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Governance of organizations — Guidance

Gouvernance des organismes — Recommandations



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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

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 documents 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).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT), see www.iso.org/iso/foreword.html.

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.

Introduction

The pursuit of purpose is at the centre of all organizations and is, therefore, of primary importance for the governance of organizations. Good governance of organizations lays the foundation for the fulfilment of the purpose of the organization in an ethical, effective and responsible manner in line with stakeholder expectations. The organizational outcomes of this good governance are:

- effective performance;
- responsible stewardship;
- ethical behaviour.

Good governance means that decision-making within the organization is based on the organization's ethos, culture, norms, practices, behaviours, structures and processes. Good governance creates and maintains an organization with a clear purpose that delivers long-term value consistent with the expectations of its relevant stakeholders. The implementation of good governance is based on leadership, values, and a framework of mechanisms, processes and structures that are appropriate for the organization's internal and external context.

This guidance is directed at governing bodies and governing groups but can also be useful to those that support them in discharging their duties such as:

- personnel;
- governance practitioners;
- other interested stakeholders.

Organizations that use this guidance will be better equipped to understand the expectations of their stakeholders and to apply the creativity, culture, principles and performance required to deliver the objectives of the organization according to its purpose and values. Their governing bodies will hold management to account and ensure that the culture, norms and practices in the organization align with the organization's purpose and values.

This guidance sets out governance principles that will assist governing bodies in discharging their duties effectively, prudently and efficiently, while enhancing trust, inclusion, accountability, legitimacy, responsiveness, transparency and fairness. Governing bodies that apply this guidance can expect that the organizations they govern will realize effective performance, responsible stewardship and ethical behaviour.

When organizations use this document, stakeholders across countries and sectors can have increased confidence that the governing bodies of these organizations are responsible, accountable, fair and transparent, they act with probity and make decisions which are risk-based and informed by:

- credible information and reliable data;
- stakeholders' expectations;
- compliance obligations;
- ethical and societal expectations, including those anticipated for future generations;
- impacts, and reliance, on the natural environment.

The benefits of good governance can apply to:

- a) the organization itself;
- b) member stakeholders;
- c) other stakeholders.

Examples of the value generated by good governance include the following.

- Improved long-term stakeholder value generation: Good governance promotes effective oversight of the organization and thus helps to ensure alignment between the organizational purpose, strategy, activities, and the United Nations Sustainable Development Goals (UN SDGs)^[15]. This improves long-term stakeholder value generation.
- Effective resource stewardship: Effective stakeholder engagement, protected disclosures (whistleblowing) and mediation, appropriate executive authority limits, consistent terminology, transparent decision-making and accountability, all contribute to improved stakeholder confidence that the organization is stewarding resources in a responsible manner.
- Improved organizational resilience and performance: The organization is able to remain resilient when negatively impacted by its changing context and realize valuable opportunities as a result of these changes via good governance practices. These practices include adapting strategy, ethical leadership, effective succession planning, clear delegation of authority and responsibilities, and oversight of risk management and internal controls.
- Improved decision-making effectiveness: With the increasing rate of change and complexity within which organizations operate, good governance promotes holistic consideration of the organization, its purpose, and the context within which it operates, resulting in improved decision-making. Clarity of accountability, responsibilities and delegated authority are good governance practices, which increase the speed of organizational decision-making, action and outcomes.
- Improved personnel composition and retention: People who are motivated not only by financial interests, but also by the organizational purpose and by intangible organizational values such as fairness and transparency, are attracted to organizations demonstrating good governance practices, such as effective and ethical leadership.
- Increased investor and creditor confidence: Effective leadership and oversight, holistic decision-making, transparency and effective stakeholder relations, sustainability considerations and certainty of compliance management all contribute to increased confidence in the organization. In turn, this can improve access to capital and reduce the cost of capital.
- Increased value of intangible assets: Transparency with stakeholders and responsible organizational behaviour (corporate citizenship) contribute to the value of the organization's intangible assets such as reputation, public image, public confidence and goodwill.

Finally, good governance includes actions by the governing body (e.g. creating governance policies) to direct their organizations to provide stakeholders with transparent, clear and concise reports and access to information. This allows regulators and society, through their duly appointed representatives, to evaluate the organization's positive and negative natural environmental, social and economic impacts. Good governance further affords stakeholders the opportunity to hold organizations to account, benchmark their results, highlight inappropriate practices, and monitor organizational impacts on society, the economy and the natural environment.

The governance of organizations is enabled by the application of principles that help the organization fulfil its organizational purpose and, in doing so, generate value for the organization and its stakeholders.

[Figure 1](#) provides an overview of the governance of organizations and the principles and governance outcomes outlined in this document. These components can already exist in full or in part within the organization. However, at times they need to be adapted or improved so that the governance of the organization remains effective, efficient, and appropriate for its unique and dynamic nature and context.

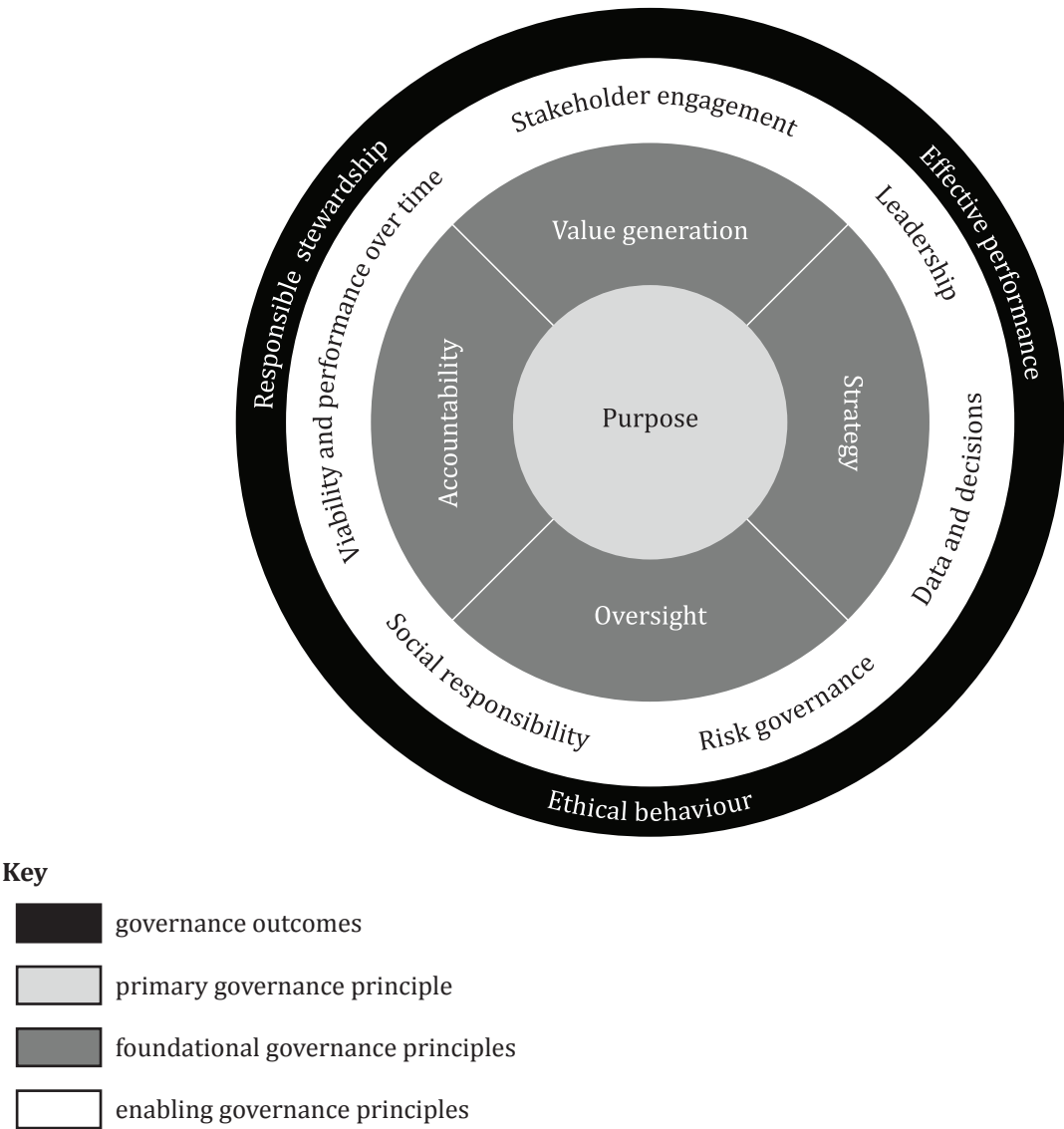


Figure 1 — Governance of organizations — Overview

Governance of organizations — Guidance

1 Scope

This document gives guidance on the governance of organizations. It provides principles and key aspects of practices to guide governing bodies and governing groups on how to meet their responsibilities so that the organizations they govern can fulfil their purpose. It is also intended for stakeholders involved in, or impacted by, the organization and its governance.

It is applicable to all organizations regardless of type, size, location, structure or purpose.

2 Normative references

There are no normative references in this document.

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

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

- ISO Online browsing platform: available at <https://www.iso.org/obp>
- IEC Electropedia: available at <http://www.electropedia.org/>

3.1 Governance and organization

3.1.1

governance of organizations

human-based system by which an *organization* (3.1.3) is directed, overseen and held accountable for achieving its defined purpose

3.1.2

organizational governance framework

strategies, *governance policies* (3.2.9), decision-making structures and *accountabilities* (3.2.2) through which the *organization's* (3.1.3) governance arrangements operate

3.1.3

organization

person or group of people that has its own functions with *responsibilities* (3.2.3), authorities and relationships to achieve its objectives

Note 1 to entry: The concept of organization includes, but is not limited to, sole-trader, company, corporation, firm, enterprise, authority, partnership, charity or institution, or part or combination thereof, whether incorporated or not, public or private.

[SOURCE: ISO 37301:2021, 3.1, modified — Note 2 to entry has been deleted.]

3.1.4

organizational entity

organization (3.1.3) that has a distinct and independent existence

Note 1 to entry: In some cases, an organizational entity can be a legal entity.

