

# WHEN CONSIDERING THEIR PERFORMANCE METRICS, COMPANY MANAGEMENT AND THEIR BOARDS SHOULD ASK...

## Aligned to Strategy

- Do our metrics clearly link to our company's strategy and value drivers? Have we addressed all relevant financial and wider metrics?
- Are we reporting the metrics that are being monitored and managed internally?
- Is there a clear link between the metrics that drive our business model and strategy, and our remuneration policy?

## Transparent

- Is it clear to investors why we use these metrics and what performance they are trying to represent?
- Are we transparent about the way in which our metrics are calculated and defined?
- Where we report non-GAAP metrics, do we explain why and how they more appropriately represent our business model and strategy? Where we make adjustments to exclude cost items do we also exclude the related gains? Do we explain why we have made specific adjustments, at least at a material level?

## In Context

- Do we explain what performance we were expecting to achieve, what we actually achieved, and why?
- Do we explain what performance our metrics are trying to achieve in the future, and provide an understanding of our overall long-term objectives?

## Reliable

- Do we provide an overview of how our metrics have been developed and monitored to allow investors to assess their reliability?
- Do we explain the level of scrutiny to which metrics are subject to allow an assessment of whether they are fair, balanced and understandable? Do we outline the Audit Committee's (or other Executive or non-Executive Committee) oversight and whether they consider the appropriateness of specific metrics or adjustments in addition to the way in which the metrics are reported? Do we explain what additional scrutiny may be given to adjusted metrics used in remuneration?
- Is the boundary of each metric clear (for example, the timeframe, parts of business covered etc)?

## Consistent

- Are our metrics consistent year-on-year? If our metrics have changed, do we provide a clear explanation as to why the change has been made and why the new metric is better? Do we provide comparatives for a number of years?
- Are our metrics calculated consistently every year? If they are not, do we provide an explanation for any change, and an outline of the impact of the change?
- Are the same metrics reported consistently across the investor presentation, preliminary announcement, annual report, press releases and other documents?
- Is a track record of our performance provided, preferably over five years?
- Are our metrics consistent with an industry standard or our close competitors? If not, do we explain why our metrics are more appropriate?

The full report here can be accessed [here](#)