

BUSINESS ASSURANCE**WEBINAR: ISO 37001****What is ISO 37001 & What are its benefits?****10 August 2017**

DNV GL and Consultant are acting in cooperation to provide this Webinar purely as an informational session to attendees and no relationship should be implied between DNV GL and Consultant. Participation in this Webinar does not construe a request for auditing or certification services nor implies any relationship between DNV GL and Consultant. DNV GL remains impartial and does not recommend or endorse individual consulting companies or seek to influence clients in deciding whether to use a consulting company or which to select.

OUR PURPOSE

TO SAFEGUARD
LIFE, PROPERTY
AND THE ENVIRONMENT

DNV GL - Global reach – local competence



150+

years

300+

offices

100

countries

13,500

employees

DNV GL :: Focused on your future

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?

- ISO 37001:2016 – “Anti-Bribery Management Systems” like its siblings from the ISO portfolio of management systems standards, sets forth a clear, no-nonsense framework that organizations can use to help prevent bribery.
- 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
- Actively involved in the development of the recently published ISO 37001 standard, having served as the Chairman of the American National Standards Institute (ANSI) accredited U.S. Technical Advisory Group to ISO Project Committee 278 since January 2014.
- 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 MacMurray, 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.forbes.com/sites/richardlevick/2017/05/23/new-iso-anti-bribery-standard-gaining-traction-a-driver-for-business-growth/#ebdda1537d4a>
- <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.0001atvc6wkhqeu3wob2p70w7bzgy>
- https://webstore.ansi.org/RecordDetail.aspx?sku=ISO%2037001:2016&gclid=Cj0KEQjwmIrJBRCRmJ_x7KDo-9oBEiQAuUPKMp6ZyS-6ZSwXG0NMM0VxqpGBOI16Us6MW5Prrvy_zsEaAu7e8P8HAQ
- www.iso37001compliance.com
- <http://ethisphere.com/wp-content/uploads/A-New-Standard.pdf>
- <http://www.fcpablog.com/blog/2017/5/8/macmurray-and-lazzarini-why-iso-37001-is-the-next-big-thing.html>
- <http://www.corporatecomplianceinsights.com/author/worth-macmurray/>

Polling Question

What type of guidance do you feel you need?

Questions & Answers

Contact Us

Todd Begerow, Eastern Territory Manager for DNV GL Business Assurance, North America

Todd.Begerow@dnvgl.com

(770) 262-3658

Worth MacMurray, Principal, Governance & Compliance Initiatives

wdmacm@iso37001compliance.com

worthmacm@gmail.com

(703) 300-6345

Judd Hesselroth, Director, Office of Legal Compliance – Programs, Microsoft

juddhess@Microsoft.com

www.dnvglcert.com

SAFER, SMARTER, GREENER