



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

Item 20 – Transition to GRI Standards

Mock-up of Sustainability Reporting Standard 2: Content Principles

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Project Transition to GRI Standards

Description As part of the move to become a standard setter, the Global Sustainability Standards Board (GSSB) has decided that the G4 Guidelines need to be transitioned to Sustainability Reporting Standards (GRI Standards). This paper presents the mock-up of Sustainability Reporting Standard 2: Content Principles, formerly the G4 Principles for Defining Report Content.

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.

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7 Clean version

8 *About this version*

9 This section presents a clean version of Sustainability Reporting Standard 2: Content Principles, formerly
10 the G4 Principles for Defining Report Content.

11 For an overview of the changes applied, see the ‘Summary of changes’ on page 28 of this paper. This
12 summary is to be read in conjunction with Item 18 – Transition to GRI Standards – Proposals and mock-
13 ups in development, available for download on the GRI website (www.globalreporting.org).

14 The proposed terminology for the GRI Standards has not been fully implemented throughout the original
15 G4 text in this mock-up. The G4 content also includes references to sections of G4 that will change in
16 the GRI Standards.

17 New text in the mock-ups will continue to evolve. It is not a final proposal for wording. Instead, it is
18 intended to convey the type of information that users will need. It is also a place to ‘trial’ different terms
19 and formulations.

20 Decisions about the text, and firm proposals for it, will be made during the forthcoming phase of editorial
21 review. This will include decisions on the tone of voice to be used in the GRI Standards, and the preferred
22 ways to construct sentences and express ideas.

23 The use of verbs in the GRI Standards will also be covered during the editorial review. In G4, verbs such
24 as ‘can’, ‘may’ or ‘might’ are used interchangeably. In keeping with standard-setting practice, these verbs
25 will be given fixed meanings in the GRI Standards. Each mock-up has a section where the proposed
26 meanings are explained.

27 In the mock-ups, these meanings have not yet been applied throughout the original G4 text. The editorial
28 review will include an assessment of the intended meaning behind each verb used interchangeably in G4,
29 and any repercussions that might arise from changing it.

30 The mock-ups use the standard GRI branding. The GRI Standards will have distinct branding, design and
31 layout, including visuals and infographics.

32 *GSSB decisions*

33 **Status of process guidance for defining Material Aspects and Boundaries**

34 The GSSB is asked to decide whether the process guidance for defining report content (see line numbers
35 364-750) should be mandatory or optional for this GRI Standard. If it is optional, it can be either presented
36 within this GRI Standard (using formulations such as ‘organizations are encouraged to...’) or in a separate
37 guidance document.

38 Sustainability Reporting Standard 2: Content
39 Principles: [Publication Year]

40 Summary information for users of this GRI 41 Standard

42 This Sustainability Reporting Standard (GRI Standard) is issued by the Global Sustainability Standards Board
43 (GSSB). It is part of the set of GRI Sustainability Reporting Standards, or SRSs.

44 The GSSB is an independent operating entity within GRI. It has responsibility for setting globally-accepted
45 sustainability reporting standards, according to a formally-defined due process, exclusively in the public
46 interest.

47 The GSSB also develops materials to support and improve the use of the SRSs. This includes Guidance
48 publications, FAQ documents and Interpretations, with the latter also developed according to due process.
49 As a component of the due process, Basis for Conclusions documents are created for each GRI Standard.

50 The SRSs are designed to be used by organizations for compiling and reporting sustainability information¹.
51 The SRSs:

- 52 • set out disclosure requirements for sustainability information
- 53 • specify Reporting Principles, methods and practices to adhere to when formulating the disclosures

54 The SRSs are suitable for use by organizations of any size, type, sector or geographical location.

55 **Using the SRSs in conjunction**

56 Each GRI Standard in the set of SRSs has been designed to be used in conjunction with others. The exact
57 combination of SRSs to be used by an organization depends on whether the organization is:

- 58 • preparing a report 'in accordance' with the SRSs, or
- 59 • making use of individual SRSs to report on a particular topic or topics

60 This GRI Standard is to be read in conjunction with the following SRSs:

- 61 • SRS 1: Conceptual Framework
- 62 • SRS 3: Quality Principles

63 SRS 1: Conceptual Framework gives essential information on using the SRSs.

64 This GRI Standard and SRS 3: Quality Principles set out the Reporting Principles which underpin the
65 practice of sustainability reporting, guiding choices on which information to report and how.

66 Therefore, organizations are required to be familiar with SRS 1, SRS 2 and SRS 3 before using any other
67 GRI Standard.

68 Complete information on the combined use of SRSs is given in SRS 1: Conceptual Framework.

¹ Where the term 'sustainability' is used in the SRSs, it is intended to be understood as sustainable development. See the World Commission on Environment and Development. Our Common Future. Oxford: Oxford University Press, 1987, p.43.

69 All text in a GRI Standard has equal authority.

70 The Reporting Principles are presented in **bold** font.

71 The specified methods and practices for applying the Principles are presented in regular font, following
72 each Principle.

73 The verbs used in the text have the following meanings:

74 Can = Capability: a particular scenario or course of action is achievable or applicable.

75 May = Permission: a particular scenario or course of action is permitted when using the GRI Standard.

76 Might = Possibility: a particular scenario or course of action is possible.

77 Should = Recommendation: a particular scenario or course of action is recommended and encouraged.

78 Where a term is defined in the Terms and Definitions section of a GRI Standard, organizations are to
79 adhere to that definition.

80 Where a document is referenced without its date of publication, the reference applies to the most recent
81 edition.

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96 Purpose

- 97 1 This GRI Standard sets out the Principles for Defining Report Content. It specifies the methods
98 and practices for applying each Principle. It also presents tests that can be used to assess the
99 application of each Principle.
- 100 2 There are two types of Reporting Principles to be applied when using the SRSs: the Principles for
101 Defining Report Content, set out in this GRI Standard, and the Principles for Defining Report
102 Quality, which are set out in SRS 3: Quality Principles.
- 103 3 The Reporting Principles are fundamental to achieving transparency when reporting sustainability
104 information. Therefore, they are to be applied by all organizations when using the set of SRSs, and
105 when using an individual GRI Standard.
- 106 4 The Principles for Defining Report Content establish the processes for identifying topics to be
107 reported. This involves considering an organization's activities, impacts, and the substantive
108 expectations and interests of its stakeholders.

109 Terms and Definitions

110 **Topic Boundary**

111 5 Refers to the description of where impacts occur for each material topic. In setting the Topic
112 Boundaries, an organization should consider impacts within and outside of the organization. Topic
113 Boundaries vary based on the topics reported.

114 **Material topics**

115 6 Material topics are those that reflect the organization's significant economic, environmental and
116 social impacts; or that substantively influence the assessments and decisions of stakeholders. To
117 determine if a topic is material, qualitative analysis, quantitative assessment and discussion are
118 needed.

119 **Reporting period**

120 7 Reporting period is the specific time span covered by the information reported.

121 **Reporting Principle**

122 8 Concepts that describe the outcomes a report should achieve and that guide decisions made
123 throughout the reporting process, such as which Indicators to respond to, and how to respond
124 to them.

125 **Scope**

126 9 The range of topics covered in a report.

127 **Stakeholders**

128 10 Stakeholders are defined as entities or individuals that can reasonably be expected to be
129 significantly affected by the organization's activities, products, and services; and whose actions can
130 reasonably be expected to affect the ability of the organization to successfully implement its
131 strategies and achieve its objectives. This includes entities or individuals whose rights under law
132 or international conventions provide them with legitimate claims vis-à-vis the organization.

133 11 Stakeholders can include those who are invested in the organization (such as employees,
134 shareholders, suppliers) as well as those who have other relationships to the organization (such
135 as vulnerable groups within local communities, civil society).

136 Principles for Defining Report Content

137 12 The following Reporting Principles are set out below: Stakeholder Inclusiveness, Sustainability
138 Context, Materiality, and Completeness.

139 13 These Principles establish the processes for identifying topics to be reported.

140 *Stakeholder Inclusiveness*

141 14 **The organization should identify its stakeholders, and explain how it has responded**
142 **to their reasonable expectations and interests.**

143 **Applying the Principle:**

144 15 Stakeholders are defined as entities or individuals that can reasonably be expected to be
145 significantly affected by the organization’s activities, products, and services; and whose actions can
146 reasonably be expected to affect the ability of the organization to successfully implement its
147 strategies and achieve its objectives. This includes entities or individuals whose rights under law
148 or international conventions provide them with legitimate claims vis-à-vis the organization.

149 16 Stakeholders can include those who are invested in the organization (such as employees,
150 shareholders, suppliers) as well as those who have other relationships to the organization (such
151 as vulnerable groups within local communities, civil society).

152 17 The reasonable expectations and interests of stakeholders are a key reference point for many
153 decisions in the preparation of the report. However, not all of an organization’s stakeholders will
154 use the report. This presents challenges in balancing the specific interests and expectations of
155 stakeholders who can reasonably be expected to use the report with broader expectations of
156 accountability to all stakeholders.

157 18 For some decisions, such as the report Scope or Topic Boundaries, the organization considers
158 the reasonable expectations and interests of a wide range of stakeholders. There may be, for
159 example, stakeholders who are unable to articulate their views on a report and whose concerns
160 are presented by proxies. There may also be stakeholders who choose not to express views on
161 reports because they rely on different means of communication and engagement.

162 19 The reasonable expectations and interests of these stakeholders should still be acknowledged in
163 decisions about the content of the report. However, other decisions, such as the level of detail
164 required to be useful to stakeholders, or expectations of different stakeholders about what is
165 required to achieve clarity, may require greater emphasis on those who can reasonably be
166 expected to use the report. It is important to document the processes and approach taken in
167 making these decisions.

168 20 The process of stakeholder engagement may serve as a tool for understanding the reasonable
169 expectations and interests of stakeholders. Organizations typically initiate different types of
170 stakeholder engagement as part of their regular activities, which can provide useful inputs for
171 decisions on reporting. These may include, for example, stakeholder engagement for the purpose
172 of compliance with internationally recognized standards, or informing ongoing organizational or
173 business processes. In addition, stakeholder engagement may also be implemented specifically to

- 174 inform the report preparation process. Organizations may also use other means such as the media,
 175 the scientific community, or collaborative activities with peers and stakeholders. These means
 176 help the organization better understand stakeholders' reasonable expectations and interests.
- 177 21 When the process of stakeholder engagement is used for reporting purposes, it should be based
 178 on systematic or generally accepted approaches, methodologies, or principles. The overall
 179 approach should be sufficiently effective to ensure that stakeholders' information needs are
 180 properly understood.
- 181 22 It is important that the process of stakeholder engagement is capable of identifying direct input
 182 from stakeholders as well as legitimately established societal expectations. An organization may
 183 encounter conflicting views or differing expectations among its stakeholders, and may need to be
 184 able to explain how it balanced these in reaching its reporting decisions.
- 185 23 For the report to be assurable, it is important to document the process of stakeholder
 186 engagement. The organization documents its approach for defining which stakeholders it engaged
 187 with, how and when it engaged with them, and how engagement has influenced the report content
 188 and the organization's sustainability activities.
- 189 24 Failure to identify and engage with stakeholders is likely to result in reports that are not suitable,
 190 and therefore not fully credible, to all stakeholders. In contrast, systematic stakeholder
 191 engagement enhances stakeholder receptivity and the usefulness of the report. Executed properly,
 192 it is likely to result in ongoing learning within the organization and by external parties, as well as
 193 increase accountability to a range of stakeholders. Accountability strengthens trust between the
 194 organization and its stakeholders. Trust, in turn, fortifies report credibility.
- 195 25 **Tests:**
- 196 (a) The organization can describe the stakeholders to whom it considers itself accountable
- 197 (b) The report content draws upon the outcomes of stakeholder engagement processes used by
 198 the organization in its ongoing activities, and as required by the legal and institutional
 199 framework in which it operates
- 200 (c) The report content draws upon the outcomes of any stakeholder engagement processes
 201 undertaken specifically for the report
- 202 (d) The stakeholder engagement processes that inform decisions about the report are consistent
 203 with the Scope and Topic Boundaries

204 *Sustainability Context*

205 26 **The report should present the organization's performance in the wider context of**
 206 **sustainability.**

207 **Applying the Principle:**

208 27 Information on performance should be placed in context. The underlying question of sustainability
 209 reporting is how an organization contributes, or aims to contribute in the future, to the
 210 improvement or deterioration of economic, environmental and social conditions, developments
 211 and trends at the local, regional or global level. Reporting only on trends in individual performance
 212 (or the efficiency of the organization) fails to respond to this underlying question. Reports should

