

LATHAM & WATKINS<sup>LLP</sup>

*The*  
**BOOK**  
*of*  
**JARGON<sup>®</sup>**  
Environmental, Social  
& Governance

A Latham & Watkins Glossary of  
ESG Slang and Terminology

First Edition



On behalf of the World Business Council for Sustainable Development (WBCSD), I am delighted to co-present Latham & Watkins' *Book of Jargon*® on environmental, social, and governance (ESG) issues, bringing much-needed clarity and understanding to a dynamic — and sometimes misunderstood — subject area.

2020 marks the 25th anniversary of WBCSD helping businesses navigate sustainability opportunities and risks. At WBCSD, we see how progressive businesses are taking a lead in cultivating solutions — in areas such as patterns of consumption and waste, climate change, and human rights — to ensure that businesses create long-term value and contribute to the Sustainable Development Goals (SDGs) and climate targets. Such solutions cannot be created in silos.

The COVID-19 pandemic has caused unprecedented disruption to our daily lives and to the world at large. The complex challenges we face — health, economic, social, and environmental — require meaningful dialogue across borders, industries, and sectors, now more than ever. This ESG *Book of Jargon*® lays the foundation for clearer, more precise, and transparent use of language around ESG and sustainable development.

By helping to build knowledge and shared understanding, this book can foster deeper, more productive conversations among stakeholders from all professional backgrounds. With a shared vocabulary, we can move toward better collaboration and better outcomes.

As the Managing Director of the WBCSD's Redefining Value Program, I have experienced firsthand the power and synergies of collaborative work. Our goal is to improve decision-making and external disclosure, eventually transforming the financial system to reward the most sustainable companies. A crucial piece for this transformation is to have understandable, comparable, and relevant ESG information. These solutions, such as the Task Force on Climate-related Financial Disclosures, require myriad stakeholders and business departments talking together in an inclusive and understandable way.

By aligning and harmonizing our understanding of ESG concepts, we can create actionable mainstream solutions across disciplines. We have seen this process repeatedly among our WBCSD members: an idea communicated through stakeholder dialogues is transformed into impactful global projects incorporating a whole value chain from small-holder farmers to end consumers.

I invite you to browse the definitions in the *Book of Jargon*®, let words catch your eye, and be inspired by the global innovations and solutions that have already been created and implemented.

A handwritten signature in black ink that reads "Rodney Irwin". The script is fluid and cursive, with the first letters of "Rodney" and "Irwin" being capitalized and prominent.

Prof. Dr. Rodney Irwin  
Managing Director & Senior Management Team,  
Redefining Value & Education  
World Business Council for Sustainable Development (WBCSD)

Latham & Watkins is pleased to co-present *The Book of Jargon*<sup>®</sup> — *Environmental, Social & Governance*, a comprehensive digital glossary of 1,000 ESG terms developed for the business, academic, and legal community, with the World Business Council for Sustainable Development. Lawyers from across Latham's departments collaborated to craft concise definitions for frequently used terms to help readers understand a rapidly expanding, increasingly important subject area.

With the launch of *The Book of Jargon*<sup>®</sup> — *Environmental, Social & Governance*, Latham's *Book of Jargon*<sup>®</sup> series now includes 14 titles, providing readers a comprehensive A-Z library.

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The definitions provide an introduction to each term and may raise complex legal issues on which specific legal advice is required. Some of the terms reference laws, regulations, or standards that have been replaced or updated but that have historical significance. The terms are also subject to change as applicable laws and customary practice evolve. Latham & Watkins does not endorse the specific standards, laws, or frameworks described in this publication.

*If you have suggestions for additional terms or expanded or clarified definitions for the current terms, email [esgglossary@lw.com](mailto:esgglossary@lw.com).*

**1.5°:** a Paris Agreement goal to pursue efforts to limit global warming to 1.5°C above pre-industrial levels in order to reduce the risk of the most significant projected impacts of climate change. A 2018 IPCC report found that limiting warming to 1.5°C would require a 45% decrease in net emissions by 2030 and achievement of net zero emissions by 2050.

**Access and Affordability:** the ability of a company to ensure broad access to its products and services, specifically in the context of underserved markets and/or population groups. Access and Affordability includes the management of issues related to universal needs, such as the accessibility and affordability of healthcare, financial services, utilities, education, and telecommunications. The SASB has identified Access and Affordability as an issue likely to affect the financial condition or operating performance of a company, and investors may now request metrics that measure whether the services a company provides can be purchased by people across income levels.

**Acclimate / Acclimation:** the adaptation to changes in the natural environment. Acclimation often relates to the adjustments society makes in response to the long-term effects of Climate Change.

**Acid Rain:** precipitation that contains oxides of nitrogen (NOx) and sulfur dioxide (SO<sub>2</sub>). When these molecules are emitted into the Atmosphere, they can form nitric and sulfuric acids. These acids then return to the earth when it rains, often disturbing the natural environment. Common sources of NOx and SO<sub>2</sub> are power plants that run on Fossil Fuels. Technological advances have limited the emission of SO<sub>2</sub> from many industrial facilities and the associated formation of Acid Rain.

**Acidification Potential:** a quantifiable number that provides a measure of the decrease in the pH value of a medium. For example, NOx is a molecule that alters the pH of organic and inorganic materials, making them more acidic.

**Active Ownership:** the use of shareholder rights to influence a company's business operations. For example, an environmentally conscious shareholder may intentionally purchase a significant amount of stock within a Fossil Fuel company to reduce the company's negative Environmental Impact.

**Activity Metrics:** data points that measure a company's ability to use its resources efficiently. Analysts view Activity Metrics to gauge

management effectiveness. For SASB purposes, Activity Metrics may include high-level business data such as total number of employees, facilities, and customers as well as quantity of products or services provided. Activity Metrics may also include industry-specific data such as plant capacity utilization, number of transactions, and proven and probable reserves.

**Activity-Based Costing / ABC:** a method used to determine the entire cost of all activities needed to create a product. Investors who believe that many commodities are underpriced often prefer ABC. Currently, prices for goods do not always account for the external costs incurred on the natural environment to create those goods.

**Acute Risks:** the TCFD categorizes climate-related physical risks as acute or chronic. Acute Risks include increased severity of typhoons and floods.

**Afforest / Afforestation:** the act of planting trees in barren land to grow a forest. Afforestation differs from Reforestation, which is the act of planting native trees in areas with a dwindling tree population.

**Afghanistan National Renewable Energy Policy (2015):** a policy to increase the amount of Renewable Energy usage in Afghanistan. The country aims to reach 350 to 450 MW of Renewable Energy capacity by 2032.

**Air Pollution:** a mixture of particles, chemicals, and gases in the air that typically results in deleterious effects, including on human health.

**Air Quality:** the condition of the air as it relates to Air Pollution. Relevant airborne particles include, but are not limited to, oxides of nitrogen (NOx), oxides of sulfur (SOx), Volatile Organic Compounds, heavy metals, Particulate Matter, and CFCs. Analysts look at a company's management of Air Quality impacts resulting from stationary and mobile sources as well as industrial Emissions. The SASB has identified Air Quality as an issue likely to affect the financial condition or operating performance of a company.

**Albedo Effect:** a measure of how much light that hits a surface is reflected without being absorbed. Lighter surfaces are reflective and therefore absorb less light and have higher albedo, while darker surfaces absorb more light, indicating a lower albedo. The more light

that is absorbed, the warmer a surface is. For example, asphalt typically holds more heat than grass. Because of the Albedo Effect, urban areas with less vegetation, more infrastructure, and darker surfaces can experience higher average temperatures than surrounding suburban or rural areas, a phenomenon known as the “Urban Heat Island effect.”

**Alternative Energy Target:** a goal often announced by a national or state government to increase the share of Renewable Energy within a country’s or state’s power generation portfolio.

**Alternative Fuels:** transportation fuels that are derived from sources other than petroleum. Often they produce less pollution than gasoline or diesel. Examples include: ethanol, methanol, butanol, vegetable oils, waste-derived oils, and electricity.

**Alto Orinoco-Casiquiare Biosphere Reserve:** an area of 8,266,230 hectares that comprises approximately 20% of the Venezuelan Amazon region and is inhabited predominately by the Yanomami and Ye'kwana indigenous peoples. This area was given protected status in 1992.

**American Recovery and Reinvestment Act of 2009 / ARRA:** a US stimulus package that introduced supplemental appropriations aimed at job preservation and creation, infrastructure investment, Energy Efficiency and science, assistance to the unemployed, and state and local fiscal stabilization.

**Anaerobic Digestion:** the natural process in which microorganisms break down organic materials. Anaerobic Digestion occurs in closed spaces where there is no oxygen. Organic materials that can be processed via Anaerobic Digestion include animal manure; food scraps; fats, oil, and grease; industrial organic residuals; and Sewage sludge (or biosolids).

**Anaerobic Respiration:** the process of transferring energy from glucose (a form of sugar) to cells without the use of oxygen. Anaerobic Respiration transfers large amounts of energy quickly.

**Anode:** the electrode (or electric conductor) from which electrons leave a system. In a rechargeable battery, the Anode is negatively charged when the device is being powered (galvanic mode) and positively charged when the battery is being recharged (electrolytic mode). In contrast, see Cathode.

**Anthropocene:** the earth's current geologic time period, which began with the end of the last glacial period, around 8000 BC. In the Anthropocene era, human activity has dramatically altered numerous earth systems.

**Anthropocentric:** the belief that humans are the central or most significant entities in the world. Anthropocentrism considers humans to be “separate from and superior to nature and holds that human life has intrinsic value, while other entities ... are resources that may justifiably be exploited.” Source: Encyclopedia Britannica

**Anthropogenic CO2:** carbon dioxide that is emitted into the air due to human activity. This activity includes, among other things, the burning of Fossil Fuels, Deforestation, and land-use changes.

**Anti-Bribery:** the act of issuing policies, regulations, or procedures to inhibit bribery as defined as the offer or request of an item of value to induce the decisions and/or actions of persons subject to public, legal, or ethical responsibilities.

**Anti-Corruption:** the act of issuing policies, regulations, or procedures to inhibit corruption as defined as the use of power for individual benefit.

**Antigua and Barbuda Environmental Protection and Management Act (2015):** a law that describes a collaborative approach between the government, civil society, and other relevant stakeholders to control and regulate environmental pollution. This law also outlines duties of the state, local municipalities, and courts with respect to promoting an understanding of the natural environment.

**Antigua and Barbuda Renewable Energy Act (2015):** a law that aims to increase the use of Renewable Energy in Antigua and Barbuda.

**Aquaculture:** the cultivation of marine or freshwater organisms in a controlled environment. Aquaculture is a method of food production that is often used to provide year-round sources of nutrition, maintain year-round employment, and recover fish stocks.

**Aqueduct Water Risk Atlas Tool:** a mapping tool created by the World Resources Institute that helps companies, investors, governments, and other users understand where and how water risks and opportunities are emerging worldwide. Source: World Resources Institute

**Aquifer:** a body of permeable rock that can contain or transmit groundwater. Overuse of groundwater supplies can cause Aquifer depletion and impact water wells.

**Arduour Global Alternative Energy Index:** an index of companies in the alternative energy space, with a special focus on Renewable Energy. The index includes companies of a certain size around the world and contains relevant information about their business operations.

**Argentina Joint Resolution 1/2018 Creating the Environmental Sustainability and Insurance Program (2018):** a statute that promotes Argentina's Reforestation initiative, which aims to stimulate the extension of current forests so that Argentina can be a competitive force in the sustainable forestry market.

**Argentina Law No. 27191 on Renewable Energy (2015):** a law that outlines Argentina's Renewable Energy targets through 2025, establishes a fund for financing Renewable Energy projects, and defines minimum Renewable Energy requirements for large consumers. The law aims to achieve a minimum of 20% of total electricity consumed from renewable sources by 2025. Source: Climate Change Laws of the World

**Argentina Law No. 27424 Creating the Promotion Regime for Distributed Generation of Renewable Energy Integrated in the Public Electricity Grid (2017):** a law that includes incentives, legal considerations, and contractual conditions so that Argentine citizens can generate Renewable Energy for their homes and sell surplus energy back to the national energy grid.

**Argentina National Climate Change Cabinet (2016):** a Cabinet that was formed to develop Climate Change policies across national departments, including the Ministries of Energy, Economic Development, Agriculture, Transport, Environment, Social Development, Education, Science, Interior, Culture, and Foreign Affairs.

**Arista Standard:** a set of voluntary guidelines, principles, and norms that aim to ensure that the research conducted by responsible investment research groups is of high quality, transparent, and accountable.

**Asset-Based Community Development / ABCD:** an approach to sustainable, community-driven development based on the premise

that communities can drive the development process themselves by identifying and mobilizing existing but often unrecognized assets, thereby responding to challenges and creating local social improvement and economic development.

**Asymptomatic:** when an individual demonstrates no apparent signs of having an illness or disease. In the context of COVID-19, individuals who are Asymptomatic could still be carrying the virus. This increases the social and public health consequences of the Pandemic as individuals carrying the virus might unknowingly transmit it to others. In contrast, see Symptomatic.

**Atmosphere:** a group of gases surrounding the earth. The Atmosphere is 300 miles thick and made up of several layers, including the troposphere, stratosphere, mesosphere, and thermosphere. It is 78% nitrogen and 21% oxygen, with the rest composed of carbon dioxide, argon, and other gases. The Atmosphere is important for maintaining the global temperature of the earth and shields organisms from dangerous radiation.

**Australia Carbon Farming Initiative (2014):** a crediting system that rewards farmers and land managers, among other entities, for avoiding carbon dioxide Emissions, reducing Emissions, or removing carbon dioxide directly from the Atmosphere and storing it. This policy applies to both land-based and non-land-based sectors of the economy.

**Australia National Climate Resilience and Adaptation Strategy (2015):** a strategy to manage extreme weather linked to Climate Change. Aspects of this strategy include thorough and accurate information related to weather events and long-term climate projections, investment in emergency management, investment in safeguarding infrastructure, and funding for leadership training.

**Australia National Energy Productivity Plan 2015-2030 (2015):** a plan to increase energy productivity in Australia by 40% between 2015 and 2030. The plan seeks to foster competition between various sources of energy so that consumers can exercise choice and experience lower energy costs. The plan also seeks to increase efficiency in buildings, equipment, and vehicles.

**Australian Water Accounting Standards Board:** a board of experts that institutes a procedure for identifying, quantifying, and reporting information about Australia's water.

**Available Energy:** a term in thermodynamics that refers to the greatest amount of work exerted by a system that is fueled by a substance that has not had any external energy added to it.

**B Corporation:** a certified B Corporation is a business structure that balances purpose and profit. B Corporations are legally required to consider the impact of their decisions on the environment, workers, customers, suppliers, and communities.

**Bahamas Electricity Act (2015):** a law that establishes a nationalized energy power generation corporation. This corporation, pursuant to enactment of the law, must increase the proportion of Renewable Energy over a specified period.

**Bangladesh Climate Fiscal Framework (2014):** a policy that prioritizes Climate Finance as a means for fueling Bangladesh's Climate Change adaptation and mitigation efforts. The policy advances principles that foster stakeholder collaboration, result management, and Sustainable Development.

**Base of the Pyramid:** an economic term that refers to the nearly two-thirds of humanity living in poverty. Base of the Pyramid also refers to a market-based model of economic development that seeks to bring economic opportunity to those in widespread poverty while providing growth and profits for multinational corporations.

**Base Year:** typically the first year used to begin calculating an economic or financial index. Base Year is usually set to an arbitrary level of 100.

**Baseline Water Stress:** the ratio of Water Withdrawal to the amount that is replenished. The higher the ratio, the more likely that consumers are depleting a water resource faster than it is being replaced. See SASB.

**Baseload Power:** the minimum amount of power that needs to be produced at any given time to meet energy demand. Baseload Power plants are normally operated continuously to meet energy demand. Certain types of Renewable Energy, such as Geothermal Energy, are operated in a Baseload Power fashion. The development of Energy Storage technologies is expected to enhance the ability of Renewable Energy generally to maintain the energy demand of the grid system. In contrast, see Intermittent Power.

**Belgian National Adaptation Plan 2017-2020:** a plan that invests in infrastructure, Human Capital, and training to mitigate the effects of Climate Change in Belgium.

**Benin Law No. 2018/18 on Regulating Climate Change (2018):** a law that seeks to contain the effects of Climate Change by promoting adaptation and mitigation measures. These measures are meant to protect land, water, air, and other Natural Resources. The law also lays out a framework for a Carbon Tax within Benin.

**Benin Low Carbon and Climate Change Resilient Development Strategy 2016-2025:** a strategy that provides for adapting to the effects of Climate Change by strengthening the resilience of communities and reducing the amount of GHGs produced in Benin as it develops economically.

**Bioaccumulate / Bioaccumulation:** the gradual increase of toxic materials in an organism. For example, both naturally occurring and man-made toxins can concentrate in organisms, particularly those at higher trophic levels in a Food Chain where a succession of organisms eat others and then are eaten themselves. For example, Bioaccumulation of mercury can occur in fish (plankton > small fish > bigger fish). Toxins such as mercury pose a threat not only to the fish but also to the organisms that eat the fish, including humans.

