



Form 1: Proposal for a new field of technical activity

Circulation date: 2016-05-13 Closing date for voting: 2016-08-13	Reference number (to be given by Central Secretariat)
Proposer: BSI	ISO/TS/P 260

A proposal for a new field of technical activity shall be submitted to the Central Secretariat, which will assign it a reference number and process the proposal in accordance with the ISO/IEC Directives (part 1, subclause 1.5). The proposer may be a member body of ISO, a technical committee, subcommittee or project committee, the Technical Management Board or a General Assembly committee, the Secretary-General, a body responsible for managing a certification system operating under the auspices of ISO, or another international organization with national body membership. Guidelines for proposing and justifying a new field of technical activity are given in the ISO/IEC Directives (part 1, Annex C).

The proposal (to be completed by the proposer)

<p>Title of the proposed new committee (The title shall indicate clearly yet concisely the new field of technical activity which the proposal is intended to cover.)</p> <p>Organizational Governance</p>
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Scope statement of the proposed new committee (The scope shall precisely define the limits of the field of activity. Scopes shall not repeat general aims and principles governing the work of the organization but shall indicate the specific area concerned.)

Standardization of organizational governance, including aspects of accountability, direction and control - which may include principles of governance, anti-bribery, conflict of interest, due diligence, whistleblowing, compliance, remuneration structures and external reporting, amongst others.

This proposal is for a new technical committee in the field of organizational governance. For the purposes of this proposal, governance may be defined as a "system by which the whole organization is directed, controlled and held accountable to achieve its core purpose over the long term". The term "corporate governance" is typically used for the governance of private and publicly-listed companies.

The TC would develop and maintain standards applicable for all organizations to improve the effective delivery of governance. This proposal recognizes that, although interrelated, there is an important distinction between management and governance. The above definition of governance places it into a context of accountability whereas management can be deemed to be "the act of bringing people together to accomplish desired goals and objectives, using available resources in an efficient, effective and risk-aware manner." While governance is linked to management, it is distinct from it because it deals with the accountability of a whole organization to all of its stakeholders and helps ensure that the organization, as a whole, fulfils its full purpose. Thus, governance is a unique area that merits a distinct portfolio of work, separate but complementary to management standards.

The portfolio of work would be applicable to all types and sizes of organizations, whether large or small, public or private, listed or unlisted, not-for-profit or for-profit, etc.

Proposed initial programme of work (The proposed programme of work shall correspond to and clearly reflect the aims of the standardization activities and shall, therefore, show the relationship between the subject proposed. Each item on the programme of work shall be defined by both the subject aspect(s) to be standardized (for products, for example, the items would be the types of products, characteristics, other requirements, data to be supplied, test methods, etc.). Supplementary justification may be combined with particular items in the programme of work. The proposed programme of work shall also suggest priorities and target dates.

See Annex A (attached)

Indication(s) of the preferred type or types of deliverable(s) to be produced under the proposal (This may be combined with the "Proposed initial programme of work" if more convenient.)

All types of ISO deliverables are potential options depending on the specific proposal. It is considered appropriate to consider requirements, guidance, PAS, technical specifications, and technical reports as potential deliverables.

A listing of relevant existing documents at the international, regional and national levels. (Any known relevant document (such as standards and regulations) shall be listed, regardless of their source and should be accompanied by an indication of their significance.)

The TC work programme would complement existing standards, such as :

ISO 19600: 2014 - Compliance management systems - Guidelines
ISO 37001 - Anti-bribery management systems - Requirements with guidance for use (due to publish by Dec 2016)
ISO/IEC 38500:2015 - Information technology - Governance of IT for the organization
ISO 31000:2009 – Risk Management - Principles and guidelines
ISO /IEC 31010:2009 - Risk management - Risk assessment techniques
ISO Guide 73:2009 - Risk management - Terminology
ISO 26000:2010 - Guidance on social responsibility
ISO 9001:2015 - Quality Management Systems - Requirements
BS 13500:2013 - Code of Practice for delivering effective governance of organizations
PAS 1998:2008 -Whistleblowing arrangements: Code of practice
AS 8000:2003 - Corporate Governance: Good governance principles
OECD - Principles of Good Governance

There is existing national public policy, legislation and regulation related to governance good practice, including but not limited to:

