

Illustrative overview of core ESG KPIs

Non-financial reporting is becoming a must for companies. These will be increasingly scrutinized on ESG aspects, not only by governments and regulators, but also by investors. In order to help companies to provide material, consistent, and comparable ESG information, a list of core KPIs has been put together (with the help of Euronext).

The methodology is based on WFE ESG Guidance & Metrics and is aligned with EU Taxonomy and EU commission's Guidelines on corporate climate-related information reporting as well as with existing international ESG reporting frameworks and standards, such as IIRC, TFCF, GRI, and SASB.

The output is a set of 71 KPIs : 25 Environmental, 22 Social and 24 Governance KPIs.

On the other hand, European legislation is accelerating the pace as EFRAG has announced the publication of non-financial reporting standards by July 2022, to come into force in early 2023.

We thus want to draw companies' attention on the fact that EFRAG's work will be completed very soon and will encompass the principles of SFDR, SASB and GRI. EFRAG will therefore become unavoidable.

One can conclude that the present list of indicators intends to help companies preparing for the future. It is just a guideline, but should not be considered as hard guidance or as a standard.

Environmental KPIs

KPI #	Category	Metric	Calculation	Recommendation
# 1	Environmental E1	GHG, Emissions Intensity & Targets <i>Use the WRI/WBCSD GHG protocol</i>	E1.1) Total amount, in CO ² equivalents, for <i>Scope 1</i>	Breakdown per country, region, subsidiary, business unit, etc.
# 2			E1.2) Total amount, in CO ² equivalents, for <i>Scope 2</i>	
# 3			E1.3) Total amount, in CO ² equivalents, for <i>Scope 3</i>	
# 4			E1.4) Total GHG emissions (in CO ² equivalents) target for 2030	
# 5			E1.5) Total GHG emissions (in CO ² equivalents) per € of sales	
# 6			E1.6) Total GHG emissions (in CO ² equivalents) target for 2030 per € of expected sales	
# 7	Environmental E2	Energy Usage, Intensity, Mix & Target <i>Report in MWh or GJ</i>	E2.1) Total amount of energy directly consumed	Fuels excluded. Examples include: Renewables, hydro, coal, oil, natural gas. Breakdown renewable energy by sources Breakdown non-renewable energy by low carbon and other
# 8			E2.2) Total direct energy usage per € of sales	
# 9			E2.3) Renewable sources ratio out of total direct energy usage	
# 10			E2.4) Efficiency: total direct energy usage for 2030	
# 11			E2.5) Target Mix: Renewable sources ratio out of total direct energy usage for 2030	
# 12	Environmental E3	Water Usage <i>Report in gallons or cubic meters (m³)</i>	E3.1) Total amount of water consumed	
# 13			E3.2) Total amount of water reclaimed	
# 14	Environmental E4	Physical risks	Assets committed in regions likely to become more exposed to acute or chronic physical climate risk	
# 15	Environmental E5	Climate Change Mitigation & Adaptation	Annual investments (CAPEX in €) in climate-related infrastructure, resilience and/or sustainable product development	
# 16	Environmental E6	Biodiversity	Size of land owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity (such as trees and vegetation as well as wildlife and endangered species) value	
# 17	Environmental E7	Environmental Operations <i>Cite public content, if available</i>	E7.1) Does your company follow a formal Environmental Policy? Yes, No	
# 18			E7.2) Does your company follow specific waste, water, energy, and/or recycling policies? Yes/No	
# 19			E7.3) Does your company use a recognized energy management system? Yes/No	
# 20	Environmental E8	Environmental Oversight <i>Cite public content, if available</i>	E8.1) Does your Board/Management Team oversee and/or manage climate-related risks? Yes/No	
# 21			E8.2) Does your Board/Management Team oversee and/or manage other sustainability issues? Yes/No	
# 22	Environmental E9	Green Finance	E9.1) Green Liabilities: sustainable debt ratio (including green bonds, social bonds, sustainable loans, etc.)	
# 23			E9.2) Green Assets: sustainable assets ratio (including inventories, climate-related holdings, etc.)	
# 24	Environmental E10	Fines/provisions	E10.1) Monetary fines and non-monetary environmental sanctions	
# 25			E10.2) Environmental provisions as reported on the balance sheet	

