

ISO 37001: CALCULATING THE BUSINESS VALUE

TRUST & TRANSPARENCY SERIES

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What is the cost of corruption?

What is the cost of corruption? The Organisation for Economic Co-operation and Development (OECD) notes that the price tag of bribery alone exceeds \$1 trillion annually, with the additional costs of corruption adding another \$1.6 trillion. But as the OECD points out, “It is not only a question of ethics; we simply cannot afford such waste.”¹

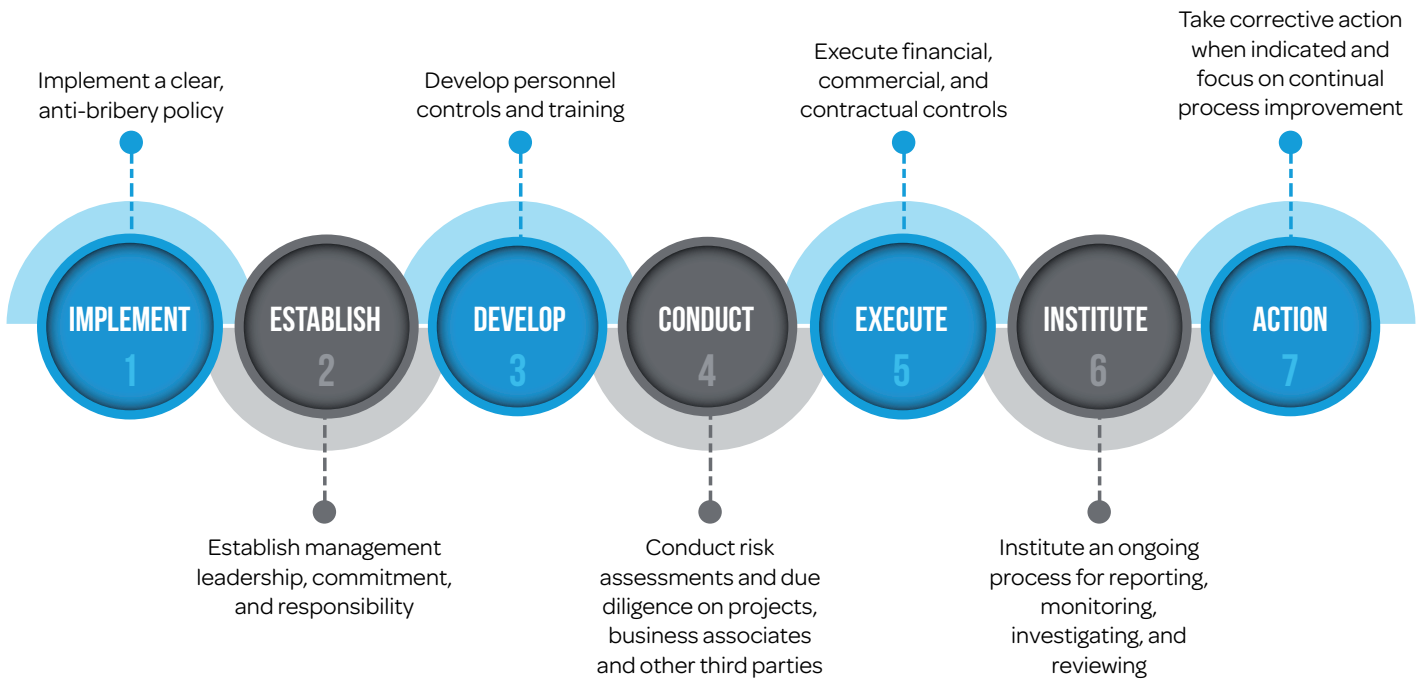
Not for the first time, the International Organization for Standardization (ISO) has introduced a set of standards to address the issue of corruption. Like the ISO 9001 Quality Management System introduced in 1987, the latest certification standard, ISO 37001 Anti-Bribery Management Systems, offers guidance on how to implement effective anti-bribery programmes and features an independent review process through which companies can certify their processes in order to address bribery risk. Here’s what you need to know.

What does ISO 37001 entail?

Introduced in October 2016, ISO 37001 sets forth measures and controls that represent global anti-bribery best practices. Designed for flexibility, the standard can be adopted by multinational companies, small and medium-sized enterprises, public, private, and non-governmental organisations.

¹ <http://www.oecd.org/cleangovbiz/49693613.pdf>

Requirements



Why should organisations pursue ISO 37001 certification?

“THE ‘PATCHWORK’ OF ANTI-BRIBERY AND CORRUPTION LAWS AND GUIDANCE ...AROUND THE WORLD MAKES COMPLIANCE CHALLENGING.”

