

Stuart Woollard's speech at the Transparency Task Force's Financial Stability Team meeting to create a new All Parliamentary Party Group; House of Commons, 7 February 2018

"It is 5 years this month since the Maturity Institute was launched to help organisations understand how Governance, Culture and the management of human systems links to value and risk; and to demonstrate in "hard" financial terms how these so-called intangibles can be measured.

It is also 3 years since we launched our own Organisational Maturity Ratings, developed with the help of an S&P affiliate company, to sit alongside credit ratings as a leading indicator of organisational health. In doing so we also created what has now become OMINDEX – our global ratings database of these ratings.

It has been interesting this last week to see RBS' be questioned about how they are measuring the culture at the bank and, of course, struggle to provide an adequate answer. Also, to see Janet Yellen at the US Fed determine that Wells Fargo should not grow until it fixes its governance and controls in the wake of its now many scandals.

We are already able to provide greater transparency and insight on these and many other banks. RBS and Wells Fargo are rated at B+, 3 grades below "junk" on OMINDEX, and they both need to improve to BBB- to get beyond our ratings value/risk threshold.

Our OMINDEX ratings effectively measure the nature and extent to which firms create value through all their stakeholders (workers, customers, suppliers, regulators and wider society) and during the course of our work to create our Banking sector OMINDEX, we combined it with a shareholder value measure, and created what we call Total Stakeholder Value.

Some bank TSV's include:

Metro 2.59

Handelsbanken 1.38

Wells Fargo 0.70

RBS 0.31

Barclays 0.16

High TSV shows an organisation that serves both shareholders and society, mutually inclusively. Another bank we recently rated called OMINDEX and TSV a "race for

the top". So, perhaps you can imagine a race to maximise Total Stakeholder Value (TSV) rather than short-term profitability. A 50-year shareholder based paradigm can then be replaced by something we believe is far more powerful, sustainable and mutually beneficial for all.

At this point we are working with CEO's; as OMINDEX provides a practical roadmap for improvement; investment firms (especially those that want to engage with boards); and we are in dialogue with a number of regulators, who know that they need to better assess Governance & Culture risk.

We are confident that this can become a virtuous circle of value creation and risk mitigation – in all of our interests. And we would be delighted for it to be supported by a new APPG for Financial Stability."