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Exposure draft of the GRI Standards Glossary (Part I)

19 April 2016

Comments to be received by 17 July 2016

The G4 Guidelines are being transitioned to a set of modular Sustainability Reporting Standards (GRI Standards). This exposure draft of the GRI Standards Glossary (Part I) is published by the Global Sustainability Standards Board (GSSB), the independent standard-setting body of GRI. This draft is published for comment only and may change based on public feedback before its official release.

Any interested party can submit comments on this draft by 17 July 2016. Comments should be submitted in writing, and only comments in English will be considered. Please refer to the Transition to Standards website [here](#) for additional information and a link to the online consultation platform.

Comments are to be submitted via the online platform if possible. In exceptional cases, if comments cannot be submitted online, they can be sent to standards@globalreporting.org.

All comments received will be considered a matter of public record. Comments will be made available on the GRI website along with the name of the individual or organization that submitted the comment, the country, and constituency group.

This exposure draft of the GRI Standards Glossary (Part I) contains definitions of terms used in the first set of GRI Standards exposure drafts released for public comment on 19 April 2016, including key terms. Key changes compared to the G4 Guidelines are highlighted within comment boxes throughout this draft, and the location of original G4 text is provided as below:

- G4 RPSD = Text has been sourced from the [G4 Guidelines – Reporting Principles and Standard Disclosures](#)
- G4 IM = Text has been sourced from the [G4 Guidelines – Implementation Manual](#)

The second part of the draft GRI Standards Glossary will be released for public comment together with the second set of GRI Standards exposure drafts, to be released in June 2016.

For more information, or to view and download the full set of GRI Standards exposure drafts, visit the [Transition to Standards website](#).

Explanatory memorandum

This explanatory memorandum sets out the objectives of the Transition to Standards, the significant proposals contained within this exposure draft of the GRI Standards Glossary (Part I), and a summary of the GSSB's involvement and views on the development of this draft.

Objectives for the Transition to Standards

The following objectives were considered during the development of this exposure draft:

- devising a modular format that allows the Standards to be updated independently when the need arises and that facilitates continuous improvement
- ensuring minimal disruption of G4 disclosure requirements and their methodologies
- preserving the Reporting Principles and the focus on materiality
- clarifying certain G4 concepts and disclosures that are not clearly understood by users, based on available G4 FAQs and GSSB input
- clarifying what is required, versus what is recommended or what is just guidance
- reducing unnecessary duplication of content
- making individual elements of G4 easier to find
- allowing for flexibility in reporting options and formats

In addition, the transition to Standards offers an opportunity to increase the overall user-friendliness and the technical quality and robustness of the Standards.

Significant proposals and changes in the GRI Standards Glossary (Part I)

This draft GRI Standards Glossary (Part I) incorporates and updates the terms and definitions from the G4 Glossary used in the first set of GRI Standards exposure drafts released for public comment on 19 April 2016, including key terms. This content has been revised in line with the project objectives set out above.

When reviewing the G4 Glossary for transition into the GRI Standards, the terms and definitions were revised and updated by:

- applying best practice and improved style to the terms and glossary definitions
- deleting, revising or creating terms as necessitated by the new structure of the GRI Standards, or to improve clarity

Notable changes in the terms and definitions included in this draft GRI Standards Glossary (Part I) are summarized below, and key terms that pertain specifically to the GRI Standards are marked with an asterisk (*):

- **Terms that have been revised in the GRI Standards:** grievance mechanisms, impact*, material topic*, Reporting Principle*, stakeholder*, topic Boundary*, and topic*.

