

## DVFA Committee on Non-Financials

# Key Performance Indicators for Extra Financial Analysis

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## Goals of the DVFA Committee Non-Financials

**Defining requirements of mainstream investment professionals for non-financials**

**There is almost no link between CR reporting and (CR) performance**

**Selecting KPIs on non-financial issues**

- are meaningful for investors and analysts
- can be reported by corporates (data available, consolidation possible etc.)
- can undergo meaningful verification (legal audit, assurance)
- Define no more than 50 KPIs in total to avoid data spamming!

**Not defining (yet another) reporting scheme, rather: defining KPIs compatible with and useable in other formats such as G3**

## **DVFA\* established Committee Non-Financials**

### **Multi-stakeholder approach including**

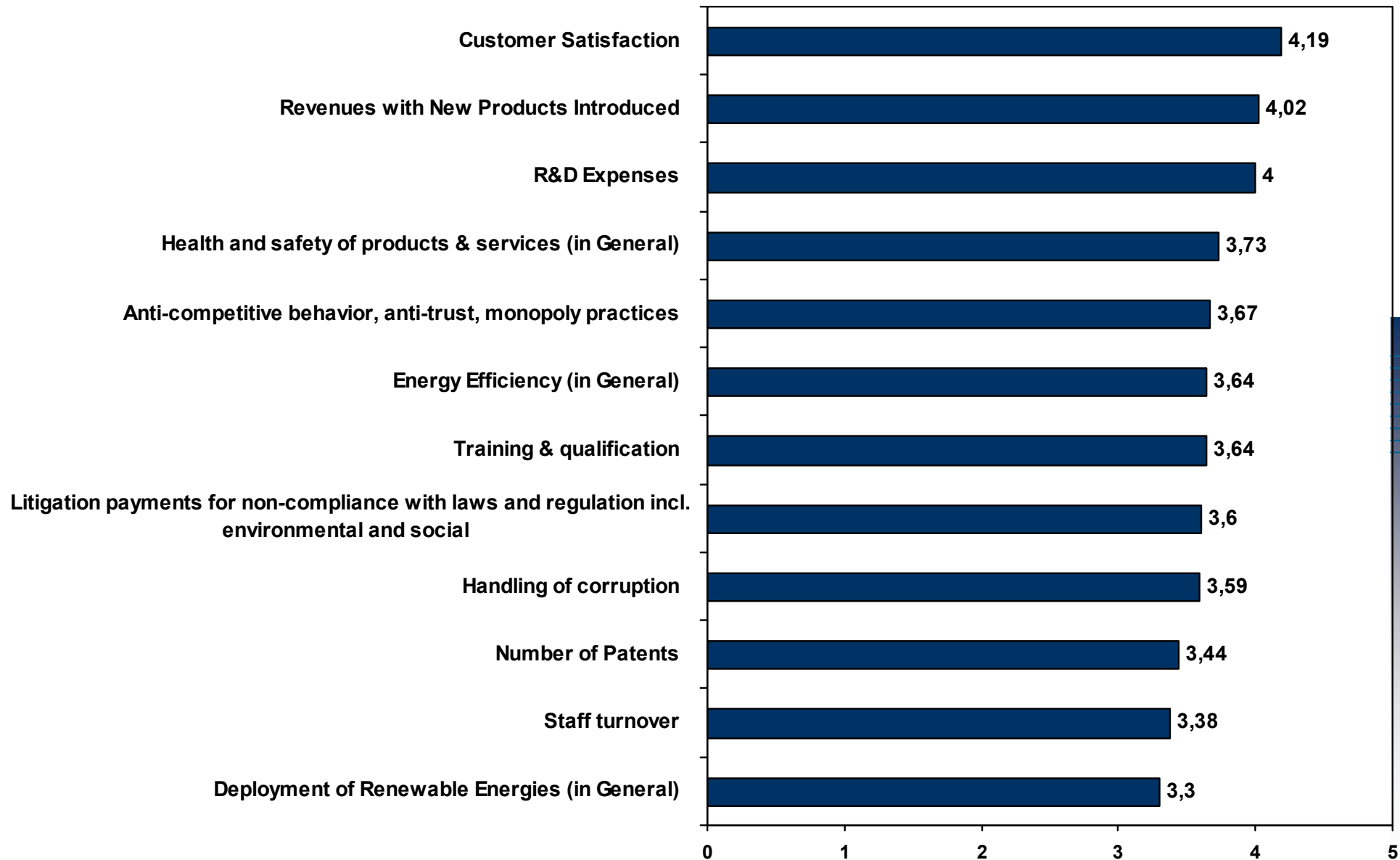
- **Fund managers**
- **Equity Sell-Side Analysts**
- **Corporates (IR Managers, CR Managers)**
- **Auditors**
- **Scientific community**
- **Professional associations (issuers, communication, investment professionals, auditors)**
- **Selected NGOs**

