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ORIGINAL PAPER

Sustainability Assessment and Reporting for Nonprofit Organizations: Accountability "for the Public Good"

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Abstract Nonprofit organizations serve the public good by offering services that benefit communities and the individuals who live in them. While many large for-profit companies and a few international nonprofits have begun voluntarily assessing and reporting their environmental, cultural, economic, and social sustainability performance in response to growing public awareness of sustainability issues, nonprofit organizations have generally been slow to adopt the practice. This paper makes the case that nonprofits have an obligation to assess and report sustainability performance to account for their positive and negative environmental, cultural, economic, and social impacts in the communities they serve precisely because of their promise to serve the public good; and that sustainability assessment and reporting are not only possible, but that they can actually offer several practical advantages for organizations that integrate the practice into their missions and models. Several sustainability reporting frameworks are reviewed. Two case examples are presented to illustrate the utility of sustainability assessments and reports for different types and sizes of nonprofit organizations. Challenges to the process of adoption and implementation of sustainability programs in the nonprofit sector are discussed.

Résumé Les associations à but non lucratif servent l'intérêt général en proposant des services qui bénéficient aux communautés et aux individus qui les composent. En réponse à la prise de conscience croissante du public face aux problèmes de durabilité, de nombreuses grandes entreprises à but lucratif et quelques associations internationales à but non lucratif ont volontairement commencé à évaluer et publier leurs résultats en matière de développement durable environnemental, culturel, économique et social. Toutefois, l'adoption de telles pratiques par les associations à

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but non lucratif a généralement été lente. Cet article plaide en faveur de l'obligation pour les associations à but non lucratif d'évaluer et de publier leurs résultats en matière de développement durable afin de rendre compte de leurs effets positifs et négatifs sur les plans environnementaux, culturels, économiques et sociaux dans les communautés qu'elles visent, parce que leur engagement consiste justement à servir l'intérêt général, mais aussi parce que cet exercice est plus qu'une simple possibilité : il peut réellement présenter un intérêt pratique pour les organismes qui l'intègrent à leurs missions et modèles de fonctionnement. L'article passe ainsi plusieurs modèles de compte-rendu de développement durable en revue. Il s'appuie sur deux études de cas pour illustrer l'utilité des évaluations de durabilité et de la publication des résultats pour des associations à but non lucratif de types et tailles différents. Il examine en outre les défis que représente le processus d'adoption et de mise en œuvre de programmes de développement durable pour les associations à but non lucratif.

Zusammenfassung Nonprofit-Organisationen dienen dem Wohl der Allgemeinheit, indem sie Dienstleistungen bereitstellen, die Gemeinden und ihren Bürgern zugute kommen. Während viele große gewinnorientierte Unternehmen und einige internationale Nonprofit-Organisationen infolge des zunehmenden öffentlichen Bewusstseins über Nachhaltigkeitsprobleme damit begonnen haben, ihre ökologische, kulturelle, wirtschaftliche und soziale Nachhaltigkeit auf freiwilliger Basis zu bewerten und zu berichten, wenden Nonprofit-Organisationen diese Praktiken im Allgemeinen nur zögerlich an. Dieser Beitrag liefert Argumente dafür, dass Nonprofit-Organisationen die Pflicht haben, ihre Nachhaltigkeitsleistung zu bewerten und zu berichten, um Rechenschaft über ihre positiven und negativen ökologischen, kulturellen, wirtschaftlichen und gesellschaftlichen Auswirkungen in den Gemeinden, denen sie ihre Dienste bereitstellen, abzulegen, gerade weil sie versprechen, dem Wohl der Allgemeinheit zu dienen. Weiter wird argumentiert, dass eine Nachhaltigkeitsbewertung und eine Nachhaltigkeitsberichterstattung nicht nur möglich sind, sondern dass sie Organisationen, die diese Praxis in ihre Aufgaben und Modelle integrieren, in der Tat viele praktische Vorteile bringen. Es werden mehrere Regelwerke zur Nachhaltigkeitsberichterstattung geprüft und zwei Fallbeispiele präsentiert, um die Nützlichkeit der Nachhaltigkeitsbewertung und -berichterstattung für verschiedene Arten und Größen von Nonprofit-Organisationen zu veranschaulichen. Schließlich werden die Schwierigkeiten im Prozess der Annahme und Implementierung von Nachhaltigkeitsprogrammen im gemeinnützigen Sektor diskutiert.

