



TITLE: Work in Progress #1 - About the GRI NGO/NPO Sector Supplement Project
AUTHOR: GRI
DATE: March 2008

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The Global Reporting Initiative (GRI) is currently developing a GRI NGO/NPO Sector Supplement ("Sector Supplement"), which is a sector specific sustainability reporting guidance document based on the GRI *Sustainability Reporting Guidelines* ("G3 Guidelines") for the NGO/non-profit sector.

The Sector Supplement will provide reporting guidance for NGOs and non-profit organizations to report on economic, environmental and social performance at their organizational level. The Sector Supplement is meant to be used in conjunction with the *G3 Guidelines*.

The content of the Sector Supplement will be largely formed by:

- A. Introductory text explaining key sustainability issues identified by the working group which provides context on subsequently developed new sector-specific disclosures, indicators and commentary on the *G3 Guidelines* content.
- B. Commentary on existing *G3 Guidelines* content (to help interpret the existing content in the context of the sector).
- C. A set of new management disclosures and performance indicators (to capture a range of sector-specific issues not addressed in the *G3 Guidelines*)

The Sector Supplement is being developed by a multi-stakeholder Working Group consisting of 16 individuals from a wide range of constituencies and geographic regions, representative of various interests to obtain a consensual and practical set of indicators (see Annex 1, *List of Working Group Members*). The Working Group met for the first time in February 2008, and expects to complete the work by November 2009 through additional five meetings and a formal public comment period (expected April-June 2009). The Sector Supplement is expected to be released in late-2009 after review by the GRI Technical Advisory Committee and the Board of Directors. Please note that there has been a recent change in the Sector Supplement development process. For more information, please refer to the accompanying "Outline of GRI NGOSS Process" document (in PDF format) for the outline of the whole project.

Seeking Informal Feedback Prior to the Second Meeting (scheduled in mid-April 2008)

At the first meeting in February, the Working Group was oriented to the Sector Supplement development process, discussed the scope of the Sector Supplement, and spent much of the time discussing a range of sustainability issues in the sector under four broad themes of governance, product responsibility/program impact, labor practices and corruption. The outcome of the discussion will be used as the basis of its work, and the Working Group will continue to work on proposing indicators and refining them over the course of the project.

At this point, we are looking for your feedback on the work done so far. The following section provides an overview of the issues currently proposed to be addressed in the Sector Supplement. Your feedback on the following section will be greatly appreciated prior to the next scheduled meeting for 21-22 April, as the Working Group will be meeting for the second time to prioritize the range of issues and



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develop new sector-specific management disclosures and performance indicators as well as commentary on the *G3 Guidelines* content.

It would be most helpful to receive feedback on the following points:

- 1) Does the range of issues currently addressed adequately cover major sustainability issues for the NGO/non-profit sector? Please describe any significant items missing.
- 2) Out of the issues listed, what are the top five priorities? This will help the Working Group with the prioritization exercise.
- 3) Specific indicator text suggestions, if any.
- 4) Suggestion for suitable title of the Sector Supplement (e.g., NGO Sector Supplement).

Please keep in mind that the focus of the Sector Supplement is to address issues on which organizations could report as part of their performance reporting. Some issues may not be feasible for organizations to report as part of their performance; therefore these would not be addressed in performance indicators. However, this does not exclude the possibility of addressing those issues in the Sector Supplement in some manner.

Please also review Annex 2 of this document which provides a brief outline of the *G3 Guidelines* for existing GRI coverage, as moving forward, the Working Group will be focusing on identifying issues that are not sufficiently covered in the *G3 Guidelines*.

Please submit your comments using the form included in Annex 3 of this document to the GRI Secretariat (guidelines@globalreporting.org) by **Friday, 28 March**.