**Biocapacity:** the ability of an area to provide Natural Resources while also absorbing the resulting waste from the use of those resources.

**Biochemical Cycle:** the circular movement and transformation of chemicals throughout an ecosystem. In the wetlands context, the Biochemical Cycle is strongly influenced by wetland conditions and affects the flow of materials through wetlands, determining overall wetland productivity.

**Biodegrade / Biodegradable:** the capability of being decomposed by a living organism without negatively impacting the surrounding environment. For example, when a substance Biodegrades into carbon dioxide, water, and other naturally occurring minerals, the substance mixes back into the earth, leaving no toxins behind.

**Biodiversity:** the wide-ranging variety of life forms that inhabit a particular Habitat or ecosystem. Biodiversity or a lack thereof can have important implications for the health of the world's ecosystems.

**Biodiversity Action Plan:** an internationally recognized plan that was developed to address threatened species and Habitats and protect and restore biological systems. The idea of Biodiversity Action Plans originated at the 1992 Convention on Biological Diversity.

**Biodiversity Offset:** according to the Global Bioeconomy Summit, Bioeconomy refers to the production, utilization, and conservation of biological resources — including related knowledge, science, technology, and innovation — to provide products, processes, and services across economic sectors, to foster a sustainable economy.

**Bioeconomy:** a mechanism for compensating for Biodiversity loss due to economic activity. Biodiversity Offsets are “only appropriate for projects that have rigorously applied the mitigation hierarchy framework, a widely accepted approach for Biodiversity conservation.” Source: International Union for Conservation of Nature

**Biofuel:** a type of fuel that is created from biological processes. For example, ethanol is a type of Biofuel produced from the fermentation of corn sugars by yeast bacteria.

**Biological Pest Control:** the use of natural enemies, with human oversight, to reduce the population of pests. “Natural enemies of insect pests, also known as biological control agents, include predators, parasitoids, and pathogens.” Source: Cornell University College of Agriculture and Life Sciences

**Biomass:** a type of fuel typically derived from organic materials and/or processes that is then used to produce electricity or alternative forms of energy. Common forms of Biomass include wood, manure, Landfill gas, Biomass Gas, ethanol, and biodiesel.

**Biomass Energy:** energy produced from Biomass.

**Biomass Gas:** a form of fuel produced from the breakdown of waste. For example, bacteria can produce Methane gas when they decompose organic waste products. This gas can then be captured, burned, and used to produce electricity. Biomass Gas is also known as biogas.

**Biome:** an area of the planet that can be classified according to the plants and animals that live in it. Temperature, soil, and the amount of light and water help determine what life exists in a Biome.

**Biomimicry:** an approach to innovation that seeks sustainable solutions to man-made problems by emulating nature's patterns and strategies. Biomimicry also occurs naturally in the wild.

**Biophysical:** the use of traditional approaches in physics to understand biological phenomena.

**Bioremediation:** a process that uses mainly microorganisms, plants, or microbial or plant enzymes to detoxify contaminants in the soil and other environments.

**Biosphere:** the layer of the earth where life exists. The Biosphere can range from 10 kilometers above Sea Level to the depths of the ocean. The Biosphere includes, for example, the Puerto Rico Trench, which is about 8 kilometers below Sea Level.

**Biosphere Reserve:** an internationally recognized area comprising a terrestrial, marine, or coastal ecosystem. Biosphere Reserves promote solutions reconciling the conservation of Biodiversity with their sustainable use. Biosphere Reserves are nominated by national governments and remain under the sovereign jurisdiction of the states where they are located.

**BIST Sustainability Index:** a platform used by investors to identify companies within the stock exchange Borsa Istanbul that are committed to replicating sustainable practices throughout their business operations.

**Bloomberg ESG Disclosure Scores:** metrics that measure how well a company is implementing ESG programs. The metrics help investors determine which companies are reflecting their sustainability commitments in their business operations.

**Blue Bond:** a form of activity-based Sustainable Finance analogous to a Green Bond but distinguished for focusing both more narrowly on ocean or marine-based environmental conditions and also more broadly on the Sustainable Development of related terrestrial industries such as value-added processing facilities.

**Blue Water:** fresh surface and groundwater, such as the water in freshwater lakes, rivers, and Aquifers. In a marine context, Blue Water refers to the deep blue ocean or open sea.

**Board Resolution:** a document outlining a decision made by a corporation's board of directors on behalf of the organization. Board Resolutions can be mediums for large-scale change.

**Bosnia and Herzegovina Law on Energy Efficiency (2017):** a law that seeks to increase the efficiency of energy production related to Bosnia and Herzegovina's electricity, heating, and cooling needs.

**Botswana National Development Plan (2017-2023):** a policy that outlines the measures Botswana must take to develop in accordance with the Sustainable Development Goals, such as using Sustainable Development as a means for reducing the level of poverty in the country. The policy calls for investing in Human Capital, diversified forms of economic activity, national security, sustainable use of natural resources, and tools to evaluate and monitor progress.

**Bottom-Up Approach:** the use of team-based discussion, community involvement, and robust dialogue to make decisions and implement change. Power is shared by the community instead of wielded by a few at the top of a hierarchy.

**Brazil Law No. 13.186 on the Policy for Education on Sustainable Consumption (2015):** a law that aims to inform consumers and companies on how to practice ecologically sustainable habits. It emphasizes the importance of using fewer resources for personal needs. It also encourages companies to develop ESG practices using the Sustainable Development Goals as a guide.

**Brazil Law No. 13.203 on Renegotiation of the Hydrological Risk of Electricity Generation and Other Matters Related to Electricity Generation (2015):** a law that addresses problems related to Brazil's water system and introduces incentives that benefit the Renewable Energy sector. Hydropower companies, for example, can protect themselves against periods of low rainfall by purchasing Renewable Energy. The Brazilian government can also offer rebates to Renewable Energy companies to reduce the cost of electricity distribution.

**Brazil Law No. 13.576 on National Biofuel Policy (2017):** a law that establishes a national biofuel program called RenovaBio, whose chief duties include certifying Biofuels, reducing GHG Emissions, and fostering carbon Cap and Trade programs.

**Brundtland Commission Report:** in 1987, the World Commission on Environment and Development, chaired by Gro Harlem Brundtland, issued a report titled “Our Common Future.” This report, now known as the Brundtland Commission Report, communicated the relationship between poverty around the world and the natural environment. It is also credited with establishing a viable definition of Sustainable Development. According to the Brundtland Commission Report, Sustainable Development is the process of meeting the needs of today without jeopardizing the needs of future generations. In this preeminent work, Brundtland laid the foundation for the Sustainable Development Goals.

**BTU:** a measure of the heat content of fuels or energy sources. A BTU, or British Thermal Unit, is the quantity of heat required to raise the temperature of 1 pound of liquid water by 1°F at the temperature that water has its greatest density (approximately 39°F). BTUs are often used as a common unit of measurement in order to compare the energy content of fuel.

**Building Research Establishment Environmental Assessment Method / BREEAM:** an international method of certification to help third parties evaluate the sustainability performance of individual buildings, communities, and infrastructure.

**Bulgaria Climate Change Mitigation Act (2014):** a law that harmonizes Bulgaria’s economic activity with European law on Climate Change, the UNFCCC, and the Kyoto Protocol. The law provides goals and guidelines for increasing Energy Efficiency and reducing GHG Emissions by 2020.

**Bureau of Land Management:** an agency within the US Department of the Interior that is responsible for managing public lands for their various uses, such as energy development, animal agriculture, recreation, and timber.

**Burkina Faso Decree No. 2015-1189 Adopting the National Adaptation Plan for Climate Change (2015):** a law that aims to help prepare Burkina Faso for extreme weather related to Climate Change. It calls for significant investment in forestry, agriculture, health services, Renewable Energy expansion, livestock, and infrastructure.

**Burundi Decentralized Rural Electrification Strategy (2015-2017):** a plan to increase off-grid Renewable Energy production in Burundi. The plan establishes regulatory frameworks and public-private partnerships to promote Renewable Energy in the country.

**Business Ethics:** policies and practices regarding potentially controversial subjects including Corporate Governance, insider trading, bribery, discrimination, Corporate Social Responsibility, and fiduciary responsibilities. See SASB.

**Business Ethics and Payments Transparency:** a sustainability disclosure topic measured by: (i) the percentage of proved and probable reserves in countries that have the 20 lowest rankings in the Corruption Perceptions Index and (ii) a description of the management system for the prevention of corruption and bribery throughout the value chain. See SASB.

**Business for Nature:** a global umbrella coalition calling for action to reverse nature loss and restore natural systems on which economies, wellbeing, and prosperity depend.

**Business Model Innovation:** the act of accumulating long-term value by delivering services to customers in a new, more efficient manner. In response to technological changes, a firm may have to revamp the entire business model to remain competitive.

**Business Model Resilience:** an industry's capacity to manage risks and opportunities associated with incorporating social, environmental, and political transitions into long-term business model planning. Business Model Resilience includes responsiveness to the transition to a low-carbon and climate-constrained economy, as well as growth and creation of new markets among unserved and underserved socioeconomic populations. See SASB.

**C4 Plant:** a type of plant that uses a specific photosynthesis mechanism (C4 photosynthesis) that fixes carbon dioxide into a four-carbon sugar compound, and includes important crops such as maize, sorghum, pineapple, and sugarcane. C4 plants are able to thrive in especially harsh, drought-stricken areas. Some scientists believe that if we study C4 plants and the mechanisms they use, we can identify a way in which more plants can Acclimate to Climate Change.

**Cabo Verde Decree-Law No. 29/2014 Creating the Center for Renewable Energy and Industrial Maintenance (2014):** a law that establishes the Center for Renewable Energy and Industrial Maintenance. The law details several of the Center's functions and key objectives, one of which is to "promote the diffusion of knowledge and

the development of skills to undertake activities in the field of Renewable Energy and industrial maintenance.” Source: ECOLEX

**California Air Resources Board / CARB:** a US state agency that aims to protect the public from the harmful effects of Air Pollution and develop programs to combat Climate Change. CARB's work includes: (i) setting the state's Air Quality standards, (ii) verifying that automakers comply with Emissions limits, and (iii) conducting research on causes, effects, and solutions to Air Pollution.

**California Cap and Trade:** a US state program launched in 2013 to reduce GHGs. This program applies specifically to regulated entities, including large electric power plants, large industrial plants, and fuel distributors. Hundreds of companies, which together comprise 85% of California's Emissions, must comply with the program. The regulations address the six gases covered by the Kyoto Protocol (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>), plus NF<sub>3</sub> and other fluorinated GHGs.

**California Global Warming Solutions Act:** a US state law passed in 2006 that calls for a sharp reduction of GHGs. This law, also known as AB 32, was the first law in the country related to Climate Change mitigation, and aimed to reduce GHG Emissions to 15% below 1990 levels by 2020. In July 2017, California adopted a new law to reauthorize and extend the state's GHG reduction program. The legislation sets a new target to reduce GHG Emissions to at least 40% below 1990 levels by 2030.

**Cambodia Climate Change Strategic Plan 2014-2023:** a comprehensive national policy document that responds to the Climate Change challenges that Cambodia faces.

**Canada Emission Reduction Incentives Agency Act (2005):** a law that establishes an agency to implement programs and distribute incentives that aim to reduce the reduction of GHG Emissions. Specifically, the law tasks the agency with creating incentives to reduce GHG Emissions through Emissions credits or GHG removal.

**Canada Energy Efficiency Act (1992):** a law that applies to dealers that manufacture, import, or sell regulated energy-using products, including household appliances, water heaters, heating and air-conditioning equipment, lighting products, electronic products, refrigeration equipment, and other commercial and industrial products. The law outlines Canadian federal Energy Efficiency standards for such

products. Regulations under the law were first introduced in 1995 with the goal of reducing GHG Emissions and eliminating the least energy-efficient products from the market.

**Canada Environmental Protection Act (1999):** a law that recognizes the need for preventing pollution and protecting the environment to safeguard human health and achieve long-term Sustainable Development in Canada.

**Canada Foundation for Sustainable Development Technology:** a government body that funds promising Canadian companies that seek to promote a clean environment and reduce the effects of Climate Change.

**Canada Greenhouse Gas Pollution Pricing Act (2018):** a law that introduces a tax on GHG emissions that returns the proceeds to Canadian citizens in the form of a dividend. The law applies only to the four provinces that have yet to implement their own carbon-pricing regimes.

**Canada Heavy-Duty Vehicle and Engine Greenhouse Gas Emission Regulations:** a set of standards that provide a regulatory framework for reducing GHG Emissions and increasing fuel economy in Canada.

**Canada Reduction of Carbon Dioxide Emissions From Coal-Fired Generation of Electricity Regulations (SOR/2012-167):** regulations that establish a regime for the reduction of carbon dioxide Emissions that result from coal-fired power plants. The regulations aim to phase out coal-powered electricity with all clean sources (including nuclear) by 2030. This target is in line with Canada's overall goal of moving toward a clean-energy economy.

**Canada Regulations Amending the Passenger Automobile and Light Truck Greenhouse Gas Emission Regulations:** regulations that reduce the GHGs of passenger vehicles and specific types of trucks for model years 2017 to 2025. The regulations are meant to align Canada's Emission Standards and test procedures with those of the United States.

**Canada Renewable Fuels Regulations (SOR/2010-189):** regulations that specify standards for gasoline, diesel, and heating distillate oil. The regulations increase the share of renewable fuel content required, with the aim of reducing the amount of GHG Emissions produced from conventional forms of fuel energy.

**Cap and Trade:** a method for reducing GHG Emissions globally. Typically, a government institutes a “cap” on the amount of Emissions that companies are allowed to emit. Companies that are able to reduce their Emissions below the cap can “trade” or sell their excess polluting allowances to other companies, or bank them for future use. Typically, the cap declines over time to provide an incentive to reduce Emissions.

**Capillary Action:** the ability of a liquid to flow against gravity within the spaces of a porous material due to the forces of adhesion, cohesion, and surface tension.

**Carbon Budget:** the quantity of GHG Emissions that can be released within a specific period of time that will still keep Global Warming, and therefore Climate Change, at a non-threatening level. Establishing a Carbon Budget is often a policy decision, and not an exact science.

**Carbon Budget Order 2016:** UK legislation that sets the Carbon Budget for the 2028-2032 budgetary period at 1,725 million metric tons of Carbon Dioxide Equivalent (MTCO<sub>2e</sub>).

**Carbon Capture and Storage:** a technology that can capture and prevent up to 90% of the carbon dioxide Emissions from power plants and industrial facilities from entering the Atmosphere. Carbon Capture and Storage catches the carbon dioxide, transports it, and safely stores it in underground geological formations.

**Carbon Credit:** a tradable permit or certificate that provides the holder of the credit the right to emit 1 ton of carbon dioxide or an equivalent amount of another GHG. Countries and businesses participating in Emissions reduction agreements are afforded a set amount of GHGs they can emit each year, and can buy and sell these credits depending on their needs.

**Carbon Cycle:** “the process through which carbon is cycled through the air, ground, plants, animals, and Fossil Fuels,” keeping carbon dioxide levels in the Atmosphere stable. Source: National Energy Technology Laboratory

**Carbon Dioxide Equivalent:** a unit of measurement that equates the potential of carbon to the potential of other GHGs in their ability to impact Global Warming. In other words, Carbon Dioxide Equivalent shows how much carbon dioxide would be needed to have the same effect on Global Warming as another GHG.

**Carbon Disclosure Project / CDP:** an organization based in the United Kingdom that runs a system allowing companies and governments across the globe to report their Environmental Impacts. CDP uses that data to report on environmental risks and opportunities for improvement. This information is given to investors, businesses, and legislative actors to help inform their decision-making.

**Carbon Finance:** a type of financing for projects tied to reductions in GHG Emissions. Those reductions are translated into tradable financial instruments (such as allowances or Carbon Offsets) that companies can use to satisfy regulatory obligations or for voluntary emissions reductions purposes.

**Carbon Footprint:** the total amount of Emissions that individuals or entities directly or indirectly cause.

**Carbon Labeling:** the process of labeling a consumer product to describe the carbon dioxide Emissions created as a by-product of manufacturing, transporting, or disposing of the product. The label allows businesses to showcase to consumers, employees, and investors that they have reduced the Carbon Footprint of their products and value environmental sustainability.

**Carbon Neutral:** having a net zero Carbon Footprint, or in other words, balancing the amount of carbon Emissions released into the Atmosphere with an equivalent amount of carbon removal, or simply eliminating carbon Emissions altogether.

**Carbon Offset:** an action that aims to balance out the amount of carbon Emissions released into the Atmosphere. For example, businesses can plant trees, fund projects that prevent carbon Emissions, or buy Carbon Credits. These actions are taken in conjunction with energy conservation efforts. The projects that companies help fund are often in Developing Countries, with an aim to prevent future Emissions.

**Carbon Pricing:** an approach to reducing carbon Emissions that captures the external costs of GHG Emissions and ties them to their sources through a price. Carbon Pricing instruments include the EU ETS, Carbon Taxes, internal Carbon Pricing, and a crediting mechanism, among others.

**Carbon Sequestration:** the process of capturing and storing carbon dioxide that would otherwise be emitted to or remain in the Atmosphere.

