



ISO 37001 – Anti-bribery management systems (ABMS) Training

The Technical & Operational Perspectives

Abidjan: March 27 – 28, 2019

Agenda

Day 1

- 09:00 – 10:00: Intro and Course Objectives: ISO HLS and Key Concepts
- 10:00 – 11:00: Bribery Challenges in the Region
 - TI CPI
 - Case Studies
- 11:30 – 12:30: ISO 37001 – Introduction and Scope (Sec. 1)
- 14:00 – 15:00: Terms & Definitions (Sec. 3)
- 15:15 – 16:15 Context of the Organization (Sec.4)

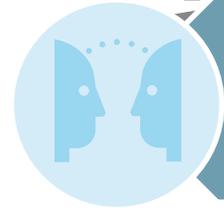
Day 2

- 09:00 – 09:30 Review of Day 1 key concepts
- 09:30 – 10:15 Leadership (Sec 5.) - Roles/responsibilities, comp. function and AB policy
- 10:30 – 11:15 Planning (Sec. 6)
- 11:15 – 12:15 Support (Sec. 7)
- 13:30 – 14:15 Operations (Sec. 8) – Controls, due diligence, raising concerns and investigations
- 14:15 – 15:00 Performance Evaluation (Sec. 9)
- 15:15 – 16:00 Improvement (Sec. 10)
- 16:00 – 16:30 Presentation of Certificates
- 16:30 – 16:45 Closing remarks

INTRODUCTION & COURSE OBJECTIVES

- YESTERDAY – GENERAL OVERVIEW
 - ADVANTAGES & OPPORTUNITIES
- TODAY & TOMORROW – DETAIL
 - INCREASE GENERAL UNDERSTANDING
 - THE COMPONENTS OF ISO 37001
 - HOW THE STANDARD CAN BE USED
 - HOW I CAN USE THE STANDARD
- UNDERSTAND THE VALUE PROPOSITIONS

Purpose of the course



Context of the standard

- Why establish an anti-bribery standard?
- The development, discussions and focus of the standard
- Reception and use of the standard



Content of the standard

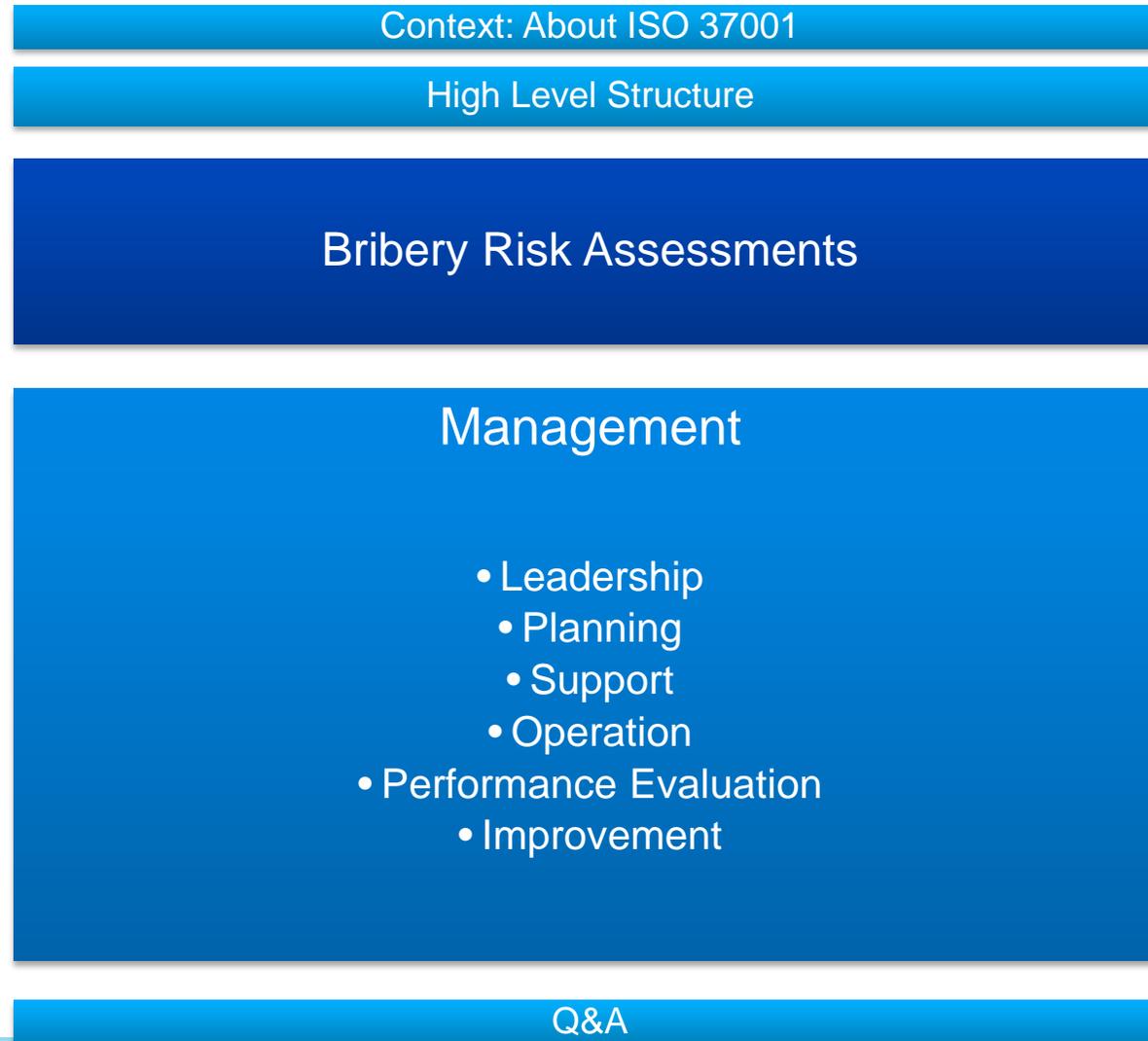
- Requirements and expectations
- Compliance and culture
- The importance of risk processes



Conformance with the standard

- One size fits all?
- Reasonable and proportionate procedures?
- International recognition

Broken down into pieces



Introduction

- Name
- Role
- Experience
- Why are you here?
- Expectations



How can I contribute



New things will be fun, but also hard work



Active contributions, please



Feel free to ask questions 😊



Share experience, ideas and thoughts



Buzzing

- For Starters: What springs to mind when you hear «ISO 37001»?



IMPORTANT THEMES OF ISO 37001 STANDARD

1) IT IS **REAL** (NOT A PAPER PROGRAM)

WORDS AND ACTIONS

RESOURCES

3 YEAR STRUCTURE

2) BASED ON **COMMON SENSE** ORGANIZATIONAL MANAGEMENT PRINCIPLES/CONCEPTS:

LEADERSHIP/PLANNING/MEASUREMENT & MONITORING/FACT-BASED & PRACTICAL

3) SUSTAINABILITY & CHANGE – **CONTINUAL IMPROVEMENT**

4) **DOCUMENTATION** – EVIDENCE, PROOF, ORGANIZATION, ACTIONS, INTENTIONS

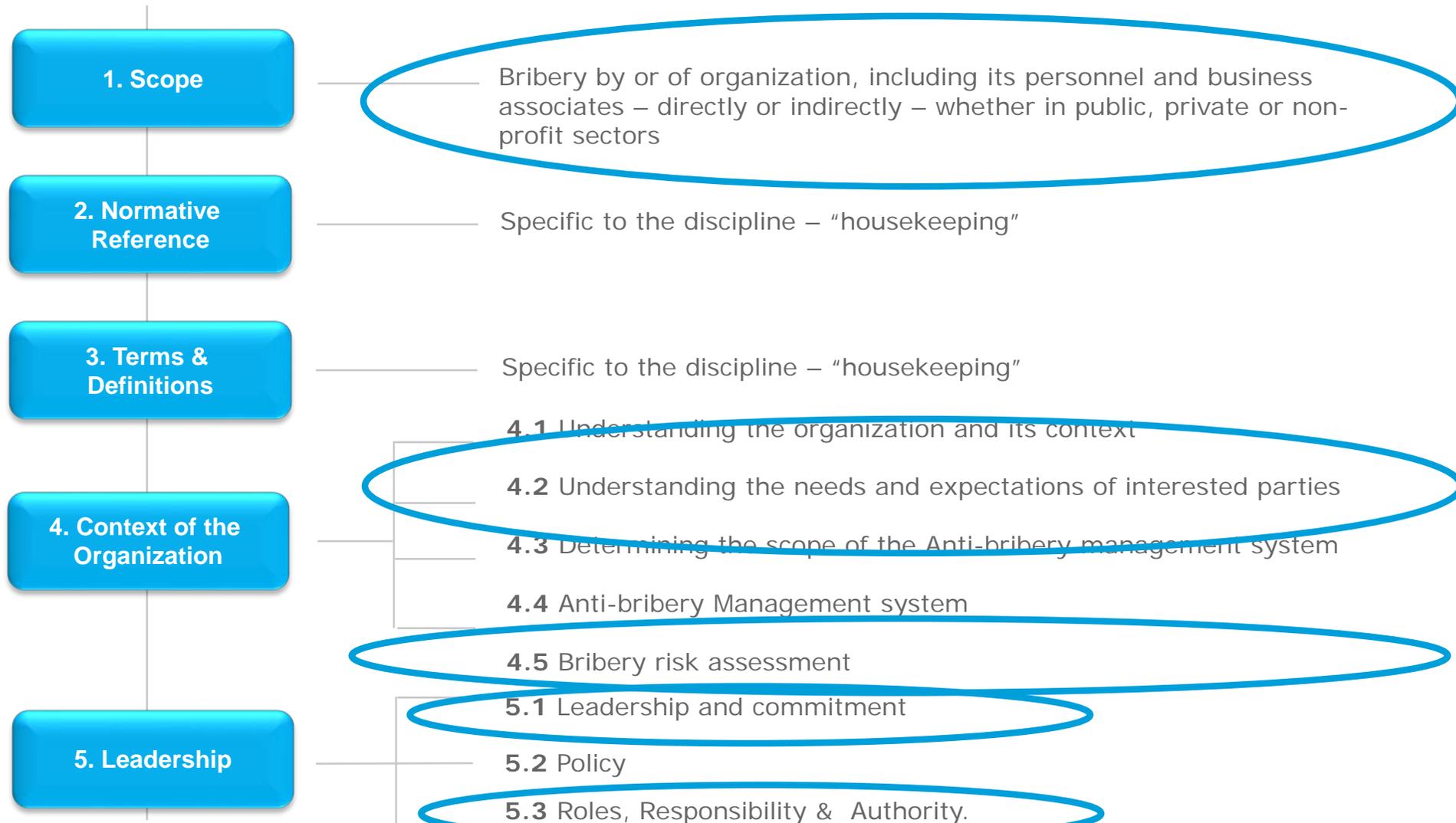
5) THE SYSTEM SHOULD CONFORM TO EXISTING ORGANIZATIONAL OPERATIONS

“OPERATIONALIZATION”

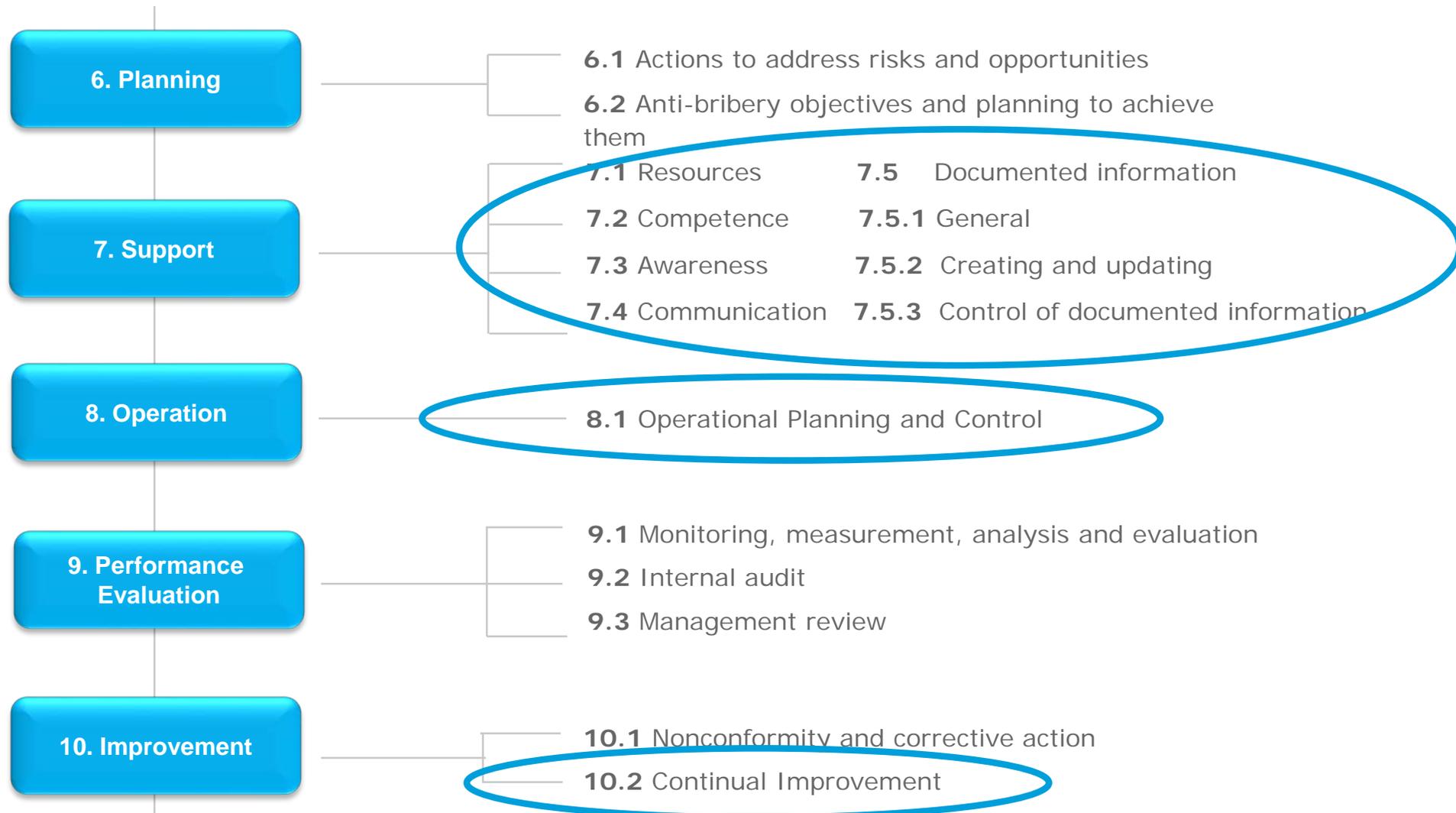
ISO MANAGEMENT SYSTEMS HIGH LEVEL STRUCTURE & IMPORTANCE

- *COMMON LANGUAGE*
 - ISO 37001 (ANTI-BRIBERY MANAGEMENT SYSTEMS)
 - ISO 27001 (INFORMATION SECURITY MANAGEMENT SYSTEMS)
 - ISO 14001 (ENVIRONMENTAL MANAGEMENT SYSTEMS)
 - ISO 9001 (QUALITY MANAGEMENT SYSTEMS)
- *LESS COST & COMPLEXITY*
- *EASIER TO:*
 - DO BUSINESS (COMMERCIALY)
 - E.G. MICROSOFT, WALMART, ALSTOM
 - **CONDUCT THE BUSINESS OF GOVERNMENT**
 - E.G. SINGAPORE, MALAYSIA, INDONESIA