An anti-bribery policy and supporting management systems are critical components of an overall compliance policy. Implementing ISO 37001 can help organisations avoid the adverse impacts of bribery. Meeting legal obligations and committing to sustainable and transparent business practices helps build trust and confidence with customers, suppliers and third-parties. Ultimately, certification makes good business sense and makes good profit possible.

In a blog post earlier this year, Microsoft Corporate Vice President & Deputy General Counsel David Howard acknowledged that the ‘patchwork’ of anti-bribery and corruption laws and guidance from various government and non-governmental organisations around the world makes compliance challenging.

Explaining why Microsoft would pursue ISO 37001 certification, Howard wrote, “We think a consistent approach to anti-corruption programs is a good thing. That, along with an objective and independent certification process, should give governments around the world confidence that the companies which achieve certification are doing everything they reasonably can to reduce corruption.”²

In addition to addressing the sheer waste of spending five percent of global GDP to line the pockets of corrupt individuals and organisations, ISO 37001 certification offers tangible business benefits.

² https://blogs.microsoft.com/on-the-issues/2017/05/17/microsoft-adopting-new-international-anti-bribery-standard/?_ga=2.193857326.2002289398.1502709296-92270431.150211453#sm.00006aokpc8o7erzppmm2fryp6u6en

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What processes and tools do you have in place to meet ISO 37001 certification standards and establish trust and transparency that can help mitigate the reputational, regulatory, financial, and strategic risks you face?

- 】 **Builds Trust:** It assures stakeholders—ranging from board members and investors to employees and customers—that your organisation is actively engaged in preventing bribery.
- 】 **Establishes Credibility:** Organisations that have taken a reputational hit after a bribery scandal or those based in countries with a high risk of bribery and corruption can benefit from meeting the ISO 37001 benchmarks which reflect a commitment to ethical business.
- 】 **Creates Process Efficiencies:** Improved processes and risk visibility saves time and reduces costs by eliminating inefficient or ineffective approaches.
- 】 **Gain a competitive edge:** It offers a business advantage when certification is a requirement in bidding processes or for supply chain onboarding.
- 】 **Establishes Transparency:** In the event of an investigation, it helps demonstrate to enforcement agencies that your organization has taken reasonable steps to prevent bribery.

In fact, a study looking at financial performance of companies that adopted the previous ISO 9001 certification standards revealed significant improvements in sales growth, return on sales and return on assets compared to those that chose not to implement ISO 9001.³ Moreover, establishing a reputation as an ethical organization has been estimated to enhance stock values between 20 to 50 percent or more.⁴ Adopting ISO 37001 is likely to offer similar financial benefits. Of course, as the Coalition for Integrity notes, “Business is not static and a certification is not an assurance that the program will continue operating effectively even as the corporate environment changes. An ISO certification alone is not adequate to shield a company from prosecution, should a regulator come knocking.”⁵



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3 http://www.fcpablog.com/blog/2017/5/8/macmurray-and-lazarini-why-iso-37001-is-the-next-big-thing.html?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+fcablog%2FsLbh+%28The+FCPA+Blog%29

4 <http://www.corporatecomplianceinsights.com/trust-integrity-value-companys-reputation/>

5 <https://www.coalitionforintegrity.org/wp-content/uploads/2017/08/ISO-standard-37001final-.pdf>

USING OUR
EFFICIENT, AGILE,
AND COST-
EFFECTIVE DUE
DILIGENCE AND
MONITORING
SOLUTIONS
EMPOWERS OUR
CUSTOMERS TO
ADDRESS CRITICAL
COMPONENTS
OF THE ISO 37001
ANTI-BRIBERY
FRAMEWORK.

How does LexisNexis support ISO 37001 certification?

We help our customers access the intelligence, tools and expertise they need to create and manage trusted relationships with the customers, suppliers and third-parties that are good for their business. Because good profit comes from good relationships.

Using our efficient, agile, and cost-effective due diligence and monitoring solutions empowers our customers to address critical components of the ISO 37001 anti-bribery framework.

- 】 **Policies & Education**—Advisory services through an alliance with The Red Flag Group®
- 】 **Risk Assessment**—BatchNameCheck and Diligence spotter for PEP, watch list and negative news screening
- 】 **Due Diligence**—Lexis Diligence® and bespoke, enhanced Integrachek®|Integrity Due Diligence reports through an alliance with The Red Flag Group
- 】 **Monitor & Review**—LexisNexis Entity Insight PESTLE-based, supplier and third-party risk monitoring


In addition, our unmatched, global content can be integrated via data feeds into internal, proprietary systems.

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