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Governance of organizations — Governance maturity model — Guidance

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Foreword

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The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO document should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

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This document was prepared by Technical Committee ISO/TC 309, *Governance of organizations*.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

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Introduction

The need for effective governance of all sizes and types of organizations is of increasing importance. This is evidenced by society's growing demands for organizations to demonstrate effective stewardship of the resources which they use and impact, beyond merely financial returns. Society and organizational stakeholders are demanding not only that governance failures be avoided, but that good governance outcomes are demonstrated. These expectations necessitate the existence of a standard against which an organization's governance can be measured and decisions can be made. This document provides an approach for organizations, and their stakeholders, to evaluate, compare and improve their governance over time such that the organization can achieve good governance outcomes.

In 2021, ISO adopted the first internationally agreed standard for the governance of organizations, ISO 37000, which set out governance conditions, governance principles and key aspects of practice, and governance outcomes for the governance of organizations. At that time, there was no internationally agreed approach by which to measure the governance of an organization in terms of ISO 37000. In the absence of such an approach to measurement, the identification of areas for improvement, the consistent assessment of an organization's governance maturity and an informed comparison with others were problematic. Governance maturity, in this context, reflects, for example, the degree of organizational responsiveness, agility and resilience in addressing changing operational conditions, while maintaining alignment with the organizational purpose and organizational values.

Figure 1 depicts the governance maturity aspects outlined in this document and which should be considered when evaluating governance maturity. These are the governance behaviour by the governing body when governing the organization, in accordance with ISO 37000, and the effectiveness and efficiency with which the governing body applies the ISO 37000 governance principles.

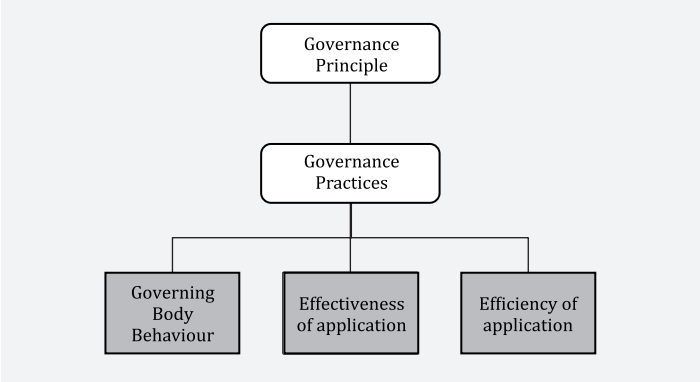

Figure 1 — Governance maturity aspects — Summary

This document provides a globally applicable means to measure the maturity of the governance of an organization and describes an internationally agreed maturity measurement framework and maturity model for the governance of organizations. It sets out guidance on measuring an organization's governance maturity, based on the ISO 37000 governance conditions and governance principles, and applies to all types and sizes of organizations no matter their location. It provides a standardized approach to determine the level of maturity level of the organization's governance conditions and the organization's application of the ISO 37000 governance principles, as well as providing examples of governance activities at each level.

Governance practices necessarily vary between organizations and should be selected and implemented according to the organization's specific and unique circumstances. These variations are due to factors including how long the organization has been in existence, the organizational context, the number of personnel the organization employs, the types of resources the organization uses, and laws and regulations applicable to the organization. This document is, therefore, not intended to assess the implementation of governance practices, nor the effectiveness of these governance practices. This document provides a basis for the evaluation of the application of the guidance provided by ISO 37000.

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Figure 2 provides an overview of the governance maturity model outlined in this document.

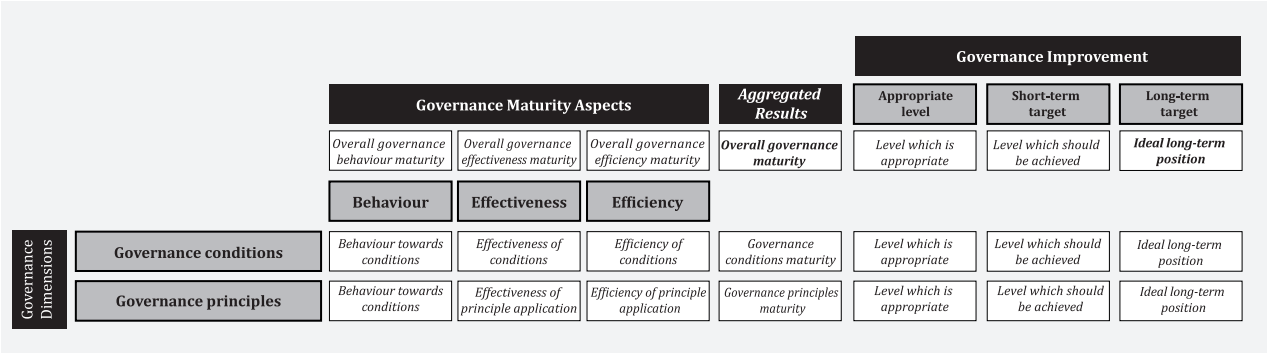

Figure 2 — Governance maturity model — Summary

When applying this document's governance maturity model to an organization, the results can be used to measure and evaluate the level at which the ISO 37000 governance guidance has been applied, in a consistent and standardized way.

