King Khalid Sustainability Award

GLOSSARY OF KEY SUSTAINABILITY TERMS

Content

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.

Biodiversity (Biological Diversity)

"Biological diversity is the variety of life on Earth and the natural patterns it forms" (UN Environment Programme).

Business Continuity Planning

The process involved in creating a system of prevention and recovery from potential threats to a company. the plan ensures that personnel and assets are protected and can function quickly in the event of a disaster. The BCP is generally conceived in advance and involves input from key stakeholders and personnel (Investopedia, 2020).

CO_2e

"Carbon dioxide equivalent or CO_2e means the number of metric tons of $CO2$ emissions with the same global warming potential as one metric ton of another greenhouse gas, and is calculated using Equation A-1 in 40 CFR Part 98" (U.S. Environmental Protection Agency).

Capacity Building

The process of developing and strengthening the skills, instincts, abilities, processes and resources that organizations need to survive, adapt, and thrive in a fast-changing world (United Nations, 2020).

Child Labor

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

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 Change Opportunities

Climate change opportunities are the possible increase in climate-related gains. For example, efforts to mitigate and adapt to climate change also produce opportunities for organizations like resource efficiency and cost savings, the development of new products and services, and building resilience (TCFD, 2017).

Climate Change Risks

Climate change risks relate to a possible increase in climate-related damage and loss. For example, transitioning to a low-carbon economy may entail significant policy, legal, technology, and market changes, in addition to the physical risks related to extreme weather events intensified by climate change (TCFD, 2017).

Code of Ethics

A guide of principles designed to help professionals conduct business honestly and with integrity. A code of ethics document may outline the mission and values of the business or organization, how professionals are supposed to approach problems, the ethical principles based on the organization's core values, and the standards to which the professional is held (Investopedia, 2020).

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. Organizations engage in community investment efforts as a way to promote local development and benefit stakeholders in their areas of operations. Effective community investment programs can help organizations go beyond complying with standards and government requirements, to gaining a social license to operate, create value for the community, having a positive impact, reduce project and reputational risks, and boost productivity.

Corporate Governance

Corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled. Corporate governance also provides the framework for attaining a company's objectives, meaning that it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure (Investopedia, 2020).

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 Strategy

A strategy is a set of goals and policies that guides the pathway followed by an organization (HBR, 2020).

Customer Satisfaction

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

Data Security Metrics:

Data that is measured to monitor a company's security performance (Data Insider).

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."

Disclosure

Disclosure the process of making facts or information known to the public. Proper disclosure by organizations is the act of making its customers, investors, and any people involved in doing business with the company aware of pertinent information (Investopedia, 2020).

Diversity, Equity, and Inclusion (DEI)

DEI practices drive diversity, equity and inclusion in the workplace to create a culture where everyone feels valued and believes that processes and outcomes are fair (Wharton School of Business).

Ecology

"Ecology is the study of the relationships between living organisms, including humans, and their physical environment; it seeks to understand the vital connections between plants and animals and the world around them" (Ecological Society of America).

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.

Employee Turnover
Employee 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.

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

Energy Management
Energy management is the process of tracking and optimizing energy consumption to conserve usage in an organization (Enertiv, 2019).

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)

Environmental Management Tool
Environmental management tools enable an organization to reduce its environmental impacts and increase its operating efficiency (US EPA, 2016)

Environmental, Social, and Governance (ESG)
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.

Grievance Redressal Process
A grievance is generally defined as a claim by an employee expressing discontent or dissatisfaction with their job or company. To address grievances, employers typically implement a grievance redressal process.

Health and Safety Policy
A health and safety policy describes a course of action that has been chosen to influence workplace decision-making and guide actions related to workplace health and safety.

Human Rights Policy
A corporate human rights policy is the public expression of the company's commitment to respect internationally recognized human rights standards (UN Global Compact, 2020).

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)

Key Performance Indicator (KPI)

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

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 Process

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-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).

Non-Financial Information

Non-financial information may include the organization's initiatives towards sustainability targets and performance, its philanthropic initiatives, etc.

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).

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).

Partnership

In a broad sense, a partnership can be any endeavor undertaken jointly by multiple parties. The parties may be governments, non-profits enterprises, businesses, or private individuals. The goals of a partnership also vary widely (Investopedia, 2020).

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.

Policy for Responsible Purchasing

Responsible purchasing policy outlines criteria for responsible environmental and/or social practices to be adopted by suppliers, vendors and contractors. This may include criteria like purchasing from vendors who use bio-degradable products or recycled products, who monitor their emissions or water use, who use local materials for manufacturing, etc.

Process Innovation

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

Product / Service Innovation

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

Quality Management

Quality management is the act of overseeing all activities and tasks that must be accomplished to maintain a desired level of excellence. This includes the

determination of a quality policy, creating and implementing quality planning and assurance, and quality control and quality improvement (Investopedia, 2020).

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

Reporting Framework
A reporting framework is an independent tool designed to assist companies in preparing sustainability/ESG reports. Reporting frameworks require businesses to provide quantitative and qualitative nonfinancial information to supplement financial information to assess the prospects of the company. They enable all organizations worldwide to assess their sustainability performance and disclose the results in a similar way to financial reporting (Edie, 2020).

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.

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 Management
A plan-based business strategy that aims to identify, assess, and prepare for any dangers, hazards, and other potentials for disaster—both physical and figurative—that may interfere with an organization's operations and objectives (Investopedia, 2020).

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).

SBTi
A joint initiative between CDP, the United Nations Global Compact, World Resources Institute, and the World Wide Fund for Nature that drives climate action in the private

sector by enabling organizations to set science-based emissions reduction targets (Science Based Targets initiative).

Scope 1 Emissions

Fuel combustion, company vehicles, fugitive emissions.

Scope 2 Emissions

Purchased electricity, heat and steam.

Scope 3 Emissions

Purchased goods and services, business travel, employee commuting, waste disposal, use of sold products, transportation and distribution (up- and downstream), investments, leased assets and franchises.

Social Return on Investment (SROI)

Value that is not traditionally reflected in financial statements, including social, economic, and environmental factors. SROI can identify how effectively a company uses its capital and other resources to create value for the community (Investopedia, 2020).

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).

Supply Chain Risks

Supply chain risks are caused by any interruptions to the flow of product, whether raw material or parts. These risks can be caused by economic, social, governmental, and environmental factors both external and internal to the organization (Business Queensland, 2020).

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 Procurement

A method of purchasing goods and services which integrates requirements, specifications, and criteria that are compatible with an organization's environmental, social, and governance goals (United Nations Global Marketplace).

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.

Sustainability Strategy

A formal sustainability strategy helps identify the organization's focus areas for sustainability initiatives and relevant targets and metrics. It may also include guidance from leadership on the importance of sustainability, the organization's strategy regarding sustainability, how the strategy applies to different departments, etc.

Sustainability Target

Targets are the backbone of an effective sustainability strategy. They describe what the organization is trying to achieve e.g., "Halve the water associated with the consumer use of our products by 2021." (Corporate Citizenship, 2015).

Waste Management

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

Water Discharge-related Impacts

Water effluents released to subsurface waters, surface waters, or sewers that lead to rivers, oceans, lakes, wetlands, treatment facilities, and groundwater (CEO Water Mandate, 2020).

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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