- 213 therefore seek to present performance in relation to broader concepts of sustainability. This
 214 involves discussing the performance of the organization in the context of the limits and demands
 215 placed on environmental or social resources at the sector, local, regional, or global level. For
 216 example, this can mean that in addition to reporting on trends in eco-efficiency, an organization
 217 may also present its absolute pollution loading in relation to the capacity of the regional ecosystem
 218 to absorb the pollutant.
- 219 28 This concept is often most clearly articulated in the environmental arena in terms of global limits
 220 on resource use and pollution levels. However, it may also be relevant with respect to social and
 221 economic objectives such as national or international socio-economic and sustainable
 222 development goals. For example, an organization may report on employee wages and social benefit
 223 levels in relation to nation-wide minimum and median income levels, and the capacity of social
 224 safety nets to absorb those in poverty or those living close to the poverty line.
- 225 29 Organizations operating in a diverse range of locations, sizes, and sectors need to consider how
 226 to best frame their overall organizational performance in the broader context of sustainability.
 227 This may require distinguishing between topics or factors that drive global impacts (such as climate
 228 change) and those that have more regional or local impacts (such as community development).
 229 When reporting on topics that have positive or negative local impacts, it is important to provide
 230 insight into how the organization affects communities in different locations. Similarly, distinctions
 231 may need to be made between trends or patterns of impacts across the range of operations versus
 232 contextualizing performance location by location.
- 233 30 The organization's own sustainability and business strategy provides the context in which to
 234 discuss performance. The relationship between sustainability and organizational strategy should
 235 be made clear, as should the context within which performance is reported.
- 236 31 **Tests:**
- 237 (a) The organization presents its understanding of sustainable development and draws on
 238 objective and available information as well as measures of sustainable development for the
 239 topics covered in the report
- 240 (b) The organization presents its performance with reference to broader sustainable
 241 development conditions and goals, as reflected in recognized sectoral, local, regional, or global
 242 publications
- 243 (c) The organization presents its performance in a manner that attempts to communicate the
 244 magnitude of its impact and contribution in appropriate geographical contexts
- 245 (d) The report describes how sustainability topics relate to long-term organizational strategy,
 246 risks, and opportunities, including supply chain topics

247 *Materiality*

- 248 32 **The report should cover topics that:**
- 249 (a) **Reflect the organization's significant economic, environmental and social impacts;**
 250 **or**
- 251 (b) **Substantively influence the assessments and decisions of stakeholders**

252 **Applying the Principle:**

253 33 Organizations are faced with a wide range of topics on which they could report. Relevant topics
254 are those that may reasonably be considered important for reflecting the organization’s economic,
255 environmental and social impacts, or influencing the decisions of stakeholders, and, therefore,
256 potentially merit inclusion in the report. Materiality is the threshold at which topics become
257 sufficiently important that they should be reported. Beyond this threshold, not all material topics
258 are of equal importance and the emphasis within a report should reflect the relative priority of
259 these material topics.

260 34 In financial reporting, materiality is commonly thought of as a threshold for influencing the
261 economic decisions of those using an organization’s financial statements, investors in particular.
262 The concept of a threshold is also important in sustainability reporting, but it is concerned with a
263 wider range of impacts and stakeholders. Materiality for sustainability reporting is not limited only
264 to those topics that have a significant financial impact on the organization.

265 35 Determining materiality for a sustainability report also includes considering economic,
266 environmental and social impacts that cross a threshold in affecting the ability to meet the needs
267 of the present without compromising the needs of future generations. These material topics often
268 have a significant financial impact in the short term or long term on an organization. They are
269 therefore also relevant for stakeholders who focus strictly on the financial condition of an
270 organization.

271 36 A combination of internal and external factors should be used to determine whether a topic is
272 material, including factors such as the organization’s overall mission and competitive strategy,
273 concerns expressed directly by stakeholders, broader social expectations, and the organization’s
274 influence on upstream (such as supply chain) and downstream (such as customers) entities.
275 Assessments of materiality should also take into account the basic expectations expressed in the
276 international standards and agreements with which the organization is expected to comply.

277 37 These internal and external factors should be considered when evaluating the importance of
278 information for reflecting significant economic, environmental and social impacts, or stakeholder
279 decision making. A range of established methodologies may be used to assess the significance of
280 impacts. In general, ‘significant impacts’ refer to those that are a subject of established concern
281 for expert communities, or that have been identified using established tools such as impact
282 assessment methodologies or life cycle assessments. Impacts that are considered important
283 enough to require active management or engagement by the organization are likely to be
284 considered to be significant.

285 38 The report should emphasize information on performance regarding the most material topics.
286 Other relevant topics can be included, but should be given less prominence in the report. The
287 process by which the relative priority of topics was determined should be explained.

288 39 In addition to guiding the selection of topics to report, the Materiality Principle also applies to the
289 use of Indicators.

290 40 When disclosing performance data, there are varying degrees of comprehensiveness and detail
291 that could be provided in a report. Overall, decisions on how to report data should be guided by
292 the importance of the information for assessing the performance of the organization, and
293 facilitating appropriate comparisons.

294 41 Reporting on material topics may involve disclosing information used by external stakeholders
295 that differs from the information used internally for day-to-day management purposes. However,
296 such information does indeed belong in a report, where it may inform assessments or decision-
297 making by stakeholders, or support engagement with stakeholders that may result in actions that
298 significantly influence performance or address key topics of stakeholder concern.

299 42 **Tests:**

300 43 In defining material topics, the organization takes into account the following factors:

- 301 (a) Reasonably estimable sustainability impacts, risks, or opportunities (such as global warming,
302 HIV-AIDS, poverty) identified through sound investigation by people with recognized
303 expertise, or by expert bodies with recognized credentials in the field
- 304 (b) Main sustainability interests and topics, and Indicators raised by stakeholders (such as
305 vulnerable groups within local communities, civil society)
- 306 (c) The main topics and future challenges for the sector reported by peers and competitors
- 307 (d) Relevant laws, regulations, international agreements, or voluntary agreements with strategic
308 significance to the organization and its stakeholders
- 309 (e) Key organizational values, policies, strategies, operational management systems, goals, and
310 targets
- 311 (f) The interests and expectations of stakeholders specifically invested in the success of the
312 organization (such as employees, shareholders, and suppliers)
- 313 (g) Significant risks to the organization
- 314 (h) Critical factors for enabling organizational success
- 315 (i) The core competencies of the organization and the manner in which they may or could
316 contribute to sustainable development

317 44 Prioritizing

- 318 (a) The report prioritizes material topics and Indicators

319 45 **FIGURE I Visual representation of prioritization of topics**

320 [Insert Figure I]

321 *Completeness*

322 46 **The report should include coverage of material topics and their Boundaries, sufficient**
323 **to reflect significant economic, environmental and social impacts, and to enable**
324 **stakeholders to assess the organization’s performance in the reporting period.**

325 **Applying the Principle:**

326 47 Completeness primarily encompasses the dimensions of scope, boundary, and time. The concept
327 of completeness may also be used to refer to practices in information collection (for example,
328 ensuring that compiled data includes results from all entities within the organization and entities,

329 groups of entities, or elements outside the organization where significant impact occurs) and
 330 whether the presentation of information is reasonable and appropriate. These topics are related
 331 to report quality, and are addressed in greater detail under the Principles of Accuracy and Balance.

332 48 **‘Scope’** refers to the range of sustainability topics covered in a report. The sum of the topics and
 333 Standard Disclosures reported should be sufficient to reflect significant economic, environmental
 334 and social impacts. It should also enable stakeholders to assess the organization’s performance. In
 335 determining whether the information in the report is sufficient, the organization should consider
 336 both the results of stakeholder engagement processes and broad-based societal expectations that
 337 may not have surfaced directly through stakeholder engagement processes.

338 49 **‘Topic Boundary’** refers to the description of where impacts occur for each material topic. In
 339 setting the Topic Boundaries, an organization should consider impacts within and outside of the
 340 organization. Topic Boundaries vary based on the topics reported.

341 50 **‘Time’** refers to the need for the selected information to be complete for the time period
 342 specified by the report. As far as practicable, activities, events, and impacts should be presented
 343 for the reporting period in which they occur. This includes reporting on activities that produce
 344 minimal short-term impact, but which have a significant and reasonably foreseeable cumulative
 345 effect that may become unavoidable or irreversible in the longer term (such as bio-accumulative
 346 or persistent pollutants). In making estimates of future impacts (both positive and negative), the
 347 reported information should be based on well-reasoned estimates that reflect the likely size and
 348 nature of impacts. Although such estimates are by nature subject to uncertainty, they provide
 349 useful information for decision-making as long as the basis for estimates is clearly disclosed and
 350 the limitations of the estimates are clearly acknowledged. Disclosing the nature and likelihood of
 351 such impacts, even if they may only materialize in the future, is consistent with the goal of providing
 352 a balanced and reasonable representation of the organization’s economic, environmental and
 353 social performance.

354 51 **Tests:**

355 (a) The report takes into account impacts within and outside of the organization, and covers and
 356 prioritizes all material information on the basis of the Principles of Materiality, Sustainability
 357 Context, and Stakeholder Inclusiveness

358 (b) The information in the report includes all significant impacts in the reporting period, and
 359 reasonable estimates of significant future impacts when those impacts are reasonably
 360 foreseeable and may become unavoidable or irreversible

361 (c) The report does not omit relevant information that influences or informs stakeholder
 362 assessments or decisions, or that reflects significant economic, environmental and social
 363 impacts

364 Process for Defining Report Content

365 Introduction

366 52 To begin the process of defining the content of a report, the organization is required to select
367 material topics^{III}.

368 53 This section describes the steps that the organization may follow, using the Reporting Principles
369 for Defining Report Content, to identify material topics and their material impacts.

370 54 After this identification, the organization will be able to define the Indicators and Disclosures on
371 Management Approach (DMA) to be reported.

372 Important initial definitions

373 55 In the GRI Standards:

374 (a) The range of topics covered in a report is called the 'Scope'

375 (b) The description of where impacts occur for each material topic is called 'Topic Boundary'

376 (c) 'Topic' refers to any possible sustainability subject

377 Important initial remarks

378 56 It is crucial to document the process for defining report content, including the organization's
379 methodologies, assumptions, and decisions taken. Accurate records facilitate analysis and
380 assurance, help to fulfill the General Disclosures in the section 'Identified Material Aspects and
381 Boundaries' (Implementation Manual pp. 31-42), and enable the organization to explain its chosen
382 approach

383 57 Inevitably, the process for defining report content requires subjective judgments. The organization
384 is expected to be transparent about its judgments. This enables internal and external stakeholders
385 to understand the process for defining report content. The organization's senior decision-makers
386 are expected to be actively involved in the process for defining report content, and should approve
387 any associated strategic decisions

388 DEFINING MATERIAL TOPICS AND BOUNDARIES: THE PROCESS

389 58 This section describes the steps that the organization may go through in order to define the
390 specific content of the report.

391 59 The steps described here have been designed to offer Guidance on how to implement the
392 Principles for Defining Report Content.

393 60 Although following the steps is not a requirement to be 'in accordance' with the GRI Standards,
394 the implementation of the Reporting Principles is a requirement. The Reporting Principles are

^{III} For a list of topics covered in the GRI Standards, see *Reporting Principles and Standard Disclosures* p. 9 and p. 44, and *Implementation Manual* p. 62.

395 fundamental to achieving transparency in sustainability reporting and therefore should be applied
396 by all organizations when preparing a sustainability report.

397 61 The Principles for Defining Report Content are to be applied to identify the information to be
398 disclosed, by considering the organization’s activities, impacts, and the substantive expectations
399 and interests of its stakeholders. There are four Principles for Defining Report Content:
400 Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness. Each Reporting
401 Principle has two components: a definition, and a description of how and why to apply the
402 Principle. Both components should be considered by the organization.

403 62 Figure 2 indicates which of these Reporting Principles is applicable in the different process steps.
404 Stakeholder Inclusiveness applies to the whole process, in varying degrees.

405 63 **FIGURE 2 Defining material topics and Boundaries - process overview**

406 [Insert Figure 2]

407 64 The methodology applied in the steps varies according to the individual organization. Specific
408 circumstances such as business model, sector, geographic, cultural and legal operating context,
409 ownership structure, and the size and nature of impacts affect how the organization identifies the
410 material topics and other material topics to be reported. Considering the organization’s
411 specificities, the steps to define report content are expected to be systematic, documented and
412 replicable, and used consistently in each reporting period. Changes to the assessment approach,
413 and their implications, are expected to be documented.

