INTERNATIONAL STANDARD

ISO 37004

First edition
2023-11

Governance of organizations — Governance maturity model — Guidance

Gouvernance des organismes — Modèle de maturité de la gouvernance — Recommandations

Reference number
ISO 37004:2023(E)

Published in Switzerland

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Foreword

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

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

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

Introduction

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

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

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

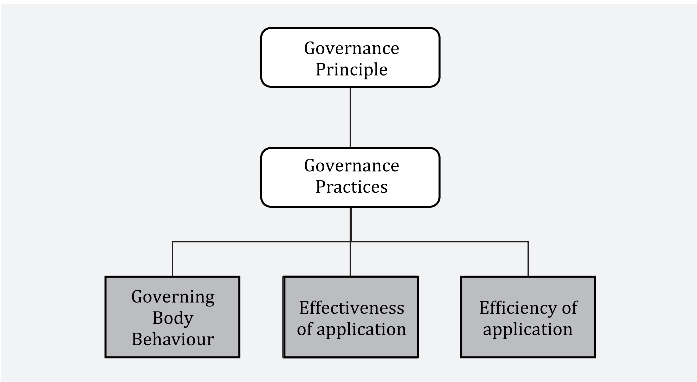

Figure 1 — Governance maturity aspects — Summary

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

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

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

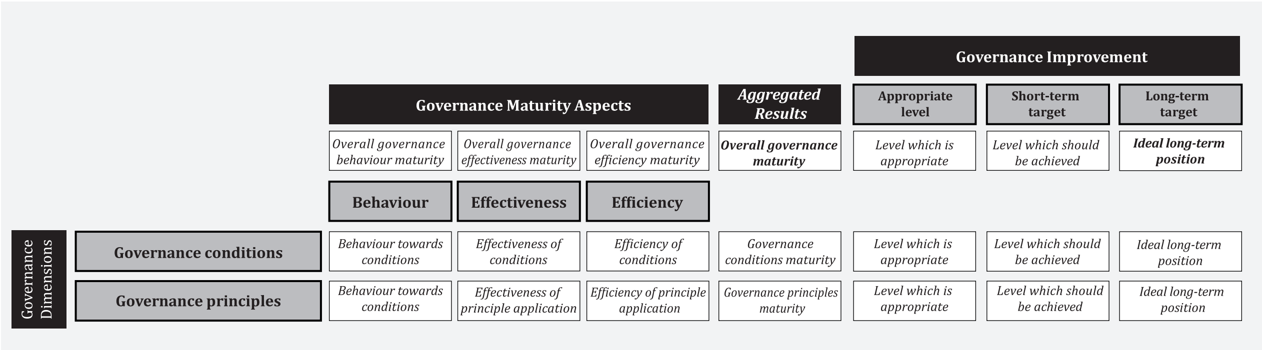

Figure 2 — Governance maturity model — Summary

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

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

— facilitate self-assessment;

— provide a basis for improvement;

— assist with addressing governance risks;

— be used as input for reports to stakeholders;

— provide a benchmark for comparison with others.

Reports of governance maturity evaluation results can assist:

— organizations to prioritize governance improvement activities;

— governing bodies to demonstrate accountability to their organizations;

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

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

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

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

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

Governance of organizations — Governance maturity model — Guidance

1 Scope

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

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

2 Normative references

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

ISO 37000, *Governance of organizations — Guidance*

3 Terms and definitions

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

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

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

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

3.1 Governance and organization

3.1.1
likelihood
chance of something happening

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

3.1.2
governance charter
governance component which records a delegation agreement

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

3.2 Governance maturity

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

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

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

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

3.2.3
governance behaviour
behaviour when governing an organization

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

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

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

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

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

[SOURCE: ISO 9000:2015, 3.4.5]

4 Governance maturity aspects

4.1 General

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

— effective performance;

— responsible stewardship;

— ethical behaviour.

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

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

— the governing body's governance behaviour;

— the effectiveness of those governance practices that the governing body uses to apply the governance principle;

— the efficiency of these practices.

Figure 3 depicts those governance maturity aspects for consideration when evaluating governance maturity, namely the governance behaviour by the governing body when governing the organization, in accordance with ISO 37000, and the effectiveness and efficiency with which the governing body applies the ISO 37000 governance principles.

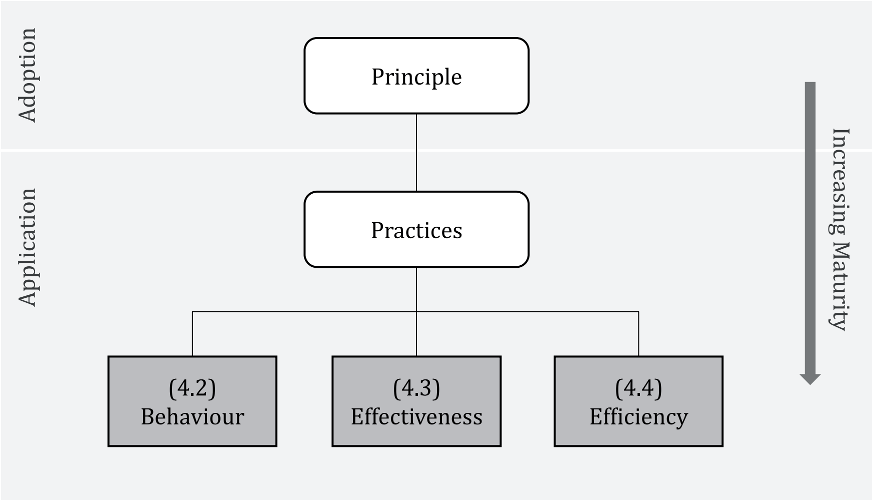

Figure 3 — Governance maturity aspects — Overview

4.2 Governance behaviour

Governance behaviour describes the approach used to apply a governance principle. ISO 37000, for example, guides that governing bodies should lead the organization ethically and effectively and ensure such leadership throughout the organization. Governance behaviour is therefore subjective; however, the following certain features are evident when the governing body governs the organization as guided by ISO 37000:

a) Adoption: the governing body commits to the adoption of ISO 37000.

b) Understanding: the governing body understands the importance of ISO 37000 for the organization.

c) Application: the governing body applies ISO 37000 and describes its experiences when applying it.

d) Analysis: the governing body compares its application of ISO 37000 with applicable leading practices and explains the outcomes it intends to achieve from this application.

e) Evaluation: the governing body evaluates its application of ISO 37000.

f) Improvement: the governing body explains the planning and implementation of corrective actions and improvements.