- **Terms that have been repurposed as guidance text in the GRI Standards include:** Collective bargaining agreements, Mechanisms for reporting concerns about unethical or unlawful behavior and matters related to integrity, and Precautionary Principle.
- **Terms that are new in the GRI Standards include:** claim*, emission (into air), greenhouse gas (GHG), sector, and sustainable development/sustainability*.
- **Terms that are new in the GRI Standards, but based on existing G4 Guidelines content include:** biogenic carbon dioxide emission, greenhouse gas trade, management approach disclosure*, and Scope of GHG emissions.
- **Terms that have been deleted from the G4 Guidelines include:** Aspect, General Standard Disclosures, Indicator, Scope, and Specific Standard Disclosures.
- **Terms that have not changed from the G4 Guidelines except for updates to style and formatting include:** annual total compensation, base year, baseline, carbon dioxide equivalent, CFC-11 (trichlorofluoromethane) equivalent, clawback, conflict of interest, direct (Scope 1) GHG emissions, economic impact, energy indirect (Scope 2) GHG emissions, global warming potential (GWP), highest governance body, indirect economic impact, indirect political contribution, infrastructure, other indirect (Scope 3) GHG emissions, ozone-depleting substance (ODS), political contribution, product, reduction of greenhouse gas emissions, senior executive, service, services supported, significant air emission, supply chain, termination payment, two-tier board system, and under-represented social group.

GSSB's involvement and views on the development of this draft

The GSSB discussed the development of the GRI Standards Glossary (Part 1) at its meeting on 5-7th April 2016. Minutes and live recordings of this meeting are available on the [GSSB website here](#).

For the Transition to Standards, the full GSSB membership oversaw the development of the draft Standards; no additional Project Working Groups were appointed. Therefore the views of the GSSB on the development of this draft GRI Standards Glossary (Part 1) are reflected in the summary of main proposals above and in the public exposure draft itself, which was approved by the GSSB for public exposure on 5-7th April 2016. Meeting minutes and a full recording of the meeting can be accessed on the [GSSB website here](#).

1 GRI Standards Glossary 2016 (Part I)

Exposure draft for comment only

Glossary of terms (Part I)

Key terms are indicated with an asterisk (*)

annual total compensation

compensation provided over the course of a year, including:

- salary
- bonus
- stock awards
- option awards
- non-equity incentive plan compensation
- change in pension value and nonqualified deferred compensation earnings
- all other compensation

base year

historical datum against which consumption measurement is tracked over time

baseline

starting point used for comparisons

NOTE: In the context of energy and emissions the baseline is the projected energy consumption or emissions in the absence of any reduction activity.

biogenic carbon dioxide emission

emission of CO₂ from the combustion or biodegradation of biomass

carbon dioxide equivalent

measure used to compare the emissions from various types of GHG based on their global warming potential (GWP)

NOTE: The CO₂ equivalent for a gas is determined by multiplying the metric tons of the gas by the associated GWP.

Commented [SD1]: Source: G4 IM pp. 244-254

Commented [SD2]: I) Deleted G4 terms and definitions:

• **Aspect**

G4 definition:

The word Aspect is used in the Guidelines to refer to the list of subjects covered by the Guidelines. Source: G4 RPSD p. 92

• **General Standard Disclosures**

G4 definition:

General Standard Disclosures offer a description of the organization and the reporting process. Source: G4 RPSD p. 92

• **Indicator**

G4 definition:

Qualitative or quantitative information about results or outcomes associated with the organization that is comparable and demonstrates change over time. Source: G4 IM p. 249

• **Scope**

G4 definition:

The range of Aspects covered in a report. Source: G4 RPSD p. 92

• **Specific Standard Disclosures**

G4 definition:

Specific Standard Disclosures offer information on the organization's management and performance related to material Aspects. Source: G4 RPSD p. 92

2) G4 definitions repurposed as guidance text in the GRI Standards:

- **Collective bargaining agreements** (See SRS 201: General disclosures, Guidance for Mechanisms for advice and concerns about ethics)
- **Mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to integrity** (See SRS 201: General disclosures, Guidance for Collective bargaining agreements)
- **Precautionary Principle** (See SRS 201: General disclosures, Guidance for Precautionary Principle or approach)

Commented [SD3]:

New definition, based on existing content

Source: G4 IM p. 108

26 **CFC-11 (trichlorofluoromethane) equivalent**

27 measure used to compare various substances based on their relative ozone depletion potential
28 (ODP)

29 NOTE: The reference level of 1 is the potential of CFC-11 (trichlorofluoromethane) and CFC-
30 12 (dichlorodifluoromethane) to cause ozone depletion.

