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Strategy and Sustainability

ESG and Sustainability-Related Concepts

ESG & Sustainability Transformation

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ESG and Sustainability-Related Concepts

Agriculture

Agriculture is the practice of cultivating natural resources to sustain human life and provide economic gain. It combines the creativity, imagination, and skill involved in planting crops and raising animals with modern production methods and new technologies.

Agriculture is also a business that provides the global economy with commodities: basic goods used in commerce, such as grain, livestock, dairy, fiber, and raw materials for fuel. For example, fiber is a top crop in U.S. agricultural production, according to The Balance Small Business, and a necessary commodity for the clothing sector.

Agriculture contributes to the emission of greenhouse gases due to the clearing of land to cultivate crops or for livestock grazing. Livestock manure, fermentation, and fertiliser act as sources of methane and nitrous oxide emissions – all of which contribute to the greenhouse effect.

Air Quality

Air quality is the term we use to describe how polluted the air we breathe is. When air quality is poor, pollutants in the air may be hazardous to people, particularly those with lung or heart conditions.

Clean air is a basic requirement of a healthy environment for us all to live in, work, and bring up families. Air quality has improved significantly in recent decades, but there are some parts of our planet where there are unacceptable levels of air pollution. We're committed to reducing, as soon as possible, the most damaging pollutants in our air.

Biodegradable

Biodegradable is the ability of components to be broken down (decomposed) within the environment by the action of micro-organisms such as bacteria, fungi, and other living organisms. Most things will degrade naturally over time (biodegradable), but some do not break down in the natural environment and cause harm (non-biodegradable).

Biodiversity

Biodiversity is the variety of life on Earth. It encompasses diversity on many levels, for example, the vast number of species of plants and animals, the genetic diversity within and between these species, and the different biomes and ecosystems including rainforest, tundra, and desert alongside microscopic organisms, including bacteria, viruses, and fungi.

Bioenergy

Bioenergy refers to all types of energy derived from the conversion of natural and biological sources (referred to as biomass) available on a renewable basis. Bioenergy is the only renewable energy source capable of providing heating and cooling, electricity, and transport fuel.

Biomimicry

Sustainable products designed to mimic nature, such as using feathers in winter coats and duvets, or taking inspiration from termite mounds to construct energy-efficient offices, such as the Eastgate Building in Zimbabwe.

Business Ethics

By definition, business ethics refers to the standards for morally right and wrong conduct in business. Law partially defines the conduct, but "legal" and "ethical" aren't necessarily the same. Business ethics enhances the law by outlining acceptable behaviours beyond government control.

Corporations establish business ethics to promote integrity among their employees and gain trust from key stakeholders, such as investors and consumers. While corporate ethics programs have become common, the quality varies. According to the 2018 Global Business Ethics Survey (GBES), less than one in four U.S. workers think their company has a "well-implemented" ethics program.

Business Model

The term business model refers to a company's plan for making a profit. It identifies the products or services the business plans to sell, its identified target market, and any anticipated expenses. Business models are important for both new and established businesses. They help new, developing companies attract investment, recruit talent, and motivate management and staff.

Established businesses should regularly update their business model, or they'll fail to anticipate trends and challenges ahead. Business models also help investors evaluate companies that interest them, and employees understand the future of a company they may aspire to join.

Carbon Budget

The concept of a "Carbon Budget" has progressively emerged from the work of the Intergovernmental Panel on Climate Change (IPCC), which highlighted the relationship between global warming and cumulative CO2 emissions since the industrial era. Climate science defines a carbon budget as the number of greenhouse gases that can be spent (emitted) for a given level of global warming. A carbon budget is a maximum amount of cumulative net global anthropogenic carbon dioxide (CO2) emissions that would, with some probability, limit global warming to a given level. The total carbon budget is expressed relative to the pre-industrial period.

It can be referred to as the "remaining carbon budget" defined by the IPCC in its 2018 report when expressed from a specified recent date. It represents our room for manoeuvre in CO2 emissions to limit global warming below a given threshold of warming relative to the pre-industrial level - the limit estimated by the IPCC at 1170 billion tons of CO2 for two °C as of January 1, 2018. It is an estimation of cumulative net global anthropogenic CO2 emissions from a given start date to the point where anthropogenic CO2 emissions reach a net zero level. This would likely limit global warming to a given class, taking into account the impact of other anthropogenic emissions.

The Kyoto Protocol also implemented the United Nations Framework Convention on Climate Change (UNFCCC), calling on industrialized countries and economies to transition to limit

and reduce greenhouse gas (GHG) emissions with agreed individual targets. Seven greenhouse gases are addressed explicitly by this Protocol: carbon dioxide (CO2), methane (CH4) and nitrous oxide (N2O) (in the non-fluorinated gas category), and hydrofluorocarbons (HFCs), perfluorocarbons

(PFCs), sulfur hexafluoride (SF6) and nitrogen trifluoride (NF3) (in the fluorinated gas category). These gases can be compared by converting them to carbon dioxide (CO2) equivalents to determine their individual and total contribution to global warming.

The "emissions budget" considered in the reduction commitments refers to a total for a set of gases. The carbon budget related to warming, as presented by the IPCC, concerns only carbon dioxide (CO2), thus setting aside other GHGs such as methane (CH4) and nitrous oxide (N2O). Therefore, a carbon budget that includes the other GHGs will be higher.