3.1.5

constituting documents

authoritative and unique set or collection of documents that establishes the *organization's* (3.1.3) existence and *accountability* (3.2.2) as amended from time to time

Note 1 to entry: Documents vary depending on the type and location of the organization, and can include a deed of incorporation, articles of association or charter.

3.1.6

risk

effect of uncertainty on objectives

Note 1 to entry: An effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats.

Note 2 to entry: Objectives can have different aspects and categories, and can be applied at different levels.

Note 3 to entry: An objective can be expressed in other ways, e.g. as an intended outcome.

[SOURCE: ISO 31000:2018, 3.1, modified — Note 3 to entry has been replaced.]

3.1.7

risk appetite

amount and type of *risk* (3.1.6) that an *organization* (3.1.3) is willing to pursue or retain

[SOURCE: ISO Guide 73:2009, 3.7.1.2]

3.1.8

risk criteria

terms of reference against which the significance of a *risk* (3.1.6) is evaluated

Note 1 to entry: Risk criteria are based on organizational objectives, and external and internal context.

Note 2 to entry: Risk criteria can be derived from standards, laws, policies and other requirements.

[SOURCE: ISO Guide 73:2009, 3.3.1.3]

3.1.9

risk tolerance

organization's (3.1.3) or *stakeholder's* (3.3.1) readiness to bear the *risk* (3.1.6) after *risk treatment* (3.1.11) in order to achieve its objectives

Note 1 to entry: Risk tolerance can be influenced by legal or regulatory requirements.

[SOURCE: ISO Guide 73:2009, 3.7.1.3]

3.1.10

level of risk

magnitude of a *risk* (3.1.6) or combination of risks, expressed in terms of the combination of consequences and their likelihood

[SOURCE: ISO Guide 73:2009, 3.6.1.8]

3.1.11

risk treatment

process to modify *risk* (3.1.6)

Note 1 to entry: Risk treatment can involve:

- avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk;
- taking or increasing risk in order to pursue an opportunity;
- removing the risk source;

- changing the likelihood;
- changing the consequences;
- sharing the risk with another party or parties (including contracts and risk financing); and
- retaining the risk by informed decision.

Note 2 to entry: Risk treatments that deal with negative consequences are sometimes referred to as “risk mitigation”, “risk elimination”, “risk prevention” and “risk reduction”.

Note 3 to entry: Risk treatment can create new risks or modify existing risks.

[SOURCE: ISO Guide 73:2009, 3.8.1]

3.2 Principles and outcomes

3.2.1

principle

fundamental truth, proposition or assumption that serves as foundation for a set of beliefs or behaviours or for a chain of reasoning

[SOURCE: BS 13500:2013, 2.14, modified — The singular form has been used.]

3.2.2

accountability

obligation to another for the fulfilment of a *responsibility* (3.2.3)

Note 1 to entry: The obligation includes the duty to inform and to explain the manner in which the responsibility was fulfilled.

Note 2 to entry: The non-fulfilment of a responsibility has consequences that can be enforced on the accountable party.

3.2.3

responsibility

obligation to act and take decisions to achieve required outcomes

[SOURCE: ISO/IEC 38500:2015 2.22]

3.2.4

delegation

assignment of authority and *responsibility* (3.2.3) from one that holds them to another

3.2.5

compliance

meeting all the *organization's* (3.1.3) *compliance obligations* (3.2.6)

[SOURCE: ISO 37301:2021, 3.26]

3.2.6

compliance obligations

requirements that an *organization* (3.1.3) mandatorily has to comply with as well as those that an organization voluntarily chooses to comply with

[SOURCE: ISO 37301:2021, 3.25]

3.2.7

ethical behaviour

behaviour that is in accordance with accepted *principles* (3.2.1) of right or good conduct in the context of a particular situation and is consistent with *international norms of behaviour* (3.2.8)

[SOURCE: ISO 26000:2010, 2.7]

3.2.8

international norms of behaviour

expectations of socially responsible organizational behaviour derived from customary international law, generally accepted *principles* (3.2.1) of international law, or intergovernmental agreements that are universally or nearly universally recognized

Note 1 to entry: Intergovernmental agreements include treaties and conventions.

Note 2 to entry: Although customary international law, generally accepted principles of international law and intergovernmental agreements are directed primarily at states, they express goals and principles to which all *organizations* (3.1.3) can aspire.

Note 3 to entry: International norms of behaviour evolve over time.

[SOURCE: ISO 26000:2010, 2.11]

3.2.9

governance policy

intentions and direction of an *organization* (3.1.3), as formally expressed by its *governing body* (3.3.4)

3.2.10

organizational purpose

organization's (3.1.3) meaningful reason to exist

Note 1 to entry: The organizational purpose is the ultimate value the organization intends to generate for specified *stakeholders* (3.3.1).

Note 2 to entry: The organizational purpose guides the performance objectives and provides clear context for daily decision-making by relevant stakeholders.

3.2.11

organizational values

beliefs about desirable outcomes or actions defined by the *organization* (3.1.3) as good and important, to be explicitly or implicitly shared and applied by the organization

3.2.12

social responsibility

responsibility (3.2.3) of an *organization* (3.1.3) for the impacts of its decisions and activities on society and the environment, through transparent and *ethical behaviour* (3.2.7) that:

- contributes to *sustainable development* (3.2.14), including the health and the welfare of society;
- takes into account the expectations of *stakeholders* (3.3.1);
- is in *compliance* (3.2.5) with applicable law and consistent with *international norms of behaviour* (3.2.8);
- is integrated throughout the organization and practised in its relationships.

Note 1 to entry: Activities include products, services and processes.

Note 2 to entry: Relationships refer to an organization's activities within its sphere of influence.

[SOURCE: ISO 26000:2010, 2.18]

3.2.13

sustainability

state of the global system, including environmental, social and economic aspects, in which the needs of the present are met without compromising the ability of future generations to meet their own needs

Note 1 to entry: The environmental, social and economic aspects interact, are interdependent and are often referred to as the three dimensions of sustainability.

Note 2 to entry: Sustainability is the goal of *sustainable development* (3.2.14).

[SOURCE: ISO Guide 82:2019, 3.1]

3.2.14

sustainable development

development that meets the needs of the present without compromising the ability of future generations to meet their own needs

Note 1 to entry: Sustainable development is about integrating the goals of a high quality of life, health and prosperity with social justice and maintaining the earth's capacity to support life in all its diversity. These social, economic and environmental goals are interdependent and mutually reinforcing. Sustainable development can be treated as a way of expressing the broader expectations of society as a whole.

[SOURCE: ISO 26000:2010, 2.23]

3.3 Roles

3.3.1

stakeholder

person or *organization* (3.1.3) that can affect, be affected by, or perceive itself to be affected by a decision or activity

Note 1 to entry: Depending on the nature of the organization, stakeholders can include *member stakeholders* (3.3.2) and other stakeholders, including customers, regulators, suppliers and employees.

Note 2 to entry: In ISO management system standards, a stakeholder can be referred to as an “interested party”.

[SOURCE: ISO 37301:2021, 3.2, modified — The term “interested party” has been deleted. Notes 1 and 2 to entry have been added.]

3.3.2

member stakeholder

stakeholder (3.3.1) who has a legal obligation or defined right to make decisions in relation to the *governing body* (3.3.4) and to whom the governing body is to account

Note 1 to entry: These rights or obligations are often recorded in the *organization's* (3.1.3) *constituting documents* (3.1.5), laws and/or regulations.

Note 2 to entry: These decisions can include, for example, the determination of the composition of the governing body or the parameters within which the governing body is to make decisions.

Note 3 to entry: Governing bodies account to these stakeholders for the organization's outcomes as well as the governing body's performance.

Note 4 to entry: Member stakeholders are often referred to, and can include, shareholders and members of an organization.

3.3.3

reference stakeholder

stakeholder (3.3.1) to whom the *governing body* (3.3.4) has decided to account to when making decisions pertaining to the *organizational purpose* (3.2.10)

EXAMPLE Scientific advisory board to a research organization, parents of the pupils in a school, community advisory boards for companies.

Note 1 to entry: In some cases, a *member stakeholder* (3.3.2) can also be a reference stakeholder.

3.3.4

governing body

person or group of people who have ultimate *accountability* (3.2.2) for the whole *organization* (3.1.3)

Note 1 to entry: Every *organizational entity* (3.1.4) has one governing body, whether or not it is explicitly established. When the organization is not an organizational entity, the term *governing group* (3.3.5) is applicable where “governing body” is used throughout this document.

Note 2 to entry: A governing body can be explicitly established in a number of formats including, but not limited to, a board of directors, supervisory board, sole director, joint and several directors, or trustees.

Note 3 to entry: ISO management system standards make reference to the term “top management” to describe a role that, depending on the standard and organizational context, reports to, and is held accountable by, the governing body.

3.3.5

governing group

person or group of people who govern an *organization* (3.1.3)

Note 1 to entry: In some cases, the governing group can include executive managers or persons who have a top management role, while keeping management and governance roles distinct.

Note 2 to entry: In some cases, the governing group can include a person or group of people representing an *organizational entity* (3.1.4).

Note 3 to entry: Where an organization spans multiple organizational entities, it is governed by a governing group. Additionally, where an organization exists wholly within an organizational entity (e.g. a subsidiary company or department), it has a governing group that is responsible for maintaining the organizational entity’s integrated governance.

Note 4 to entry: ISO management system standards make reference to the term “top management” to describe a role that, depending on the standard and organizational context, reports to, and is held accountable by, a governing group.

3.3.6

personnel

organization’s (3.1.3) directors, officers, employees, temporary staff or workers, and volunteers

[SOURCE: ISO 37001:2016, 3.25, modified — Notes 1 and 2 to entry have been deleted.]

4 The governance of organizations

4.1 General

All stakeholders expect that organizations, especially those that directly impact their lives, are well governed. This results in the need to develop a common understanding of what constitutes the governance of organizations across all jurisdictions. Therefore, a global consensus-based approach is needed.

This document defines governance conditions (established in this clause), principles and recommends key aspects of practice that can guide those governing organizations to understand and fulfil their responsibilities, so that the organization that they govern can fulfil its purpose. This guidance is for the members of the governing body and governing groups, those they oversee and those to whom the governing body is accountable. It is also intended for stakeholders involved in, or impacted by, the governance of organizations.