31 **claim***

32 declaration made by the reporting organization in any published materials that use the GRI
33 Standards or their content, and which indicates the extent to which the GRI Standards have
34 been used

35 NOTE: There are three different claims that can be made: 'in accordance': core, 'in accordance':
36 comprehensive, and 'SRS-referenced'.

Commented [SD4]:
New definition

37 **clawback**

38 repayment of previously received compensation required to be made by an executive to his or
39 her employer in the event certain conditions of employment or goals are not met

40 **conflict of interest**

41 situation where an individual is confronted with choosing between the requirements of his/her
42 function and his/her own private interests

43 **direct (Scope 1) GHG emissions**

44 GHG emissions from sources that are owned or controlled by an organization

45 NOTE 1: A GHG source is any physical unit or process that releases GHG into the atmosphere.

46 NOTE 2: Direct (Scope 1) GHG emissions can include the CO₂ emissions from fuel
47 consumption.

48 **economic impact**

49 change in the productive potential of the economy that has an influence on a community's or
50 stakeholder's well-being and longer-term prospects for development

51 **emission (into air)**

52 discharge of a substance from a source into the atmosphere

Commented [SD5]:
New definition

53 **energy indirect (Scope 2) GHG emissions**

54 GHG emissions that result from the generation of purchased or acquired electricity, heating,
55 cooling, and steam consumed by an organization

56 **global warming potential (GWP)**

57 value describing the radiative forcing impact of one unit of a given GHG relative to one unit of
58 CO₂ over a given period of time

59 NOTE: GWP values convert GHG emissions data for non-CO₂ gases into units of CO₂
60 equivalent.

61 **greenhouse gas (GHG)**

62 gas that contributes to the greenhouse effect by absorbing infrared radiation

Commented [SD6]:
New definition

63 **greenhouse gas trade**

64 purchase, sale or transfer of GHG emission offsets or allowances

Commented [SD7]:
New definition, based on existing content
Source: G4 IM p. 107

65 **grievance mechanisms**

66 system consisting of procedures, roles and rules for receiving complaints and providing remedy

67 NOTE: Grievance mechanisms are expected to be legitimate, accessible, predictable, equitable,
68 transparent, rights-compatible, and a source of continuous learning. For operational level
69 mechanisms, these are expected to be based on engagement and dialogue. For a description of
70 each of these criteria, see Guiding Principle 31 in the United Nations (UN) 'Guiding Principles
71 on Business and Human Rights'.

Commented [SD8]:
Revised definition

Previous G4 definition:
(Formal grievance mechanisms) Systems consisting of specified procedures, roles and rules for methodically addressing complaints as well as resolving disputes. Formal grievance mechanisms are expected to be legitimate, accessible, predictable, equitable, rights-compatible, clear and transparent, and based on dialogue and mediation.

Source: G4 IM p. 248

72 **highest governance body**

73 formalized group of persons charged with ultimate authority in an organization

74 NOTE: In instances where the highest governance body consists of two tiers, both tiers should
75 be included.

76 **impact***

77 In the context of the GRI Standards, unless otherwise stated, 'impact' refers to an organization's
78 impact on the economy, the environment, and/or society – in other words, the organization's
79 contribution (positive or negative) to sustainable development.

80 NOTE: In the GRI Standards, the term 'impact' can refer to positive, negative, actual, potential,
81 direct, indirect, short term, long term, intended, or unintended impacts.

82 **indirect economic impact**

83 additional consequence of the direct impact of financial transactions and the flow of money
84 between an organization and its stakeholders

85 **indirect political contribution**

86 financial or in-kind support to political parties, their representatives, or candidates for office
87 made through an intermediary organization such as a lobbyist or charity, or support given to an
88 organization such as a think tank or trade association linked to or supporting particular political
89 parties or causes

90 **infrastructure**

91 facilities built primarily to provide a public service or good rather than a commercial purpose,
92 and from which an organization does not seek to gain direct economic benefit

93 NOTE: Facilities can include water supply facilities, roads, schools, or hospitals.

94 **management approach disclosure***

95 narrative description about how an organization manages its material topics and their related
96 impacts

97 NOTE: Disclosures about an organization's management approach also provide context for the
98 information reported using topic-specific Standards (series 400, 500 and 600).