Evaluations, by or on behalf of an organization, can:

— facilitate self-assessment;

— provide a basis for improvement;

— assist with addressing governance risks;

— be used as input for reports to stakeholders;

— provide a benchmark for comparison with others.

Reports of governance maturity evaluation results can assist:

— organizations to prioritize governance improvement activities;

— governing bodies to demonstrate accountability to their organizations;

— key stakeholders to hold an organization's governing body responsible for the continual improvement of the governance of the organization.

Results can therefore be used, for example, by an organization's:

— governing body to demonstrate the continual improvement of their governance of the organization;

— internal stakeholders, such as personnel, to enhance their confidence that the governance of their organization is appropriate, effective and defensible;

— external stakeholders, such as investors and regulators, for decision-making purposes.

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Governance of organizations — Governance maturity model — Guidance

1 Scope

This document gives guidance on evaluating the establishment of governance conditions and on the application of governance principles with consideration for the ISO 37000 key aspects of practice. It sets out the concept of governance maturity and its measurement and provides a governance maturity measurement framework, associated governance maturity scale and a governance maturity model.

This document is applicable to all types and sizes of organizations no matter their location.

2 Normative references

The following documents are referred to in the text in such a way that some or all of their content constitutes requirements of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ISO 37000, *Governance of organizations — Guidance*

3 Terms and definitions

For the purposes of this document, the terms and definitions given in ISO 37000 and the following apply.

ISO and IEC maintain terminology databases for use in standardization at the following addresses:

— ISO Online browsing platform: available at https://www.iso.org/obp

— IEC Electropedia: available at https://www.electropedia.org/

3.1 Governance and organization

3.1.1
likelihood
chance of something happening

[SOURCE: ISO 31000:2018, 3.7, modified — Notes 1 and 2 to entry deleted.]

3.1.2
governance charter
governance component which records a delegation agreement

Note 1 to entry: governance charters are called many different names depending on their purpose including committee terms of reference, job descriptions and role contracts.

3.2 Governance maturity

3.2.1
governance maturity model
means of and scale for evaluating and assessing the current state of governance maturity

[SOURCE: ISO/TR 13054:2012, 2.5, modified — “governance” added to the term and in the definition.]

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3.2.2
governance measurement framework
schema for use in characterizing the application of a governance principle

[SOURCE: ISO/IEC 33001:2015, 3.4.7, modified — "governance" replaced "process" in the term. "the application of a governance principle" replaced "process quality characteristic of an implemented process".]

3.2.3
governance behaviour
behaviour when governing an organization

3.2.4
practice
activity that, when consistently performed, contributes to achieving a specific process purpose or a specific process attribute

[SOURCE: ISO/IEC 33001:2015, 3.3.6, modified — "generic" deleted from the term, "achieving a specific process purpose or a specific process attribute" replaced "the achievement of a specified process attribute".]

3.2.5
governance component review
examination of a governance component to ensure that the governance component continues to fulfil its purpose

3.2.6
procedure
specified way to carry out an activity or a process

Note 1 to entry: Procedures can be documented or not.

[SOURCE: ISO 9000:2015, 3.4.5]

4 Governance maturity aspects

4.1 General

The purpose of evaluating governance maturity is to determine the level of certainty stakeholders can have in the ability of the governing body to govern the organization such that the organization achieves the intended governance outcomes. These governance outcomes are defined in ISO 37000 as:

— effective performance;

— responsible stewardship;

— ethical behaviour.

Governance maturity, in this document, involves an organization's governing body establishing appropriate governance conditions, adopting governance principles as well as applying governance principles in practice. The governance maturity aspects are written in terms of the application of the ISO 37000 governance principles based on the use of the defined key aspects of practice. These governance maturity aspects are equally applicable to the establishment of appropriate governance conditions based on the use of the guidance provided in ISO 37000.

The way in which a governing body applies a governance principle is comprised of the following governance maturity aspects:

— the governing body's governance behaviour;

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