About the Work in Progress after the First Working Group Meeting

1) Scope of the Sector Supplement

At the first meeting, the Working Group discussed scope of the Sector Supplement. The group overall agreed to take an inclusive and broad approach. The intention is not to limit its target user group to international NGOs or organizations with specific types of operations (e.g., advocacy/campaigning organizations) in order that the Sector Supplement be as globally applicable as possible to a wide range of organizations. In addition it was agreed to take into account that in certain countries there are statutory requirements for non-profit organizations to report. In terms of the title of the document, it was discussed that the term “NGO” was too limiting, but there was concern that “civil society” would not be well understood – this will be further discussed at future meetings.

Furthermore, the Working Group discussed the role of sustainability reporting in the sector to ensuring accountability to its stakeholders. Their discussion on the unique characteristics of the sector, such as integrity, openness and independence will be reflected in the introductory section of the Sector Supplement. The group also addressed the issues of strategic intent, expected users/reporters and expected readers which will also feature in the in the introductory section. These discussions will resume in future meetings.

2) Mapping of key sustainability issues

The list of issues below is an overview of the issues currently proposed to be addressed in the Sector Supplement. They are subject to further discussions and changes at the subsequent Working Group meetings. It is expected that some of them may be deleted and/or modified as the group is working on prioritizing issues for sector specific indicators.

Please note that only broader theme/issues/aspects are listed here. Selecting an initial set of new sector-specific disclosures/indicators and commentary on the G3 *Guidelines* will be the focus of the next Working Group meeting when decisions are made in terms of how these issues should be addressed in the Sector Supplement (e.g., some of the issues may be dealt as new performance indicators and others may be addressed as commentary on existing G3 indicators).

Governance

- Financial management
 - o *Compliance with legal requirements and standards*
 - o *Ratio of administrative costs vs. programme costs and coherence between missions*
 - o *Clarity on sources of income*
 - o Percentage of funds spent on internal costs vs. Intended beneficiaries
- Governance structure and board structure
 - o *Compliance of governance structure and process with mission of the organization*
 - o *Effective and efficient operation*
 - o *Balance in terms of dignity/fairness/integrity*
- Internal accountability mechanisms
 - o *Coherence between mission and practice*
- Effectiveness of governance structures
- Access to information
 - o *Access to the work of the organization for stakeholders*
- Financial sustainability

- o *Planning of long-term financial sustainability/stability*

Product Responsibility/Program Impacts

- Measuring effectiveness/ impact on beneficiaries
- Effectiveness of advocacy
 - o *Licence to operate*
 - o *Processes to advocate for the organization's beneficiaries*
- Gender
 - o *Gender equity internal to the organization*
 - o *Gender equity external to the organization*
- Mission drift
- Decisions on projects - funding driven or issues driven
- Use of funds to influence public policy
- Impact on community – meeting needs of beneficiaries

Labour Practices and Decent Work

- Diversity
 - o *Diversity internal to the organization - regarding organizational behaviour and systems*
 - o *Diversity external to the organization – diversity in relation to beneficiaries*
- Staff retention
 - o *Safety and security for staff*
 - o *Turnover*
- Participation
 - o *Beneficiaries' participation in governance decision making process*
- Employment equity
- Volunteers
 - o *Recognition of the contribution of volunteers*
 - o *Equal opportunities*
 - o *Risk management*

Corruption

- Anti-corruption practices
 - o *Policies regarding corruption*
 - o *Risk management*

Annex 1. List of Working Group Members

The selection of the members is based on the overall balance of the constituency, range of expertise, and geographic representation on the Working Group.

Name	Organization	HQ Location
Juan Dumas	Fundación Futuro Latinoamericano	South America (Ecuador)
Federica Farneti	Università di Bologna – sede di Forlì Facoltà di Economia	Europe (Italy)
John Garrison	World Bank	North America (USA)
Kate Gilmore	Amnesty International	Europe (London)
Michael Hammer	One World Trust	Europe (London)
Lisa Jordan	Ford Foundation	North America (USA)
Constance Kane	World Education/ GAN NET	North America (USA)
Peter Konijn	Cordaid	Europe (The Netherlands)
Mariane Campelo Koslinski	Institute of Philosophy and Social Sciences (IFCS)– Federal University of Rio	South America (Brazil)
Poonam Mehta	Development Alternatives	Asia - Pacific (India)
Lettemieke Mulder	Unilever	Europe (Belgium)
Carol Tappenden	GreaterGood South Africa	Africa (South Africa)
Joss Saunders	Oxfam	Europe (Oxford)
Jackie Schoeman	Cotlands	Africa (South Africa)
Jasper Teulings	Greenpeace International	Europe (The Netherlands)
Ambreen Waheed	RBI-Responsible Business	Asia - Pacific (Pakistan)