An emissions budget can also be linked to targets for other climate variables, such as radiative forcing or sea level rise. It is calculated by combining estimates of various contributing factors, including scientific evidence, value judgments, or choices.

Carbon Capture and Storage (CCS)

Carbon capture and storage (CCS) involves the process of capturing carbon dioxide released due to industrial processes and the burning of fossil fuels before it is released into the atmosphere. Captured carbon is transported from where it is produced via ships, tankers, and pipelines and stored deep underground in geological formations. Reaching net zero relies on large-scale CCS activity.

Carbon Emissions

When fossil fuels such as oil, gas, and coal are burnt, they release carbon dioxide emissions into the atmosphere causing the planet to heat up, causing effects on our climate and ecosystems. As carbon is a greenhouse gas, it helps trap heat in the atmosphere and causes the earth to warm up, leading to global warming and climate change. The release of carbon emissions is harmful to the natural environment. Carbon emissions and other greenhouse gases are released because of human activities.

Carbon Footprint

A carbon footprint measures the total greenhouse gas emissions caused directly and/or indirectly by a person, organisation, event, or product life cycle. It is the total carbon emissions emitted by business activities, for example, energy use such as heating and electricity, waste, water, transport, and supply chain. Carbon footprint is expressed as carbon dioxide equivalent (CO2e).

Carbon Management

Carbon management is the process of measuring, evaluating, and managing carbon emissions produced directly and/or indirectly from an organisation’s business activities. Carbon management is about taking steps to reduce emissions within a business and extend across the supply chain.

Carbon Neutral

Being carbon neutral means balancing carbon dioxide emissions released into the atmosphere through everyday business activities with the amount absorbed or removed

from the atmosphere. Overall, no carbon dioxide emissions are added to the atmosphere. Being carbon neutral is not the same as being net zero (although often it is used interchangeably) – net zero requires a reduction of carbon emissions as far as possible before considering offsetting, while, in theory, carbon neutrality could be reached through offsetting alone.

Carbon Offsetting

Carbon offsetting is a way to compensate for the carbon emissions of a business by funding equivalent carbon dioxide savings elsewhere. It is an activity that prevents, reduces, or removes carbon emissions. Planting trees and renewable energy projects are examples of carbon offsetting. Carbon offsetting is a way to take responsibility for unavoidable carbon emissions.

CDP (formerly Carbon Disclosure Project, now just "CDP"

CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. CDP has the most comprehensive collection of self-reported environmental data in the world, with nearly 20,000 entities disclosing through CDP in 2022.

Competitive Behaviour

The conduct of businesses in market situations involving actions and reactions to achieve an advantage over rivals. Strong competition is usually beneficial to the consumer. Most governments in advanced economies are dedicated to inculcating competitive behaviour and discouraging anti-competitive behaviour (such as monopoly, cartels, collusion to limit supply, predatory pricing to drive competitors out of business, and price fixing). Strong and unbiased enforcement of competition policy is one of the key elements in the creation of a modern market economy. Effective marketing depends upon a strong climate of competition and effective regulation of anti-competitive practices that are inimical to consumer interests. The EU and the US have learned from experience that lively domestic competition leads to greater international competitiveness. Weak enforcement of competition policy all too often hinders innovation or else leads to inefficient allocation of resources in the economy and high input costs for business and hits the defenceless consumer hardest. EU regulatory bodies on the competition can fine a company up to 10% of its total world turnover for anti-competitive behaviour and actions.

Circular Economy

A circular economy is based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems. It is a sustainable economic model where products and materials are reused or recycled to minimise pollution and waste through product design.

CSRHub

CSRHub provides access to corporate social responsibility and sustainability ratings and information on 50,000+ companies from 134 industries in 154 countries. Corporate managers, investors, researchers, and activists use CSRHub to benchmark company performance, learn how stakeholders evaluate company CSR practices, manage their supply chains, improve their investment and business decision-making, and seek ways to change the world. CSRHub rates 12 indicators of employee, environment, community, and governance performance and flags many special issues. We offer subscribers immediate

access to millions of detailed data points from our 800+ data sources. Our data comes from more than 20 socially responsible investing firms and many well-known indexes, publications, "best of" or "worst of" lists, NGOs, crowd sources, and government agencies. By aggregating and normalizing the information from these sources, CSRHub has created a broad, consistent rating system and a searchable database that links each rating point back to its source.

Customer Privacy/ Consumer Privacy

Consumer privacy refers to the expected privacy and protection of consumers' personal information and data often collected by businesses. Breaches of consumer privacy are becoming more common as technologies evolve and lead to legal and political issues between the consumer and business.

Typical consumers care about the privacy of their personal information, so smart businesses implement ethical standards for privacy and are clear with their consumers on what they do with their data, making consumer trust a priority.

Consumer privacy is a growing concern and calls for businesses to increase visibility into use of consumer data. Avoiding consumer privacy issues allows businesses to retain access to this useful data and information while maintaining consumer trust.

Customer Welfare

The consumer welfare or consumer welfare principle (CWP) is a legal doctrine used to determine the applicability of antitrust enforcement.