- APEC-OECD, 2005, Integrated Checklist on Regulatory Reform (<http://www.oecd.org/regreform/34989455.pdf>)
- European Commission, 2001, European Governance: A White Paper, Brussels (<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52001DC0428&qid=1461693776489&from=EN>)
- OECD, 2009, Indicators of Regulatory Management Systems, Regulatory Policy Committee (<http://www.oecd.org/gov/regulatory-policy/44294427.pdf>)
- the OECD's 2012 Recommendation of the Council on Regulatory Policy and Governance (<http://www.oecd.org/gov/regulatory-policy/49990817.pdf>) outlines best practices for public sector governance.
- World Bank: International Finance Corporation (IFC), 2010, Better Regulation for Growth: Regulatory Governance in Developing Countries (http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2010/07/13/000334955_20100713050729/Rendered/PDF/556450WP0Box0349461B0GovReg01PUBLIC1.pdf)
- World Trade Organization, Committee on Technical Barriers to Trade, Compilation of sources on good regulatory practice: Background Note by the Secretariat (G/TBT/W/341), 13 September 2011 (http://www.wto.org/english/tratop_e/tbt_e/tbt_work_docs_e.htm)

The above list is not exhaustive. The suggested TC work programme is NOT intended to replace or negate existing national policy, regulation and legislation but to support it. The range of international guidance contained within the above list illustrates that while there are many significant documents that should be considered, there is a global need for internationally recognized ISO standards in governance in order to pull together all relevant information. Through their openness and independence, ISO standards have the necessary legitimacy and degree of market acceptance to be used as tools to support the implementation of regulation and public policy initiatives. They can support risk-based regulation by providing information to help target government intervention where it is most needed.

This TC would not seek to influence the development of regulation, public policy or interpret international treaties as specified in the ISO/IEC Directives, Part 1 – Consolidated ISO Supplement – Procedures specific to ISO – Annex SO.

A statement from the proposer as to how the proposed work may relate to or impact on existing work, especially existing ISO and IEC deliverables. (The proposer should explain how the work differs from apparently similar work, or explain how duplication and conflict will be minimized. If seemingly similar or related work is already in the scope of other committees of the organization or in other organizations, the proposed scope shall distinguish between the proposed work and the other work. The proposer shall indicate whether his or her proposal could be dealt with by widening the scope of an existing committee or by establishing a new committee.)

Every effort would be made to ensure any new work is complementary and not in conflict or competing with established ISO committees and their work portfolios. To do this, the new TC would need to liaise with other TCs and consider relevant standards (see list of relevant existing documents) regarding how governance is referenced in these standards - and to examine their inter-dependencies – while recognizing that organizational governance is a distinct and very important area that requires its own, unique (but complementary) programme of work.

Organizational governance is very important to many technical committees such as risk management, continuity, environment, sustainability, quality, and information security. Governance is an integral part of their activities. For example, governance is an essential aspect of risk management. It's essential to integrate the management of risk into the organization's overall governance, strategy and planning, management, reporting processes, policies, value and culture. Good risk management is seen as the basis for providing effective governance within an organization. It is therefore important that there is a liaison with ISO TC/262 – Risk management – because although the principles and terminology of risk management and risk assessment techniques are well covered in ISO 31000, Guide 73 and ISO/IEC 31010, there is a need for more detailed information on governance and risk management and how they interrelate.

Governance in the context of social responsibility is also very important and the ISO 26000 PPO SAG is an important stakeholder group. ISO 26000 highlights that effective governance should be based on incorporating the principles of social responsibility into decision making and implementation. In the context of ISO 26000, organizational governance has the special characteristic of being both a “core subject” on which organizations should act and a means of increasing the organization's ability to behave in a socially responsible manner. Consideration of this standard and liaison with the ISO PPO SAG will help ensure the relationship and interdependence between social responsibility and governance is clear and complementary.

The new TC would need to establish liaisons and consider the relationship between governance and management standards (such as quality management) recognizing that while governance is an integral part of management standards, there is an important distinction between “management” and “governance”. For this proposal, management may be considered as the act of bringing people together to accomplish goals and objectives, and using available resources in an efficient, effective and risk-aware manner whereas governance deals with the accountability of a whole organization to all of its stakeholders and helps ensure that the organization, as a whole, fulfils its full purpose.

Recognizing that relevant standards exist or are being developed for compliance and anti-bribery within Project Committees, it is proposed that it would be beneficial to include the responsibility for maintaining these standards into this permanent TC structure.

A listing of relevant countries where the subject of the proposal is important to their national commercial interests.