Social KPIs

KPI #	Category	Metric	Calculation	Recommendation
# 1	Social S1	Pay	S1.1) CEO-to-median-FTE total compensation ratio	Use total compensation, including all bonus and incentives
# 2			S1.2) Does your company report this metric in regulatory filings? Yes/No	
# 3			S1.3) Median male-to-female total compensation ratio	
# 4	Social S2	Working Conditions	S2.1) Year-on-year employee turnover for permanent staff: replacement hires vs. total permanent staff	Cite public content if available Reference ILO & UNDHR standards, if possible
# 5			S2.2) Year-on-year employee turnover for non-permanent staff: replacement hires vs. temporary staff (temporary + contractors)	
# 6			S2.3) Non-permanent staff (temporary + contractors) vs full-time headcount ratio	
# 7			S2.4) Does your company follow a anti discrimination and harassment policy? Yes/No	
# 8	Social S3	Diversity	S3.1) Total enterprise men-to-women headcount ratio	Cite public content if available Reference ILO & UNDHR standards, if possible
# 9			S3.2) Entry/Mid-level positions men-to-women headcount ratio	
# 10			S3.3) Senior/Executive-level positions men-to-women headcount ratio	
# 11			S3.4) Senior-to-junior staff headcount ratio	
# 12			S3.5) Employee average age	
# 13	Social S4	Global Health & Safety	S4.1) Injury rate: number of injury events vs total workforce	Cite public content if available Reference ILO & UNDHR standards, if possible
# 14			S4.2) Lost time from accidents (in number of hours or days)	
# 15			S4.3) Does your company follow an occupational health and/or global health & safety policy? Yes/No	
# 16	Social S5	Human Rights	S5.1) Does your company follow a human rights, child and/or forced labor policy? Yes/No	Cite public content if available Reference ILO & UNDHR standards, if possible
# 17			S5.2) If yes, does your human rights, child and/or forced labor policy also cover suppliers and vendors? Yes/No	
# 18	Social S6	Human Capital Development, Satisfaction & Bargaining	S6.1) Total investment/expenses on staff training	Cite public content if available Reference ILO & UNDHR standards, if possible
# 19			S6.2) Average number of training hours per FTE	
# 20			S6.3) Does every employee have at least one Performance Appraisal meeting per year? Yes/No	
# 21			S6.4) Do you have an Employee satisfaction survey?	
# 22			S6.5) Percentage of total headcount covered by collective bargaining agreement(s)	

Governance KPIs

KPI #	Category	Metric	Calculation	Recommendation
# 1	Governance G1	Leadership Diversity, Independence & Focus	G1.1) Percentage of board seats occupied by men and women	Cite public content if available
# 2			G1.2) Percentage of committee chairs occupied by men and women	
# 3			G1.3) Percentage of women in Executive team (%)	
# 4			G1.4) Percentage of board seats occupied by non-local culture (background, nationalities, etc.)	
# 5			G1.5) Median of the board age	
# 6			G1.6) ESG committee at board level or workgroup at executive level (Yes/No)	
# 7			G1.7) Percentage of board seats occupied by independents	
# 8			G1.8) Does company prohibit CEO from serving as board chair? Yes/No	
# 9			G1.9) Percentage of average number of Independent directors of various board committees	
# 10			G1.10) Current average length of individual board members terms (in years)	
# 11	Governance G2	Incentivised Pay	G2.1) Are executives formally incentivized to perform on sustainability? Yes/No	Cite public content if available
# 12			G.2.2) Percentage of variable remuneration (bonuses, incentives, stock options, etc.) as part of total compensation for executive management	
# 13	Governance G3	Ethics & Suppliers Conduct	G3.1) Are your vendors/suppliers required to follow a Code of Conduct? Yes/ No	Cite public content if available
# 14			G3.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?	
# 15			G3.3) Does your company follow an Ethics and/or Anti-Corruption policy? Yes/No	
# 16	Governance G4	Security & Data Privacy	G4.1) Does your company have a Cyber security Policy at board level? Yes/No	Cite public content if available
# 17			G4.2) Does your company follow a Data Privacy policy? Yes/No	
# 18			G4.3) Does your company comply with GDPR rules or similar rules? Yes/No	
# 19	Governance G5	Disclosure, Reporting & Stakeholder Engagement	G5.1) Does your company publish a sustainability report? Yes/No	Cite public content if available
# 20			G5.2) Is sustainability data included in your regulatory filings ? Yes/No	
# 21			G5.3) Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No	
# 22			G5.4) Does your company set targets and report progress on the UN SDGs? Yes/No	
# 23			G5.5) Does your company map your stakeholders? Yes/No	
# 24			G5.6) Does your company engage at least biannually with the stakeholders? Yes/No	