Under the consumer welfare standard, a corporate merger is deemed anticompetitive "only when it harms both allocative efficiencies and raises the prices of goods above competitive levels or diminishes their quality. This contrasts with earlier frameworks of antitrust theory, and more recently the New Brandeis movement, which argues that corporate mergers are inherently detrimental to consumers by way of diminishing competition.

In other words, the consumer welfare standard does not analyse antitrust issues from a "big is bad" perspective that condemns corporate consolidation as a negative phenomenon in itself. Instead, the framework stipulates that corporate consolidation is not necessarily harmful to consumers, as long as a merger (or series of mergers) does not lead to individuals having to pay more for a product or service.

Climate Change

Climate change refers to long-term shifts in global mean temperatures and weather patterns. These shifts may be natural such as through variations in the solar cycle or forced by human activities (anthropogenic effects). Since the 1800s, human activities have been the main driver for climate change, primarily due to burning fossil fuels such as coal, oil, and gas.

Climate Adaptation

Climate Adaptation means anticipating the adverse effects of climate change and taking appropriate action to prevent or minimise the damage they can cause, or taking advantage of opportunities that may arise. Examples of adaptation measures include large-scale infrastructure changes, such as building defences to protect against sea-level rise, as well as behavioural shifts, such as individuals reducing their food waste. In essence, adaptation

can be understood as the process of adjusting to the current and future effects of climate change.

Climate Mitigation

Climate Mitigation means making the impacts of climate change less severe by preventing or reducing the emission of greenhouse gases (GHG) into the atmosphere. Mitigation is achieved either by reducing the sources of these gases — e.g., by increasing the share of renewable energies or establishing a cleaner mobility system — or by enhancing the storage of these gases — e.g., by increasing the size of forests. In short, mitigation is a human intervention that reduces the sources of GHG emissions and/or enhances the sinks.

COP 26

26th UN Climate Change Conference of the Parties (COP26) which was held in Glasgow, UK between 31st October and 13th November 2021. The COP26 summit brought countries together to accelerate actions towards the goals of the Paris Climate Agreement and the UN Framework Convention on Climate Change (UNFCCC). COP26 discussed the goal of securing global Net Zero by mid-century and keeping 1.5 degrees to avoid catastrophic impacts of climate change.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a concept where businesses integrate social and environmental concerns into their operations and interactions with stakeholders. CSR is generally understood as being the way a company achieves a balance of economic, environmental, and social imperatives (Triple-Bottom Line) while at the same time addressing the expectations of shareholders and stakeholders.

Data Security

Data security is the practice of protecting digital information from unauthorized access, corruption, or theft throughout its entire lifecycle. It’s a concept that encompasses every aspect of information security from the physical security of hardware and storage devices to administrative and access controls, as well as the logical security of software applications. It also includes organizational policies and procedures.

Decarbonisation

The removal or reduction of carbon emissions output into the atmosphere to reduce an organisation’s carbon footprint and impact on the climate. This is the process by which businesses can reach net zero through reducing, eliminating, and offsetting carbon emissions.

Deforestation

Deforestation is the permanent removal of trees to make room for something besides forest. It can include clearing the land for farming or livestock, or using the timber for fuel, construction, or manufacturing. World leaders pledged to end deforestation by 2030 at COP26.

Ecological Impact

Ecological Impact is the effects left on organisms and their environment due to actions made by humans and natural occurrences. These changes can be beneficial or adverse to the ecosystem.

An example of ecological impact can be seen in the case of invasive species. While these organisms are brought into the ecosystem by humans to help solve a problem or are introduced by accident; they can pose a threat to the environment due to there being no predator to keep the invasive species under control. This can have a severe impact on the ecosystem by allowing the invader to continue to grow in number and force out native species from the environment.

Ecological Footprint

A measure of how much area of biologically productive land and water an individual, population, or activity requires to produce all the resources it consumes and to absorb the waste it generates, using prevailing technology and resource management practices. Ecological Footprint is usually measured in global hectares. As trade is global, an individual or country's footprint includes land or sea from all over the world.

Ecosystem

A community of living organisms in conjunction with the non-living components of their environment (such as air, water, minerals, soil) interacting as a system.

Equality, Diversity, and Inclusion (ED&I or DE&I)

ED&I is the abbreviated term for Equality, Diversity, and Inclusion. It ensures fair treatment and opportunity for all, with the aim of eliminating prejudice and discrimination based on an individual group's character traits.

The following character traits are known as protected characteristics and it is against the law to discriminate against someone who falls within them. The protected characteristics are:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation

Any business that wants to commit to being an employer who takes ED&I seriously has to be prepared to embrace a workplace culture change and commit to a long-term, sustainable commitment to promoting equality, diversity and inclusion in their workplace. A great place to start is to understand what ED&I means individually.

What is Equality?

Equality is another word for fairness. Equality in the workplace must ensure that individuals or a group or individuals are treated equally. There should be no one in the workplace that is treated less favourably due to Unconscious Bias or any of the protected characteristics listed above.

Equality is not limited to the treatment of individuals or a group, it also relates to the opportunities given to employees in a workplace.

Everyone should get access to the same tools, opportunities, and experiences needed to deliver their role in an equal and fair manner.

What is Diversity?