Governance of organizations is a human-based system by which an organization is directed, overseen and held accountable for achieving its defined organizational purpose. At its core this includes:

- a) setting and committing to the organizational purpose and organizational values;
- b) determining the organization’s approach to value generation;

- c) directing and engaging with strategy to generate value;
- d) overseeing that the organization performs and behaves according to the expectations set by the governing body;
- e) demonstrating accountability for this performance and behaviour.

NOTE [Table 1](#) provides further detail.

4.2 Integrated governance

4.2.1 General

Governance is exercised throughout the organization by governing groups, including:

- member stakeholders;
- the governing body;
- managers;
- other internal functions of the organization.

The governing body is accountable for establishing and maintaining an integrated organizational governance framework across the organization that coordinates these governance activities such that the organization realizes effective performance, responsible stewardship and ethical behaviour. This organizational governance framework should ensure that decision-makers have appropriate authority, competence and resources for the responsibilities given to them. Effective delegation and transparent decision-making empower personnel to act appropriately, resulting in a more resilient and agile organization. Controls and subsequent improvement actions should be planned and implemented to ensure that the governance system remains adequate for the organization's purpose.

4.2.2 Governance and delegation

The governing body can delegate but still remains accountable for what it has delegated and always remains responsible for the organization as a whole.

When delegating, the governing body should delegate in a manner which increases trust and transparency. For delegation and accountability (see [6.5](#)) to be effective, the governing body should ensure that the following conditions are fulfilled:

- a) expected outcomes are negotiated, specified and agreed;
- b) required resources are available;
- c) authority matches the level of responsibility, which includes the autonomy to make and fulfil plans to achieve the agreed outcomes within the established parameters;
- d) outputs, outcomes and the processes to achieve the responsibilities are periodically reported and presented with evidence that actions taken are reasonable and appropriate;
- e) consequences, such as sanctions, for the non-fulfilment of a responsibility or non-adherence to established parameters are enforceable.

No one should be held accountable for matters over which they have no authority or for which expectations have not been stated or agreed.

Accountable people can delegate to others. However, it should be made clear that those who delegate remain accountable for their delegate's use of that authority.

Delegation should be formalized together with the appropriate assurance processes. Limits of decision-making authority should be applied in response to assessed risk.

4.2.3 Governance and management

“Governance” and “management” are distinct, necessary and complementary activities that interact and influence one another. Governance involves setting and being accountable for the organization’s fulfilment of its purpose within the parameters set for the organization, whereas management is about fulfilling the associated objectives by making choices within those parameters. The governing body should ensure the clarity of roles and responsibilities of all involved and hold accountable those to whom they delegate.

The degree of separation of duties between the governing body and managers varies according to organizational needs and circumstances. In certain circumstances, such as an executive member of the governing body, an individual can be required to fulfil both governance and management responsibilities. In such cases, it is important for that person to be able to distinguish when they are fulfilling the different responsibilities and act and behave accordingly.

This document provides guidance on the governance of organizations and complements management standards. It does this by defining and guiding the role and functioning of the governance of the organization.

4.2.4 Governance and sustainability

The aim of governance, and the duty of the governing body, is to create the conditions for, and to enable, the organization to perform over time, such that it fulfils its organizational purpose and generates value as intended. An organization can be said to be contributing to sustainable development, and to be sustainable, when it generates value in a manner that meets the needs of the present without compromising the ability of future generations to meet their own needs. By aligning an organization’s governance with sustainable development, e.g. via the UN SDGs^[15], governing bodies help create the conditions for an organization’s future success. As a result, governing bodies should ensure that sustainable development and sustainability are fundamental considerations when governing and applying the governance principles in this document.

4.2.5 Governance and stakeholders

The governing body should treat, and ensure that the organization treats, all stakeholders fairly and should consider the expectations of relevant stakeholders. The governing body should ensure that the organizational purpose (see 6.1) and the intended value to be generated (see 6.2) are defined through engagement with member, reference and other relevant stakeholders.

While not defined as stakeholders, the natural environment and society as a whole should also be considered by the governing body in its decision-making because they affect or will be affected by the organization’s activities.

4.3 The governing body

4.3.1 Composition and structure

The composition and structure of the governing body will vary between organizations. However, the governing body, as a collective, should remain suitably equipped to fulfil its role. Appointments to the governing body should be transparent to stakeholders and consider:

- competence (relevant knowledge and understanding, skills and experience);
- diversity and inclusion;
- independence of thought and action;
- capacity;
- probity;

— commitment.

Depending on the size of the organization, governing bodies can create committees to help them fulfil their obligations. These committees can be statutory or voluntary. In either case, they should provide the governing body with additional capacity, skills, independence, diversity and/or stakeholder representation. If a governing body makes use of supporting committees, the governing body should ensure that it effectively delegates the necessary responsibilities and authority to such committees.

At all times, the governing body should act collectively, performing many interrelated activities in order to exercise its authority and fulfil its accountability. Members of the governing body should act with probity and in the best interests of the organization while applying the principles in this document.

4.3.2 Competence

Governing body members should continuously improve their competency regarding the organization's activities, legal requirements and, more broadly, the organization's context. This improving capability, together with regular reviews of governance practices, should ensure a continually improving governance environment.

The governing body should:

- a) ensure it has the right combination of knowledge, skills and experience to understand the operations of the organization and the markets in which it operates;
- b) develop, and competently use, appropriate criteria for measurement that will indicate progress towards the fulfilment of the organizational purpose, within the set parameters, via the organizational strategy;

NOTE 1 Criteria for organizational performance can also include comparative measures with other similar partners or competitive organizations.

- c) set an expectation of the appropriate quality and quantity of measurement and timeliness of delivery when establishing objectives;
- d) assess its own competence, structures and processes, including drawing on the support of experienced, independent professionals, with respect to, for example, the adequacy of its effectiveness, efficiency, composition and its member succession plans;

NOTE 2 Such assessment can include the application of a maturity model as a means of indicating progress towards a desired level of competence.

NOTE 3 In assessing its competence, the governing body should include utilizing internal audit, where feasible, to provide assurance that the governance system is appropriately designed and operating as intended.

- e) report on the process and outcomes of assessments to relevant stakeholders (see [6.5.3](#)).

5 Overview

The guidance in this document provides key governance conditions (see [Clause 4](#)) and a set of governance principles to be applied in an integrated and concurrent manner (see [Clause 6](#)) to realize the described governance outcomes. These principles are central to the governance of organizations. They are structured as primary, foundational and enabling principles which indicate their role in the governance of organizations, as depicted in [Figure 2](#).

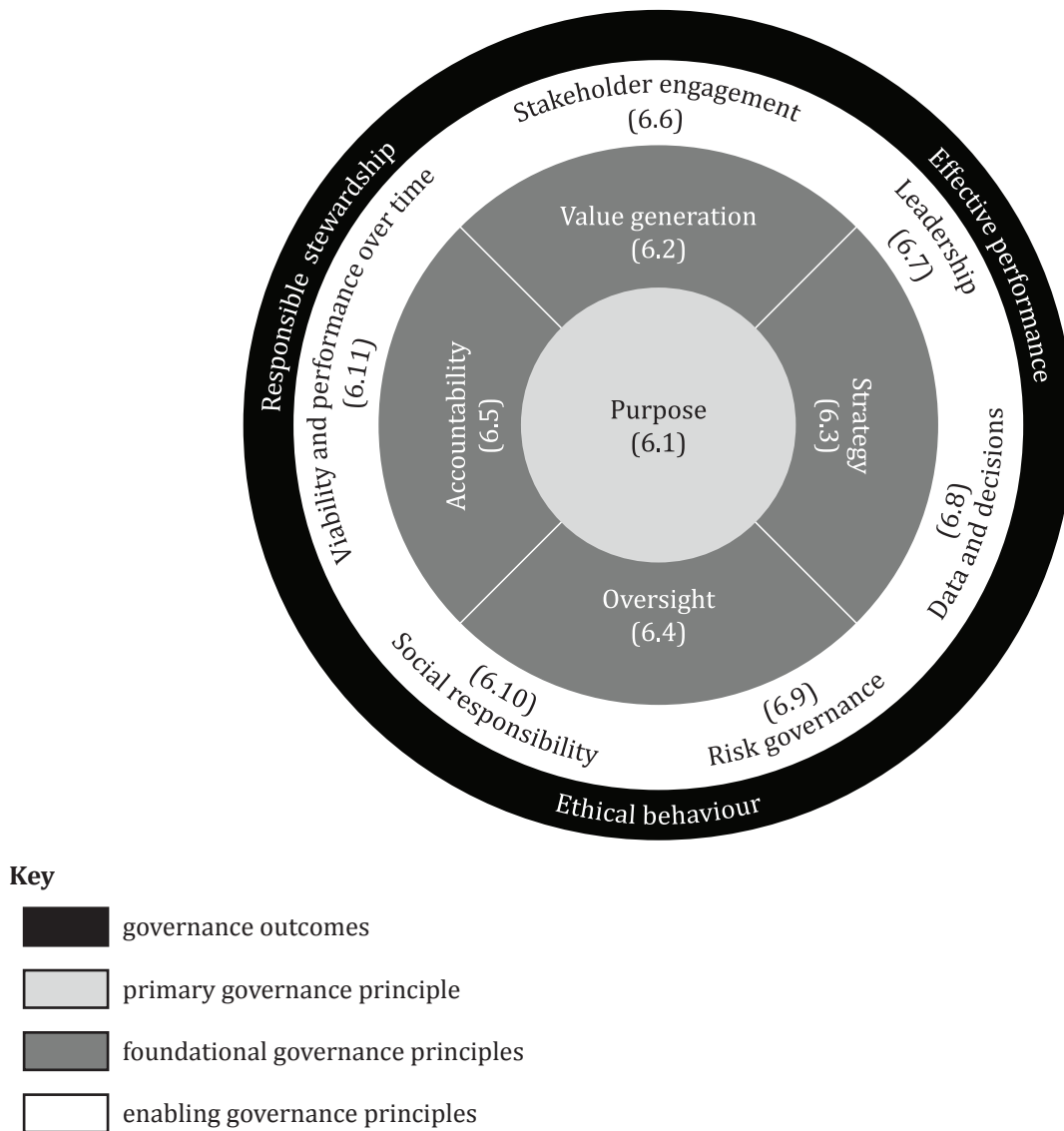


Figure 2 — Governance of organizations — Principles and outcomes

When the governing body applies the guidance in this document, it enables the organization to realize the following key governance outcomes and as a result contribute to sustainable development.