99 **material topic***

100 topic that reflects a reporting organization's significant economic, environmental and social
101 impacts; or that substantively influences the assessments and decisions of stakeholders

102 NOTE 1: For more information on identifying a material topic, see the Reporting Principles for
103 defining report content in *SRS 101: Foundation*.

Commented [SD9]:
Revised definition

Previous G4 definition:
(Impact) In the Guidelines, unless otherwise stated the term 'impact' refers to significant economic, environmental and social impacts that are: positive, negative, actual, potential, direct, indirect, short term, long term, intended, unintended.

Source: G4 IM p. 244

Commented [SD10]:
New definition, based on existing content

Source: G4 IM p. 63

Commented [SD11]:
Revised definition

Previous G4 definition:
(Material Aspects) Material Aspects are those that reflect the organization's significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders. To determine if an Aspect is material, qualitative analysis, quantitative assessment and discussion are needed.

Source: G4 IM p. 244

104 NOTE 2: To prepare a report in accordance with the GRI Standards, an organization is required
105 to report on topics that are material to the organization (material topics).

106 **other indirect (Scope 3) GHG emissions**

107 indirect GHG emissions not included in energy indirect (Scope 2) GHG emissions

108 **ozone-depleting substance (ODS)**

109 substance that deplete the stratospheric ozone layer

110 NOTE 1: ODS substances include those with an ozone depletion potential (ODP) greater than
111 zero that can deplete the stratospheric ozone layer.

112 NOTE 2: Most ODS are controlled under the UNEP 'Montreal Protocol on Substances that
113 Deplete the Ozone Layer' and its amendments, and include chlorofluorocarbons (CFCs),
114 hydrochlorofluorocarbons (HCFCs), halons, and methyl bromide.

115 **political contribution**

116 financial or in-kind support given directly or indirectly to political parties, their elected
117 representatives, or persons seeking political office

118 NOTE 1: Financial contributions can include donations, loans, sponsorships, retainers, or the
119 purchase of tickets for fundraising events.

120 NOTE 2: In-kind contributions may include advertising, use of facilities, design and printing,
121 donation of equipment, or the provision of board membership, employment or consultancy
122 work for elected politicians or candidates for office.

123 **product**

124 article or substance that is offered for sale or is part of a service delivered by an organization

125 **reduction of greenhouse gas emissions**

126 decrease in GHG emissions or increase in removal or storage of GHG from the atmosphere,
127 relative to baseline emissions

128 **Reporting Principle***

129 concept that describes the outcomes a report should achieve, and that guides decisions made
130 throughout the reporting process around report content or quality

Commented [SD12]:

Revised definition

Previous G4 definition:

(Reporting Principle) Concepts that describe the outcomes a report should achieve and that guide decisions made throughout the reporting process, such as which Indicators to respond to, and how to respond to them.

Source: G4 IM p. 244

131 **Scope of GHG emissions**

132 classification of the operational boundaries where GHG emissions occur

133 NOTE 1: Scope classifies whether GHG emissions are created by an organization itself, or are
134 created by other related organizations, for example electricity suppliers or logistics companies.

135 NOTE 2: There are three classifications of Scope: Scope 1, Scope 2 and Scope 3.

136 NOTE 3: The classification of Scope derives from the GHG Protocol.

137 **sector**

138 subdivision of an economy, society or sphere of activity, defined on the basis of some common
139 characteristic

140 NOTE: Sector types can include classifications such as the public or private sector, and industry
141 specific categories such as the education, technology, and financial sectors.