Diversity covers the types and variations of different characteristics in a group of people; these characteristics are what make us unique and shape our identity.

Everyone is different and difference brings new perspectives, different ideas, and a different mindset that helps promote an empowered culture change in the workplace that can deliver increased creativity and innovation.

Gender diversity most commonly refers to an equal ratio of men and women. Some of the most common industry areas that see a dominance in male employees over female is in the STEM sector.

Diversity is required in order to have a fair and productive working environment. Gender diversity in a workplace means that men and women are hired at a similar and consistent rate, are paid equally, and are given the same working opportunities with the same promotional opportunities.

What is Inclusion?

Inclusion is about creating an environment where everyone feels welcome and everyone feels valued. Creating an inclusive workplace can be achieved through tackling the unconscious bias traits that can affect so many businesses' workplaces culture.

A key part of inclusion is allyship which involves advocacy; creating actions, behaviours, and practices to advance those who are often marginalised or overlooked.

Why is Allyship Important?

Our Inclusion Allies workshops help create inclusive, psychologically safe workplaces where we can all bring our true selves to work. Our workshop creates a safe space to have a structured and open dialogue with a diversity and inclusion specialist and provides specific tools and techniques to be an effective ally.

Employee Health and Safety

Occupational health and safety focuses on:

Promotion and maintenance of the highest degree of physical, mental, and social well-being of workers in all occupations

Prevention of worker absence due to poor health caused by their working conditions.

Protection of workers in their employment from risks resulting from factors adverse to health.

Assessment of an employee's occupational environment, and adapting to their physiological and psychological capabilities

Two things are clear. Workplace health and safety is about promoting positive well-being, in terms of employee comfort, happiness and contentment, not simply preventing people from getting ill and having accidents. It also places several serious responsibilities on employers.

Energy Management

The process of tracking and optimising energy consumption to conserve its usage. Energy management is the means to control and reduce energy consumption, for example in buildings. ISO 50001 provides a framework of requirements that help organisations to implement an Energy Management System.

Environmental Management System

An Environmental Management System (EMS) is a set of processes and practices that enable an organisation to reduce its environmental impacts and increase its operational efficiency. ISO 14001 is the international standard for EMS.

Environmental, Social and Governance (ESG)

ESG are a set of environmental, social, and governance standards for company operations criteria used by many investors. ESG represents risks and opportunities that will impact a company's ability to create long-term value including climate change, resource scarcity, diversity and inclusion, health and safety, data security, board diversity, executive pay, and tax transparency.

ESG Rating

An ESG rating measures a company's exposure to long-term environmental, social, and governance risks. These risks -- involving issues such as energy efficiency, worker safety, and board independence -- have financial implications. But they are often not highlighted during traditional financial reviews. Investors who use ESG ratings to supplement financial analysis can gain a broader view of a company's long-term potential.

Here's a closer look at ESG ratings, including how companies are scored and how these ratings affect you and your portfolio.

A good ESG rating means a company is managing its environment, social, and governance risks well relative to its peers. A poor ESG rating is the opposite -- the company has relatively higher unmanaged exposure to ESG risks.

Along with ESG reporting, ESG ratings help investors understand a company's priorities and the long-term risks it could face in the future.

One of the most widely referenced ESG rating systems is the MSCI ESG score. MSCI scores roughly 8,500 companies and more than 680,000 fixed-income and equity securities globally, including ESG funds.

The foundation of the MSCI ESG score is a key issues framework that measures risk across 10 categories of environment, social, and governance areas.

Ethical Investment

Ethical investment is an umbrella term for approaches to investing that consider values as well as returns. The term also covers issues including, but not limited to, climate change, workers' rights, gender equality, arms, tobacco, and gambling when selecting companies and other assets. It is a principle of selecting investments, such as businesses, based on their social or sustainability credentials.

Fairtrade

Fairtrade is a system of certification that aims to ensure a set of standards are met in the production and supply of a product or ingredient. For farmers and workers, Fairtrade means workers' rights, safer working conditions, statutory working hours, and fairer pay.

Fossil Fuels

Fossil fuels are made from decomposing plants and animals. Fossil fuels are found in the Earth's crust and contain carbon and hydrogen, which can be burned for energy. Coal, oil, and natural gas are examples of fossil fuels. Coal is a material usually found in sedimentary rock deposits where rock, dead plant, and animal matter are piled up in layers. More than 50 percent of a piece of coal's weight must be from fossilized plants. Oil is originally found as a solid material between layers of sedimentary rock, like shale. This material is heated to produce the thick oil that can be used to make gasoline. Natural gas is usually found in pockets above oil deposits. It can also be found in sedimentary rock layers that don't contain oil. Natural gas is primarily made up of methane. The burning of fossil fuels releases carbon into the atmosphere, contributing to global warming.

Global Reporting Initiative (GRI)

The Global Reporting Initiative (known as GRI) is an international independent standards organization that helps businesses, governments, and other organizations understand and communicate their impacts on issues such as climate change, human rights, and corruption.

Since its first draft guidelines were published in March 1999, GRI's voluntary sustainability reporting framework has been adopted by multinational organizations, governments, small and medium-sized enterprises (SMEs), NGOs, and industry groups. Over 10,000 companies from more than 100 countries use GRI.