4.3 Governance effectiveness

Governance effectiveness refers to the governing body's ability to achieve the objectives of the ISO 37000 governance principles by selecting and implementing appropriate governance practices.

For every governance principle, ISO 37000 describes:

— the statement of the governance principle;

— the reason or objective for the governance principle (rationale);

— key aspects of governance practices to apply the governance principle to achieve the governance principle's objective (key aspects of practice).

Governing bodies can refer to ISO 37000 when deciding on how to appropriately apply the governance principles, and achieve the objectives of the governance principles, such that their particular organization can achieve the intended governance outcomes.

Administrative procedures can support governing body activities, such as the recording of meetings. These procedures should not be confused with governance activities which are the focus of governance maturity evaluations.

4.4 Governance efficiency

4.4.1 General

Governance efficiency considers the organization and functioning of the implemented governance practices. This considers how governance practices are:

— made explicit;

— delegated;

— consistently applied;

— continually improved.

Governance components make governance practices explicit. Governance components formalize the governing body's application of governance principles and clarify the governing body's governance intentions for the organization. They are formal organizational records of a governing body's governance of the organization.

The governance components referred to, directly or indirectly, in ISO 37000, include the following:

a) governance frameworks (see 4.4.2);

b) governance strategies (see 4.4.3);

c) governance policies (see 4.4.4);

d) organizational performance results (see 4.4.5);

e) governance charters (see 4.4.6);

f) management reports (see 4.4.7);

g) governance component reviews (see 4.4.8).

NOTE Governance components can be hierarchical in nature. The use of supporting governance components can guide the governance of a specific:

— governance principle, e.g. the governance of risk;

— subject matter, e.g. the governance of IT (see ISO/IEC 38500);

— organizational construct, e.g. to clarify the governance of a group of organizations.

Supporting governance components should directly refer to and align with the overall, or primary, organizational governance component as they clarify a specific matter within this context.

4.4.2 Governance frameworks

A documented organizational governance framework provides clarity on the way in which the organization's governance arrangements operate across the whole organization. An organizational governance framework also provides clarity on the way in which the organization is, or is to be, governed.

The organizational governance framework should be overarching and refer to how the organizational strategy, governance policies, governance structures (including roles and committees) and accountabilities (the assigned and agreed authorities and responsibilities) are to align and operate.

Table 1 identifies organizational governance framework description areas.

Table 1 — Governance framework — Contents

Topic	Description
Intent	The reason for the framework and the objective(s) and outcomes the framework is intended to achieve.
Structures	Those governance structures (roles and committees) to whom/which the governing body is delegating and the role of each structure (function) in the achievement of the framework's objective(s).
Mandate and commitment	The high-level mandates (authorities) provided to these structures and the commitments (responsibilities) to be, or as, agreed.
Design	Providing an overview of: — Context: the context within which the framework is to operate, including relevant stakeholders. — Policy: those governance policies used to achieve the framework's objective(s). — Accountability: assigned, agreed, overseen and, where necessary, assured delegations. — Scope: the extent of the organization and/or the extent of the subject matter to which the framework is to apply (e.g. specific jurisdictions or boundaries). — Integration: the manner in which the framework is to integrate with other governance areas and/or activities. — Resourcing: resources which support the effective implementation of the framework, including, in summary, the manner in which these resources are to be assigned and overseen as well as other associated information as appropriate. — Communication: those roles accountable for the communication and engagement activities associated with the effective understanding and application of the framework, including the applicable stakeholder groupings where necessary.
Implementation	The roles accountable for the implementation and continued operation of the framework.
Monitoring, review and improvement	The manner, roles and responsibilities associated with the: — monitoring and oversight of the operating of the framework; — review of the framework's continued applicability for the organization; — assessment of the framework's operations and applicability and continual improvement thereof.

4.4.3 Governance strategies

ISO 37000:2021, 6.3.2 describes strategy as "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". Although strategies vary across organizations, ISO 37000:2021, 6.3.2 notes that 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".

Within the context of the organizational strategy, the governing body can also establish secondary governance strategies. In such cases, these governance strategies should support the achievement of the organization's overall strategic outcomes and also meet the objectives of the associated governance practice.

4.4.4 Governance policies

ISO 37000 describes the use of governance policies as a key aspect of practice (ISO 37000:2021, 6.3). Governing bodies should formally express their intentions and directions for the organization they are governing in governance policies and "ensure that those to whom they delegate are empowered to create management policies, which are consistent with the governance policies".

Governing bodies should use principles to express their "intentions and directions" (as defined in ISO 37000:2021, 3.2.9) and ensure that these principles are applied by their organizations. ISO 37000 guides that governing bodies should do this by overseeing the organization's performance, using the organization's reports, for example, and obtaining associated assurance.

Governance policies should describe the governing body's intentions and directions, including:

— the rationale for the policies and the outcomes the policies are trying to achieve;

— the principles which the organization is to apply as management practices;

— those governance structures (roles and committees) that the governing body will be holding accountable for the application of these principles;

— the manner in which the governing body will oversee the application of the policies.

Governance policies should consider the context of the organizational governance framework and organizational strategy, and secondary governance frameworks and governance strategies as applicable.

4.4.5 Organizational performance results

Organizational performance results provide the governing body with quantitative information about the performance of the organization's activities (e.g. reports and records). Organizational performance results should provide the governing body with the ability to oversee the organization's management practices developed in response to the governing body's governance policies.

4.4.6 Governance charters

Governance charters formalize delegations and form a basis on which the performance of these delegations can be assessed and continually improved. Governance charters should describe in detail the delegations indicated in the applicable governance policies, and accurately reflect the organizational governance framework and organizational strategy. They should also reflect applicable secondary governance frameworks and governance strategies.

4.4.7 Management reports

In a governance context, management reports are provided by the organization to the governing body for the governing body to oversee the organization's performance. The organization provides these reports on the basis of the governing body's direction (contained in governance policies) and delegations (governance charters).

