



OMINDEX

How Purpose, Culture, and Human Management Systems create Total Stakeholder Value

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Maturity Institute



OMINDEX is used by boards, investment professionals and regulators as:

1. A unique, whole system measure of corporate health
2. A rating to help investment strategy and corporate engagement
3. A leading indicator of underlying corporate risk

4. A component of our *Total Stakeholder Value* metric, enabling you to see how companies are creating value for all stakeholders.

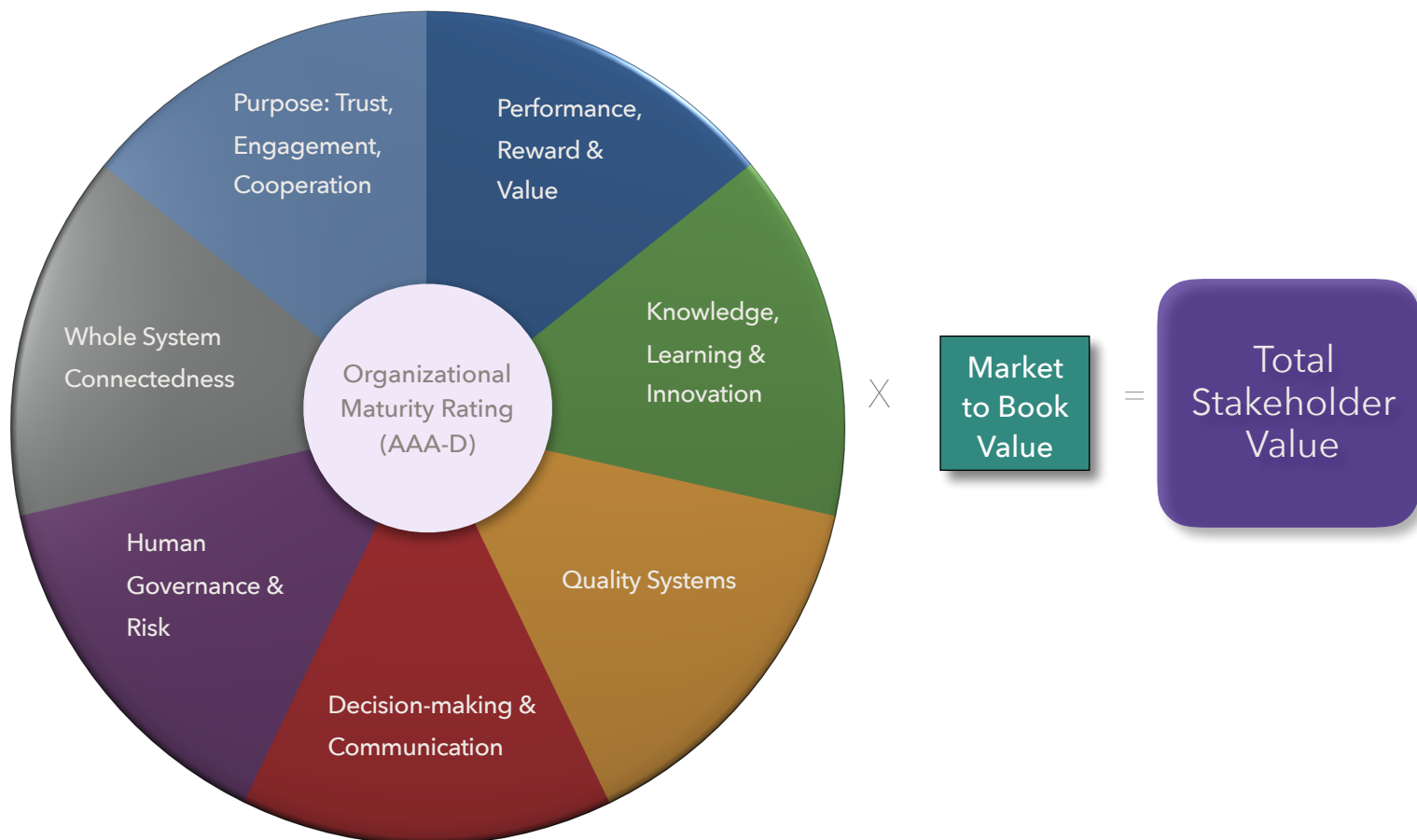
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OMINDEX and Total Stakeholder Value (TSV)

Compelling evidence tells us that organizations that set out to create value for society are able to maximise value for all stakeholders when all their human systems are aligned to achieve this outcome. Such value creation is also sustainable over the long-

term. This is demonstrated by our highly rated exemplars such as Toyota and Handelsbanken, who have differentiated themselves against peers and have become role models over many decades.

