



جائزة الملك خالد
King Khalid Award

SUSTAINABILITY AWARD



GLOSSARY OF KEY SUSTAINABILITY TERMS

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Accountability

Acknowledging, assuming responsibility for and being transparent about the impacts of your policies, decisions, actions, products and associated performance. It obliges an organisation to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and to report, explain and be answerable to stakeholders for decisions, actions and performance. It includes the way in which an organisation governs, sets strategy and manages performance. (AA1000 AccountAbility Principles Standard, 2008)

Assurance

The methods and processes employed by an assurance provider to evaluate an organisation's public disclosures about its performance, as well as its underlying systems, data and processes, against suitable criteria and standards in order to increase the credibility of the organisation's public disclosure. Assurance includes the communication of the results of the assurance process in an assurance statement. (AA1000 AccountAbility Assurance Standard, 2008)

Audit

An official and objective examination of an organization's accounts, which investigates the accuracy and robustness of their records. It can be conducted internally by the organization's employees, or an independent body.

Benefit Corporation

Term originating in the United States. Refers to a type of for-profit corporate entity that includes positive impact on society, workers, the community and the environment, alongside its financial profit.

Carbon accounting

Processes undertaken for the measurement of amounts of CO2 equivalents emitted by an organization.

Carbon Neutral

Achieving a state in which the net amount of carbon compounds emitted into the atmosphere is reduced to zero because it is balanced by actions to reduce or offset these emissions.

Carbon Offset

The use of carbon credits to enable businesses to compensate for their emissions, meet their carbon reduction goals and support the move to a low carbon economy. (Carbon Neutral, 2015)

Child labor

The employment of children in an industry or business, especially when illegal or considered exploitative.

Circular Economy

A type of economy that is restorative and regenerative by design, aiming to keep products, components and materials at their highest utility and value at all times. Key element of circular economy is recovering and regenerating products and materials at the end of each service life. (Ellen MacArthur Foundation, 2015; WRAP, 2015)

Climate action

Taking urgent action to combat climate change and its impacts (UN, 2012).

Climate change

A change in the state of the climate that can be identified by changes in the mean and/or the variability of its properties, and that persists for an extended period, typically decades or longer. It refers to any change in climate over time, whether due to natural variability or as a result of human activity (IPCC, 2007)

Climate resilience

Climate resilience refers to the outcomes of evolutionary processes of managing change in order to reduce disruptions and enhance opportunities (IPCC, 2014).

Community

A group of people living in the same place or having a particular characteristic in common.

Community Investment Strategy

Community investment strategies include investments, donations and volunteering programs that foster sustainable development as well as benefit the business.

Corporate Social Responsibility (CSR)

Also referred to as Corporate Responsibility (CR), Corporate Sustainability (CS), Corporate Citizenship (CC), Environmental and Social Governance (ESG). Defined as the continuing commitment of business to contribute to economic development, while improving the quality of life of the workforce and affected stakeholders and behaving in an environmentally sensitive manner. (Adapted from the WBCSD).

Corporate Governance

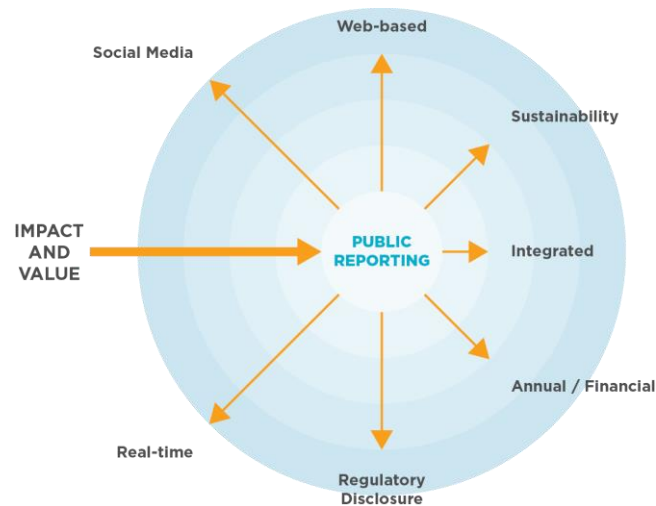
The system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of the many stakeholders in a company.

Credibility

The quality of being trusted and believed in.

CSR Reporting

Refers to the communication of a company's CSR progress. Reporting can take multiple formats, depending on the communication drivers and objectives.



Source: AccountAbility AA1000SES 2015

Customer satisfaction

The level of satisfaction provided by the goods or services of an organization as measured by customers.

Dialogue

A discussion to produce an outcome. (AccountAbility Institute, 2016)

Disabled Person

As per the Labor and Workman Law of Saudi Arabia, a “person with disability” is defined as a “person whose capacity to achieve and continue a suitable job has actually diminished as a result of a physical or mental infirmity.”