High Level Structure - 10 Section structure



High Level Structure – 10 Section structure



ISO 37001 –synergies for existing customers using ISO standards

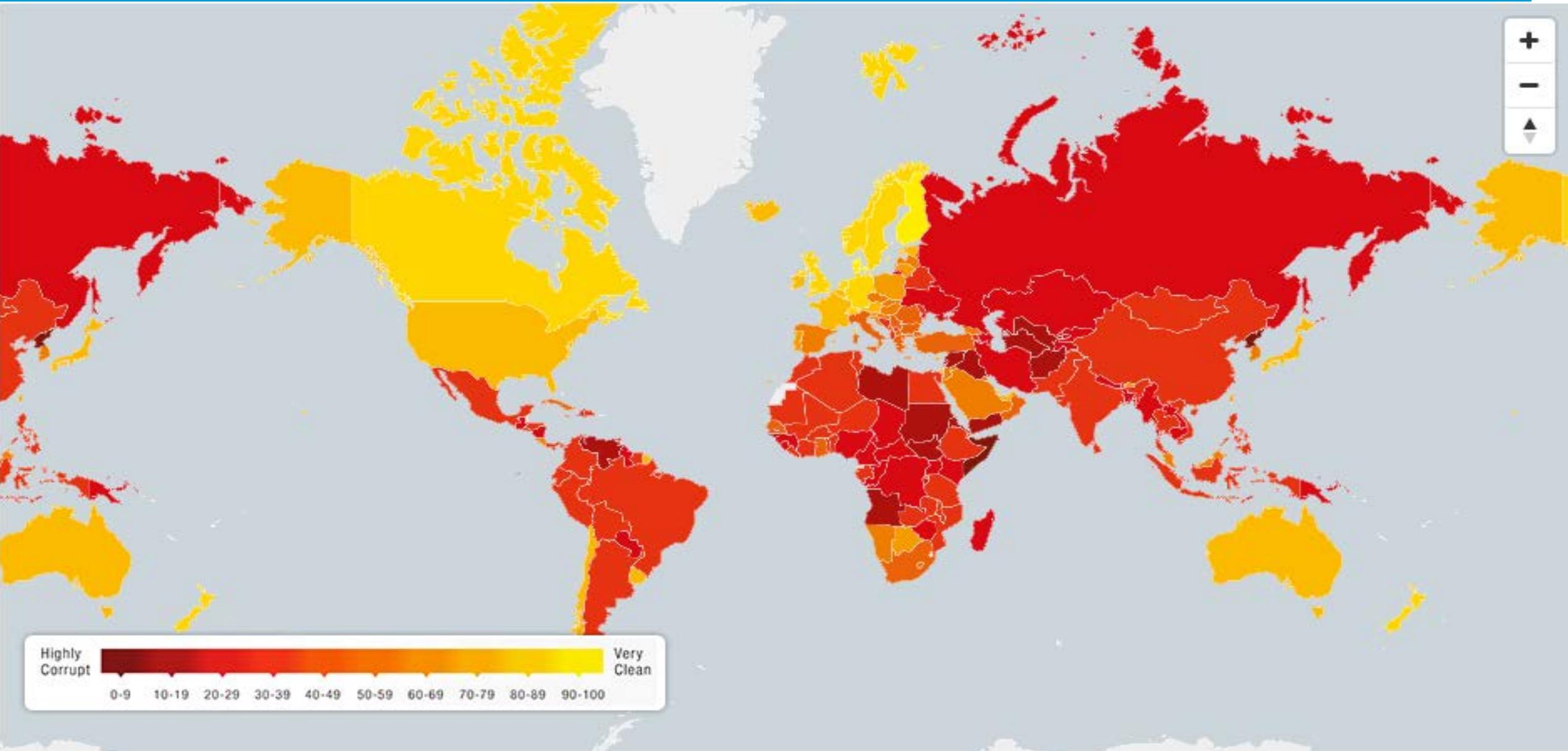
- **Common structure** – All ISO management system standards in process of adopting a common framework “*High Level Structure*”
- **Core set of requirements** almost identical with other management standards
- **Generic and relevant** where at all possible
- **Standard specific requirements** – e.g. the need for a compliance function and the emphasis on whistleblowing through many chapters
- **Annex is of special importance** – provides guidance both for auditors and the company itself.



Bribery Challenges in the region: Africa

- Transparency International Corruption Perception Index (TI CPI) - 2018
 - Better: Botswana, Namibia, Ghana
 - Worse: Angola, Congo, Somalia
 - Cote d'Ivoire: 105/180 – score of 35/100 (but improvement: 27 points in 2013)
- Stanford University Law School (FCPA Clearinghouse Database)
 - <http://fcpa.stanford.edu/fullsearch.html?q=Ivory+Coast>
 - Search on “Ivory Coast” name: 6 matters
 - Examples...
 - Map drill-down: 2 matters
 - Other country results....
- Perception outside of Africa is that Africa presents significant bribery challenges
 - Accurate?
 - Opportunities?

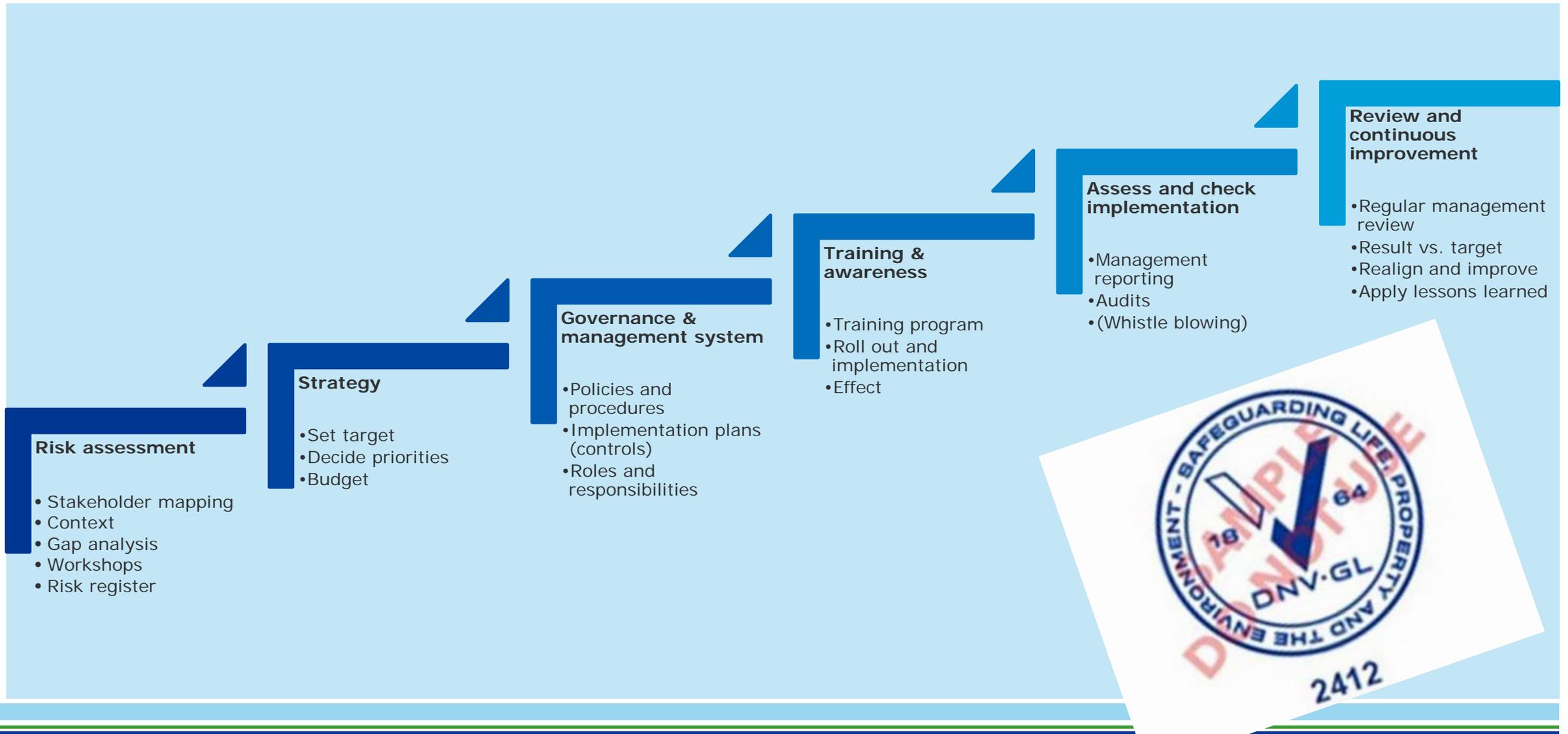
When (and where) red means stop?



An Anti-bribery management standard – why and how

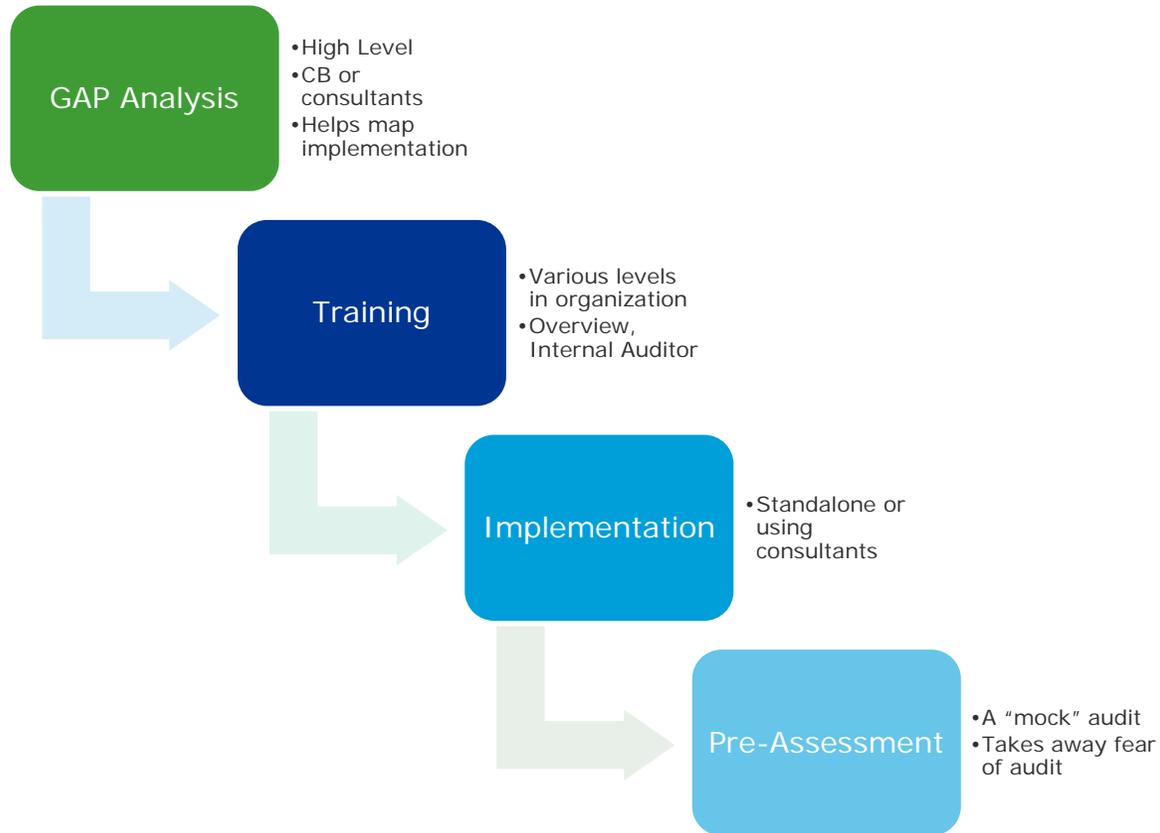
(ISO 37001 Introduction, Section 1 Scope and
Section 3 Terms & definitions)

