



GSSB Global
Sustainability
Standards Board

Barbara Strozziiaan 336
1083 HN Amsterdam
The Netherlands
info@gssb.globalreporting.org

Item 02 – FAQ on the status of definitions in the *GRI Standards Glossary*

For GSSB discussion

Date 28 March 2018

Meeting 11-12 April 2018

Description This document includes an FAQ response to clarify whether organizations are permitted to deviate from the definitions in the *GRI Standards Glossary*, for GSSB discussion.

The [Annex](#) provides an overview of definitions for disclosures which do not permit the use of reasons for omission.

This document has been prepared by the GRI Standards Division. It is provided as a convenience to observers at meetings of the Global Sustainability Standards Board (GSSB), to assist them in following the Board's discussion. It does not represent an official position of the GSSB. Board positions are set out in the GRI Sustainability Reporting Standards. The GSSB is the independent standard-setting body of GRI. For more information visit www.globalreporting.org.

About this document

This document includes an FAQ response to clarify whether organizations are permitted to deviate from the definitions in the *GRI Standards Glossary*, for GSSB discussion.

During its meeting on 22 February 2018, the majority of GSSB members were in support of the proposed FAQ described in [Item 02 – Status of definitions in the GRI Standards Glossary](#), which clarified that an organization is required to apply the definitions provided in the Glossary when using the GRI Standards. One GSSB member raised concerns with this approach, in particular with requiring the use of definitions for disclosures which do not permit the use of reasons for omission.

This document is structured as follows:

Section 1. Background research includes an analysis of definition-related questions received via 'standards@globalreporting.org' and the status of definitions in other standards.

Section 2. Proposed FAQ response includes the proposed FAQ response, for GSSB discussion.

The [Annex](#) provides an overview of definitions in the GRI Standards Glossary for disclosures which do not permit the use of reasons for omission.

Feedback invited from GSSB

The GSSB is invited to provide comments on the proposed FAQ response for clarifying whether organizations are permitted to deviate from the definitions in the *GRI Standards Glossary* (Section 2).

Section I. Background research

As requested by the GSSB, the Standards Division has consolidated the definition-related questions received via 'standards@globalreporting.org' and researched the status of definitions in other standards to inform the discussion on whether organizations should be permitted to deviate from the definitions in the *GRI Standards Glossary*.

Definition-related questions received via 'standards@globalreporting.org'

The Standards Division received one question about whether an organization can use another definition than the one provided in the *GRI Standards Glossary*. The question relates specifically to the definition provided for the term '[corruption](#)', and asks whether it is possible to prepare a report in accordance with the GRI Standards if the organization uses its own concept of corruption, which is not fully aligned with the GRI definition.

Other questions relating to definitions provided in the *GRI Standards Glossary* requested the Standards Division to provide further clarifications for terms in the Glossary.

30 **Status of definitions in other standards**

31 The Standards Division also analyzed the status of definitions in the following standards: The
32 International Integrated Reporting Framework (<IR> Framework) of the International Integrated
33 Reporting Council (IIRC), the Sustainability Accounting Standards of the Sustainability
34 Accounting Standards Board (SASB Standards), the IFRS Standards of the IFRS Foundation, and
35 the Standards of the International Organization for Standardization (ISO Standards).

36 The [<IR> Framework](#) and the SASB Standards do not require the use of defined terms.

37 The <IR> Framework states: 'Text in the Framework that is not in bold italic type provides
38 guidance to assist in applying the requirements.' As the terms in the Framework glossary are not
39 presented in bold italic type, this would imply they are not required.

40 The [SASB Standards](#) state: 'The following sections contain the technical protocols associated
41 with each accounting metric such as guidance on definitions, scope, accounting guidance,
42 compilation, and presentation.' Definitions in the SASB Standards are clearly presented within
43 guidance sections, in contrast to the mandatory disclosure requirements, which are indicated
44 using the term 'shall'. Further, the SASB [Conceptual Framework](#) 'sets out the basic concepts and
45 definitions behind SASB's sustainability accounting standards (the SASB Standards) and serves as
46 additional guidance for the adoption of the standards by corporations and the use of material
47 sustainability information by investors'.

48 The [IFRS Standards](#) include defined terms in an appendix to each standard, stating: 'This
49 appendix is an integral part of the IFRS'. The meaning of 'integral part' is not further clarified, and
50 it is not specified whether companies can deviate from these definitions or not.

51 The [ISO Standards](#) state the following: 'For the purposes of this document, the following terms
52 and definitions apply.' The text of the ISO Standards does not explicitly state whether terms and
53 definitions are required, in order to claim conformity to the Standards. Upon consultation with
54 ISO, they have communicated that conformity to the ISO Standards refers to the mandatory
55 part of the text where requirements can be found. Definitions are included to explain how those
56 terms are used in the Standards, but they are not requirements.