- a) Effective performance — The organization:
 - 1) is true to its purpose;
 - 2) performs as required;
 - 3) generates value for stakeholders;
 - 4) remains in alignment with its policies and relevant stakeholder expectations.
- b) Responsible stewardship — The organization:
 - 1) makes use of resources in a responsible manner;
 - 2) effectively balances positive and negative impacts;
 - 3) considers the global context;

- 4) ensures its contribution to sustainable development;
 - 5) engenders the trust and confidence of the communities within which it operates, and beyond.
- c) Ethical behaviour — The organization behaves in accordance with accepted principles of right or good conduct in the context of a particular situation and in a manner consistent with international norms of behaviour, including demonstrating:
- 1) an ethical culture;
 - 2) accountability through accurate and timely reporting on its performance and stewardship of resources;
 - 3) fairness in the treatment of, and engagement with, stakeholders;
 - 4) integrity and transparency in fulfilling its obligations, and commitments;
 - 5) competence and probity in the manner in which it makes decisions.

[Table 1](#) describes the structure of the governance principles and lists the principles associated with each category. All principles should be applied, and applied concurrently.

Table 1 — Organizational governance principles overview

Category	Category description	Principle	Principle statement
Primary	<p>The pursuit of purpose is at the centre of all organizations and of primary importance for the governance of organizations.</p> <p>Therefore, this principle is the primary consideration for governance and the central point of all the other principles in this document. All other principles are to be read in the context of the application of this principle.</p>	Purpose (6.1)	The governing body should ensure that the organization's reason for existence is clearly defined as an organizational purpose. This organizational purpose should define the organization's intentions towards the natural environment, society and the organization's stakeholders. The governing body should also ensure that an associated set of organizational values is clearly defined.
Foundational	<p>The four foundational governance principles are the essence to ensuring that effective governance of an organization takes place.</p> <p>Core to the ability to effectively govern an organization is:</p> <ul style="list-style-type: none"> — determining the organization's approach to value generation; — directing and engaging with strategy to generate that value; — overseeing that the organization performs and behaves according to the expectations set by the governing body; — demonstrating accountability for the organization's performance, behaviour, decisions and activities. 	Value generation (6.2)	The governing body should define the organization's value generation objectives such that they fulfil the organizational purpose in accordance with the organizational values and the natural environment, social, and economic context within which it operates.
		Strategy (6.3)	The governing body should direct and engage with the organizational strategy, in accordance with the value generation model, to fulfil the organizational purpose.
		Oversight (6.4)	The governing body should oversee the organization's performance to ensure that it meets the governing body's intentions for, and expectations of, the organization, its ethical behaviour and its compliance obligations.
		Accountability (6.5)	The governing body should demonstrate its accountability to the organization as a whole and hold to account those to whom it has delegated.

Table 1 (continued)

Category	Category description	Principle	Principle statement
Enabling	The six enabling principles address the governance responsibilities pertinent to today's organizations – to meet evolving stakeholder expectations and the changing natural environment, social and economic context.	Stakeholder engagement (6.6)	The governing body should ensure that the organization's stakeholders are appropriately engaged and their expectations considered.
		Leadership (6.7)	The governing body should lead the organization ethically and effectively and ensure such leadership throughout the organization.
		Data and decisions (6.8)	The governing body should recognize data as a valuable resource for decision-making by the governing body, the organization and others.
		Risk governance (6.9)	The governing body should ensure that it considers the effect of uncertainty on the organizational purpose and associated strategic outcomes.
		Social responsibility (6.10)	The governing body should ensure that decisions are transparent and aligned with broader societal expectations.
		Viability and performance over time (6.11)	The governing body should ensure that the organization remains viable, and performs over time, without compromising the ability of current and future generations to meet their needs.

This document provides key aspects of practice that guide governing bodies in their application of the governance principles. These key aspects are not intended to provide an exclusive list of practices.

When applying the governance principles and deciding how to appropriately implement the practices, the governing body should take into consideration the unique and dynamic nature of the organization and its context, including the following:

- organizational purpose and organizational values;
- legal, regulatory, natural environment, social and economic context;
- expectations of relevant stakeholders, particularly member and reference stakeholders;
- characteristics of the organization such as organizational type, structure, size, interdependencies, complexity, culture and its expected future progression;
- value generation model and organizational strategy;
- commitments and obligations associated with organizational activities and value generation processes;
- functional requirements of the organizational governance framework.

Governing bodies should ensure that they realize the described governance outcomes through intentionally implementing the practices.

Finally, the governing body should report honestly and transparently to relevant stakeholders on the organizational governance framework. This includes reporting:

- on the way it has implemented the key aspects of practices in this document and any other practices used to apply the principles;

— its assessment of the governance outcomes achieved.

In doing so, the governing body provides indications of the organization's governance maturity, among other insights.

6 Principles of governance

6.1 Purpose

6.1.1 Principle

The governing body should ensure that the organization's reason for existence is clearly defined as an organizational purpose. This organizational purpose should define the organization's intentions towards the natural environment, society and the organization's stakeholders. The governing body should also ensure that an associated set of organizational values is clearly defined.

6.1.2 Rationale

A clearly articulated organizational purpose is necessary to ensure that all organizational activities are aligned with the organization's reason for existence. It is also necessary that the organizational purpose, and the parameters within which the organizational purpose is to be pursued, are determined on the basis of a clearly defined set of organizational values. A clearly articulated organizational purpose, with aligned organizational activities, and a well-established set of organizational values:

- a) creates clarity for the organization's stakeholders on the organization's intentions, behaviours, decisions and activities in relation to them;
- b) provides stakeholders with an understanding of the organization's identity;
- c) creates a point of reference for efficient and agile decision-making;
- d) provides a framework within which plans are created and executed in a focused manner, avoiding unnecessary distractions;
- e) enacts organizational values, which provides the foundation for the organization's culture;
- f) provides the governing body with a basis on which to define the value that the organization aims to generate for its stakeholders and the manner for doing so;
- g) provides a basis on which stakeholders can assess the organization's outcomes and the achievement of stated objectives.

6.1.3 Key aspects of practice

6.1.3.1 General

The governing body should ensure that the organizational purpose and organizational values are defined, communicated and embedded.

6.1.3.2 Define the organizational purpose

Defining the organizational purpose involves identifying the issues and stakeholders for which the organization exists to serve and the negative impacts that are to be avoided. When identifying these, the governing body should ensure that the following are considered:

- a) existing documentation relating to the organizational purpose and the scope of the organization's activities, such as constituting documents or other artefacts;

- b) the historic, current and aspirational core identity of the organization, including the organizational values and expected ethical behaviour;
- c) important issues including global threats that evolve over time (e.g. climate change);
- d) member, reference and other relevant stakeholder expectations;
- e) organizational capabilities and opportunities.

The governing body should ensure that:

- the essence of the organizational purpose is documented in a summary statement to promote effective communication and to assess and determine organization-wide actions and success;
- the organizational purpose is available to all stakeholders and reflected in the constituting documents where possible;
- the organizational purpose is core to its governance practices, deliberations and decision-making;
- the organizational purpose remains dynamic and sensitive to the changing context within which the organization operates.

NOTE An organizational purpose statement can require further interpretation and elaboration once the governing body has defined the organization's strategic and value generation objectives. This assists stakeholders to better understand its meaning and consequences.

6.1.3.3 Define the organizational values

When defining the organizational values, the governing body should ensure that:

- a) all relevant stakeholders are engaged;
- b) it is clear what ethical behaviour is expected as a result of the organizational values;
- c) the expected ethical behaviour can be assessed;
- d) the governing body itself understands the consequences of unethical behaviour including bribery, fraud and corruption;
- e) corrective action can be taken.

NOTE The organizational values can be expressed via, for example, a code of conduct, code of ethics and/or a compliance policy.

Having defined the organizational values, the governing body should ensure that these organizational values are being demonstrated and are an active part of decision-making. The governing body should use these organizational values to determine the manner in which the organizational purpose is to be pursued and the value generation objectives are to be achieved (see [6.2](#)). The governing body remains responsible for ensuring that the organizational values are monitored and reviewed, and should assess whether the organizational values remain aligned to, and support, the organizational purpose. The effectiveness of the organizational values will be evident in the culture of the organization.

6.1.3.4 Commit to the organizational purpose and values

The governing body is accountable for ensuring that the organization fulfils the defined organizational purpose and should ensure that the organization does so in a manner which demonstrates the defined organizational values.

The governing body should ensure that the organizational purpose and organizational values and their centrality are effectively communicated throughout the organization and are available to the organization's stakeholders.

Furthermore, the governing body, and its members, should demonstrate commitment to the organizational purpose and values by leading the organization to fulfil its organizational purpose and behaving in accordance with the organizational values.

6.2 Value generation

6.2.1 Principle

The governing body should define the organization's value generation objectives such that they fulfil the organizational purpose in accordance with the organizational values and the natural environment, social and economic context within which it operates.

6.2.2 Rationale

The focus for all organizations should be to fulfil their organizational purpose by generating value over time. To achieve this, organizations need to generate value which represents something of worth to its stakeholders. The ultimate value an organization is trying to generate (articulated in the organizational purpose) can only be achieved through collaboration with stakeholders. Appropriate value needs to be generated for stakeholders so that they are willing, and able, to support the organization in fulfilling its organizational purpose over time. The value stakeholders expect can take different forms and can impact the natural environment and society, as well as the stakeholders themselves. The governing body's function in this value generation includes stewardship – to ensure the organization not only creates but also protects value over time.

6.2.3 Key aspects of practice

6.2.3.1 General

The governing body should ensure that an overarching value generation model is determined for the organization and is appropriately communicated.

This value generation model should clarify:

- what value the organization is intending to generate (define);
- how the organization should generate that value (create);
- how the generation of value will be assured (deliver);
- how the value generated is to be retained and distributed (sustain).

In determining the value generation model, the governing body should understand the context in which the organization operates over time, including stakeholder expectations, regulatory frameworks, technological change, and the present and potential future natural environment, social and economic issues. The governing body should also ensure that the organization's value generation model continues to be viable and responds to changing conditions.

