

***DRAFT FOR COMMENTS ONLY***

***BUREAU OF INDIAN STANDARDS***

***Draft Indian Standard***

***Governance of organizations — Governance maturity model***

(ICS 03.100.02)

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**NATIONAL FOREWORD**

(Formal Clauses will be added later.)

The text of the International Standard has been approved as suitable for publication as an Indian Standard without deviations. Certain conventions are, however, not identical to those used in Indian Standards. Attention is particularly drawn to the following:

- a) Wherever the words ‘International Standard’ appear referring to this standard, they should be read as ‘Indian Standard’.

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**NOTE:** FOR COMPLETE TEXT OF THE DOCUMENT, KINDLY REFER TO ISO 37004: 2023 OR CONTACT:

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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 the tools 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.

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. © ISO 2023 – All rights reserved v

ISO/FDIS 37004:2023(E) Figure 2 provides an overview of the governance maturity model outlined in this document.

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.

## **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.