414 **STEP I: IDENTIFICATION – OVERVIEW**

415 65 The process begins with **Identification** of the topics and any other relevant topics, and their
416 Boundaries, which might be considered to be reported on. This identification is based on the
417 Principles of Sustainability Context and Stakeholder Inclusiveness. When assessing the range of
418 potentially relevant topics, the organization should use the tests that underlie these two Principles.
419 The organization should identify topics and any other relevant topics based on the impacts related
420 to all of its activities, products, services, and relationships, regardless of whether these impacts
421 occur within or outside of the organization.

422 66 While the organization new to sustainability reporting is likely to focus on impacts that occur
423 within the organization, a broader consideration of the impacts outside of the organization should
424 become feasible as reporting practice matures.

425 **STEP 2: PRIORITIZATION – OVERVIEW**

426 67 The next step in defining report content is **Prioritization** of the topics and any other relevant
427 topics from Step I, to identify those that are material and therefore to be reported on.
428 Prioritization should be based on the Principles of Materiality and Stakeholder Inclusiveness. When
429 assessing the level of priority, the organization should use the tests that underlie these two
430 Principles.

431 **STEP 3: VALIDATION – OVERVIEW**

432 68 This step is followed by **Validation** where the Principles of Completeness and Stakeholder
433 Inclusiveness are applied to finalize the identification of the report content. When validating the
434 identified material topics (or other material topics), the organization should use the tests that
435 underlie these two Principles.

436 69 The outcome of these first three steps is a list of material topics (and other material topics) and
437 their Boundaries. The final list of material topics (and other material topics) will lead the
438 organization to defining a list of Specific Standard Disclosures related to them, which should be
439 disclosed in its report.

440 **STEP 4: REVIEW – OVERVIEW**

441 70 Finally, after the report has been published, it is important that the organization undertakes a
442 review of its report – Step 4. This review takes place as the organization is preparing for the next
443 reporting cycle. A review may focus not only on the topics that were material in the previous
444 reporting period but also consider again the Principles of Stakeholder Inclusiveness and
445 Sustainability Context. The findings inform and contribute to the Identification Step for the next
446 reporting cycle.

447 71 At the end of this guidance text, a summary of the actions to be taken for each Step is presented.

448 *Step 1 Identification*

449 **1.1 IDENTIFYING RELEVANT TOPICS**

450 72 Before defining the list of material topics or other material topics, organizations are advised to
451 consider an initial broad list of topics that merit inclusion in the report. These are ‘relevant topics’.

452 73 ‘Relevant topics’ are those that may reasonably be considered important for reflecting the
453 organization’s relevant economic, environmental and social impacts; or influencing the
454 assessments and decisions of stakeholders. All such topics potentially merit to be considered for
455 inclusion in a sustainability report.

456 74 All GRI Aspects and related Standard Disclosures under each Category in the Guidelines and the
457 GRI Sector Disclosures can be considered at this stage as the initial list of topics for this step. See
458 Tables 1 or 5 in *Reporting Principles and Standard Disclosures* p. 9 or p. 44, and Table 1 in
459 *Implementation Manual* p. 62 for an overview of all GRI Aspects.

460 75 The GRI Sector Disclosures can be found at www.globalreporting.org/reporting/sector-guidance

461 76 The identification of relevant topics involves considering the relevant impacts related to all of the
462 organization’s activities, products, services, and relationships, regardless of whether these impacts
463 occur within or outside of the organization.

464 77 For each identified relevant topic, the organization has to assess the impacts related to it and
465 identify the Boundary. The Boundary of a topic specifies where the impacts occur: within or
466 outside of the organization. Boundaries should be described in sufficient detail to identify:

467 (a) Where exactly within the organization itself the impacts occur

468 (b) Where outside of the organization the impacts occur

469 78 The organization’s identification of relevant topics is expected to be systematic and may consider
470 the precautionary principle. In addition, where practicable the organization is advised to apply a
471 scientific and internationally validated approach to measurement, and rely on proven expertise
472 and authoritative research.

473 79 In assessing the range of potentially relevant topics, the organization should use the tests that
474 underlie the Principles of Sustainability Context and Stakeholder Inclusiveness.

475 **1.2 DETERMINING BOUNDARIES FOR RELEVANT TOPICS**

476 80 This section explains concepts that will help to determine Boundaries of relevant topics and
477 material topics.

478 81 The impacts that make a topic relevant can occur within or outside of the organization, or both.

479 82 'Boundary' refers to the description of where impacts occur for each relevant topic (potentially
480 material topic). In setting the Boundaries, an organization should consider impacts within and
481 outside of the organization. Topic Boundaries vary.

482 **a. Within the organization**

483 83 Impacts that make a topic relevant can occur within the organization. In the GRI Standards, 'within
484 the organization' means the group of entities that are reported in G4-17.

485 84 These impacts do not always occur throughout the entire organization. During this step, the
486 organization needs to evaluate in which entities within the organization the impact occurs. Refer
487 to General Disclosure G4-20.

488 85 **FIGURE 3 An example where the topic of anti-corruption is only relevant to certain 489 entities within the organization**

490 [Insert Figure 3]

491 **b. Outside of the organization**

492 86 Impacts that make a topic relevant can occur outside of the organization. There is no exhaustive
493 list of outside parties to be considered in this process. Instead, the organization should attempt
494 to capture the instances where a relevant impact occurs. These relevant impacts can be described
495 as direct or indirect for some topics or as caused by, contributed to, or linked to the organization
496 for others.

497 87 For assessment purposes, the impacts that make the topic relevant outside of the organization
498 can be grouped by their geographical location or the nature of the organization's relationship to
499 them (such as suppliers in country X). Refer to General Disclosure G4-21.

500 88 **FIGURE 4 An example where the topic of child labor is only relevant to certain 501 entities outside of the organization**

502 [Insert Figure 4]

503 **c. Within and outside of the organization**

504 89 Impacts that make a topic relevant can occur within and outside of the organization. When
505 describing the Boundaries for such topics, organizations should combine the considerations for
506 determining Boundaries within the organization and outside of the organization, as explained
507 earlier.

508 90 At the end of Step 1, the organization will have identified a list of relevant topics, along with their
509 Boundaries. In the next step, this list is assessed for materiality, reporting priority, and level of
510 coverage in the report.

511 91 **FIGURE 5 An example where the topic of emissions is relevant within and outside of**
512 **the organization**

513 [Insert Figure 5]

514 *Step 2 Prioritization*

515 **2.1 WHAT TO ANALYZE**

516 92 After considering a list of relevant topics which might be covered in the report – which is likely
517 to be a list containing a selection of GRI Aspects and GRI Sector Disclosures that are
518 complemented, if needed, by other topics – the organization has to prioritize them. This involves
519 considering the **significance** of their economic, environmental and social impacts or their
520 substantive influence on the assessments and decisions of stakeholders.

521 93 For simplicity, the ‘relevant topics’ identified in Step 1 are referred to as ‘Aspects’ from now on.

522 94 The definition of the Materiality Principle states: “*The report should cover topics that:*

523 (a) *Reflect the organization’s significant economic, environmental and social impacts; or*

524 (b) *Substantively influence the assessments and decisions of stakeholders”*

525 95 Consequently, to determine if a topic is material, qualitative analysis, quantitative assessment and
526 discussion are needed. The organization’s strategy and the context of its activities are important
527 parts of this analysis and discussion.

528 96 The fact that a topic is difficult to quantify does not mean that the topic is not material. The
529 decision of what is possible to be reported on for an identified material topic is to be considered
530 later. The focus now is the analysis considering the points above.

531 97 The prioritization should be based on the Principles of Materiality and Stakeholder Inclusiveness.
532 When assessing the level of priority, the organization should use the tests that underlie these two
533 Principles.

534 **2.2 ANALYSIS OF ‘INFLUENCE ON STAKEHOLDER ASSESSMENTS AND DECISIONS’** 535 **AND ‘SIGNIFICANCE OF THE ORGANIZATION’S ECONOMIC, ENVIRONMENTAL** 536 **AND SOCIAL IMPACTS’**

537 98 To implement the Materiality Principle, each topic should be assessed on ‘Influence on stakeholder
538 assessments and decisions’ and ‘Significance of organization’s economic, environmental and social
539 impacts’.

540 99 These viewpoints might overlap to some extent with respect to internal stakeholders. The
541 interests and expectations of stakeholders that are invested specifically in the success of the
542 organization (such as of workers, shareholders, and suppliers) inform the analysis of both
543 viewpoints.

544 **a. Influence on stakeholder assessments and decisions**

545 100 The analysis of this viewpoint includes the assessment of the views expressed by stakeholders
546 before and during the reporting period.

547 101 By applying the Principle of Stakeholder Inclusiveness, the organization should be able to identify
548 and consider its key stakeholders and their respective views and interests, and how their views
549 may affect decisions on the report content. The analysis requires the organization to translate the
550 varied opinions of different stakeholders into a series of decisions on what to include and exclude
551 from its report.

552 102 The GRI Standards require disclosure on stakeholder engagement under G4-24 to G4-27
553 (*Reporting Principles and Standard Disclosures* pp. 29-30, and *Implementation Manual* pp. 43-44). The
554 organization is required to describe how stakeholders are identified and prioritized, how their
555 input has been used or not used, and how different expectations and interests are assessed, as
556 well as the organization's rationale behind the chosen approach.

557 103 Stakeholder views may be drawn from existing, ongoing engagement mechanisms, as well as from
558 stakeholder engagement that is initiated specifically for defining sustainability report content.
559 Throughout the engagement process the Principle of Stakeholder Inclusiveness is applied in detail.

560 104 The stakeholder engagement process described here aims to identify topics that are important to
561 key stakeholders and to recognize gaps between the perceptions of the organization and
562 stakeholders. Topics of high significance to key stakeholders should be considered material,
563 especially those topics that concern the stakeholders' own interests.

564 105 The nature of the organization's impact and the Topic Boundary are considered when defining the
565 geographical focus of engagement. The stakeholder engagement process has to be appropriate to
566 the stakeholder group. Stakeholder engagement also identifies the interests of stakeholders who
567 are unable to articulate their views (such as future generations, fauna, ecosystems). The
568 organization should identify a process for taking such views into account in determining
569 materiality, including the interests of stakeholders with whom it may not be in constant or obvious
570 dialogue.

571 106 The proper stakeholder engagement process is two-way in nature, systematic and objective. Some
572 engagement processes with specific stakeholder groups, such as workers and communities, are
573 expected to be independent of management and include mechanisms for stakeholders to express
574 collective views relevant to their location.

575 107 The analysis of the topics identified by stakeholders may include:

576 (a) Each stakeholder group's perception of the organization's impact on that stakeholder group
577 (b) Each stakeholder group's perception of the group's dependency on the organization
578 (c) The geographical location of stakeholders, and the significance of the topic to their region
579 (d) The diversity and range of stakeholders who express interest and/or are affected
580 (e) The expectations of stakeholders regarding action and response to a topic
581 (f) The expectations of stakeholders regarding transparency on a particular topic

582 108 In addition, prioritizing stakeholders requires an analysis of how stakeholders relate to the
583 organization and to the topic being considered. This process may include the degree to which
584 stakeholders:

585 (a) Are interested in, affected by, or have potential to be affected by the impacts of an
586 organization's activities, products, services, and relationships

- 587 (b) Have the ability to influence outcomes within the organization
- 588 (c) Are invested in the success/failure of the organization
- 589 109 An organization’s activities, products, services, and relationships lead to economic, environmental
590 and social impacts. Some of these sustainability impacts are visible to stakeholders, who express
591 an interest in them directly. But not all sustainability impacts are recognized by stakeholders. Some
592 impacts may be slow and cumulative. Others occur at a distance from stakeholders, so that causal
593 links may not be clear.
- 594 **b. Significance of the organization’s economic, environmental and social impacts**
- 595 110 The aim of this analysis is to prioritize those topics that may positively or negatively influence the
596 organization’s ability to deliver on its vision and strategy.
- 597 111 To prioritize topics for reporting, the organization’s assessment includes, among others, the
598 following elements:
- 599 (a) The likelihood of an impact related to a topic
- 600 (b) The severity of an impact related to a topic
- 601 (c) The likelihood of risks or opportunities arising from a topic
- 602 (d) How critical the impact or topic is for the long-term performance of the organization
- 603 (e) The opportunity for the organization to grow or gain advantage from the impact or topic
- 604 112 Elements of this information may be available through established internal policies, practices and
605 procedures (such as strategy, KPIs, risk assessments, and financial reports), as well as regulatory
606 disclosure.
- 607 113 Among other possible elements, the analysis may include:
- 608 (a) Current and future financial and non-financial implications
- 609 (b) Impacts on the strategies, policies, processes, relationships and commitments of the
610 organization
- 611 (c) Impacts on competitive advantage/management excellence

612 **2.3 DETERMINING MATERIAL TOPICS**

613 **a. Thresholds**

- 614 114 After completing the analysis of ‘Influence on stakeholder assessments and decisions’ and
615 ‘Significance of the organization’s economic, environmental and social impacts’, the organization
616 should be able to identify topics with respect to both these viewpoints.
- 617 115 The organization now defines thresholds (criteria) that render a topic material. The analysis of
618 the two viewpoints should be reflected in these thresholds.
- 619 116 The definition of thresholds by the organization has a significant effect on the report. It is
620 important that the thresholds and underlying criteria are clearly defined, documented and
621 communicated by the organization.