57 Section 2. Proposed FAQ response

58 Based on previous feedback and discussions by the GSSB that it would be problematic to allow
59 organizations to use different definitions (specially for key terms such as sustainable
60 development, topic Boundary or employee) and be allowed to claim 'in accordance' with the
61 GRI Standards, the Standards Division is proposing to develop a web FAQ to clarify that:

- 62 • an organization is required to apply the definitions provided in the Glossary when using
63 the GRI Standards, and is not permitted to omit or deviate from these definitions;
- 64 • if information for a disclosure which permits the use of reasons for omission is not
65 available for all elements covered in the definition, the organization may provide a
66 reason for omission.

67 The full text of the proposed FAQ is presented below:

Can I use another definition than the one provided in the GRI Standards Glossary?

The GRI Standards are to be used together with the *GRI Standards Glossary*. This means that an organization is required to apply the definitions provided in the Glossary when using the GRI Standards, and is not permitted to omit or deviate from these definitions.

An organization is required to provide a reason for omission, if information is not available for all elements covered in the definition, and the disclosure permits the use of reasons for omission. See [clause 3.2](#) in *GRI 101: Foundation* for how to report reasons for omission.

For example, if an organization reports on Disclosure 403-I-b (Percentage of workers whose work, or workplace, is controlled by the organization, that are represented by formal joint management-worker health and safety committees), it is required to apply the definition of ['worker'](#) provided in the Glossary. If the organization only has the required information available for its employees, it is required to provide a reason for omission stating that this information is not available for workers who are not employees.

The Notes accompanying the definitions include additional information, explanations, and examples to help organizations better understand the definitions. An organization is not required to comply with the Notes.

Where a term is not defined in the Glossary, definitions that are commonly used and understood apply.

Terms defined in the [GRI Standards Glossary](#) are underlined in the text of the GRI Standards.

68 **Annex – Overview of definitions in the GRI Standards Glossary**
 69 **for disclosures which do not permit the use of reasons for**
 70 **omission**

71 The table below provides an overview of definitions for disclosures which do not permit the use of reasons for omission. These terms consist of the
 72 [Key Terms](#) included in *GRI 101: Foundation* and the terms defined in Disclosures 102-1 to 102-16, 102-18, and 102-40 to 102-56 in [GRI 102: General](#)
 73 [Disclosures](#) and Disclosure 103-1 in [GRI 103: Management Approach](#) for which no reasons for omissions are permitted.

Term	Definition	Other required definitions referenced in the term ¹
impact Key terms, 102-15	<p>In the GRI Standards, unless otherwise stated, ‘impact’ refers to the effect an organization has on the economy, the environment, and/or society, which in turn can indicate its contribution (positive or negative) to <u>sustainable development</u>.</p> <p>Note 1: In the GRI Standards, the term ‘impact’ can refer to positive, negative, actual, potential, direct, indirect, short-term, long-term, intended, or unintended impacts.</p> <p>Note 2: Impacts on the economy, environment, and/or society can also be related to consequences for the organization itself. For example, an impact on the economy, environment, and/or society can lead to consequences for the</p>	sustainable development/sustainability development that meets the needs of the present without compromising the ability of future generations to meet their own needs

¹ As per the proposed FAQ, an organization would be required to comply with the definitions included in defined terms, e.g., the definition of sustainable development/sustainability in the defined term of impact. The Notes accompanying the definitions include additional information, explanations, and examples to help organizations better understand the definitions. An organization would not be required to comply with the Notes.

Term	Definition	Other required definitions referenced in the term ¹
	organization's business model, reputation, or ability to achieve its objectives.	
management approach disclosure Key terms	narrative description about how an organization manages its <u>material topics</u> and their related <u>impacts</u> Note: Disclosures about an organization's management approach also provide context for the information reported using topic-specific Standards (series 200, 300, and 400).	material topic <u>topic</u> that reflects a reporting organization's significant economic, environmental and social <u>impacts</u> ; or that substantively influences the assessments and decisions of <u>stakeholders</u> impact In the GRI Standards, unless otherwise stated, 'impact' refers to the effect an organization has on the economy, the environment, and/or society, which in turn can indicate its contribution (positive or negative) to <u>sustainable development</u> .
material topic Key terms, 102-47, 102-49, 103-1	<u>topic</u> that reflects a reporting organization's significant economic, environmental and social <u>impacts</u> ; or that substantively influences the assessments and decisions of <u>stakeholders</u> Note 1: For more information on identifying a material topic, see the Reporting Principles for defining report content in <i>GRI 101: Foundation</i> . Note 2: To prepare a report in accordance with the GRI Standards, an organization is required to report on its material topics.	topic economic, environmental or social subject impact In the GRI Standards, unless otherwise stated, 'impact' refers to the effect an organization has on the economy, the environment, and/or society, which in turn can indicate its contribution (positive or negative) to <u>sustainable development</u> .