Management reports should be timely and accurate and can include expert insights and opinions of those preparing the reports. Management reports are more qualitative in content and should be presented to the governing body together with applicable organizational performance registers. Management reports provided to the governing body can include:

— insights, highlights, expert opinions, trends, predictive forecasts, comparative analysis and priority areas for improvement;

— information which can link back to detailed operational or transactional source data if required.

4.4.8 Governance component reviews

Governance components should be regularly reviewed to ensure that they remain current and applicable and continue to reflect the changing context within which the organization operates. Improvements to the governing body's governance components should be planned, prioritized and implemented on this basis. Governing bodies should ensure that they are aware of the implications, to the organization, of changes to governance components and respond to these implications accordingly.

5 Governance maturity measurement framework

5.1 General

The governing maturity measurement framework is intended for the evaluation of the maturity with which the governance principles, as defined in ISO 37000, have been applied, with consideration for the ISO 37000 key aspects of practice. This evaluation makes use of the governance maturity aspects as described in this document (see Clause 4).

The governance maturity measurement framework provides a structured approach with which to provide clarity of the evaluation purpose, consistency of evaluation results and repeatability of the evaluation activities. The measurement of an organization's governance maturity includes the activities to:

a) commit: establish governing body commitment for the evaluation;

b) design: determine and plan, for example, the evaluation scope, time frames and objectives;

c) implement: conduct the evaluation;

d) oversee: monitor the progress of the evaluation and act where necessary;

e) action: review the results, plan improvements and report on the evaluation.

Figure 4 depicts these governance maturity measurement activities.

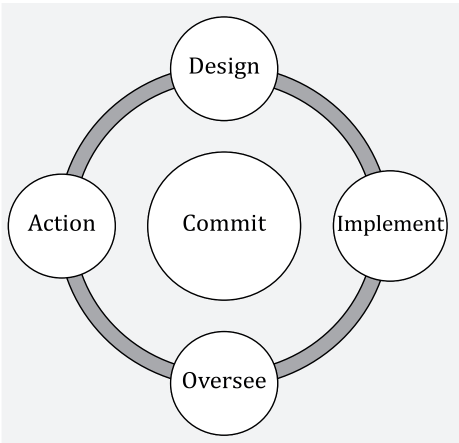

Figure 4 — Governance maturity measurement activities

5.2 Measurement principles

When measuring governance maturity, measurement principles should be applied and include the following:

a) Integration: Governance maturity measurement should consider that governance can be exercised throughout the organization by governing groups and that results can differ depending on the scope of the evaluation.

b) Intent: Governance maturity measurement should record the rationales provided for the governance maturity aspects.

c) Completeness: Governance maturity measurement should be structured and comprehensive to contribute to consistent and comparable results.

d) Inclusivity: Governance maturity measurement should include appropriate and timely involvement of stakeholders, as appropriate or as required by applicable regulations, such that their knowledge, views and perceptions can be considered.

e) Dynamic: Governance maturity measurement should consider that governance activities are not static and necessarily evolve to meet the organization’s changing governance requirements.

f) Information: Governance maturity measurement should use timely, clear, and available historical and current information, as well as future expectations.

g) Human and cultural factors: Governance maturity measurement considerations should include human behaviour and culture as they influence measurements.

h) Uncertainty: Governance maturity measurement should consider the level of certainty associated with measurements.

i) Continual improvement: Governance maturity measurement should form the basis on which governance is continually improved such that it is and remains appropriate for the organization.

5.3 Measurement activities

5.3.1 Commitment

The governing body should, as an act of accountability to the organization, demonstrate commitment to the measurement of the maturity of the organization’s governance. The governing body should:

— ensure that evaluations are regularly conducted;

— delegate the necessary authorities and responsibilities;

— ensure that the intent, scope and objectives for the evaluation are defined;

— ensure that the level of evidence to meet the objectives is clarified;

— ensure that the necessary resources are allocated;

— ensure that the results of the measurement form the basis of improvement initiatives;

— oversee reporting on the results of evaluations and improvement initiatives.

5.3.2 Design

The evaluation intent, scope and objectives should guide the evaluation design including:

— the identification of applicable organizational entities and structures;

- the identification of relevant stakeholders and their roles, expectations, and the quality of the relationship between the organization and the stakeholders;
- the use of representatives;
- the protection of personal data according to compliance obligations;
- the expected duration, deadlines and reporting requirements;
- the influencing human factors and their assessed level of influence;
- the use of technology.

The evaluation design should provide clarity regarding the evaluators, e.g. whether the evaluation is to be:

- self-evaluated;
- facilitated by one or more individuals;
- conducted by personnel employed by the organization;
- conducted by an independent, external service provider.

Other considerations include:

- the use of independent assurance providers;
- anonymous responses;
- workshopped, consensus-based group evaluations or individual responses;
- regulatory requirements, including those addressing differences of opinions.

5.3.3 Implement

The implementation of the evaluation should be managed by those to whom the governing body has effectively delegated. Implementation activities should be performed within the parameters provided by the governing body and the governance maturity measurement principles (see 5.1). Evaluations should be informed through access to all relevant personnel and necessary evidence in accordance with the evaluation design.

Implementation activities include:

- developing and agreeing a schedule of activities and deadlines, i.e. a plan;
- developing and agreeing an associated resource plan as necessary;
- preparing and managing dependencies;
- entering into agreements as necessary;
- coordinating with relevant organizational entities and stakeholders or their representatives;
- communicating and engaging with participants;
- installing technologies as required;
- sourcing, gathering and converting information as necessary;
- verifying inputs as necessary;
- monitoring the implementation activities;

— reporting on progress as required.

5.3.4 Oversee

The governing body should oversee evaluations to ensure that:

a) they fulfil their intended purpose,

b) are conducted according to the determined scope,

c) achieve the stated objectives, and

d) apply the evaluation principles (see 5.1).

The governing body should:

— require those to whom they have delegated to provide timely and accurate reports;

— ensure that incidents and issues are addressed, e.g. resource constraints, non-responses and bias;

— take corrective action as necessary;

— assure itself of the accuracy of reports it receives.

