
Indonesia Mandates All State-Owned Entities to Obtain ISO 37001 Certification

What organisations need to know

In today's global economy, bribery has a wide-spread effect that encompasses social, moral and political concerns, in addition to undermining good corporate governance and healthy competition. Bribery also increases the cost of doing business and cost of goods and services, introduces uncertainties into commercial transactions and diminishes the quality of products and services, which in turn, can destroy the public's trust in government institutions. As part of its ongoing effort to combat bribery, the Indonesian Ministry of State-Owned Entities have declared that all state-owned entities ("**SOEs**") must now obtain ISO 37001 certifications.¹

As part of the ISO 37001 certificate, the SOEs must also establish, implement, maintain and continually review and improve their anti-bribery management system according to the ISO 37001 standard. The elements of ISO 37001 can be broadly grouped into four main activities:

1. **Prevention**, which involves activities designed to prevent bribery from occurring in the first place, such as vendor and partner due diligence and anti-bribery statements by vendor and other organisational partners;
2. **Detection**, which includes activities to immediately detect bribery after it has occurred in an organisation, such as whistleblowing system and implementation of a proactive audit and organisational bribery risk assessment;
3. **Response**, which covers the systems and processes that assist an organisation in responding appropriately to an alleged bribery that has been detected, such as investigation of any alleged bribery; and
4. **Monitoring, Evaluation and Reporting**, which are activities designed to provide assurance that legal responsibilities are being met, as well as to promote accountability by providing information that demonstrates compliance with specific strategies to prevent bribery.

In order to be effective, the organisation must appoint a person in charge, preferably members of the senior management, to each activity. Oversight by senior executives will ensure that each activity does not operate in isolation and that interdependencies are effectively identified and properly managed.

ISO 37001 also requires an organisation to have a compliance policy supported by an appropriate management system. Both the anti-bribery management system and compliance policy should be an

¹ This requirement is stated in Letter No. S-17/S.MBU/02/2020 dated 17 February 2020, from the Ministry of SOE to the directors of various SOEs listed in such letter.

organisation's first line of defence in avoiding and mitigating the costs, risks and damages that may be incurred as a result of bribery. These will also help to promote trust and confidence in business dealings and enhance the organisation's reputation.

All organs of an organisation, including board of directors, board of commissioners and employees, are expected to adhere to the anti-bribery management system and compliance policy.

How we can help your organisation

Propelled by our transactional experience in some of Indonesia's most complex cross-border transactions, and in line with our goal to continuously innovate, we have established a dedicated practice for fraud and forensics investigation. We are conscious that today's rigorous enforcement regime demands clients not only to comply, but also to invest in anti-corruption programs. Here, we assist clients, from multinational corporations to state-owned entities, in protecting their operation and reputation by leveraging data analytics to improve compliance and investigation outcomes.

Please contact us to know more about our scope of work in this sector.

Contacts



Ahmad Fikri Assegaf
Partner and Co-Founder

D +62 21 2555 7880
F +62 21 2555 7899
ahmad.asegaf@ahp.id



Amien Sunaryadi
Partner

D +62 21 2555 7884
F +62 21 2555 7899
amien.sunaryadi@ahp.id

Aldy Rifano also contributed to this update.

Our Regional Contacts

RAJAH & TANN | *Singapore*

Rajah & Tann Singapore LLP

T +65 6535 3600
sg.rajahtannasia.com

R&T SOK & HENG | *Cambodia*

R&T Sok & Heng Law Office

T +855 23 963 112 / 113
F +855 23 963 116
kh.rajahtannasia.com

RAJAH & TANN 立杰上海

SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP
Shanghai Representative Office**

T +86 21 6120 8818
F +86 21 6120 8820
cn.rajahtannasia.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*

Assegaf Hamzah & Partners

Jakarta Office

T +62 21 2555 7800
F +62 21 2555 7899

Surabaya Office

T +62 31 5116 4550
F +62 31 5116 4560
www.ahp.co.id

RAJAH & TANN | *Lao PDR*

Rajah & Tann (Laos) Co., Ltd.

T +856 21 454 239
F +856 21 285 261
la.rajahtannasia.com

CHRISTOPHER & LEE ONG | *Malaysia*

Christopher & Lee Ong

T +60 3 2273 1919
F +60 3 2273 8310
www.christopherleeong.com

RAJAH & TANN | *Myanmar*

Rajah & Tann Myanmar Company Limited

T +95 1 9345 343 / +95 1 9345 346
F +95 1 9345 348
mm.rajahtannasia.com

GATMAYTAN YAP PATACSIL

GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)

T +632 8894 0377 to 79 / +632 8894 4931 to 32
F +632 8552 1977 to 78
www.cagatlaw.com

RAJAH & TANN | *Thailand*

R&T Asia (Thailand) Limited

T +66 2 656 1991
F +66 2 656 0833
th.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*

