

ISO 37000



INTERNATIONAL STANDARD ON GOVERNANCE OF ORGANIZATIONS

Dr. Daniel Lucien Bühr, Partner, LALIVE

Delegate of the Swiss Association for Standardization to the
ISO Expert Working Group on Governance of organizations

OVERVIEW

- Governance Trends
- ISO 37000 – Introduction
- ISO 37000 – Need to know
- ISO 37000 – What will change
- Key takeaways

GOVERNANCE TRENDS



Stakeholder Governance

August 19, 2019: The Business Roundtable States that “... we share a fundamental commitment to all of our stakeholders.”

ESG

The importance of environmental, social and governance “performance” by all organizations is embraced worldwide

Purpose

2020 World Economic Forum Manifesto:
The purpose of a company is to engage all its stakeholders in shared and sustained value creation.

ISO 37000 – INTRODUCTION



- **FIRST GLOBAL STANDARD** on good governance of organizations
- Developed by **MORE THAN 70 COUNTRIES AND ORGANIZATIONS**
- Published on **14 SEPTEMBER 2021**
- The Standard reflects important developments, such as the **2019 Business Roundtable statement** on purpose and stakeholder capitalism
- The Standard reflects **the global ESG trend** and underlines the importance of values, ethos and social responsibility, as reflected in the **2020 WEF Manifesto** on the universal purpose of a company in the fourth industrial revolution.
- The standard is essential (also, and by way of example) regarding **INTERNAL CONTROL SYSTEMS, ETHOS, COMPLIANCE, RISK GOVERNANCE and ASSURANCE**

ISO 37000 – NEED TO KNOW

01

PURPOSE AND
VALUES

02

STAKEHOLDER
GOVERNANCE

03

LEADERSHIP AND
ACCOUNTABILITY

04

RISK GOVERNANCE,
OVERSIGHT AND
ASSURANCE

01 PURPOSE AND VALUES

PURPOSE

Every organization should have a meaningful reason to exist (= purpose).

The pursuit of purpose is at the heart of all organizations and of primary importance for their governance.

VALUES

Purpose and ethical values go hand in hand. The governing body should define the values.

The values provide the foundation for the organization's culture.

02 STAKEHOLDER GOVERNANCE

The governing body should engage with its stakeholders and consider their expectations.

03 LEADERSHIP AND ACCOUNTABILITY

The governing body is accountable to the organization as a whole and holds to account those to whom it has delegated power.

04 RISK GOVERNANCE, OVERSIGHT AND ASSURANCE

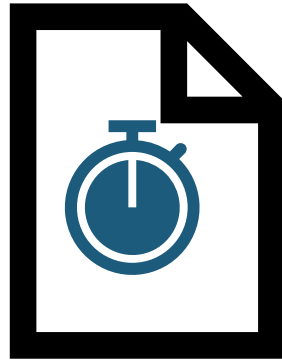
THE GOVERNING BODY IS RESPONSIBLE FOR RISK GOVERNANCE:

- it sets the tone at the top for the implementation of risk management by implementing the risk management system, defining resources, risk appetite, risk criteria and risk limits;
- it assesses, manages, monitors and communicates risk in its decision-making processes; and
- it obtains assurance that the competencies, authorities, tasks and responsibilities for risk management are assigned.



04 RISK GOVERNANCE, OVERSIGHT AND ASSURANCE

EFFECTIVE SUPERVISION AND CONTROL ARE BASED ON:



Timely and accurate management reporting



Implementation of an internal control system = risk management system, compliance management system and system of financial controls



Assurance regarding the reliability of reporting and the effectiveness of the internal control system.

Taking of corrective action.