During the development of the proposal, BSI has engaged with a range of stakeholders who recognize the importance of having effective governance to help enable the governing body to be accountable to all of their stakeholders for everything undertaken by their organizations. Small organizations, where there may only be a sole trader who owns, governs and manages their business, as well as large organizations, where governance is the responsibility of the board - all need to apply the principles of good governance for sustainable success.

Recognizing the importance of organizational governance, SAC (China) has expressed an interest in the proposed new TC and a potential twinning agreement will be explored if the new TC is approved. Likewise, DSM (Malaysia) and SON (Nigeria) have also recognized the vital role good governance and whistleblowing play and have expressed interest in potential twinning arrangements for those work items. In the course of discussions with members of ISO PC/271 – Compliance and ISO PC/278 – Anti-bribery management systems – experts from many other countries have expressed interest or a willingness to participate including Austria, Canada, Brazil, South Korea, Germany, Malaysia, France, Argentina, Russia, Japan, Australia, and Switzerland. (It is noted that this engagement is at expert level and full consultation with those members has not yet taken place).

Governance is of great importance to all countries because of the “high correlation between the quality of governance and per capita income. And statistical analysis has proven that good governance improves economic performance rather than vice-versa. The concrete example is Singapore, which by transforming into one of the least corrupt countries in the world, is fast becoming one of the world’s booming economies”. Please see:

<http://europeandcis.undp.org/blog/2012/05/23/3-reasons-why-you-should-care-about-good-governance>

According to the Organization for Economic Development (OECD), “The presence of an effective corporate governance system, within an individual company and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy. As a result, the cost of capital is lower and firms are encouraged to use resources more efficiently, thereby underpinning growth.” Please see:

<http://www.oecd.org/daf/ca/corporategovernanceprinciples/31557724.pdf>

It is recognised that this is a complex area and it is likely that stakeholders will have specific suggestions on the scope of the work. BSI propose to host the inaugural meeting of the new TC, in November, in London, in order to obtain and understand feedback, encourage membership, consider the scope, and obtain views on the suggested work programme.

A listing of relevant external international organizations or internal parties (other ISO and/or IEC committees) to be engaged as liaisons in the development of the deliverable(s). (In order to avoid conflict with, or duplication of efforts of, other bodies, it is important to indicate all points of possible conflict or overlap. The result of any communication with other interested bodies shall also be included.)

There are many stakeholders and interested parties and we anticipate there will be further organizations identified during the consultation phase. The following list is not intended to be exhaustive:

BASEL Institute on Governance
World Bank
UN International Strategy for Disaster Reduction (UNISDR)
European Corporate Governance Institute (ECGI)
Organization for Economic Co-operation and Development (OECD)
The Governance Institute (ICSA)
International Chamber of Commerce (ICC)
World Intellectual Property Organization (WIPO)
Transparency International
International Forum on Business Ethical Conduct (IFBEC)

In addition to the above, liaison committees may include at least the following:

ISO TC/262 - Risk management
ISO TC/268 - Sustainable Development in Communities
ISO TC/292 - Security and Resilience
ISO PC/271 - Compliance Management
ISO 26000 - PPO SAG
ISO/IEC JTC 1SC 40 WG 1 - Governance of Information Technology
ISO PC/278 - Anti-bribery management systems
ISO/TC 176 Quality management and quality assurance

A simple and concise statement identifying and describing relevant affected stakeholder categories (including small and medium sized enterprises) and how they will each benefit from or be impacted by the proposed deliverable(s).

Appreciating the wide range of potential stakeholders and the number of relevant existing documents already in existence, this new ISO TC will bring together relevant stakeholders in order to consolidate good practice and develop a portfolio of work that would provide clarity for delivering effective governance of organizational performance.

Organizational governance is the most crucial factor in enabling an organization to achieve its goals and to take responsibility for the impacts of its decisions and activities. The stated and potential activities are relevant to all those involved in governance at all levels of an organization, from sole traders to multi-national organizations. This includes:

- an organization's stakeholders;
- governing body members and officers;
- senior executives who report directly to governing bodies;
- other managers/supervisory personnel and their teams; and
- governance advisers and regulators.

Good governance positions organizations for success - all organizations can benefit from this work regardless of their size or sector. For example, in a small organization, there may be only a sole trader who owns, governs and manages their business. Complex, formal arrangements are not necessary but applying the principles of good governance is still important for sustainable success. In a large organization, ownership may be dispersed between many shareholders with governance being the ultimate responsibility of the board and management being delivered by executives via teams of employees. Whilst the accountabilities and roles are different, each has a role to play in supporting the success of the whole.