According to the 26 October 2022 KPMG Survey of Sustainability Reporting, 78% of the world's biggest 250 companies by revenue (the G250) and 68% of the top 100 businesses in 58 countries (5,800 companies known as the N100) have adopted the GRI Standards for reporting. GRI is used as a reporting standard by a majority of the companies surveyed in all regions.

GRI thus provides the world's most widely used sustainability reporting standards. Under increasing pressure from different stakeholder groups, such as governments, consumers, and investors, to be more transparent about their environmental, economic, and social impacts, many companies publish a sustainability report, also known as a corporate social responsibility (CSR) or environmental, social, and governance (ESG) report. GRI's framework for sustainability reporting helps companies identify, gather, and report this information in a clear and comparable manner. Developed by the Global Sustainability

Standards Board (GSSB), the GRI Standards are the first global standards for sustainability reporting and are a free public good.

The GRI Standards have a modular structure, making them easier to update and adapt. Three series of Standards support the reporting process. The GRI Universal Standards apply to all organizations and cover core sustainability issues related to a company's impact on the economy, society, and the environment. The GRI Sector Standards apply to specific sectors, particularly those with the highest environmental impact, such as fossil fuels.

The GRI Topic Standards list disclosures relevant to a particular topic area. GRI Standards and reporting criteria are reviewed every three years by the Global Sustainability Standards Board (GSSB), an independent body created by GRI.

The most recent of GRI's reporting frameworks are the revised Universal Standards, which were published in October 2021, and came into effect for reporting in January 2023.

Global Warming

The long-term heating and changing of the Earth's climate system, are primarily due to human activities. Since the 1800s, human activities have driven an increase in global warming, initially due to the Industrial Revolution through to today's global development.

Green Business

A business with a minimal negative impact on the environment. If all organisations try to become greener, the upkeep of their businesses will be more sustainable, resilient, and competitive. However, green business does not necessarily mean sustainable and could be green washing.

Green Credentials

The qualities and actions that show a business believes in the importance of protecting the environment and is taking steps to reduce its environmental impact for sustainability. Green credentials can benefit businesses, according to a recent survey, just over half (52%) of consumers now take a brand's eco or green credentials into consideration when choosing products.

Green Economy

Green economy is an economic model that prioritizes the success of human wellbeing and social equity while reducing environmental risks and ecological scarcity. But what is the meaning of a green economy? The definition of green economy is the practice of sustainable development through the support of public and private investment to create infrastructure that fosters social and environmental sustainability. The importance of a green economy is that it encourages economies to become more sustainable and low-carbon, and ensures that natural assets continue to provide the resources and environmental services for our continued wellbeing.

Green Infrastructure

Green infrastructure refers to natural systems including forests, floodplains, wetlands, and soils that provide additional benefits for human well-being, such as flood protection and climate regulation.

Gray infrastructure refers to structures such as dams, seawalls, roads, pipes, or water treatment plants.

Blue infrastructure usually relates to urban water infrastructure, including ponds, lakes, streams rivers and storm water provision. Sustainable drainage schemes are usually included under this heading but are sometimes also labelled as green infrastructure.

Combining Green and Blue elements together is an effective way of providing a sustainable natural solution to urban and climatic challenges. Vegetation assists with air pollution removal, storm water management and heat island effects as well as creating places which are more pleasant and less stressful to live in.

Green Spaces

Green spaces are areas that are partly or completely covered with grass, trees, shrubs, or other vegetation. Green spaces are used for aesthetic, recreational, or environmental purposes. In urban settings, green spaces can help reduce the impact of climate change such as through reducing the urban heat island effect. Businesses can support green spaces either through integrating them into existing business sites, funding the development of community green spaces, or through designing new business property developments.

Greenhouse Effect

The warming of the Earth's surface and the lowest atmospheric level are caused by greenhouse gases. Greenhouse gases trap the sun's heat in the atmosphere, which contributes to Earth's global warming.

Greenhouse Gas Emissions

Greenhouse gas (GHG) emissions are gases in the earth's atmosphere that trap heat. GHG emissions contribute to the greenhouse effect, adding to climate change. These include carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6).

Greenhouse Gas Protocol

Greenhouse Gas Protocol supplies the world's most widely used greenhouse gas accounting standards. The standards are designed to provide a framework for businesses, governments, and other entities to measure and report their greenhouse gas emissions in ways that support their missions and goals.

Greenwashing

When a company misleads stakeholders into believing they are a sustainable or ethical organisation or promote sustainable and ethical practices as a distraction from negative environmental impacts. Branding something as eco-friendly, green, or sustainable when this is not the case misleads consumers into thinking they are helping the planet by choosing those products.

Human Right

Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to

work and education, and many more. Everyone is entitled to these rights, without discrimination.

International Sustainability Standards Board (ISSB)

The International Sustainability Standards Board (ISSB) is a standard-setting body established in 2021–2022 under the IFRS Foundation, whose mandate is the creation and development of sustainability-related financial reporting standards to meet investors' needs for sustainability reporting.

International Integrated Reporting Council (IIRC)

The International Integrated Reporting Council (IIRC) (previously the

International Integrated Reporting Committee) was formed in August 2010 and aims to create a globally accepted framework for a process that results in communications by an organisation about value creation over time.

