WEBINAR: ISO 37001

What is ISO 37001 & What are its benefits?

10 August 2017

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OUR PURPOSE

TO SAFEGUARD LIFE, PROPERTY AND THE ENVIRONMENT
Tomorrow’s successful companies will create value by meeting the world’s **social, economic** and **environmental** needs.

We help you build **Sustainable Business Performance** through our global certification, verification, assessment and training services.

**SUSTAINABLE VALUE** and **STAKEHOLDER TRUST**
A Shared Ambition

- **DNV GL:**
  - Sustainability in everything we do. Partnering with our customers to build sustainable business performance and stakeholder trust, contributing to a safe and sustainable future.

- **ISO:**
  - Their vision is for the ISO standards to contribute to innovation and sustainable development.

“In the longer term, we can expect sustainability to become a fundamental principle for ISO standards in just the same way as market relevance.”
What is ISO 37001?


- It allows organizations to leverage FCPA program compliance time and money to get positive recognition for their efforts.

- The standard has Anti-Bribery guidance built in from experts from over 60 countries.

- Unlike a legal standard that tell you what you should not do, ISO 37001 gives guidance on what you should do as well as how to do it.

- The standard requires critical components like management review to ensure senior level leaders are mitigating risk.
Why ISO 37001?

- Enforcement doubled from 2015 to 2016 and in 2016, US companies subject to the FCPA paid $1.5 billion in fines and penalties across 53 FCPA enforcement actions filed by the Department of Justice.
  - Approximately $24.5 million per incident

- Bribery is a significant problem that both affects bottom line profits and the company’s long term branding.

- The standard leverages a Management Systems approach, like the other ISO standards, as a proven methodology for managing risk; allowing for familiar and easy adoption.

- Companies working towards FCPA compliance often meet 75% of the criteria for ISO 37001.

- Auditing to ISO 37001 allows companies to show serious effort towards mitigating risk and “do the right thing.”
Where is DNV GL at with ISO 37001?

- DNV GL is actively working with UKAS to obtain ISO 37001 accreditation.
- We are developing audit protocols that include technical legal expertise.
- We have several clients throughout Europe that have committed to pursuing certification when accreditation is achieved.
- In the United States, DNV GL is partnering with experts like Worth MacMurray to market the standard and drive early adoption.
- DNV GL is the perfect partner based on our history of helping companies mitigate risk and being leaders in the area of ethics & compliance.
Introductions

Worth MacMurray
- Principal, Governance & Compliance Initiatives
- 30 years of Anti-Bribery, Anti-Corruption, and legal corporate compliance experience
- Has served as General Counsel of various Public and Privately-held companies
- Helped lead PwC Washington, D.C. Anti-Corruption Practice
- A member of the American National Standards Institute (ANSI) accredited U.S. Technical Advisory Group to ISO Project Committee 278 (ISO 37001)
- Graduate of Princeton University and Georgetown University Law Center

Judd Hesselroth
- Director, Office of Legal Compliance – Programs, Microsoft
- 20 years of experience working for large multi-national corporations in the area of Anti-Bribery, Governance, Risk, Compliance, and Internal Audit
- He is a driving force in Microsoft’s implementation of ISO 37001
- Earned an MBA with concentrations in International Business and Marketing & holds multiple professional certifications in areas of compliance and ethics
- Marine Corps Veteran
ISO 37001 – Overview & Opportunities

Worth MacMurry, Governance & Compliance Initiatives
Judd Hesselroth,

10 August 2017
Agenda

- ISO 37001 Basics & Background
- ISO 37001- Key Principles
- ISO 37001- Summary Requirements
- Existing US Anti-Corruption Law (FCPA) – Pros and Cons
- Comparing ISO 37001 To The FCPA
- The Significance Of ISO 37001
- ISO 37001 Opportunities For Business
- Status Of ISO 37001 In The US & Overseas
- Appendix: ISO 37001 Basics & Background
ISO 37001 – Basics & Background

- SMEs from 60+ countries spent 3+ years to create standard
  - US Technical Advisory Group active, along w/ UK, France Germany, China, Mexico Brazil.

- A “Requirements Standard”
  - Voluntary & multiple use possibilities
  - Certification possible – following independent, 3rd party audit

What is ISO 37001?
- Requirements & guidelines & guidance for creating, implementing, maintaining, reviewing and improving an Anti-Bribery Management System

Anti-Bribery Management System:
- Policies, procedures, guidelines and associated resources & activities/measures designed to identify, evaluate the risk of and prevent/detect/respond to bribery

Bribery:
- Private, public, & non-profit sectors
- By the organization – its personnel & agents – on behalf or for benefit of Org
- Of the organization – its personnel & agents – in relation to Org’s activities
- Direct or indirect
ISO 37001 – Key Principles

- Risk based, Reasonable, and Proportionate
- Organization conducted risk assessment services as the cornerstone
- Requirements Standard with Guidance - Certification is Optional
- Flexibility: Standard can be applied to a portion of an organization (e.g. a sector, location or division)
- Reflects the elements of an Effective Compliance & Ethics program (US Sentencing Guidelines, DOJ/SEC FCPA Guidance)
- If a requirement conflicts with applicable law, applicable law prevails
ISO 37001 – Summary Requirements