There are two main types of Carbon Sequestration: biological and geological. Biological sequestration involves conservation practices that enhance the storage of carbon (e.g., restoring forests). Geological sequestration involves capturing carbon dioxide at an Emissions source and injecting it underground.

**Carbon Sink:** a natural or artificial reservoir that accumulates and stores carbon dioxide for an indefinite period of time. Soil, plants, and oceans are examples of natural Carbon Sinks, while Landfills are an example of an artificial Carbon Sink.

**Carbon Source:** the objects or areas from which carbon originates before it migrates into the Atmosphere. This migration can occur during: (i) Respiration, when animals breathe and when plant and animal cells produce cellular energy, (ii) decomposition, when bacteria break down organisms that were once alive, (iii) weathering, as carbonic acid breaks down carbonate rocks, (iv) the burning of Fossil Fuels, which releases carbon dioxide into the Atmosphere, and (v) Deforestation, since trees use photosynthesis to remove carbon dioxide from the air.

**Carbon Tax:** a form of Carbon Pricing, whereby a fee is imposed on the production, distribution, or use of Fossil Fuels based on how much carbon such processes emit. The primary purpose of carbon taxation is to reduce GHG Emissions and encourage alternative energy uses.

**Carcinogen:** any substance, radionuclide, or radiation that promotes carcinogenesis, the formation of cancer due to the ability to damage the genome or disrupt the cellular metabolic processes. Several radioactive substances are considered Carcinogens, but their carcinogenic activity is attributed to the radiation (e.g., gamma rays and alpha particles, which they emit). Common examples of non-radioactive Carcinogens include chemicals such as inhaled asbestos and certain dioxins. International organizations and agencies in various countries have classification systems for Carcinogens. For example, the International Agency for Research on Cancer classifies Carcinogens as “known human carcinogens” and “probable human carcinogens,” whereas the US National Toxicology Program classifies Carcinogens as “known to be human carcinogens” and “reasonably anticipated to be human carcinogens.” Regulatory regimes around the world impose restrictions on substances falling into these classifications.

**Carrying Capacity:** the maximum amount of people who can survive in an area while maintaining the environment, considering the amount of Natural Resources available. Carrying Capacity is not fixed and can change with technology, population increase, or environmental degradation.

**Cartagena Protocol on Biosafety:** an international treaty to ensure safe handling, transportation, and use of living modified organisms, which are defined as “any living organism that possesses a novel combination of genetic material obtained through the use of modern biotechnology.” The treaty entered into force in 2003 and has been ratified by 172 countries.

**Cathode:** a negatively charged electrode (or electric conductor) from which conventional current travels in a polarized electrical device. In general, the Cathode is the terminal from which the current flows out. In contrast, see Anode.

**CDP:** acronym for Carbon Disclosure Project.

**CDP Climate Disclosure Leadership Index:** a list of companies compiled by PwC that rates their approach to disclosing Climate Change-related information. Each company is given a rating from A to F in terms of awareness, management, and leadership.

**CDP Climate Disclosure Score:** a scoring system used to assess participants’ environmental Stewardship. Categories include disclosure, awareness, management, and leadership. The scoring system results in an A list for companies and cities.

**CDSB:** acronym for the Climate Disclosure Standards Board.

**CDSB Climate Change Reporting Framework:** a voluntary reporting framework designed to elicit Climate Change-related information from companies so investors can understand the impact of Climate Change on a company’s finances and value.

**CDSB Framework for Reporting Environmental Information, Natural Capital, and Associated Business Impacts:** a system of providing environmental and Climate Change information in annual reports, 10-K filings, and integrated reports for investors to analyze.

**CEO Water Mandate:** a UN Global Compact initiative whose mission is to “mobilize a critical mass of business leaders to address global water challenges through corporate water Stewardship, in partnership with the UN, governments, civil society organizations, and other stakeholders.” Endorsing companies commit to annual reports on their continuous progress in six areas: (i) direct operations, (ii) supply chain and Watershed management, (iii) collective action, (iv) public policy, (v) community engagement, and (iv) transparency.

**CERCLA:** acronym for the Comprehensive Environmental Response, Compensation, and Liability Act (also known as Superfund).

**Certified Emission Reduction:** a type of Emissions unit issued by the Clean Development Mechanism Executive Board for trading under the Kyoto Protocol. One unit is worth 1 ton of carbon dioxide.

**CFC:** acronym for Chlorofluorocarbon.

**Chad National Development Plan 2013-2016 (2017):** a program of structural reforms intended to transform Chad into an “emerging country with a middle-income economy, generated by diverse and sustainable growth sources and value adding activities” by 2030. The program focuses on (i) developing production capacities and job opportunities, (ii) mobilizing and developing Human Capital and combating inequality, poverty, and social exclusion, (iii) protecting the environment and combating Climate Change, and (iv) strengthening Governance.

**Chile Climate Change Mitigation Plan for the Energy Sector (2016):** a policy that creates caps for GHG Emissions and implements the use of Renewable Energy sources in Chile.

**Chile National Action Plan for Sustainable Consumption and Production 2017-2022:** a plan to create a Low-Carbon Economy over the period of 2017-2022.

**China 13th Five-Year Plan Including Environmental and Efficiency Targets (2016):** a plan setting forth China’s strategy for development from 2016 to 2020. The plan includes environmental and efficiency targets, giving top priority to economic development to reach a GDP growth rate of 6.5% to 7% per year.

### **China Law on the Prevention and Control of Atmospheric Pollution**

**(2015):** a law that aims to better the environment with a focus on Air Pollution, public health, and sustainability. Strategies include: (i) decrease the use of sources of air pollutants and GHGs, (ii) make information regarding atmospheric pollution more accessible to the public, (iii) enact local governmental bans on low-quality coal for residential use, (iv) switch to transportation that emits less carbon, and (v) mandate state environmental departments to use new technologies to analyze the sources of atmospheric pollution and predict trends.

**Chlorofluorocarbon / CFC:** any of several organic compounds made up of carbon, hydrogen, fluorine, and chlorine. Some CFCs are found in aerosol sprays, refrigerants, as solvents, and as blowing agents for foams and packing materials. The Montreal Protocol — an international agreement to protect the earth's Ozone layer — mandated the phase-out of CFCs and hydrochlorofluorocarbons (HCFCs), the chemicals that deplete it. The Montreal Protocol was signed on September 16, 1987 (marked globally as World Ozone Day) and entered into force in 1989. Many countries that signed on to the Montreal Protocol entered it into force through their local laws, and today, CFCs and HCFCs have been phased out and banned in most countries around the globe except for limited “essential uses.” See also Hydrofluorocarbon.

**Chronic Risks:** the TCFD categorizes climate-related physical risks as acute or chronic. Chronic Risks are persistent and ongoing, and include climate patterns that might cause rising Sea Levels addition to chronic heat waves.

**Circles of Sustainability Approach:** a method for understanding and assessing sustainability. The Circles of Sustainability Approach is an adaptable method that centers on outward communication, from a local level to a global level.

**Circular Economy:** an economic framework aimed at eliminating waste. The framework calls for keeping resources in use for as long as possible, to extract the maximum value from them, then recovering and regenerating products at the end of each service life. Implementing a Circular Economy can result in a more competitive economy, as it addresses Climate Change, decreases the amount of waste, drives productivity, allows for growth, and offers a solution to potential resource scarcity.

**Circular Inflow:** used in the evaluation of the circularity of a system. Circular Inflows are either (i) Renewable Inflows and used at a rate in line with natural cycles of renewability, or (ii) Non-Virgin Inflows. The circularity performance of an organization is measured with reference to the percentage of Circular Inflow and the percentage of Circular Outflow of materials used.

**Circular Metabolism:** a system implemented in cities to maximize the use of renewable food, energy, and goods that are then recycled into both organic and inorganic waste. In this system, there is less waste and less pollution. Implementing this system involves a large overhaul, impacting how cities bring in and outsource resources and how materials are stored. In contrast, see Linear Metabolism.

**Circular Outflow:** used in the evaluation of the circularity of a system. Circular Outflows are (i) designed and treated in a manner that ensures products and materials have a full recovery potential and extend their economic lifetime after their technical lifetime, and (ii) are demonstrably recovered.

**Clean Air Act:** a US federal law that regulates Emissions from stationary and mobile sources to protect public health and welfare in addition to regulating Emissions of hazardous air pollutants.

**Clean Power Plan:** a US plan that establishes Emissions guidelines for state plans to limit carbon dioxide Emissions from existing Fossil Fuel-fired power plants. The Clean Power Plan was replaced by the Affordable Clean Energy Act in June 2019.

**Clean Production:** a preventive environmental strategy applied to processes and products to increase overall efficiency. This strategy can impact production technology, input materials, operating practices, product design, waste use, maintenance, and packaging. For businesses, Clean Production can mean “the reduction of operation or pollution license fees, regulations, peer pressure, corporate image, corporate environmental plans or policies, cost savings, and product bans,” according to the Global Development Research Center.

**Clean Sky Undertaking:** a joint initiative established by the European Commission and the European aviation industry to research and develop technologies to reduce GHG Emissions and other forms of pollution in the aviation industry.

**Clean Water Act / CWA:** a US federal law that establishes standards for surface Water Quality and for the discharge of pollutants into regulated waters. The CWA also includes regulations governing the dredging and filling of regulated wetlands and Stormwater runoff from certain industrial, commercial, and construction sites.

**Cleantech:** technology used by multiple sectors (business, energy, investment asset class) to produce products and services that are environmentally friendly and sustainable. Specifically, these products and services are meant to be effective and affordable, and inspire the widespread use of processes that reduce environmental harm. Cleantech is also known as clean technology or greentech.

**Climate Bonds Initiative:** a global nonprofit organization that acts both as main cheerleader and key thought leader for the Green Bond market. It also produces a proprietary Climate Bond Standard against which financings can be certified, representing a science-based attempt at gatekeeping in the Green Bond market.

**Climate Change:** the sustained variation over a long period of time of the earth's temperature and weather patterns (e.g., rainfall, snowfall, and wind) so that these otherwise normal patterns become unpredictable. This unpredictability can harm crop growth and lead to catastrophic storms (e.g., hurricanes, floods, tornadoes, and snowstorms). Climate Change is correlated with Global Warming.

**Climate Disclosure Standards Board / CDSB:** a global group of businesses and environmental NGOs that provides corporate reports with the purpose of spreading environmental information to companies. Its mission is to "create the enabling conditions for material climate change and Natural Capital information to be integrated into mainstream reporting."

**Climate Driver:** a force that influences and drives the behavior of the earth's climate.

**Climate Finance:** the process whereby public, private, or other sources can help fund endeavors that work to combat Climate Change. International agreements like the UNFCCC, the Kyoto Protocol, and the Paris Agreement call on those with the financial ability to help fund these types of projects, especially within vulnerable communities. See also Sustainable Finance.

**Climate Funds:** financial mechanisms set up under the UNFCCC to support the efforts of Developing Countries to respond to Climate Change by limiting or reducing their GHG Emissions. The largest Climate Funds include the Climate Investment Funds, the Green Climate Fund, the Adaptation Fund, and the Global Environmental Facility.

**Climate Public Expenditure and Institutional Review / CPEIR:** a tool to analyze a country's public expenditures and how they relate to Climate Change. This innovative tool also reviews a country's Climate Change plans and policies, institutional framework, and public finance architecture in order to make recommendations to strengthen these areas.

**Climate Risk:** risk resulting from the negative effects of Climate Change. Some of these effects are slower in onset, such as changes in temperature and precipitation, which can lead to drought or challenges for agriculture. Some effects that happen faster are tropical storms and floods. Climate Risk poses an obstacle for Sustainable Development.

**Closed-Loop System:** the type of production system used in a Circular Economy. This system involves recycling old products into new products. Visually, it is represented by the recycling symbol. There are only three steps involved: collection, manufacturing, and purchasing.

**Coalition for Environmentally Responsible Economies / CERES:** a nonprofit organization comprising investors and environmental, religious, and public interest groups focused on sustainability. CERES works with companies to promote investment policies that combat Climate Change, lack of access to water, water pollution, and inequity in the workplace.

**Coastal Zone Management Act:** a US act that is administered by the National Oceanic and Atmospheric Administration (NOAA) and provides for the management of the nation's coastal resources. The act aims to "preserve, protect, develop, and where possible, to restore or enhance the resources of the nation's coastal zone."

**Cogenerate / Cogeneration:** a combined energy system that uses power from a fuel source (e.g., natural gas, Biomass, coal, or oil) to store extra heat produced from the fuel source production. With this system, businesses can create heat for many uses while they are producing energy. Cogeneration is also known as combined heat and water.

**Collaborative Consumption:** a type of market whereby consumers use technology to share, rent, and borrow underused goods and services instead of buying them. Some entities in this market include Airbnb, Uber, TaskRabbit, and eBay. The environmental benefit of Collaborative Consumption is that resources are more fully utilized, and not wasted.

**Collective Impact:** a collaborative approach of working together and sharing information for the purpose of solving problems. Participants define a common problem and a common solution to that problem, and agree on a singular method by which to measure progress. This approach aims to improve the quality of organizational collaboration to improve the result of the participants' efforts. The increased levels of communication can lead to more trust in their interactions.

**Colombia Comprehensive Management Plan for Climate Change in the Energy Mining Sector:** a plan that aims to merge strategies to end GHG Emissions with strategies to cope with the consequences of Climate Change, specifically in the area of energy mining. Simultaneously, the plan encourages policy development in the areas of Hydrocarbons, mining, and electricity.

**Colombia Decree 1073/2015 Issuing the Regulatory Decree of the Mining and Energy Administrative Sector on Electricity Generation (2015):** a policy encouraging the production of Renewable Energy sources in Colombia. The policy applies to the mining, energy, and gas sectors.

**Colombia Decrees 1625/2016 and 926/2017 on Carbon Tax:** a policy that legalizes a Carbon Tax in Colombia.

**Colombia Green Growth Policy:** a policy that aims to “boost productivity and economic competitiveness, while ensuring the sustainable use of Natural Capital and social inclusion, in a climate-compatible manner.”  
Source: Global Green Growth Institute

**Colombia Law No. 1819/2016 on Tax Deductions for Renewables and Carbon Tax (2016):** a law that includes tax exemptions for the sale of electric power generated by Wind Energy, Biomass Energy or agricultural waste, Solar Energy, Geothermal Energy, or seas. The exemptions apply to generating companies for a period of 15 years, from 2017, provided that (i) the companies process, obtain, and sell certificates of carbon dioxide Emissions in accordance with the terms of the Kyoto Protocol

and (ii) at least 50% of the resources obtained from the sale of said certificates are invested in works of social benefit in the region where the generator operates. The law also institutes a national Carbon Tax.

**Colombia Law No. 1931 Establishing Guidelines for the Management of Climate Change (2018):** a law that sets out parameters for the management of Climate Change, defines key concepts, and establishes Colombia's National System of Climate Change.

**Colombia National Climate Change Decree (2016):** a policy that seeks to coordinate, evaluate, and implement strategies related to Climate Change and the mitigation of GHGs through the collaboration of public, private, and nonprofit entities. The policy creates the Intersectional Commission on Climate Change and the Regional Nodes for Climate Change.

**Colombia National Energy Plan: Energy Principles 2050 (2015):** a plan that replaces the National Energy Plan 2006-2025. The goals of the plan include: (i) diversifying the energy mix, (ii) demand management and promotion of clean transportation, (iii) affordability of energy services, (iv) international interconnection, and (v) generating value for the development of regions. The plan also proposes using alternative energy sources such as clean coal, non-conventional Renewable Energy, and small nuclear power plants.

**Colombia Resolution No. 41286 Adopting the 2017-2022 Indicative Action Plan of the Rational and Efficient Use Program (2016):** a resolution that replaces the 2010-2015 Indicative Action Plan. The new plan seeks to define Energy Efficiency objectives, contemplates relevant actions in the transportation and industry sectors, and includes regional programs through which it aims to reduce electricity consumption by 10%.

**Combined Report:** a report that combines the content of a sustainability report (including environmental and social disclosure) with those of a traditional annual report (focusing on financial disclosure).

**Commercial and Industrial Waste:** Solid Waste generated either from the activities of wholesalers, catering establishments, shops, and offices (commercial) or factories and industrial plants (industrial).

**Commingled Material:** Recyclable material that is mixed together instead of separated by type. The waste is subsequently sorted for Reuse at a processing center and then bundled and sold to manufacturers that refine the materials to make new products. Commingled Material is also known as commingled waste or commingled recycling.

**Commission on Sustainable Development / CSD:** a body within the United Nations that was tasked with overseeing and developing the global Sustainable Development agenda following the Rio Declaration. It was replaced in 2013 by the High-level Political Forum on Sustainable Development.

**Common Agricultural Policy / CAP:** a set of policies launched in 1962 that are common to all European Union nations and aim to increase agricultural productivity while addressing Climate Change issues and protecting farmers. A central component of the CAP is income support to farmers. This support aims to provide farmers with more stability and predictability in their finances.

**Community Impact Investing:** a form of investing that focuses on investments that support services that encourage economic development and growth in areas such as sustainable agriculture, environmental sustainability, community economic development, etc. See also Socially Responsible Investing.