Resumen Las organizaciones sin ánimo de lucro sirven al bien público ofreciendo servicios que benefician a las comunidades y a los individuos que viven en ellas. Aunque muchas grandes compañías con ánimo de lucro y algunas sin ánimo de lucro internacionales han comenzado de manera voluntaria a evaluar e informar sobre su rendimiento medioambiental, cultural, económico, social y de sostenibilidad en respuesta a la creciente concienciación pública sobre cuestiones de sostenibilidad, las organizaciones sin ánimo de lucro han sido normalmente lentas en adoptar esta práctica. El presente documento aboga para que las organizaciones sin ánimo de lucro tengan la obligación de evaluar e informar sobre su rendimiento en cuanto a sostenibilidad para dar cuenta de sus impactos medioambientales, culturales, económicos y sociales positivos y negativos en las comunidades a las que sirven, precisamente debido a su promesa de servir al bien público; y para que la evaluación y la elaboración de informes sobre sostenibilidad no sólo sean posibles, sino que puedan ofrecer realmente varias ventajas prácticas para las organizaciones que integren dicha práctica en sus misiones y modelos. Se revisan varios marcos de elaboración de informes sobre sostenibilidad. Se presentan dos ejemplos de casos para ilustrar la utilidad de las evaluaciones y de los informes de sostenibilidad para diferentes tipos y tamaños de organizaciones sin ánimo de lucro. Se tratan también los retos ante el proceso de adopción e implementación de programas de sostenibilidad en el sector sin ánimo de lucro.

Keywords Sustainability assessment · Sustainability reporting · Sustainability indicators · Nonprofit accountability · Nonprofit administration

Sustainability assessment and reporting are tools for organizations to measure and communicate their performance in a range of environmental, social, economic, and governance categories. Sustainability reports, and related documents like corporate social responsibility (CSR) reports and environmental impact statements (EIS), are becoming increasingly common as more for-profit companies recognize the benefits of assessing and improving efficiency and reducing consumption of resources, improving treatment of employees, increasing engagement with the community, and so on, while simultaneously improving their reputation and public image. Nonprofit organizations, however, have been slow to adopt the practices of sustainability assessment and reporting for a variety of reasons, including the perception that assessment is necessarily expensive and time-consuming, and that increased accountability is not needed in a sector that works, by definition, "for the public good." This paper makes the case that sustainability assessment and reporting are not only beneficial for nonprofit organizations and the communities they serve, but an ethical imperative for demonstrating transparency and providing a comprehensive accounting for the positive and negative impacts of organizations' operations to stakeholders and to the larger community. Two case examples, one of a completed sustainability report from a large international nonprofit, and the other of an assessment and report in progress from a local youth mentoring program, are provided to illustrate some of the potential benefits and challenges associated with sustainability assessment and reporting in the nonprofit sector.

Nonprofit organizations have long been on the forefront of social change in the United States and around the world (Hall 2007; Heintz 2006). Today, millions of nonprofit, non-governmental organizations work for the public good, addressing challenges such as HIV/AIDS, hunger and malnutrition, homelessness, education, civil rights, and climate change. Nonprofit organizations often do work that for-profit companies and governments cannot or will not do (Gulati-Partee 2001). They provide goods and services that improve quality of life and that often promote peace, equity, and justice. Nonprofits also provide jobs, volunteer opportunities, arts and educational programs, and many other benefits that enrich the communities they serve. Nonprofit operations, like all businesses, also have costs and potential negative impacts that are important for stakeholders to understand.

Sustainability assessment and reporting programs give organizations the opportunity to highlight their successes and their positive social, economic, cultural, and environmental contributions to the community while also providing an honest and comprehensive account of areas that are challenging or problematic and may be improved. Currently, nonprofit organizations in the US are only required to track and report basic financial information in order to maintain tax-exempt status with states and the internal revenue service (IRS). Many nonprofits also produce an annual report, but annual reports generally include only audited financial statements and an overview of the highlights of the organization's year (Treadwell and Treadwell 2005). These established reporting practices limit the amount of information, both positive and negative, that stakeholders have access to for assessing the overall performance of an organization. A shift toward use of sustainability assessments and reports by nonprofit organizations would improve transparency and would provide an on-going record of accomplishments and improvements that organizations make over time. Organizations would benefit, and so would the communities in which they operate.

Background

Public awareness of the negative impacts of business and industry on the natural environment—and the resulting impact on human health and well-being—was raised significantly with the 1962 publication of *Silent Spring* by Rachel Carson, and by several high-profile industrial disasters in subsequent decades (e.g., Seveso, Italy in 1976; Bhopal, India, 1984; Chernobyl, Ukraine, 1986). These events led to tighter regulation and monitoring of industries, particularly in the chemical and energy sectors. In 1983, the United Nations convened the World Commission on Environment and Development (WCED), which was tasked with developing recommendations for mitigating the severe negative social and economic impacts that environmental exploitation was causing worldwide, particularly in poor post-colonial societies. The WCED's (1987) report, *Our Common Future*, became a touchstone for the sustainability movement with its call for sustainable development, which the Commission described as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (p. 43). The report pays particular attention to the concept of *needs*, with emphasis that the needs of the world's poor should be a top priority, and to *limitations*, which suggests that Earth's resources are finite and should be managed carefully and equitably.

