

Report Calls for Mandatory Reporting of CSR Key Performance Indicators

Cambridge, MA - A research report published in June by the **Initiative for Responsible Investment (IRI)**, a project of the **Hauser Center for Nonprofit Organizations** at Harvard University, puts forth a model system for developing key performance indicators (KPIs) appropriate for mandatory sustainability reporting. The report was written in conjunction with **Arup**.

The report, **From Transparency to Performance: Industry-Based Sustainability Reporting on Key Issues**, is co-authored by Steve Lydenberg, a senior research fellow of the Hauser Center and chief investment officer of Domini Social Investments LLC, Jean Rogers, a principal at Arup, and David Wood, director of the IRI.

“An increasing number of governments and stock exchanges encourage or require sustainability reporting,” notes Lydenberg. “Corporations and financial markets in the United States run the risk of diminishing their competitiveness in sustainability.”

The report develops a system to identify key KPIs by industry sector, with the goal of creating a regulatory regime with concise, comparable metrics that set a mandatory floor for sustainability reporting. The report applies this method to five sample industries to demonstrate how such a system might hypothetically be implemented within a US reporting context. These KPIs are based on three core principles — simplicity, materiality, and transparency.

“We believe that clear, concise guidance to companies regarding what is material to them has the potential to drive companies to compete on sustainability measures, and help entire sectors move in a more sustainable direction,” says Rogers.

Among the report’s key findings are:

- Mandatory reporting regimes create better disclosure, which, when incorporating key sustainability performance indicators, can lead to better performance in those areas most crucial to stockowners, other stakeholders, and society.
- Defining a limited number of KPIs that relate to core business activities can help contribute to a balanced reporting regime that serves the dual demands of comprehensiveness and practicability.
- A method for identifying KPIs for all industry sectors that is simple, material and transparent can be developed and implemented with a reasonable degree of effort by oversight bodies.
- Mandatory reporting on a basic set of KPIs is ultimately necessary to fill varying disclosure needs of our diverse society and complete the convergence of financial and sustainability reporting.

According to Wood “Only a system involving mandatory KPI reporting will assure that this crucial data on corporate social performance is available to the wide range of stakeholders for whom it has value.”

Contact:

David Wood
617-384-8322
david_wood@hks.harvard.edu
Initiative for Responsible Investment

A copy of the report can be downloaded [HERE](#)



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