622 117 This determination involves discussion, qualitative analysis and quantitative assessment to
623 understand how **significant** a topic is.

624 118 The fact that a topic is difficult to quantify does not mean that the topic is not material. The
625 decision of what is possible to be reported on for identified material topics is to be considered
626 later.

627 119 In defining thresholds, the organization needs to make a decision on how to address topics that
628 are more significant in one viewpoint than the other. A topic does not have to be highly significant
629 in both viewpoints to be deemed a priority for reporting.

630 120 Emerging issues – topics that may become relevant over time – are an example of this. Significance
631 within one viewpoint is more important than convergence between the different viewpoints, and
632 establishing a lowest common denominator is to be avoided. In addition, as noted earlier, topics
633 of high significance to key stakeholders concerning their own interests are expected to be
634 considered material for reporting.

635 121 For a visual representation of this identification, in Figure 6 the area between the two axes includes
636 the topics identified during the Identification Step. Here, the topics are placed with respect to the
637 ‘Influence on stakeholder assessments and decisions’ and ‘Significance of the organization’s
638 economic, environmental and social impacts’. All the topics within the chart should be considered
639 in the Prioritization Step.

640 122 **FIGURE 6 Visual representation of prioritization of topics**

641 [Insert Figure 6]

642 **b. Level of coverage**

643 123 Level of coverage refers to the prominence, amount of data and narrative explanation disclosed
644 by the organization about a material topic. DMA, Indicators, or a combination of the two
645 represent different levels of coverage.

646 124 The organization may consider the following as examples of how it may address level of coverage
647 according to relative reporting priority:

648 (a) Topics with low reporting priority may be topics reported to fulfill regulatory or other
649 reporting requirements. It may be decided to not include them in the report if not material.

650 (b) Topics with medium reporting priority should be considered for inclusion in the report. It
651 may be decided to not include them in the report if not material.

652 (c) Topics with high reporting priority should be reported on in detail.

653 125 DMA allow for the discussion of challenges and dilemmas where the organization does not have
654 a management approach for the material topic (see *Reporting Principles and Standard Disclosures* p.
655 45).

656 126 In addition, Indicators should be reported in combination with the DMA for material topics for
657 which impacts occur within the organization.

658 127 For material topics for which impacts occur outside of the organization, Indicators are expected
659 to be reported where data quality and availability allows.

- 660 128 At the end of the Prioritization Step the organization has established a list of all the material topics
661 to be included in the report, along with their Boundaries and their level of coverage.
- 662 129 The organization should report if information presented for a DMA or Indicator does not cover
663 the Boundary identified for the material topic in General Disclosures G4-20 and G4-21 (*Reporting*
664 *Principles and Standard Disclosures* p. 29, and *Implementation Manual* p. 41).

665 *Step 3 Validation*

- 666 130 The Validation Step assesses all identified material topics against the Principle of ‘Completeness’
667 prior to gathering the information to be reported.
- 668 131 The Validation Step involves assessing the material topics against:
- 669 (a) Scope – the range of topics covered in a report
- 670 (b) Topic Boundaries – the description of where impacts occur for each material topic
- 671 (c) Time – the completeness of selected information with respect to the reporting period
- 672 132 Validation is undertaken with the aim of ensuring a report provides a reasonable and balanced
673 representation of the organization’s sustainability performance, including both its positive and
674 negative impacts.
- 675 133 The Principles of Completeness and Stakeholder Inclusiveness are applied here to finalize the
676 identification of report content. When validating the identified material topics (or other material
677 topics), the organization should use the tests that underlie these two Principles.
- 678 134 It is critical for the list of material topics identified for inclusion in the report to be approved by
679 the relevant internal senior decision-makers at the organization. Some organizations may choose
680 to involve external stakeholders in this authorization.
- 681 135 Once the identified material topics list has been approved, the identified material topics require
682 translation into Standard Disclosures – DMA and Indicators – to report against. After the
683 Validation Step, the organization gathers the information to be reported for each material topic,
684 and assembles the final report. In gathering the information, the Principles for Defining Report
685 Quality apply (*Reporting Principles and Standard Disclosures* pp. 17-18, and *Implementation Manual*
686 pp. 13-16). The organization determines the topics for which there are already management and
687 performance information available, and those for which it still needs to establish management
688 approaches and performance measurement systems.^{VII}
- 689 136 The organization may identify material topics that are not covered by the topics list and Indicators
690 in the GRI Standards neither by the GRI Sector Disclosures. To address these topics, the
691 organization may apply the Generic DMA. The organization may also use – complementary to the
692 Generic DMA – alternative indicators, also sector specific ones, or develop their own indicators.
693 Organization-specific indicators included in the report should be subject to the same Reporting
694 Principles and have the same technical rigor as GRI’s Standard Disclosures.

^{VII} If a topic has been identified as material and the organization lacks sufficient information to report on it, the sustainability report should state what action will be taken to resolve the gap, and the timeframe for doing so.

695 137 The organization may also take the approach of assessing the Indicators for materiality during the
696 Validation Step. If an Indicator is deemed material yet the topic it belongs to was not identified as
697 material, the topic should be considered material.

698 *Step 4 Review*

699 138 A review takes place after the report has been published, and the organization is preparing for
700 the next reporting cycle. The Review focuses on the topics that were material in the previous
701 reporting period and also considers stakeholder feedback. The findings inform and contribute to
702 the Identification Step for the next reporting cycle.

703 139 The Principles of Stakeholder Inclusiveness and Sustainability Context, and their associated tests
704 in this GRI Standard, inform the review of a report. They serve as checks regarding the
705 presentation and evaluation of report content, as well as checks for the reporting process as a
706 whole.

707 140 The organization may choose to engage internal and external stakeholders to check whether the
708 report content provides a reasonable and balanced picture of the organization's impacts and its
709 sustainability performance, and if the process by which the report content was derived reflects
710 the intent of the Reporting Principles.

711 **PROCESS FOR DEFINING REPORT CONTENT – SUMMARY**

712 141 **Step 1: Identification**

- 713 (a) Consider the GRI Aspects list and other topics of interest
- 714 (b) Apply the Principles of Sustainability Context and Stakeholder Inclusiveness: Identify the topics
715 – and other relevant topics – based on the relevant economic, environmental and social
716 impacts related to all of the organization's activities, products, services, and relationships, or
717 on the influence they have on the assessments and decisions of stakeholders
- 718 (c) Identify where the impacts occur: within or outside of the organization
- 719 (d) List the topics and other topics considered relevant, and their Boundaries

720 142 **Step 2: Prioritization**

- 721 (a) Apply the Principles of Materiality and Stakeholder Inclusiveness: Assess each topic and other
722 topic considered relevant for:
- 723 (i) the significance of the organization's economic, environmental and social impacts
- 724 (ii) the influence on stakeholder assessments and decisions
- 725 (b) Identify the material topics by combining the assessments
- 726 (c) Define and document thresholds (criteria) that render a topic material
- 727 (d) For each material topic identified, decide the level of coverage, the amount of data and
728 narrative explanation to be disclosed

- 729 (e) List the material topics to be included in the report, along with their Boundaries and the level
730 of coverage
- 731 I43 **Step 3: Validation**
- 732 (a) Apply the Principles of Completeness and Stakeholder Inclusiveness: Assess the list of material
733 topics against Scope, Topic Boundaries and Time to ensure that the report provides a
734 reasonable and balanced representation of the organization’s significant economic,
735 environmental and social impacts, and enables stakeholders to assess the organization’s
736 performance
- 737 (b) Approve the list of identified material topics with the relevant internal senior decision-maker
- 738 (c) Prepare systems and processes to gather the information needed to be disclosed
- 739 (d) Translate the identified material topics into Standard Disclosures – DMA and Indicators – to
740 report against
- 741 (e) Determine which information is available and explain those for which it still needs to establish
742 management approaches and measurements systems
- 743 I44 **Step 4: Review**
- 744 (a) Apply the Principles of Sustainability Context and Stakeholder Inclusiveness: Review the topics
745 that were material in the previous reporting period
- 746 (b) Use the result of the review to inform Step I Identification for the next reporting cycle
- 747 I45 **See also ‘Definitions of Key Terms’:**
- 748 I46 Aspect, Aspect Boundary, Scope, Topic (See Glossary in *Implementation Manual*, p. 244)
- 749 I47 **FIGURE 7 Defining material topics and Boundaries - process overview**
- 750 [Insert Figure 7]

751 References

- 752 148 The following documents informed the development of this GRI Standard. Organizations are
753 encouraged to be familiar with these documents, as they can improve understanding of the
754 disclosure requirements.
- 755 (a) United Nations (UN) Declaration, 'The Rio Declaration on Environment and Development',
756 1992.
- 757 (b) United Nations (UN), 'Guiding Principles on Business and Human Rights, Implementing the
758 United Nations "Protect, Respect and Remedy" Framework', 2011.
- 759 (c) United Nations (UN), *Protect, Respect and Remedy: a Framework for Business and Human Rights*,
760 2008.
- 761 (d) United Nations (UN), *Report of the Special Representative of the Secretary-General on the Issue of*
762 *Human Rights and Transnational Corporations and Other Business Enterprises, John Ruggie, 2011.*

763 Tracked version

764 *About this version*

765 This section presents a tracked version of Sustainability Reporting Standard 2: Content Principles,
766 formerly the G4 Principles for Defining Report Content.

767 It includes a summary of the changes applied. This summary is to be read in conjunction with Item 18 –
768 Transition to GRI Standards – Proposals and mock-ups in development, available for download on the
769 GRI website (www.globalreporting.org).

770 The proposed terminology for the GRI Standards has not been fully implemented throughout the original
771 G4 text in this mock-up. The G4 content also includes references to sections of G4 that will change in
772 the GRI Standards.

773 New text in the mock-ups will continue to evolve. It is not a final proposal for wording. Instead, it is
774 intended to convey the type of information that users will need. It is also a place to ‘trial’ different terms
775 and formulations.

776 Decisions about the text, and firm proposals for it, will be made during the forthcoming phase of editorial
777 review. This will include decisions on the tone of voice to be used in the GRI Standards, and the preferred
778 ways to construct sentences and express ideas.

779 The use of verbs in the GRI Standards will also be covered during the editorial review. In G4, verbs such
780 as ‘can’, ‘may’ or ‘might’ are used interchangeably. In keeping with standard-setting practice, these verbs
781 will be given fixed meanings in the GRI Standards. Each mock-up has a section where the proposed
782 meanings are explained.

783 In the mock-ups, these meanings have not yet been applied throughout the original G4 text. The editorial
784 review will include an assessment of the intended meaning behind each verb used interchangeably in G4,
785 and any repercussions that might arise from changing it.

786 The mock-ups use the standard GRI branding. The GRI Standards will have distinct branding, design and
787 layout, including visuals and infographics.