In the 25 years since the WCED report, definitions of sustainability have developed across nations and cultures, across industries and academic disciplines, in the public and private sectors, and for a wide range of purposes. Hart (2010) reports that sustainability definitions tend to have three elements in common—they focus on: (1) living within the world's natural limits; (2) understanding the interconnections among economy, society, and environment; and (3) equitable distribution of resources and opportunities. Others have noted that sustainability frameworks often include a present and future orientation (i.e., seven generation thinking), and—with regard to the social dimension of sustainability—a focus on the enhancement of well-being, particularly for those that are oppressed or marginalized (Goodluck et al. 2009). Some have stressed that efforts to promote sustainability must involve both processes and institutions (Dillard et al. 2009), suggesting that the means by which goals are attained in the quest for sustainable societies may be just as important as the goals themselves.

Robèrt et al. (2001) reviewed hundreds of sustainability tools and frameworks, and distilled four primary "system conditions" that are necessary for nature and humans to survive and thrive together. These conditions include: preventing increases in concentration of materials from the Earth's crust; preventing increases in concentration of substances produced by society; preventing systematic degradation of the natural environment; and meeting human needs worldwide. The system conditions constitute fundamental sustainability principles intended to be applicable across contexts. With regard to sustainable business practices, Elkington (1997) coined the now-ubiquitous term "triple bottom line" to describe the need for businesses to focus simultaneously on economic prosperity, environmental quality, and social justice—and identified numerous "blind spots" that often prevent corporations from focusing equal attention to all three dimensions. McKenzie (2004) noted that despite the significant rhetorical attention paid to the concept of the triple bottom line since its introduction, the fact remains that most sustainability efforts continue to minimize the social aspects of sustainability in favor of economic and environmental concerns. Efforts to synthesize sustainability principles into practical and actionable tools for evaluation and practice have yielded a wide range of sustainability frameworks, assessment protocols, and reporting guidelines, several of which will be introduced and discussed in detail later in this paper.

Who Reports Sustainability Performance?

Although sustainability assessment and reporting have gained increased attention over the last few decades, the practice is still not widespread, particularly in the nonprofit sector (Lee 2004; GRI 2011). Even in the sectors where reporting is more common, assessment techniques and reports are generally not becoming more detailed or sophisticated (Milne and Gray 2007). Reporting is influenced by a range of factors, including company size, sector, structure, and location (Bennett and James 1999). Companies that most frequently complete sustainability reports are multinational natural resources and manufacturing plants, as well as companies within the mining, oil, gas, tourism, banking, and insurance industries (Bennett and James 1999). These companies generally have high visibility and, consequently, a need for increased transparency and accountability to secure public trust.

Slightly more than half of the Global 250, the world's largest companies, produces sustainability reports (Milne and Gray 2007). However, this proportion decreases significantly as company size drops. In fact, Milne and Gray (2007) estimate that, "based on the standards of the GRI and the UNEP/SustainAbility benchmark criteria, then, perhaps at best 0.2 per cent of multinationals provide credible and reasonable accounts of their vast impacts on society and the environment" (p. 192). Sustainability reporting is more common for international organizations, but within a particular country, the rate is considerably lower. Japan is the leading country for reporting in accordance with the guidelines established by the Global Reporting Initiative (GRI) (GRI 2011; Milne and Gray 2007), although the percentage of organizations reporting is still well below 1 % for Japan's "public benefit corporations" (Osborne 2003). A majority of the world's sustainability reports come from Europe and Asia. Recently, Brazil, Switzerland, and Canada have made significant gains (GRI 2011). The United States produces far fewer reports than other industrialized nations. In the US, reporting is not required except in certain circumstances, such as when companies are required to comply with the Environmental Protection Agency's (EPA) Toxic Release Inventory (EPA 2011).

Sustainability Reporting in the Nonprofit Sector

In 2011, there were more than 1.4 million registered nonprofit organizations in the US, with more than $3 trillion in assets and contributing more than $779 billion of goods and services to the economy (Urban Institute 2012). In the United States, nonprofit activity accounts for approximately 5.4 % of gross domestic product (GDP), 9 % of wages paid, and more than 10 % of jobs, with a rate of growth over the last two decades that exceeds that of the private and government sectors (Salamon et al. 2012; Urban Institute 2012). Internationally, the number of nonprofit organizations (also called "non-governmental organizations" or NGOs) is on the rise as well. More than 10 % of the workforces in the Netherlands, Belgium, and Ireland are employed in the nonprofit sector (Anheier and Salamon 2006), while the Indian government reported in 2009 more than 3.3 million nonprofits operating in that country alone, or one organization for every 440 citizens (Central Statistical Organization 2009). The rapid growth of the nonprofit sector as well as the significant and increasing economic, social, and cultural impacts that nonprofit organizations have on communities and societies across the world suggest that a reconsideration of approaches to nonprofit accountability is due.