- Context of the Organization & Risk Assessment
- Anti-Bribery Policy, Procedures, and Controls
- Board and Top Management Leadership, Commitment, Responsibility, and Oversight
- Communication and Training
- Due Diligence “Vetting”
- Financial & Non-Financial Controls
- Reporting (Whistle-Blowing) Procedures
- Monitoring and Auditing
- Investigation and Resolution of Cases of Actual or Suspected Bribery
- Corrective Action and Continual Improvement
US Anti-Corruption Law (FCPA) Pros & Cons

**PROS**
- Single Strongest Legal Weapon to Fight $1.5 Trillion (annual) Global Corruption Problem
- Bribery/Corruption is Bad for All: Negatively Impacts Free Markets and Rule of Law
- US (and other developed countries with high legal and ethical standards) is Preferred Business Partner Overseas

**CONS**
- Costs of FCPA and Other Anti-Corruption Law Compliance: AC Corporate Compliance Programs
- Costs of Investigations, Fines and Penalties: $2.43 Billion for 2016
  - Walmart: $296 Million for Investigation Costs Alone for 2014-2016
- May not resonate locally
Comparing ISO 37001 to the FCPA

- **Existing FCPA Anti-Corruption Program** = No certainty as to whether or not program is “effective” until back-end tested in worst-case DOJ/SEC investigation scenario

- **ISO 37001 Anti-Bribery Management Systems Certification** = Tangible and positive front-end global standard-based achievement with associated business benefits
  - Procedurally, ISO 37001 systems approach aligns with DOJ emphasis on “operationalizing compliance” – placing controls where risk exists
  - Emphasizes “Here’s what it is” and “Here’s how to do it” instead of “Thou shalt not”
  - Primary substantive differences with FCPA are manageable:
    - Facilitation payments
    - Periodic due diligence
    - All bribery forms
The Significance of ISO 37001 – (Anti-Bribery Management Systems)

- **CERTIFICATION**
  - Tangible and Positive Recognition from International Org. for Standardization (ISO Widely Respected Global Standards Body)
  - Based on Voluntary Review from Independent 3rd Party
  - Builds on Existing Widely-Used ISO “Common Language” Standards: 9001 (Quality), 14001 (Environmental) and 27001 (Information Security)

- **A BUSINESS (NOT A LEGAL) STANDARD**
  - ISO 37001 – Anti-Bribery Management System – To Help an Organization Establish, Implement, Maintain, Review and Continuously Improve an Anti-Bribery Management System
  - Consists of Leading Business and Legal (”Effective” Compliance Program) Practices
  - Business Language, Tools and Methodologies
    - Internal Benefits: Improved Clarity, Transparency and Alignment with Company’s Business Goals
    - External Benefits: Consistency & Compliance Cost Reductions
ISO 37001 Opportunities for Business?

- **OPERATIONALLY** – Leverage Existing FCPA and Anti-Corruption Compliance Program Activities
  - For most companies with an active, serious program – 75% or more of ISO 37001 requirements likely substantially completed

- **FINANCIALLY** – Reduce or Offset Anti-Bribery Compliance Costs
  - “Speaking” ISO 37001 common Anti-Bribery language eliminates “One-Offs” and “Battle of Forms”
  - Drive ISO 37001 certification through primary supply chain participants
  - 9001 revenue generation case studies

- **STRATEGICALLY** – Take the Reputational “High Ground”
  - Particular value for companies under investigation or monitorship, in sectors where competitors are under investigation, in other high-bribery-risk sectors or geographies, or where bribery allegations or issues may have existed in the past

- **COMPETITIVELY** – Differentiation Opportunities
Status of ISO 37001 in the US & Overseas

- **OVERSEAS:**
  - Certifications in Italy, France, Germany and UAE to date
  - Governments of Peru, Singapore and UAE have officially adopted ISO 37001
    - Cities, Municipalities

- **GENERALLY:**
  - Accreditation and auditing bodies in process
    - By calendar year end, some certifications possible
    - Substantial certification activity expected in 2018
  - To date, two significant US-Based Global Company Announcements RE: ISO 37001
    - Microsoft – Adopting the standard
    - Walmart – Considering standard adoption
Appendix: ISO 37001 Additional Information

- https://www.iso.org/iso-37001-anti-bribery-management.html
- https://blogs.microsoft.com/on-the-issues/2017/05/17/microsoft-adopting-new-international-anti-bribery-standard/#sm.0001atvc6wkhqeu3wob2p70w7bzy
- https://webstore.ansi.org/RecordDetail.aspx?sku=ISO%2037001:2016&gclid=Cj0KEQjwmIrJBRCRmJ_x7KDo-9oBEiQAuUPKMP6ZyS-6ZSwXG0NMM0VxqpGBOI16Us6MW5Prrvy_zsEaAu7e8P8HAQ
- www.iso37001compliance.com
Polling Question

What type of guidance do you feel you need?
Questions & Answers
Contact Us

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