Disruptive Innovation

An innovation whose application significantly affects the way a market functions, by creating a new market and value network.

Divestment

Divestment is the opposite of an investment; it is the action or process of selling off business interests of investments.

Employee Development policy

An employee development policy addresses aspects such as training and capacity building, continuing professional development (CPD), skills development, employee appraisal, etc.

Employee satisfaction

How content an individual is with his or her job, and whether or not they like the job or individual aspects or facets of jobs.

Environmental Management Standard

Standards that provide practical tools for companies and organizations of all kinds looking to manage their environmental responsibilities (ISO, 2015).

Environmental Management System (EMS)

An Environmental Management System (EMS) is a set of processes and practices that enable an organization to reduce its environmental impacts and increase its operating efficiency (US EPA, 2016)

Energy consumption

Energy consumption refers to the amount of energy consumed by a company.

Environmental, Social and Governance (ESG)

Recently developed term, referring to the three pillars of responsible investments with regards to environment, society and governance.

Financial Performance

Financial performance covers a company's consolidated financial data, usually required to be disclosed by domestic regulatory authorities.

Greenhouse Effect

A phenomenon in which the atmosphere traps radiation emitted by its sun, caused by gases such as carbon dioxide, water vapor, and methane that allow incoming sunlight to pass through but retain heat radiated back from the planet's surface. Term originates from effect occurring in greenhouses.

Impact Investing

Investments made into companies, organizations, and funds with the aim of generating social and environmental impact alongside a financial return. (Global Impact Investing Network, 2015)

Inclusivity

Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability. An inclusive organisation accepts its accountability to those on whom it has an impact and who have an impact on it. (AA1000 AccountAbility Principles Standard, 2008)

Integrated Reporting

Approach to corporate communication, based on integrated thinking, on interconnectivity of different corporate reports into one report targeting all stakeholders.

Key Performance Indicator (KPI)

A measures or indicator used to evaluate aspects that are pivotal to the success of an organization.

Legitimacy

Conformity to the law or to rules.

Manager

A manager is as person in a company who manages one of its departments or areas of activity. Business managers oversee the activities of workers; hire, train and evaluate new employees; and ensure that a company or department is on track to meet its goals.

Material Issue

A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders. Should a material issue be omitted or overlooked, such action could have a repercussion on the bottom line of an organization.

Materiality

Materiality is determining the relevance and significance of an issue to an organisation and its stakeholders. A material issue is an issue that will influence the decisions, actions and performance of an organisation or its stakeholders. (AccountAbility Institute, 2006)



This Materiality Framework demonstrates how business strategy, reporting, engagement, and performance can be aligned with environmental, social, and governance issues.

Source: AccountAbility Institute, 2010

Non-discrimination

A guarantee that human rights are exercised without discrimination of any kind based on race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status such as disability, age, marital and family status, sexual orientation and gender identity, health status, place of residence, economic and social situation (Committee on Economic, 2009).

Non-governmental Organization

A non-governmental organization (NGO) is a non-for-profit, voluntary citizens' group, which is organized on a local, national or international level to address issues in support of the public good (UN, 2018).

Nonfinancial Performance

Nonfinancial performance and impacts include environmental, social or governance improvements such as energy efficiency, social development or increased transparency.

Organization

An entity, group of people, company, corporation, firm, enterprise, site, authority or institution, or part or combination thereof, whether corporate, government or civil society, that has its own functions and administration. (AccountAbility Institute, 2016)

Performance Appraisal

A systematic process that assesses an individual employee's job performance and productivity in relation to certain criteria and objectives.

Performance Measures

- ▶ **Inputs** – The inputs are the resources allocated for a specific activity. These can refer to both cash and in-kind resources.
- ▶ **Activities** – Primary activities and actions taken.
- ▶ **Outputs** – The immediate and tangible results of an activity.
- ▶ **Outcomes** – Changes or benefits resulting from an activity or output.
- ▶ **Impact** – Long-term change of behaviour and performance based on outcomes.

	Planned Work		Intended Results		
	INPUTS	ACTIVITES	OUTPUTS	OUTCOMES	IMPACTS
Definition	Resources (capital, human, invested)	Primary activities/ actions taken	Tangible products resulting from activity	Changes resulting from activity	Outcomes adjusted for what would have happened anyway, actions of others & for unintended consequences
Examples of KPIs	\$. number of people, etc.	Development & implementation of programs building new infrastructure, etc.	Number of people reached, items sold, etc.	Effects on target populations e.g. increased access to education.	Attribution to changes in outcome. Taking account of alternative programs e.g. students with access to education not including those with alternatives.