5.3.5 Action

On receipt of governance maturity evaluation results, the governing body should:

a) compare the results of the evaluation with past evaluations, as applicable;

b) assess prior and current governance improvement programmes in the context of the results;

c) determine the appropriateness of the results for the organization;

d) identify and prioritize areas for improvement;

e) assess the prioritized areas to determine the details of their implementation;

f) report on the results, including, for example:

  1) the evaluation approach, intent and scope;

  2) the evaluation results and comparisons with past evaluations;

  3) the assessed appropriateness and associated rationales;

  4) the results of past improvement initiatives, including challenges to achieve its desired maturity level;

  5) future areas of focus for improvements;

g) take appropriate action based on the results of the maturity assessment and prioritizations.

5.4 Measurement scale

5.4.1 General

Governance maturity is assessed across three governance maturity aspects: governance behaviour, governance effectiveness and governance efficiency. Each of these governance maturity aspects is measured on a six-point scale (0 to 5) with the bottom of the scale, “undefined”, through to the top end of the scale, “optimizing”. The scale is used to reflect the increasing levels of governance maturity.

Table 2 provides each level of the governance maturity measurement scale.

Table 2 — Governance maturity measurement scale with descriptions

Level	Description
Level 0: Undefined	No evidence can be found of commitment to or application of the principle.
Level 1: Limited	Where evidence is available, it is limited to that of performing the minimum necessary to achieve the intent of the principle.
Level 2: Emerging	Evidence is available and managed.
Level 3: Formalized	Evidence is available, managed, and aggregated to form a cohesive system in which emergent behaviours can be observed.
Level 4: Measured	Evidence is available, managed, aggregated, and it is measured or assessed.
Level 5: Optimizing	Evidence is available, managed, aggregated, measured or assessed, and it is optimized for continual improvement.

5.4.2 Governance behaviour scale

Governance behaviour is subjective (see 4.2). Due to the subjective nature of the measure, an understanding of the result of the measurement should be confirmed with the stakeholder concerned.

Table 3 provides a simplistic description of governance attitude at each level of the governance maturity measurement scale.

Table 3 — Governance behaviour maturity measurement scale with descriptions

Level	Description
Level 0: Undefined	There is no agreement or intention to adopt the principle.
Level 1: Limited	Adoption: There is an intention or commitment to adopt the principle but limited ability to explain why the principle is important for the organization.
Level 2: Emerging	Understanding: There is an adoption and clear description of the rationale of the principle for the organization but with limited understanding of how the principle is, or will be, applied in practice.
Level 3: Formalized	Application: There is an adoption, description of rationale and ability to explain how the principle has been applied and experiences of this application. However, there is also no intent or clear commitment to assess the effectiveness of the practices, and limited governance resourcing.
Level 4: Measured	Analysis: There are adoption, description of rationale, ability to explain how the principle has been applied and experiences of this application, assessment of the effectiveness of the practices with comparisons with applicable leading practices; and/or the gathering of opinions regarding of the achievement of the outcomes it intended to achieve from the principle's application. Governance resourcing is available, however, there is limited demonstration of improvement programmes or intent to obtain feedback from stakeholders on their perceptions of the application of the principle.
Level 5: Optimizing	Evaluation and creation: There are adoption, description of rationale, ability to explain how the principle has been applied and experiences of this application, assessment of the effectiveness of the practices with comparisons with applicable leading practices and/or the gathering of opinions regarding of the achievement of the outcomes it intended to achieve from the principle's application. Governance resourcing is available and there is also clear intent/commitment, and action, to evaluate stakeholder perceptions of the application of the principle and/or ability to explain how corrective action and improvements are planned and implemented towards continual improvement of governance behaviour.

5.4.3 Governance effectiveness scale

Governance effectiveness refers to those governance practices that the governing body uses to apply the governance principle (see 4.3).

ISO 37000 provides guidance on the key aspects of practice which governing bodies should consider when applying governance principles. The governance practices provided are applicable to all sizes and types of organizations and should therefore be considered as a point of departure for all governing bodies when applying governance principles.

Table 4 provides a simplistic description of governance effectiveness at each level of the governance maturity measurement scale.

Table 4 — Governance effectiveness maturity measurement scale with descriptions

Level	Description
Level 0: Undefined	No practices are used to apply the principle, or the practices are not associated with the application of the principle.
Level 1: Limited	Practices are used to apply the principle, but these are few and incomplete.
Level 2: Emerging	Practices used to apply the principle are complete but are used inconsistently and/or are not consistently communicated.
Level 3: Formalized	Practices used to apply the principle are complete, consistent and communicated but are not assessed to determine whether they are fulfilling the principle objective.
Level 4: Measured	Practices used to apply the principle are complete, consistent and communicated, and they are assessed to determine whether they are fulfilling the principle objective and this assessment is reported.
Level 5: Optimizing	Practices used to apply the principle are complete, consistent and communicated, they are assessed, and the assessments are reported. On the basis of these assessments, the application of the principle is continually improved.

5.4.4 Governance efficiency scale

Governance efficiency maturity considers the extent to which the governance practices, associated with the application of a governance principle, are consistently applied. The formality of an organization's governance components, including their documentation, adoption, communication and continual improvement, provide the basis on which governance efficiency is evaluated.

Table 5 provides a simplistic description of the governance efficiency at each level of the governance maturity measurement scale.

Table 5 — Governance efficiency maturity measurement scale with descriptions

Level	Description
Level 0: Undefined	No components are evident or where evident they are in draft or have not been formally adopted.
Level 1: Limited	Components are evident but not all the required components (for the application of the principle) have been adopted.
Level 2: Emerging	Components are evident and most components have been adopted but the components are not widely communicated.
Level 3: Formalized	Governance components have been adopted and are communicated. Governance reviews are not in evidence.
Level 4: Measured	Governance components of all types have been adopted. Governance reviews are performed and form the basis on which corrective action is taken, where necessary.
Level 5: Optimizing	Governance components of all types have been adopted. Governance reviews are performed, corrective action taken is where necessary; governance efficiency innovations are applied to ensure continual improvement.

5.4.5 Governance maturity scale

5.4.5.1 General

The governance maturity measurement framework is used to evaluate the maturity with which the governing body has applied a governing principle in the organization. The evaluation of governance maturity described in this document is expressed in terms of three governance maturity aspects:

a) governance behaviour;

b) governance effectiveness;

c) governance efficiency.

Table 6 provides a consolidated view for each governance maturity level and for each maturity aspect.

