

A large red circle is positioned in the upper left quadrant of the page. It contains the text 'AR: Review 2010' in white, bold, serif font.

**AR:  
Review  
2010**

A new  
framework for  
best practice  
annual report  
information  
design.

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# Key Performance Indicators (KPIs); tracking progress and measuring success

**Many annual reports fail to clearly identify their organisation's key performance indicators (KPIs) despite the crucial role that defining and reporting on them plays in shareholder communication and investor confidence.**

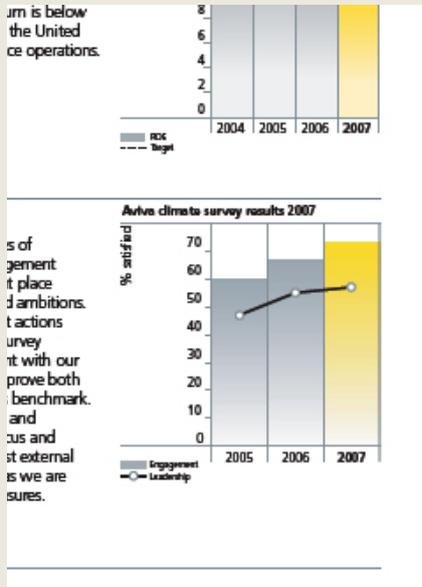
The best annual reports do this well, providing a good clear presentation, tracking performance across a number of consistent KPIs over a number of years, providing informative commentary and linking back to the business strategy. However, the majority of annual reports limit their KPIs to financials only, or fail to clearly identify them at all.

## Best Practice Principles

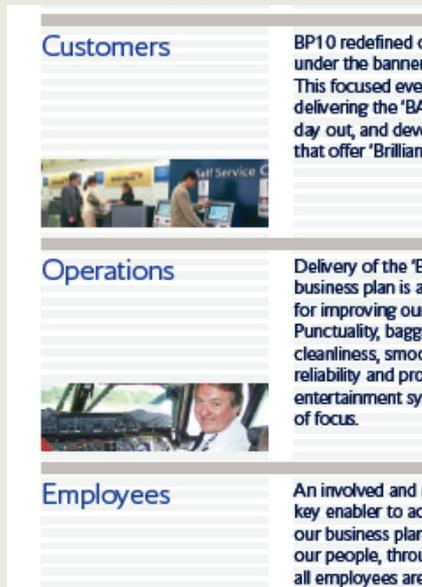
- Does your report clearly define corporate key performance and sustainability indicators (both financial and non-financial) with a brief explanation of the significance of each to the organisation's success, and details of any changes from the previous year?
- Are the key performance indicators linked to the business strategy, specific and measurable? Are they presented clearly and graphically?
- What has your organisation achieved in the past year (comparing performance achievement with targets and objectives set)?
- What were the reasons for instances of major under-and-over performance? In the case of under-performance, what were the lessons learned and actions taken?
- Does your report provide a review of performance results from the last five years (ie. trend data and a discussion and analysis of change over time)?
- Does the report demonstrate where and why improvements to KPIs have been made, and their likely implications for sustainability, stakeholders and organisational goals?

*'The OFR should include the key performance indicators, both financial and, where appropriate, non-financial, used by the directors to assess progress against their stated objectives.'* Reporting statement: Operating and Financial Review. Accounting Standards Board (UK).

*'The report (should) allow comparisons with the performance targets set and also past results achieved.'* Criteria statement: NSW Premier's Public Sector Annual Reports Award.



Aviva plc Annual Report and Accounts 2007



British Airways Annual Report and Accounts 2008



Experian Annual Report 2007

If you would like to know more about our methodology for transforming good annual reports to great shareholder communications and how it may be applied to your report, call our client services director Malcolm on (03) 9693 0000.