788 *Summary of changes*

789 **Formatting legend**

790 **Blue underlined:** New, amended or combined text (i.e., several G4 texts remade into one)

791 **Regular text:** Existing text or text that has been moved

792 **~~Red strike through:~~** Text deleted permanently

793 **~~Regular strike through:~~** Text deleted from its G4 location and moved elsewhere

794 **Relocating G4 content**

- 795
- The process guidance for defining Material Aspects and Boundaries (*Implementation Manual*, pp.
796 31-40) has been incorporated into this GRI Standard (see line numbers 1149-1526)

- 797 • The following definitions from the 'Definitions of Key Terms' section of G4 (*Implementation*
798 *Manual, p. 244*) have been added to the 'Terms and Definitions' section of this GRI Standard:
799 'Aspect Boundary', 'Material Aspects', 'Reporting Principle', 'Scope', 'Stakeholders' (see line
800 numbers 900-907 and 910-923)
- 801 • The following definition from the 'Glossary' section of G4 (*Implementation Manual, pp. 244-254*)
802 has been added to the 'Terms and Definitions' section of this GRI Standard: 'Reporting period'
803 (see line numbers 908-909)
- 804 • References have been consolidated in the section 'References'

805 **Removing unnecessary G4 guidance**

- 806 • Section headings from guidance texts have been removed ('GUIDANCE')

807 **Updating G4 content**

808 In certain sections of this mock-up, the following new terms have been trialed:

- 809 • The term 'Aspect' has been changed to 'topic'
- 810 • The term 'Aspect Boundary' has been changed to 'Topic Boundary'
- 811 • The term 'GRI Guidelines' has been changed to 'GRI Standard(s)'
- 812 • The term 'General Standard Disclosure' has been changed to 'General Disclosure'

813 Sustainability Reporting Standard 2: Content
814 Principles: [Publication Year]

815 Summary information for users of this GRI 816 Standard

817 [This Sustainability Reporting Standard \(GRI Standard\) is issued by the Global Sustainability Standards Board](#)
818 [\(GSSB\). It is part of the set of GRI Sustainability Reporting Standards, or SRSs.](#)

819 [The GSSB is an independent operating entity within GRI. It has responsibility for setting globally-accepted](#)
820 [sustainability reporting standards, according to a formally-defined due process, exclusively in the public](#)
821 [interest.](#)

822 [The GSSB also develops materials to support and improve the use of the SRSs. This includes Guidance](#)
823 [publications, FAQ documents and Interpretations, with the latter also developed according to due process.](#)
824 [As a component of the due process, Basis for Conclusions documents are created for each GRI Standard.](#)

825 [The SRSs are designed to be used by organizations for compiling and reporting sustainability information².](#)
826 [The SRSs:](#)

- 827 [• set out disclosure requirements for sustainability information](#)
- 828 [• specify Reporting Principles, methods and practices to adhere to when formulating the disclosures](#)

829 [The SRSs are suitable for use by organizations of any size, type, sector or geographical location.](#)

830 **[Using the SRSs in conjunction](#)**

831 [Each GRI Standard in the set of SRSs has been designed to be used in conjunction with others. The exact](#)
832 [combination of SRSs to be used by an organization depends on whether the organization is:](#)

- 833 [• preparing a report 'in accordance' with the SRSs, or](#)
- 834 [• making use of individual SRSs to report on a particular topic or topics](#)

835 [This GRI Standard is to be read in conjunction with the following SRSs:](#)

- 836 [• SRS 1: Conceptual Framework](#)
- 837 [• SRS 3: Quality Principles](#)

838 [SRS 1: Conceptual Framework gives essential information on using the SRSs.](#)

839 [This GRI Standard and SRS 3: Quality Principles set out the Reporting Principles which underpin the](#)
840 [practice of sustainability reporting, guiding choices on which information to report and how.](#)

841 [Therefore, organizations are required to be familiar with SRS 1, SRS 2 and SRS 3 before using any other](#)
842 [GRI Standard.](#)

843 [Complete information on the combined use of SRSs is given in SRS 1: Conceptual Framework.](#)

² Where the term 'sustainability' is used in the SRSs, it is intended to be understood as sustainable development. See the World Commission on Environment and Development. Our Common Future. Oxford: Oxford University Press, 1987, p.43.

844 All text in a GRI Standard has equal authority.

845 The Reporting Principles are presented in **bold** font.

846 The specified methods and practices for applying the Principles are presented in regular font, following
847 each Principle.

848 The verbs used in the text have the following meanings:

849 Can = Capability: a particular scenario or course of action is achievable or applicable.

850 May = Permission: a particular scenario or course of action is permitted when using the GRI Standard.

851 Might = Possibility: a particular scenario or course of action is possible.

852 Should = Recommendation: a particular scenario or course of action is recommended and encouraged.

853 Where a term is defined in the Terms and Definitions section of a GRI Standard, organizations are to
854 adhere to that definition.

855 Where a document is referenced without its date of publication, the reference applies to the most recent
856 edition.

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871 Purpose

872 This GRI Standard sets out the Principles for Defining Report Content. It specifies the methods and
873 practices for applying each Principle. It also presents tests that can be used to assess the application of
874 each Principle.

875 There are two types of Reporting Principles to be applied when using the SRSs: the Principles for Defining
876 Report Content, set out in this GRI Standard, and the Principles for Defining Report Quality, which are
877 set out in SRS 3: Quality Principles.

878 The Reporting Principles are fundamental to achieving transparency when reporting sustainability
879 information. Therefore, they are to be applied by all organizations when using the set of SRSs, and when
880 using an individual GRI Standard.

881 The Principles for Defining Report Content establish the processes for identifying topics to be reported.
882 This involves considering an organization's activities, impacts, and the substantive expectations and
883 interests of its stakeholders.

~~884 The Reporting Principles are fundamental to achieving transparency in sustainability reporting and~~
~~885 therefore should be applied by all organizations when preparing a sustainability report. The *Implementation*~~
~~886 *Manual* outlines the required process to be followed by an organization in making decisions consistent~~
~~887 with the Reporting Principles.~~

~~888 The Principles are divided into two groups: Principles for Defining Report Content and Principles for~~
~~889 Defining Report Quality.~~

~~890 The Principles for Defining Report Content describe the process to be applied to identify what content~~
~~891 the report should cover by considering the organization's activities, impacts, and the substantive~~
~~892 expectations and interests of its stakeholders.~~

~~893 The Principles for Defining Report Quality guide choices on ensuring the quality of information in the~~
~~894 sustainability report, including its proper presentation. The quality of the information is important to~~
~~895 enable stakeholders to make sound and reasonable assessments of performance, and take appropriate~~
~~896 actions.~~

~~897 Each of the Principles consists of a definition, an explanation on how to apply the Principle and tests. The~~
~~898 tests are intended to serve as tools for self-diagnosis, but not as specific disclosures to report against.~~

899 Terms and Definitions

900 **Aspect-Topic Boundary**

901 Refers to the description of where impacts occur for each material **Aspect-topic**. In setting the **Aspect**
902 **Topic** Boundaries, an organization should consider impacts within and outside of the organization. **Aspect**
903 **Topic** Boundaries vary based on the **Aspects-topics** reported.

904 **Material Aspects-topics**

905 Material **Aspects-topics** are those that reflect the organization's significant economic, environmental and
906 social impacts; or that substantively influence the assessments and decisions of stakeholders. To determine
907 if an **Aspect-topic** is material, qualitative analysis, quantitative assessment and discussion are needed.

908 **Reporting period**

909 Reporting period is the specific time span covered by the information reported.

910 **Reporting Principle**

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

913 **Scope**

914 The range of **Aspects-topics** covered in a report.

915 **Stakeholders**

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

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

924 Principles for Defining Report Content

925 [The following Reporting Principles are set out below: Stakeholder Inclusiveness, Sustainability Context,](#)
926 [Materiality, and Completeness.](#)

927 [These Principles establish the processes for identifying topics to be reported.](#)

928 ~~These Principles are designed to be used in combination to define the report content. The implementation~~
929 ~~of all these Principles together is described under the Guidance of G4 18 on pp. 31-40 of the~~
930 ~~Implementation Manual.~~

931 *Stakeholder Inclusiveness*

932 ~~**Principle:**~~ The organization should identify its stakeholders, and explain how it has
933 responded to their reasonable expectations and interests.

934 **Guidance**

935 **Applying the Principle:**

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

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

944 The reasonable expectations and interests of stakeholders are a key reference point for many decisions
945 in the preparation of the report. However, not all of an organization's stakeholders will use the report.
946 This presents challenges in balancing the specific interests and expectations of stakeholders who can
947 reasonably be expected to use the report with broader expectations of accountability to all stakeholders.

948 For some decisions, such as the report Scope or ~~Aspect~~ [Topic](#) Boundaries, the organization considers the
949 reasonable expectations and interests of a wide range of stakeholders. There may be, for example,
950 stakeholders who are unable to articulate their views on a report and whose concerns are presented by
951 proxies. There may also be stakeholders who choose not to express views on reports because they rely
952 on different means of communication and engagement.

953 The reasonable expectations and interests of these stakeholders should still be acknowledged in decisions
954 about the content of the report. However, other decisions, such as the level of detail required to be useful
955 to stakeholders, or expectations of different stakeholders about what is required to achieve clarity, may
956 require greater emphasis on those who can reasonably be expected to use the report. It is important to
957 document the processes and approach taken in making these decisions.

958 The process of stakeholder engagement may serve as a tool for understanding the reasonable expectations
959 and interests of stakeholders. Organizations typically initiate different types of stakeholder engagement as

960 part of their regular activities, which can provide useful inputs for decisions on reporting. These may
961 include, for example, stakeholder engagement for the purpose of compliance with internationally
962 recognized standards, or informing ongoing organizational or business processes. In addition, stakeholder
963 engagement may also be implemented specifically to inform the report preparation process. Organizations
964 may also use other means such as the media, the scientific community, or collaborative activities with
965 peers and stakeholders. These means help the organization better understand stakeholders' reasonable
966 expectations and interests.

967 When the process of stakeholder engagement is used for reporting purposes, it should be based on
968 systematic or generally accepted approaches, methodologies, or principles. The overall approach should
969 be sufficiently effective to ensure that stakeholders' information needs are properly understood.

970 It is important that the process of stakeholder engagement is capable of identifying direct input from
971 stakeholders as well as legitimately established societal expectations. An organization may encounter
972 conflicting views or differing expectations among its stakeholders, and may need to be able to explain how
973 it balanced these in reaching its reporting decisions.

974 For the report to be assurable, it is important to document the process of stakeholder engagement. The
975 organization documents its approach for defining which stakeholders it engaged with, how and when it
976 engaged with them, and how engagement has influenced the report content and the organization's
977 sustainability activities.

978 Failure to identify and engage with stakeholders is likely to result in reports that are not suitable, and
979 therefore not fully credible, to all stakeholders. In contrast, systematic stakeholder engagement enhances
980 stakeholder receptivity and the usefulness of the report. Executed properly, it is likely to result in ongoing
981 learning within the organization and by external parties, as well as increase accountability to a range of
982 stakeholders. Accountability strengthens trust between the organization and its stakeholders. Trust, in
983 turn, fortifies report credibility.

984 **Tests:**

- 985 • The organization can describe the stakeholders to whom it considers itself accountable
- 986 • The report content draws upon the outcomes of stakeholder engagement processes used by
987 the organization in its ongoing activities, and as required by the legal and institutional
988 framework in which it operates
- 989 • The report content draws upon the outcomes of any stakeholder engagement processes
990 undertaken specifically for the report
- 991 • The stakeholder engagement processes that inform decisions about the report are consistent
992 with the Scope and [Aspect-Topic](#) Boundaries

993 *Sustainability Context*

994 **Principle:** The report should present the organization's performance in the wider context of
995 sustainability.

996 **Guidance:**

997 **Applying the Principle:**

998 Information on performance should be placed in context. The underlying question of sustainability
999 reporting is how an organization contributes, or aims to contribute in the future, to the improvement or
1000 deterioration of economic, environmental and social conditions, developments and trends at the local,
1001 regional or global level. Reporting only on trends in individual performance (or the efficiency of the
1002 organization) fails to respond to this underlying question. Reports should therefore seek to present
1003 performance in relation to broader concepts of sustainability. This involves discussing the performance of
1004 the organization in the context of the limits and demands placed on environmental or social resources at
1005 the sector, local, regional, or global level. For example, this can mean that in addition to reporting on
1006 trends in eco-efficiency, an organization may also present its absolute pollution loading in relation to the
1007 capacity of the regional ecosystem to absorb the pollutant.

1008 This concept is often most clearly articulated in the environmental arena in terms of global limits on
1009 resource use and pollution levels. However, it may also be relevant with respect to social and economic
1010 objectives such as national or international socio-economic and sustainable development goals. For
1011 example, an organization may report on employee wages and social benefit levels in relation to nation-
1012 wide minimum and median income levels, and the capacity of social safety nets to absorb those in poverty
1013 or those living close to the poverty line.

