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 1), 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 1)**

This draft GRI Standards Glossary (Part 1) 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 1) 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, 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](#).
GRI Standards Glossary 2016 (Part 1)
Glossary of terms (Part 1)

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. 244-354

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
CFC-11 (trichlorofluoromethane) equivalent
measure used to compare various substances based on their relative ozone depletion potential (ODP)
NOTE: The reference level of 1 is the potential of CFC-11 (trichlorofluoromethane) and CFC-
12 (dichlorodifluoromethane) to cause ozone depletion.

claim
declaration made by the reporting organization in any published materials that use the GRI
Standards or their content, and which indicates the extent to which the GRI Standards have
been used
NOTE: There are three different claims that can be made: ‘in accordance’, ‘core’, ‘in accordance’:
comprehensive, and ‘SRS-referenced’.

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

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

direct (Scope 1) GHG emissions
GHG emissions from sources that are owned or controlled by an organization
NOTE 1: A GHG source is any physical unit or process that releases GHG into the atmosphere.
NOTE 2: Direct (Scope 1) GHG emissions can include the CO₂ emissions from fuel
consumption.

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

Commented [SD4]:
New definition
51 emission (into air)  
52 discharge of a substance from a source into the atmosphere

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

63 greenhouse gas trade  
64 purchase, sale or transfer of GHG emission offsets or allowances

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’.

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.

Commented [SD5]: New definition

Commented [SD6]: New definition

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

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

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

**Indirect Economic Impact**
additional consequence of the direct impact of financial transactions and the flow of money between an organization and its stakeholders.

**Indirect Political Contribution**
financial or in-kind support to political parties, their representatives, or candidates for office made through an intermediary organization such as a lobbyist or charity, or support given to an organization such as a think tank or trade association linked to or supporting particular political parties or causes.

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

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

**Management Approach Disclosure**
narrative description about how an organization manages its material topics and their related impacts.

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

**Material Topic**
topic that reflects a reporting organization’s significant economic, environmental and social impacts; or that substantively influences the assessments and decisions of stakeholders.

NOTE 1: For more information on identifying a material topic, see the Reporting Principles for defining report content in SRS 101: Foundation.
NOTE 2: To prepare a report in accordance with the GRI Standards, an organization is required to report on topics that are material to the organization (material topics).

other indirect (Scope 3) GHG emissions
indirect GHG emissions not included in energy indirect (Scope 2) GHG emissions

ozone-depleting substance (ODS)
substance that deplete the stratospheric ozone layer

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

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

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

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

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

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

reduction of greenhouse gas emissions
decrease in GHG emissions or increase in removal or storage of GHG from the atmosphere, relative to baseline emissions

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

Source: G4 IM p. 244
Scope of GHG emissions

classification of the operational boundaries where GHG emissions occur

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

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

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

sector

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

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

senior executive

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

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

service

action of an organization to meet a demand or need

services supported

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

NOTE: Public benefit can also include public services.

significant air emission

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

NOTE: Significant air emissions include those listed on environmental permits for an organization’s operations.
stakeholder* entity or individual that can reasonably be expected to be significantly affected by the reporting organization’s activities, products and services, or whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives.

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

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

supply chain sequence of activities or parties that provides products or services to an organization.

sustainable development / sustainability* development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

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

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

NOTE 3: In the GRI Standards, the terms ‘sustainability’ and ‘sustainable development’ are used interchangeably.

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

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

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

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

**topic Boundary**

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

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

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

**two-tier board system**

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

**under-represented social group**

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

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