

## A Maturity Institute (MI) response to EY's proposed 'New Framework'

<http://www.ey.com/uk/en/services/assurance/ey---long-term-value#framework>

1. EY and Inclusive Capitalism, along with many other observers around the globe, believe a new framework is required if trust in capitalism is to be restored. MI's maturity framework for re-legitimising capitalism, on the basis of maximising societal value, is already complete and has been utilised by investors, boards and key stakeholders since 2015 with the advent of [OMINDEX](#) and the development of a combined measure of business and societal value in [Total Stakeholder Value](#) (TSV).
2. If a new, trusted, global framework is necessary then it must be upheld by an impartial, independent, professional body that sets global standards and quality assures adherence to the highest standards without any direct commercial interest. MI performs this role. No commercial concern can provide that requisite level of impartiality.
3. The framework and its use cannot become a proprietary product provided by a commercial entity with vested interests or from an exclusive professional discipline. MI is a unique, not-for-profit, multi-disciplinary, institute covering all professional disciplines working together.
4. Monitoring use of the framework necessitates an objective measure and a relative scale for comparison. MI's maturity scale, the foundation of OMINDEX, has been successfully developed for that very specific purpose (and will continue to be refined) and is already being used by the investment community; as evidenced by our latest 2017 [Banking Governance & Culture Report](#) sponsored by Hermes Investment Management.
5. Academia will have an important part to play in ongoing research associated with the new framework. MI's academic members have already been subjecting our framework to empirical testing since 2005 when the research was reported at the annual conference of the Society for Industrial/Organizational Psychology.

### **MI has already passed EY's six tests for a legitimate and effective reporting framework:**

**Test 1.** Company reporting should be clear about context – *MI analysis reveals the nature of all organizational contexts as a whole system picture using our OM30 instrument.*

**Test 2.** It must be material to stakeholders – *our collaboration with Harvard Law School's Pension and Capital Stewardship program created the first integrated governance, culture and human capital report on AT&T while our recent 2017 Banking Report highlights critical materiality for all stakeholders.*

**Test 3.** It is critical that the organisation describes its purpose in a meaningful process – *MI's purpose is to achieve maximum societal value and our standard which we measure organisations against is a purpose of the best possible product/service quality at the lowest possible cost (with no undue external harm)*

**Test 4.** To be trusted it must be assured – *MI has a quality assurance system in place for its membership and this is incorporated into OMINDEX (OMR) analysis and ratings*

**Test 5.** It should provide a more complete view of value – *MI's TSV a complete, whole system view of value*

**Test 6.** It must be simple to understand – *it can be explained in very few words – TSV can only come from a societally beneficial combination of Output, Cost, Revenue and Quality (OCRQ).*