1014 Organizations operating in a diverse range of locations, sizes, and sectors need to consider how to best
1015 frame their overall organizational performance in the broader context of sustainability. This may require
1016 distinguishing between topics or factors that drive global impacts (such as climate change) and those that
1017 have more regional or local impacts (such as community development). When reporting on topics that
1018 have positive or negative local impacts, it is important to provide insight into how the organization affects
1019 communities in different locations. Similarly, distinctions may need to be made between trends or patterns
1020 of impacts across the range of operations versus contextualizing performance location by location.

1021 The organization's own sustainability and business strategy provides the context in which to discuss
1022 performance. The relationship between sustainability and organizational strategy should be made clear, as
1023 should the context within which performance is reported.

1024 **Tests:**

- 1025 • The organization presents its understanding of sustainable development and draws on
1026 objective and available information as well as measures of sustainable development for the
1027 topics covered in the report
- 1028 • The organization presents its performance with reference to broader sustainable
1029 development conditions and goals, as reflected in recognized sectoral, local, regional, or global
1030 publications
- 1031 • The organization presents its performance in a manner that attempts to communicate the
1032 magnitude of its impact and contribution in appropriate geographical contexts
- 1033 • The report describes how sustainability topics relate to long-term organizational strategy,
1034 risks, and opportunities, including supply chain topics

1035 *Materiality*

1036 **Principle:** ~~The report should cover~~ **Aspects** topics that:

- 1037 • **Reflect the organization's significant economic, environmental and social impacts;**
1038 **or**

- **Substantively influence the assessments and decisions of stakeholders**

Guidance

Applying the Principle:

Organizations are faced with a wide range of topics on which they could report. Relevant topics are those that may reasonably be considered important for reflecting the organization’s economic, environmental and social impacts, or influencing the decisions of stakeholders, and, therefore, potentially merit inclusion in the report. Materiality is the threshold at which [Aspects-topics](#) become sufficiently important that they should be reported. Beyond this threshold, not all material [Aspects-topics](#) are of equal importance and the emphasis within a report should reflect the relative priority of these material [Aspects-topics](#).

In financial reporting, materiality is commonly thought of as a threshold for influencing the economic decisions of those using an organization’s financial statements, investors in particular. The concept of a threshold is also important in sustainability reporting, but it is concerned with a wider range of impacts and stakeholders. Materiality for sustainability reporting is not limited only to those [Aspects-topics](#) that have a significant financial impact on the organization.

Determining materiality for a sustainability report also includes considering economic, environmental and social impacts that cross a threshold in affecting the ability to meet the needs of the present without compromising the needs of future generations. These material [Aspects-topics](#) often have a significant financial impact in the short term or long term on an organization. They are therefore also relevant for stakeholders who focus strictly on the financial condition of an organization.

A combination of internal and external factors should be used to determine whether an [Aspect-topic](#) is material, including factors such as the organization’s overall mission and competitive strategy, concerns expressed directly by stakeholders, broader social expectations, and the organization’s influence on upstream (such as supply chain) and downstream (such as customers) entities. Assessments of materiality should also take into account the basic expectations expressed in the international standards and agreements with which the organization is expected to comply.

These internal and external factors should be considered when evaluating the importance of information for reflecting significant economic, environmental and social impacts, or stakeholder decision making. A range of established methodologies may be used to assess the significance of impacts. In general, ‘significant impacts’ refer to those that are a subject of established concern for expert communities, or that have been identified using established tools such as impact assessment methodologies or life cycle assessments. Impacts that are considered important enough to require active management or engagement by the organization are likely to be considered to be significant.

The report should emphasize information on performance regarding the most material [Aspects-topics](#). Other relevant topics can be included, but should be given less prominence in the report. The process by which the relative priority of [Aspects-topics](#) was determined should be explained.

In addition to guiding the selection of [Aspects-topics](#) to report, the Materiality Principle also applies to the use of Indicators.

When disclosing performance data, there are varying degrees of comprehensiveness and detail that could be provided in a report. Overall, decisions on how to report data should be guided by the importance of the information for assessing the performance of the organization, and facilitating appropriate comparisons.

Reporting on material [Aspects-topics](#) may involve disclosing information used by external stakeholders that differs from the information used internally for day-to-day management purposes. However, such

1081 information does indeed belong in a report, where it may inform assessments or decision-making by
1082 stakeholders, or support engagement with stakeholders that may result in actions that significantly
1083 influence performance or address key topics of stakeholder concern.

1084 **Tests:**

1085 In defining material [Aspects](#)[topics](#), the organization takes into account the following factors:

- 1086 • Reasonably estimable sustainability impacts, risks, or opportunities (such as global warming,
1087 HIV-AIDS, poverty) identified through sound investigation by people with recognized
1088 expertise, or by expert bodies with recognized credentials in the field
- 1089 • Main sustainability interests and topics, and Indicators raised by stakeholders (such as
1090 vulnerable groups within local communities, civil society)
- 1091 • The main topics and future challenges for the sector reported by peers and competitors
- 1092 • Relevant laws, regulations, international agreements, or voluntary agreements with strategic
1093 significance to the organization and its stakeholders
- 1094 • Key organizational values, policies, strategies, operational management systems, goals, and
1095 targets
- 1096 • The interests and expectations of stakeholders specifically invested in the success of the
1097 organization (such as employees, shareholders, and suppliers)
- 1098 • Significant risks to the organization
- 1099 • Critical factors for enabling organizational success
- 1100 • The core competencies of the organization and the manner in which they may or could
1101 contribute to sustainable development

1102 **Prioritizing**

- 1103 • The report prioritizes material [Aspects](#)[topics](#) and Indicators

1104 **FIGURE I Visual representation of prioritization of [Aspects](#)[topics](#)**

1105 [Insert Figure I]

1106 *Completeness*

1107 **Principle:**—The report should include coverage of material [Aspects](#)[topics](#) and their
1108 **Boundaries**, sufficient to reflect significant economic, environmental and social impacts, and
1109 to enable stakeholders to assess the organization’s performance in the reporting period.

1110 **Guidance**

1111 **Applying the Principle:**

1112 Completeness primarily encompasses the dimensions of scope, boundary, and time. The concept of
1113 completeness may also be used to refer to practices in information collection (for example, ensuring that
1114 compiled data includes results from all entities within the organization and entities, groups of entities, or
1115 elements outside the organization where significant impact occurs) and whether the presentation of
1116 information is reasonable and appropriate. These topics are related to report quality, and are addressed
1117 in greater detail under the Principles of Accuracy and Balance.

1118 **‘Scope’** refers to the range of sustainability ~~Aspects~~ topics covered in a report. The sum of the ~~Aspects~~
1119 topics and Standard Disclosures reported should be sufficient to reflect significant economic,
1120 environmental and social impacts. It should also enable stakeholders to assess the organization’s
1121 performance. In determining whether the information in the report is sufficient, the organization should
1122 consider both the results of stakeholder engagement processes and broad-based societal expectations
1123 that may not have surfaced directly through stakeholder engagement processes.

1124 **‘Aspect-Topic Boundary’** refers to the description of where impacts occur for each material
1125 ~~Aspect~~ topic. In setting the ~~Aspect-Topic~~ Boundaries, an organization should consider impacts within and
1126 outside of the organization. ~~Aspect-Topic~~ Boundaries vary based on the ~~Aspects~~ topics reported.

1127 **‘Time’** refers to the need for the selected information to be complete for the time period specified by
1128 the report. As far as practicable, activities, events, and impacts should be presented for the reporting
1129 period in which they occur. This includes reporting on activities that produce minimal short-term impact,
1130 but which have a significant and reasonably foreseeable cumulative effect that may become unavoidable or
1131 irreversible in the longer term (such as bio-accumulative or persistent pollutants). In making estimates of
1132 future impacts (both positive and negative), the reported information should be based on well-reasoned
1133 estimates that reflect the likely size and nature of impacts. Although such estimates are by nature subject
1134 to uncertainty, they provide useful information for decision-making as long as the basis for estimates is
1135 clearly disclosed and the limitations of the estimates are clearly acknowledged. Disclosing the nature and
1136 likelihood of such impacts, even if they may only materialize in the future, is consistent with the goal of
1137 providing a balanced and reasonable representation of the organization’s economic, environmental and
1138 social performance.

1139 **Tests:**

- 1140 • The report takes into account impacts within and outside of the organization, and covers and
1141 prioritizes all material information on the basis of the Principles of Materiality, Sustainability
1142 Context, and Stakeholder Inclusiveness
- 1143 • The information in the report includes all significant impacts in the reporting period, and
1144 reasonable estimates of significant future impacts when those impacts are reasonably
1145 foreseeable and may become unavoidable or irreversible
- 1146 • The report does not omit relevant information that influences or informs stakeholder
1147 assessments or decisions, or that reflects significant economic, environmental and social
1148 impacts

Process for Defining Report Content

Introduction

To begin the process of defining the content of a report, the organization is required to select material [Aspects-topics](#)^{III}.

This section describes the steps that the organization may follow, using the Reporting Principles for Defining Report Content, to identify material [Aspects-topics](#) and their material impacts.

After this identification, the organization will be able to define the Indicators and Disclosures on Management Approach (DMA) to be reported.

Important initial definitions

In the [GuidelinesGRI Standards](#):

- The range of [Aspects-topics](#) covered in a report is called the ‘Scope’
- The description of where impacts occur for each material [Aspect-topic](#) is called ‘[Aspect-Topic Boundary](#)’
- ‘Topic’ refers to any possible sustainability subject. ~~The word ‘Aspect’ is used in the Guidelines to refer to the list of subjects covered by the Guidelines, for which GRI Indicators and DMA have been developed~~

Important initial remarks

- It is crucial to document the process for defining report content, including the organization’s methodologies, assumptions, and decisions taken. Accurate records facilitate analysis and assurance, help to fulfill the General ~~Standard~~ Disclosures in the section ‘Identified Material Aspects and Boundaries’ (*Implementation Manual pp. 31-42*), and enable the organization to explain its chosen approach
- Inevitably, the process for defining report content requires subjective judgments. The organization is expected to be transparent about its judgments. This enables internal and external stakeholders to understand the process for defining report content. The organization’s senior decision-makers are expected to be actively involved in the process for defining report content, and should approve any associated strategic decisions

DEFINING MATERIAL [ASPECTS-TOPICS](#) AND BOUNDARIES: THE PROCESS

This section describes the steps that the organization may go through in order to define the specific content of the report.

The steps described here have been designed to offer Guidance on how to implement the Principles for Defining Report Content.

Although following the steps is not a requirement to be ‘in accordance’ with the [GuidelinesGRI Standards](#), the implementation of the Reporting Principles is a requirement. The Reporting Principles are fundamental

^{III} For a list of [Aspects-topics](#) covered in the [GuidelinesGRI Standards](#), see *Reporting Principles and Standard Disclosures* p. 9 and p. 44, and *Implementation Manual* p. 62.

1183 to achieving transparency in sustainability reporting and therefore should be applied by all organizations
1184 when preparing a sustainability report.

1185 The Principles for Defining Report Content are to be applied to identify the information to be disclosed,
1186 by considering the organization’s activities, impacts, and the substantive expectations and interests of its
1187 stakeholders. There are four Principles for Defining Report Content: Materiality, Stakeholder Inclusiveness,
1188 Sustainability Context and Completeness ~~(see Reporting Principles and Standard Disclosures pp. 16-17, and~~
1189 ~~Implementation Manual pp. 9-13)~~. Each Reporting Principle has two components: a definition, and a
1190 description of how and why to apply the Principle. Both components should be considered by the
1191 organization.

1192 Figure 2 indicates which of these Reporting Principles is applicable in the different process steps.
1193 Stakeholder Inclusiveness applies to the whole process, in varying degrees.

1194 **FIGURE 2** Defining material **Aspects** topics and Boundaries - process overview

1195 [Insert Figure 2]

1196 The methodology applied in the steps varies according to the individual organization. Specific
1197 circumstances such as business model, sector, geographic, cultural and legal operating context, ownership
1198 structure, and the size and nature of impacts affect how the organization identifies the material **Aspects**
1199 topics and other material topics to be reported. Considering the organization’s specificities, the steps to
1200 define report content are expected to be systematic, documented and replicable, and used consistently in
1201 each reporting period. Changes to the assessment approach, and their implications, are expected to be
1202 documented.

1203 **STEP 1: IDENTIFICATION – OVERVIEW**

1204 The process begins with **Identification** of the **Aspects** topics and any other relevant topics, and their
1205 Boundaries, which might be considered to be reported on. This identification is based on the Principles of
1206 Sustainability Context and Stakeholder Inclusiveness. When assessing the range of potentially relevant
1207 topics, the organization should use the tests that underlie these two Principles. The organization should
1208 identify **Aspects** topics and any other relevant topics based on the impacts related to all of its activities,
1209 products, services, and relationships, regardless of whether these impacts occur within or outside of the
1210 organization^{IV}.