One argument in favor of promoting sustainability assessment and reporting in the nonprofit sector is accountability to stakeholders. While nonprofits take a variety of organizational forms, they are often assumed to share the characteristic of having upward and downward accountability—to their patrons (including clients, donors, and partner organizations), to their organization (including employees and volunteers), and to the larger society (O'Dwyer 2007). At the macro level, taxpayers constitute a major group of stakeholders in nonprofit organizations since nonprofits in most countries are exempt from paying income, property, and other taxes—money that would otherwise become part of the public treasury. The fact that money from tax savings helps fund the operations of nonprofit organizations reinforces the obligation of nonprofits to work for the public good. However, widely accepted methods for evaluating the effectiveness of nonprofit organizations have been elusive for a number of reasons, including a lack of empirical data and the difficulty of operationalizing success for such a diverse group of entities (Lecy et al. 2012). While societal expectations regarding accountability for nonprofit and public agencies have undergone a transition from a "trust me" to a "tell me" to a "show me" culture (Bennett and James 1999), assessment and reporting of organizational performance—particularly in areas of social, environmental, and cultural concern—remain voluntary and relatively rare. Nonprofits, compared to transnational companies and inter-governmental organizations, have the lowest levels of sustainability reporting (GRI 2012). Even when information is reported, details of how money is spent, how or if goals are achieved, and how decisions are made within the organization are often lacking (O'Dwyer 2007, p. 297).

Another reason nonprofit organizations should assess and report sustainability performance is that all organizations, to varying degrees, have measurable impacts in each area of sustainability (economic, social, environmental, and cultural). A nonprofit hospital, for example, can have a major economic impact in a community, providing good jobs and spurring related economic activity. Socially and culturally, nonprofit hospitals can reduce health disparities, offer culturally relevant preventative and educational programs, and provide medical outreach to homeless individuals. Environmentally, hospitals may engage in ecologically conscious purchasing for supplies and equipment, responsibly manage emissions and waste, and act as stewards of the land, water, and air in the vicinity of the hospital.

Of course, a hospital also may not do these things, compromising the potential benefit of the institution's benefit for the community it serves. The reporting status quo leaves communities in the dark about most of these benefits and possible negative impacts. For example, the "Community Benefit Report" section of the 2011 Annual Report for Union Hospital in Dover, Ohio, offers a one-page summary of community benefits, which includes a description of uncompensated charity care the hospital provided, Medicaid and Medicare losses, and community activities such as health fairs, screenings, and educational events (Union Hospital 2011). These benefits are all assigned a monetary value and the "Total Community Benefit" is reported as $9,352,503. Certainly this figure represents a real economic benefit that the hospital is contributing to the Dover community, but without any mention of socio-cultural or environmental concerns, and with such limited consideration of economic impacts, there is little chance for the public to understand the scope of Union Hospital's positive and negative impacts in the community and for its citizens.

Nonprofit organizations worldwide have an opportunity to lead by example by adopting sustainability reporting practices and demonstrating their utility and value. Nonprofit organizations have been major proponents of promoting corporate responsibility through sustainability accounting and reporting practices (Tilt 2007). In the UK, for example, the Corporate Responsibility Coalition (CORE) consists of more than 130 nonprofit organizations collectively advocating for a set of economic, social, and environmental reporting standards for for-profit companies (Tilt 2007).

Yet, a review of the GRI database shows that of the more than 10,000 reports submitted since 1999, only 11 are from nonprofit organizations in the UK. In the United States, which is home to dozens of high-profile environmental protection organizations such as the Sierra Club, Greenpeace, and the World Wildlife Fund, only nine nonprofit organizations submitted reports to GRI, with the Union for Concerned Scientists being the only environmental organization on the list. Greenpeace regularly reviews and critiques the sustainability reports of for-profit companies, and has produced six editions of its *Carting Away the Oceans* (*CATO*) report, which ranks grocery store chains according to the sustainability of their seafood practices. Greenpeace and other nonprofit organizations could set a powerful example for other industries by accounting for their own sustainability performance and tracking their own improvements and challenges over time.

In addition to increasing accountability and transparency for stakeholders and setting an example for others to emulate, sustainability assessment and reporting can provide several practical advantages for nonprofit organizations. First, sustainability assessments can uncover inefficiencies, inequities, and waste in organizational operations, offering opportunities to make changes that may reduce costs, improve employee satisfaction, and improve services to clients and the community. Regular reporting (annual or bi-annual) gives organizations the opportunity to demonstrate improvements in key areas, such as lowering carbon dioxide emissions per employee, establishing pay equity across genders, or realizing greater cost effectiveness in program implementation.

Sustainability reports can highlight value in organizations that might otherwise be hidden or unnoticed. Organizations that provide flexible scheduling for employees with children or that provide opportunities for community service and engagement outside of the workplace are contributing to health and well-being in ways that are not reflected in traditional annual reports. These positive contributions to the community are not negligible, and organizations that account for and report such impacts will improve their reputation and public image, and in turn can be a tool for deepening and widening a base of donors and supporters. A community center that provides enrichment programs for children and families will find some level of community support and funding, but one that provides these programs while demonstrating a net positive impact on the environment and local economy will likely find more. This kind of "responsible competitiveness" has the potential to reward organizations that demonstrate better outcomes across multiple areas that are important to clients, funders, and policy-makers (Zadek 2006). Sustainability reporting could also provide nonprofits with a potential advantage when seeking funding from both traditional (e.g., private donors and foundation grants) and more innovative (e.g., impact investment funds and social impact bonds) sources.