The value generation model requires an integrated approach to understanding and using resources (e.g. human, social and relational, intellectual, the natural environment, financial and manufactured). This approach includes:

- a) identification of all resources involved in the model;
- b) measurement and tracking of the organization's use of, and impact on, these resources;
- c) reporting on the extent of the organization's impact on these resources and the impact of these resources on one another.

The components of a value generation model are depicted in [Figure 3](#).

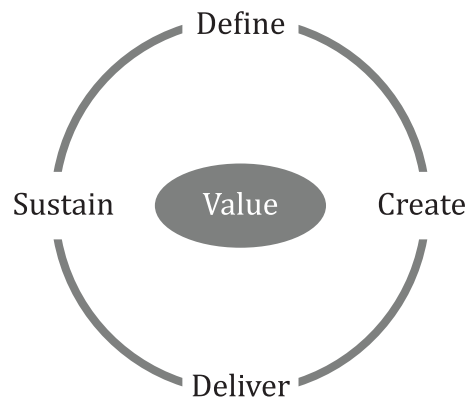


Figure 3 — Organizational value generation model

6.2.3.2 Define value

The governing body should define the organization's value generation objectives such that they fulfil the organizational purpose in accordance with the organizational values and the natural environment, social and economic context within which it operates. This should include iterations of identifying relevant stakeholder groups and determining, prioritizing and formulating objectives which meet the expectations of these groups.

- a) This can include understanding, for example:
 - 1) those objectives which will result in the realization of the organizational purpose;
 - 2) rights and expectations of the stakeholder groups;
 - 3) those stakeholders controlling or influencing the resources required to generate value;
 - 4) the current and required quality of those resources.
- b) A wide range of internal and external sources should be consulted, for example:
 - 1) research organizations;
 - 2) advisory and consulting organizations;
 - 3) non-governmental organizations.

6.2.3.3 Create value

The governing body should ensure that it sets parameters, within which the value generation objectives are to be achieved. These parameters should ensure that the organization:

- a) balances the achievement of the value generation objectives against potential impacts;
- b) defines what resources are required to deliver the value generation objectives and how they should be accessed and allocated;
- c) recognizes and optimizes the interaction between the required resources.

6.2.3.4 Deliver value

The governing body should ensure that the value generation objectives are delivered by the organization as a whole, by applying all other principles in this document. This includes ensuring that:

- a) unintended outcomes are adequately identified, understood, monitored and appropriate action taken;
- b) the impacts of the organization's changing context are identified, understood, monitored and appropriate action is taken;
- c) assurance is obtained on the realization of the value generation objectives.

6.2.3.5 Sustain value

The governing body should ensure that value is retained and distributed in a manner that ensures that the organization is agile, viable over time and achieves its value generation objectives.

The governing body should demonstrate accountability by retaining and distributing value in a transparent manner and reporting on the associated processes, decisions and results, including on the extent of the organization's impacts over time. This includes disclosing to relevant stakeholders where the organization has destroyed or compromised value, providing a justification for such where appropriate, and describing how it will redress or reinstate that value.

6.3 Strategy

6.3.1 Principle

The governing body should direct and engage with the organizational strategy, in accordance with the value generation model, to fulfil the organizational purpose.

6.3.2 Rationale

Strategy is the pattern of evolving intentions that provide direction for harmonizing and focusing effort to fulfil the organizational purpose, associated value generation objectives and related strategic outcomes.

The nature of organizational strategies ranges widely, including emergent and deliberate and formal and informal. At its core, the organizational strategy reflects the governing body's intentions regarding the organization's achievement of the strategic outcomes within its changing context.

An effective strategy functions as a framework for decision-making to enable different components of the organization to align. Strategic plans document how the organization is to pursue the organizational strategy and governance policies document the parameters within which it does so.

6.3.3 Key aspects of practice

6.3.3.1 Provide strategic direction

6.3.3.1.1 Set strategic outcomes

The governing body should provide the organization with an understanding of its intentions by setting clear strategic outcomes and guidance on the organizational strategy to achieve these outcomes, which it has determined will fulfil the organizational purpose and value generation objectives.

When setting the strategic outcomes and guiding the organizational strategy, the governing body should consider the organization's internal and external context, including:

- a) the organizational purpose, the application of the organizational values and the organization's value generation model;
- b) the envisaged time scales of the strategic outcomes and of the organizational strategy;
- c) the organization's risk landscape;
- d) the defined value generation objectives;
- e) the interdependence between the natural environment, social and economic context – the organization's material impact on the context and its material impact on the organization;
- f) the organization's need for, and access to, resources, including financial resources;
- g) the quality and nature of stakeholder relationships and effectiveness of stakeholder engagement;
- h) the organization's impact on stakeholders;
- i) the organization's strengths, weaknesses, competitive positioning and operational resilience;
- j) relevant stakeholder expectations;
- k) potential opportunities for innovation.

6.3.3.1.2 Establish governance policies

The governing body should establish governance policies and ensure that these:

- a) clarify the governing body's intentions and expectations with respect to the organizational purpose, organizational values and the organization's value generation objectives;
- b) clarify delegations within the organization, including in relation to the strategy process;
- c) define the structures (e.g. committees) and roles involved in the governance of the organization, including their authority, responsibilities, performance and reporting requirements;
- d) provide guidance on what, rather than detailing how, responsibilities are to be fulfilled;
- e) set expectations for internal controls, compliance, risk management and risk taking;
- f) clarify the manner in which the governing body itself is to operate and govern the organization;
- g) address the governing body's own commitment to continual improvement;
- h) are regularly reviewed, and updated as necessary, to ensure that they remain aligned with the organization's constituting documents, and the organization's changing context, and are based on relevant guidance and best practices such as standards and codes.

The governing body should ensure that the governance policies are effectively applied across the organization and that they achieve the governing body's intentions.

The governing body should ensure that those to whom they delegate are empowered to create management policies, which are consistent with the governance policies, and are also empowered to provide proposals for changes to the governance policies.

The governing body should ensure that the responsibilities for developing and approving all policies are clear and that governance policies are not open to change without the governing body's agreement.

6.3.3.2 Engage the strategy

6.3.3.2.1 Engage with strategic planning

The governing body should engage with strategic planning by:

- a) establishing clarity about its role in the strategic planning process;
- b) delegating as necessary;
- c) reviewing, assessing and approving the plans developed by those to whom they have delegated;
- d) overseeing (see [6.4](#)) the implementation of these plans and ensuring that they meet the agreed strategic outcomes.

6.3.3.2.2 Steer the strategy

The governing body should actively and dynamically steer the implementation of the organizational strategy, within the defined governance policies, including organizational values, and changing risk context, to fulfil the organizational purpose. The governing body should also steer the strategy so that the generation of value in the present context is balanced with the innovation required to generate value in the future.

The governing body should steer the organizational strategy by means of:

- a) the organizational culture, including the cultural tone the governing body sets through its ethos;
- b) monitoring and responding to the behaviour, decisions and activities of the organization, e.g. values-driven behaviours pertaining to sustainability;
- c) the composition and functioning of the governing body itself, and its committees, ensuring they are continually able to understand and meet the changing needs of the organization (see [4.3.2](#)), including recommending ways for closing anticipated gaps;
- d) governance policies, to ensure that they remain aligned with the organization's changing internal and external context and are current with common or best practice;
- e) reserving some decisions for the governing body (those which materially or fundamentally impact the organization as a whole) and delegating others;
- f) succession planning for the critical roles in the organization, including emergency succession arrangements;
- g) monitoring, evaluating and developing the capacities and competencies of those to whom the governing body has delegated;
- h) the organization's approach to compensation, ensuring that compensation is, and remains, fair, responsible and transparent;
- i) targets, key performance indicators (KPIs) and associated incentives, including financial remuneration (see [6.4.3](#));
- j) decision-making, specifically, the strategic deployment of resources.

6.4 Oversight

6.4.1 Principle

The governing body should oversee the organization's performance to ensure that it meets the governing body's intentions for, and expectations of, the organization, its ethical behaviour and its compliance obligations.

6.4.2 Rationale

Effective oversight by the governing body ensures the organizational purpose and strategic outcomes are achieved in the intended and required manner. Oversight is important because the governing body needs to ensure that delegated responsibilities are performed as required and decisions are made within the delegated authority. Through oversight, the governing body takes corrective action, as necessary, to fulfil the organizational purpose. The governing body's oversight effort depends on various factors including the organization's size and its complexity.

6.4.3 Key aspects of practice

6.4.3.1 General

To exercise effective oversight, the governing body should:

- a) require those to whom they have delegated to provide timely and accurate reports on all material aspects of the management of the organization;
- b) ensure that an internal control system is implemented, including a risk management system, a compliance management system and a system of financial controls;
- c) take corrective action;
- d) assure itself of the accuracy of reports and evidence it receives, and the effectiveness of the internal control system.

6.4.3.2 Oversee performance

The governing body should oversee organizational performance by assessing and taking corrective action based on:

- a) whether the organizational values and governance policies are effectively guiding the organization, its culture and its ethical behaviour;
- b) managerial reporting and performance, ensuring that it appraises results against applicable measurement criteria and its intentions and expectations (see [6.3.3](#));
- c) risk information (e.g. information received directly from the risk function) regarding the organization's assessment and treatment of its key threats and opportunities in consideration of the organizational risk framework (see [6.9](#));
- d) compliance (e.g. information received directly from the compliance function) regarding the organization's compliance culture and the meeting of its compliance obligations;
- e) the organization's identification of, and engagement with, relevant stakeholders (see [6.6](#));
- f) the organization's financial results and financial resources, ensuring that the organization remains financially sound;
- g) resource allocations, capacity and capabilities (including people and their development) ensuring that the organization is enabled to meet its organizational purpose, value generation objectives and strategic outcomes;
- h) the organization's controlling and processing of data, ensuring that data are recognized as a valuable and strategic organizational resource (see [6.8](#));
- i) the organization's responsible (which includes ethical) use of, and adequate investment in, technology including, for example, artificial intelligence and cyber security;
- j) the organization's management of plans, organizational changes and other substantial transformations as well as responses to unplanned events and incidents.

NOTE 1 Additional information to assist with the governance of risk is provided in ISO 31000 and IEC 31010.

NOTE 2 Additional information to assist with compliance management is provided in ISO 37301.

