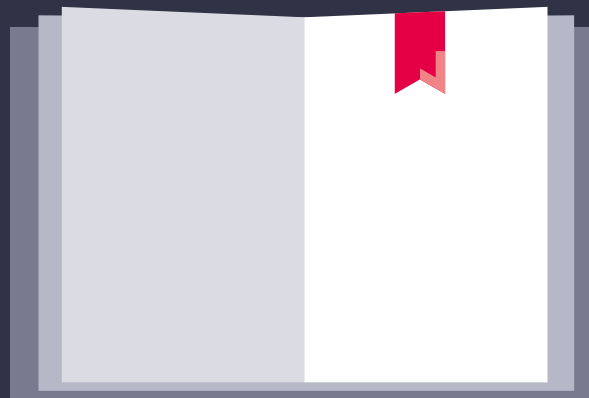


ESG Glossary



➤ Adaptation

The process of changing to suit different conditions. In the context of climate change, this is to be understood as the process in which a company or a group of people or a person changes slightly over time to be able to continue to exist in a particular environment or a change in accordance to suit the new environment.

Source: https://ec.europa.eu/clima/eu-action/adaptation-climate-change_en

➤ Biodiversity

A term that describes the variety of life on Earth and is specifically used to refer to all of the species in one region or ecosystem.

Source: <https://www.nationalgeographic.org/encyclopedia/biodiversity/>

➤ BREEAM

Building Research Establishment Environmental Assessment Method.

Source: <https://www.breeam.com>

➤ Brown Industries

A term that refers to the highest greenhouse gas emitting industries.

➤ Carbon dioxide / CO₂

A greenhouse gas that has been linked to global warming.

Source: <https://www.britannica.com/science/carbon-dioxide>

➤ Carbon footprint

The measure of the total greenhouse gas emissions produced by an individual, group, or company.

Source: <https://timeforchange.org/what-is-a-carbon-footprint-definition/>

➤ Carbon offset

Carbon offsets are reductions in CO₂ or other GHG made to compensate for emissions made elsewhere; measured in tonnes of carbon dioxide-equivalent (CO₂e).

Source: <https://www.weforum.org/agenda/2019/06/what-is-carbon-offsetting/>

➤ Carbon sequestration

The process of capturing and storing atmospheric carbon dioxide. It is one method of reducing the amount of carbon dioxide in the atmosphere.

Source: <https://www.eea.europa.eu/help/glossary/eea-glossary/carbin-sequestration>

➤ CDP

Carbon Disclosure Project (CDP), a not-for-profit that runs a disclosure system for investors and companies.

Source: <https://www.cdp.net/en>

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➤ Circular Economy

A circular economy is a systematic approach to economic development with the goal of eliminating waste by focusing on a regenerative design and attempting to promote growth while reducing the consumption of finite resources.

Source: <https://ellenmacarthurfoundation.org/topics/circular-economy-introduction/overview>

➤ CSR Report

Corporate Social Responsibility report.

Source: <https://online.hbs.edu/blog/post/what-is-a-csr-report>

➤ CSRD

The Corporate Sustainability Reporting Directive.

Source: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en

➤ Diversity and inclusion

Diversity refers to gender, sexual orientation, age, race, religion, disability, or other characteristics differences that people have. Inclusion is about celebrating those differences, challenging inequality, and ensuring people feel respected.

Source: <https://www.harvardbusiness.org/start-here-a-primer-on-diversity-and-inclusion-part-1-of-2/>

➤ DNSH

Do no significant harm.

Source: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>

➤ Double Materiality

Double materiality has two dimensions, namely: impact materiality and financial materiality. A sustainability matter is material from an impact perspective when it pertains to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- or long-term. A sustainability matter is material from a financial perspective if it triggers or could reasonably be expected to trigger material financial effects on the undertaking.

Source: [Draft ESRS](#)

➤ ESB

Earth System Boundaries (ESB) are the safe and just boundaries for the Earth system to ensure stable and resilient conditions on Earth, and just boundaries minimise human exposure to significant harm.

