



On Materiality and Sustainability: **New Report Solves Mystery of Materiality in Corporate Disclosure**

SAN FRANCISCO--([BUSINESS WIRE](#))--The Initiative for Responsible Investment (IRI) at Harvard University has recently published [On Materiality and Sustainability: The Value of Disclosure in the Capital Markets](#), which addresses key issues surrounding today's need for, but often complicated, corporate reporting and sustainability.

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The growing interest in disclosure beyond financial data has led to numerous methods of sustainability reporting that vary greatly between corporations and industries in the United States. While the need for such disclosure is crucial in today's market, inconsistency in reporting has raised more challenges than solutions. Much of the disparity is due to different interpretations of what is sufficiently "material" to report, as required by the Securities and Exchange Commission.

How did we get here, and what are the current issues surrounding corporate disclosure? Most importantly, what needs to be done, and why now? Building on IRI's 2010 report, [From Transparency to Performance: Industry-Based Sustainability Reporting on Key Issues](#), report author Steve Lydenberg, CFA, senior research fellow of the Hauser Center at the Kennedy School of Government at Harvard University, addresses these questions by showing the need for mandated disclosure of material sustainability, and discussing the following crucial areas:

- Historical background and current debate concerning corporate disclosure and sustainability;
- Definition of robust corporate and sustainability data disclosures;
- Increasing interest in material sustainability data from investors, stock exchanges, corporations and regulators;
- Need for prioritization of material sustainability indicators, current status and methodology;
- Benefits and costs of mandated material sustainability key performance indicators.

"This report offers a comprehensive look at the evolution of our understanding of materiality, particularly from the point of view of the 'reasonable investor.' It illuminates the need for industry-specific sustainability accounting standards in order to meet the dual criteria of relevance and comparability that are essential to attaining a decision-useful format for the capital markets," said Dr. Jean Rogers, Executive Director and Founder of the [Sustainability Accounting Standards Board \(SASB\)](#), and co-author of *From Transparency to Performance*.

"The SEC has taken important first steps towards improving risk disclosure on climate change, mine safety and other key sustainability issues," states Jim Coburn, JD, Senior Manager, Investor Programs at Ceres. "This report proposes a fact-based materiality test for prioritizing additional key performance indicators that will be valuable to the SEC, as well as investors and companies."

For the full report, go to <http://www.sasb.org/materiality/iri-white-paper/>.

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