1211 While the organization new to sustainability reporting is likely to focus on impacts that occur within the
1212 organization, a broader consideration of the impacts outside of the organization should become feasible
1213 as reporting practice matures.

1214 **STEP 2: PRIORITIZATION – OVERVIEW**

1215 The next step in defining report content is **Prioritization** of the **Aspects** topics and any other relevant
1216 topics from Step 1, to identify those that are material and therefore to be reported on. Prioritization

IV

- United Nations (UN), ‘Guiding Principles on Business and Human Rights, Implementing the United Nations “Protect, Respect and Remedy” Framework’, 2011.
- United Nations (UN), Protect, Respect and Remedy: a Framework for Business and Human Rights, 2008.
- United Nations (UN), Report of the Special Representative of the Secretary General on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises, John Ruggie, 2011.

1217 should be based on the Principles of Materiality and Stakeholder Inclusiveness. When assessing the level
1218 of priority, the organization should use the tests that underlie these two Principles.

1219 **STEP 3: VALIDATION – OVERVIEW**

1220 This step is followed by **Validation** where the Principles of Completeness and Stakeholder Inclusiveness
1221 are applied to finalize the identification of the report content. When validating the identified material
1222 Aspects-topics (or other material topics), the organization should use the tests that underlie these two
1223 Principles.

1224 The outcome of these first three steps is a list of material Aspects-topics (and other material topics) and
1225 their Boundaries. The final list of material Aspects-topics (and other material topics) will lead the
1226 organization to defining a list of Specific Standard Disclosures related to them, which should be disclosed
1227 in its report.

1228 **STEP 4: REVIEW – OVERVIEW**

1229 Finally, after the report has been published, it is important that the organization undertakes a review of
1230 its report – Step 4. This review takes place as the organization is preparing for the next reporting cycle.
1231 A review may focus not only on the Aspects-topics that were material in the previous reporting period
1232 but also consider again the Principles of Stakeholder Inclusiveness and Sustainability Context. The findings
1233 inform and contribute to the Identification Step for the next reporting cycle.

1234 At the end of this guidance text, a summary of the actions to be taken for each Step is presented.

1235 *Step 1 Identification*

1236 **1.1 IDENTIFYING RELEVANT TOPICS**

1237 Before defining the list of material Aspects-topics or other material topics, organizations are advised to
1238 consider an initial broad list of topics that merit inclusion in the report. These are ‘relevant topics’.

1239 ‘Relevant topics’ are those that may reasonably be considered important for reflecting the organization’s
1240 relevant economic, environmental and social impacts; or influencing the assessments and decisions of
1241 stakeholders. All such topics potentially merit to be considered for inclusion in a sustainability report.

1242 All GRI Aspects and related Standard Disclosures under each Category in the Guidelines and the GRI
1243 Sector Disclosures can be considered at this stage as the initial list of topics for this step. See Tables 1 or
1244 5 in *Reporting Principles and Standard Disclosures* p. 9 or p. 44, and Table 1 in *Implementation Manual* p. 62
1245 for an overview of all GRI Aspects.

1246 The GRI Sector Disclosures can be found at www.globalreporting.org/reporting/sector-guidance

1247 The identification of relevant topics involves considering the relevant impacts related to all of the
1248 organization’s activities, products, services, and relationships, regardless of whether these impacts occur
1249 within or outside of the organization.

1250 For each identified relevant topic, the organization has to assess the impacts related to it and identify the
1251 Boundary. The Boundary of a topic specifies where the impacts occur: within or outside of the organization.
1252 Boundaries should be described in sufficient detail to identify:

- 1253 • Where exactly within the organization itself the impacts occur
- 1254 • Where outside of the organization the impacts occur

1255 The organization’s identification of relevant topics is expected to be systematic and may consider the
1256 precautionary principle^v. In addition, where practicable the organization is advised to apply a scientific and
1257 internationally validated approach to measurement, and rely on proven expertise and authoritative
1258 research.

1259 In assessing the range of potentially relevant topics, the organization should use the tests that underlie the
1260 Principles of Sustainability Context and Stakeholder Inclusiveness.

1261 **1.2 DETERMINING BOUNDARIES FOR RELEVANT TOPICS**

1262 This section explains concepts that will help to determine Boundaries of relevant topics and material
1263 [Aspects](#)[topics](#).

1264 The impacts that make a topic relevant can occur within or outside of the organization, or both.

1265 ‘Boundary’ refers to the description of where impacts occur for each relevant topic (potentially material
1266 [Aspect](#)[topic](#)). In setting the Boundaries, an organization should consider impacts within and outside of the
1267 organization. Topic Boundaries vary.

1268 **a. Within the organization**

1269 Impacts that make a topic relevant can occur within the organization. In the [Guidelines](#)[GRI Standards](#),
1270 ‘within the organization’ means the group of entities that are reported in G4-17.

1271 These impacts do not always occur throughout the entire organization. During this step, the organization
1272 needs to evaluate in which entities within the organization the impact occurs. Refer to General [Standard](#)
1273 Disclosure G4-20.

1274 **FIGURE 3 An example where the topic of anti-corruption is only relevant to certain entities** 1275 **within the organization**

1276 [Insert Figure 3]

1277 **b. Outside of the organization**

1278 Impacts that make a topic relevant can occur outside of the organization. There is no exhaustive list of
1279 outside parties to be considered in this process. Instead, the organization should attempt to capture the
1280 instances where a relevant impact occurs. These relevant impacts can be described as direct or indirect
1281 for some topics or as caused by, contributed to, or linked to the organization for others^{vi}.

1282 For assessment purposes, the impacts that make the topic relevant outside of the organization can be
1283 grouped by their geographical location or the nature of the organization’s relationship to them (such as
1284 suppliers in country X). Refer to General [Standard](#)-Disclosure G4-21.

^v United Nations (UN) Declaration, ‘The Rio Declaration on Environment and Development’, 1992.

^{vi}

• United Nations (UN), ‘Guiding Principles on Business and Human Rights, Implementing the United Nations “Protect, Respect and Remedy” Framework’, 2011.

• United Nations (UN), *Protect, Respect and Remedy: a Framework for Business and Human Rights*, 2008.

• United Nations (UN), *Report of the Special Representative of the Secretary General on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises*, John Ruggie, 2011.

1285 **FIGURE 4 An example where the topic of child labor is only relevant to certain entities**
1286 **outside of the organization**

1287 [Insert Figure 4]

1288 c. Within and outside of the organization

1289 Impacts that make a topic relevant can occur within and outside of the organization. When describing the
1290 Boundaries for such topics, organizations should combine the considerations for determining Boundaries
1291 within the organization and outside of the organization, as explained earlier.

1292 At the end of ~~the~~ Step 1, the organization will have identified a list of relevant topics, along with their
1293 Boundaries. In the next step, this list is assessed for materiality, reporting priority, and level of coverage
1294 in the report.

1295 **FIGURE 5 An example where the topic of emissions is relevant within and outside of the**
1296 **organization**

1297 [Insert Figure 5]

1298 *Step 2 Prioritization*

1299 2.1 WHAT TO ANALYZE

1300 After considering a list of relevant topics which might be covered in the report – which is likely to be a
1301 list containing a selection of GRI Aspects and GRI Sector Disclosures that are complemented, if needed,
1302 by other topics – the organization has to prioritize them. This involves considering the **significance** of
1303 their economic, environmental and social impacts or their substantive influence on the assessments and
1304 decisions of stakeholders.

1305 For simplicity, the ‘relevant topics’ identified in Step 1 are referred to as ‘Aspects’ from now on.

1306 The definition of the Materiality Principle states: “The report should cover ~~Aspects~~ topics that:

- 1307 • Reflect the organization’s significant economic, environmental and social impacts; or
- 1308 • Substantively influence the assessments and decisions of stakeholders”

1309 Consequently, to determine if an ~~Aspect~~ topic is material, qualitative analysis, quantitative assessment and
1310 discussion are needed. The organization’s strategy and the context of its activities are important parts of
1311 this analysis and discussion.

1312 The fact that a topic is difficult to quantify does not mean that the topic is not material. The decision of
1313 what is possible to be reported on for an identified material ~~Aspect~~ topic is to be considered later. The
1314 focus now is the analysis considering the points above.

1315 The prioritization should be based on the Principles of Materiality and Stakeholder Inclusiveness. When
1316 assessing the level of priority, the organization should use the tests that underlie these two Principles.

1317 **2.2 ANALYSIS OF ‘INFLUENCE ON STAKEHOLDER ASSESSMENTS AND DECISIONS’**
1318 **AND ‘SIGNIFICANCE OF THE ORGANIZATION’S ECONOMIC, ENVIRONMENTAL**
1319 **AND SOCIAL IMPACTS’**

1320 To implement the Materiality Principle, each [Aspect-topic](#) should be assessed on ‘Influence on stakeholder
1321 assessments and decisions’ and ‘Significance of organization’s economic, environmental and social impacts’.

1322 These viewpoints might overlap to some extent with respect to internal stakeholders. The interests and
1323 expectations of stakeholders that are invested specifically in the success of the organization (such as of
1324 workers, shareholders, and suppliers) inform the analysis of both viewpoints.

1325 **a. Influence on stakeholder assessments and decisions**

1326 The analysis of this viewpoint includes the assessment of the views expressed by stakeholders before and
1327 during the reporting period.

1328 By applying the Principle of Stakeholder Inclusiveness, the organization should be able to identify and
1329 consider its key stakeholders and their respective views and interests, and how their views may affect
1330 decisions on the report content. The analysis requires the organization to translate the varied opinions of
1331 different stakeholders into a series of decisions on what to include and exclude from its report.

1332 The [Guidelines-GRI Standards](#) require disclosure on stakeholder engagement under G4-24 to G4-27
1333 (*Reporting Principles and Standard Disclosures* pp. 29-30, and *Implementation Manual* pp. 43-44). The
1334 organization is required to describe how stakeholders are identified and prioritized, how their input has
1335 been used or not used, and how different expectations and interests are assessed, as well as the
1336 organization’s rationale behind the chosen approach.

1337 Stakeholder views may be drawn from existing, ongoing engagement mechanisms, as well as from
1338 stakeholder engagement that is initiated specifically for defining sustainability report content. Throughout
1339 the engagement process the Principle of Stakeholder Inclusiveness is applied in detail.

1340 The stakeholder engagement process described here aims to identify [Aspects-topics](#) that are important
1341 to key stakeholders and to recognize gaps between the perceptions of the organization and stakeholders.
1342 [Aspects-Topics](#) of high significance to key stakeholders should be considered material, especially those
1343 [Aspects-topics](#) that concern the stakeholders’ own interests.

1344 The nature of the organization’s impact and the [Aspect-Topic](#) Boundary are considered when defining the
1345 geographical focus of engagement. The stakeholder engagement process has to be appropriate to the
1346 stakeholder group. Stakeholder engagement also identifies the interests of stakeholders who are unable
1347 to articulate their views (such as future generations, fauna, ecosystems). The organization should identify
1348 a process for taking such views into account in determining materiality, including the interests of
1349 stakeholders with whom it may not be in constant or obvious dialogue.

1350 The proper stakeholder engagement process is two-way in nature, systematic and objective. Some
1351 engagement processes with specific stakeholder groups, such as workers and communities, are expected
1352 to be independent of management and include mechanisms for stakeholders to express collective views
1353 relevant to their location.

1354 The analysis of the [Aspects-topics](#) identified by stakeholders may include:

- 1355
- 1356 • Each stakeholder group’s perception of the organization’s impact on that stakeholder group
 - 1357 • Each stakeholder group’s perception of the group’s dependency on the organization
 - The geographical location of stakeholders, and the significance of the [Aspect-topic](#) to their region

- 1358 • The diversity and range of stakeholders who express interest and/or are affected
- 1359 • The expectations of stakeholders regarding action and response to an [Aspect/topic](#)
- 1360 • The expectations of stakeholders regarding transparency on a particular [Aspect/topic](#)

1361 In addition, prioritizing stakeholders requires an analysis of how stakeholders relate to the organization
 1362 and to the [Aspect/topic](#) being considered. This process may include the degree to which stakeholders:

- 1363 • Are interested in, affected by, or have potential to be affected by the impacts of an organization’s
 1364 activities, products, services, and relationships
- 1365 • Have the ability to influence outcomes within the organization
- 1366 • Are invested in the success/failure of the organization

1367 An organization’s activities, products, services, and relationships lead to economic, environmental and
 1368 social impacts. Some of these sustainability impacts are visible to stakeholders, who express an interest in
 1369 them directly. But not all sustainability impacts are recognized by stakeholders. Some impacts may be slow
 1370 and cumulative. Others occur at a distance from stakeholders, so that causal links may not be clear.