Table 6 — Governance maturity scale for each governance maturity aspect

Level	Behaviour	Effectiveness	Efficiency
Level 0: Undefined (see 5.4.5.2)	No commitment There is no commitment or intention to adopt the principle.	Unclear No practices or not associated with the application of the principle.	None Components in draft or not adopted.
Level 1: Limited (see 5.4.5.3)	Adoption There is limited ability to explain why the principle is important for the organization.	Incomplete Few and/or incomplete practices.	Sparse Required components have not all been adopted.
Level 2: Emerging (see 5.4.5.4)	Understanding There is limited understanding of how the principle is, or will be, applied in practice.	Inconsistent Practices are used inconsistently and/or are not consistently communicated.	Lacking Component types and/ or communication is lacking.
Level 3: Formalized (see 5.4.5.5)	Application There is no commitment to assess the effectiveness and limited resourcing.	Unmeasured Practices are not assessed to determine whether they are fulfilling the purpose of the principle.	In place Governance reviews are lacking.
Level 4: Measured (see 5.4.5.6)	Analysis There are limited improvement plans and stakeholder engagement.	Measured and reported Practices are assessed and reported.	Measured Components are reviewed and corrective action taken.
Level 5: Optimizing (see 5.4.5.7)	Evaluation and creation There is commitment to continual improving and stakeholder engagement.	Continually improving The application of the principle is continually improving.	Innovating Innovations are applied for continual efficiency improvements.

5.4.5.2 Level 0: Undefined

The governing body has not adopted the governance principle, is not applying the principle and although associated governance practices can be found, these are not intentionally used to apply the principle.

5.4.5.3 Level 1: Limited

The governing body has adopted the governance principle but cannot explain why the governance principle is important for the organization, and although associated governance practices can be found, not all the necessary governance components have been adopted by the governing body.

5.4.5.4 Level 2: Emerging

The governing body has adopted the governance principle but cannot succinctly explain how governance practices are used to apply the principle. Governance practices which are in place are not used consistently, or not used as required, and governance component types are missing bringing inconsistency in the application of the governance principle. Governance components are not widely communicated or are not widely understood.

5.4.5.5 Level 3: Formalized

The governing body has formally adopted the governance principle and is able to explain how the governance principle is being applied and governance practices are used. The governance practices are not assessed to determine whether they are fulfilling the purpose of the principle and the governance components are not reviewed.

5.4.5.6 Level 4: Measured

The governing body measures the governance maturity of the adopted principle and ensures that sufficient resources are available for its application. The governing body can describe the purpose of the governance principle and receives feedback on stakeholder perceptions on its achievement of this purpose. All governance components required for the application of the governance principle and its associated practices have been adopted, communicated and, as applicable, implemented. Governance practices are assessed and reported, and governance components are reviewed, and corrective action taken.

5.4.5.7 Level 5: Optimizing

At this level of maturity, the governing body is committed to continually improving its governance of the organization and the application of the governance principle. The governing body's activities ensure that its application of the governance principle is continually improving.

5.5 Measurement aggregation

Governance maturity is evaluated for each governance principle across three governance maturity aspects: behaviour, effectiveness and efficiency. The evaluation intent (see 5.2) should be considered when determining the aggregation of results.

Aggregations of results include the following:

a) Governance maturity aspect, e.g. to understand the overall governance behaviour, effectiveness or efficiency level of maturity, across all the governance principles.

b) Governance principle, e.g. to understand the overall level of maturity in the application of a particular governance principle.

c) Governance of an organization, e.g. to be able to compare the overall level of governance maturity in one organization with another.

When aggregating evaluation results, the result should:

— be an integer value from zero to five such that the result can use the governance maturity scale;

— reflect the dominant level of maturity and appropriately reflect outliers such that the result is a true reflection of the general level of maturity.

The governance maturity measurement framework therefore uses an arithmetic mean for aggregation purposes and rounds down a decimal result to the nearest integer. It is important to note, however, that outlying results can provide important information about the governance of the organization. The reasons for such outliers should, therefore, be considered when aggregating the evaluation results. These reasons, for example, can be further investigated through consultation.

6 Governance maturity model

6.1 General

A governance maturity evaluation compares, in an organization, the establishment of the governance conditions and application of the governance principles with the governance maturity measurement scale as defined in the governance maturity measurement framework. The governance conditions and governance principles comprise the governance dimensions to be evaluated against the governance maturity aspects of behaviour, effectiveness and efficiency (see Clause 4).

Figure 5 provides an overview of this maturity model.

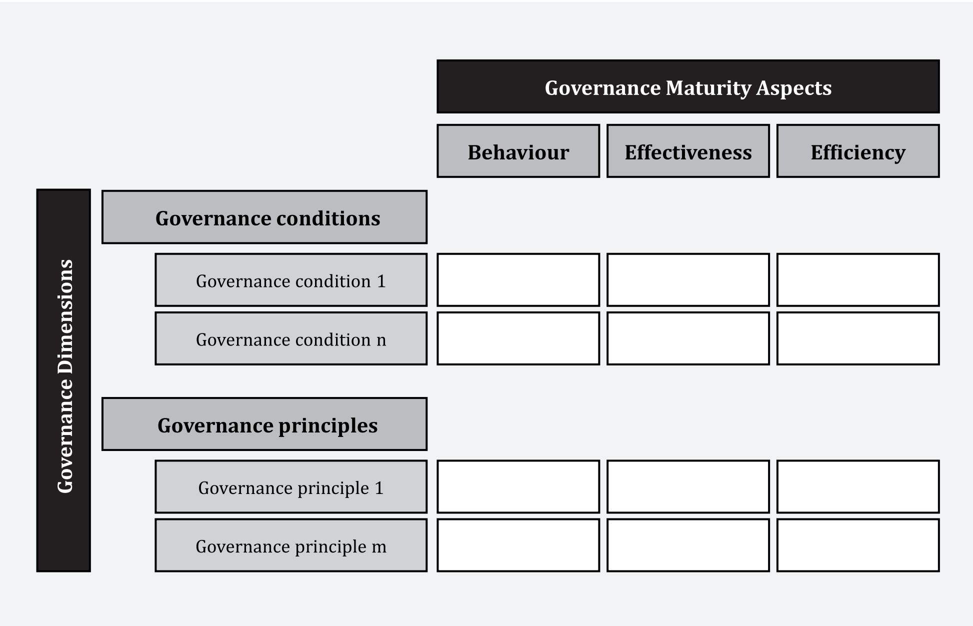

Figure 5 — Governance maturity model — Overview

The governance maturity measurement scale (see Clause 5) evaluates the governance dimensions against the governance maturity aspects. The scale is incremental in that as the scale value increases from zero to five, so the governance maturity improves on the basis of the previous level. The results are recorded against each governance dimension evaluated for each governance maturity aspect.