The IIRC brings together a cross-section of representatives from corporate, investment, accounting, securities, regulatory, academic, and standard-setting sectors as well as civil society. It comprises a Steering Committee, a Working Group, and a three task forces (dealing with content development, engagement, and communications, and governance).

In November 2011, the IIRC announced a number of changes to its organisational structure. Under the new arrangements, an initial transitional phase until the end of 2013 will see the IIRC supported by a strengthened secretariat operating through a not-for-profit company established for the purpose under the same name.

A Governance Committee has also been established, with responsibilities relating to audit, nominations, and executive remuneration for the company.

Microplastics

Microplastics (solid plastic particles less than 5mm in size) have become recognised as a widespread and pervasive environmental pollutant, present globally in air, water, and soil. Microplastics may be either primary (designed and manufactured to be of small size) or secondary (broken or shed from larger items). Ongoing research aims to understand where and how microplastics form, disperse, and accumulate within the environment alongside the environmental, ecological, and health implications to both wildlife and humans.

Morgan Stanley Capital International (MSCI)

MSCI is an acronym for Morgan Stanley Capital International. It is an investment research firm that provides stock indexes, portfolio risk and performance analytics, and governance tools to institutional investors and hedge funds. MSCI is perhaps best known for its benchmark indexes—including the MSCI Emerging Market Index and MSCI Frontier Markets Index—which are managed by MSCI Barra. The company continues to launch new indexes each year.

Morningstar

Morningstar is a Chicago-based investment research firm that compiles and analyses fund, stock, and general market data. They also provide an extensive line of internet, software, and print-based products for individual investors, financial advisors, and institutional clients.

The research reaches all corners of the world, including North America, Europe, Australia, and Asia. Among its many offerings, Morningstar's comprehensive, one-page mutual and exchange-traded fund (ETF) reports are widely used by investors to determine the investment quality of more than 2,000 funds. The Motley Fool, for instance, uses them as a chief information source.

Sustainalytics (part of Morningstar)

Sustainalytics is a company that rates the sustainability of listed companies based on their environmental, social and corporate governance (ESG) performance. The company was born of a merger between Toronto-based Jantzi

Research, which was founded in 1992 by Sustainalytics' current CEO Michael

Jantzi, and its European counterpart. Following its acquisition of GES

International on January 9, 2019, Sustainalytics had more than 600 employees with offices in 17 cities around the world and over 700 institutional investor clients. On April 21, 2020, Morningstar, Inc. acquired the remaining ~60% of Sustainalytics' shares to become the sole owner.

Natural Capital

Natural capital is the world's stocks of natural assets which include geology, soil, air, water, and all living things. Natural capital is any stock or flow of energy and material that produces goods and services. It includes resources such as renewable and non-renewable materials, sinks that absorb, neutralise, or recycle wastes, and processes such as climate regulation.

Natural Resources

Natural resources are non-man-made raw materials that can be exploited and processed for production and consumption. They are subject to quantitative depletion by human use. Examples include minerals, energy, soil, water, and biological resources.

Net Zero

Net zero refers to an overall balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere. Net zero is reached when the amount we add is no more than the amount taken away. A net-zero target requires deep reductions in emissions from business organizations.

Occupational Health

Health means: "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity." So, when business owners ask, "what does health and safety mean for me?" the answer is this: keeping your employees safe, ensuring that staff have the appropriate training and information, which in turn improves morale, efficiency, and leads to a healthy business.

Organic

The absence of human made chemicals and substances in products that come from plants or animals.

Pollution

The introduction of harmful substances into the environment. Pollution can be both natural such as ashes from volcanic eruptions or artificial such as sewage and garbage from factories, car exhaust fumes, or pesticides. Pollutants can negatively affect air, water, and soil quality.

Product Lifecycle (PLC)

Product life cycle is the process of a product's growth, maturity, and decline over time. It consists of four main stages: Introduction, Growth, Maturity, and Decline. At YTT Consulting, we agree that these are vital for a product, but the two stages "Development" and "Decline" aren't nearly covered enough. During each stage, the product experiences different levels of sales and profits. The stages of the product life cycle can be used to determine when, where, and how a company should invest in marketing and product development.

What are the 6 stages of the product life cycle?

- Development: This is the R&D and testing phase before a product is introduced to the marketplace.
- Introduction: The introduction stage is where the product is launched into the market. Examples: Generative AI, Self-driving cars, 3D televisions.
- Growth: During the growth stage, the product becomes more popular and starts to gain more attention. Examples: Smartwatches, Electric cars, Peloton.
- Maturity: At this stage, the product is established and is reaching its peak in terms of sales and profits. Examples: Smartphones, Amazon, Video game consoles.
- Saturation: competitors have begun to take a portion of the market and products will experience neither growth nor decline in sales. Examples: Streaming services, Breakfast cereals, Soft drinks.
- Decline: The decline stage is where the product starts to lose popularity and sales start to decline. Examples: CDs and cassette tapes, Landline telephones, DVDs.

The best companies will usually have products at several points in the product life cycle at any given time. Some companies look to other countries to begin the cycle anew.

Product Safety

A safe product is one that provides either no risk or a minimum acceptable level of risk, taking into account the normal or reasonably foreseeable use of the product and the need to maintain a high level of protection for consumers.