1371 **b. Significance of the organization’s economic, environmental and social impacts**

1372 The aim of this analysis is to prioritize those [Aspects/topics](#) that may positively or negatively influence the
 1373 organization’s ability to deliver on its vision and strategy.

1374 To prioritize [Aspects/topics](#) for reporting, the organization’s assessment includes, among others, the
 1375 following elements:

- 1376 • The likelihood of an impact [related to a topic](#)
- 1377 • The severity of an impact [related to a topic](#)
- 1378 • The likelihood of risks or opportunities arising from an [Aspect/topic](#)
- 1379 • How critical the impact [or topic](#) is for the long-term performance of the organization
- 1380 • The opportunity for the organization to grow or gain advantage from the impact [or topic](#)

1381 Elements of this information may be available through established internal policies, practices and
 1382 procedures (such as strategy, KPIs, risk assessments, and financial reports), as well as regulatory disclosure.

1383 Among other possible elements, the analysis may include:

- 1384 • Current and future financial and non-financial implications
- 1385 • Impacts on the strategies, policies, processes, relationships and commitments of the organization
- 1386 • Impacts on competitive advantage/management excellence

1387 **2.3 DETERMINING MATERIAL [ASPECTSTOPICS](#)**

1388 **a. Thresholds**

1389 After completing the analysis of ‘Influence on stakeholder assessments and decisions’ and ‘Significance of
 1390 the organization’s economic, environmental and social impacts’, the organization should be able to identify
 1391 [Aspects/topics](#) with respect to both these viewpoints.

1392 The organization now defines thresholds (criteria) that render an [Aspect/topic](#) material. The analysis of
 1393 the two viewpoints should be reflected in these thresholds.

1394 The definition of thresholds by the organization has a significant effect on the report. It is important that
 1395 the thresholds and underlying criteria are clearly defined, documented and communicated by the
 1396 organization.

1397 This determination involves discussion, qualitative analysis and quantitative assessment to understand how
1398 **significant** an [Aspect-topic](#) is.

1399 The fact that a topic is difficult to quantify does not mean that the topic is not material. The decision of
1400 what is possible to be reported on for identified material [Aspects-topics](#) is to be considered later.

1401 In defining thresholds, the organization needs to make a decision on how to address [Aspects-topics](#) that
1402 are more significant in one viewpoint than the other. An [Aspect-topic](#) does not have to be highly significant
1403 in both viewpoints to be deemed a priority for reporting.

1404 Emerging issues – [Aspects-topics](#) that may become relevant over time – are an example of this. Significance
1405 within one viewpoint is more important than convergence between the different viewpoints, and
1406 establishing a lowest common denominator is to be avoided. In addition, as noted earlier, [Aspects-topics](#)
1407 of high significance to key stakeholders concerning their own interests are expected to be considered
1408 material for reporting.

1409 For a visual representation of this identification, in Figure 6 the area between the two axes includes the
1410 [Aspects-topics](#) identified during the Identification Step. Here, the [Aspects-topics](#) are placed with respect
1411 to the ‘Influence on stakeholder assessments and decisions’ and ‘Significance of the organization’s
1412 economic, environmental and social impacts’. All the [Aspects-topics](#) within the chart should be considered
1413 in the Prioritization Step.

1414 **FIGURE 6 Visual representation of prioritization of [Aspects-topics](#)**

1415 [Insert Figure 6]

1416 **b. Level of coverage**

1417 Level of coverage refers to the prominence, amount of data and narrative explanation disclosed by the
1418 organization about a material [Aspect-topic](#). DMA, Indicators, or a combination of the two represent
1419 different levels of coverage.

1420 The organization may consider the following as examples of how it may address level of coverage
1421 according to relative reporting priority:

- 1422 • [Aspects-Topics](#) with low reporting priority may be [Aspects-topics](#) reported to fulfill regulatory
1423 or other reporting requirements. It may be decided to not include them in the report if not
1424 material.
- 1425 • [Aspects-Topics](#) with medium reporting priority should be considered for inclusion in the
1426 report. It may be decided to not include them in the report if not material.
- 1427 • [Aspects-Topics](#) with high reporting priority should be reported on in detail.

1428 DMA allow for the discussion of challenges and dilemmas where the organization does not have a
1429 management approach for the material [Aspect-topic](#) (see *Reporting Principles and Standard Disclosures* p.
1430 45).

1431 In addition, Indicators should be reported in combination with the DMA for material [Aspects-topics](#) for
1432 which impacts occur within the organization.

1433 For material [Aspects-topics](#) for which impacts occur outside of the organization, Indicators are expected
1434 to be reported where data quality and availability allows.

1435 At the end of the Prioritization Step the organization has established a list of all the material [Aspects-topics](#)
1436 to be included in the report, along with their Boundaries and their level of coverage.

I437 The organization should report if information presented for a DMA or Indicator does not cover the
I438 Boundary identified for the material ~~Aspect~~-topic in General ~~Standard~~-Disclosures G4-20 and G4-21
I439 (*Reporting Principles and Standard Disclosures* p. 29, and *Implementation Manual* p. 41).

I440 *Step 3 Validation*

I441 The Validation Step assesses all identified material ~~Aspects~~-topics against the Principle of ‘Completeness’
I442 (~~Reporting Principles and Standard Disclosures~~ p. 17, and ~~Implementation Manual~~ pp. 12-13) prior to gathering
I443 the information to be reported.

I444 The Validation Step involves assessing the material ~~Aspects~~-topics against:

I445 1. Scope – the range of ~~Aspects~~-topics covered in a report

I446 2. ~~Aspect~~-Topic Boundaries – the description of where impacts occur for each material ~~Aspect~~-topic

I447 3. Time – the completeness of selected information with respect to the reporting period

I448 Validation is undertaken with the aim of ensuring a report provides a reasonable and balanced
I449 representation of the organization’s sustainability performance, including both its positive and negative
I450 impacts.

I451 The Principles of Completeness and Stakeholder Inclusiveness are applied here to finalize the identification
I452 of report content. When validating the identified material ~~Aspects~~-topics (or other material topics), the
I453 organization should use the tests that underlie these two Principles.

I454 It is critical for the list of material ~~Aspects~~-topics identified for inclusion in the report to be approved by
I455 the relevant internal senior decision-makers at the organization. Some organizations may choose to
I456 involve external stakeholders in this authorization. ~~The Validation process should be documented.~~

I457 Once the identified material ~~Aspects~~-topics list has been approved, the identified material ~~Aspects~~-topics
I458 require translation into Standard Disclosures – DMA and Indicators – to report against. After the
I459 Validation Step, the organization gathers the information to be reported for each material ~~Aspect~~-topic,
I460 and assembles the final report. In gathering the information, the Principles for Defining Report Quality
I461 apply (*Reporting Principles and Standard Disclosures* pp. 17-18, and *Implementation Manual* pp. 13-16). The
I462 organization determines the ~~Aspects~~-topics for which there are already management and performance
I463 information available, and those for which it still needs to establish management approaches and
I464 performance measurement systems.^{vii}

I465 The organization may identify material topics that are not covered by the ~~Aspects~~-topics list and Indicators
I466 in the ~~Guidelines~~-GRI Standards neither by the GRI Sector Disclosures. To address these topics, the
I467 organization may apply the Generic DMA. The organization may also use – complementary to the Generic
I468 DMA – alternative indicators, also sector specific ones, or develop their own indicators. Organization-
I469 specific indicators included in the report should be subject to the same Reporting Principles and have the
I470 same technical rigor as GRI’s Standard Disclosures.

^{vii} If an ~~Aspect~~-topic has been identified as material and the organization lacks sufficient information to report on it, the sustainability report should state what action will be taken to resolve the gap, and the timeframe for doing so.

1471 The organization may also take the approach of assessing the Indicators for materiality during the
1472 Validation Step. If an Indicator is deemed material yet the [Aspect-topic](#) it belongs to was not identified as
1473 material, the [Aspect-topic](#) should be considered material.

1474 *Step 4 Review*

1475 A review takes place after the report has been published, and the organization is preparing for the next
1476 reporting cycle. The Review focuses on the [Aspects-topics](#) that were material in the previous reporting
1477 period and also considers stakeholder feedback. The findings inform and contribute to the Identification
1478 Step for the next reporting cycle.

1479 The Principles of Stakeholder Inclusiveness and Sustainability Context, and their associated tests in the [GRI Standard-Guidelines](#),
1480 inform the review of a report. They serve as checks regarding the presentation
1481 and evaluation of report content, as well as checks for the reporting process as a whole.

1482 The organization may choose to engage internal and external stakeholders to check whether the report
1483 content provides a reasonable and balanced picture of the organization's impacts and its sustainability
1484 performance, and if the process by which the report content was derived reflects the intent of the
1485 Reporting Principles.

1486 **PROCESS FOR DEFINING REPORTING CONTENT – SUMMARY**

1487 Step 1: Identification

- 1488 • Consider the GRI Aspects list and other topics of interest
- 1489 • Apply the Principles of Sustainability Context and Stakeholder Inclusiveness: Identify the [Aspects](#)
1490 [topics](#) – and other relevant topics – based on the relevant economic, environmental and social
1491 impacts related to all of the organization's activities, products, services, and relationships, or on
1492 the influence they have on the assessments and decisions of stakeholders
- 1493 • Identify where the impacts occur: within or outside of the organization
- 1494 • List the [Aspects-topics](#) and other topics considered relevant, and their Boundaries

1495 Step 2: Prioritization

- 1496 • Apply the Principles of Materiality and Stakeholder Inclusiveness: Assess each [Aspect-topic](#) and
1497 other topic considered relevant for:
 - 1498 – the significance of the organization's economic, environmental and social impacts
 - 1499 – the influence on stakeholder assessments and decisions
- 1500 • Identify the material [Aspects-topics](#) by combining the assessments
- 1501 • Define and document thresholds (criteria) that render an [Aspect-topic](#) material
- 1502 • For each material [Aspect-topic](#) identified, decide the level of coverage, the amount of data and
1503 narrative explanation to be disclosed
- 1504 • List the material [Aspects-topics](#) to be included in the report, along with their Boundaries and the
1505 level of coverage

1506 Step 3: Validation

- 1507
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- 1518
- Apply the Principles of Completeness and Stakeholder Inclusiveness: Assess the list of material ~~Aspects~~-topics against Scope, ~~Aspect~~-Topic Boundaries and Time to ensure that the report provides a reasonable and balanced representation of the organization’s significant economic, environmental and social impacts, and enables stakeholders to assess the organization’s performance
 - Approve the list of identified material ~~Aspects~~-topics with the relevant internal senior decision-maker
 - Prepare systems and processes to gather the information needed to be disclosed
 - Translate the identified material ~~Aspects~~-topics into Standard Disclosures – DMA and Indicators – to report against.
 - Determine which information is available and explain those for which it still needs to establish management approaches and measurements systems

1519 Step 4: Review

- 1520
- 1521
- 1522
- Apply the Principles of Sustainability Context and Stakeholder ~~Engagement~~Inclusiveness: Review the ~~Aspects~~-topics that were material in the previous reporting period
 - Use the result of the review to inform Step 1 Identification for the next reporting cycle

1523 See also ‘Definitions of Key Terms’:

1524 Aspect, Aspect Boundary, Scope, Topic (See Glossary in *Implementation Manual*, p. 244)

1525 **FIGURE 7** Defining material ~~Aspects~~-topics and Boundaries - process overview

1526 [Insert Figure 7]

1527

References

1528 [The following documents informed the development of this GRI Standard. Organizations are encouraged](#)
1529 [to be familiar with these documents, as they can improve understanding of the disclosure requirements.](#)

- 1530 • United Nations (UN) Declaration, 'The Rio Declaration on Environment and Development',
1531 1992.
- 1532 • United Nations (UN), 'Guiding Principles on Business and Human Rights, Implementing the
1533 United Nations "Protect, Respect and Remedy" Framework', 2011.
- 1534 • United Nations (UN), *Protect, Respect and Remedy: a Framework for Business and Human Rights*,
1535 2008.
- 1536 • United Nations (UN), *Report of the Special Representative of the Secretary-General on the Issue of*
1537 *Human Rights and Transnational Corporations and Other Business Enterprises, John Ruggie, 2011.*