A visual summary of ISO 37001's steps

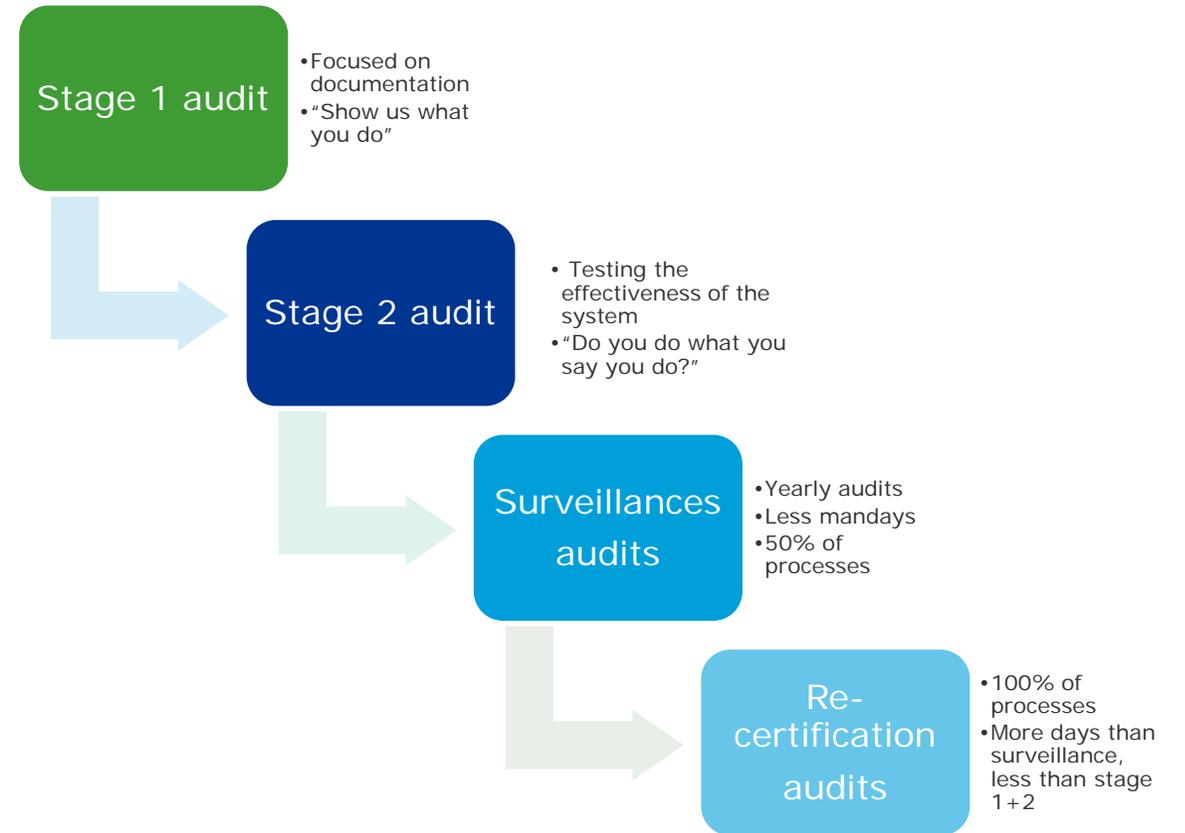


The Certification Process

Implementation



Certification



How is audit time calculated?

Country Risk

- Lack of enforcement of anti-bribery legislation;
- The need to use well connected intermediaries to gain access to people in positions of power; and more..

Transactional Risk

- Dealings with government
- Obtaining licenses, permits and regulatory clearances of any kind
- Charitable and political donations, etc

A Risk Based Approach

Business Opportunity Risk

- Complexity (number of parties involved, use of consortia, etc)
- Complex commercial transactions – routing, prices

Sectoral Risk

- High degree of interaction with government;
- Business activities involving multiple business partners, stakeholders and/or complex contractual or corporate structures

Once risk is applied, other variables include:

- Number of locations
- Number of employees IN SCOPE
- Interactions between head office and other locations
- Activities performed in locations

Some examples:

- 1**
- Software company; operations in Eastern European Country.
 - Locations in scope: USA, Romania
 - Employees in scope: 50 in each location
 - Previous allegation of corruption in Eastern Europe.
 - Sales to government, transactions including various countries; use of agents to sell.



- Initial audit: 7 (3) days in USA; 9 (5) days in Romania
- Surveillance audit: 4 days
- Re-certification audit: 6 days

In parenthesis: tech expert days

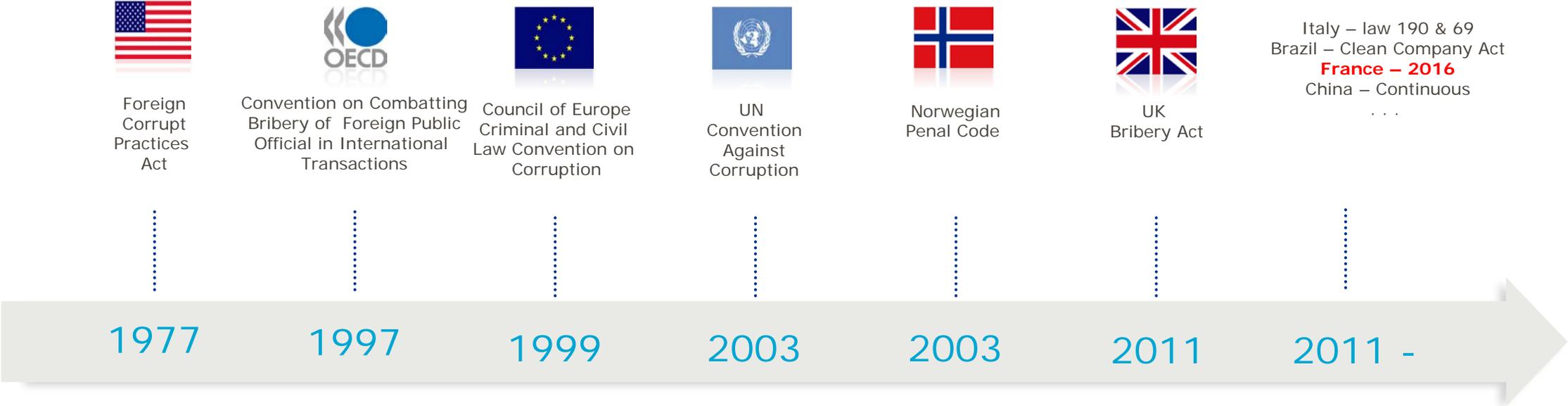
- 2**
- Construction company; operations in Malaysia.
 - Locations in scope: USA, 2 in Malaysia (engineering and sales/licensing)
 - Employees in scope: 5 (US), 200 (Engineering), 5 (Sales/Licensing)
 - Large, complex, construction projects, mainly to government.



- Initial audit: 5.5 (2.5) days in USA; 6 (3) days in Engineering; 7.5 days in Sales
- Surveillance audit: 7 days
- Re-certification audit: 11 days

In parenthesis: tech expert days

That was then, this is now – increasing expectations



FRANCE – RECENT AB LAW CHANGES – “SAPIN II”

- Effective 2017 and focusing on: public officials who solicit or accept a bribe and private individuals who try to corrupt a public official
- For companies (over 100 M Euros in turnover and 500+ employees) an anti-corruption program requirement:
 - Adopt a code of conduct - give clear and practical guidance tools to employees;
 - Set up a whistleblowing system
 - Create a risk map, ranking and classifying the company’s risks of exposure to corruption
 - Run due diligence on the company’s major clients, suppliers and intermediaries;
 - Implement internal or external accounting auditing processes to make sure that accounting books are not used to conceal corruption or influence peddling acts;
 - Train the employees that are more at risk;
 - Set up a disciplinary process that enables punishment for employees that breach the code of conduct; and
 - Set up an internal process to control and evaluate the measures implemented

Situation prior to ISO 37001: What is an “effective compliance program”? (US) and What are “adequate procedures”? (UK)



- Increased (and increasingly costly) Foreign Corrupt Practices Act (FCPA) investigations and settlements in US
- Other countries' enactments of anti-bribery legislation – following enforcement examples of US, UK and Germany
- More individual liability risk for corporate executives (not just writing a check for a company settlement using shareholders' \$\$\$)
- More complex and costly anti-bribery **legal** compliance environment
- **Business** solution: Global anti-corruption certification based on accredited independent 3rd party audit of an anti-bribery management system.

THE DIFFERENCES: TESTING, TIMING & POSITIONING

- **EXISTING FCPA AND OTHER LEGAL STANDARD ANTI-CORRUPTION PROGRAM(S)** =
 - NO CERTAINTY AS TO WHETHER OR NOT PROGRAM IS “EFFECTIVE” UNTIL BACK-END TESTED IN WORST-CASE DOJ/SEC INVESTIGATION SCENARIO
 - A **LEGAL** STANDARD
- **ISO 37001 ANTI-BRIBERY MANAGEMENT SYSTEM CERTIFICATION** =
TANGIBLE AND POSITIVE FRONT-END TESTED GLOBAL STANDARD - W/ 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”
 - A **BUSINESS** STANDARD – APPLICABLE TO ORGANIZATIONS OF ALL KINDS



BUSINESS BENEFITS I

- OPERATIONALLY – LEVERAGE EXISTING FCPA AND ANTI-CORRUPTION COMPLIANCE PROGRAM ACTIVITIES
 - FOR MOST COMPANIES W/ AN ACTIVE, SERIOUS PROGRAM – 75% OR MORE OF ISO 37001 REQUIREMENTS LIKELY SUBSTANTIALLY COMPLETED
 - CORPORATE BUSINESS EXECS WANT COMPLIANCE TO BE MORE BUSINESS-LIKE!
 - PROVIDES OPPORTUNITIES TO “REFRESH” A MATURE PROGRAM

- 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



BUSINESS BENEFITS II

- STRATEGICALLY – BUILD STAKEHOLDER CONFIDENCE AND TAKE THE REPUTATIONAL “HIGH GROUND”
 - PARTICULAR VALUE FOR COMPANIES: (A) SEEKING POSITIVE DIFFERENTIATION; (B) UNDER INVESTIGATION OR MONITORSHIP; (C) IN SECTORS WHERE COMPETITORS ARE UNDER INVESTIGATION; (D) IN OTHER HIGH-BRIBERY-RISK SECTORS OR GEOGRAPHIES; OR (E) WHERE BRIBERY ALLEGATIONS OR ISSUES MAY HAVE EXISTED IN PAST FOR COMPANY
- BUSINESS BENEFIT CRITICAL SUMMARY POINTS:
 - AN ISO 37001 *SYSTEM* SUPPORTS BUT IS NOT A SUBSTITUTE FOR AN ANTI-BRIBERY PROGRAM THAT MEETS AN ORGANIZATION’S LEGAL REQUIREMENTS
 - IT IS UNLIKELY THAT LAW ENFORCEMENT AUTHORITIES WILL “BLESS” ISO 37001 ANY TIME SOON
 - MARKET NEED: FRONT-END CERTIFICATION BASED ON A COMMON ANTI-BRIBERY LANGUAGE

GOVERNMENT BENEFITS – ISO 37001 ADOPTION

- TO BENEFIT ALL CITIZENS
 - Bribery is wasteful, creates market inefficiencies, weakens the rule of law and disproportionately hurts the poor
 - ISO 37001 helps address these social, economic and legal issues

- TO CHANGE PERCEPTIONS – INTERNALLY & EXTERNALLY
 - Civil society
 - Potential investors
 - Lenders/donors

- TO PROJECT POWER
 - Making stakeholders look forward, not to the past, through serious anti-bribery statement
 - Not 105/180 on TI CPI, but a leader in applying ISO 37001

TRANSITION: FROM THE CONCEPTUAL TO THE SUBSTANCE



”

The essential test for any anti-corruption program [or system] is whether it is well-designed for the risks facing the company, and whether it is rigorously applied to prevent and detect bribery.

Transparency International

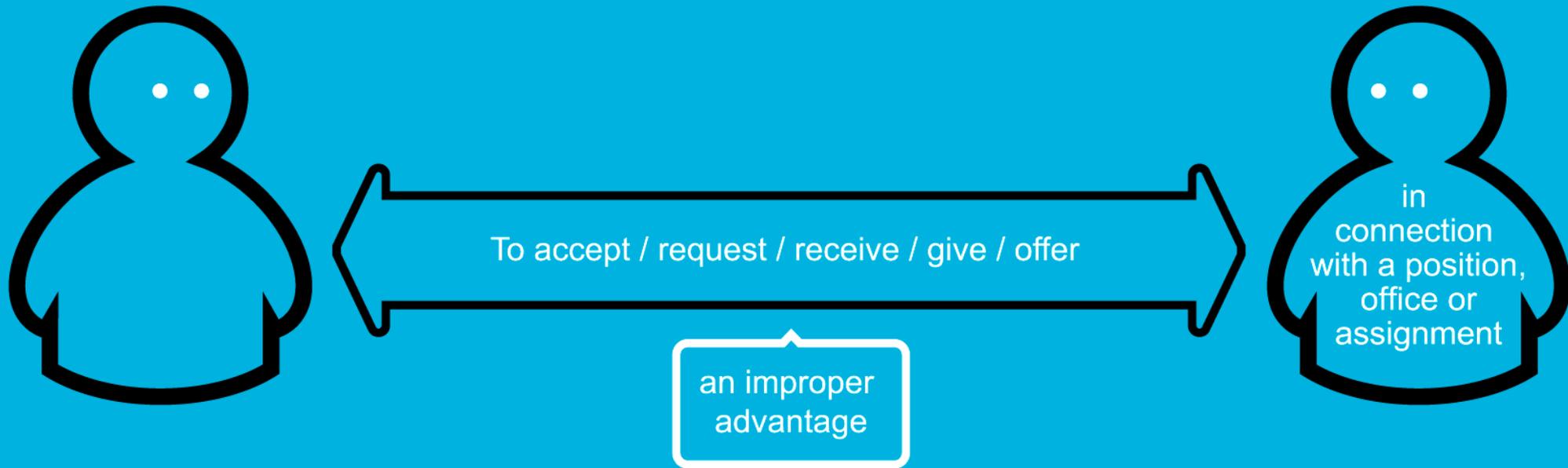
Anti-bribery - context & trends (including sections 1-3)

What is «bribery»?