The establishment of this TC would provide an opportunity for the consolidation of ISO's governance related work which would in turn provide benefits for participating experts and stakeholders e.g. ease of identifying the appropriate committee and minimizing the need to attend separate meetings.

An expression of commitment from the proposer to provide the committee secretariat if the proposal succeeds.

BSI would provide the Secretariat and Chair of the new TC (CV of proposed TC Chair - Mr Howard Shaw - is included for information as Annex B). BSI will discuss potential twinning arrangements at the Secretariat level with SAC should the proposal be approved.

As previously indicated, interest has also been received in leadership or twinning agreements from DSM and SON for the projects on organizational governance and whistleblowing, respectively.

Purpose and justification for the proposal. (The purpose and justification for the creation of a new technical committee shall be made clear and the need for standardization in this field shall be justified. Clause C.4.13.3 of Annex C of the ISO/IEC Directives, Part 1 contains a menu of suggestions or ideas for possible documentation to support and purpose and justification of proposals. Proposers should consider these suggestions, but they are not limited to them, nor are they required to comply strictly with them. What is most important is that proposers develop and provide purpose and justification information that is most relevant to their proposals and that makes a substantial business case for the market relevance and the need for their proposals. Thorough, well-developed and robust purpose and justification documentation will lead to more informed consideration of proposals and ultimately their possible success in the ISO IEC system.)

This proposal is for the establishment of a new ISO technical committee on Organizational Governance to be responsible for developing and maintaining standards in the area of governance (including whistleblowing, anti-bribery, due diligence, compliance, etc.). It would also strive to communicate and disseminate the committee's deliverables as widely as possible. Organizations of all types and sizes need to have good governance in place as it will increase accountability, effectiveness, and fairness in organizations and help avoid major incidents. It will also help position organizations for success by establishing accountability, direction and control.

The need for good governance is increasingly clear as society's expectations of organizational behaviours and performance, and thus "governance", are rising. This is highlighted by a steady flow of major incidents and perceived abuses of authority. Enron, Lehman Brothers, FIFA, and other high-profile incidents demonstrate just how essential good governance is to organizations.

For this proposal, governance is tentatively defined as "the system by which the whole organization is directed, controlled and held accountable to achieve its core purpose over the long term". This TC would consolidate the available guidance, recommendations, and requirements relating to organizational governance but it is not intended to replace or negate existing guidance, regulations and legislation. Instead, it would develop and maintain internationally recognized ISO standards that have the necessary degree of legitimacy and market acceptance to be used as tools to support policy delivery.

The proposed guidance on organizational governance and whistleblowing could be based upon several well regarded national documents that can be used as the basis for ISO standards (see list of existing documents). For example, BS 13500 - Organizational Governance – has been widely implemented (including translation into other languages such as Mandarin). Case studies from BS 13500 illustrating how governance standards can benefit small as well as large organizations, can be found at: <http://www.bsigroup.co.uk/en-GB/bs-13500-organizational-governance/case-studies/>.

BSI PAS 1998 - Whistleblowing has also been valuable for organizations and there is a strong interest to use this document as the basis for an ISO standard. BS 10501 on Anti-bribery has also been enormously successful globally and was used in the development of ISO 37001 – ABMS- with guidance for use – which has already received considerable attention.

In considering the data on the users of key British Standards in this area (BS 13500 on effective governance, BS 10500 on anti-bribery management systems and PAS 1998 on whistleblowing arrangements), BSI has noted significant evidence of multinational interest. The international interest in this work has also been expressed by other international stakeholders including experts engaged in PC/271 (Compliance management) and PC/278 (Anti-bribery).

This proposal includes the possibility of developing an International Standard on the fundamentals of good governance as well as supporting existing documents and ISO groups doing valuable work in this area. There is a need, and international support, for an ISO TC to bring together global stakeholders in organizational governance to coordinate, develop and maintain a portfolio of ISO standards in this area.

In order to encourage membership and liaisons, consider the scope, TC structure and the work programme (including preliminary work items on governance and whistleblowing) BSI suggest a meeting of the TC be held, in London, November 2016.

Signature of the proposer

Amanda Richardson, BSI

Further information to assist with understanding the requirements for the items above can be found in [the Directives, Part 1, Annex C](#).