Term	Definition	Other required definitions referenced in the term ¹
	<p>Note 3: Material topics can include, but are not limited to, the topics covered by the GRI Standards in the 200, 300, and 400 series.</p>	<p>stakeholder</p> <p>entity or individual that can reasonably be expected to be significantly affected by the reporting organization's activities, <u>products</u> and <u>services</u>, or whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives</p>
<p>reporting period</p> <p>Key terms, 102-49, 102-50</p>	<p>specific time span covered by the information reported</p> <p>Note: Unless otherwise stated, the GRI Standards require information from the organization's chosen reporting period.</p>	
<p>Reporting Principle</p> <p>Key terms, 102-46</p>	<p>concept that describes the outcomes a report is expected to achieve, and that guides decisions made throughout the reporting process around report content or quality</p>	
<p>stakeholder</p> <p>Key terms, 102-40, 102-42, 102-43, 102-44</p>	<p>entity or individual that can reasonably be expected to be significantly affected by the reporting organization's activities, <u>products</u> and <u>services</u>, or whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives</p> <p>Note 1: Stakeholders include entities or individuals whose rights under law or international conventions provide them with legitimate claims vis-à-vis to the organization.</p> <p>Note 2: Stakeholders can include those who are invested in the organization (such as <u>employees</u> and shareholders), as well as those who have other relationships to the organization (such as other <u>workers</u> who are not employees, <u>suppliers</u>,</p>	<p>product</p> <p>article or substance that is offered for sale or is part of a service delivered by an organization</p> <p>service</p> <p>action of an organization to meet a demand or need</p>

Term	Definition	Other required definitions referenced in the term ¹
	<p><u>vulnerable groups</u>, <u>local communities</u>, and NGOs or other civil society organizations, among others).</p>	
<p>sustainable development/sustainability Key terms, 102-14</p>	<p>development that meets the needs of the present without compromising the ability of future generations to meet their own needs</p> <p>Note 1: Sustainable development encompasses three dimensions: economic, environmental and social.</p> <p>Note 2: Sustainable development refers to broader environmental and societal interests, rather than to the interests of specific organizations.</p> <p>Note 3: In the GRI Standards, the terms ‘sustainability’ and ‘sustainable development’ are used interchangeably.</p>	
<p>topic Key terms, 102-4</p>	<p>economic, environmental or social subject</p> <p>Note 1: In the GRI Standards, topics are grouped according to the three dimensions of <u>sustainable development</u>: economic, environmental and social.</p> <p>Note 2: To prepare a report in accordance with the GRI Standards, an organization is required to report on its <u>material topics</u>.</p>	
<p>topic Boundary Key terms, 102-46, 102-49</p>	<p>description of where the <u>impacts</u> occur for a <u>material topic</u>, and the organization’s involvement with those impacts</p> <p>Note: Topic Boundaries vary based on the topics reported.</p>	<p>impact</p> <p>In the GRI Standards, unless otherwise stated, ‘impact’ refers to the effect an organization has on the economy, the environment, and/or society, which in turn can indicate its</p>

Term	Definition	Other required definitions referenced in the term ¹
		<p>contribution (positive or negative) to <u>sustainable development</u>.</p> <p>material topic</p> <p><u>topic</u> that reflects a reporting organization's significant economic, environmental and social <u>impacts</u>; or that substantively influences the assessments and decisions of <u>stakeholders</u></p>
<p>product</p> <p>102-2, 102-6, 102-7, 102-9</p>	<p>article or substance that is offered for sale or is part of a <u>service</u> delivered by an organization</p>	<p>service</p> <p>action of an organization to meet a demand or need</p>
<p>service</p> <p>102-2, 102-6, 102-7, 102-9</p>	<p>action of an organization to meet a demand or need</p>	
<p>sector</p> <p>102-6</p>	<p>subdivision of an economy, society or sphere of activity, defined on the basis of some common characteristic</p> <p>Note: Sector types can include classifications such as the public or private sector, and industry specific categories such as the education, technology, or financial sectors.</p>	
<p>employee</p> <p>102-7, 102-8, 102-41</p>	<p>individual who is in an employment relationship with the organization, according to national law or its application</p>	
<p>employment contract</p> <p>102-8</p>	<p>contract as recognized under national law or practice that can be written, verbal, or implicit (that is, when all the characteristics of employment are present but without a written or witnessed verbal contract)</p>	<p>employee</p> <p>individual who is in an employment relationship with the organization, according to national law or its application</p>