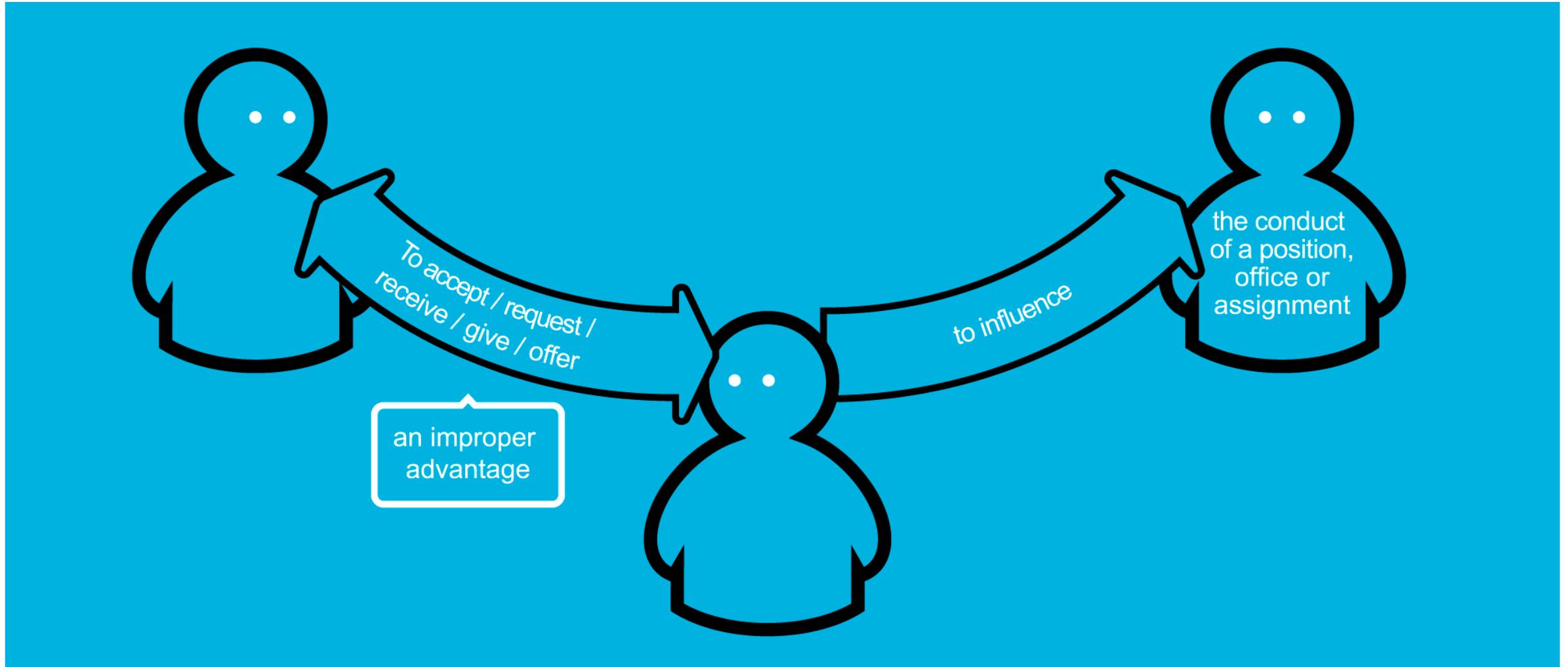
- “..offering, promising, giving, accepting or soliciting of an undue advantage of any value (which could be financial or non-financial), directly or indirectly, and irrespective of location(s), in violation of applicable law, as an inducement or reward for a person acting or refraining from acting in relation to the *performance* (3.16) of that person’s duties”
- *Anything* the receiver (commercial or governmental) may or reasonably could have an interest in:
 - Travels, dinners, stock-options, memberships, promises, recognition, etc.
- Occurs in different forms and shapes:
 - Obvious money bribes and kickback
 - Gifts, hospitality and entertainment
 - Agents and intermediaries
 - Facilitation payments or extortion
 - Political donations
 - Favourism (nepotism, conflict of interest)



Bribery – easy does it



Trading in influence



Now, how about this?

- You are up against stiff competition in trying to establish yourself as a preferred candidate to a particular attractive governmental contract. The decision makers have not said anything, but rumors have it that you are about to drop out of the top of the short list. You carefully check through your network, and this actually seems to be correct.
- One of your advisors, a communications and public relations firm, suggests that they approach some of the participants of the project group – whom they all know from their previous jobs in various governmental institutions - and express the idea that your company could be willing to "show local social responsibility and philanthropic efforts" as part of the deal.
- This has been done previously, sometimes with good results though there can be no guarantee. Should you give it a try?



Special status: Facilitation payment

- May be legal or treated as less serious several places (i.e. the FCPA).
- *Facilitation payment is the term sometimes given to an illegal or unofficial payment made in return for services which the payer is legally entitled to receive without making such payment. It is normally a relatively minor payment made to a public official or person with a certifying function in order to secure or expedite the performance of a routine or necessary action, such as the issuing of a visa, work permit, customs clearance or installation of a telephone. Although facilitation payments are often regarded as different in nature to, for example, a bribe paid to win business, they are illegal in most locations, and are treated as bribes for the purpose of this document, and therefore should be prohibited by the organization's anti-bribery management system.*
 - **A.2.2.1**



Facilitation payments continued

▪ *Dear Susy,*

One of the drivers at our subcontracted company Speedy Wheels has reported that our consignment of fresh salmon destined for Latvia got stuck at customs in Riga. Apparently the port was exceptionally busy he had to pay a special fee to the port officials to make sure that the consignment could pass safely without delay, which might otherwise have caused damage to the shipment.

Since most of our subcontractors only use casually employed drivers who do not have much cash at hand to cover for such unforeseen costs, we should make a reimbursement as soon as possible. I am not fully sure how to account for this type of payment, which in itself is not much, roughly 80 Euros. We do not have a receipt for this port fee, so I need your advice on how to administer it for the record (and how to manage such situations should they occur again in future).

Thanks!

Bob

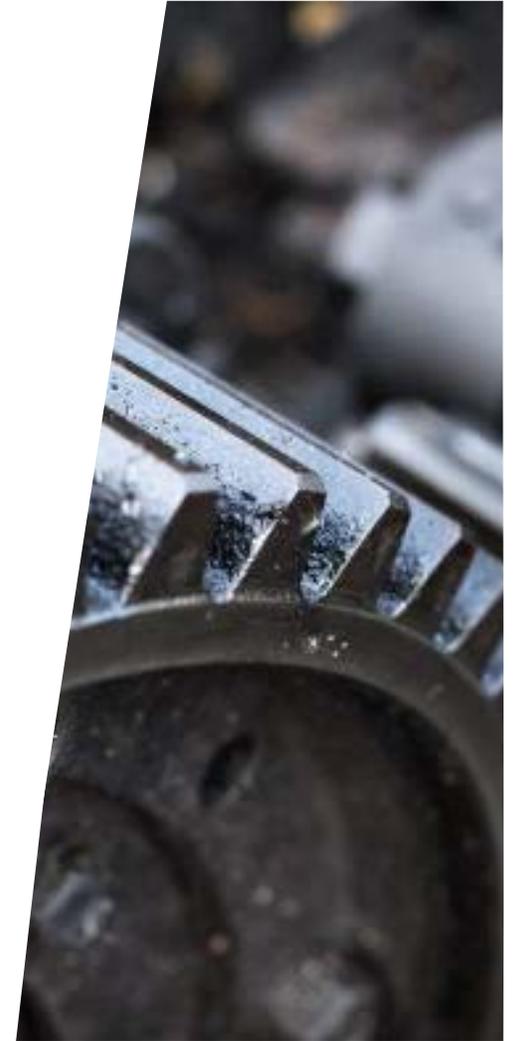
Preliminary considerations: ISO 37001 - INTRODUCTION

- Bribery is widespread, and increases costs to all parts of society (except for those few individuals/entities involved in the actual transactions) in developed and lesser-developed worlds
- It is (in most jurisdictions) an offense for individuals to engage in bribery
 - Organizations and individuals held accountable.
- Businesses and business stakeholders in the US and elsewhere are coming to appreciate the European point of view: organizations have a responsibility to proactively contribute to combating bribery
 - Anti-bribery management system (ABMS) approach is timely and well-suited to this thinking
 - Particularly important elements:
 - **Leadership** commitment to establish a culture of integrity, transparency, openness and compliance
 - **Culture** critical to the success (or failure) of the ABMS
 - **Scoping** – risk-based, reasonable & proportionate
- The standard reflects international leading practices - can be used in all jurisdictions, by organizations of all types and sizes
- Helps implement measures designed to prevent, detect and respond to bribery (but it's a pervasive and persistent problem)



ISO 37001 basics: ISO 37001 Introduction and Section 1. Scope

- ISO 37001 is an anti-bribery management systems (ABMS) standard, published in October 2016
- Designed to help an organization establish, implement, maintain and improve an anti-bribery compliance **system** – supporting the organization's anti-bribery (legal) program
- Includes required measures which an organization must implement, and other recommendations
 - Note language distinctions: **shall**, vs. **should** vs. **may** vs. **can**
- Accompanied by supporting guidance: Annex A
- ISO 37001 requirements are designed to be integrated into the organization's existing management processes and controls
- To meet ISO 37001 requirements, an organization must address:
 - Bribery by the organization, or by its personnel or business associates acting on the organization's behalf or for its benefit
 - Bribery of the organization, or of its personnel or business associates in relation to the organization's activities
 - Commercial bribery or bribery involving governmental officials (different than the FCPA)
- Bribery is defined by law which varies between countries, the standard therefore provides only guidance on what is meant by bribery to help users understand the intention and scope of the standard.



Need-to-know Terms & Definitions

3.1 – Bribery

Offering, promising, giving, accepting or soliciting of an undue advantage of any value (which could be financial or non-financial), directly or indirectly, and irrespective of location(s), in violation of applicable law, as an inducement or reward for a person acting or refraining from acting in relation to the performance of that person's duties

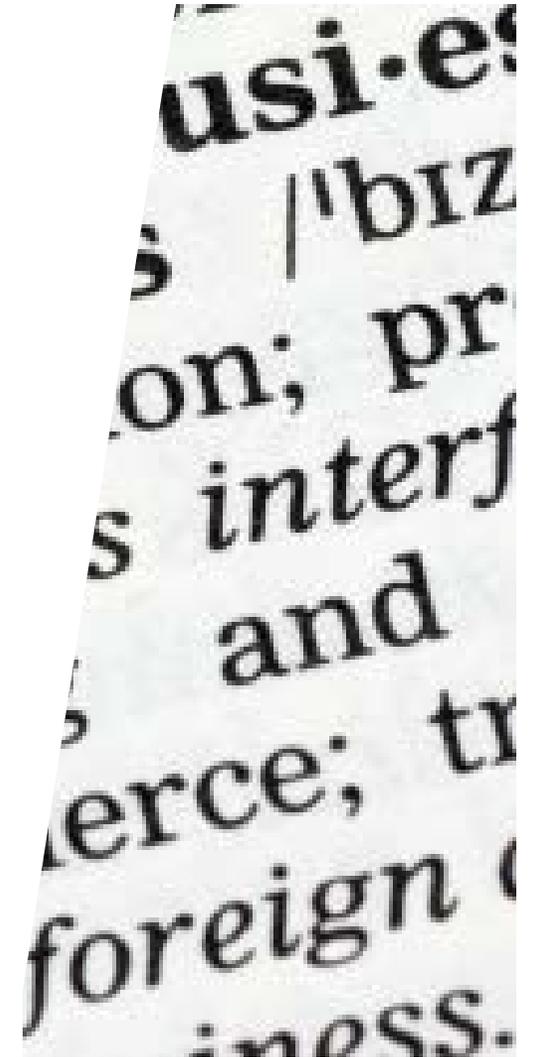
3.6/3.7 – Top Management and Governing Body

Person or group of people who directs and controls an organization at the highest level.

Group or body that has the ultimate responsibility and authority for an organization's activities, governance and policies and to which top management reports and by which top management is held accountable.

3.8 – Anti-bribery Compliance Function

Person(s) with responsibility and authority for the operation of the anti-bribery management system.