**Community Spread:** the spread of a disease for which the infection source is unknown. In a Community Spread, individuals may become infected even while avoiding typical risk factors, such as travel or exposure to a known infected person.

**Comoros Accelerated Growth and Sustainable Development Strategy 2015-2019 (2015):** a strategy to promote a green economy and raise public awareness of Climate Change and its effects. The strategy specifies measures to reduce energy costs, reduce dependency on imported fuels, and promote renewable sources.

**Compost / Composting:** the biological decomposition of organic waste such as food or plant material by organisms under controlled aerobic conditions such as bacteria, fungi, and worms.

**Comprehensive Environmental Response, Compensation, and Liability Act / CERCLA:** a US federal law that provides for the cleanup of contaminated sites. CERCLA (also known as Superfund) generally provides for joint and several liability of all potentially responsible parties, and is retroactive, meaning the EPA has the power to sue any potentially responsible party at sites that were contaminated before CERCLA was enacted.

Potentially responsible parties under CERCLA include: (i) the current owner or operator of the site; (ii) the owner or operator of the site at the time that disposal of the regulated pollutant(s) occurred; (iii) the person who arranged for disposal of the regulated pollutant at the site; and (iv) the person who transported the regulated pollutant at the site.

**Conflict Minerals:** Natural Resources extracted in a conflict zone such as the Democratic Republic of Congo, whose trade helps finance the conflict. According to US legislation, Conflict Minerals include the metals tantalum, tin, tungsten, and gold, often referred to as 3TG. The Dodd-Frank Wall Street Reform and Consumer Protection Act requires companies to disclose their use of Conflict Minerals when those minerals are necessary components to a product.

**Congo Decree No. 2015-260 on Implementing the Process of Reducing Greenhouse Gas Emissions in the Forestry Sector (2015):** a decree that establishes and serves as a guide for implementation of the Democratic Republic of Congo's plan to reduce GHG Emissions through sustainability efforts such as forest management, Biodiversity conservation, and increased carbon stocks.

**Conscious Capitalism:** a philosophy based on the idea that companies should serve all major stakeholders, including the environment. The four tenets of this philosophy are: higher purpose, stakeholder orientation, conscious leadership, and conscious culture.

**Contact Tracing:** a measure used by health departments to track, control, and prevent the spread of disease, including Coronaviruses such as COVID-19. Public health staff work with patients to determine whom they interacted with while contagious. This information can help with patient treatment and prevention of further spread of disease.

**Context-Based Sustainability:** an approach to corporate sustainability management that takes account of social, economic, and environmental

thresholds. Context-Based-Sustainability takes into account contextually relevant factors in the measurement, management, or reporting of an organization's sustainability performance.

**Continuous Emissions Monitoring System / CEMS:** the equipment necessary to monitor the gas or Particulate Matter concentration or Emissions rate in order to comply with limitations and standards set by the EPA.

**Convention on Biological Diversity:** a legally binding multilateral treaty that establishes three goals: (i) the conservation of biological diversity, (ii) the sustainable use of components of biological diversity, and (iii) the fair and equitable sharing of benefits arising from use of genetic resources.

**Convention on International Trade in Endangered Species of Wild Fauna and Flora / CITES:** an international agreement between countries, entered into in 1975, whose goal is to ensure that the global trade of wild animals and plants does not threaten the species' survival.

**Cook Islands Joint National Action Plan for Disaster Risk Management Climate Change Adaptation (2016-2020):** a plan that provides a roadmap for the Cook Islands as they seek to implement objectives from the Cook Islands National Sustainable Development Plan (2016-2020). The plan aims to reduce the impact of natural disasters and Climate Change by preparing citizens and teaching them to live sustainably.

**Cook Islands National Sustainable Development Plan (2016-2020):** a plan whose goals include the promotion of sustainable practices and effective waste management; increasing sustainable agriculture; improving access to affordable, sustainable, and modern energy and transportation; and promoting sustainable management of both the land and the ocean.

**Coral Bleaching:** when coral expel symbiotic algae, a process that turns coral completely white. Coral Bleaching occurs as a result of changes in the living conditions of coral, such as an extreme increase or extreme decrease in water temperature; overexposure to sunlight, runoff, and pollution; and extreme low tides. If the stress-causing change is short-term, coral can survive bleaching, but if it is long-term, coral will eventually die.

**Core Indicators for the Sustainable Development Goals:** global indicators to measure and report on contribution toward implementation of the Sustainable Development Goals.

**Coronavirus:** a classification of virus with different strains that typically leads to an upper respiratory viral infection. Coronavirus is characterized by symptoms such as runny nose, sore throat, cough, and fever. Although COVID-19 is commonly called the “Coronavirus,” it is actually one of many strains of Coronavirus.

**Coronavirus Disease 2019 / COVID-19:** a Coronavirus that was identified in late 2019 and declared a Pandemic on March 11, 2020. COVID-19 is the name of the illness caused by infection with SARS-CoV-2. The virus is transmitted through the air from coughing or sneezing, close personal contact, or touching one’s mouth, nose, and/or eyes before washing one’s hands. Symptoms include a dry cough, shortness of breath or difficulty breathing, chills, and fever. COVID-19 has placed significant stress on healthcare systems around the world. In response, many countries have implemented Quarantines or have asked their citizens to practice Self-Isolation and Social Distancing. As a social and public health crisis, COVID-19 will reverberate throughout all aspects of societies around the world, leaving lasting ESG-related changes.

**Corporate Engagement:** the process of boosting employee engagement by making corporate responsibility and sustainability a priority.

**Corporate Governance:** the framework of rules and practices in a corporation that determine corporate direction and performance. Typically the board of directors’ relationship with other primary participants, including shareholders and management, is critical.

**Corporate Reporting Dialogue / CRD:** a platform, organized by the International Integrated Reporting Council to promote coherence, consistency, and comparability among corporate reporting standards, frameworks, and related requirements.

**Corporate Social Responsibility / CSR:** the practices put in place by a corporation to manage the social, environmental, and economic effects of its operations while promoting sustainability. Some aspects may be required by law, such as the requirement of banks to protect people’s private information, while other aspects are voluntary.

**Corporate Sustainability Index / ISE:** a tool launched in 2005 in Latin America that is used to rate and compare companies in their performance on issues related to social justice, Corporate Governance, sustainability, and Environmental Impact.

**Corruption Perceptions Index / CPI:** an index created by Transparency International in 1995 that is used to rank countries according to their perceived level of corruption. The scale ranges from 0 (highly corrupt) to 10 (clean), and evaluates the degree of corruption among members of the public sector (including public officials and politicians) as determined by expert assessments and opinion surveys. The CPI generally defines “corruption” as the “misuse of public power for private benefit.”

**COSO-WBCSD Applying Enterprise Risk Management to Environmental, Social, and Governance-related Risks:** guidance developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and WBCSD to help risk management and sustainability practitioners apply Enterprise Risk Management processes to ESG risks.

**Costa Rica 7th National Energy Plan 2015-2030:** a plan that aims to achieve energy sustainability and low Emissions levels by using Renewable Energy and low-carbon transportation. The plan calls for more low-carbon technologies, public transportation options, and the use of clean fuels, notably Biofuels.

**Costa Rica Executive Decree No. 40615 Creating the Scientific Council on Climate Change (2017):** an executive decree that establishes the Scientific Council on Climate Change, which is in charge of briefing the Ministry of Environment and Energy. The Council is tasked with collecting data on Climate Change to strengthen Costa Rica’s scientific capacity.

**Costa Rica Law No. 9518 on Incentives and Promotion of Electric Transportation:** a law that creates a framework to regulate the promotion of electric transportation and introduces incentives, exemptions, and public policies to encourage its use among the general public and public sector.

**Costa Rica Ministerial Decree No. 40616 Creating the Citizen Advisory Council on Climate Change (2017):** a ministerial decree that establishes the Citizens Advisory Council on Climate Change, which

serves as a platform for citizens to participate in an open government (or those that seek to enhance accountability, availability, and access to information). Major functions of the Council include deliberating about the application of proposed Climate Change policies, responding to questions from public bodies concerning their evaluation of Climate Change policies, generating interest in and awareness of Climate Change, and interacting with governing bodies on sustainability goals.

**Costa Rica National Policy of Sustainable Production and Consumption 2018-2030:** a policy aimed at strengthening Costa Rica's ability to switch to a more sustainable socioeconomic system. The policy focuses on seven areas in which to seek sustainability: (i) production, (ii) agricultural systems, (iii) tourism, (iv) lifestyle, (v) construction, (vi) public purchases, and (vii) reinforcement of institutions.

**Costa Rica National REDD+ Strategy:** a strategy created by the UNFCCC that seeks to introduce policies and programs to address Deforestation and forest degradation, promote social and economic development, encourage the conservation and management of Natural Resources, and increase forest carbon stocks.

**Côte d'Ivoire Guidance on Sustainable Development 2014-390 (2014):** a plan that defines the objectives of governmental action with regard to Sustainable Development by integrating sustainability principles in all activities, specifying related political and Climate Change tools, and creating conditions for the sustainable use of Natural Resources.

**Côte d'Ivoire Law No. 2015-537 on Agricultural Guidance (2015):** a law that aims to develop an agriculture sector to support food sovereignty, healthy nutrition, and employment security in the Ivory Coast. One of the core long-term objectives is sustainable land management. State and local authorities are investing in the rehabilitation of hydro-agricultural developments to achieve the goal of food sovereignty.

**Cradle to Cradle:** a sustainability framework integrating design and science that eliminates the concept of waste. The three main tenets are: (i) recycle everything to become either technical nutrients or biological nutrients, (ii) use more clean energy and Renewable Energy sources, and (iii) celebrate diversity in finding solutions for problems.

Cradle to Cradle involves designing products and systems in a way that results in retrieving products at the end of their useful life and turning them into new products of equal, if not greater, value.

**Cradle-to-Gate Inventory:** a partial life cycle of an intermediate product, from material acquisition through to when the product leaves the organization's gate (e.g., immediately following the product's production).

**Cradle to Grave:** a sustainability framework that considers a product's impacts throughout its lifespan as opposed to just its impacts from a single use. Cradle to Grave considers impacts beginning with the extraction of Raw Materials to product manufacturing and finally product disposal. From this line of thinking emerged the concept of Cradle to Cradle.

**Critical Habitat:** a term used in the Endangered Species Act to denote a geographic area in which certain ecological features and attributes are necessary for the conservation and/or recovery of an Endangered Species. These areas are designated in the US Federal Register by the US Fish & Wildlife Service, and may require special maintenance and protection.

**Critical Incident Risk Management:** the corporate use of management systems and scenario planning to: (i) identify exposure to possible catastrophic events, (ii) prevent low-probability, high-impact accidents and emergencies, and (iii) mitigate the consequences if these catastrophic or high-impact events come to pass. In the ESG context, critical incidents usually take the form of releases of Hazardous Substances or chemicals. The aim of Critical Incident Risk Management is to ensure a culture of safety and preparedness at a company.

**Croatia Law on Renewable Energy Sources and Highly Effective Cogeneration (2015):** a law enacted in 2016 that establishes tax incentives and financial support for producers of Renewable Energy in Croatia.

**Croatia Law on the Establishment of Infrastructure for Alternative Fuels (2016):** a law that establishes minimum requirements for the construction of Alternative Fuel infrastructure in Croatia, such as Electric Vehicle charging stations. The law also sets the common technical specifications of the infrastructure and is designed to offset and reduce the use of traditional Fossil Fuels, and in turn reduce Fossil Fuel-related Emissions.

**Crop Yield:** the return or production of produce and seeds harvested per unit of land. Often measured in terms of bushels/pounds/kilos per acre/hectares, Crop Yield is an important metric for assessing the ability of farmers (and nations) to feed the populations they serve and produce a surplus, allowing them to participate in the global food market.

**CSR:** acronym for Corporate Social Responsibility.

**CSRHub:** a private US corporation that provides formal ratings, information, and educational tools on CSR and ESG practices across a range of sectors and industries.

**Cuba Decree Law No. 337 on the Terrestrial Waters (Embracing Climate Change Adaptation as a Core Goal) (2017):** a law that regulates and standardizes Cuba's national policies and actions concerning the management of groundwater, lakes, rivers, and other terrestrial water sources. The law establishes adaptability and resiliency to Climate Change as a main goal of water conservation and use.

**Customer Privacy:** the guiding principle informing a broad set of policies and regulations to protect the personally identifiable information of consumers. Such information ranges from contact information (phone number, address, email) to administrative information (date of birth, national identity number, banking information) to physical information (height, weight, eye color), and beyond.

**Customer Welfare:** a measure of the individual benefits derived from the consumption of goods and services, factoring in their cost and affordability. Because welfare is defined by an individual's own assessment of their satisfaction, the exact measurement of Consumer Welfare is largely based on individual preference.

**Czech Republic Adaptation Strategy to Climate Change (2015):** a plan to outline methods and areas for restructuring the nation's natural and socioeconomic systems to adapt to the stresses of Climate Change. The plan highlights the importance of economic preparations and outlines civic engagement and communications strategies.

**Czech Republic Climate Protection Policy, Government Resolution No. 207 (2017):** a resolution that dedicates the Czech Republic to targeted climate goals and creates Emissions benchmarks through 2050. The resolution sets national, regional, and sectoral goals and strategies.

**Daly Rules Approach:** a set of three operational rules that define the conditions of Ecological Sustainability and was developed by and named after former Senior Economist for the World Bank Herman E. Daly. According to the Advisory Committee on Water Information, the rules are as follows: (i) renewable resources such as fish, soil, and groundwater must be used no faster than the rate at which they regenerate, (ii) nonrenewable resources such as minerals and Fossil Fuels must be used no faster than renewable substitutes for them can be put into place, and (iii) pollution and waste must be emitted no faster than natural systems can absorb them, recycle them, or render them harmless.

**Dashboard of Sustainability:** a non-commercial software tool that allows users to understand the inter-connectedness of social, environmental, and economic issues. The Dashboard of Sustainability was originally created to help Developing Countries meet the UN Millennium Development Goals.

**Data Security:** a broad set of standards, technologies, and practices developed to protect data from accidental or intentional destruction, modification, or disclosure. Data Security measures can take the form of software protections, administrative controls, physical security, organizational protocols, and other safeguarding techniques that limit access to unauthorized or malicious users or processes.

**DAXglobal Alternative Energy Index:** a securities index that tracks the share prices of the 15 largest alternative energy companies. The index selects companies that represent the Wind Energy, Solar Energy, gas, ethanol, Geothermal Energy, Hydropower, and battery industries. It can be a useful tool to assess the health and investment prospects of alternative energy industries.

**Debt for Nature Swap:** a financial transaction in which a lender-government forgives some portion of a debtor-government's debt, on the condition that the debtor-government invests the savings from the reduced debt in nature conservation projects.

**Decarbonize / Decarbonization:** the process of reducing dependency on carbon power sources in an effort to reduce carbon dioxide Emissions specifically, and GHG Emissions in general.

**Decarbonized Economy:** an economy that has taken steps to implement Decarbonization procedures in pursuit of becoming a Low-

**Carbon Economy.** Such steps and procedures can include carbon-based tax incentives, energy infrastructure changes (*i.e.*, shifting from Fossil Fuel grids to nuclear or renewable grids), and subsidizing innovative green technologies such as rechargeable Electric Vehicles.

**Deforestation:** the intentional clearing or thinning of forests to make the forested area available for alternative uses (*e.g.*, agriculture, animal grazing, lumber/wood product production).

**Delivered Energy:** “the amount of energy consumed at the point of sale (*e.g.*, that enters the home, building, or establishment) without adjustment for any energy loss in the generation, transmission, and distribution of that energy. As such, it is the sum of fossil and renewable fuels (*e.g.*, Biomass or fuel wood) and purchased electricity. Delivered energy is sometimes referred to as ‘site’ energy.” Source: the US Department of Energy’s Office of Energy Efficiency & Renewable Energy

**Dematerialization:** a term used in economics to describe the absolute or relative reduction of materials needed to support economic functions in society.

**Denmark Climate Change Act (2014):** a law that aims to establish a comprehensive national strategy to outline and execute climate policy goals. It calls for a transparent system to ensure that the public has access to information about the nation’s climate status and progress. The strategy includes the creation of an academic climate council, a mandate for the executive of this council to report annual progress, and the establishment of long-term climate goals.

**Desalination:** the process of removing dissolved salts and other minerals from water (usually seawater) to obtain fresh water suitable for irrigation or human and animal consumption.

**Desertification:** a type of land degradation by which drylands (*i.e.*, arid, semiarid, and dry, sub-humid areas) become deserts. Desertification typically occurs due to a range of co-dependent factors, including changed climate patterns, prolonged drought, the introduction and disappearance of animals to fragile ecosystems, and human activity.

**Design for Assembly and Disassembly / DFA:** the practice of designing products in a way that will make them easy to assemble, thus

improving the cost-effectiveness of assembly. The cost of assembly and disassembly is assessed in monetary, temporal, environmental, and other terms.

**Design for Environment / DFE:** a design approach that aims to reduce and improve the impact of products and services on human health and environmental stability. It was also the name of an EPA program, established in 1992, to prevent pollution. The program was renamed Safer Choice in 2015.