04 RISK GOVERNANCE, OVERSIGHT AND ASSURANCE

ASSURANCE CONSISTS OF THE FOLLOWING PROCESSES:

AUDITS

- **Direct verifications** by the governing body;
- **External** (financial statement / regulatory) **audits**;

DIRECT REPORTING / PRIVATE SESSIONS

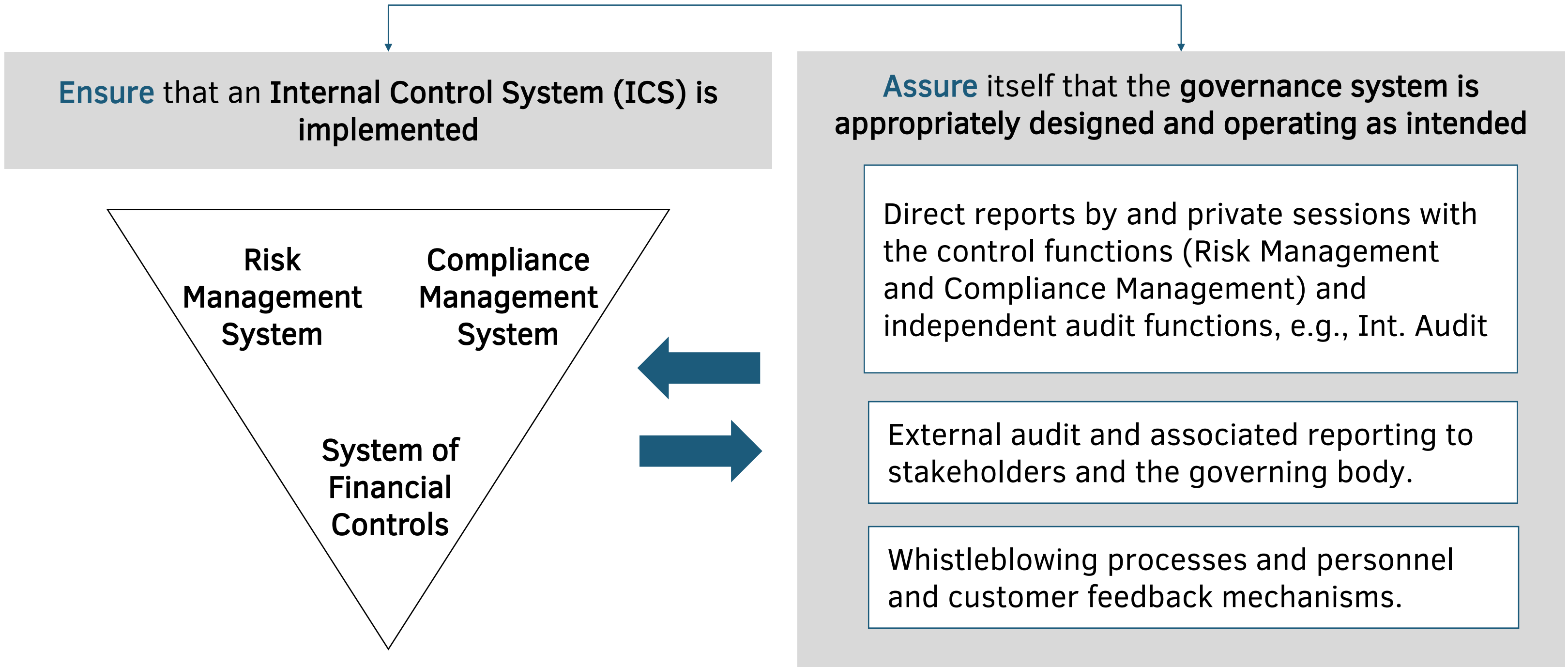
- **Direct reporting by and private sessions with Risk Management and Compliance Management** as independent control functions and **Internal Audit** as independent assurance function.


HOTLINES AND FEEDBACK

- **Whistleblowing processes and personnel and customer feedback mechanisms.**

04 RISK GOVERNANCE, OVERSIGHT AND ASSURANCE

GOVERNING BODY OVERSIGHT - Oversee the Organization's Performance





ISO 37000 – What will change (excerpt) ...

Increased focus on:

Purpose, ethos, values, stakeholders, social development and sustainability (→ UN Social Development Goals, the needs of the next generations)

Oversight, risk governance

Organizations and management will be measured on how they implement and maintain the internal control system and perform the assurance processes

Accountability

The governing body and those to whom it has delegated authority are accountable.



DR. DANIEL LUCIEN BÜHR
PARTNER, LALIVE SA



STAMPFENBACHPLATZ 4, 8042
ZÜRICH



+41 058 105 21 00



DBUHR@LALIVE.LAW