Recycling

The process of collecting, recovering, processing, and adding value to materials that are ordinarily thrown away as waste or rubbish by turning them into useful new products.

Reforestation

Reforestation involves planting tree seeds or tree seedlings in areas where there was an original forest. Reforestation can occur on land that was historically forested but was subject to another land use. It is encouraged for carbon capture from the atmosphere.

Renewable Energy

A form of energy that is generated from non-depleting and naturally replenishing sources. Renewable energy, often referred to as clean energy, comes from natural sources or processes. For example, solar power from the sun is renewable. The other most popular renewable energy sources include wind, hydro, geothermal and biomass. Energy derived from renewable sources reduces reliance on fossil fuels thereby lowering atmospheric carbon emissions.

Risk Management

Risk management is the process of identifying, assessing, and controlling financial, legal, strategic, and security risks to an organization's capital and earnings. These threats, or risks, could stem from a wide variety of sources, including financial uncertainty, legal liabilities, strategic management errors, accidents, and natural disasters.

If an unforeseen event catches your organization unaware, the impact could be minor, such as a small impact on your overhead costs. In a worst-case scenario, though, it could be catastrophic and have serious ramifications, such as a significant financial burden or even the closure of your business.

To reduce risk, an organization needs to apply resources to minimize, monitor, and control the impact of negative events while maximizing positive events. A consistent, systemic, and integrated approach to risk management can help determine how best to identify, manage, and mitigate significant risks.

Science Based Targets

Science-based targets provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

Scopes of Emission

Greenhouse gas emissions are categorised into three scopes (Scope 1, Scope 2, and Scope 3) by the widely used international corporate accounting tool, the Greenhouse Gas (GHG) Protocol.

Scope 1: Direct emissions occur from sources that are owned or controlled by the company, for example, emissions associated with fuel combustion, company vehicles and fugitive emissions.

Scope 2: Indirect emissions from the generation of purchased electricity, heat or steam consumed by the company. Scope 2 emissions physically occur at the facility where electricity is generated.

Scope 3: Indirect emissions as a consequence of the activities of the company but occur from sources not owned or controlled by the company. Some examples of Scope 3 are purchased goods and services, business travel, employee commuting, waste disposal, use of sold products and transportation and distribution.

Social Enterprise

A business with a clear social or environmental purpose, whose profits are reinvested into fulfilling their mission. They trade to tackle social problems, empower communities, create jobs, particularly for marginalised workers, or improve the environment.

In other words, A social enterprise is a business with a clear, transparent, social, or environmental purpose set out in an operational framework whose profits are earned through trading and re-invested into fulfilling their mission. They trade to tackle social problems, empower communities, create jobs particularly for marginalised workers, improve the environment, and economy.

Sustainability

Sustainability is based on the principle that everything we need for survival depends directly or indirectly on the natural ecosystem. Sustainability is the management and protection of the Earth and its natural resources to support present and future generations. It is a balance of society, economy, and environment in a holistic way. Sustainability is often thought of as a long-term goal while sustainable development refers to the many processes and pathways to achieve this.

Sustainable Development Goals (SDGs)

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs) or Global Goals, which is a blueprint to achieve a better and more sustainable future for all. This is an urgent call for action by all countries, both developed and developing, in a global partnership.

Sustainability Accounting Standard Board (SASB)

The Sustainability Accounting Standards Board (SASB) is a non-profit organization, founded in 2011 by Jean Rogers to develop sustainability accounting standards. Investors, lenders, insurance underwriters, and other providers of financial capital are increasingly attuned to the impact of environmental, social, and governance (ESG) factors on the financial performance of companies, driving the need for standardized reporting of ESG data. Just as the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have established International

Financial Reporting Standards and Generally Accepted Accounting Principles

(GAAP), respectively, which are currently used in the financial statements,

SASB's stated mission "is to establish industry-specific disclosure standards across ESG topics that facilitate communication between companies and investors about financially material, decision-useful information. Such information should be relevant, reliable, and comparable across companies on a global basis."

SASB standards are used by companies around the world in a variety of disclosure channels, including their annual reports, financial filings, company websites, sustainability reports, and more.

In June 2021, the SASB and the London-based International Integrated

Reporting Council announced their combination to form the Value Reporting Foundation (VRF). In November 2021, the IFRS Foundation announced it would consolidate the VRF and Climate Disclosure Standards Board with its own newly formed International Sustainability Standards Board (ISSB) by June 2022. This was completed by August 2022, when all the open SASB Standards projects were transitioned to the ISSB.

Sustainable Supply Chain

Sustainable supply chain refers to companies' efforts to consider the environmental and social impact of their products' journey through the supply chain, from raw materials sourcing to production, storage, delivery, and every transportation link in between. There is a growing need for integrating sustainability practices into supply chain management.

The Task Force on Climate-Related Financial Disclosures (TCFD)

TCFD provides information to investors about what companies are doing to mitigate the risks of climate change, as well as be transparent about the way in which they are governed. It was established in December 2015 by the Group of 20 (G20) and the Financial Stability Board (FSB) and is chaired by Michael Bloomberg. It consists of governance, strategy, risk management, and metrics and targets.