**Design for Manufacturing / DFM:** the practice of designing products in a way that will make them easy to manufacture, thus improving the cost-effectiveness of the manufacturing process.

**Design for Sustainability / DFS:** a design approach that aims to prioritize energy and resource conservation and minimize negative Environmental Impacts. This philosophy is applied in a wide range of fields, including architecture, engineering, urban planning, interior design, and agriculture.

**Deutschland Ethik 30 Aktienindex:** an ethical and sustainable investment index operating in Germany, Austria, and Luxembourg that weighs investment opportunities in terms of their growth potential and risk, cross-referenced with ethical guidelines. The index excludes opportunities in a range of sectors, including tobacco, alcohol, gambling, and weapons, among others.

**Developing Countries:** a classification for countries that have a less developed industrial base and low Human Development Index relative to other countries.

**Development Finance Institution / DFI:** a supranational financial institution (e.g., the World Bank) that invests in businesses and projects with Sustainable Development benefits. DFIs are known for providing cornerstone investments and requiring investees to agree to reporting and operating obligations aligned with the Sustainable Development mandate of the institution.

**dfx:** abbreviation of Design for Excellence.

**Direct CO2 Emissions:** in the context of GHG Emissions reporting, these are CO2 Emissions from sources owned by the reporting entity

(e.g., Emissions produced by a building owned by a law firm). Direct CO2 Emissions are also known as Scope 1 emissions. In contrast, see Indirect CO2 Emissions.

**Direct Energy:** energy produced and consumed by the end user (e.g., a power plant that uses some of the energy it produces to provide power to the plant itself). In contrast, see Indirect Energy.

**Distributed Water System:** a modular system that uses advanced sensors, software, and treatment technologies to distribute the functions of centralized water treatment and management utilities retroactively across the water grid, with the goal of optimizing Water Quality and efficiency.

**Divest / Divestment:** the process of selling assets or business interests such as securities holdings.

**Djibouti Law No. 90-AN-15-7th L Establishing the Legislative Framework Relating to Energy Efficiency (2015):** a legal framework that defines Energy Efficiency as a national priority for Djibouti. The law aims to increase the nation's energy independence and sets energy consumption Thresholds which, when exceeded, expose the consuming parties to audits.

**Dominica Geothermal Resources Development Act of 2016:** a law that lays the groundwork for Dominica to develop Geothermal Energy research and infrastructure. The law, which delineates Geothermal Energy as a distinct category of property, creates an advisory committee to oversee Geothermal Energy research and development. As a volcanic island nation, Dominica stands to gain much by exploring the possibilities of harnessing natural Geothermal Energy resources.

**Dominican Republic National Policy for Climate Change (Decree 269-15) (2016):** guidelines that structure the Dominican Republic's response to Climate Change in economic, political, and social terms. The policy objectives include: mitigating climate variability, working Climate Change adaptation into existing and future policies in other areas of government, and engendering a favorable public attitude toward plans that reduce Emissions.

**Dow Jones Sustainability Index / DJSI:** a series of investment benchmarks that are used to evaluate the sustainability performance of

thousands of publicly traded companies, with the aim of identifying the most sustainable companies to invest in. The index assesses issues such as Corporate Governance, risk management, branding, Climate Change mitigation, supply chain standards, and labor practices.

**Dow Jones World Sustainability Index:** a subset of the Dow Jones Sustainability Index that, based on ESG data, identifies the top 10% of the 2,500 companies generally listed on the Dow Jones indexes in terms of sustainability.

**Downcycling:** a method of recycling in which materials are broken down and reconstituted into a lower-value product (e.g., when a high-grade plastic container is melted down and reconstituted into a lower-grade plastic bottle that loses utility more quickly and may not be eligible to be recycled again).

**Downstream:** in the oil and gas industry, a company's operations that involve the last steps in the supply chain (*i.e.*, refining, processing, marketing, distribution). These steps are considered "closest" to the end user, as opposed to Upstream or Midstream operations.

**Drawdown:** the point in time when the concentration of GHGs in the earth's Atmosphere begins to decline on a year-to-year basis.

**EC Directive 1999/94/EC on the Availability of Consumer Information on Fuel Economy and CO2 Emissions for New Passenger Cars:** a European Commission directive requiring information on the fuel efficiency of all new cars to be displayed on the vehicles at point-of-sale and in all marketing materials in specified Member States, including Belgium, Denmark, France, Germany, Hungary, Romania, and Spain.

**EC Directive 2003/96/EC on Energy Taxation:** a European Commission directive outlining minimum requirements and guidelines for Member States to tax various forms of energy production.

**EC Directive 2009/31/EC on the Geological Storage of Carbon Dioxide:** a legal framework established by the European Commission to ensure the selection of safe and suitable sites for geological CO2 storage and minimize potential human and environmental harm from this practice.

**EC Directive 2012/27 on Energy Efficiency:** a directive issued by the European Commission requiring the implementation of Energy Efficiency measures in the EU to help meet initial goals of 20% reduction by 2020.

**EC Directive 2014/95/EU on Non-Financial Reporting:** a European Commission directive that requires certain large public-interest companies to publish reports on the policies they implement related to: (i) environmental protection, (ii) social responsibility and treatment of employees, (iii) respect for human rights, (iv) Anti-Bribery and Anti-Corruption, (v) diversity on boards (in terms of age, gender, education, and professional background).

**EC Regulation No. 106/2008 on a Community Energy Efficiency Labelling Program for Office Equipment:** a European Commission regulation designed to incentivize companies to purchase and use the most energy-efficient equipment in their operations.

**EC Guidelines on State Aid for Environmental Protection and Energy 2014-2020:** a set of guidelines that outline how EU Member States can work toward the Europe 2020 strategy and the 2030 framework of reducing EU GHGs by 20% and 40%, respectively, when compared to 1990, while adhering to the Treaty on the Functioning of the European Union rules to prevent state aid from distorting internal market competition.

**Eco-Efficiency:** a management philosophy developed by the World Business Council for Sustainable Development that frames positive Environmental Impacts and profitability as parallel and complementary goals. Eco-Efficiency differs from sustainability in that it does not measure social impacts.

**Ecolabel:** a label of environmental excellence established in 1992 by the European Union. According to the European Commission, the label is awarded to “products and services meeting high environmental standards throughout their Life Cycle, from Raw Material extraction to production, distribution, and disposal. The label promotes a Circular Economy by encouraging producers to generate less waste and CO<sub>2</sub> during the manufacturing process. The label also encourages companies to develop products that are durable, easy to repair, and Recyclable.”

**Ecological Footprint:** the impact of human activity on a given area of biologically productive land and water. The Ecological Footprint serves as a measure for sustainability by providing a calculation for the amount of environment necessary to produce the goods and services consumed to support a particular lifestyle. See also Biocapacity.

**Ecological Impact:** the effect of human activities and natural events on living organisms and their non-living environment. Ecological Impact is an important consideration for many environmental policies and ratings, such as the Dow Jones Sustainability Index.

**Ecological Risk:** the potential for a given event, action, or series of actions to affect an ecosystem by contributing to the exposure of chemicals and pollution, geographic change, the introduction of pathogens and invasive species, and overall Climate Change.

**Ecological Sustainability:** a condition in which the productivity and Biodiversity — and by extension, the health — of an ecosystem remains the same or increases over time.

**Ecologically Sustainable Development:** a development philosophy that mandates precautionary environmental planning, long-term equity, conservation of ecosystem diversity and integrity, and economics that incentivize environmental health and punish pollution.

**Ecoregion:** an area in which the characteristics and types of ecosystems present are similar. Ecoregion classification takes into account the flora, fauna, geology, geography, and hydrology of individual ecosystems and compares them with adjacent ecosystems to provide a consistent framework of classification. There are four levels of increasingly granular classification. For example, Level I identifies 12 Ecoregions across the US, while Level IV identifies 967 Ecoregions in the same area.

**Ecosystem Boundary:** a zone of transition between two adjacent ecosystems. Ecosystem Boundaries are dependent on the contextual scope and scale of the ecosystems in question. They can be natural (e.g., a river or mountain range), artificial (e.g., a highway or fence), or two- or three-dimensional (e.g., a river dividing two adjacent ecosystems vs. the boundary between the forest canopy and the undergrowth).

**Ecosystem Services:** a blanket term for the benefits and services offered to society by properly functioning ecosystems. Under the umbrella of Ecosystem Services are Provisioning Services, regulating services (e.g., climate control, Erosion prevention, pollination, carbon storage), and Habitat services (e.g., creation of livable environments, Genetic Diversity maintenance).

**EcoVadis SP Solution:** a sustainable procurement system that a company can purchase to select and track suppliers based on sustainability, risk, performance, and other criteria.

**EcoValuScreen:** a due diligence and business analysis tool developed by The Carlyle Group, the Environmental Defense Fund, and the Payne Firm that highlights opportunities to improve the environmental and financial performance of potential investments. The tool is used to improve the operations of target companies and establish valuable environmental management policies at every level of the investment.

**Ecuador National Plan for Energy Efficiency 2016-2035 (2017):** a plan to be implemented and executed in the period of 2016-2035 that sets energy efficiency targets in various sectors of the national economy, including residential, transportation, and industrial. The plan aims to reduce oil and gas imports and mitigate the effects of Climate Change.

**Ecuador Organic Code on the Environment (2017):** a code that aims to bolster the sections of the Ecuador constitution that outline citizens' rights to live in a healthy and ecologically sustainable Habitat. The code establishes policy guidelines for Energy Efficiency, conservation, pollution, and Climate Change mitigation.

**Ecuador Organic Law on the Public Service of Electricity (2015):** a law that defines the generation, transmission, and distribution of electricity as a public service in Ecuador. Under the law, electricity is to be supplied by state-owned companies and regulated by the Agency for Regulation and Control of Electricity, and privately generated energy companies cannot produce an output greater than 50 MW.

**E-cycling:** the process of recycling electronic devices. E-cycling often involves recovering valuable materials, such as rare or precious metals, high-grade plastics, and fiber optics.

**Effluent:** treated or untreated waste material that is discharged into the environment. Effluent generally is used to describe water discharges, although it can refer to stack Emissions or other material flowing into the environment.

**Effluent Guidelines:** US regulatory standards for Wastewater that is discharged to surface waters and municipal Sewage treatment plants. The EPA issues these standards for industrial categories based on the performance of treatment and control technologies, types of discharge, available preventive and mitigation measures, and economic impacts. See IFC.

**Effort Sharing Regulation:** EU legislation that sets national GHG Emission targets for Member States. These targets collectively amount to a 30% cut in emissions by 2030 as measured against a 2005 baseline.

**Egypt Law No. 87 on Electricity (2015):** a law that has changed the landscape of the Egyptian energy sector by promoting healthier competition in energy production and allowing private companies to sell electricity to end users. The law establishes a competitive market for high-voltage customers and a more tightly regulated market for medium- and low-voltage customers.

**Egypt Presidential Decree No. 17/2015 Amending Investment Law No. 8/1997 (2015):** a law that aims to prime Egypt for investment in the energy sector by outlining tax incentives for investors, including a reduced sales tax and lower customs duties on equipment used by utilities. Other incentives include refunds on infrastructure expenses, subsidized training and insurance for energy sector employees, and government land allotments.

**EIRIS:** acronym for Ethical Investment Research Services.

**El Niño:** the warm phase (as opposed to La Niña, the cool phase) of the El Niño–Southern Oscillation (ENSO), a climate pattern that recurs irregularly across the tropical Pacific every two to seven years. The cycle of ENSO has global climate ramifications that can be modeled and predicted with accuracy. Primarily, the oscillation affects the likelihood and severity of storms and drought. ENSO is caused by temperature shifts in the Pacific Ocean that create changes in the circulation patterns of air through the Atmosphere.

**Electric Vehicle / EV:** a vehicle that runs at least partially on electricity. An EV's electric motor is powered partially or fully by batteries or a fuel cell, which means the vehicle has lower GHG Emissions compared with a motor that is powered by gasoline or diesel. See also HEV and PHEV.

**Electrify Africa Act:** a US federal law spearheaded under the Obama administration that aims to expand the electrical production capacity of sub-Saharan Africa with public- and private-sector support.

**Electrolyte:** a substance that produces an electrically conducting solution when dissolved in a polar solvent, such as water. Electrolytes occur naturally in the human body and help regulate nerves and muscle functions. Sodium and potassium are examples of Electrolytes. According to the 2006 film *Idiocracy*, plants are well known to crave Electrolyte-laced beverages, much to their own detriment.

**Embodied Energy:** the total energy consumed in the production of goods or services, particularly in the construction of buildings. The name is derived from the notion that the energy has been incorporated, or “embodied,” in the product itself. Embodied Energy is a useful concept for measuring the efficiency, environmental cost, and long-term value of a building, product, or service.

**Energy:** the total amount of energy consumed in Direct Energy and Indirect Energy transformations throughout the production cycle of a good, service, or building. Energy transformations in this instance refer to converting one type of energy to another (e.g., thermal energy to mechanical energy, or Solar Energy to electrical power).

**Emission Factor:** a value that represents the amount of a pollutant released into the Atmosphere via a given process or activity. Emission Factors are specific to the activities and processes that result in the Emissions, and are calculated by considering the intensity of the process (in terms of factors such as the weight and volume of the pollutants, and the duration of the activity) as well as the efficiency of the process.

**Emission Intensity:** the rate of pollutant Emissions per unit of economic activity. Economic activity is usually quantified in terms of GDP when considering Emission Intensity at a national scale. Emission Intensity is often used as a gauge of how environmentally costly a given process or activity is, and it can help inform the basis of Emission Standards and other regulatory guidelines.

**Emission Reduction Target:** an Emissions goal that entities aim to reach within a given time frame. Emission Reduction Targets are a key component of GHG reduction and Climate Change mitigation initiatives, such as the Paris Agreement. Targets are set by taking a variety of factors into account, including past and present Emissions rates, projected future Emissions, and relative Emissions compared with those of similar entities.

**Emission Standard:** a standard that sets a limit on the quantity of pollutants and GHGs that can be emitted into the Atmosphere from a specific source or group of sources. Emission Standards can be applied to vehicles, industries, organizations, and nations.

**Emissions:** the production and discharge of gases and other pollutants by processes and activities. Emissions often refers to GHGs such as carbon dioxide and Methane, but it can include other pollutants, such as Effluent.

**Emissions Trading:** a system whereby economic incentives are used to encourage reductions in the Emissions of pollutants. Emission permits or “allowances” to discharge limited quantities of a specific pollutant are issued. Parties that emit such pollutants are required to hold allowances in an amount equal to their Emissions. Parties can purchase and sell allowances in an Emissions trading market.

**Employee Engagement, Diversity, and Inclusion:** three areas that firms focus on to improve profitability. Employee Engagement, Diversity, and Inclusion initiatives aim to build workforces that are engaged (with the work they are doing and with their colleagues); diverse (in terms of ethnicity, gender, background, etc.); and inclusive (so that employees feel safe and comfortable to be themselves, no matter their race, religion, sexual orientation, etc.). These initiatives span recruiting, professional development, and human resources, and they can be crucial to the essence and operations of a well-run company.

**Employee Health and Safety:** a principle that guides workplace safety standards and health regulations. In the United States, Employee Health and Safety is overseen by the Department of Labor through different agencies and initiatives, including the Occupational Safety and Health Administration, the Mine Safety and Health Administration, and the Fair Labor Standards Act. These agencies and their counterparts around the globe work to ensure that employees have the right to non-hazardous working conditions, no matter their employment.

**Endangered Species:** any group of living organisms (e.g., animals, plants, fungi, bacteria) that meets the IUCN criteria for facing a “very high risk of extinction in the wild.” The IUCN has a rigorous set of classification schemes to determine the conservation status of organisms, including threats, stresses, Habitats, conservation actions (including those already in place and those are still needed), research, and more.

**Endangered Species Act / ESA:** a US federal law that aims to protect and recover threatened species and their Habitats. The administering agencies may list species as endangered or threatened. The ESA is administered by both the US Fish and Wildlife Service and the Commerce Department's National Marine Fisheries Service. The US Fish and Wildlife Service has primary responsibility for terrestrial and freshwater organisms, while the National Marine Fisheries Service is generally responsible for marine wildlife such as whales and anadromous fish such as salmon.

**End-of-Life Product Disposal:** the process of disposing a product after the vendor or manufacturer of the device no longer supports, sells, or manufactures the product. This process can involve recycling, repurposing, and traditional waste disposal.

**Energy Act 2016:** UK legislation that establishes the Oil and Gas Authority (OGA). A quasi-autonomous NGO, the OGA's primary goal is to regulate the oil and gas sector, maximize the “economic recovery of UK petroleum,” and promote carbon storage.

**Energy and Fleet Fuel Management:** the practice of using programs, policies, equipment or technologies, maintenance strategies, data analytics, and computer modeling to optimize fuel and Energy Efficiency across a set of vehicles. Energy and Fleet Fuel Management is particularly relevant for organizations that rely on fleets of vehicles for their operations, as well as the aviation and transportation industries. Efficient management can be crucial for both buffering profit margins and meeting environmental goals and Emission Reduction Targets.