NOTE 3 Additional information to assist with the governance of IT of organizations is provided in ISO/IEC 38500.

NOTE 4 Additional information to assist with the governance implications of the use of artificial intelligence by organizations is provided in ISO/IEC 38507¹⁾.

6.4.3.3 Obtain assurance

To provide effective oversight of the organization, in addition to the reports it receives from those to whom they have delegated, the governing body should assure itself that the governance system is appropriately designed and operating as intended. If the governing body cannot assure itself directly, then it should utilize additional means of independent assurance. The governing body should:

- a) determine the level of assurance scrutiny it requires, depending on the assessed risk;
- b) ensure that those providing assurance have appropriate authority and adequate resources to provide the governing body with accurate assessments;
- c) ensure that assurance providers have the necessary competency and capacity and that their efforts are appropriately focused;
- d) carefully scrutinize the reporting lines of those who provide assurance internally, to safeguard their independence and authority (see NOTE 1);
- e) carefully scrutinize the ability of any external assurance providers, to provide independent assurance (see NOTE 1);
- f) ensure that assurance services provided to the governing body are integrated and optimized so that, taken as a whole, they support and enable an effective internal control system and address the organization's significant risks and material matters;
- g) demonstrate its commitment to assurance and communicate appropriately and clearly, throughout the organization, about its assurance system.

Assurance processes that inform the governing body independently and accurately include:

- direct verifications by the governing body;
- direct reports by, and private sessions with, risk management and compliance management as independent control functions;
- direct reports by, and private sessions with, internal audit as an independent provider of assurance, including insight and advice, on the effectiveness and performance of governance processes and the internal control system, in particular risk management and compliance management;
- external audit and associated reporting to stakeholders and the governing body;
- whistleblowing processes and personnel and customer feedback mechanisms, both formal and informal (see NOTE 3).

Where external auditors are appointed, there should be a rotation of audit firms or auditors and careful consideration and transparency of the non-audit services they provide, to ensure continued independent assurance.

NOTE 1 Independent assurance is the verification of information without any undue interference. It requires appropriate authority and adequate resourcing of the control and assurance functions, and unrestricted access to people, resources and data.

1) Under preparation. Stage at the time of publication: ISO/IEC/DIS 38507:2021.

NOTE 2 Internal audit functions often follow generally accepted professional standards and rules.

NOTE 3 Additional information to assist with whistleblowing is provided in ISO 37002.

6.5 Accountability

6.5.1 Principle

The governing body should demonstrate its accountability to the organization as a whole and hold to account those to whom it has delegated.

6.5.2 Rationale

The governing body is responsible for and accountable to the organization as a whole and is charged to continually act in the best interests of the organization such that the organizational purpose is fulfilled over time (see [6.1](#)).

With respect to organizations, accountability is established through the assignment of, and agreeing to, responsibility and the delegation of commensurate authority (see [4.2.2](#)).

Sources of responsibilities include:

- law or regulations;
- ethical or moral conventions;
- recognized standard practices;
- member stakeholders and reference stakeholders;
- delegation from another who holds such responsibility.

Authority can be delegated to the governing body by stakeholders:

- directly (e.g. by member stakeholders); or
- indirectly (e.g. by society via the law or by social licence).

Accountability is a key aspect of governance because it engenders trust and legitimacy, which leads to improved organizational performance.

The governing body can delegate, but remains accountable for the actions, inactions and omissions of the organization as a whole.

6.5.3 Key aspects of practice

6.5.3.1 General

The governing body should demonstrate its willingness to answer for the fulfilment of its responsibilities, even where these have been delegated. The governing body should also report on the manner in which it holds to account those to whom it has delegated.

The governing body should ensure that effective delegation is practised (see [4.2.2](#)), as this is necessary for accountability.

6.5.3.2 Demonstrate accountability

To demonstrate accountability, the governing body should ensure that the organization's reports and disclosures:

- a) describe the organizational purpose, organizational values, value generation model, organizational strategy and associated governance policies;
- b) provide information about the governing body itself, including:
 - 1) decisions, actions, performance and improvements;
 - 2) the fulfilment of its responsibilities, including the consequences of not fulfilling its obligations;
- c) provide information about the organization, including:
 - 1) the organization's performance in fulfilling the organizational purpose;
 - 2) the way in which the organization's performance was achieved and whether this performance was reasonable given the organization's changing context governance policies, including organizational values;
 - 3) the impact the organization has had, and anticipates having, on the resources it uses and the natural environment, social and economic context within which it operates;
 - 4) those who can influence the decisions of the governing body (such as member stakeholders, reference stakeholders and other stakeholders who can exert a controlling influence) and the nature and level of influence;
 - 5) the organizational culture, including the organizational behaviour and perceptions of the organization's behaviour provided by relevant stakeholders;
- d) meet compliance obligations;
- e) give confidence in the integrity of the information used, e.g. describing assurance processes applied (see [6.4](#));
- f) are transparent but also within the limits of confidentiality;
- g) explain and justify the organization's actions, inactions, omissions, risk and dependencies, including those of the governing body;
- h) report on historic actions and outcomes, as well as future intentions.

The governing body should:

- determine the most appropriate reporting methodologies for the organization, given the expectations of its relevant stakeholders;
- ensure that reported information and disclosed information are material, complete, understandable, responsive, accurate, balanced and timely;
- ensure that all relevant stakeholders are able to access the reports and disclosures, as far as is reasonable, and are therefore suitably equipped with the information necessary to make informed assessments of the organization's past performance, current performance and performance over time.

For accountability to be effective, it relies on effective stakeholder engagement (see [6.6](#)) as this is the basis for effective dialogue, value generation and improvement. The governing body should be available to answer to relevant stakeholders about decisions made and have responses evaluated. Improvements should be applied as the result of feedback from reporting, disclosure and dialogue activities.

6.5.3.3 Hold to account

The governing body should hold to account those to whom it has delegated (see 4.2.2). The governing body should ask questions, exercise its judgement, implement consequences, affect improvements and ensure that is equipped to do so. When doing so, the governing body should practise integrity, fairness and transparency.

The governing body should direct and oversee the organization to ensure accountability is practised throughout (see 6.4).

6.6 Stakeholder engagement

6.6.1 Principle

The governing body should ensure that the organization's stakeholders are appropriately engaged and their expectations considered.

6.6.2 Rationale

Demonstrating sound and mutually beneficial stakeholder relationships, based on ethical and effective stakeholder engagement behaviours and practices, ensures organizations generate value over time.

Organizations have a variety of stakeholders, each with distinct types and levels of involvement, and with diverse and sometimes conflicting interests, expectations and concerns. Consequently, organizations have a range of relationships with their stakeholders and governing bodies need to make decisions which can involve trade-offs.

Stakeholders can have strong relationships with the organization which need additional consideration beyond the legal, regulatory or contractual accountability required in the case of some stakeholders, e.g. member stakeholders. There are a number of reasons for this, including the following.

- a) Asymmetric relationship: Although the individual ability of these stakeholder relationships to affect, or be affected by, the organization is limited in the short term they can collectively have a significant impact on an organization.
- b) Cumulative effects: Over time and collectively, society as a stakeholder, as well as the natural environment and the economy, can have a fundamental effect on the organization and vice versa. For example, pollution caused by the organization can adversely impact society and the natural environment over time and rising sea levels can adversely affect the organization.
- c) Legitimacy: The legitimacy of the organization to pursue its organizational purpose and to operate in the natural environment, society and the economy can also be derived, in part, from those who are not member stakeholders.

It is expected that stakeholders are aware of their powers and exercise them in a responsible manner, e.g. to uphold their fair and proper rights and obligations, and to ensure that the organization is held accountable for these rights and obligations.

6.6.3 Key aspects of practice

The governing body should ensure that the organization's stakeholders are identified, prioritized, appropriately engaged, consulted and their expectations understood. The governing body should do this to ensure that stakeholder relationships are effective and appropriate decisions about expectations are made to achieve the intended value generation objectives.

When the governing body groups stakeholders, it should clarify its criteria for grouping, and for determining the relevance of, stakeholders. The governing body should also ensure that a stakeholder engagement process is devised on this basis.

NOTE The grouping and relevance of stakeholders is varied and dependent on the organization.

The governing body should consider the expectations of relevant stakeholder groups whether the organization is obliged to do so (e.g. member stakeholders, regulators) or whether it chooses to do so (e.g. reference stakeholders). The governing body should ensure that:

- a) relevant stakeholders are engaged in achieving the organizational purpose via its organizational strategy;
- b) the organizational culture is responsive to relevant stakeholders' views;
- c) collaborative relationships with relevant stakeholders are maintained;
- d) human and labour rights in all countries of operation are respected;
- e) an open and transparent communication culture within the organization is created and maintained to help bridge the gap between diverse stakeholder groups and varying perspectives based on, for example, gender, age, belief systems or cognitive abilities;
- f) reporting is coherent so that stakeholders can effectively assess the organization's governance arrangements (see [6.5.3](#)).

6.7 Leadership

6.7.1 Principle

The governing body should lead the organization ethically and effectively and ensure such leadership throughout the organization.

6.7.2 Rationale

In an organization, the governing body should set the tone for an ethical organizational culture. While all individuals contribute to this culture, what the governing body says, does and expects is critical in setting the tone for the whole organization. Leadership is therefore a critical issue for a governing body. Its own behaviours provide the model for the organization's behaviour. With the principles it establishes concerning the way stakeholders should be treated and the way goals should be pursued, the governing body creates standards and examples for others to follow. Visible, responsible and competent leadership ensures that the organization follows the expectations which have been set. In addition, effective leadership provides clarity in communication and an understanding of expectations across the whole organization.

6.7.3 Key aspects of practice

6.7.3.1 General

Leadership styles can differ, but they all involve the setting of expectations which others follow. Since the governing body is accountable for the whole organization, including its behaviour, decisions and activities, the governing body should set those expectations it requires the organization to follow, including the parameters within which the organization is to do so. These expectations should be set mindfully and intentionally, considering the context within which the organization operates.

In order to lead ethically and effectively, the governing body should lead by example to create a positive culture, set the tone for others, and engender trust and cooperation among the organization's stakeholders.

Ethical and effective leadership is demonstrated when the governing body:

- sets expectations for the organization using robust decision-making processes (see [6.8.3](#));
- behaves in a manner consistent with the defined organizational values;
- ensures that the organization is, and is seen to be, following the expectations as set.