Source: <https://www.stockholmresilience.org/5.7b3ce00418851b7150b8657.html>

➤ EGD

European Green Deal.

Source: https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

➤ EPC

Energy performance certificate.

Source: https://ec.europa.eu/energy/eu-buildings-factsheets-topics-tree/energy-performance-certificates_en

➤ ESG

Environmental, Social and Governance.

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➤ ETS

Emission trading systems.

Source: https://ec.europa.eu/clima/policies/ets_en

➤ GHG

Greenhouse gas.

Source: <https://www.epa.gov/ghgemissions/overview-greenhouse-gases>

➤ Green-bleaching

Fund managers that invest in sustainable activities but refrain from claiming so to avoid the data problems arising from the disclosure obligations.

Source: https://www.esma.europa.eu/sites/default/files/library/esma22-106-4032_-_smmsg_advice_on_mifid_suitability_guidelines.pdf

➤ Greenwashing

Promoting a product, service, or company as more environmentally friendly than it truly is by falsely advertising environmental benefits.

Source: <https://dictionary.cambridge.org/dictionary/english/greenwashing>

➤ GRI

Global Reporting Initiative (GRI): GRI issues broad reporting standards for sustainability. After a recent update, it now consists of 36 individual reporting standards. Participating companies are required to incorporate three general standards, and are free to opt-in to additional subject-specific standards if they decide these standards are “material” to their business model.

The Global Reporting Initiative is an independent organization that lays out a set of international standards to help business and government entities understand and communicate their impact on issues like climate change and human rights.

Source: <https://www.globalreporting.org>

➤ IPCC

The International Panel on Climate Change is a body created by the United Nations with the intention of providing scientific assessments on climate change, its impact, and future risks, as well as suggestions for mitigating impact and disruptions.

Source: <https://www.ipcc.ch>

➤ Impact Investing

Describes the approach to investments aimed at generating measurable and positive social and environmental outcomes, where financial performance is not the priority but the outcomes are.

Source: <https://thegiin.org/>

➤ LCBMR

Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris aligned Benchmarks and sustainability-related disclosures for benchmarks (The Low-Carbon Benchmark Regulation).

Source: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R2089>

➤ Mitigation

Reduction of something harmful or the reduction of its harmful effects.

Source: <https://climate.nasa.gov/solutions/adaptation-mitigation/>

➤ MSEG

Member States Expert Group.

Source: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance_en

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➤ Nature-Based Solutions

Solutions that are inspired and supported by nature, which are cost-effective, simultaneously provide environmental, social and economic benefits and help build resilience. Such solutions bring more, and more diverse, nature and natural features and processes into cities, landscapes and seascapes, through locally adapted, resource-efficient and systemic interventions.

Source: https://ec.europa.eu/info/research-and-innovation/research-area/environment/nature-based-solutions_en

➤ NACE classification of economic activities

The Statistical Classification of Economic Activities in the European Community, commonly referred to as NACE is the industry standard classification system used in the European Union. The current version is revision 2 and was established by Regulation (EC) No 1893/2006. It is the European implementation of the UN classification ISIC, revision 4.

Source: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32006R1893>

➤ NFRD

Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (The Non-Financial Reporting Directive).

Source: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0095>

➤ PAIs

Principal Adverse Impacts.

Source: <https://eur-lex.europa.eu/eli/reg/2019/2088/oj>

➤ Paris Agreement

A legally binding international treaty on climate change, to limit global warming. It was adopted by 196 Parties at COP 21 in Paris in December 2015 and entered into force on 4 November 2016.

Source: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

➤ PRI

The United Nations Principles for Responsible Investments.

Source: <https://www.unpri.org>

➤ Renewable energy

Energy is attained from perpetual, unending sources, such as a collection of energy with solar panels or wind turbines.

Source: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018L2001>

➤ SASB

Sustainability Accounting Standards Board (SASB): SASB has developed industry-specific standards for company sustainability. It has convened a series of consultative groups comprised of industry, civil society and academic experts over the last several years to develop means for evaluating 79 industries in 10 sectors.

