BUREAU VERITAS

As a world leader in training and certification, with years of experience supporting companies worldwide, Bureau Veritas is uniquely positioned to support organizations who wish to implement ISO 37001.

By choosing Bureau Veritas for your training and certification, your company proves its commitment to excellence by working with a world-renowned company recognized and respected for its reliability, sustainability and trustworthiness.

## TRAINING FOR YOUR INTERNAL TEAMS

Our highly trained instructors provide training sessions for employees, compliance managers, legal experts and internal auditors, ensuring your ability to explain, implement, and verify the management system. Our courses empower your personnel to understand the scope of bribery risk, recognize bribery risk hotspots and help establish controls.

We offer interactive classroom training, and convenient online courses through our Virtual Classroom and webinars:

- **Introduction to ISO 37001 ABMS** familiarizes your personnel with the impact and risk of bribery in its different forms, the basic principles of an ABMS, and the approach it offers to manage those risks.
- **Mastering ISO 37001 ABMS** explains the types, risks and consequences of bribery, provides in-depth explanations of ISO 37001 and how to implement an ABMS' best practices into your organization to target full legal compliance.
- **ISO 37001 ABMS Internal Auditor** teaches auditors the necessary skills to conduct the periodic ABMS audits required by this standard.
- **ISO 37001 ABMS Lead Auditor** covers all topics related to the standard, building the skills required to lead management systems audits, both internally and as an independent third party, within the context of bribery prevention.



## CERTIFICATION WITH BUREAU VERITAS

In certifying to ISO 37001 with Bureau Veritas, companies can manage bribery risk, comply with legal obligations to implement anti-bribery procedures and enhance their reputation for ethical business practice.

Bureau Veritas is accredited by Accredia in Italy, and was recently accredited by the United Kingdom Accreditation Service throughout Europe. We are currently in the process of rolling out our UKAS accreditation to all countries and sectors, to ensure we offer the highest quality certification to all clients.



## ABOUT BUREAU VERITAS

Bureau Veritas is a world leader in testing, inspection and certification. We help clients across all industries address challenges in quality, health & safety, environmental protection, enterprise risk and social responsibility. We support them in increasing performance throughout the life of their assets and products and via continuous improvement in their processes and management systems. Our teams worldwide are driven by a strong purpose: to preserve people, assets and the environment by identifying, preventing, managing and reducing risks.

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