Ethical and effective leadership should be demonstrated in three areas:

- a) the functioning of the governing body;
- b) the performance of the organization as a whole;
- c) the manner in which the organization interacts with, and impacts, its stakeholders and the context within which it operates.

6.7.3.2 Demonstrate effective leadership

The governing body should demonstrate effective leadership across all areas.

- a) Within the governing body: The governing body should set expectations for itself and the organization, including parameters within which these expectations are to be fulfilled. The governing body should fulfil these expectations (internal alignment).
- b) Within the organization: The organization should fulfil the expectations set by the governing body.
- c) Within the organization's external context: Where the organization has set contextual expectations, such as commitments to stakeholders and the natural environment, the organization should fulfil these expectations as set.

The outcomes, whether positive or negative, are determined by the expectations which have been set. Leadership determines whether these expectations are fulfilled.

6.7.3.3 Ensure ethical leadership

The governing body should ensure ethical leadership across all areas.

- a) Within the governing body: The members of the governing body should demonstrate that they are behaving in a manner consistent with the organizational values.
- b) Within the organization: The governing body should ensure that the organization conducts itself in a manner consistent with its organizational values.
- c) Within the organization's external context: The governing body should ensure that the organization treats stakeholders in a manner consistent with its organizational values.

Laws and rules provide the minimum set of organizational values against which behaviour is assessed. Other organizational values (see [6.1](#)) are provided in collectively agreed documents such as a code of conduct, code of ethics or standards of behaviour. The following are examples of the leadership values to which governing bodies, and the individuals comprising them, are held:

- accountability;
- probity and integrity;
- fairness and transparency;
- emotional intelligence and competence;
- respectful of diversity.

Ethical leadership results in an organizational context and culture that:

- provides the individuals of an organization with a collective sense of belonging;
- assists in reconciling strategic dilemmas by creating organizational alignment through the integration of opposites;
- contributes to the prevention of misconduct;

- provides competitive differentiation for stakeholders by providing clarity against which evaluators can assess the organization's behaviour, decisions and activities;
- provides increased certainty, which in turn, creates reputational value.

For the governing body itself, the behaviours given in [Table 2](#) can be expected as a result of the application of the associated leadership values.

Table 2 — Examples of leadership values and behaviours

Examples of leadership values	Examples of behaviours
Probity and integrity	<ul style="list-style-type: none"> — Act in good faith and in the best interest of the organization. — Disclose actual, potential or perceived conflicts of interest at the earliest opportunity and manage such conflicts appropriately. — Act ethically and in a compliant manner. — Set the tone for the organization by behaving in the manner in which the organization and its personnel are expected to behave. — Recognize failures and mistakes and take appropriate action.
Competence	<ul style="list-style-type: none"> — Take steps to become appropriately informed of all aspects of the organization and the context within which it operates (such as legal, natural environment, social, economic, technical and personnel). — Act with due care, skill, diligence and loyalty, and take reasonable steps to become informed about particular matters for decision-making.
Transparency	<ul style="list-style-type: none"> — Be open about decisions and activities that affect the natural environment, society and the economy, and be willing to communicate these in a clear, accurate, timely, honest and complete manner.
Diversity and inclusion	<ul style="list-style-type: none"> — Ensure that diversity and inclusion are understood and incorporated into all organizational decision-making by including factors such as gender, age, ethnicity, sexual orientation, education, perspectives, nationality, disability and beliefs.

6.7.3.4 Reconcile dilemmas

When exercising leadership, situations can be encountered in which difficult choices have to be made between two or more alternatives. Such choices can be dilemmas and involve several dimensions and possibly a wide range of different societal value systems. Examples include:

- balancing short-term imperatives with long-term resilience;
- inclusivity and competing stakeholder priorities;
- behavioural consequences of stakeholder incentives;
- materiality and transparency of reporting and disclosure.

A process of reconciliation between seemingly opposed dimensions leads to more informed and robust decisions. Reconciling dilemmas requires a deliberate approach that includes:

- a) recognizing and identifying the dilemma;
- b) understanding and articulating the opposing perspectives;
- c) identifying the advantages and disadvantages of each;
- d) reconciling the perspectives, considering how each position can support the other;

- e) mapping an associated action plan.

Where dilemmas turn into conflicts or disputes, alternative dispute resolution mechanisms should be considered over formal litigation where possible. Disputes should be resolved ethically and effectively.

6.8 Data and decisions

6.8.1 Principle

The governing body should recognize data as a valuable resource for decision-making by the governing body, the organization and others.

6.8.2 Rationale

The ultimate use of data is to provide information for decision-making either directly by humans or via automation.

Due to the ubiquity of technology, the value of data as a strategic and essential resource for organizations is escalating. This brings with it responsibilities to appropriately deal with its potential strategic and operational impacts.

Data provide the raw material from which information is derived and from which insights are drawn for decision-making. The information that is extracted from the data will vary based on many facets such as technology, subject and organizational requirements. The potential information that can be derived from data may not be obvious, can be difficult to extract and may not be directly useful to the organization, but it can be very useful for other organizations or individuals.

The value of data for decision-making can be considered from different perspectives, such as the following.

- a) Decision-making internal to the organization:
 - 1) Decision-making within the governing body. The viability of an organization depends on the data on which the governing body relies to make decisions.
 - 2) Decision-making across the organization. The operation of an organization depends on structures and practices to ensure effective decision-making. Such decision-making is based on trusted information and decisions being made with the level of authority and responsibility appropriate for:
 - i) the decisions;
 - ii) the nature of the data on which the decisions rely.
- b) Decision-making by others external to the organization: Because data are used to make decisions, they are valuable not only for the organization itself but also as a resource that can be bought, sold or otherwise distributed. For example, data are a resource that is used in products and their design, market and customer insights, as well as supply chain and product usage information.

6.8.3 Key aspects of practice

6.8.3.1 General

The governing body should ensure that the organization identifies, manages, monitors and communicates the nature and extent of its use of data (see [6.5.3](#)).

The governing body should, in particular, ensure that the organization recognizes data as a strategic resource and ensure that the organization uses data responsibly and ethically.

6.8.3.2 Ensure effective decision-making

6.8.3.2.1 Ensure effective decision-making within the governing body

The governing body should make decisions of requisite quality and ensure that its decision-making is appropriately informed. The governing body should:

- a) maintain an appropriate balance between guiding discussions to a decision and ensuring that every member has the opportunity to express their independent assessment;
- b) ensure that there is commitment to support the collective decision, to clearly record it and to act on it;
- c) consider its level of independence and the effect this level has on its decision-making, including financial interests, position, associations, relationships, bias and alliances;
- d) carefully address conflicts of interest when making decisions;
- e) pay attention to the dynamics of the governing body, including, for example, undue reliance on any one member for decision-making;
- f) exercise its right and responsibility to determine and receive the information it requires, including determining the appropriate data collection methods, preparation and timely delivery of information;
- g) ensure that assurance is provided over the integrity of the data and information received, and in particular its accuracy and completeness;
- h) ensure that diverse inputs are provided to a rigorous, open and transparent decision-making process and that the results that can be achieved, options for achieving them and their implications are understood.

NOTE Such inputs can be derived from the diversity of the governing body's composition, its field of knowledge, skills, experience, age, culture, race and gender (see [4.3](#)).

6.8.3.2.2 Ensure effective decision-making throughout the organization

Decision-making throughout the organization should be supported by appropriate delegation (see [4.2.2](#)). This delegation should be formalized together with appropriate assurance processes. Additionally, the governing body should ensure that:

- a) the authority matches the level of responsibility associated with the decisions being made;
- b) limits of the decision-making authority are applied based on the associated level of risk, in particular where automated decision-making is used;
- c) information structures, including access to information, monitoring and potential mitigation of incorrect decisions are sufficient to ensure compliance with organizational requirements.

6.8.3.3 Recognize data as a strategic resource

The recognition that data can be a strategic asset (or liability) means that the governing body should:

- a) ensure that the organization establishes a formal approach to its management of data and, where necessary, assurance is provided (see [6.4.3](#));
- b) understand the use, and potential use, of data by the organization and others (e.g. suppliers, customers, regulators and other relevant stakeholders as well as competitors and those who can misuse the data);

- c) acknowledge the complexities and growing importance of data and establish governance policies and direction that aligns with the organization's needs and the degree of change required;
- d) ensure that the information requirements of the organization are sufficiently supported by its current and future technology capabilities;
- e) communicate the nature and extent of the organization's use of data as a demonstration of accountability for this resource.

6.8.3.4 Ensure responsible data use

New technology brings an increase in the volume and value of data, and a responsibility for governing bodies to ensure that:

- data are used ethically;
- valuable opportunities are leveraged;
- sensitive data are protected and secured.

The governing body should provide direction for, and have sufficient oversight of, the use of data and its supporting information technology to ensure the organization remains within its established risk appetite and organizational risk framework. This can include:

- a) the adoption of a system to ensure the rights, obligations and constraints of data sets are understood and tracked, e.g. privacy and intellectual property right obligations;
- b) the implementation of a risk-based information security management system (ISMS);
- c) adequate auditing, and monitoring, of information technology to ensure its responsible, including ethical, use and that it meets the governing body's intentions and expectations as well as the organization's compliance obligations;
- d) innovation processes to ensure that changes in information technology can quickly be assessed and, if necessary and appropriate, governance policies can be updated to leverage new opportunities;
- e) ensuring that human behaviour is considered when applying information technology, including safety, fit for purpose and alignment with the organizational purpose;
- f) ensuring that the wider organizational stakeholders are considered in the organization's use of information technology, particularly as it relates to human capital.

NOTE Additional information to assist with the governance of data is provided in the ISO/IEC 38505 series, ISO/IEC 27001 and ISO/IEC 38507.

6.9 Risk governance

6.9.1 Principle

The governing body should ensure that it considers the effect of uncertainty on the organizational purpose and associated strategic outcomes.

6.9.2 Rationale

Uncertainty is inherent in the context within which the organization operates as well as across the organization itself. The effect of this uncertainty on achieving the organizational purpose, the generation of value and the organization's strategic outcomes makes the governance of risk crucial for all organizations. Value is generated when appropriate risk is taken in a timely manner. This happens when the governing body balances risk effectively. For example, the governing body can create approaches that reduce the likelihood and impact of unacceptable results, while at the same time

leading and enabling the organizations they govern to deliberately take appropriate risk and thereby take advantage of opportunities.