Annex 2. G3 Guidelines

The following are the contents of the third generation of the GRI *Sustainability Reporting Guidelines* (known as G3). The full document can be downloaded from the GRI website together with draft technical protocols developed for all performance indicators included in the draft *G3 Guidelines*:

<http://www.globalreporting.org/ReportingFramework/G3Guidelines/>

Part 1 – Defining Report Content, Quality, and Boundary

Part 1 presents the sustainability reporting principles of stakeholder inclusiveness, materiality, sustainability context, and completeness, along with a brief set of tests for each principle. Application of these principles (which involves the use of standard disclosures) determines the issues and indicators to be reported. This is followed by the presentation of the principles of balance, comparability, accuracy, timeliness, clarity and reliability, along with tests that can be used to help achieve the desired quality of the reported information. This section concludes with guidance for reporting organizations on how to define the range of entities that should be represented by the report (also called the “report boundary”).

Part 2 - Standard disclosures

Part 2 presents the standard disclosures for sustainability reports. The Guidelines present information to report that is relevant and material to most organizations and of interest to most stakeholders in three types of standard disclosures:

- Disclosure items that set the overall context for reporting and for understanding organizational performance such as its strategy, organizational profile, governance structure and stakeholder engagement.
- Disclosures on management approach that address how an organization approach a given set of issues and provides context for understanding performance.
- Indicators that elicit comparable information on the economic, environmental, and social performance of the organization.

General Reporting Notes

This section provides guidance on how to apply the Guidelines, the frequency and medium of reporting, assurance, and other topics.

Performance Indicators in the Guidelines G3

The following table illustrates the range of performance indicators included in the G3 Guidelines.

The G3 Guidelines contain 49 core and 30 additional indicators.

	Category	Aspect
Economic	Economic	Economic Performance Market Presence Indirect Economic Impacts
Environmental	Environmental	Materials Energy Water Biodiversity Emissions, Effluents, and Waste Products and Services Compliance Transport Overall
Social	Labor Practices & Decent Work	Employment Labor/Management Relations Occupational Health and Safety Training and Education Diversity and Opportunity
	Human Rights	Management Practices Non-discrimination Freedom of Association Child Labor Forced and Compulsory Labor Disciplinary Practices Security Practices Indigenous Rights
	Society	Community Corruption Public Policy Anti-Competitive Behavior Compliance
	Product Responsibility	Customer Health and Safety Products and Services Marketing Communications Customer Privacy Compliance



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Annex 3. Informal Comment Form

Your Name	[Click here and type]
Organisation's Name	[Click here and type]
Position	[Click here and type]
Location of the HQs (e.g. Europe/Asia)	[Click here and type]
E-mail address	[Click here and type]
Telephone number	[Click here and type]

Note: Your feedback in this form is intended to be shared with the working group only and will not be considered as public record.

Your comments

Please use as much space as needed.

Questions	Please provide your feedback in the space below
1. Does the range of issues currently addressed adequately cover major sustainability issues for the NGO/non-profit sector? Please raise any significant items missing.	[Click here and type]
2. Out of the issues listed, what are the top five priorities?	[Click here and type]
3. Specific indicator text suggestions, if any.	[Click here and type]
4. Suggestion for title of the document (e.g., NGO Sector Supplement)	
5. Other comments.	[Click here and type]

Please return this form to GRI Secretariat (guidelines@globalreporting.org) no later than **Friday, 28 March**. Thank you!