Need-to-know Terms & Definitions II

3.26 – Business Associate

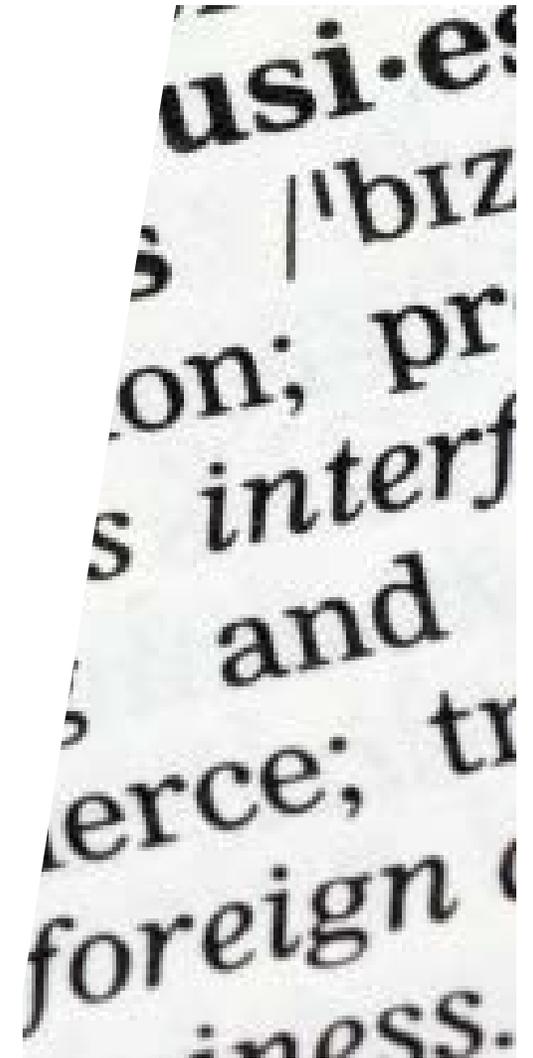
External party with whom the organization (3.2) has, or plans to establish, some form of business relationship. [see “Annex” for details – key concept in the standard]

3.27 – Public Official

Person holding a legislative, administrative or judicial office, whether by appointment, election or succession, or any person exercising a public function, including for a public agency or public enterprise, or any official or agent of a public domestic or international organization, or any candidate for public office.

3.30 – Due Diligence

Process to further assess the nature and extent of the bribery risk and help organizations make decisions in relation to specific transactions, projects, activities, business associates and personnel.



37001 – Requirements Summary

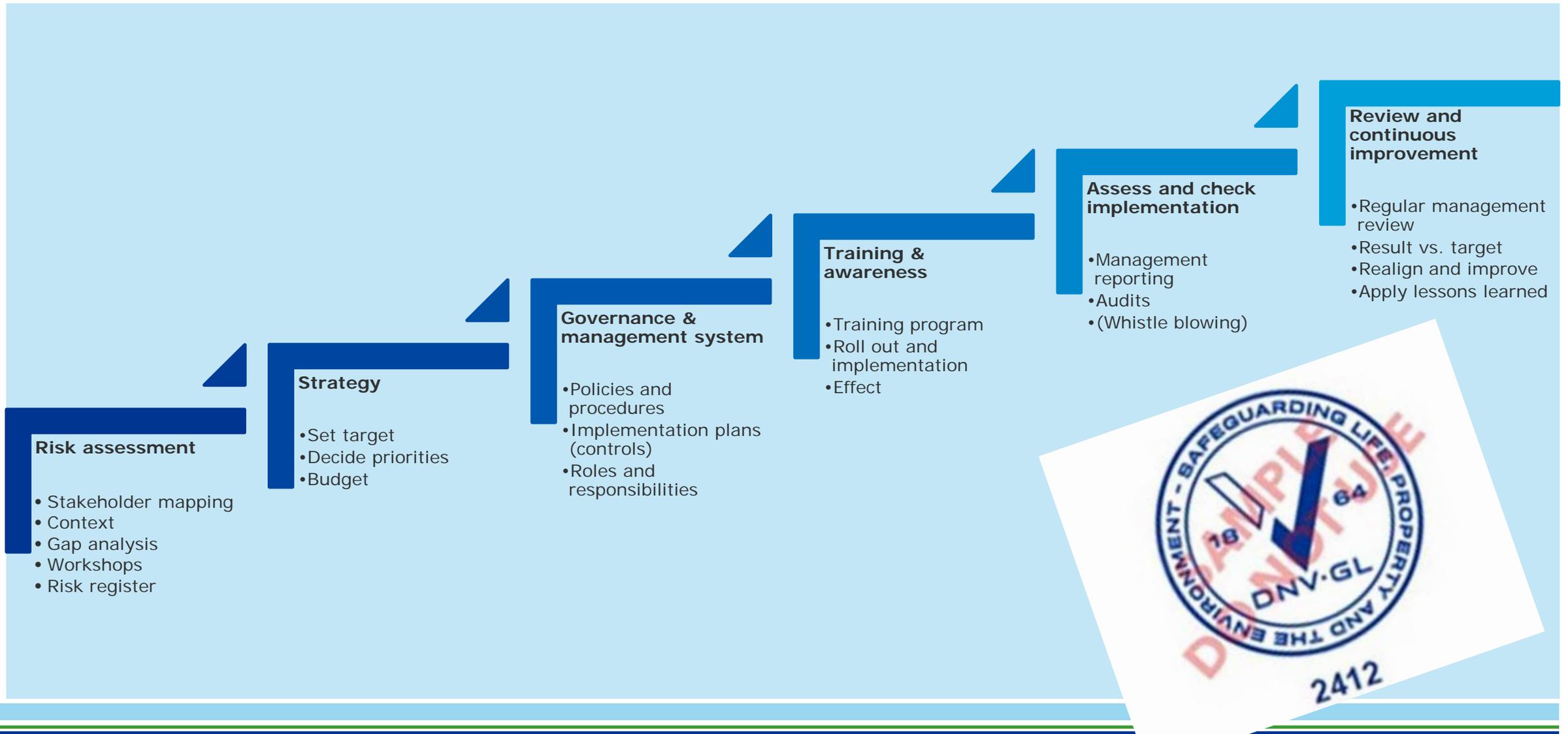
The organization must implement a series of measures and controls in a **risk-based, reasonable and proportionate** manner to help prevent, detect, and deal with bribery, including:

- Implement Anti-bribery policy and overall management system
- Communicate the policy and system to all relevant personnel and business associates (joint venture partners, sub-contractors, suppliers, consultants etc.)
- Appoint compliance manager (full time or part time) to oversee system activities
- Provide appropriate anti-bribery training to personnel
- Assess bribery **risks**, including appropriate due diligence
- Take **risk-based, reasonable and proportionate** steps to ensure that controlled organisations and business associates have implemented appropriate anti-bribery controls

37001 – Requirements Summary, part II

- 
- Verify as far as reasonable that personnel will comply with the anti-bribery policy.
 - Control gifts, hospitality, donations and similar benefits to ensure that they do not have a corrupt purpose.
 - Implement appropriate financial, procurement and other commercial controls so as to help prevent the risk of bribery.
 - Due diligence on projects and business associates
 - Implement reporting (whistle-blowing) procedures.
 - Investigate and deal appropriately with any actual or suspected bribery.
 - Show (top management) leadership, commitment and responsibility
 - Establish system for corrective action and continual improvement
 - If the whole or part of a requirement is prohibited by applicable law (e.g. if anonymous reporting is prohibited), then an organization will not be required to comply with that prohibited part, but can comply with the remainder of the standard.

A visual summary of ISO 37001's steps



Section 4 Context

- context, stakeholders and risk

Context and sustainability - crucial for scope

“ The organization shall determine external and internal issues that are relevant to its purpose and that affect its ability to achieve the objectives of its anti-bribery management system» [\(4.1\)](#)

“. . . determine

- a) The stakeholders that are relevant to the anti-bribery management system;*
- b) The relevant requirements of these stakeholders.» [\(4.2\)](#)*

“. . .consider issues referred to in 4.1, the requirements referred to in 4.2, the risks identified in 4.5, and opportunities for improvement» [\(6.1\)](#)



4. Context of the organization

- **4.1 – Understanding context**
 - Who, what, where, with whom & how do you operate? *Must be documented, per 4.5.4.*

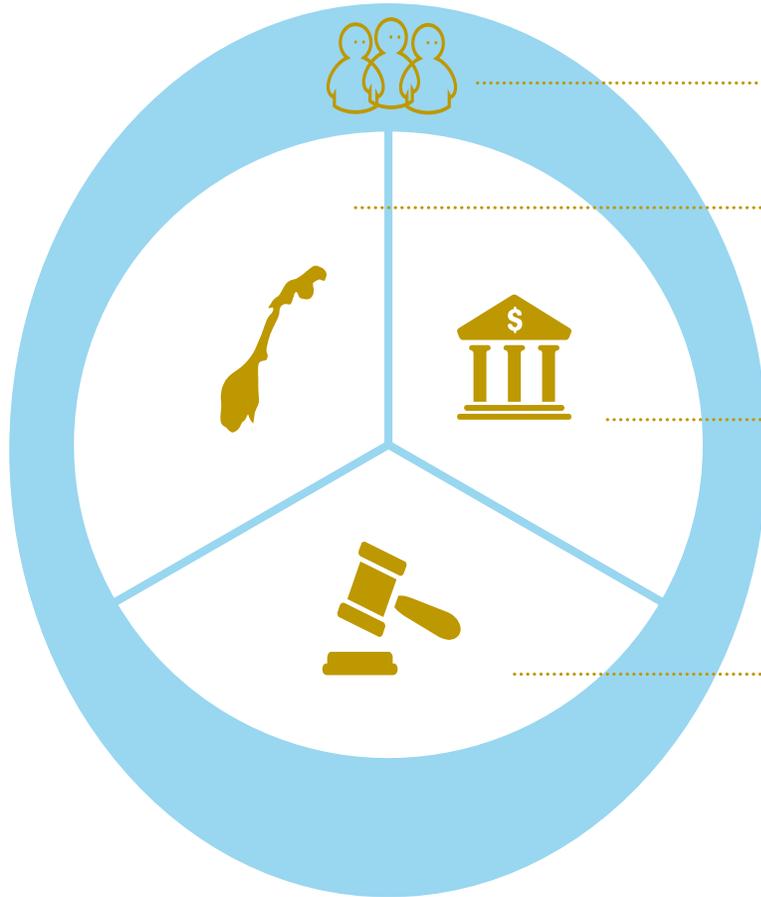
- **4.2 – Stakeholders**
 - Identify, confirm, avoid expectation gaps

- **4.3 – Scope of the ABMS (*proportionate to risk*)**
 - Based on results from 4.1, 4.2 and 4.5, boundaries of ABMS must be documented.

- **4.4 – Anti-bribery management system**
 - Establish, document, implement, maintain, continually review – improve when/where necessary.
 - See A.3 for guidance.

- **4.5 – Bribery risk assessment**
 - Regular (and/or in event of significant changes), clear criteria for evaluating level of bribery risk (consequence and probability). Must be documented.
 - See A.4 for guidance.

ISO 37001: Context & stakeholders especially important?



Public opinion

Geography

- Culture, local rules, degree of implementation
- Local versus global expectations?

Partners

- ▶ Who are helping us?
- ▶ Who are we working with?
- ▶ Who are our customers?
- ▶ Who are our suppliers?

“The law”

- ▶ National law
- ▶ Other laws/regulations?

Stakeholders Baseline (Commercial)



Employees



Investors/Lenders



Customers



Suppliers



Partners



Local society



Competitors/Sector



Political environment



Unions



NGO & Advocacy groups



Media



Opinion leaders



Academia



International organizations

	EXAMPLES OF DIALOGUE	ASSESSMENTS	KEY ISSUES RAISED	OUR RESPONSES
CUSTOMERS	<ul style="list-style-type: none"> -Face-to-face meetings and other contacts via the sales force -www.ahlstrom.com -Joint product development projects -Sustainability report -Sustainability matters e-newsletter 	<ul style="list-style-type: none"> -Customer loyalty surveys -Customer sustainability surveys -Feedback 	<ul style="list-style-type: none"> -Customer satisfaction and loyalty survey results improved for the third consecutive year. Good quality and customer service were main positives. Main things to improve were response times and accuracy of deliveries. -Sustainability survey – see materiality matrix. 	<ul style="list-style-type: none"> -Improvement and harmonization of Ahlstrom core processes. -Sales force training
EMPLOYEES	<ul style="list-style-type: none"> -Daily contacts -Performance management process -Ahlstrom Academy training program -InSite Intranet pages -Inside Ahlstrom magazine -Ahlstrom's European Dialogue (AED) -Internal information meetings -Local cooperation with unions and employee representatives 	<ul style="list-style-type: none"> -Employee surveys 	<ul style="list-style-type: none"> -Great commitment shown by high 85% response rate. -Positives were standing behind Ahlstrom values and managerial work, development orientation and perceptions of fairness. -Negatives relate to Ahlstrom's financial success. 	<ul style="list-style-type: none"> -Responding by new strategy and updated Focus Areas.
SUPPLIERS	<ul style="list-style-type: none"> -Face-to-face meetings and other contacts via the Global Sourcing organization -Joint seminars -Joint product development projects -Joint cost reduction projects -Joint sustainability projects 	<ul style="list-style-type: none"> -Supplier Performance Evaluations (the Vendor Evaluation Tool) -Due Diligence System for wood pulps 	<ul style="list-style-type: none"> -Dialogue with suppliers based on their performance rating (categories from A to D). 	<ul style="list-style-type: none"> -Highest risk and lowest scoring (D) suppliers are eliminated unless improvement shown. -Our EUTR DDS system was externally verified by SGS.
SHARE-HOLDERS	<ul style="list-style-type: none"> -Annual General Meeting -Capital Markets Day -www.ahlstrom.com -Quarterly conference calls and webcasts -Annual and Sustainability Reports -Interim reports -Stock exchange and press releases 	<ul style="list-style-type: none"> -Media monitoring -Bi-annual media visibility report -CDP Reports 	<ul style="list-style-type: none"> -Strategic transformation process noted -Concern about falling short of financial targets -Energy and climate targets and action plan 	<ul style="list-style-type: none"> -A growth strategy extending to the year 2020 on how Ahlstrom will reach its long-term financial targets. -Rightsizing program -New energy efficiency program

BE PROACTIVE: Have System in place prior to things happening, as they will..