6.9.3 Key aspects of practice

6.9.3.1 General

The governing body should assume accountability for the organization's continual sensing of, and responding to, risk and communicating the chosen approach with relevant stakeholders as necessary (see [6.5.3](#)).

To ensure that the organization fulfils the organizational purpose and achieves the intended strategic outcomes, the governing body should:

- a) set the tone for the organization with respect to how the management of risk is to be approached;
- b) ensure that when the governing body makes decisions, it assesses, treats, monitors, and communicates the nature and extent of the risks faced;
- c) oversee the organization's risk management activities.

NOTE Additional information to assist with the governance of risk is provided in ISO 31000 and IEC 31010.

6.9.3.2 Set the tone for the management of risk

The governing body should establish an organizational risk framework that ensures a formal, proactive and anticipative approach to the management of risk across the organization, including by the governing body. The governing body should ensure that this framework integrates risk management into all organizational activities.

The governing body should ensure that the organizational risk framework, in respect to the management of risk:

- a) establishes the desired risk culture across the organization that encourages the reporting and communication of new and emerging risks, and ensures that every person in the organization understands their risk management responsibility;
- b) guides decision-making behaviours and the impact of leadership actions, inactions or omissions on those behaviours;
- c) positions risk as a key consideration in the setting of governance policies (see [6.3](#));
- d) considers the impact of, changes to and dependencies on the external and internal context of the organization, including:
 - 1) stakeholders;
 - 2) short-, medium- and long-term trends including social responsibility and sustainability trends;
 - 3) the organizational purpose;
 - 4) the organizational values;
 - 5) the value generation model;
 - 6) intended strategic outcomes;
- e) defines the responsibilities of the governing body and associated delegation across the organization;
- f) establishes and maintains adequate resourcing;
- g) establishes the risk appetite, which involves setting risk criteria and associated limits;

- h) mandates that relevant stakeholders are engaged responsibly and accurately, and considers the organization's positive and negative risk impacts on them (see [6.6](#)).

6.9.3.3 Practise effective risk management

The governing body should consider and manage risk associated with its own activities in accordance with the organizational risk framework. For example, the governing body should:

- a) ensure that the governing body itself is adequately and proactively informed of new and emerging risk;
- b) when evaluating strategic options, ensure that both threats and opportunities are assessed and evaluate the extent to which options support the realization of the organizational purpose and the organizational values; this includes assessing and evaluating the impact on the natural environment, social and economic context within which the organization operates (see [6.11.3](#));
- c) when making a strategic choice, ensure that this choice is balanced against the changing risk context and that the associated risk is treated and monitored;
- d) disclose substantive risk, limits and associated expectations to relevant stakeholders as a demonstration of its accountability (see [6.5.3](#));
- e) make clear to relevant stakeholders the nature and extent of accepted risk along with assurance that the organization will operate within the defined risk limits and take corrective action where necessary.

6.9.3.4 Oversee risk management

The governing body should oversee the organization's management of risk (see [6.4](#)), ensuring that:

- a) a holistic view is taken by the organization, including consideration of all relevant types of risk;
- b) strategies to manage risk are deployed within agreed risk limits and associated risk tolerance;
- c) the choice of risk treatments is consistent with governance policies;
- d) the organization assesses, treats, monitors and reviews risk in accordance with the established organizational risk framework;
- e) the process for assessing risk is consistent throughout the organization, enabling effective comparison and prioritization of risk;
- f) effective data analytics are employed to correctly assess risk and risk interactions;
- g) decision-making behaviours are informed by risk assessment outcomes and are consistent with governance policies;
- h) effective risk reporting and communication of risk are practised and promoted throughout the organization;
- i) the intended risk management performance is achieved.

In overseeing risk management, the governing body should specifically assure itself that risk management is integrated into all organizational activities by seeking evidence that, for example:

- the desired risk culture is evident;
- all components of the organizational risk framework have been customized and implemented;
- the necessary resources have been allocated for managing risk;
- the authority, responsibility and accountability for managing risk have been assigned.

6.10 Social responsibility

6.10.1 Principle

The governing body should ensure that decisions are transparent and aligned with broader societal expectations.

6.10.2 Rationale

An organization behaves in a socially responsible way when it acts consistently and transparently in line with its organizational values, and stakeholder and societal expectations. When doing so, an organization demonstrates ethical behaviour and helps maintain a balance between natural environment, social and economic health. As a result, the organization proactively contributes to sustainable development and as such, creates sustainable wellbeing and protects the needs of future generations.

Compliance with the law is often not sufficient to demonstrate that an organization is acting responsibly because laws often lag behind social expectations and usually set only minimum acceptable standards. For an organization to act in a socially responsible way, it also needs to operate within the parameters of acceptable behaviour and not allow actions that are legally or locally permissible but not in line with what is expected of it by its broader stakeholders and society. It also means being transparent with stakeholders about whether it is meeting relevant expectations and how this is being achieved, or not. An organization acting in a socially responsible way also takes responsibility for its impacts on the society of which it is part.

Society has diverse groups with diverse expectations. These expectations can be reconciled in an organizational purpose which combines the competing demands of the groups in society with the responsibility the organization has to society as a whole.

NOTE Additional information to assist with social responsibility is provided in ISO 26000.

6.10.3 Key aspects of practice

To ensure that the organization is acting in a socially responsible way, the governing body should:

- a) ensure that the expectations of stakeholders are clearly understood; this includes continually engaging relevant stakeholders through an engagement process and a highly developed approach to accountability (see [6.5](#));
- b) ensure that issues and opportunities affecting stakeholder expectations are identified and articulated (see [6.9](#));
- c) ensure that the organizational purpose expresses the organization's approach to stakeholders;
- d) engage with all relevant stakeholders when determining and reviewing the organizational values and promote the organizational values to stakeholders;
- e) engage with all relevant stakeholders when establishing and reviewing governance policies;
- f) steer the organization such that its decision-making and activities are consistent with the organizational purpose, organizational values and governance policies, including considering how stakeholders can report a breach in behaviour (e.g. via whistleblowing);

NOTE Additional information to assist with whistleblowing is provided in ISO 37002.

- g) measure performance against objectives related to socially responsible behaviour;
- h) report the organization's social responsibility objectives clearly and transparently so that stakeholders can understand these objectives, how they are being met and what performance is being achieved against them, as well as provide the necessary evidence to support such claims;

- i) assess how actions of individual members of the governing body influence social responsibility.

Issues of particular concern to a governing body are where the organization benefits but where the costs for that benefit are incurred by another party. These are sometimes referred to as “negative externalities” or “unpriced impacts” and can be both financial or non-financial in nature. In such cases, the governing body should account for these benefits.

The governing body should ensure that the organization considers undertaking specific measures to contribute to the wellbeing of society. Philanthropy can have a positive impact on society. However, it should not be used by an organization as a substitute for integrating social responsibility into the organization (see ISO 26000:2010, 3.3.4).

6.11 Viability and performance over time

6.11.1 Principle

The governing body should ensure that the organization remains viable, and performs over time, without compromising the ability of current and future generations to meet their needs.

6.11.2 Rationale

The governing body has a primary responsibility to ensure that the organization can continue to fulfil its organizational purpose over time. This requires resilient natural environmental, social and economic systems. Impacts on these systems can be both positive and negative and can be a direct result of the organization's actions or unintended consequences of these actions. Areas of impact can include climatic stability, a healthy level of biodiversity and social equality. Organizations contribute to sustainable wellbeing through supporting the health of these systems as well as limiting negative impacts to them.

Where an organization fails to understand and respond to the needs of the systems of which it is a part, it is unlikely that the organization will remain viable and perform over time.

6.11.3 Key aspects of practice

6.11.3.1 General

The organization's viability and performance over time depends on the resilience of natural environmental, social and economic systems in which the organization operates. The resilience of these systems benefits from governing body decisions when such decisions consider:

- relevant stakeholder expectations (see [6.6](#) and [6.10](#));
- actively contribute to conserving and restoring these systems.

Therefore, the governing body should:

- a) ensure that interactions and dependencies within the organization's value generation model are articulated in an integrated manner;
- b) ensure that the natural environmental, social and economic system relationships that underpin the organization's value generation model are identified and assessed;
- c) govern for organizational viability over time.

NOTE Additional information to assist with environmental management is provided in ISO 14001.

6.11.3.2 Articulate an integrated view of value generation

The governing body should ensure that the organization's value generation model (see 6.2):

- a) identifies the key resources (e.g. capitals such as human, social and relational, intellectual, the natural environmental, financial and manufactured), structures, processes, relationships, information, decision-making, reporting and other aspects of the organization that allow it to create sustained value for relevant stakeholders;
- b) describes how the organization's key structures, processes, relationships, information, decision-making, reporting and other aspects inter-relate and are used to generate value over time.

6.11.3.3 Assess system relationships

The governing body should ensure that the organization's value generation model identifies and assesses (see 6.2):

- a) the relevant external systems on which the organization depends;
- b) the inter-relationships between the organization and these systems;
- c) the organization's positive and negative impacts on these systems.

NOTE These systems influence the various resources and other aspects of organizational functioning.

6.11.3.4 Govern for organizational viability over time

The governing body should ensure that the organization protects and restores those systems on which it depends. In this regard, the governing body should consider and manage risk associated with those decisions it makes that can impact the natural environmental, social and economic systems (see 6.9). While doing so, the governing body should ensure that relevant stakeholders are consulted and engaged (see 6.6). This should provide clarity regarding the impact the governing body's decisions have, over time, on those aspects on which the organization is:

- directly dependent;
- not directly dependent but whose ability to be sustained will be affected by the governing body's decisions.

The governing body should ensure that when the organization reports and discloses its value generation model (see 6.2 and 6.5) these include:

- a) the integrated view of the relationships between the organization's value generation model and the systems on which this depends (and which the organization also affects through its value generation);
- b) the risks posed to the organization, and the organization's value generation model, by the natural environmental, social and economic systems within which it operates and by the governing body's decisions;
- c) the risks posed to the natural environmental, social and economic systems by the organization, by the organization's value generation model and by the governing body's decisions.

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