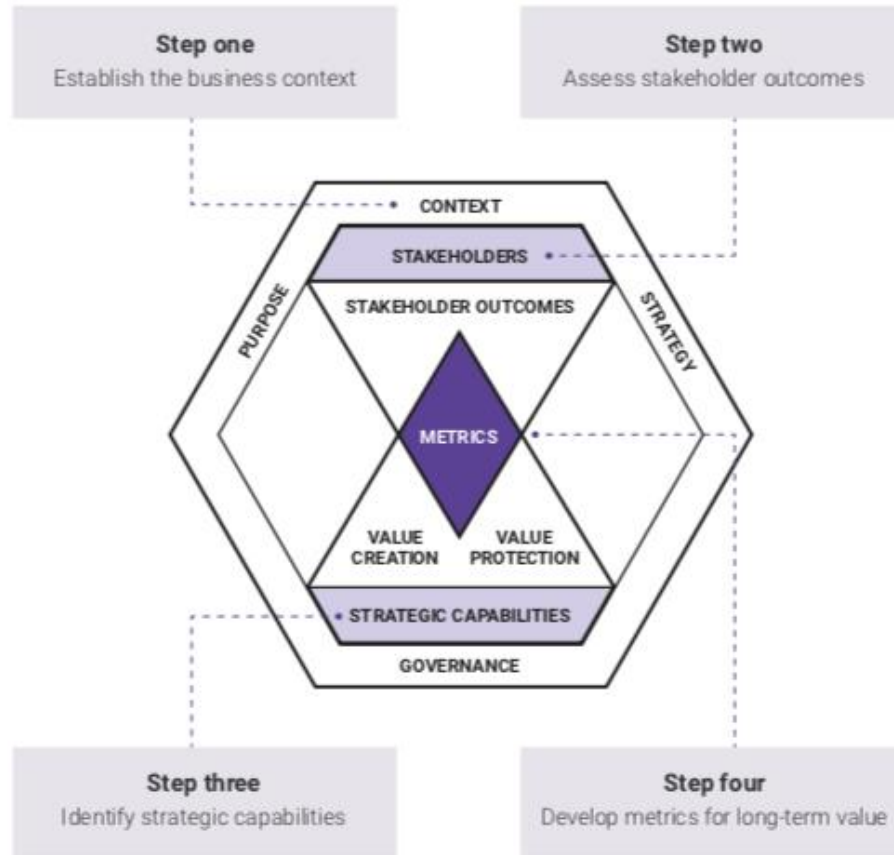


A four step process to develop metrics for long-term value

A four step process to develop metrics for long-term value

Companies can use this approach to better articulate to investors how they create and measure long-term value.



Feature: Five criteria for metrics

- 1. Lead indicators**
The metric represents a backward or forward looking indicator that serves as a proxy for **future value creation** (>5 years). It relates to the company's ability to create value in the short, medium and long term.
- 2. Measuring outcomes and impacts**
The metric measures performance at least beyond output. **Outcome and impact metrics** convey results of business activities for the intended scope over the long term.
- 3. Materiality**
The metric reflects a company's significant economic, environmental, and social impacts and substantively influences the assessments and decisions of stakeholders. It conveys information that **substantively affects** the company's ability to create value.
- 4. Comparability**
The metric can be applied **consistently** over time; the definition and calculation methodology remains the same to aid comparability. It is transferable to most companies within or across industries to enable meaningful (peer-to-peer) comparisons.
- 5. Investor verified**
The metric is **relevant to investors**. It has been validated by investors (or is at least considered to be potentially relevant for investors' decision-making).

ANTHONY HESKETH, UNIVERSITY MAN:



M: +44 (0)7932 585634

E: A.Hesketh@lancaster.ac.uk

T: <https://teams.microsoft.com/l/chat/0/0?users=A.Hesketh@lancaster.ac.uk>