**Energy Audit:** a survey and analysis of the energy profile of a building or organization with the goal of identifying opportunities to conserve energy while maintaining operational quality. Energy Audits are often mandated by local, state, and federal governments or as part of certain real estate transactions, with varying degrees of rigor.

**Energy Efficiency:** the output (*i.e.*, the amount of product, service, or power) that can be generated when a given amount of energy is inputted; in other words, the amount of energy required to produce a given product or service. Energy Efficiency can be improved by either increasing the amount of output per unit of input or reducing the input required to produce a unit of output.

**Energy Footprint:** the environmental, economic, and social impact resulting from energy consumption. An Energy Footprint can be measured for a specific person, entity, or project. It can also be measured for a specific GHG (*e.g.*, a Carbon Footprint).

**Energy Independence and Security Act of 2007 / EISA:** a US federal law that aims to move the country toward greater energy independence and security. EISA seeks to increase and develop clean renewable fuels; protect consumers; increase the efficiency of products, buildings, and vehicles; promote research on and deploy Carbon Capture and Storage options; improve the energy performance of the federal government; and increase energy security, among other goals.

**Energy Intensity:** the amount of energy used in a particular activity. Energy Intensity is often calculated for an entire sector, industry, or economy and can be measured in energy units per dollar of GDP (*e.g.*, kilowatt hours per dollar of GDP).

**Energy Management System / EMS:** a combination of hardware and/or software that allows the user to collect and analyze energy consumption data with the goal of managing their energy consumption, reducing their Energy Intensity, and decreasing their Energy Footprint.

**Energy Performance of Buildings Directive (EU) 2018/844:** an EU directive designed to promote greater energy efficiency in the EU building sector.

**Energy Policy Act of 2005:** a US federal law that addresses energy production in the country, including: Energy Efficiency; Renewable Energy; oil and gas; coal; tribal energy; nuclear matters and security; vehicles and motor fuels, including ethanol; hydrogen; electricity; energy tax incentives; Hydropower and Geothermal Energy; and Climate Change technology. Among other things, the law provides loan guarantees for companies that develop or use innovative technologies that avoid creating GHG by-products.

**Energy Recovery:** the act of converting waste material (usually non-Recyclable material) into usable heat, electricity, or fuel energy, usually via combustion or burning. While less environmentally friendly than recycling, Reusing, or source reduction, Energy Recovery has the benefit of reducing the amount of Solid Waste that is sent to Landfills.

**Energy Savings Opportunity Scheme / ESOS:** a mandatory assessment scheme that applies to certain organizations in the United Kingdom and was established as part of the implementation of the requirements of Article 8 of EU Directive 2012/27/EU on Energy Efficiency. ESOS requires large organizations outside of the public sector to conduct Energy Audits and assess their energy use and efficiency at least once every four years. Companies can be liable for fines if they fail to conduct the required audits.

**Energy Service Company / ESCO:** a business that offers Energy Efficiency improvements to its customers. Some ESCOs can assist with the capital cost of such improvements and receive compensation directly proportional to the amount of money saved by the customer due to the energy-saving measures implemented.

**Energy Star:** a program run by the EPA that offers consumers and businesses information about the Energy Efficiency of products, buildings, and plants. Ninety percent of American households recognize Energy Star certification, making it a widely recognized consumer certification symbol.

**Energy Storage:** the capture of energy that is generated at one point in time for use at a later time. Storage devices typically are batteries or other accumulators. Energy Storage can be particularly useful in harnessing solar and wind power for use during times when the sun or wind are unavailable. Not to be confused with the 10 pounds of energy stored around our waists after the holidays.

**Enhanced Greenhouse Effect:** the increase in average global surface temperatures caused by additional heat trapped in the Atmosphere due to increased GHG Emissions. The Enhanced Greenhouse Effect is caused by human activity such as the burning of Fossil Fuels, soil denitrification, Industrial Agriculture (which produces Methane), and politicians blowing hot air.

**Enriched Uranium:** Uranium with a higher concentration of the U-235 isotope. Natural Uranium ore is approximately 0.7% U-235, while Enriched Uranium is 3% to 5%. Enriched Uranium is required for the fuel used in most nuclear reactors.

**Enterprise Risk Management / ERM:** the consideration of risk from a broad organizational perspective. Multiple forms of risk and uncertainty are considered across an organization with the goal of fostering consistent decision-making across risk categories.

**Entity-Level Reporting:** the way companies within a group corporate structure report information. Entity-Level Reporting allows for more meaningful and accurate information to be reported, as the information is reported by reference to the relevant entity (*i.e.*, the subsidiary) rather than by reference to the parent company or the corporate group as a whole.

**Environment, Health, and Safety / EHS:** a discipline concerning the practical implementation of environmental protection and safety in the workplace. Environment, Health, and Safety departments generally aim to identify and mitigate environmental and safety risks, ensure compliance with procedures, and minimize potential liabilities.

**Environmental and Social Management System / ESMS:** a project or company's set of policies and protocols designed to identify and manage environmental and social risks. The goals of the system include showing the entity's commitment to environmental and social management, complying with national and other applicable standards, describing the procedures in place for assessing risk, and outlining how the institution screens transactions and performs due diligence. Certain organizations may be required to establish and maintain an ESMS that incorporates the IFC's environmental and social performance requirements. This is particularly the case for companies developing large-scale projects that are subject to the Equator Principles.

**Environmental Factor:** any factor present in the environment that influences living organisms (*e.g.*, toxins, sunlight, pH, social stress).

**Environmental Impact:** the environmental consequence of actions taken by a person, business, or industry (*e.g.*, the construction of a dam, offering a service, or manufacturing a product).

**Environmental Impact Statement / EIS:** an environmental assessment report mandated by NEPA whenever a US federal action that might have a substantial effect on the environment is proposed. An EIS must include the benefits of the proposed action, the effects it will have on the environment, reasonable alternatives, and ways to reduce or avoid negative Environmental Impacts. EISs are made available to the public for comment.

**Environmental Indicator:** a measure to help understand or represent either the state of the environment as a whole or specific aspects of it. Relying on Environmental Indicators can be a more practical and cost-efficient way to keep track of the state of the environment as opposed to collecting data on every variable (e.g., the concentration of Ozone-depleting substances in the Atmosphere is an Environmental Indicator of the status of Ozone depletion more generally).

**Environmental Management Accounting:** a business practice of identifying, collecting, and analyzing (i) physical information on certain environmental matters, such as energy use, water use, and production of waste and (ii) monetary information on environmental-related costs, savings, and income for internal decision-making purposes.

**Environmental Management System / EMS:** a combination of processes and practices designed to help an organization set, track, and meet environmental goals. An EMS involves repetitive cycles of setting goals, evaluating performance, and tailoring the system as needed. The international standard, and the most common EMS framework, is ISO 14001.

**Environmental Performance Index / EPI:** a ranking based on two dozen performance indicators that reflect how close a country is, at a national level, to meeting established environmental policy goals. The EPI is produced by Yale University and Columbia University in collaboration with the World Economic Forum, and was first published in 2006. It allows for comparison between countries and offers guidance and best practices for countries aiming to improve their environmental policies.

**Environmental Protection Agency / EPA:** the US federal agency charged with protecting the environment. The EPA promulgates and administers environmental regulations applicable to air, water, and soil.

**Environmental Sustainability Index / ESI:** the predecessor to the Environmental Performance Index. It was published from 1999 to 2005 and evaluated nations on 21 measures of environmental sustainability, allowing for quantitative comparison between countries.

**Environmental, Social, and Governance / ESG:** the three factors that are considered by an increasing number of businesses, investors, and other stakeholders (alongside more traditional factors) in a variety of decision-making processes (e.g., the undertaking of ESG due diligence as part of an investment, the preparation of ESG-related disclosures by a company, or the preparation of a report by ESG Research Providers). Examples of ESG considerations include a company's sustainability policies (including GHG Emissions), approach to supply chains and ensuring supply chain resilience (including modern slavery issues), labor policies, and governance issues (such as board diversity, reporting systems and processes and good Corporate Governance). A number of organizations establish ESG principles and/or standards that companies can use to guide their ESG-related actions and reporting (e.g., PRI and Sustainable Development Goals).

**EPA:** acronym for the Environmental Protection Agency.

**Epidemic:** an illness that infects a substantial proportion of a population within a specific region or geographic area.

**Equator Principles:** a risk management framework applied by a number of international financial institutions for certain project finance advisory services, project finance, project-related corporate loans, bridge loans, and project-related acquisition finance and refinance to ensure that projects are developed in a manner compliant with international standards on environmental and social issues. The fourth version of the Equator Principles will become effective in June 2020.

**Equatorial Guinea National Action Program to Combat Deforestation and Land Degradation (2015):** a program that aims to reduce land degradation and Deforestation while increasing local Biodiversity and sustainable food production. The program is part of Equatorial Guinea's Ten-Year Strategy with the UN Convention to Combat Desertification and Drought.

**Erosion:** the geological process by which natural forces such as wind and/or water wear away soil or rock. The Grand Canyon is a prime example of the deterioration that Erosion can produce over time.

**ESG:** acronym for Environmental, Social, and Governance.

**ESG Analysis:** the evaluation of a company or an investment decision using ESG factors.

**ESG Integration:** the inclusion of ESG factors in a traditional investment analysis in order to maximize investment opportunities and minimize risk.

**ESG Investing:** the practice of integrating and using ESG considerations in any investment decision. Purported benefits include developing a more robust appreciation of a company's risks and prospects and attracting investment capital from those interested in ESG issues.

**ESG Research Provider:** a company or organization that reports information on corporate ESG performance. These reports are used by financial institutions, investors, asset managers, and other stakeholders who wish to consider ESG factors as part of their investment analyses. ESG Research Providers often rank and index companies based on ESG factors. ESG Research Providers include the Dow Jones Sustainability Index, MSCI ESG Research, and Sustainalytics Company ESG Reports.

**Estonia Climate Change Adaptation Plan (2017):** a plan that aims to better prepare Estonia to respond and adapt to the effects of Climate Change (specifically, increases in temperature, the number of storms, and the amount of precipitation, as well as rising Sea Levels) from 2017 to 2030.

**Estuary:** an area of water where a freshwater river meets a saltwater sea, resulting in an area of moderately salty water. Estuaries are extremely valuable areas because they are the nursery grounds for many species of birds, fish, and other animals. Over 1 million acres of Estuary water and land in the United States are protected by the National Estuarine Research Reserve System. Estuaries are similar to bays and lagoons.

**Ethical Consumerism:** a type of activism based on the philosophy that when a consumer buys product, they are not only consuming the good, but also voting with their dollar for the process used to produce that good. Purchasers who engage in Ethical Consumerism may choose specific producers and/or products over others (or choose not to purchase specific products at all, or may choose not to purchase from

specific producers) based on the values they hold (*i.e.*, a consumer may consider the producer's environmental or labor practices). Ethical Consumerism is also known as moral purchasing, ethical consumption, and green consumerism.

**Ethical Investing:** the practice of integrating ethical considerations into the investment decision-making process. As a more general version of ESG Investing, this practice is less clearly tied to analysis of a company's risks and prospects and more overtly related to the personal values of the investor.

**Ethical Investment Research Services / EIRIS:** a type of investment analysis that provides investors and investment firms with ratings and guidelines for selecting and managing investments that are viable from an ESG perspective. Examples of consultancies that provide these services are Vigeo EIRIS and the EIRIS Foundation.

**Ethiopia Growth and Transformation Plan II (2016):** a five-year plan, also known as GTP II, that aims to improve Ethiopia's economy and reduce poverty in furtherance of the country's long-term goal to become a middle-income country by 2025. GTP II builds off the progress made and lessons learned under the previous five-year plan, GTP I. GTP I led to increased GDP and improved infrastructure, although many of the targets were not met, as the country's trade deficit and gap between domestic saving and investment continued to increase during the GTP I period.

**EU 2020 Climate and Energy Package:** climate and energy legislation that establishes three targets for the European Union to meet by 2020: (i) a 20% reduction in GHG Emissions from 1990 levels, (ii) 20% of energy for the EU from Renewables, and (iii) 20% improvement in Energy Efficiency.

**EU 2030 Climate and Energy Framework:** a framework adopted in 2014 by the European Council that sets climate and energy targets for the European Union to meet between 2021 and 2030 (the relevant targets were revised upwards in 2018). The three key targets for 2030 are: (i) decreasing GHG Emissions by at least 40% from 1990 levels, (ii) increasing Renewable Energy shares to at least 32%, and (iii) increasing Energy Efficiency by at least 32.5%. Meeting the framework's target to reduce GHG Emissions by 40% below 1990 levels by 2030 would enable the EU to fulfill its commitments under the Paris Agreement. In

2019, the EU unveiled the Green Deal, pursuant to which the EU plans to go Carbon Neutral by 2050.

**EU Directive 2003/51/EC on Modernization:** a European Union directive to encourage consistency across Member States in the level of narrative reporting required to be presented in a company's annual report, including detailed requirements related to content (such as a fair review of performance and risks, balanced analysis of position and size, and additional explanations of amounts reported in annual accounts).

**EU Directive 2009/125/EC on Eco-Design:** a European Union directive that establishes a framework for setting eco-design requirements for energy-related products that fall within certain groups. The directive does not itself set the requirements — instead they are officially adopted through committee procedure. Each requirement aims to improve some environmental aspect of the product, such as reducing energy consumption.

**EU Directive 2009/29/EC on the Emissions Trading System:** EU Directive 2009/29/EC on the Emissions Trading System.

**EU Directive 2009/72/EC on Electricity:** a European Union directive that applies to electricity markets in the EU. It sets rules for how market participants may generate, transmit, and distribute electricity. The goal of the directive is to increase open access, transparency, and fairness in the electricity market. The overall aim of the directive is to protect consumers, market participants (including existing and new entrants), and the environment.

**EU Directive 2010/30/EU on Energy Labeling:** a European Union directive establishing a framework for harmonizing the labeling and standard product information on the consumption of energy, thereby allowing end users to choose more efficient products.

**EU Directive 2012/27/EU on Energy Efficiency:** a European Union directive designed to help the EU meet its Energy Efficiency targets by 2020. The directive aims to have Member States use energy more efficiently at all stages of the energy chain.

**EU Directive 2014/95/EU on Non-Financial Reporting:** a European Union directive mandating disclosure of non-financial information (*i.e.*, the potential social and Environmental Impacts of a company's

activities) by certain large organizations and companies. Those entities subject to the directive's requirements must include in their reports information on: environmental protection, social responsibility, treatment of employees, respect for human rights, Anti-Bribery, Anti-Corruption, and diversity on company boards. This directive amends EU Directive 2013/34/EU on Accounting.

**EU Emission Performance Standards for New Light Commercial Vehicles:** mandatory CO2 standards in the European Union for new passenger cars and vans with the goal of reducing CO2 Emissions from those vehicles. These standards were first implemented in 2009, after the auto industry made a voluntary commitment to substantially reduce Emissions — an effort the EU did not regard as adequate. Under the current standards, a manufacturer that has exceeded its CO2 Emissions limit may form a group with another manufacturer if it results in their jointly meeting the target.

**EU Emissions Trading System / EU ETS:** the first and largest Emissions trading system and carbon market in the world. The EU ETS, which launched in 2005, works on a Cap and Trade model in which net Emissions for each Member State are capped, and countries, companies, and other carbon-dense organizations can buy, sell, and trade Carbon Credits and Emissions allowance units to facilitate their business activities. The EU ETS operates in the 27 EU countries, as well as Norway, Iceland, and Lichtenstein.

**EU Regulation No. 1222/2009 on Labeling Tires With Respect to Fuel Efficiency:** a European Union regulation that aims to increase the safety, and the economic and environmental efficiency, of road transportation by promoting safe, fuel-efficient tires with low noise levels by communicating the following information to customers: (i) the impact on vehicle fuel efficiency associated with the tire's rolling resistance, (ii) the impact on vehicle safety associated with the tire's wet grip, and (iii) the tire's external noise level (expressed in decibels).

**EU Regulation No. 1293/2013 on Establishing a Program for the Environment and Climate Action / LIFE Program:** the European Union's funding instrument for environmental and climate action. The LIFE Program covers the funding period from January 1, 2014, to December 31, 2020, with objectives that include: (i) contributing to the shift toward a resource-efficient, low-carbon, and climate-resilient economy, (ii) improving the development, implementation,

and enforcement of EU environmental and climate policy and legislation, and (iii) acting as a catalyst for, and promoting, the integration and mainstreaming of environmental and climate objectives into other policies and practices.

**EU Regulation No. 2018/842 on Binding Annual GHG Emission Reductions by Member States:** a European Union regulation establishing binding GHG Emission Reduction Targets for Member States from 2021 to 2030. The regulation details obligations on Member States to help fulfill the EU's target of reducing its GHG Emissions by 30% compared with 2005 levels by 2030. The regulation also lays down rules on determining annual Emissions allocations and for the evaluation of Member States' progress toward meeting their minimum contributions.

