

## **General OMINDEX® ratings guidance**

### **The OM30 instrument**

The OM30 is constructed from questions that incorporate all of the main factors that MI has already identified as the necessary components of any holistic, organizational assessment that links human intangibles to value and risk. These include:

- Each of the MI Ten Pillars
- Every item on the MI strategic framework
- Board and executive accountabilities
- Specific financial measures attached to human capital
- The nature of strategic decision-making

There are two approaches to compiling an OM30 rating:

1. Building evidence derived from external sources
2. Cooperating with companies themselves to understand subjects that are not as clearly disclosed (this should not comprise material non-public information)

Analysts will find that, for certain questions, there is a range of available evidence of varying quality. The quality of evidence is also dependent on what the companies are prepared to offer. A fundamental principle of maturity analysis is that the analyst must not make any uninformed judgements. Analysts who have undergone formal training in OMINDEX® research and analysis will be capable of using their understanding, experience and knowledge to make the best-informed judgements; supported by evidence that leads to well-conceived and cogently argued conclusions. In certain circumstances, this requires the application of an organisation's wider evidence base; gained across all other interrelated, OM30 diagnostic factors. As the quality of evidence available from companies improves, in line with the increasing use of the OM30 as a reporting tool, the resulting analysis can be further refined and accuracy improved. This new perspective on company ESG drivers opens up many other opportunities, including further developments in conventional methods of economic and financial analysis and company valuation.

### **The OM30 scoring scheme**

OMINDEX® analysts make informed judgements based on best available evidence as set out in these pages or as may be found by the sector and stock specialists in other available, credible sources. For sources not included in this document, analysts must consider their links to the connection between maturity indicators of value (OCRQE) and risk. Any points that get awarded must contain a reference to the supporting evidence.

The scoring on OMINDEX® is absolute as opposed to sector relative. For questions using the 0 -10 scale (see figure below), the bullet points below provide context.

- There are two 'goalposts' or breakthrough points at 4 (minimum acceptability) and 8 (exceptional)
- A score of 0 means 'non-existent'
- Scoring 1-3 suggests the organisation in question appears to be 'below the acceptable standard' on this topic
- Scores of 4 - 7 represent varying degrees of 'acceptable'.
- A company that scores 8 - 10 is considered 'exceptional' on this topic

For binary questions: only yes/no is allowed or a choice between only two scores (e.g. score 0 or 1)

### Relative Performance - Total Stakeholder Value (TSV)