Origins from the Failure of the Paris Agreement: The TCFD was formed as a response to the failings of the 2015 Paris Agreement. The Agreement established nationally determined contributions (NDCs), which demonstrated each nation's own commitment to tackle climate change. On the one hand, the UN and the Centre for Climate Change Economics and Policy hailed the Agreement as 'historic' for securing NDC commitments from 189 countries. On the other hand, these contributions are also 'widely recognised as insufficient to achieve the goal of keeping global warming well below 2 °C or efforts to limit it to 1.5 °C.' One of the most significant criticisms of the NDC approach is the lack of transparency and international standards by which countries demonstrate or disclose that they are meeting their commitments.

To address the issues stemming from the 2015 Paris Agreement, the G20 and

FSB formed the TCFD. Under the chairmanship of Michael Bloomberg, the Task Force published recommendations designed to standardise worldwide climaterelated disclosures that could "promote more informed investment... and in turn, enable stakeholders to understand better concentrations of carbon-related assets in the financial sectors.

Triple Bottom Line

Triple bottom line is a business concept that suggests businesses should commit to measuring their environmental and social impact in addition to financial performance. The triple bottom line offers a framework for implementing economic, social, and environmental sustainability in an integrated way. It can be broken down into 'three Ps': Profit, People, and the Planet.

UN Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) or Global Goals are a collection of seventeen interlinked objectives designed to serve as a "shared blueprint for peace and prosperity for people and the planet, now and into the future."

The short titles of the 17 SDGs are: No poverty (SDG 1), Zero hunger (SDG 2),

Good health and well-being (SDG 3), Quality education (SDG 4), Gender equality

(SDG 5), Clean water and sanitation (SDG 6), Affordable and clean energy (SDG 7), Decent work and economic growth (SDG 8), Industry, innovation and infrastructure (SDG 9), Reduced inequalities (SDG 10), Sustainable cities and communities (SDG 11), Responsible consumption and production (SDG 12), Climate action (SDG 13), Life below water (SDG 14), Life on land (SDG 15), Peace, justice, and strong institutions (SDG 16), Partnerships for the goals (SDG 17).

The SDGs emphasize the interconnected environmental, social and economic aspects of sustainable development by putting sustainability at their center.

The Sustainable Development Goals are a call for action by all countries – poor, rich and middle-income – to promote prosperity while protecting the planet. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.

World Business Council for Sustainable Development (WBCSD)

The World Business Council for Sustainable Development (WBCSD) is a CEO-led organization of over 200 international companies. The council is also connected to 60 national and regional business councils and partner organizations.

Its origins date back to the Rio de Janeiro Earth Summit of 1992, when Stephan Schmidheiny, a Swiss business entrepreneur, was appointed chief adviser for business and industry to the secretary general of the United Nations Conference on Environment and Development (UNCED). He created a forum called "Business Council for Sustainable Development", which went on to become Changing Course, a book that coined the concept of eco-efficiency.

The WBCSD was created in 1995 as a merger of the Business Council for Sustainable Development and the World Industry Council for the Environment and is based at the Maison de la paix in Geneva, Switzerland, with offices in New York and New Delhi.

World Economic Forum (WEF)

The World Economic Forum (WEF) is an international non-governmental and lobbying organisation for multinational companies based in Cologny, Canton of Geneva, Switzerland. It was founded on 24 January 1971 by German engineer Klaus Schwab. The foundation, which is mostly funded by its 1,000 member companies – typically global enterprises with more than US$5 billion in turnover – as well as public subsidies, views its own mission as "improving the state of the world by engaging business, political, academic, and other leaders of society to shape global, regional, and industry agendas".

The WEF is mostly known for its annual meeting at the end of January in Davos, a mountain resort in the eastern Alps region of Switzerland. The meeting brings together some 3,000 paying members and selected participants – among whom are investors, business leaders, political leaders, economists, celebrities, and journalists – for up to five days to discuss global issues across 500 sessions.

Zero Carbon

Zero carbon means that no carbon emissions are being produced from a product or service. It means no carbon is given off at all. For example, energy sources such as solar and wind do not create carbon emissions when they are used to produce electricity, therefore, we refer to these sources as zero carbon.

Zero Waste

Zero waste involves the conservation of natural resources through lean and responsible production, consumption, reuse, and recovery of products including packaging and material use without burning or discharges into water, land, or air. Zero waste reduces both the threat to the environment and human health.

Standard & Poor's (S&P ESG score – feeds into Dow Jones Sustainability Index

(DJSI) aka Corporate Sustainability Assessment (CSA)

Workiva

Workiva, Inc. is a global software-as-a-service (SaaS) company. It provides a cloud-based connected and reporting compliance platform that enables the use of connected data and automation of reporting across finance, accounting, risk, and compliance.

Workiva's primary product is Wdesk, a cloud-based enterprise software-as-a service platform that enables companies to collect, manage, report, and analyse critical business data in real-time. Wdesk also allows companies to manage and file financial and compliance documents to regulatory agencies.

The Wdesk platform integrates information from disparate content formats, including spreadsheets, presentation documents, emails, and other unstructured data, into a single cloud-based report.

In July 2014, the company's name was changed to Workiva LLC, and was converted into a Delaware LLC in September 2014.

To learn more about ESG and sustainability-related models, don't hesitate to contact **YTT Consulting**!