

# Measurement vs. Reporting Standards

And How the Absence of the Former  
Undermines the Latter

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# Measurement vs. Reporting Standards

## Executive Summary

- Leading international standards for sustainability reporting were/are arguably premature because they preceded non-existent measurement standards
  - First we measure performance, then we report it – we cannot disclose what has not first been measured!
  - e.g., mandatory requirements for financial disclosures in the U.S. in 1933 (and since) followed and adopted long-standing measurement principles already in use for some 500+ years!
- Absence of preexisting measurement standards explains why measurement requirements, metrics, etc. differ amongst the leading reporting standards
- Criteria for what should pass as a credible measurement standard can be defined
  - A formal effort to *double back* and establish a measurement standard is urgent
  - The results of which can be paired with existing reporting standards – not a threat to them!
- Until or unless such a measurement standard(s) is developed, what gets reported today under leading reporting standards will be dubious at best

# Measurement vs. Reporting Standards (cont.)

- Today's leading sustainability standards focus mainly on reporting:
  - Global *Reporting* Initiative (GRI)
  - European Sustainability *Reporting* Standard (ESRS)
  - Int'l Final *Reporting* Standards (IFRS): the S1 Sustainability *Disclosure* Standard
- Since no corresponding measurement standards were in existence prior to adoption of these standards (nor since), their measurement-related content is *presumptive* at best, problematic at worst
- To be clear, reporting is not the same as measurement
  - First we measure performance, then we report/disclose it at our discretion
- The need for clearly defined (and vetted) measurement is urgent!

# Measurement vs. Reporting Standards (cont.)

- What can we say qualifies as a credible measurement standard?
  1. One whose developers openly and explicitly declared their program as such, not an implicit standard submerged in the scope of a reporting framework
  2. One whose development was preceded by public invitations for experts in measurement, not reporting, to get involved
  3. One whose approach to measurement (a) takes pre-existing core concepts in the field as its starting point, and either builds upon or rejects them, and (b) clearly identifies specific principles of its own, upon which the standard is based (e.g., the way in which ‘threshold-based’ thinking was openly embraced in the 1987 *Brundtland Report*; or like the role GAAP plays in financial M&R)
  4. One that also includes provisions for defining micro- or entity-specific targets for performance (i.e., ‘allocations’), not just macro ones (i.e., ‘thresholds’)
  5. One that lays a compelling foundation for integrated M&R, if not delivers on it
  6. One that stands alone and is independent of, but interoperable with, multiple reporting standards