Reporting Frameworks

Hundreds of frameworks have been developed to measure the sustainability performance of organizations and initiatives at local, regional, national, and international levels. The International Institute for Sustainable Development (IISD) maintains a compendium that includes nearly 900 projects that developed sets of sustainability indicators (specific areas of measurement) to assess everything from forestry plans to wastewater projects to the ecological health of entire countries (International Institute for Sustainable Development 2012). Some frameworks focus on specific industries, such as energy or hospitality, and include indicators that reflect core activities and impacts of that sector. Other frameworks focus exclusively on a single area of concern, such as environmental performance, organizational governance, or labor practices. The Canadian Environmental Sustainability Indicators (CESI) project, for example, tracks air and water quality, climate trends, and other ecosystem characteristics across Canada. The International Labor Organization (ILO) provides a comprehensive set of guidelines for worker rights and labor practices, setting standards for work hours, collective bargaining, and working conditions—including attention to environmental concerns like air and water quality that have implications for employee health and safety.

Lamberton (2005) developed a conceptual framework for sustainability accounting based on the prevailing assessment and reporting practices described in the literature. The major elements that comprehensive reporting frameworks had in common were: (1) presentation of a preferred definition of sustainability; (2) the use of performance indicators to describe relevant constructs for measurement; (3) the use of multiple units of measurement; (4) an interdisciplinary approach to assessment; and (5) the use of traditional accounting principles and practices. The reporting frameworks discussed below include the key elements described by Lamberton, although the details of the different frameworks, such as the recommended procedures for measurement of indicators and areas of emphasis, vary widely. For nonprofit organizations that wish to measure and report on indicators across social, economic, environmental, and governance categories, there are several existing frameworks that may be useful for developing and implementing sustainability assessment and reporting programs. Table 1 compares some key characteristics of three such frameworks: the ISO 26000 from the International Organization for Standardization (ISO), AccountAbility's AA1000, and the GRI's G3.1.

The ISO has developed several accreditation programs that can be used by nonprofits to assess and report sustainability performance. The ISO 9001 is a quality management system that helps organizations set internal quality standards and measure performance over time. For example, the ISO 9001 was used by the nonprofit Cambodian Trust, which provides prosthetic limbs and orthotic devices to

Table 1 Comparison of three well-known sustainability reporting frameworks

	ISO 26000	AA1000	G3.1
Describes reporting principles	Yes	Yes	Yes
Includes guidelines for stakeholder engagement	Yes	Yes	Yes
Identifies/defines indicators	No	No	Yes
Cost (guidelines only)	$200	Free	Free
External certification available	No	Yes	Yes

the people of Cambodia, and the organization quickly realized positive results from the process, including a reduction in chemical spoilage across service sites (Stimpson 2003). The ISO 9001, however, is limited to quality management metrics and does not necessarily address environmental or social elements of an organization's operations.

The ISO 26000, released in 2010, is a comprehensive social responsibility framework that includes guidelines in seven core areas: organizational governance, labor practices, human rights, the environment, fair operating practices, consumer issues, and community involvement and development (ISO 2010). The final section of the ISO 26000 provides guidance for putting principles into practice by integrating social responsibility efforts throughout an organization and communicating performance to stakeholders. One potential limitation of the ISO 26000 is that, unlike the ISO 9001, it is not externally certifiable and thus reports that use the guidelines may vary greatly in scope, depth, and quality. However, not requiring certification also means that an organization may implement the ISO 26000 without hiring expensive consultants or auditors, although some industry groups have complained that the 99-page collection of standards may be too long and complex for smaller organizations to implement independently (Chhabara 2010). The guidelines cost CHF196 (about USD200) for an electronic or paper copy, not a prohibitive amount for most organizations, but still considerable compared to other established frameworks that are available free of charge.

AccountAbility's AA1000 is another well-known framework intended to help organizations improve accountability and performance "by increasing quality in social and ethical accounting, auditing and reporting" (Institute of Social and Ethical Accountability 1999, p. 1). The AA1000, like the ISO 26000, offers both principles and process standards to guide the reporting process, facilitating a connection between an organization's mission and values and the assessment strategy to be employed. The framework is designed to assist in every stage of the reporting process, including planning, accounting, auditing and reporting, embedding, and engaging stakeholders (AccountAbility 2008). The AA1000 does not identify or define specific indicators, but rather guides the process through which an organization identifies, defines, and measures indicator categories according to its unique circumstances and priorities. Reports that use the AA1000 can be externally verified by a licensed assurance provider, although the benefits of pursuing verification should be weighed against the potentially significant cost of hiring an outside agent. For organizations that do not wish to seek assurance, the AA1000 guidelines and all supporting materials are available for free on AccountAbility's website (www.accountability.org). AccountAbility also offers guidance on using the AA1000 in conjunction with other assessment and reporting systems.