4.5 - Bribery risk assessment

- 4.5.1 The organization shall undertake regular bribery risk assessment(s) which *shall*:
 - a) identify the bribery risks the organization might reasonably anticipate, given the factors listed in 4.1
 - b) analyse, assess and prioritize the identified bribery risks
 - c) evaluate the suitability and effectiveness of the organization's existing controls to mitigate the assessed bribery risks

- 4.5.2 The organisation *shall* establish criteria for evaluating its level of bribery risk, which shall take into account the organization's policies and objectives

- 4.5.3 The bribery risk assessment *shall* be reviewed:
 - a) on a regular basis so that changes and new information can be properly assessed based on timing and frequency defined by the organization
 - b) in the event of a significant change to the structure or activities of the organization

- 4.5.4 The organization shall retain documented information that demonstrates that the bribery risk assessment has been conducted and used to design or improve the anti-bribery management system

- *See A.4 for guidance*

Necessary to consider risks at different levels?

Country level

Countries where we operate should be evaluated.

Countries where our (important) business partners operate should be evaluated.



Sector level

Will vary, but there should be proof of process and understanding of own and other relevant sector level of corruption risk.



Certain processes, selected positions, transactions

JV and partnerships

Interaction with public officials (licenses etc.)

Procurement, sales, C-suite, compliance, etc.



Provide an accurate description of inherent risk picture?

- 1 Government (or commercial) contracts
- 2 Other dealings with government (or private sector)
- 3 M&A and JV
- 4 Use of intermediaries (agents)
- 5 Use of suppliers / contractors
- 6 Facilitation payments
- 7 CR / CSR
- 8 Gifts, entertainment, travel

	Very high				
	High			5 4	1
Likelihood	Medium		6	7 8	3 2
	Low				
	Very low				
	Consequence		High	Very high	

Overall conclusion:

- Medium-high risk level (TI score confirms this)
- Grand corruption – links between big business and political elites = risk

... followed by actual/residual risks

- 1 Use of suppliers / contractors
- 2 Use of intermediaries
- 3 Other dealings with government
- 4 CR / CSR
- 5 Government contracts
- 6 M&A and JV
- 7 Gifts, entertainment, travel
- 8 Facilitation payments
- 9 Reporting
- 10 Training

	Very high				
	High			1	
Likelihood	Medium	6	9	2	
	Low	7 5	8	3 4 10	
	Very low				
		Very low	Low	Medium	High
			Consequence		Very high

Overall conclusion:

- Low-medium residual risk
- Strong internal culture and high level of awareness
- Some key gaps identified that need to be addressed

Risk-based approach revisited

- What does the standard mean by «risk based approach»?
- Part of HLS and generic, but is it particularly important for this anti-bribery standard?
- The risk assessment is the organization's opportunity to:
 - Ensure that the anti-bribery management system fits the organization
 - «risk-based, reasonable and proportionate»



Risk exercise: Assessing risk, identifying red flags

- Fact pattern: Conducting governmental affairs in West Africa
- Work in groups of minimum 2 persons each, identify possible risks involved
- Learning objectives:
 - To understand what are the different types of risks and red flags, and how to assess the severity and potential impact of different risks.
 - Begin to see how internal processes should be aligned to identify and handle these red flags and how the risk assessment connects directly to the requirements in the standard.
- Duration: 20 minutes group discussion; 10 minutes presentation/debrief.

Risk based – what auditors look at when conducting certification audit

- If relevant, has the company identified useful risk related to, for example,
 - Country risks
 - Industry or Sector or Activity-based risks
 - Other factors (i.e. positions, typical red flag situations, “near”-incidents, agents, JV)?
- Can they be specific (what will a situation actually look like)?
- Discuss the «consequences» and «probability»-axis with them.
- Look at inherent as well as residual risks.
 - Mitigative actions, implementation plans, roles and responsibilities



Risk process must be documented

- What we typically look for as auditors (or advisors) are proof of the following:
 - Process for identifying relevant risks?
 - Think like a «bad guy or bad girl»-workshop?
 - Who has participated in the risk analysis?
 - What are the risks criteria?
 - Consequences, probability
 - Stakeholder input
 - Context
 - Is the risk process aligned with the requirements in the standard («more than a low bribery-risk»)?



Risk and Controls

Risk assessment and risk treatment

- Are fraud and corruption considered as strategic risks?
- Do we know what risk we have?
- How well do we know the specific threats?
- How do we manage these threats?

Implementation of Controls

- Do we have effective measures to detect and prevent corruption and fraud?
- Do the measures match the risks we have identified?
- Are the reporting channels / systems effective?
- Are the controls current and relevant?

Chapter 5

Leadership

5. Leadership

■ 5.1 Leadership and commitment

- Responsibility for the systems rests all the way at the top (governing body) – tone at the top a formal requirement
- Governing body and top management; competence, knowledge and encouragement
- Ensure all bits and pieces are in place, allocate resources

■ 5.2 Anti-bribery policy

- Policy must be in place (approved by governing body), which
 - Satisfies the requirement of the standard
 - Available as documented information and is communicated in appropriate languages – internally as well as to business associates with **more than a low risk of bribery**, as well as other relevant stakeholders

■ 5.3 Organizational roles, responsibilities and authorities

- Nothing should be coincidental, but part of a plan
- Who has the responsibility to do what, when, how and to whom do you report – the necessity of the compliance function



Discussion exercise: “Leadership” and tone at the top

- What does «leadership» mean when it comes to anti-bribery?
 - Is there a «minimum» threshold (have to do/must not do)?
- Can you think of some example-organizations that shows strong positive «leadership»?



Bribery – a governing body issue



5.1 Leadership – all about stepping up

Top management shall demonstrate leadership and commitment by:

- a) ensuring that the ABMS (anti-bribery management system) is established, implemented, maintained and reviewed to adequately address the organization's bribery risks
- b) ensuring the integration of the ABMS requirements into the organization's processes
- c) deploying adequate and appropriate resources
- d) communicating internally and externally regarding the anti-bribery policy
- e) communicating internally the importance of effective anti-bribery management
- f) ensuring that the ABMS is appropriately designed to achieve its objectives
- g) directing and supporting personnel to contribute to the effectiveness of the anti-bribery management system
- h) promote (build?) culture
- i) promote continual improvement
- j) supporting other relevant management roles to demonstrate their leadership
- k) encouraging the use of reporting procedures for suspected and actual bribery (see 8.9)**
- l) ensuring that no personnel will suffer retaliation (**see 7.2.2.1 d**) for reports made in good faith [...] of violation or suspected violation of the ABMS
- m) at planned intervals, reporting to the governing body (if any)

Discussion Exercise: How do we build a culture of compliance?

- Words
- Actions
- Examples



How do we build a culture?

- Tone at the top
- Repeat message
 - Again and again (... and again and again and ...)
- Compliance
 - Show and tell this
- Training
 - Regularly, top management present
- Reporting and KPI's
- ***Actions speak louder than words***



Tone at the top – key questions to consider



- Is senior management sending out the message that fraud and corruption is not tolerated?
 - Is the message understood?
- How strong is top management commitment?
- Is the message communicate out of the organization?
- Can we measure progress in the work?
- Is the system reviewed by top management?
- Is the anti-corruption work reported to the governing body?
- Compliance function in place?
 - Will he/she/they be able to stand firmly?
 - Does the job description and reporting line support this ability?

5.2 Policy – simplified checklist

Our organization has established, maintains and reviews an (anti-bribery) policy that

Prohibits bribery?	Yes/no?
Requires compliance with AB-laws that are applicable to the organization?	...
Is appropriate?	...
Provides a framework for setting, reviewing and achieving anti-bribery objectives?	
Includes a commitment to satisfy anti-bribery management system requirements?	
Encourages raising concerns [...] in confidence without fear of reprisal?	
Has a commitment to continual improvement of the ABMS?	
Explains the authority and independence of the anti-bribery compliance function?	
Explains the consequences of not complying with the anti-bribery policy?	

5.3.2 Anti-bribery compliance function

- It is an absolute requirement that a compliance *function* is in place
- Compliance is responsible for
 - Overseeing design & implementation of the ABMS
 - Providing advice and guidance to personnel on the ABMS (and bribery in general)
 - Ensuring that the ABMS conforms to the requirements of the ISO 37001
 - Reporting on the performance of the anti-bribery management system to the governing body (if any) and top management and other compliance functions, as appropriate.
 - NEED A DIRECT LINE!
- «Shall be adequately resourced and assigned to person(s) who have the appropriate competence, status and independence»
- Do you have any key-suggestions as to what you will look for with regards to this function? What type of «person» are we looking for?



Chapter 6

Planning

6. Planning

6.1 Actions to address risks and opportunities

- Need to see the link to 4.1, 4.2 and 4.5
- Particular emphasis on strategic risks and opportunities (i.e., «How shall we, as an organization, relate to the inherent risk in certain situations?», or «What steps do we need to take to ensure zero incidents of corruption?»))

6.2 Anti-bribery objectives and how to achieve them

- Shall be consistent with the anti-bribery policy, be measurable, see 4.1, 4.2 and 4.5, be achievable, be monitored, be communicated, be updated
- Important (and subtle) language as 1st paragraph: "The organization shall establish anti-bribery management system objectives at relevant functions and levels."

Examples

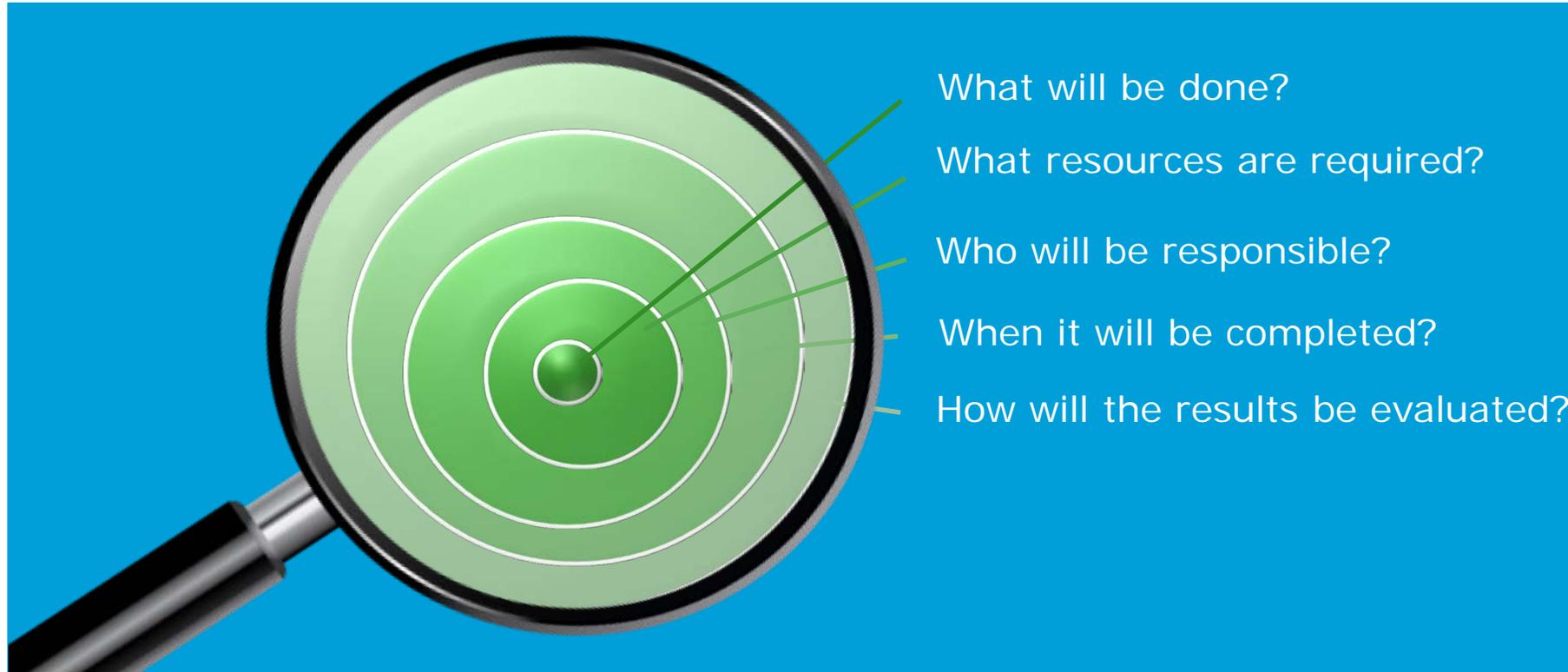
- Typically it may be challenging to establish goals within this area
 - . . . How do you improve from “zero incidents last year”?
- Here are some basic examples that we have seen so far
 - By year-end, we shall conduct x-numbers of risk assessments throughout the company.
 - We expect a 95% completion rate of our new e-learning program in the next x-months.
 - We shall become ISO 37001 certified (or at least start the process).
 - Whistleblowing channels shall be established
 - X-number of incidents shall be reported next year.
 - We will trend the reports (benchmark YoY, industry level, etc.)
 - We will establish clear DD-criteria (and run x-number of processes on transactions, partners, etc.)
 - We will conduct training of y-number of more than low risk business partners next year.
 - We will develop a targeted training program for more than low risk personnel.

Discussion exercise:

- What are aspects of a good plan for an ABMS?
 - What is the plan intended to achieve?
 - Is it thoughtful?
 - Is it complete?
 - Are there any obvious pieces left out?
- How do we go about meeting the requirement of establishing ABMS at relevant functions and levels?
- A tough question: What does “continual improvement” within an ABMS involve, and how do we measure it?