Source: <https://www.sasb.org>

➤ SBTs

Science-Based Targets.

Source: <https://sciencebasedtargets.org>

➤ Scope 1 Activities

Carbon Emissions: Company's activities (scope 1-2): company's vehicles and energy (Fossil fuels).

Source: <https://compareyourfootprint.com/difference-scope-1-2-3-emissions/>

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➤ Scope 2 Activities

Carbon Emissions: Company's activities (scope 1-2): company's vehicles and energy (energy).

Source: <https://compareyourfootprint.com/difference-scope-1-2-3-emissions/>

➤ Scope 3 Activities

Carbon Emissions of upstream and downstream activities.

Source: <https://compareyourfootprint.com/difference-scope-1-2-3-emissions/>

➤ SDGs

United Nations Sustainable Development Goals.

Source: <https://sdgs.un.org/goals>

➤ SFDR

Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (The Sustainable Finance Disclosure Regulation).

Source: <https://eur-lex.europa.eu/eli/reg/2019/2088/oj>

➤ Stewardship

This term in the context of the fund management industry relates to the responsibility of investment managers to act responsibly in accordance with their fiduciary duty. It requires promoting sound corporate governance practices and business practices consistent with long-term value creation for shareholders in the company.

Source: <https://www.frc.org.uk/investors/uk-stewardship-code>

➤ Stranded Assets

An asset that once produced value or profit, but doesn't anymore due to impacts caused by regulatory, societal changes or other mega-trends.

Source: <https://carbontracker.org/terms/stranded-assets/>

➤ Sustainable Activities

Economic activities that qualify as sustainable in relation to ESG matters.

Source: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852&qid=1623452342782>

➤ Sustainable Investments

Sustainable Investments place an emphasis on investing with environmental, social, and governance-related (ESG) insights to improve long-term outcomes.

Source: <https://www.cfainstitute.org/en/research/esg-investing/sustainable-investing>

➤ Taxonomy

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (The Taxonomy Regulation).

Source: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>

➤ TCFD

The Task Force on Climate-related Financial Disclosures established by the Financial Stability Board (FSB) to develop recommendations for more effective climate-related disclosures. The TCFD's 2017 Final Report sets out recommendations for helping businesses disclose climate-related financial information.

Source: <https://www.fsb-tcfd.org>

➤ TEG

Technical Expert Group on Sustainable Finance.

Source: https://ec.europa.eu/info/publications/sustainable-finance-technical-expert-group_en

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➤ TNFD

The Taskforce on Nature-related Financial Disclosures aims to develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature-related risks, with the ultimate aim of supporting a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes.

Source: <https://tnfd.global/about/>

➤ Transition Activities

Refers to activities that facilitate the transition to a carbon-neutral economy.

Source: <https://www.europarl.europa.eu/news/en/press-room/20191217IPR69202/climate-change-new-rules-agreed-to-determine-which-investments-are-green>

➤ Transition Risks

Transition risks relate to risks associated with moving towards a less polluting, green economy.

Source: <https://www.weforum.org/agenda/2021/03/climate-policies-transition-risks/>

➤ UN Global Compact

A global corporate sustainability initiative, calling on companies, investors and other participants to align their strategies and operations with universal principles on human rights, labour, environment and anti-corruption.

Source: <https://www.unglobalcompact.org>

➤ UNGPRF

UN Guiding Principles Reporting Framework (UNGPRF): UNGPRF provides a series of 31 questions to assist companies in communicating how they are integrating human rights considerations into their operations.

Source: <https://www.ungpreporting.org/framework-guidance/>

➤ WBA

World Benchmarking Alliance.

Source: <https://www.worldbenchmarkingalliance.org>

➤ Zero waste

A set of principles focussed on products and productions having no waste is sent to landfills.

Source: <https://zwia.org/>

This document will be updated periodically to reflect any additional ESG related terminology.

This document was last updated on 20 June, 2023.

For any ESG, SFDR and Sustainable Finance related queries, please contact Zeidler Group's ESG legal advisory services team. Email: ESG-legal@zeidlerlegalservices.com