Rajah & Tann LCT Lawyers

Ho Chi Minh City Office

T +84 28 3821 2382 / +84 28 3821 2673
F +84 28 3520 8206

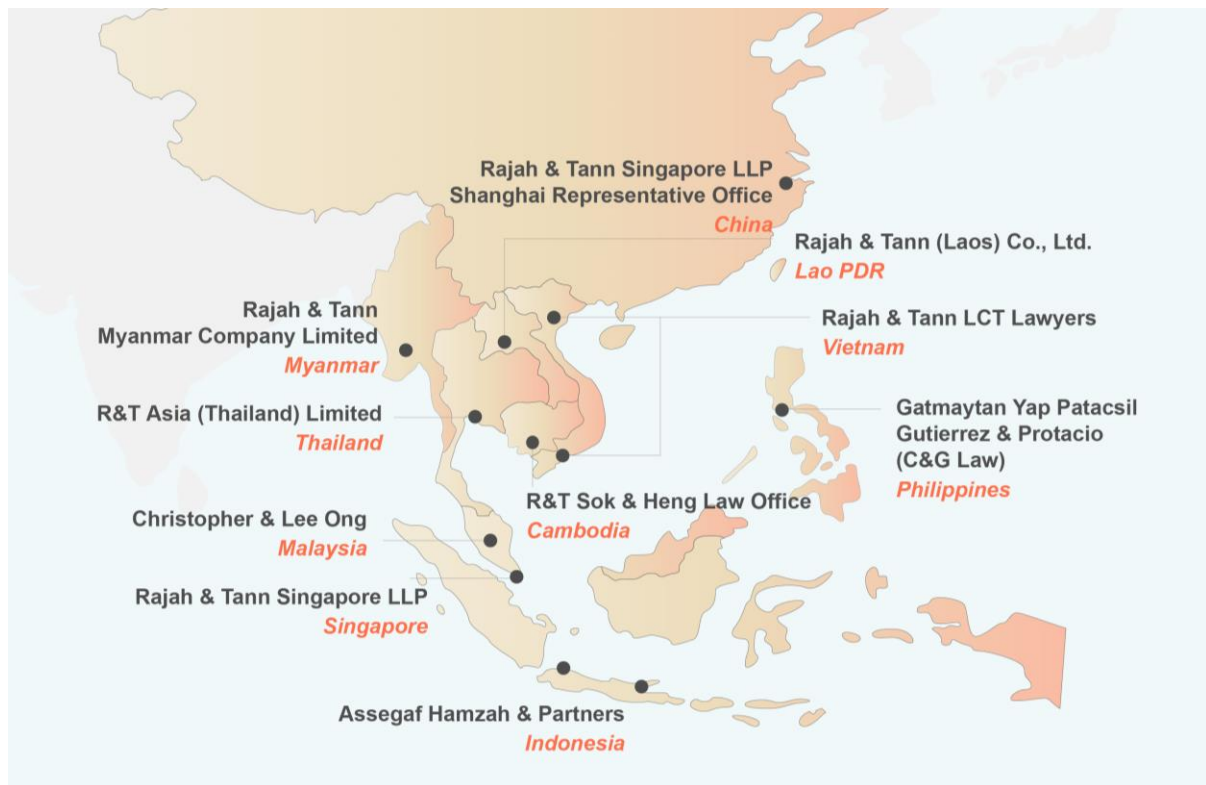
Hanoi Office

T +84 24 3267 6127
F +84 24 3267 6128
www.rajahtannlct.com

Rajah & Tann Asia is a network of legal practices based in South-East Asia. Member firms are independently constituted and regulated in accordance with relevant local legal requirements. Services provided by a member firm are governed by the terms of engagement between the member firm and the client.

This Update is solely intended to provide general information and does not provide any advice or create any relationship, whether legally binding or otherwise. Rajah & Tann Asia and its member firms do not accept, and fully disclaim, responsibility for any loss or damage which may result from accessing or relying on this Update.

Our Regional Presence



Based in Indonesia, and consistently gaining recognition from independent observers, Assegaf Hamzah & Partners has established itself as a major force locally and regionally and is ranked as a top-tier firm in many practice areas. Founded in 2001, it has a reputation for providing advice of the highest quality to a wide variety of blue-chip corporate clients, high net worth individuals, and government institutions.

Assegaf Hamzah & Partners is part of Rajah & Tann Asia, a network of local law firms in Singapore, Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Thailand and Vietnam. Our Asian network also includes regional desks focused on Brunei, Japan and South Asia.

The contents of this Update are owned by Assegaf Hamzah & Partners and subject to copyright protection under the laws of Indonesia and, through international treaties, other countries. No part of this Update may be reproduced, licensed, sold, published, transmitted, modified, adapted, publicly displayed, broadcast (including storage in any medium by electronic means whether or not transiently for any purpose save as permitted herein) without the prior written permission of Assegaf Hamzah & Partners.

Please note also that whilst the information in this Update is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as such information may not suit your specific business and operational requirements. It is to your advantage to seek legal advice for your specific situation. In this regard, you may call the lawyer you normally deal with in Assegaf Hamzah & Partners.