6.2 Targets and plans



Chapter 7

Support

7. Support

7.1 Resources

- A requirement: "The organization shall determine and provide the resources needed for the establishment, implementation, maintenance and continual improvement of the ABMS"

7.2 Competence

- All personnel responsible for/able to influence the ABMS need to have adequate competence (especially compliance).
- Starts with the employment process.

7.3 Awareness and training

- Adequate and appropriate anti-bribery awareness and training to personnel.

7.4 Communication

- Internal and external relevant communication (i.e. Code of Conduct in different languages, publicly available).
- Will expect a defined crisis management plan for some companies?

7.5 Documented information

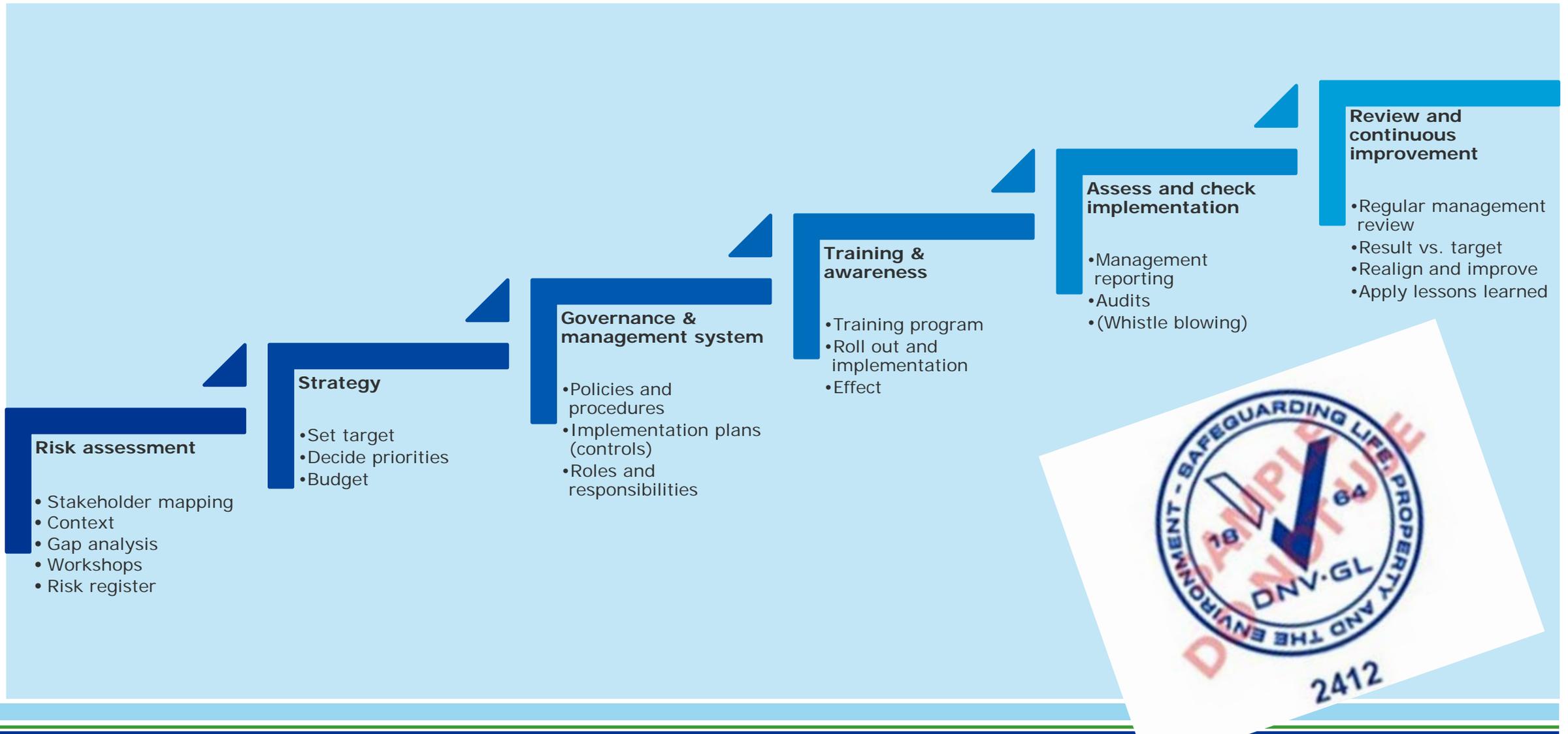
- Standard requirement (also audit trail for changes and notification of any alterations)

Resources

- Remember the «anti-bribery staircase» from the introduction?
 - A systematic approach to all from risk assessments through to review and improvement will require investments and competence.
- A well-functioning ABMS will cost money as well as time invested by personnel.
- Allocated resources and stamp of approval from top management.



A visual summary of ISO 37001's steps



Competence (general)

3.13: Competence

Ability to apply knowledge and skills to achieve intended results

- Determine the necessary competence of person(s) doing work under its control that affects its anti-bribery performance.
- Ensure that these persons are competent on the basis of appropriate education, training, or experience.
- Take actions to acquire and maintain the necessary competence.
- Retain appropriate documentation.

Competence requirement valid for ALL personnel that influence/may be influence by the ABMS - including business associates



Competence: Employment Processes

- For ALL personnel, the organization shall implement procedures such that

Conditions of employment require personnel to comply with the anti-bribery policy and anti-bribery management system, and give the organization the right to discipline personnel in the event of non-compliance	Yes/no?
Within a reasonable period of their employment commencing, personnel receive a copy of, or are provided with access to, the anti-bribery policy and training in relation to that policy?
Has procedures which enable it to take appropriate disciplinary action against violations of ABMS?
Clearly state and communicate that personnel will NOT suffer retaliation if <ul style="list-style-type: none"> For refusing to participate in, or for turning down, any activity in respect of which they have reasonably judged there to be a more than low risk of bribery which has not been mitigated by the organization; or Raising concerns "in good faith" at attempted or actual bribery

Competence: Employment processes Part II

- Focusing on 7.2.2.2:

*In relation to all positions which are exposed to **more than a low bribery risk** as determined in the bribery risk assessment (see 4.5), and to the anti-bribery compliance function the organization shall implement procedures which provide that:*

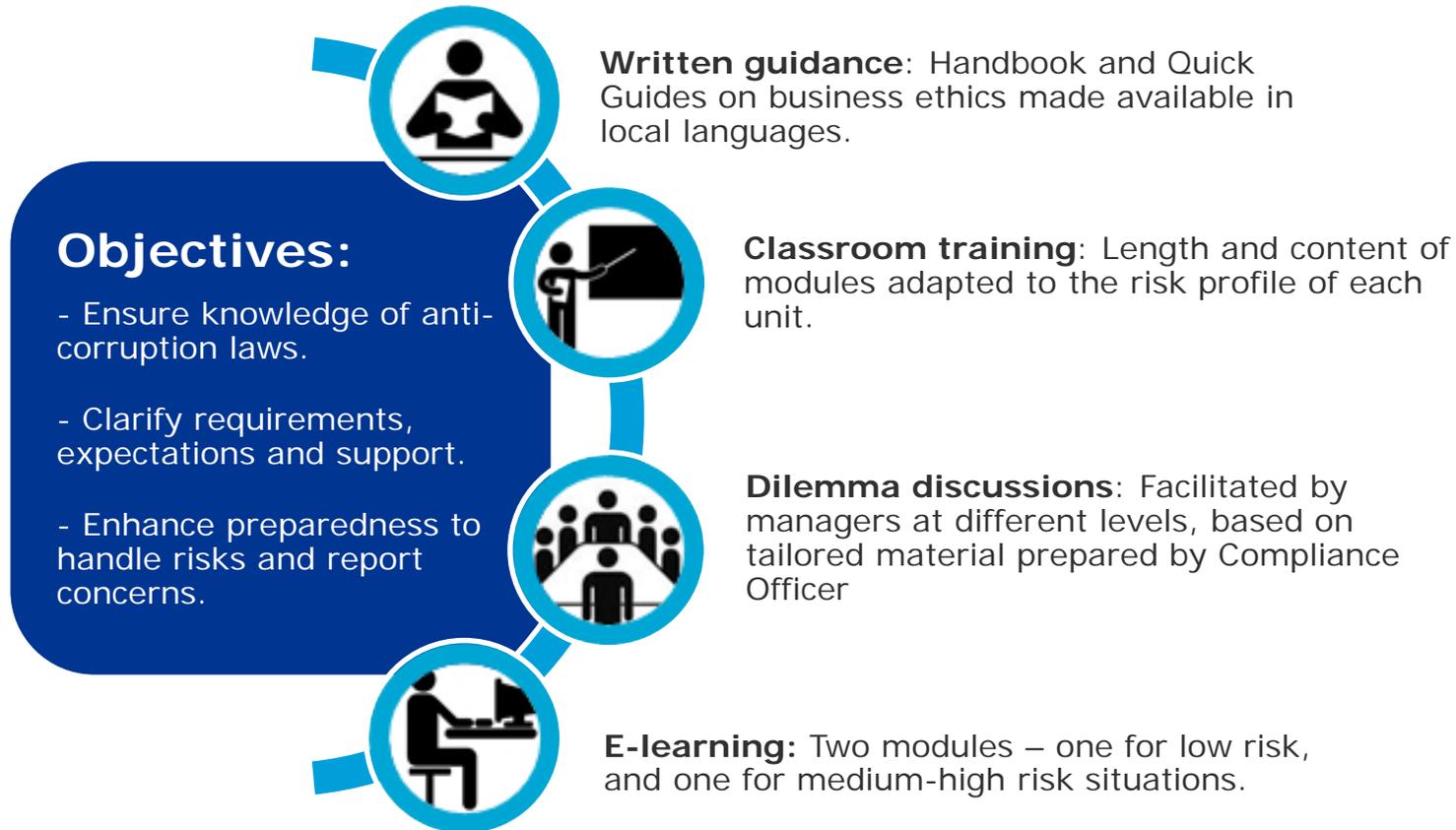
a) Due diligence is conducted on persons before they are employed, transferred or promoted?	Yes/no?
b) Performance bonuses, targets and other incentivizing elements are reviewed periodically to verify that do not encourage bribery?	Yes/no?
c) Such personnel, top management, and the governing body (if any), file a declaration at reasonable intervals confirming their compliance with the AB-policy?	Yes/no?

Awareness and training (7.3)

- Adequate awareness and training to personnel, which shall address as appropriate (based on 4.5);
 - Anti-bribery policy, procedures and ABMS – as well as duty to comply
 - The bribery risk and the damage to them and the organization which can result from bribery
 - The circumstances in which bribery can occur in relation to their duties, and how to recognize these circumstances
 - How to recognize and respond to solicitations or offers of bribes
 - How they can help prevent and avoid bribery and recognize key bribery risk indicators
 - What consequences non-compliance with policy and program may have (for organization and individual)
 - How to report concern & where to obtain additional information



Training objectives and methods – targeted and differentiated?



Example training plan for low risk countries vs medium-high risk countries



Low-risk countries (i.e. Northern Europe):
The training cycle will be implemented **once** during the next two year period.

For medium-high risk countries (i.e. countries) the following training cycle will be implemented **annually (twice)** during the next two year period:

Modules	Functions		
	Medium-high risk exposure	Low risk exposure	Consultants, new & temp. staff
1. Written guidance	✗	✗	✗
2. Classroom training (2 hours)	✗		
3. Dilemma discussions (lead by managers)		✗	
4. E-learning (module for low risk countries)			✗

Modules	Functions		
	Medium-high risk exposure	Low risk exposure	Consultants, new & temp. staff
1. Handbook and Quick Guides	✗	✗	✗
2. Classroom training • 1/2 day general session • Specialised sessions	✗ ✗	✗	
3. Dilemma discussions (lead by managers) – each quarter	✗	✗	✗
4. E-learning (45 min module)			✗

Training needs to be relevant – look for examples target group can relate to

- A supplier has an event for several of their customers. You are asked to give a presentation, and afterwards you receive a nice bouquet of flowers (with company logo attached) which you happily accept.
- In the closing of the event, there is a lottery arranged by the business partner, and it turns out that you are the lucky winner of the latest Ipad-model. (That is actually a good thing; it is your daughter's birthday soon and an Ipad would be a perfect gift.)
- Issues?



7.4 - Communication

7.4 Communication

- The organization shall determine the **internal and external** communications relevant to the anti-bribery management system including:
 - a) on what it will communicate;
 - b) when to communicate;
 - c) with whom to communicate;
 - d) how to communicate;
 - e) who will communicate;
 - f) the languages in which to communicate.

- The AB-policy shall be
 - made *available* to personnel and business associates
 - *communicated directly* to both personnel and business associates who poses *more than a low risk of bribery*
 - Published through internal and external communications channels as appropriate

Training

Training and follow up

- Are managers and employees aware of the risks? Can they identify a situation?
- Training programs;
 - Cover the main themes?
 - Regular? Realistic?