Term	Definition	Other required definitions referenced in the term ¹
	<p>Indefinite or permanent contract: A permanent employment contract is a contract with an <u>employee</u>, for full-time or part-time work, for an indeterminate period.</p> <p>Fixed term or temporary contract: A fixed term employment contract is an employment contract as defined above that ends when a specific time period expires, or when a specific task that has a time estimate attached is completed. A temporary employment contract is of limited duration, and is terminated by a specific event, including the end of a project or work phase or return of replaced employees.</p>	
<p>employment type</p> <p>102-8</p>	<p>Full-time: A ‘full-time <u>employee</u>’ is an employee whose working hours per week, month, or year are defined according to national legislation and practice regarding working time (such as national legislation which defines that ‘full-time’ means a minimum of nine months per year and a minimum of 30 hours per week).</p> <p>Part-time: A ‘part-time employee’ is an employee whose working hours per week, month, or year are less than ‘full-time’ as defined above.</p>	<p>employee</p> <p>individual who is in an employment relationship with the organization, according to national law or its application</p>
<p>worker</p> <p>102-8</p>	<p>person that performs work</p> <p>Note 1: The term ‘workers’ includes, but is not limited to, <u>employees</u>.</p> <p>Note 2: Further examples of workers include interns, apprentices, self-employed persons, and persons working for</p>	

Term	Definition	Other required definitions referenced in the term ¹
	<p>organizations other than the reporting organization, e.g., for <u>suppliers</u>.</p> <p>Note 3: In the context of the GRI Standards, in some cases it is specified whether a particular subset of workers is to be used.</p>	
<p>supply chain 102-10</p>	<p>sequence of activities or parties that provides <u>products</u> or <u>services</u> to an organization</p>	<p>product article or substance that is offered for sale or is part of a service delivered by an organization</p> <p>service action of an organization to meet a demand or need</p>
<p>supplier 102-10</p>	<p>organization or person that provides a <u>product</u> or <u>service</u> used in the <u>supply chain</u> of the reporting organization</p> <p>Note 1: A supplier is further characterized by a genuine direct or indirect commercial relationship with the organization.</p> <p>Note 2: Examples of suppliers can include, but are not limited to:</p> <ul style="list-style-type: none"> • Brokers: Persons or organizations that buy and sell products, services, or assets for others, including contracting agencies that supply labor. • Consultants: Persons or organizations that provide expert advice and services on a legally recognized professional and commercial basis. Consultants are 	<p>product article or substance that is offered for sale or is part of a service delivered by an organization</p> <p>service action of an organization to meet a demand or need</p> <p>supply chain sequence of activities or parties that provides <u>products</u> or <u>services</u> to an organization</p>

Term	Definition	Other required definitions referenced in the term ¹
	<p>legally recognized as self-employed or are legally recognized as <u>employees</u> of another organization.</p> <ul style="list-style-type: none"> • Contractors: Persons or organizations working onsite or offsite on behalf of an organization. A contractor can contract their own <u>workers</u> directly, or contract sub-contractors or independent contractors. • Distributors: Persons or organizations that supply products to others. • Franchisees or licensees: Persons or organizations that are granted a franchise or license by the reporting organization. Franchises and licenses permit specified commercial activities, such as the production and sale of a product. • Home workers: Persons at home or in other premises of their choice, other than the workplace of the employer, who perform work for remuneration and which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used. • Independent contractors: Persons or organizations working for an organization, a contractor, or a sub-contractor. • Manufacturers: Persons or organizations that make products for sale. 	

Term	Definition	Other required definitions referenced in the term ¹
	<ul style="list-style-type: none"> • Primary producers: Persons or organizations that grow, harvest, or extract raw materials. • Sub-contractors: Persons or organizations working onsite or offsite on behalf of an organization that have a direct contractual relationship with a contractor or sub-contractor, but not necessarily with the organization. A sub-contractor can contract their own workers directly or contract independent contractors. • Wholesalers: Persons or organizations that sell products in large quantities to be retailed by others. 	
<p>collective bargaining</p> <p>102-41</p>	<p>all negotiations which take place between one or more employers or employers' organizations, on the one hand, and one or more workers' organizations (trade unions), on the other, for determining working conditions and terms of employment or for regulating relations between employers and <u>workers</u></p> <p>Note 1: Collective agreements can be at the level of the organization; at the industry level, in countries where that is the practice; or at both.</p> <p>Note 2: Collective agreements can cover specific groups of workers; for example, those performing a specific activity or working at a specific location.</p> <p>Note 3: This definition is based on the International Labour Organization (ILO) Convention 154, 'Collective Bargaining Convention', 1981.</p>	<p>worker</p> <p>person that performs work</p>

Term	Definition	Other required definitions referenced in the term ¹
highest governance body 102-56	formalized group of persons charged with ultimate authority in an organization Note: In instances where the highest governance body consists of <u>two tiers</u> , both tiers are to be included.	
senior executive 102-56	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 <u>highest governance body</u> Note: Each organization defines which members of its management teams are senior executives.	highest governance body formalized group of persons charged with ultimate authority in an organization