To measure societal value creation, we use a global standard called Total Stakeholder Value (TSV), a

measure of mutually inclusive long-term value that reconciles both the generation of returns for shareholders and value created for all societal stakeholders.

TSV is measured by combining an evidence based, independent rating of the extent to which critical human systems factors connect to

material value and risk, together with a financial return metric.

TSV therefore unifies a conventional indicator of organizational performance - market to book value - with a corporation's Organizational Maturity Rating (OMR) score in OMINDEX.

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Organizational Maturity Rating (OMR)

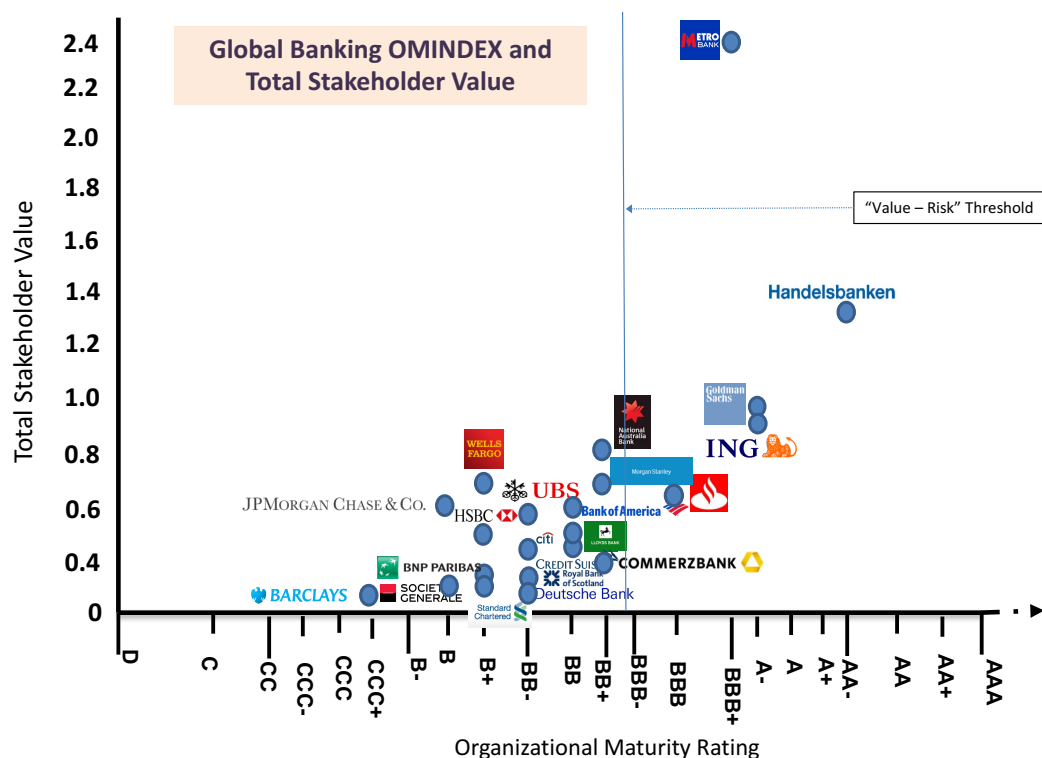
An OMR is created using OM30, our comprehensive, diagnostic instrument of specifically measured indicators of so called 'intangibles' that can be used for strategic value improvement. OM30

generates company ratings to complement existing valuation and rating methods (e.g. S&P credit rating schematic). It provides additional perspectives and insight to aid investment strategy and engage boards on critical issues. Both OM30 and TSV are complementary

indicators to assess governance and cultural risk; providing a framework to integrate with existing and future regulatory regimes while driving healthy cultures.

