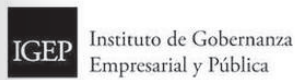




GNDI Guidelines on the Corporate Governance of Data



Instituto de Gobernanza
Empresarial y Pública

AUSTRALIAN INSTITUTE
of COMPANY DIRECTORS

IBGC

Instituto Brasileiro de
Governança Corporativa



Institute of Corporate Directors
Institut des administrateurs de sociétés

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The European Voice of Directors



VEREINIGUNG DER
AUFSICHTSRÄTE IN DEUTSCHLAND e.V.



BDI
GCC Board Directors Institute



香港董事學會
The Hong Kong Institute of Directors
FOUNDED 1997

IDU
Israel's Directors Union

MACD
MALAYSIAN ALLIANCE OF
CORPORATE DIRECTORS



Mauritius
Institute of
Directors
Promoting Corporate Governance across the board

**Institute of
Directors**

PICG
Pakistan Institute of Corporate Governance

ICD
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It is hard to imagine a modern business operating without some form of digital interaction and with this come new opportunities and risks. The corporate governance of data is of such critical importance to organizations that it should be viewed as a principal opportunity and risk, with ultimate responsibility for it resting with the board of directors.

The diversity of national data policies and practices hinders effective corporate governance of data in organizations.

To secure effective direction and control of data in organizations, the GNDI's national member institutes have therefore developed global Guidelines on the Corporate Governance of Data which can be adapted to the local context of national member institutes.

01 Purpose

The GNDI Guidelines on the Corporate Governance of Data, or national guidelines issued by the respective GNDI member based on them, provide the Board of Directors (BoD) with guidance on how to:

- 1.1 Balance safeguarding legal and ethical data compliance with capturing competitive opportunities from data (i.e. strategic, operational, commercial, social, etc.).
- 1.2 Improve governance effectiveness and efficiency by making use of data-driven governance approaches.

02 Scope

The guidelines cover all data-related strategic, commercial and operational activities of the company, in particular related to data, datafication and data-driven governance as well as operating and business models as defined in the Glossary.

03 Development

The development and application of the guidelines follows a set of principles:

- 3.1 The guidelines are developed in a collaborative effort involving national GNDI member organizations to ensure adequate incorporation of different national requirements.
- 3.2 Given the on-going development of data-driven technologies, the guidelines will be reviewed and updated in a timely manner by the GNDI policy committee.

04 Core Principles

Part I: Providing Strategic Direction for Data Governance

4.1 Data strategy: In line with the roles and responsibilities defined, the BoD leads and supports the management in developing a comprehensive:

- Data business strategy, and
- Data resilience strategy (incl. compliance, risk and crisis approach).

That defines the company's approach to:

- Data asset management (incl. valuation and intellectual property (IP) approach)
- Data technology management.
- Data partnership management.

Based on the following data principles:

- Data safety and security.
- Data value and veracity.
- Data usability and compatibility.
- Data integrity and sustainability.

The strategies, policies and tools proposed must be fit for the organization and shall take into account the interests of the organization and its stakeholders. For that purpose, the BoD may consider tasking an existing committee with data-related direction and control, set up a dedicated committee, initiate an advisory board or, in the case of SMEs, appoint a member of the BoD with experience and successful track record in the field of data governance to ensure sufficient attention and expertise. The dedicated person or committee shall work closely with relevant subject matter experts and the management team.

4.2 Data strategy integration: The BoD ensures that relevant data considerations are fully integrated into other strategies, in particular into the:

- Market-oriented strategies: e.g. marketing & sales, research & development,
- Operations-oriented strategies: e.g. manufacturing, procurement, logistics,
- Resource-oriented strategies: e.g. finance, HR, technology/IT, legal,
- Ecosystem-oriented strategies: e.g. partnerships, alliances, M&A.

Part II: Providing Oversight of Data Governance

4.3 Data strategy execution: The BoD ensures that the data strategy is developed and implemented by the senior management as per plan and target by monitoring its implementation progress and measuring its impact, including benchmarking performance with that of comparable organizations.

4.4 Legal data compliance: The BoD ensures that the company is fully compliant with all data regulations applicable wherever the company operates and data is stored (e.g. in cloud computing) and has the respective corporate policies and corresponding training programs in place, in particular related to relevant:

- Data protection laws, industry standards and recommendations;
- Privacy laws, industry standards and recommendations;
- Cyber security laws, industry standards and recommendations;
- Intellectual property laws, industry standards and recommendations.

4.5 Ethical data compliance: The BoD ensures ethical compliance and understanding of the societal implications of its data-related business practices, in particular related to:

- Data-driven technologies, such as artificial intelligence.
- Data handling, such as data storage, leakage, veracity or sharing.
- Data use, such as in research, sales and marketing and human resource management.

4.6 Data reporting: The BoD understands the value of intangible data assets as well as possible risks and liabilities from the use of data and ensures meaningful reporting in line with respective accounting rules and reporting standards.