Following the evaluation of the levels of maturity, the governing body should set improvement targets where necessary. Such improvement targets should be set on the basis of appropriateness for the organization concerned, which includes recognition of the positive and negative impacts associated with the governance dimension for the organization.

Improvement efforts should then be prioritized, based on the ability of the organization to achieve the intended governance outcomes given:

— the likelihood of the negative effects of an inappropriate level of governance maturity;

— the likelihood of the positive effects of a programme of action.

These improvements should be planned and resourced, and their implementation should be overseen by the governing body.

Finally, the governing body, as a demonstration of its accountability to the organization for its effective governance, should communicate to the organization, and to the organization's stakeholders as appropriate, the results of the governance evaluation, including the success of past governance improvement plans and its future improvement priorities.

6.2 Governance maturity dimensions

6.2.1 Governance conditions

ISO 37000:2021, Clause 4, defines governance conditions to support the application of governance principles and describes each governance condition in detail. This detail is summarized as follows:

— Organizational governance framework: The governing body should establish and maintain an integrated organizational governance framework across the organization that coordinates governance activities to ensure that the organization achieves the governance outcomes.

— Delegation: The governing body should fulfil the condition of effective delegation and delegate in a way which increases trust and transparency.

— Management: In circumstances where an individual fulfils both governance and management responsibilities, the governing body should ensure that they are able to distinguish when they are fulfilling the different responsibilities and act and behave accordingly.

— Sustainability: The governing body should ensure that sustainable development and sustainability are fundamental considerations when governing and applying the governance principles.

— Stakeholders: The governing body should treat and ensure that the organization treats all stakeholders fairly and should consider the expectations of relevant stakeholders.

— Suitably equipped: The governing body, as a collective, should remain suitably equipped to fulfil its role considering its composition and structure to do so.

— Competent: The governing body should continuously improve its competency regarding the organization's activities, legal requirements and, more broadly, the organization's context.

6.2.2 Governance principles

ISO 37000 defines governance principles and describes key aspects of practice for each governance principle. The governance principles, to be applied in an integrated and concurrent manner, are:

— purpose;

— value generation;

— strategy;

— oversight;

— accountability;

— stakeholder engagement;

— leadership;

— data and decisions;

— risk governance;

— social responsibility;

— viability and performance over time.

6.3 Governance maturity calculation

6.3.1 Maturity model content

The governance maturity measurement scale (see Clause 5) is applied incrementally to demonstrate increasing governance maturity. Each increase demonstrates an improvement on the previous level. A previous level can show evidence of a subsequent level; however, such evidence is not prevalent in all respects.

Figure 6 provides a depiction of the application of this increasing maturity measurement scale.

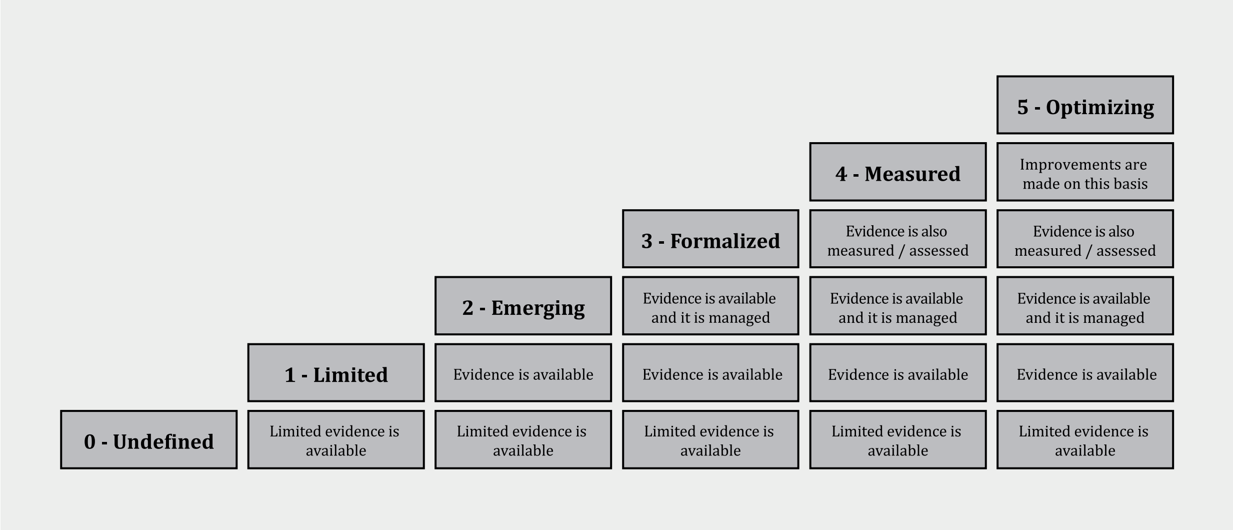

Figure 6 — Incremental governance maturity measurement scale

6.3.2 Evaluation judgements

Within the governance maturity measurement framework, a result is the outcome of an appraisal of the degree of achievement of the governance maturity aspect for the evaluated governance dimension. The result is the lowest level, numerically, of the evaluated aspects. Table 6 provides a description for each level of maturity for each aspect.

6.3.3 Aggregation of results

The aggregation of results includes the aggregation of the governance maturity aspects and governance dimensions, and aggregation across both the aspects and dimensions. This then provides an overall maturity level for the governance of the organization. An aggregated result is the arithmetic mean of the evaluation results, where decimal results are rounded down (see 5.4).

Figure 7 depicts the various areas of result aggregation.