The GRI G3.1 framework (originally launched as G3 in 2006 and revised in 2011) is the most widely used set of guidelines for assessing and reporting sustainability performance globally (Roca and Searcy 2012). From its inception in 1999 to present, more than 10,000 GRI sustainability reports have been completed and registered in GRI's Sustainability Disclosure Database. The G3.1 consists of four main sections (GRI 2011). First, the Sustainability Reporting Guidelines establish principles for ensuring both content and quality of information included in reports. The Indicator Protocols define specific indicators and provide instructions on what and how to measure, which can increase consistency and facilitate comparisons across reports. Sector Supplements address issues and concerns of specific sectors such as media, oil and gas, financial services, and nonprofits (or NGOs), providing additional indicators relevant to operations in those industries. Finally, the Technical Protocols are intended to guide organizations on practical application issues, such as identifying a target audience, setting measurement and reporting parameters, and validating the report's findings.

One major advantage of the GRI framework versus the ISO 26000 and the AA1000 is that the G3.1 provides reporting principles *and* indicators, whereas the other frameworks provide only guiding principles for reporting and rely on organizations to identify assessment categories and metrics. Another benefit of using the G3.1 is that it allows organizations to declare an "application level" (A, B, or C) depending on the content and coverage of the information disclosed, which gives organizations flexibility in determining their level of investment in a sustainability reporting program. In addition to self-declaring an application level, organizations can also elect to have their declaration verified by GRI or by a third-party auditor. As with the AA1000, organizations need to consider the relative advantages of verifying their G3.1 report, as the current fee for GRI verification is EUR1750 (more than USD2100). However, the G3.1 framework itself is available for free, including all of the sections and supplements, and can be downloaded electronically from the GRI website (www.globalreporting.org).

The following sections provide two case examples—one of a large international nonprofit organization, and one of a relatively small local mentoring program—that highlight some of the processes, benefits, and challenges associated with sustainability reporting in the nonprofit sector. Both organizations used the GRI G3 to develop a sustainability reporting program.

Case Example #1: Research Triangle Institute

The Research Triangle Institute (RTI) is a nonprofit organization headquartered in Durham, North Carolina, that aims to improve the human condition through applied science in a wide array of areas: health, education, technology, environment, and international development, among others. Besides its North Carolina facilities, RTI has seven regional offices across the United States and 10 international offices. RTI implements programs in more than 40 countries with a staff of more than 2,800. It is focused on ethical business conduct and responsible corporate citizenship, and its mission of improving the human condition has been framed to address issues of environmental sustainability. The research conducted and products developed by RTI help to analyze and reduce pressures from the environment, and to examine and overcome barriers to the adoption of sustainable practices. In its work with clients, RTI has developed energy-efficient lighting, and is working to develop biomass and biofuel technologies. It has worked with the state of Virginia to assess its future energy needs, and has entered into a 10-year partnership with the government of Abu Dhabi to assess environmental impacts and services.

RTI's Global Climate Change and Environmental Sciences unit led the effort to begin sustainability reporting at RTI because of the unit's on-going support of external clients with sustainability-related work, and a realization that their own internal and external reporting efforts were lacking (R. Nicholson, personal communication, June 5, 2012). Then, in 2009, the RTI Executive Leadership Team created an institute-wide program to help focus sustainability efforts and bring them together into a single unified program (RTI 2010). Today, the organization is committed to a permanent system of monitoring and public reporting of their environmental impacts. RTI produced its first sustainability report in 2010.

The first goal of RTI's sustainability reporting initiative was to identify and prioritize indicators. Using the GRI G3, a newly formed sustainability team decided that the main priorities were energy use, greenhouse gas emissions, water use, waste reduction, and recycling practices. Focusing primarily on these five areas of interest, the team established a baseline assessment program to determine current performance levels. For example, records of electricity and natural gas use for the main campus were acquired from utility vendors, and energy use per square foot was calculated for the years 2001–2009. Similar procedures were used to establish baseline data in each identified category. An energy audit was conducted both building-by-building and system-by-system, revealing that 75 % of the Institute's greenhouse gas emissions were directly linked to energy use, and the bulk of the remainder was from transportation. These initial assessments offered specific, practical information from which the team could develop goals and take action.

The next phase was goal setting, planning, and implementation. For waste minimization, the initial assessment revealed that of the 700 metric tons of nonhazardous waste produced in RTI's laboratories and offices in 2008, 17 % was recycled. The team set goals for increasing recycling of nonhazardous waste to 25 % in year one, 35 % in year two, and 50 % in year three. The planning process included developing a system to collect monthly waste data for the campus and standardizing signage on recycling bins. New recycling containers were installed, and 35 sustainability coordinators were recruited to promote recycling and other environmental initiatives. Longer term plans included establishing a recycling center on campus and initiating communication and education programs for employees. In addition to performance data, the sustainability team also used the GRI guidelines to enhance "the accuracy, clarity, comparability, and transparency" of reporting efforts (Research Triangle Institute 2010, p. 15). External assurance was not sought, and all auditing and reviewing were internal procedures.