**EU Regulation No. 517/2014 on Fluorinated GHGs:** a European Union regulation that aims to reduce fluorinated GHG Emissions from industry to 70% below 1990 levels by 2030. The three main regulatory approaches are: (i) introducing a phase-down of the quantities of HFCs available on the market, (ii) enacting prohibitions on use and placement on the market, insofar as technically feasible and more climate-friendly alternatives are available, and (iii) continuing and expanding the scope of regulations concerning leak tests, certification, disposal, and labeling. This regulation repealed EC Regulation No. 842/2006 on certain fluorinated GHG Emissions.

**EU Third Energy Package:** a legislative package with the aim of creating a single gas and electricity market in the European Union in order to decrease the cost of energy. This package includes regulations on cross-border exchange for electricity and natural gas networks.

**Euronext Vigeo Eiris Indices:** a set of indexes of the 120 highest-ranked listed companies according to their ESG performance as determined by Euronext, a European stock exchange operator. The indexes are re-evaluated semi-annually. The ratings are weighted and measure company performance against certain risks.

**European Commission's Guidelines on state aid for Environmental Protection and energy 2014-2020:** a set of guidelines that outline the ways EU members can work toward the Europe 2020 strategy and the 2030 framework of reducing EU greenhouse gases by 20% and 40%, respectively, when compared to 1990 level, while adhering to the Treaty

on the Functioning of the European Union rules to prevent state aid from distorting internal market competition.

**European Energy Security Strategy:** a strategy introduced in 2014 that is designed to reduce the European Union's dependency on energy imports in order to increase the stability and abundance of energy in the EU. Because more than half of the EU's energy is imported, the EU could be vulnerable to supply disruptions if a political or commercial dispute or infrastructure failure were to occur. The strategy includes both short-term measures (e.g., simulating and preparing for supply disruptions) and long-term measures (e.g., increasing Energy Efficiency and production, improving infrastructure, and creating a unified voice when dealing with non-EU countries).

**European Environment Agency / EEA:** a European Union agency established in 1993 that independently provides information about the environment to the public and those shaping environmental policy. This information is intended to be used to improve the environment and increase sustainability in the EU.

**European Green Deal:** a package of measures proposed by the European Commission to achieve the European Union objective of Carbon Neutrality by 2050. The European Green Deal addresses all sectors of the economy and establishes funds in order to encourage the sustainable investment required to achieve Carbon Neutrality by 2050.

**Eutrophication:** a process in which a body of water becomes overgrown by algae. This happens when too many nutrients, such as nitrogen and phosphorus from fertilizer runoff or septic system drain-off, enter the water, allowing the algae population to overgrow. Eutrophication is a material environmental concern because it harms fish populations, kills seagrasses, and reduces fish Habitats. It also decreases the number of shellfish that are able to grow in the body of water. Eutrophication is also known as hypertrophication.

**EV:** acronym for Electric Vehicle.

**Exclusionary Screening:** a sustainable investing approach in which investors exclude companies, sectors, or industries from their portfolios based on their personal values. Exclusionary Screening might lead an investor to exclude a company or sector based on a religious or ethical guideline, an environmental standard, or a social policy. Exclusionary

Screening is generally a less robust approach to sustainable investing than inclusionary screening, which involves actively identifying the investments that align with the investor's philosophy.

**Extended Producer Responsibility / EPR:** a policy implemented by governments that places financial and/or physical responsibility on the producers of goods and products for the treatment and disposal of Post-Consumer Waste (e.g., electrical and electronic equipment, packaging materials, etc.). EPR incentivizes producers to design products in a way that reduces Post-Consumer Waste, recycle, and use fewer hazardous chemicals in manufacturing. EPR is also known as producer responsibility.

**External Assurance:** external, independent assessments of sustainability disclosure processes and reporting or other activities designed to result in published conclusions, systems, or processes. The use of External Assurance helps verify the quality of the report and the information contained therein.

**Externality:** a concept in economics referring to a cost paid or a benefit received by a party that was not involved in the production of that cost or benefit. An Externality can be positive or negative, and can affect a person, an organization, or a society (e.g., factory pollution is a negative Externality that affects society by increasing healthcare costs). Externalities are sometimes referred to as “spillovers.”

**Extinction Event:** when a relatively large percentage of species become extinct in a relatively short amount of time, leading to a sharp decline in Biodiversity. Most scientists agree that there have been at least five major Extinction Events, the most recent of which took place 66 million years ago. An Extinction Event is also known as a mass extinction.

**Facility-Level Reporting:** a general, high-level summary of a facility's enforcement and compliance history. Reports often include detailed facility identification information, summaries of enforcement and compliance activities, descriptions of the environment in which the facility resides, and information regarding pollutants (if applicable).

**Fair Labor Practices:** guidelines to protect workers against certain unfair pay practices or work regulations. Fair Labor Practices are a resource to improve a company's reputation and employee productivity. See SASB.

**Fair Labor Standards Act:** a US federal law that applies to full-time and part-time workers, establishing minimum wage, child labor, recordkeeping and overtime pay eligibility standards in the private and public government sectors.

**Fair Trade:** a philosophy of trading that aims to decrease inequality in international trade by increasing transparency and respect between the trading parties and consumers. Fair Trade products can be certified by a number of organizations, including the World Fair Trade Organization and Fairtrade.

**Fatality Rate:** the number of deaths incurred from a specific cause or incurred at a company or facility level. Under SASB standards, Fatality Rate serves as a measurement for health and safety management. Fatality Rates impact operating costs and liabilities.

**Federal Land Policy and Management Act of 1976:** a US federal law that governs the administration of approximately 245 million acres of public lands largely in the western United States by the Bureau of Land Management across a broad range of planning, management, development, recreational, and conservation actions. The law revokes the large majority of historic laws that encouraged America's westward expansion through disposition of federal land to pioneers and others enticed to "Go west, young man".

**Feedback Loop:** a chain of cause-and-effect relationships that occur in open and interconnected environmental systems when a system's output becomes an input in the same system. Feedback Loops may be positive or negative. Positive feedback occurs when the effects of a change are intensified. Negative feedback occurs when the effects of the initial change are restored or reverted to the original condition. An example of a negative Feedback Loop is homeostasis, or the process by which the human body keeps its internal environment relatively constant.

**Fiduciary Duty:** a duty on the part of one party (the fiduciary) to act in the best interests of another party (the principal or beneficiary). In some cases, if the fiduciary does not fulfill its duty, it may be held financially responsible for any losses on the part of the beneficiary. Common examples of Fiduciary Duties include an attorney's duty to their client, a board member's duty to shareholders, and a trustee's duty to the beneficiaries of a trust.

**Finland Act 478-2017 on the Distribution of Alternative Fuels for Transport:** a law that works to ensure that Alternative Fuels for public charging (Electric Vehicles) and refueling in Finland conform with common technical specifications. The law also aims to reduce the use of Fossil Fuels in the transportation sector by ensuring that sufficient information is provided to users on Alternative Fuels and their distribution.

**Finland Climate Change Act (609/2015):** a law that lays a foundation of general provisions for planning and monitoring Climate Change objectives in Finland. The goal of this foundation is to ensure the fulfillment and implementation of Finland's climate objectives, reduce GHG Emissions, and take measures to mitigate Climate Change.

**Finland National Climate Change Adaptation Plan:** a plan adopted in 2014 that aims to “build the capacity of Finnish society to manage the risks associated with Climate Change” and ensure that society is able to adapt to it. The plan specifies key measures for Finland to implement, including providing access to Climate Change assessment and management methods and investing in research and development.

**Finland National Energy and Climate Strategy for 2030:** a strategy that lays out actions Finland can take to achieve the energy and climate objectives consistent with Finland's 2050 Carbon Neutrality target. It also updates the country's Renewable Energy goals.

**Finvex Sustainable Efficient Europe 30:** an index designed by the Finvex Group to reflect the performance of a portfolio of 30 equity securities listed on Europe-wide exchanges. The securities are selected from the Dow Jones Sustainability Europe Index.

**Flattening the Curve:** an effort to reduce the number of virus cases at any given time. This allows healthcare systems to better manage the demands of patients who are sick with contagious diseases such as COVID-19.

**Flowback:** the water that flows back out of a well during Fracking. Flowback can contain Fracking fluid and salts from the surrounding rock, and depending on the location of the well and the background levels in the surrounding rock, it can also contain naturally occurring radioactive materials.

**Flu:** an illness with symptoms such as fever, cough, and fatigue. While such symptoms are also present with COVID-19, the two illnesses have significant differences. Flu symptoms typically onset rapidly, developing in one to four days. COVID-19 symptoms can take up to 14 days to appear and may not appear at all.

**Food and Agriculture Organization of the United Nations / FAO:** a UN agency that focuses on eliminating hunger by ensuring that anyone in the world can access high-quality food to live an active, healthy life. The FAO assists more than 130 countries with the cultivation, protection, and distribution of high-quality food.

**Food Chain:** a concept in the field of ecology tracking the transfer of energy from one organism to another via the food consumed (e.g., a rabbit eats a carrot, a fox eats the rabbit, and a lion eats the fox).

**Food, Conservation, and Energy Act of 2008:** a US federal law that covers agricultural subsidies, energy, conservation, nutrition, and development. Initiatives include expansion of the loan guaranty program for the creation of commercial-scale and demonstration-scale biorefineries; support for renewable Biomass use in biorefineries, instead of Fossil Fuels; a program to promote the use of hydroelectric source technologies; and authorization for the US Forest Service to conduct research and development on forest Biomass for energy generation. The law is also known as the 2008 Farm Bill.

**Food Desert:** an area in which access to fresh, affordable, nutritious food is limited because of a lack of grocery stores within walking distance or easy access to public transportation. For example, in a Food Desert, it might be easier to buy potato chips and fried chicken than it is to buy whole, unprocessed potatoes and fresh chicken. Food Deserts are usually found in low-income urban areas with disproportionately higher numbers of minority residents.

**Food Miles:** the distance that a food traveled from the place where it was grown or produced to the place where the consumer purchased or ate it. Food Miles are used as one measure of how sustainable a food is — the more Food Miles a food has, the farther it had to travel to reach the consumer, suggesting that more GHGs were emitted to transport it.

**Food Safety and Health Concerns:** concerns related to the maintenance of product quality and safety, especially regarding potential risks of

contamination by pathogens, chemicals, or spoilage. Food Safety and Health Concerns work to address practices that may pose serious risks to human and animal health. See SASB.

**Food Security:** a state in which people have access at all times to healthy food that meets their preferences and physical needs. If people do not have Food Security, they can fall into various levels of food insecurity, which may be characterized by anxiety over a shortage of food, reduced food intake at meals, skipping meals, and weight loss.

**Forest Risk Commodity / FRC:** a good or material that is extracted from or produced in tropical forests (or areas that were previously tropical forests), such as a cattle or timber product, soy, and palm oil. The production of FRCs can contribute to Deforestation, but does not in itself cause it.

**Forest Stewardship Council / FSC:** a global nonprofit organization that works to promote responsible management of the world's forests. The FSC label (featuring a tick tree) can be used to indicate that paper-based products have been certified under the FSC system.

**Fossil Fuel:** a natural fuel that is formed from the fossilized remains of once living organisms. Fossil Fuels include coal, oil, and natural gas. They are the world's No. 1 source of energy. The burning of Fossil Fuels is a primary contributor to the emission of pollution and GHGs.

**Fracking:** an oil and gas well development technique in which bedrock is fractured by pressurized liquid (water, sand, and chemicals). The process is performed to create cracks in the deep-rock formations through which natural gas, petroleum, and brine can flow more freely. Fracking is formally known as hydraulic fracturing.

**France Energy Renovation in Buildings Plan 2018:** a plan to improve France's domestic purchasing power and meet the challenge of Carbon Neutrality. The plan offers tools applicable to housing and public sector buildings (such as hospitals and schools).

**France Finance Law 2018 on Carbon Taxation:** a budget law that sets a trajectory for domestic carbon consumption tax rates for the 2018-2022 period. In 2018, the Carbon Tax was at €44.60 per ton. The measure aims to increase the tax yearly, reaching €86.20 per ton in 2022.

**France Hydrogen Deployment Plan for the Energy Transition 2018:** a plan to accelerate the development and deployment of hydrogen in France. The plan focuses on Energy Storage, electricity generation in transportation, gas networks, and carbon dioxide storage.

**France Law No. 2015-992 on Energy Transition for Green Growth (2015):** a law that aims to diversify France's energy mix and tackle Climate Change. The law covers a variety of economic activities and seeks to stimulate green growth.

**France Law No. 2017-1839 on the End of Exploration and Exploitation of Hydrocarbons (2017):** a law that modifies several articles in the French mining code and will end all activities related to the exploration and exploitation of Hydrocarbon Fossil Fuels on French territory by 2040. The ban encompasses gas, oil, and coal on French territories, including exclusive economic zones and the continental plateau. The law also stipulates that no further permits will be granted by the government.

**French Grenelle II 2010:** a law also called the National Commitment for the Environment that implements France's Sustainable Development goals as articulated in Grenelle I (2008). The law focuses on six key areas: (i) buildings and urban planning; (ii) transportation; (iii) energy and climate; (iv) biodiversity; (v) risks, health, and waste; and (vi) Corporate Governance.

**FTSE ESG Index Series:** a series of investment indexes created by FTSE Russell based on ESG data models that use a matrix approach with four base criteria: (i) decent work and economic approach, (ii) responsible production and consumption, (iii) climate action, and (iv) peace, justice, and strong institutions tracked across ESG subcategories.

**FTSE4Good Index Series:** a series of ethical investment stock market indexes, with inclusion based on a range of Corporate Social Responsibility criteria, launched by the FTSE Group. The FTSE4Good Index measures company performance on ESG practices.

**Fugitive Emissions:** the unintentional release of gasses or vapors from pressurized equipment (*i.e.*, through leaks) generally occurring in an industrial setting, such as a factory or power plant. Fugitive Emissions are harmful to the environment because they contribute to Air Pollution and release GHGs. Fugitive Emissions can also pose a risk to the workers and residents in the surrounding communities.

**Gambia National Climate Change Policy:** a policy that outlines a cohesive approach to resource mobilization, and develops a clear policy direction for the development of human resources in Gambia. The policy is based on Gambian national development frameworks, including Vision 2020 and the 2012-2015 Program for Accelerated Growth and Employment.

**Gate to Gate:** a narrow Life Cycle Assessment, focusing on only one phase of the production process.

**General Reporting Protocol:** a framework designed by The Climate Registry for companies and organizations in North America to voluntarily measure and report their GHG Emissions data. It outlines a measurement system that allows for accurate, consistent, and verifiable reporting across sectors and borders.

**Generally Accepted Accounting Principles / GAAP:** a set of commonly accepted accounting procedures and authoritative standards that certain business and corporate accounting must abide by during the compilation of their financial statements.

**Genetic Diversity:** the total number of distinct genetic characteristics and the frequency in which they appear in a species' genetic makeup.

**Genome:** the complete set of DNA for an organism. It holds all of the genetic information that an organism needs to function. Think of a Genome as a 3 billion-step instruction manual for life.

**Genuine Progress Index / GPI:** a measure of the well-being of a nation that takes into account certain environmental and social factors, such as cost of crime and resource depletion, that are not included in a calculation of gross domestic product. GPI is an alternative measure to GDP that looks closely at whether economic growth has provided a net benefit to people overall. GPI is also known as genuine progress indicator.

**Geoengineering:** the deliberate intervention in and manipulation of the earth's natural systems using emerging technologies. Nuking a hurricane is one example of a (bad) Geoengineering idea.

**Georgia Strategy for Agricultural Development 2015-2020:** a strategy focused on increasing competitiveness and growth in the nation's agricultural sector, ensuring the safety and security of the food

produced, and bolstering development of agricultural areas through sound practices. Georgia aims to use the development of its agricultural sector to reduce poverty and drive economic growth.

**Geosphere:** the part of the earth system that includes all rocks, minerals, and metals, from the surface of the planet to the innermost core.

**Geothermal Energy:** a form of Renewable Energy that comes from the heat that radiates from the center of the earth. Geothermal Energy power plants have low pollution levels. More than 20 countries use Geothermal Energy.

**German Council for Sustainable Development:** a council established in 2001 that advises the German government on Sustainable Development policy. Its objective is to increase awareness in the government about the environment and elevate environmental concerns to share equal importance with social and economic concerns.

**Germany Action Program on Climate Protection 2020 (2014):** a program to reduce GHG Emissions in Germany by 40% by 2020, compared with 1990 levels. Specifically, the program aims to reduce GHG Emissions in seven sectors: commercial building, housing, transportation, industry, agriculture, Emissions Trading reform, and electricity.

**Germany Climate Action Plan 2050 (2016):** a plan to reduce GHG Emissions in Germany by at least 55% by 2030, compared with 1990 levels, and make Germany GHG-neutral by 2050. The plan, a product of the Paris Agreement, targets five sectors: energy, industry, buildings, transportation, and agriculture. It provides pathways to achieve these goals, lists for how to implement them, and a process for monitoring policies.

**Germany Law for the Conservation, Modernization, and Expansion of Cogeneration (2016):** a law that revises the 2002 Combined Heat and Power Act and encourages combined heat and power generation plants in Germany to use Renewable Energy and reduce coal use. Subsidies and incentives are given to plants feeding the national supply grid, projects that dispose of coal, and others.