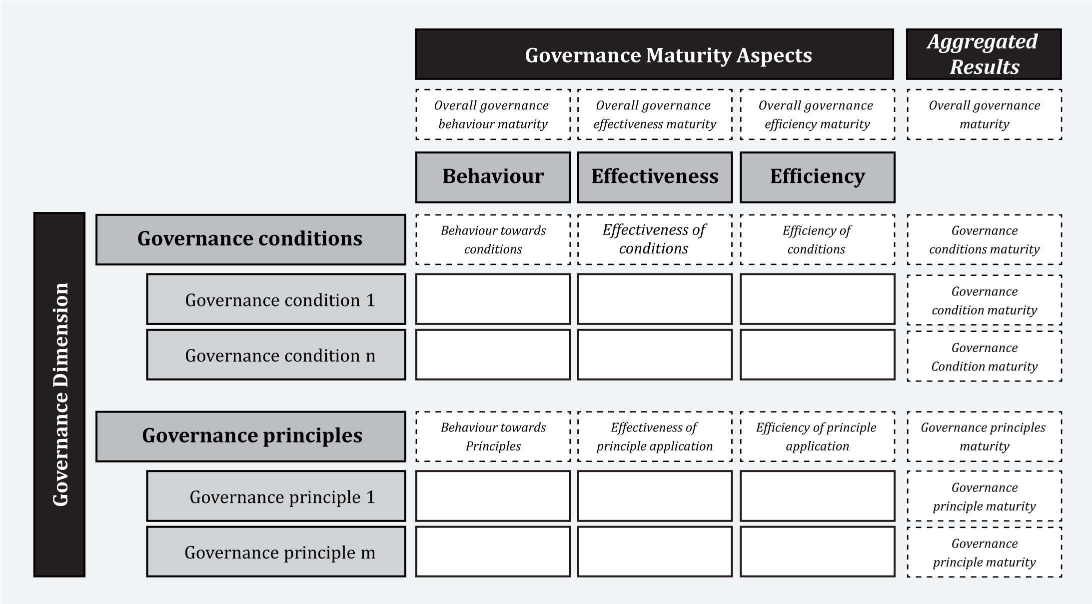

Figure 7 — Governance maturity model with aggregation

6.4 Governance maturity improvement

6.4.1 Determining governance appropriateness

A final consideration is that of the appropriateness of a level of governance maturity for the organization. Increasing levels of maturity, considering all three governance maturity aspects (behaviour, effectiveness and efficiency) does not imply an increase in certainty that the organization will achieve the intended governance outcomes, these being responsible stewardship, ethical behaviour and effective performance. In addition, the level of investment required to increase levels of governance maturity (e.g. to develop and communicate documentation) is not always appropriate for the organization concerned and can negatively impact on the organization's resource stewardship.

The level of governance maturity applied by the governing body should be appropriate for the organization and meet the governance needs of the organization. Governing bodies should have an appropriate governance behaviour (see 4.2) and apply governance principles in an effective and efficient way (see 4.3) to meet the organization's governance needs.

Factors used to determine governance appropriateness are varied. These factors include the context of the organization itself and the impact that the application of the different governance practices have on securing value at risk and achieving the intended governance outcomes. Further details regarding the impact of the various governance conditions and governance principles are described in ISO 37000 in the governance conditions and the rationale for each governance principle.

Organizational factors impacting the appropriateness of the level of governance maturity should be determined in consultation with relevant stakeholders. These factors include the organization's stage of growth and the social, natural environmental and economic context within which it operates. Certain factors, however, are applicable, and include the organization's:

— size and turnover;

— resources;

— complexity;

— industry.

6.4.2 Setting improvement targets

Governing bodies, and stakeholders who are relevant to the evaluation of the governance maturity, should not simply aim for the highest levels of governance maturity for the organization concerned; they should aim for the level of governance maturity most appropriate for the organization. This is a key consideration which, if not applied, can result in inappropriate use of the organization's resources, or reduced organizational responsiveness.

Governance maturity improvement targets should be set considering the levels of maturity of:

— the organization's governance conditions;

— the governance principles which have been applied;

— the behaviour with which they have been applied;

— the efficiency and effectiveness with which they have been applied;

— the appropriateness of the level of governance maturity for the organization;

— the outcomes of the previous governance improvement initiatives, as applicable.

Governance improvement targets should be set for both the short and long term. These targets should be set on the basis of the gap between the evaluated maturity level and that determined as being appropriate for the organization.

Figure 8 depicts the governance maturity model in detail, showing associated determined levels of governance appropriateness and improvement targets.

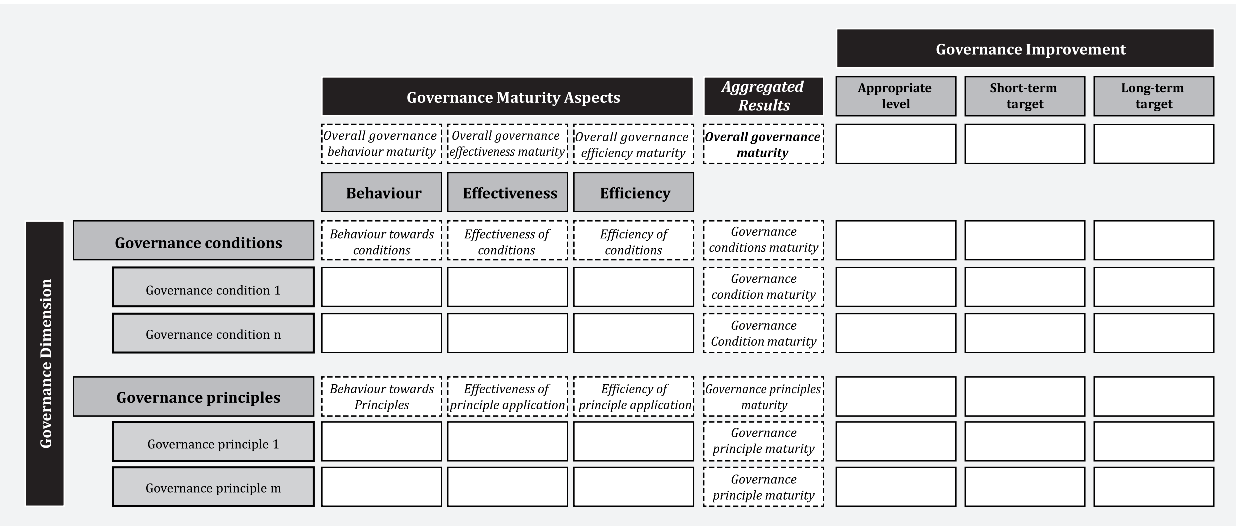

Figure 8 — Governance maturity model in detail

6.4.3 Implementing improvement initiatives

Governance improvement initiatives should then be prioritized. Such prioritization should be based on the likelihood of the negative impacts of an inappropriate level of governance maturity on the ability of the organization to achieve the intended governance outcomes, and include:

— the sizes of the gaps between the evaluated results, the determined level of appropriateness, and the intended targets and their time frames:

— the high-level assessments of the resources required to achieve the intended targets and the availability of such resources.

