

CEP Magazine – February 2018 ISO 37001:2016, a sword that pierces to the heart of bribery

by Vivian Zhou

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Illicit interest transfer (bribery, non-integrity, etc.) is one of the most damaging and challenging problems in today's world. Each year, more than \$1 trillion of illicit interest causes catastrophic consequences by reducing people's quality of life, worsening poverty situations, and eroding public resources.

Anti-bribery programs have been frequently put forward as an important part of compliance management. Due to a lack of bribery control in enterprises, bribery often brings about immeasurable damage to corporate reputation while also causing loss. Currently, bribery is a serious issue around the world. Past cases indicate that bribery has become a "necessity" in many commercial activities. However, as the global awareness of anti-bribery efforts has spread, more and more countries, international organizations, and individuals began to call for prevention and control of bribery, which has become a global trend.

What is ISO 37001:2016 for?

Though countries and international organizations have made unrelenting efforts to resolve the bribery problem, it remains a severe issue. Under these circumstances, the International Organization for Standardization (ISO) released ISO 37001:2016 in October 2016 to help all organizations fight against bribery and to promote the commercial ethics system building around the world. This standard is applicable to all organizations, including, but not limited to, listed companies, private companies, or non-profit organizations, and the application is not limited to the whole standard. It is a very flexible tool. As long as potential bribery problems exist, this standard can be applied. ISO 37001:2016 elaborates a series of measures to help all organizations prevent, monitor, and handle bribery problems. The standard includes the adoption of anti-bribery policies, strong compliance instruction from senior management, appointing designated personnel to supervise anti-bribery compliance issues, training, risk evaluation, background investigation of project and business partners, financial management and control, an anonymous reporting system, an anti-revenge policy, and internal investigation procedures within organizations. ISO outlines a thorough anti-bribery system for companies to check whether they meet the standards themselves.

As the first management tool for international integrity and an anti-bribery compliance system, ISO 37001 aims at helping organizations fight against bribery risks with their own strength. It can direct and organize how to build a commercial system and framework that manages potential bribery risks to prevent, monitor, and detect bribery risks.

Indeed, obtaining certification does not mean that the company is immune to being charged. But at least it will help companies reduce the chance of being charged to the minimum at the very beginning. Employees will be trained, business operations will be within a controllable range, and some whistleblowing and high-risk points will be prone to exposure. If a company is sued for bribery, a comprehensive compliance system that includes policies, procedures, and a whistleblowing system to control bribery risks can be used for defense or for reducing the loss caused by the lawsuit to the company.

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