Source: AccountAbility Institute, 2016

Pro bono

Work undertaken without charge.

Product / Service innovation

Product or service innovation is the development and market introduction of a new, redesigned or substantially improved good or service.

Process Innovation

Process innovation is the implementation of a new, redesigned or substantially improved production or delivery method.

Quality Management

Quality management is a system focuses on the means of achieving product/service quality. It comprises four key components: quality planning, quality control, quality assurance and quality improvement.

Recycled Waste

Recycled waste is the amount of waste that is converted into reusable material.

Research & Development (R&D)

Research and development refers to investigations and activities company performance to improve their existing products, services and procedures as well as the development of new business lines.

Responsible Competitiveness

Responsible competitiveness is a company's ability to gain competitive advantage and apply best practices in the area of sustainable development. It also involves a company's commitment to corporate social responsibility (CSR) and the role it plays in achieving the Kingdom's developmental goals, whether social, economic, or environmental (KKF, 2017).

Responsible Investment

Responsible investment is an investment strategy which seeks to generate both financial and sustainable value. It consists of a set of investment approaches that integrate environmental, social, governance and ethical issues into financial analysis and decision-making. Commonly also referred to as Socially Responsible Investing (SRI).

Responsiveness

Responsiveness is an organisation's response to stakeholder issues that affect its sustainability performance and is realised through decisions, actions and performance, as well as communication with stakeholders. (AA1000 AccountAbility Principles Standard, 2008)

Risk

Risk is something that has not yet occurred, but has some probability of happening. Whereas, an issue is fundamentally a risk that has already happened.

Saudi Vision 2030

Saudi Vision 2030 is a plan to reduce Saudi Arabia's dependence on oil, diversify its economy, and develop public service sectors such as health, education, infrastructure, recreation and tourism (Vision 2030, 2018).

Saudization

Saudization is a new policy of the Kingdom of Saudi Arabia implemented by its Ministry of Labor, whereby Saudi companies and enterprises are required to fill up their workforce with Saudi nationals up to certain levels. It calls for an increase in the share of Saudi manpower to total employment and for expanding work opportunities for Saudi women and youths (Department of Labor and Employment, 2017).

Shared Value

Business concept adopted by companies that aim to create measurable business value by identifying and addressing social problems that closely align with their business.

Shareholder

An owner of shares in a company.

Social Entrepreneurship

Entrepreneurship that draws upon business techniques to identify solutions to social problems. Examples of social entrepreneurship enterprises are community-based enterprises, socially responsible enterprises, social services industry professionals, and socio-economic enterprises.

Social Enterprise

An organization aiming to maximize social impact, and improve human and environmental well-being for internal and external stakeholders.

Staff turnover

Staff turnover is the ratio of the number of employees that leave a company over a year's time compared with the average number of total employees over the same time.

Stakeholder

Stakeholders are those groups who affect and/or could be affected by an organisation's activities, products or services and associated performance. This does not include all those who may have knowledge of or views. Stakeholders can be both human and non-human. Organisations will have many stakeholders, each with distinct types and levels of involvement, and often with diverse and sometimes conflicting interests and concerns. (AccountAbility AA1000SES 2015)

Stakeholder Engagement

The process used by an organisation to engage relevant stakeholders for a purpose to achieve agreed outcomes and ensure mutual benefits. (AccountAbility AA1000SES 2015)

Sustainability Standards

Voluntary norms and standards relating to environmental, social, and governance issues, with the objective of helping companies demonstrate their compliance and performance in specific areas.

Sustainable Development

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. (Brundtland, 1987)

Sustainable Development Goals (SDGs)

Universal set of goals, targets and indicators that UN member states will be expected to use to frame their agendas and political policies over the next 15 years.

Sustainable Capital

There are five types of sustainable capital with regards to goods:

- ▶ **Natural**
- ▶ **Capital** – Stocks of natural assets, including geology, soil, air, water and all living things
- ▶ **Human Capital** – Comprises people's health, knowledge, skills and motivation
- ▶ **Social Capital** – Institutions that contribute in developing human capital, such as families, communities, or businesses
- ▶ **Manufactured Capital** – Material goods or fixed assets
- ▶ **Financial Capital** – Economic resource measured in terms of money

Triple bottom line (TBL or 3BL)

Concept which measures a company's social responsibility with regards to three parts: social, environmental and financial. Businesses adopt the triple bottom line framework to evaluate their performance in a broader perspective and create shared value.

Waste management

Waste management is the activities and actions required to manage waste from its inception to its final disposal.

Workforce

The people engaged in or available for work, either in a country or area or in a particular firm or industry.



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