The rationale for the prioritization decisions should be recorded.

Once prioritized, the prioritized improvements should be planned and resourced, and their implementation should be overseen by the governing body to ensure that the intended improvement outcomes are realized. The governing body should ensure that the results of these improvements initiatives are used to inform such future improvement initiatives on a continual improvement basis.

6.5 Governance maturity evaluation

When applying the guidance provided in this clause, the users should:

a) Establish the governance conditions and governance principles, that is the governance dimensions, which will comprise the scope of the evaluation (see 6.2).

b) Evaluate the level of governance maturity for each governance dimension, against the governance aspects, and aggregate these results if necessary (see 6.3).

c) Determine the level of governance maturity, for each governance dimension and governance aspect, which is appropriate for the organization, set improvement targets where necessary (see 6.4).

Figure 9 provides a governance maturity evaluation template as guidance.

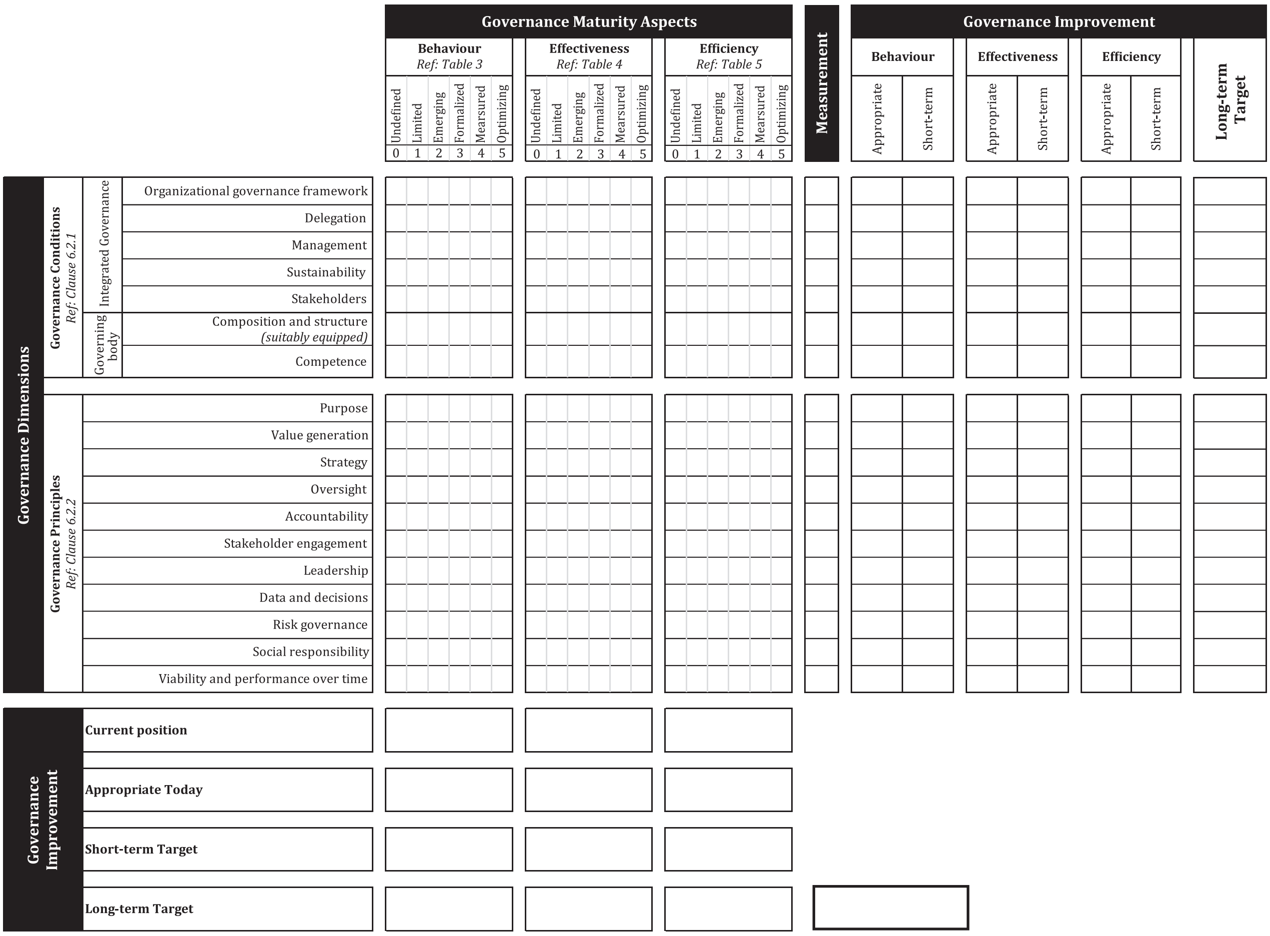

Figure 9 — Governance maturity evaluation template

6.6 Governance maturity reporting

ISO 37000:2021, Clause 5, guides that "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."

The governing body's governance maturity reports and disclosures, if applicable to the organization, should include descriptions of the governance dimensions (governance conditions and principles) including:

— the way in which the governance conditions have been embedded and the governance principles applied, e.g. a high-level description of the associated governance practices;

— the evaluated maturity levels and rationales for the appropriateness of these levels;

— associated short- and long-term targets, and areas of future focus;

— the results of past improvement initiatives, as applicable, and the current prioritized initiatives.

The organization's stakeholders should be able to use these reports and disclosures to evaluate the appropriateness of the governing body's governance of the organization. A clear link between the evaluated governance maturity levels and the organization's governance outcomes should be an essential goal of these reports.

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