"Total Stakeholder Value is a valuable measure of the criteria that are most likely to deliver sustainable wealth

creation. Ultimately, this wealth creation is what drives good outcomes for the providers of capital and for the economy and society." **Daniel Godfrey (Founder, Peoples Trust and former Chief Executive, Investment Association)**



"...the Bank we are today is the result of an infinite number of decisions made over the years throughout the organisation. The starting point for all those decisions is our customers: customers' needs and customers' expectations...When every person feels involved and takes responsibility, then they make more of those smart decisions, resulting in lower costs, more satisfied customers and higher profitability. And healthy profitability gives us a stable financial base, which in turn enables us to grow."

Anders Bouvin, CEO, Handelsbanken, 2017

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Our OM30 instrument comprises 32 questions against which evidence is collated and analysed to produce an OMR. The questions include:

Corporate purpose Does the organization have a clearly stated purpose? Societal purpose: does the purpose of societal value have clear primacy in this organization?

Value Does the organization define 'value' and is it reconciled with our standard i.e. Output, Cost, Revenue, Quality

Market & intrinsic value What are the primary determinants of the company's ability to sustain its present value today and into the foreseeable future?

Coherence between market & human values To what extent is the organization's business and/or operating model predicated on reconciling its (market) value with changing societal values?

Governance Does anyone on the Board or one of its committees, or the Executive, hold specific responsibility for human governance?

Trust To what extent are the leadership and management team trusted by customers, employees, and other key stakeholders?

Values Have at least 3 core values been expressed by the organization?

Principles Name up to 3 of the most important principles espoused and adhered to by the organization.

Value potential To what extent does the organization seek to maximise the value it generates from all of its human capital – both directly employed and within its supply chain and wider society?

Vision How far into the future does this organization see and mentally plan?

Mission Identify the top, specific priority that must be achieved within 3 to 5 years.

Accountability What are the Board and CEO accountable or responsible for?

Strategic cohesion To what extent do leadership, management and staff understand and work cooperatively towards a coherent set of strategic goals?

Culture What evidence is there that the Board recognizes the importance of culture and is it being monitored effectively?

System To what extent does your organization operate as a coherent and cohesive whole system?

Business planning To what extent are improvements in the organization's capability in human capital management specifically factored into its current business plan?

Evidence-based management (EBM) Is core management, decision-making process evidence-based in principle and practice?

Never-ending, continuous improvement To what extent is the philosophy and practice of never-ending improvement embedded throughout the whole organization?

Quality system Does the organization have a quality system and, if so, to what extent is it applied?

Innovation system Does the organization have a system to measure the rate of innovation of the entire workforce (including suppliers) and, if so, to what extent is it applied?

Performance management system (PMS) Is there a performance management system in place and is it widely and effectively followed to continuously improve TSV?

Learning & knowledge To what extent is this a learning organization that continuously and expeditiously aims to acquire and apply knowledge, expertise and experience to continuously create more value and reduce risk?

Identifying the specific value impact expected from human capital To what extent are business improvements based on linking human capital to the 4 value variables OCRQ?

Return on human capital Has the organization adopted a discipline of linking human capital directly to financial returns by completing an ROI calculation?

Cooperation To what extent is the organization characterised by willing, active and enthusiastic cooperation all the way from leaders and managers to the most junior job roles and suppliers?

People risk To what extent does the organization have a comprehensive system for measuring and assessing the current level of human capital management risk within the organization?

Remuneration & Reward Does the organization adopt and adhere to a clear set of key principles to underpin its remuneration and reward policy and link it directly to TSV?

Communication system How much importance does the organization attach to communication and is there a system in place to ensure it is working?

Organizational agility, adaptability and flexibility How well does the organization adapt to changing market conditions with a minimum of risk, cost and business disruption?

Stakeholders Whose interests, among all of the organization's specific stakeholder/s, appear to be afforded primacy?

Decision making environment To what extent would you describe high level decision making in your organization as collegiate?

Authenticity The size of the gap between the organization's statements, external communications and claims of success, relative to the reality found in the evidence.