7.5 – Documented Information

■ 7.5.1 General

“ The organization’s ABMS shall include:

- documented information required by this document;
- documented information *determined by the organization as being necessary for the effectiveness of the ABMS*”

■ 7.5.2 Creating and updating

- Org shall ensure appropriate
 - Identification and description
 - Format and media
 - Review and approval for suitability

■ 7.5.3 Control of documented information

- Available, suitable, adequately protected

■ Other references in other Sections....eg. 8.1 c)

Chapter 8

Operation

8 - Operations

- 8.1 Operational planning and control
 - Plan, implement, monitor and control the process – have processes been carried out as planned?
- 8.2 Due diligence
- 8.3 Financial controls
- 8.4 Non-financial controls
- 8.5 Implementation of anti-bribery controls by controlled organizations and by business associates
- 8.6 Anti-bribery commitments
- 8.7 Gifts, hospitality, donations and similar benefits
- 8.8 Managing inadequacy of anti-bribery controls
- 8.9 Raising concerns
- 8.10 Investigating and dealing with bribery

8.2 Due Diligence

- What is «due diligence»? (See 3.30 definition) And why is it important to conduct due diligence?
- *Shall* conduct due diligence if *more than low bribery risk* in relation to:
 - Transactions, projects or activities
 - Relationships and business associates
 - Personnel in certain positions

***** **Reasonable assurance is overall ISO 37001 standard** *****

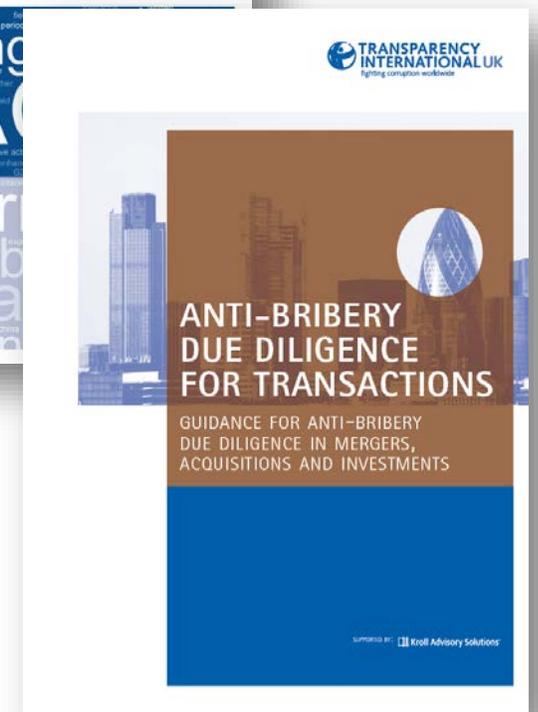
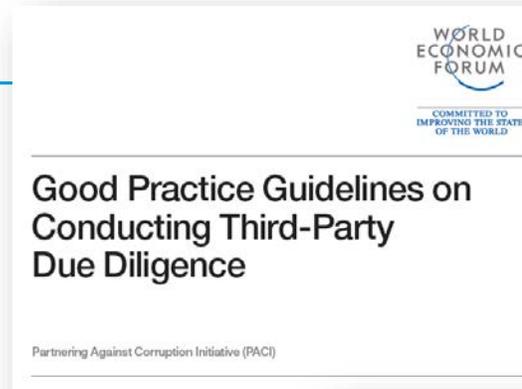
8.2 Due Diligence cont.

Risk-based Due Diligence Process Map



Effective Implementation of Due Diligence Process

- 1. Scope of Third Parties**
Understanding the universe of third parties and which ones should be subject to due diligence
- 2. Third-Party Risk Assessment**
Assessing the level of corruption risk associated with individual third parties
- 3. Due Diligence**
Conducting risk-based anti-corruption due diligence
- 4. Approval Process and Post-Approval Risk Mitigation**
Managing the approval process and mitigating identified risks



8.2 Due Diligence cont.

- What to look for....from auditor's perspective
 - Procedures describing when to do due diligence and who will conduct the analysis. (Can be done with internal or external resources – must have relevant competence).
 - The procedures should reflect the risk assessment (hence, the scope and level of due diligence follow the output of the risk assessment)
 - Some areas are typical high risk areas: agents and business associates acting on behalf of the organization

For further guidance see A.10.

Financial and non-financial controls

- 8.3 Financial controls : «... are systems and processes implemented in the organisation to manage its financial transactions properly and record these transactions accurately, completely and in a timely manner...»

Separation of duties, levels of authority for approval, ensure that services are carried out, at least two signatures, app. supporting documents, restrict use of cash, accounts accurate and clear, periodic management reviews of significant transactions, etc.

- 8.4 Non-financial controls: «... are systems and processes implemented in the organisation to help ensure that the procurement, operational, commercial and other non-financial aspect of its activity are being properly managed...»

Approved sub-contractors, suppliers, pre-qualification processes (consultants), assessing necessity of services provided, assess that it is properly carried out, payments are reasonable, fair awards of contracts, at least two persons evaluate tenders and approve, etc.

8.5 & 8.6 AB-controls by controlled organizations and business associates

- 8.5 The organization shall implement procedures which require that all other organizations over which it has control either:
 - a) implement the organization's anti-bribery management system; or
 - b) implement their own anti-bribery controls.

. . . to the extent that it is "reasonable and proportionate" (based on 4.5)

8.6 For business associates which pose *more than a low bribery risk*, the organization shall implement procedures which require that, *as far as practicable*:

- a) business associates commit to prevent bribery *by or on behalf of* the organization
- b) the organization is able to terminate the relationship with the business associate in the event of bribery by or on behalf of (in connection with transaction, project, activity, or relationship).

8.7 Gifts, hospitality, donations and similar benefits

- Organisation shall implement procedures....
- *Could* include (A. 15.2)
 - gifts, entertainment and hospitality;
 - political or charitable donations;
 - client or public official travel;
 - promotional expenses;
 - sponsorship;
 - community benefits;
 - training;
 - club memberships;
 - personal favours given in a business context.

For further guidance see A.15

8.8 Managing inadequacy of anti-bribery controls

- Where due diligence conducted [transaction, project, activity or relationship with a business associate] confirms that the bribery risks **cannot be managed** by existing or additional anti-bribery controls, the organization shall:
 - a) in the case of an **existing transaction**, project, activity or relationship, take steps appropriate to the bribery risks and the nature of the transaction, project, activity or relationship to *terminate, discontinue, suspend or withdraw from it as soon as practicable*;
 - b) in the case of a proposed **new transaction**, project, activity or relationship, *postpone or decline to continue* with it.

- Question(s):
 - What does this mean?
 - What is the significance of this section to an organization?

8.9 Raising concerns – «Whistleblowing»

- Clear signal from the top: *there is a way to communicate actual or possible bribery concerns*
- Documented and clear procedures – also ensure confidentiality and possibility to report anonymously
- Encourage and enable persons to report in good faith
- Enable personnel to receive advice from appropriate person
- **Prohibit retaliation**

8.10 Investigating and dealing with bribery

- The organization has to have **procedures** that require:
 - a) Assessment and investigation of suspected violations
 - b) Appropriate action if necessary
 - c) Empowerment and enablement of investigators;
 - d) Co-operation in the investigation by relevant personnel;
 - e) Reporting of status and results of the investigation to the anti-bribery compliance function;
 - f) Confidentiality in carrying out investigation (outputs also confidential)

- The investigation cannot be carried out by and reported to personnel who are part of the investigation.
 - . . . One cannot audit one's own work.

Chapter 9

Performance Evaluation

9. Performance evaluation

- **9.1** Monitoring, measurement, analysis and evaluation
 - What, who, when etc.
- **9.2** Internal audit
 - Detailed requirements – but «reasonable, proportionate and risk-based»
- **9.3** Management review and governing body review
 - At planned & regular intervals
 - Documentation requirements
- **9.4** Review by anti-bribery compliance function
 - Assess on a continual basis whether ABMS adequate to manage *effectively* the bribery risks faced by organization and being *effectively* implemented

9.2 – Internal audit

- Does the ABMS conform to the requirements of the standard and of the organization?
- Is the ABMS effectively implemented and maintained?
- There has to be an audit program in place
 - Scope, competent auditors, impartiality
- Results of audit presented to relevant management, the compliance function, top management and, as appropriate, the governing body

9.3 Management Review – some details

- **Purpose:** Oversee system operation and evaluate need for changes and improvements

- **Agenda:**
 - Any results from (internal) audits?
 - Any external interest or questions?
 - What is the status of our achievements, did we reach our goals?
 - Is there anything from last review that we need to close?
 - Any changes in regulatory or other requirements that we need to address?
 - How can we improve?

- **Documents:**
 - Decisions, actions, responsibilities, timeline and status.
 - Minutes and presentations.

9.3 Governing body review – also necessary

- Periodic review
- Retain “summary documented information”



Chapter 10

Improvement

10. Improvement

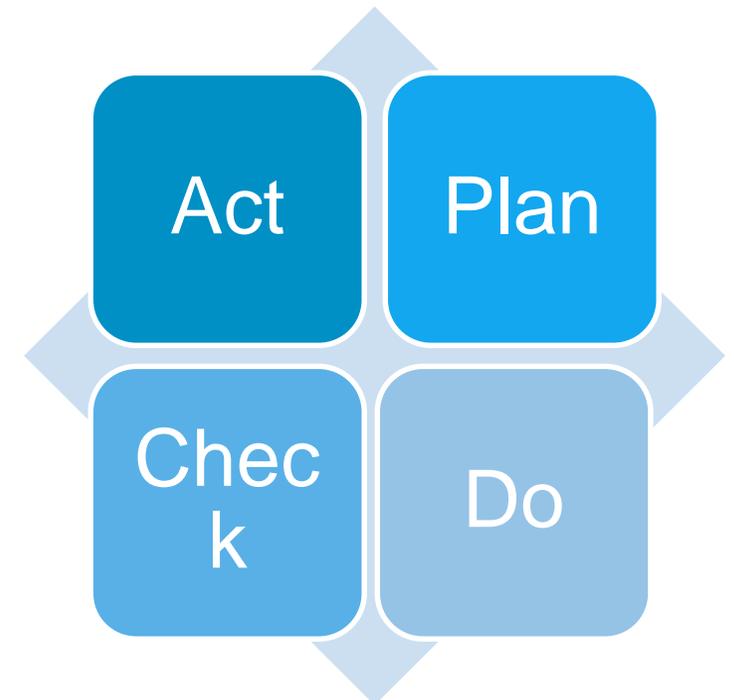
- **10.1** Nonconformity and corrective action

- Organization shall:

- React promptly to the nonconformity: take action and deal with consequences
- Evaluate need for action to eliminate nonconformity cause
- Implement action
- Document nature of nonconformity, actions and results

- **10.2** Continual improvement

- Suitability, adequacy and effectiveness
- “Planned manner...” – **Annex A. 20**



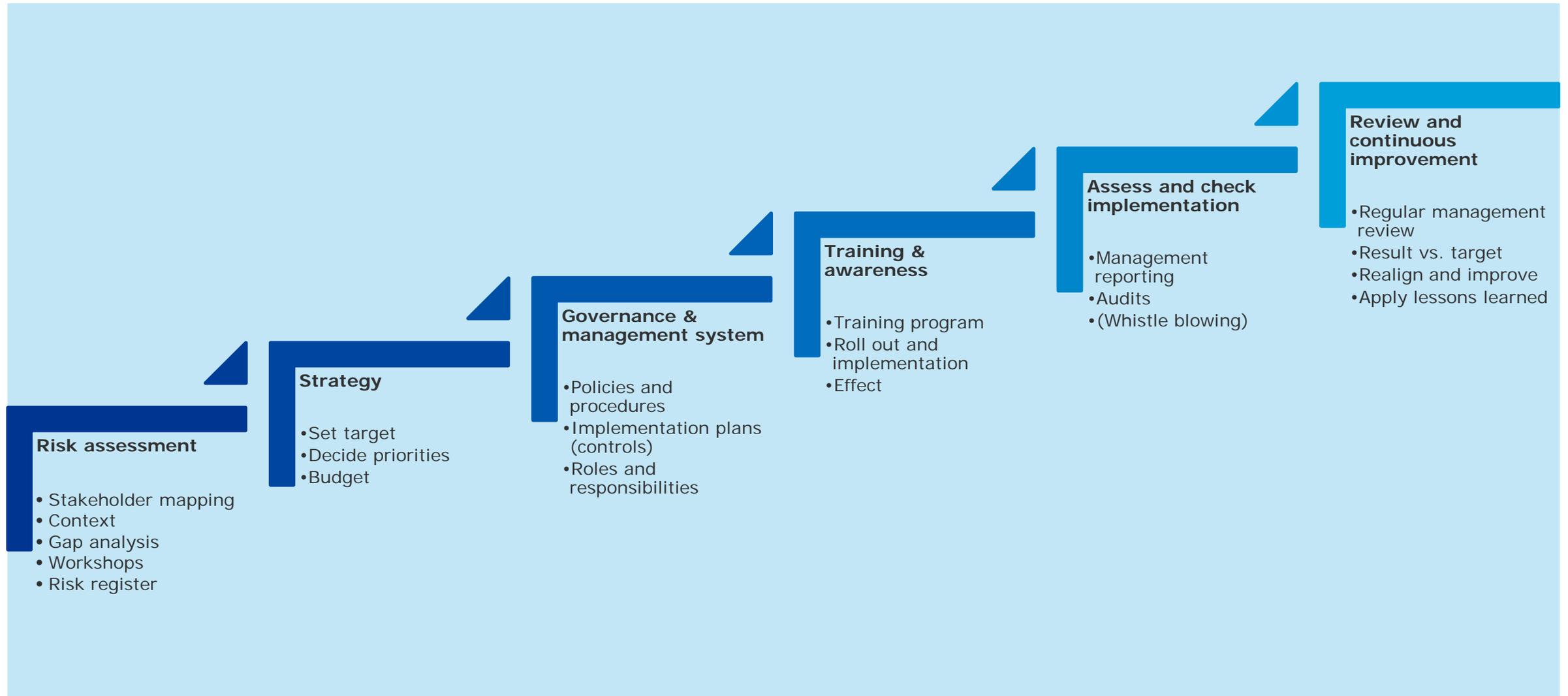
Management of incidents & improvement – internal control and audit perspective

- Strong process to identify, manage and control (near) incidents?
- Methods of research or investigation?
- (Established) incident plan?
- Qualified personnel?
- Do we learn from past events, understand root causes and take corrective action?

MERCI!

THANK YOU!

THE GOAL: AN ISO 37001 ABMS



Questions?



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