Research Triangle Institute 2010 sustainability report reflects its environmental commitment in research, in projects and practices, and in its work with clients and stakeholders, but the report does not include much attention to social or economic aspects of sustainability performance. For economic performance, the report directs readers Research Triangle Institute 2009 annual report, which provides a summary view of the organization's financial health, but does not address several core economic sustainability issues (e.g., wages and indirect economic impacts) (RTI 2009). The report also omits social sustainability indicators (e.g., diversity, labor practices, and procurement practices) almost entirely. These omissions reflect one of the major difficulties of sustainability reporting in the nonprofit sector—determining a manageable depth and scope for a comprehensive accountability process. Yet, RTI's efforts may be viewed as a major step in the right direction, offering evidence that the organization's operations are consistent with its mission, values, and goals. RTI expects to produce regular reports with expanded scope, including additional numerical targets and progress toward them. Future reports will also offer an opportunity to provide a more thorough account of activities and impacts in the economic and social arenas.

Case Example #2: Big Brothers Big Sisters Columbia Northwest

Big Brothers Big Sisters (BBBS) is an international nonprofit organization that matches volunteer mentors with children to provide them with an adult role model and opportunities for fun and support. BBBS has hundreds of affiliated agencies across the US and in 12 countries internationally. Big Brothers Big Sisters Columbia Northwest (BBBSCN) is a local BBBS affiliate with around 40 employees that serves more than 2,500 youth annually in the greater Portland, Oregon area. The agency is in the beginning stages of developing a sustainability assessment and reporting plan using the GRI G3.1 framework. This section describes the evolution of the agency's sustainability assessment planning efforts to date.

Like many nonprofit organizations, BBBSCN has a number of internal practices designed to minimize waste and to promote responsible use of resources. There are recycling containers in each office. There are notes and signs reminding people to turn off lights and computers when not in use. One staff member salvaged discarded printer paper and cardboard to make notepads for office use. BBBSCN employees have, in some years, participated in a "Bike Commute Challenge," a friendly competition among Portland-area businesses, schools, and organizations that encourages people to ride bicycles to work and school instead of driving. These efforts suggest that employees at BBBSCN care about responsible resource use, minimizing their ecological impact, and protecting the natural environment. These efforts, however, have not been tracked or reported, so there is no way for the organization to account for the positive impact of these initiatives or to know whether the overall environmental performance of the organization has improved over time.

For almost a decade, BBBSCN has regularly convened a "green team," a group of employees interested in promoting environmentally friendly business practices like the ones described above. Green team members suggested that this lack of information about outcomes may have contributed to a loss of momentum around sustainability efforts (D. Nelson, personal communication, October 12, 2010). Another challenge arose when several key members of the green team left the organization. Without a formalized assessment and reporting protocol in place, the agency had to rely on the knowledge and motivation of the remaining green team members to carry sustainability initiatives forward. Rather than a unified, collective effort to improve performance, BBBSCN was relying on the intermittent projects of the green team and individual employees to make the agency more sustainable.

BBBSCN takes pride in their efforts to improve the social and economic well-being of employees, clients, and the community it serves. Full-time employees receive fully paid medical and dental benefits as well as free access to a wellness program that encourages healthy eating, exercise, and leisure activities. The organization holds an annual clothing drive that benefits the families of youth participants, an important service that is outside of the organization's normal scope of business. BBBSCN has recently launched a Beyond School Walls program that offers local businesses an opportunity to provide mentoring to youth from local schools at their place of employment, an experience that can provide positive relationships for youth as well as exposure for youth to different career options. For employees, mentoring youth in the workplace may improve morale, employees' perception of the company, and job satisfaction. Like the organization's environmental initiatives, these additional social and economic efforts have gone largely unrecognized and unaccounted for due to a lack of accounting and reporting.

One of the goals of BBBSCN in assessing and reporting its sustainability performance is to provide the organization with a baseline measurement of its use of resources, and to track improvements in conservation over time. A major challenge the agency faced in developing a sustainability assessment and reporting program was deciding where to start—what to measure, how to measure, how often to measure, and how to analyze the data that is collected. BBBSCN Green Team members convened a meeting with local sustainability experts to discuss various sustainability reporting frameworks and to decide which reporting tool made the most sense for their organization and their immediate and long-term goals.

The agency followed the lead of organizations like RTI and decided to use the GRI G3.1 and to begin assessing and reporting the agency's efforts that were already in progress. BBBSCN is focusing their assessment on three major areas initially: resource use (electricity, water, and paper), transportation (employees and clients), and "match activities" (the activities mentors and mentees do together). They will also include in the sustainability report other information that is already available, such as financial information that is collected for the agency's annual report, employment policies that support equity and well-being for employees, and information about other internal and external policies and activities that have social, economic, or environmental impacts. Although they will not seek external assurance initially, the agency believes that its sustainability reporting initiative will result in increased awareness of its current practices, improved outcomes across indicator categories, and a better public image—all of which can boost revenue and lead to expanded capacity for serving youth and their families.