**\* DVFA is the Society of Investment Professionals in Germany**

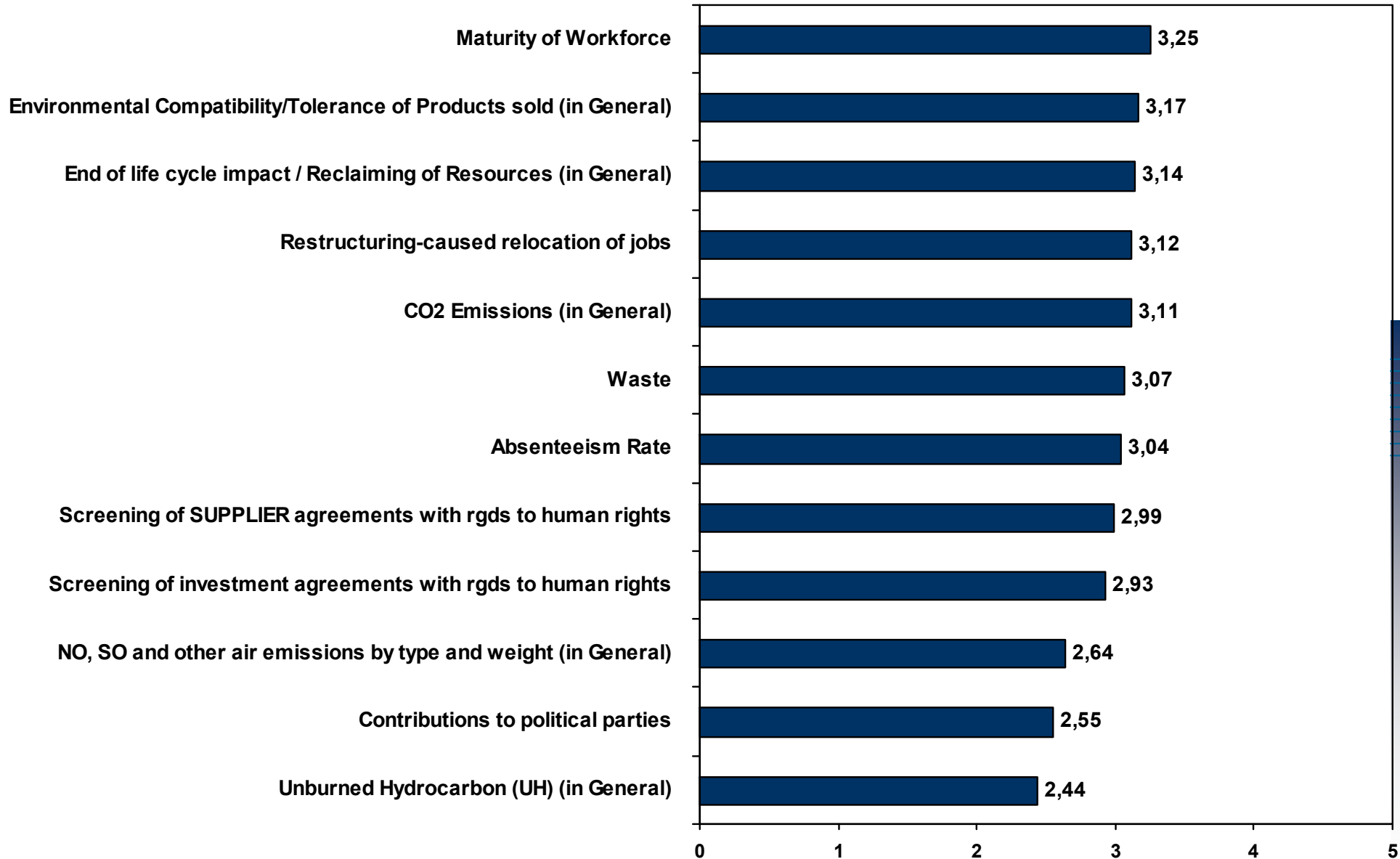
# Structure of KPIs

|   | <b>E</b><br>Environmental  | <b>S</b><br>Social   | <b>G</b><br>Governance   | <b>V</b><br>Longterm Viability   |
|---|--|--|--|--|
| <b>General:</b><br>KPIs which apply to all industry-groups    | E1 Energy Efficiency<br><br>E2 Deployment of Renewable Energy Sources  | S1 Staff Turnover<br><br>S2 Training & Qualification<br><br>S3 Maturity of Workforce<br><br>S4 Absenteeism<br>S5 Restructuring-related Relocation of Jobs  | G1 Contributions to Political Parties<br><br>G2 Anti--competitive Behaviour, Monopoly<br><br>G3 Corruption | V1 Customer Satisfaction<br><br>V2 Revenues from New Products  |
| <b>Sector-Specific:</b><br>KPIs which apply to select sectors | E4 NO,SO Emissions<br><br>E3 CO2 Emissions<br><br>E5 Waste<br>E6 Environmental Compatibility<br>E7 End-of-Lifecycle Impact | S6 Diversity<br><br>S7 % of Credit Loans, Undergone ESG Screening<br>S8 % of Funds Managed in Accordance to ESG Criteria<br>S9 Financial Instruments held in Accordance to ESG Criteria<br>S10 Investments in Accordance with ESG<br>S11 Supplier Agreements in Accordance with ESG<br>S12 Health & Safety of Products | G4 Litigation Payments<br><br>G5 Dimension of Pending Legal Proceedings                                    | V3 R&D Expenses<br><br>V4 Number of Patents<br>V5 Investments in Research on New Risk<br>V6 Customer Retention |

# Perception of the 24 KPIs: Summary (1)



## Perception of the 24 KPIs: Summary (2)



## Executive Summary

**KPIs on ESG are important for the investment decision of mainstream investment professionals**

**Investment professionals appear to perceive most value in KPIs measuring “longterm viability” i.e. corporates being capable and willing to undertake investments which safeguard maintaining success factor**

**Governance KPIs are widely perceived to be slightly more important than Social and Environmental KPIs**

**There are significant differences in the importance depending on the industry.**