

A Comprehensive Guidance standard for effective Governance systems- ISO 37000

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Implementation

ISO 37000:2021 is a globally recognized **guidance standard** (not a certification standard) developed to help organizations establish, implement, and maintain **effective governance systems**. It is **applicable to all types and sizes of organizations**, including public, private, non-profit, and government entities.

Unlike management system standards (e.g., ISO 9001), ISO 37000 provides **principle-based guidance** rather than requirements. It focuses on **governing purpose, value generation, and accountability** rather than operational control.

✓ Core Principles of ISO 37000

ISO 37000 is built on 11 interdependent principles:

1. Purpose
2. Value generation
3. Strategy
4. Oversight
5. Accountability
6. Stakeholder engagement
7. Leadership
8. Data and decisions
9. Risk governance
10. Sustainability
11. Ethical behavior

Step-by-Step Implementation Procedure for ISO 37000

While ISO 37000 doesn't prescribe certification steps, you can implement its guidance in a **systematic governance framework** using the steps below:

Step 1: Understand ISO 37000 and Secure Top Leadership Commitment

- Train board members and executives on the ISO 37000 principles.
- Conduct awareness sessions on the value of governance.
- Get leadership buy-in and assign governance champions.

Step 2: Assess Current Governance Maturity

- Conduct a **governance gap analysis**:
 - Existing policies, frameworks, board structures
 - Accountability, ethical culture, decision-making
- Benchmark against ISO 37000 principles.

Step 3: Define the Purpose and Value Generation Model

- Reconfirm or establish the **organization's purpose** (mission/vision).
- Define how your organization creates **value for stakeholders** – financial, social, environmental.
- Align purpose with long-term sustainability goals.

Step 4: Develop/Refine the Governance Framework

- Structure your **governing body** (board, trustees, etc.) with clear roles and responsibilities.
- Define **delegation mechanisms** (to committees or executive teams).
- Include:
 - Charter and terms of reference
 - Reporting and oversight mechanisms
 - Ethical codes and decision protocols

Step 5: Set Strategy and Oversight Mechanisms

- Align strategy with purpose and values.
- Integrate governance into strategic planning and decision-making.
- Implement oversight systems:
 - Performance evaluation
 - Financial stewardship
 - Risk governance and internal control systems

Step 6: Establish Stakeholder Engagement Processes

- Identify key stakeholders (employees, regulators, customers, investors, communities).
- Define engagement mechanisms – feedback systems, public reporting, consultations.
- Ensure **transparency** and inclusivity in decision-making.

Step 7: Implement Accountability and Ethical Leadership

- Develop a **code of conduct/ethics policy**.
- Define roles, responsibilities, and accountability matrices.
- Promote leadership behavior aligned with organizational values.

Step 8: Integrate Data, Risk, and Decision-Making Systems

- Ensure decisions are:
 - **Evidence-based**
 - Informed by **reliable data**
 - Evaluated for **risk and impact**
- Link governance to risk management frameworks (e.g., ISO 31000).

Step 9: Ensure Sustainability and Long-Term Thinking

- Integrate ESG (Environmental, Social, Governance) criteria into policies.
- Plan for long-term value creation (beyond financial returns).
- Monitor sustainability indicators and external impacts.

Step 10: Monitor, Review, and Improve Governance

- Conduct **periodic reviews** of governance practices.
- Set KPIs or use governance performance dashboards.
- Engage in **continuous improvement**, including board evaluations and external audits.

What is a Governance Framework Document/Manual?

A **Governance Framework Document** (also known as a **Governance Manual**) is a **formal guide** that outlines how an organization is directed, controlled, and held accountable. It defines the **structure, principles, roles, policies, and processes** that guide the organization's governance in alignment with standards like **ISO 37000**.

It acts as a **blueprint** for board members, executives, and stakeholders to understand **how decisions are made**, how responsibilities are delegated, and how transparency, accountability, and ethics are maintained.

Key Components of a Governance Framework Document

Here's a typical structure:

1. Introduction & Purpose

- Purpose of the document
- Scope and applicability
- Alignment with ISO 37000 principles

2. Governance Philosophy

- Organizational **mission, vision, values**
- Definition of **governance** and its importance
- Commitment to ethical leadership and sustainability

3. Governance Structure

- Diagram and explanation of the **governing body** (e.g., Board of Directors)
- Roles and responsibilities of:
 - Board/Trustees
 - Board Committees (e.g., Audit, Risk, Ethics)
 - Executive Leadership
- Reporting lines and delegation of authority

4. Governance Principles (aligned with ISO 37000)

- Purpose-driven governance
- Value generation for stakeholders
- Ethical behavior and integrity
- Risk governance
- Stakeholder engagement
- Transparency and accountability
- Long-term sustainability

5. Decision-Making Framework

- Levels of authority (RACI or DACI matrix)
- Decision-making process
- Use of data and evidence in decisions
- Conflict of interest management

6. Accountability and Oversight

- Performance evaluation of:
 - Board
 - Executives
 - Governance system
- Monitoring and review protocols
- External and internal audit provisions

7. Stakeholder Engagement

- Stakeholder identification and mapping
- Engagement strategies (surveys, meetings, disclosures)
- Transparency mechanisms (reporting, communication)

8. Risk and Compliance Integration

- Linkage with enterprise risk management (e.g., ISO 31000)
- Anti-bribery, compliance (ISO 37001, ISO 37301)
- Data privacy and cybersecurity governance with ISO 27001

9. Sustainability and ESG Integration

- Policy statements on environmental and social responsibility
- Governance of sustainability strategy and ESG performance
- Integration into core decision-making

10. Review and Continuous Improvement

- Frequency of governance reviews (annual, bi-annual)
- Board/committee self-assessments
- Governance KPIs or metrics
- Lessons learned and corrective actions

Supporting Annexures or Appendices

- Governance charter
- Code of conduct
- Board charter and committee terms of reference
- Whistleblower policy
- Governance risk register
- Annual governance report template

Benefits of a Governance Framework Manual

- Clear guidance for the board and executives
- Transparent and ethical decision-making
- Improved trust among stakeholders
- Better alignment with ESG and sustainability goals
- Supports readiness for external assurance or compliance

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Let's build ESG-led impact, together.