142 **senior executive**

143 top ranking member of the management of an organization that includes a Chief Executive
144 Officer (CEO) and individuals reporting directly to the CEO or the highest governance body

145 NOTE: An individual organization defines which members of its management teams are senior
146 executives.

147 **service**

148 action of an organization to meet a demand or need

149 **services supported**

150 services that provide a public benefit either through direct payment of operating costs or
151 through staffing the facility or service with an organization's own employees

152 NOTE: Public benefit can also include public services.

153 **significant air emission**

154 air emission regulated under international conventions and/or national laws or regulations

155 NOTE: Significant air emissions include those listed on environmental permits for an
156 organization's operations.

Commented [SD13]:

New definition, based on existing content

Source: G4 IM p. 105

Commented [SD14]:

New definition

157 **stakeholder***

158 entity or individual that can reasonably be expected to be significantly affected by the reporting
159 organization's activities, products and services, or whose actions can reasonably be expected to
160 affect the ability of the organization to successfully implement its strategies and achieve its
161 objectives

162 NOTE 1: Stakeholders include entities or individuals whose rights under law or international
163 conventions provide them with legitimate claims vis-à-vis the organization.

164 NOTE 2: Stakeholders can include those who are invested in the organization (such as
165 employees and shareholders), as well as those who have other relationships to the organization
166 (such as other workers who are not employees, suppliers, vulnerable groups within local
167 communities, or civil society).

168 **supply chain**

169 sequence of activities or parties that provides products or services to an organization

170 **sustainable development / sustainability***

171 development that meets the needs of the present without compromising the ability of future
172 generations to meet their own needs

173 NOTE 1: Sustainable development encompasses three dimensions: economic, environmental and
174 social.

175 NOTE 2: Sustainable development refers to broader environmental and societal interests, rather
176 than to the interests of specific organizations.

177 NOTE 3: In the GRI Standards, the terms 'sustainability' and 'sustainable development' are used
178 interchangeably.

179 **termination payment**

180 all payments made and benefits given to a departing executive or member of the highest
181 governance body whose appointment is terminated

182 NOTE: This extends beyond monetary payments to the giving of property and the automatic or
183 accelerated vesting of incentives given in connection with a person's departure from office.

184 **topic***

185 sustainability subject

Commented [SD15]:
Revised definition

Previous G4 definition:
(Stakeholders) Stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by the organization's activities, products, and services; and whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives. This includes entities or individuals whose rights under law or international conventions provide them with legitimate claims vis-à-vis the organization.

Stakeholders can include those who are invested in the organization (such as employees, shareholders, suppliers) as well as those who have other relationships to the organization (such as vulnerable groups within local communities, civil society).

Source: G4 IM p. 244

Commented [SD16]:
New definition

Commented [SD17]:
Revised definition

Previous G4 definition:
(Topic) The word topic is used in the Guidelines to refer to any possible sustainability subject.

Source: G4 IM p. 244

186 NOTE 1: In the GRI Standards, topics are grouped according to the three dimensions of
187 sustainable development: economic, environmental and social.

188 NOTE 2: To prepare a report in accordance with the GRI Standards, an organization is required
189 to report on topics that are material to the organization (material topics).

190 **topic Boundary***

191 description of which entities cause the impacts related to a material topic

192 NOTE 1: Entities can be within the organization (i.e., the entities included in the organization's
193 consolidated financial statements or equivalent documents, as reported under Disclosure 201-45
194 of *SRS 201: General disclosures*), outside of the organization (e.g., suppliers or clients), or both.

195 NOTE 2: Topic Boundaries vary based on the topics reported.

196 **two-tier board system**

197 governance system found in a limited number of jurisdictions where supervision and
198 management are separated or where local law provides for a supervisory board drawn from
199 non-executives to oversee an executive management board

200 **under-represented social group**

201 population that, relative to its numbers in a given society, has less opportunity to express its
202 economic, social, or political needs and views

203 NOTE: Specific groups included under this definition are not uniform for every organization. An
204 organization identifies relevant groups based on its operating context.

Commented [SD18]:

Revised definition

Previous G4 definition:

(Aspect Boundary) Refers to the description of where impacts occur for each material Aspect. In setting the Aspect Boundaries, an organization should consider impacts within and outside of the organization. Aspect Boundaries vary based on the Aspects reported.

Source: G4 IM p. 244