Part III: Promoting the Culture for Data Governance

4.7 Data-driven governance: The BoD promotes the concept of data-driven governance by utilizing data technologies to improve transparency, effectiveness and efficiency of board decisions in a responsible manner.

4.8 Data awareness, mindset and capability building: The BoD ensures that the organization develops awareness for data-related matters, a mindset for data-driven decision making and data handling capabilities across all levels of the organization by ensuring adequate representation of experts in the relevant bodies, incorporation of data-related capabilities in competence framework and provision of training and development programs in particular in:

- data methodologies,
- data technologies,
- data resilience management (incl. compliance and risk management),
- data ethics.

Part IV: Adapting Data Governance to the Context

4.9 Contextual adaptation: The BoD ensures that corporate data governance policies are adapted to local requirements and sectoral contexts (if the company operates in multiple markets and industries).

4.10 Regular updates: The BoD ensures that data governance policies are regularly reviewed and adapted to take into account the latest technological, competitive and regulatory developments.



Application

5.1 The GNDI Guidelines on the Corporate Governance of Data approved by the GNDI Executive Committee are effective November 1, 2018.

5.2 The latest version can be found at gndi.org.

5.3 The guidelines provide a global cross-sectoral perspective and serve as a basis for adaptation based on industry, organization type and jurisdiction.

Glossary

Artificial intelligence:

The simulation of human intelligence processes by machines, especially computer systems. These processes include learning, reasoning and speech and image recognition.

Board of Directors (BoD):

The BoD is a group of individuals, appointed or/and elected by shareholders and mandated to direct and control the company, establish policies for corporate management, oversee the executive management and to make decisions on major company issues.

Data:

The representation of facts, such as text, numbers, graphics, images, sound or video.

Data-driven business model:

Commercialization of data-driven offerings.

Data-driven governance:

Usage of data and analytics/artificial intelligence to improve effectiveness and efficiency of corporate governance.

Data-driven operating model:

Usage of data to improve, run and safeguard operations.

Datafication:

Process of moving from a product- and process-oriented to a data-driven business approach.

Digital transformation:

The pro-active change of business and organizational activities, processes, competencies and models fully leveraging the changes and opportunities of relevant digital technologies.

Digitalization:

Process of moving from an analogue to a digital business approach.

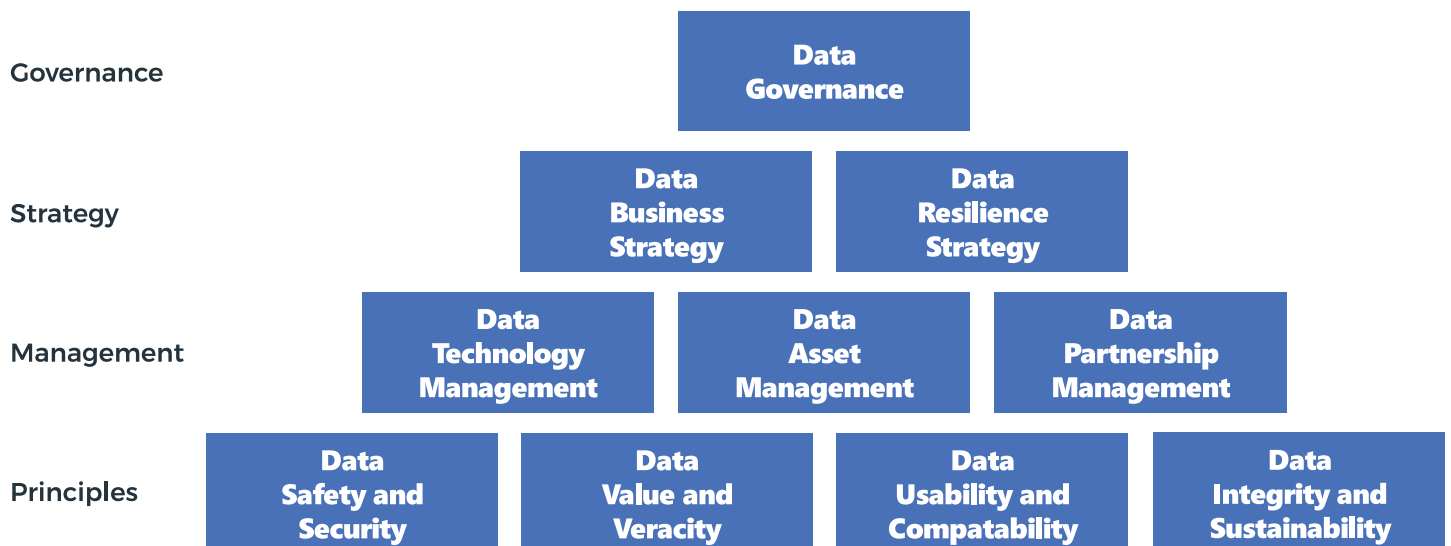
Intellectual property (IP):

IP refers to the protection of creations of the mind, including brand names, inventions, designs or software.

Machine learning:

Machine learning is a subset of artificial intelligence that often uses statistical techniques to give computers the ability to learn with data, without being explicitly programmed.

GNDI Data Governance Framework



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