

# The Untapped Power of Impact Reporting

Fulfilling fiduciary duty means more than managing financial returns. As expectations around transparency grow, stakeholders want evidence that investments are aligned with the mission and values of the organization. Impact reporting is a valuable tool to help mission-driven institutions understand how the investment portfolio contributes to organizational mission.

## What is Impact Reporting?

Simply put, impact reporting is the practice of communicating quantifiable social and environmental outcomes of an investment portfolio. Impact reporting enables investors to see not only the financial performance of the portfolio but also its measurable effect in the world and how it supports mission.

## Why Impact Reporting is Essential

According to a survey by the National Association of College and University Business Officers (NACUBO), more than half of U.S. endowments now consider responsible – or mission-aligned – investing in their investment manager evaluation process. \*

This reflects a broader trend: responsible investing is becoming a norm. As this shift takes hold, impact reporting is a critical tool to help:

- **Enhance Fiduciary Accountability** – In conjunction with financial reporting, impact metrics provide accountability that the portfolio is supporting the institutional mission.
- **Build Stakeholder Trust** – When donors see the impact of their dollars, they understand how the portfolio is empowering the organization’s mission.
- **Inform Better Decision-Making** – Providing additional transparency and information to the Board and Investment Committee enables them to make more informed decisions.

Often overlooked, impact reporting is a powerful tool that helps fiduciaries show holistic portfolio impact.

For more information on impact reporting best practices, contact [james.lumberg@southcoladvisors.com](mailto:james.lumberg@southcoladvisors.com) or [jeanne.enright@southcoladvisors.com](mailto:jeanne.enright@southcoladvisors.com)

\*Source: 2024 NACUBO-Commonfund Study of Endowments.

†For illustrative purposes only. Based on a sample equity portfolio evaluated against a custom benchmark.

## IMPACT REPORTING: What should be included?


While there is no one-size-fits-all approach to measuring impact, reporting should include:

**Statement of Mission** – Reinforcing the mission of the organization communicates that a commitment to mission drives the stewardship of the investment portfolio.


**Mission Alignment** – Clearly communicate company/industry exclusions and desired impact/inclusion.

			<b>EXCLUSIONS</b>
Tobacco	Gambling	Firearms	
			<b>INCLUSIONS</b>
Climate	Wellness	Community	

**Customized Portfolio Metrics** – Metrics should help quantify how the portfolio is supporting the mission, based on the stated exclusion/inclusion priorities.

	<b>568%</b> more exposure to machinery for sustainable agriculture. †
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	<b>282%</b> more exposure to affordable housing construction. †
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	<b>83%</b> more exposure to medical equipment for major and neglected diseases. †
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Note: Impact data should come from reliable sources and reflect the institution’s specific portfolio, not aggregated data from pooled funds.