The RTI and BBBSCN case examples illustrate the application of sustainability assessment and reporting programs in two very different nonprofit organizations—a large international organization that develops products and strategies to support sustainable development initiatives worldwide, and a local branch of a youth mentoring program. Despite significant differences in purposes, scale, and operations, both organizations decided to use the GRI G3 framework with the NGO sector supplement, chose indicator categories based on their respective areas of focus, and began measuring performance in some key areas with plans to expand assessment and reporting to account for additional relevant indicator categories in the future. Neither organization intended to seek external assurance for their sustainability reports, while both organizations believe that the sustainability reporting process will help them achieve their goals of minimizing negative impacts of their operations while maximizing the benefits of their programs for the communities they serve.

Critiques of Sustainability Reporting

The practice of sustainability reporting is not without critics who raise a number of legitimate concerns about the value and integrity of voluntary reporting initiatives. Bebbington (2001) suggests that the practice of sustainability reporting in many industries has ignored the fundamental values of sustainable development, with assessments focused on efficiency of resource use and environmental management rather than on issues of equity, fair distribution of risks and resources, non-exploitation, and other justice issues. Others argue that the GRI in particular constitutes a "managerialist" approach to reporting that uses the organization and its operations as a frame of reference rather than the larger social or economic contexts in which organizations exist (Dumay et al. 2010). Nonprofit organizations that approach sustainability assessment and reporting from an organization-centric perspective may encounter similar critiques. On the other hand, many nonprofit organizations are in the business of working for positive social change in the name of human rights, equity, and justice, and may therefore be better situated than mining or chemical companies to bridge the gap between the fundamental ideals of sustainability and their application in sustainability assessment and reporting programs. Because of its inherent interest in promoting the public good, the nonprofit sector is uniquely positioned to demonstrate approaches to sustainability reporting that acknowledge and honor social and environmental concerns as equal in importance to economic concerns.

The voluntary nature of sustainability reporting has raised concerns that some companies may be using the practice to project a false public image by selectively choosing to measure stronger areas of performance while ignoring problematic ones, effectively "camouflaging" their real sustainability performance (Monerva et al. 2005). While this potential limitation to sustainability reporting will exist for both for-profit and nonprofit organizations as long as environmental and social reporting remain voluntary, the critique does not acknowledge the critical role that stakeholders can and should play in monitoring what organizations do and do not measure and report. As mentioned earlier, Greenpeace spends considerable time and resources reviewing the sustainability reports of grocery store chains to provide the public a critical perspective on the companies' impacts on ocean ecosystems. Consumer groups, advocacy groups, employee groups, unions, clients, donors, board members, and others can also help monitor sustainability accounting practices to promote fair, accurate, and comprehensive reporting. Further, progress toward normalizing the practice of accounting for the social and environmental performance of nonprofit organizations, even if the reports are imperfect, will represent a major advancement in accountability compared to the status quo in which social and environmental concerns are rarely acknowledged and largely ignored.

Finally, some critics warn that relying on the "pragmatic legitimacy" of sustainability reporting—that is, the acceptance of the practice based on the potential financial advantages for a specific organization—may lead to a decrease in enthusiasm for reporting initiatives when the perceived return on investment declines over time (O'Dwyer et al. 2011). An organization may, for example, initially address the most obvious and visible areas of internal waste and inefficiency, realizing an early financial benefit from improvements in operations and subsequently in public image. However, over time those improvements will likely be less dramatic, and combined with continued high expectations from stakeholders, the reporting process itself may seem to some to be more of a burden than a blessing. This is where the ethical imperative of sustainability reporting becomes most important. Certainly nonprofit organizations should take full advantage of the financial incentives related to sustainability assessment and reporting when they can, but the practice should always be grounded in the principles of social, environmental, and economic justice and toward the end goal of public benefit that nonprofit organizations are created and intended to support.

Conclusion

In an era when the inseparability of economic, social, and environmental systems is increasingly apparent, it is no longer sufficient for nonprofits to meet the minimum requirements of financial accountability and annual reporting. Nonprofit organizations have an opportunity and a responsibility to account for their positive and negative impacts in the interest of the communities they are chartered to serve. Despite several limitations, sustainability assessment and reporting have the potential to improve accountability and performance of organizations across all significant areas of concern, including the often-neglected categories of social and environmental performance. Comprehensive reporting in these areas can offer practical and valuable information to organizations themselves, to clients and employees, to funders, and to the larger community—all of whom have a stake in realizing a net positive impact of an organization's operations and programming. The GRI, AccountAbility, and ISO frameworks offer a range of practical and economical approaches to sustainability reporting that could help facilitate a transition to a new era of improved accountability and performance for nonprofit organizations worldwide.

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