**GHG:** acronym for Greenhouse Gas.

**Global Challenges Index:** an index of 50 securities, including globally active large companies as well as small- and medium-sized companies, that have made substantial commitments to the promotion of Sustainable Development as determined by the Hannover Stock Exchange and a German rating agency.

**Global Change Research Act of 1990:** a US law that establishes the US Global Change Research Program, which aims to “understand and respond to global change, including the cumulative effects of human activities and natural processes on the environment, and promote discussions toward international protocols in global-change research.”

**Global Climate 100 Index:** an index of 100 securities, including companies that are expected to provide solutions to Global Warming and offset the long-term consequences of Climate Change.

**Global Compact 100 Index:** an index comprising a representative group of businesses in the UN Global Compact. The businesses are chosen based on their implementation of the Ten Principles, commitment to the UN Global Compact, and profitability.

**Global Dimming:** a reduction in the amount of Solar Energy that reaches the surface of the earth. Global Dimming is caused by pollutants, both human and natural, that absorb that energy and reflect it back into space. Consequences of Global Dimming include droughts, heat waves, and decreased sunlight reaching the earth. The effects of Global Dimming are thought to be counteracting some of the effects of Global Warming.

**Global Ecosystem:** another name for Biosphere.

**Global Food Safety Initiative / GFSI:** a nonprofit initiative started by food industry leaders that focuses on providing safe food for consumers. GFSI is a volunteer organization made up of food-safety experts who work to provide improvements in food management systems. It also conducts stakeholder projects on issues such as auditor compliance and food safety for small suppliers.

**Global Footprint Network:** a nonprofit organization that measures the Natural Resources humans are using against what the earth can regenerate. Its focus is on increasing sustainability until Natural Resources regenerate faster than they are used.

**Global Reporting Initiative / GRI:** the nonprofit organization that created the GRI Sustainability Reporting Standards to guide voluntary corporate sustainability reporting.

**Global Sustainable Investment Alliance / GSIA:** a collaboration of the seven largest sustainable investment organizations that works to promote Socially Responsible Investing. One of GSIA's goals is to increase the visibility and impact of these organizations in order to integrate sustainable investment into financial systems.

**Global Warming:** the heating of the earth caused by increased GHG levels in the Atmosphere due to human activities. Global Warming can result in extreme weather events, dirtier air, higher wildlife extinction rates, higher human death rates, and higher Sea Levels. See also Climate Change.

**Global Warming Potential / GWP:** an indicator that allows comparative analysis of different gases and their impacts on Global Warming. The larger the GWP, the more a specific gas warms the earth compared with carbon dioxide over time.

**Global Water Disclosure Project:** an initiative launched by the Carbon Disclosure Project that aims to provide a system for companies to annually disclose information on their water usage as well as their Water Management and improvement plans. It also provides a collection of data on the impacts of changing water availability on businesses.

**Good Life Goals:** a set of personal actions that individuals around the world can take in support of the Sustainable Development Goals. The 17 Good Life Goals mirror the Sustainable Development Goals. They are to: (1) help end poverty, (2) eat better, (3) stay well, (4) learn and teach, (5) treat everyone equally, (6) save water, (7) use clean energy, (8) do good work, (9) make smart choices, (10) be fair, (11) love where you live, (12) live better, (13) act on climate, (14) clean our seas, (15) love nature, (16) make peace, and (17) come together. Businesses can find help in implementing the Good Life Goals through the Good Life Goals Business Guide.

**Good Life Goals Business Guide:** a resource guide created by the WBCSD and Fuerrato help companies understand how to use the Good Life Goals to render the Sustainable Development Goals relevant and actionable to employees and customers. The guide provides

instructions on how to get started and offers a variety of inspirational examples for companies on the types of actions and initiatives they can advocate and support.

**Governance:** the “G” in ESG. Governance is the structure that directs how a company is controlled. It is typically outlined in bylaws, stock ownership guidelines, articles of incorporation, and committee charters. Governance rules, processes, and systems set forth transparent outlines to organize a company’s day-to-day management and disclose to investors how the company will achieve its goals.

**Governance Factor:** an issue that a company will look at to determine how the organization will be run. Governance Factors include: board structure, shareholder rights, management structure, accounting methods, executive pay, and internal controls. How an organization incorporates Governance Factors into its structure determines its overall Governance.

**Great Green Wall:** an initiative led by the African Union to create an 8,000 km wall of trees and plants across the southern portion of the Sahara desert. In progress for over a decade, the Great Green Wall is designed to prevent Desertification, reduce poverty in participating countries, and combat Climate Change. It contributes directly to the Sustainable Development Goals.

**Greece Aid Scheme for Power Plants Using RES and Cogeneration of Electricity and High Efficiency Heat (2016):** a law that establishes a support mechanism for electric power plants that use Renewable Energy or Cogenerated heat and power sources. The law also helps to integrate these power plants into the larger Greek electrical system. The law was passed to bring Greece into line with the EC Guidelines on State Aid for Environmental Protection and Energy 2014-2020.

**Greece National Strategy for Adaptation to Climate Change (2016):** a strategy for Greece to adapt to and prepare for Climate Change. It creates regional and local action plans to promote adaptation and sustainable growth, establishes monitoring systems for those policies, and suggests alternative adaptation positions for specific sectors of the economy.

**Green Architecture:** an approach to building that tries to minimize the negative Environmental Impacts from construction. Green Architecture

takes into account factors such as sustainable energy sources and the Reuse of materials. This approach goes hand in hand with LEED standards, which provide measurable criteria to consider when designing sustainable buildings.

**Green Bond:** the flagship form of activity-based Sustainable Finance in which a bond financing is expressly linked to business activities with green attributes. Green Bonds are generally characterized by their disclosure of the eligible projects the bond proceeds will be allocated to and the level of reporting that will be provided, with minimal or no changes to the definitive debt documents. See also Social Bond and Sustainability Bond.

**Green Bond Framework:** an explanation (either included in offering disclosure documents or otherwise made publicly available) of how a bond used to raise funds is linked to underlying business activities with green attributes, as well as how decisions will be made with respect to allocating the bond proceeds to eligible projects and how the issuer will report to investors on the green aspect of the bond.

**Green Bond Principles / GBP:** voluntary process guidelines for the issuance of Green Bonds that focus on disclosure, transparency, and reporting.

**Green Building:** a building that is constructed to reduce negative Environmental Impacts and create positive Environmental Impacts throughout the Life Cycle of the building. Any type (and color) of building can be a Green Building as long as it has certain features such as the use of Renewable Energy, pollution reduction, and a design that can adapt to changing environments (similar to the requirements to meet the LEED standards).

**Green Chemistry:** a way of designing chemical products that reduces waste, conserves energy, prevents pollution, and reduces the negative Environmental Impacts of chemicals on the environment. Green Chemistry applies to the full Life Cycle of a chemical.

**Green Climate Fund:** a global fund founded in 2010 to respond to Climate Change by soliciting public investment in order to stimulate private finance in Developing Countries, and catalyze Climate Financing in line with the UNFCCC.

**Green Labeling:** a form of sustainability measurement directed at consumers to make environmentally friendly products more clear. Some Green Labeling systems are voluntary, while others are mandated by law (e.g., Energy Star stickers). Green Labeling includes eco-labels and green stickers.

**Green Power:** a term used to describe Renewable Energy resources and technologies, such as power produced from Solar Energy, Wind Energy, Geothermal Energy, Biomass Gas, eligible Biomass Energy, and low-impact hydroelectric sources.

**Green Waste:** any waste that can be Composted. Green Waste is mostly composed of refuse from gardening and cooking. It is also known as biological waste.

**Greenhouse Effect:** the warming of the earth's surface and lowest layer of Atmosphere due to the presence of water vapor, carbon dioxide, Methane, and other gases in the air.

**Greenhouse Gas / GHG:** a type of gas that traps heat from the sun on the surface of the earth by absorbing infrared radiation, such as carbon dioxide or Methane. There are natural GHGs (water vapor, carbon dioxide, Methane, and nitrous oxide), and human-made GHGs (synthetic fluorinated gases). Human activity has not only created synthetic GHGs, but has also increased the concentration of natural GHGs in the Atmosphere.

**Greenhouse Gas Inventory:** a type of Emissions inventory that identifies major sources of GHGs and measures their magnitude. Greenhouse Gas Inventories are also used to track progress for Emission Reduction Targets.

**Greenhouse Gas Protocol:** an international accounting and management tool for government and business leaders to quantify, manage, and better understand GHG Emissions.

**Greenwashing:** the practice of overstating the environmental benefits of a product, service, or idea.

**Greywater:** lightly used water from restroom sinks, showers, bathtubs, and washing machines. Greywater may contain bits of dirt, food, grease, hair, and household cleaning products. However, it is safe and beneficial for the environment as a source of irrigation water.

**GRI:** acronym for Global Reporting Initiative.

**GRI Sustainability Reporting Standards:** standards created by the GRI in 1997 that give companies a mechanism for voluntarily reporting to stakeholders their Environmental Impacts and contributions to Sustainable Development.

**Group of Eight / G8:** not to be confused with *Ocean's 8*, the Group of Eight was an inter-governmental political forum from 1997 until 2014 comprising France, the United States, the United Kingdom, Russia (suspended), Germany, Japan, Italy, and Canada that met periodically to address global issues such as Climate Change.

**Guatemala National Action Plan for Climate Change (2016):** a plan to prepare and protect Guatemala's population and institutions from the risks of Climate Change. The plan calls for undertaking critical economic, social, and environmental measures to work toward more Sustainable Development and planning.

**Guinea Ordinary Law L/2017/060/AN (Forest Code) (2017):** a law that provides Guinean forests with a status of national interest, ensuring sustainable management and protection. The law implements any measure necessary for the protection and development of Guinean forests and trees, the conservation of plant diversity, the mitigation of Climate Change impacts, and the certification of harvested forest products.

**Guyana Framework of the Guyana Green State Development Strategy and Financing Mechanisms 2017:** a framework prepared with support from the United Nations to provide guidance on prioritized areas outlined by Guyana's Green State Development Strategy. The framework also serves as a roadmap for Guyana's development, following a reduced Emissions pathway that builds on the success of the nation's low-carbon development strategy and other national policies.

**Habitat:** the natural home or environment of an animal, plant, or other organism. A Habitat contains all the conditions an organism needs for survival.

**Handprint:** a net-positive approach to sustainability that aims to engage people to reduce their footprint and create a net-positive impact on the environment.

**Happy Planet Index:** a measurement of happiness that incorporates measurements of well-being, life expectancy, equality, and Ecological Footprint.

**Hazard Potential Classification:** a US system that categorizes dams according to the degree of adverse incremental consequences of a failure or incorrect operation. Hazard Potential Classifications provide definitions that can be applied to all federal and state safety agencies and can be understood by the general public.

**Hazardous Materials Transportation Act / HMTA:** a US federal law that aims to provide protection against the risks to life and property inherent in the transportation of hazardous material in commerce by improving the regulatory and enforcement authority of the US Secretary of Transportation. “Hazardous material” is defined as any quantity or form of a material that “may pose an unreasonable risk to health and safety or property.”

**Hazardous Substance:** any substance (solid, liquid, or gas) that can be detrimental to human health. Hazardous Substances are classified based on potential health effects.

**HEV:** acronym for Hybrid Electric Vehicle.

**Honduras Law on Climate Change Decree No. 297-2013 (2014):** a law that establishes principles and regulations for Honduras to adequately plan, prevent, and respond to the impacts of Climate Change. The law seeks to reduce environmental vulnerability and improve Honduras’ adaptation capacity by fostering sustainable practices.

**Human Capital:** the stock of skills, knowledge, and experience possessed by an individual or population.

**Human Development Index / HDI:** a composite index developed by the United Nations of life expectancy, education, and per capita income.

**Human Equivalent:** a measure that compares the energy required for a process to the relative quantity of energy required for human metabolism. Human Equivalent can be helpful for understanding energy flows in biological and physical systems.

**Human Rights and Community Relations:** a sustainability issue category within the SASB reporting guidelines that addresses the relationship between businesses and the communities in which they operate.

**Hybrid Electric Vehicle / HEV:** a vehicle powered by a combination of an internal combustion engine and one or more electric motors that use energy stored in batteries. See also EV and PHEV.

**Hydrocarbon:** an organic compound of hydrogen and carbon. The most common Hydrocarbon is the smallest, Methane.

**Hydrofluorocarbon / HFC:** a GHG used in refrigeration, fire retardants, aerosols, and solvents. HFCs have been used as a replacement for CFCs, which have been phased out pursuant to the Montreal Protocol.

**Hydrogen Fuel Cell:** an electrochemical cell that converts chemical energy found in fuel to electricity through a series of clean and efficient reactions. Hydrogen Fuel Cells can be used in a variety of applications, including transportation and backup power.

**Hydrolysis:** the chemical breakdown of a compound (polymers into monomers) using water and an enzymatic catalyst. Hydrolysis reactions break bonds and release energy.

**Hydropower:** power derived from the energy of falling or fast-flowing water.

**Hydrosphere:** the combined mass of water found on, under, and above the earth's surface. A planet's Hydrosphere can be liquid, vapor, or ice.

**IASB:** acronym for the International Accounting Standards Board.

**IFC:** acronym for the International Finance Corporation.

**IFRS:** acronym for International Financial Reporting Standards.

**Impact Investing:** a subset of Sustainable Finance characterized by investments made with the intention to generate positive Environmental Impacts or social impacts in addition to financial returns.

**Impact Reporting:** communicating the action of change initiated by an activity or person, how the change was created, and the influence of that change.

**Inclusive Business:** a company that develops innovative ways to do commercially viable business with people who have been historically marginalized and expands access to basic products and services.

**India Companies Act (2013):** a law that requires one-third of a company's board to be composed of independent directors, and at least one female board member. It also requires companies to disclose executive salaries as a ratio to the average employee's salary, and allows shareholders to file class-action lawsuits.

**India Responsible Business Index:** an index that measures the alignment of policies and performance systems for the top 100 companies listed on the Bombay Stock Exchange with India's National Voluntary Guidelines in the following areas: non-discrimination in the workplace; respecting employee dignity and human rights; community development; inclusiveness in the supply chain; and community as business stakeholders. The index is based only on information available in the public domain and does not evaluate a company's compliance or performance.

**Indicator Species:** an organism whose presence, absence, or abundance reflects a specific environmental condition.

**Indirect CO2 Emissions:** Emissions that are a consequence of the activities of a company, but occur at sources owned or controlled by another entity—including both Upstream and Downstream of companies along the value chain. In contrast, see Direct CO2 Emissions.

**Indirect Energy:** the energy embedded in the goods and services that consumers purchase. In contrast, see Direct Energy.

**Indonesia National Medium-Term Development Plan 2015-2019 (2015):** the third phase of implementation of Indonesia's 2005-2025 National Long-Term Development Plan. Local governments must take this plan into account when formulating their regional development policies.

**Indonesia Regulations 12 and 50 on the Utilization of Renewable Energy for the Provision of Power (2017):** regulations that set out, among other things, “how to determine the tariff for purchasing the electricity generated by renewable projects.”

**Industrial Agriculture:** a food production system (dominant in the United States) characterized by large-scale monoculture, heavy use of chemical fertilizers and pesticides, and meat production in confined animal feeding operations (CAFOs). Industrial Agriculture is also defined by its heavy emphasis on a few crops that are used primarily as animal feed, Biofuels, and processed food ingredients.

**Industrial Ecology:** a discipline that aims to study and reduce the negative Environmental Impacts of industry by “examining material and energy flows in products, processes, industrial sectors, and economies. Industrial Ecology provides a long-term perspective, encouraging consideration of the overall development of both technologies and policies for sustainable resource utilization and future environmental protection.” Source: Industrial Ecology, 1995

**Inflow:** in the context of the Circular Economy, resources that enter the organization, including materials, parts, or products (depending on an organization’s position within the supply chain). Not included are water and energy (carriers), which are part of the specific water and energy formulas.

**Intangibles:** non-physical resources that can generate short, medium, and long-term value for an organization. Intangible assets and intangible liabilities frequently are not fully characterized in financial reporting but they can be significant factors in an organization’s value creation.

**Integrated Reporting / IR:** the latest development in a long line of proposed voluntary reporting innovations that have sought to improve the usefulness of corporate reporting. IR aims to provide a more holistic form of reporting the value created by a business by considering non-financial resources such as Human Capital, Social Capital, and intellectual capital as well as financial capital.

**Intergovernmental Panel on Climate Change / IPCC:** the leading international body for the assessment of Climate Change, and a source of scientific information and technical guidance for parties to the UNFCCC, the Kyoto Protocol, and the Paris Agreement.

**Intermittent Power:** power sources that are not steady or regularly available. Frequently, power generated by Renewable Energy sources can yield variations in power output, voltage, and frequency.

**Internal Audit:** an independent, objective assurance activity designed to provide oversight and verification of an organization's operational and financial controls. Internal audit can add value and improve an organization's operations and help an organization accomplish its goals by bringing a systematic, disciplined approach to evaluating and improving its risk management, control, and governance processes.

**International Accounting Standards Board / IASB:** an independent, private body that develops and approves IFRS designed to increase transparency and accountability in global financial markets.

**International Finance Corporation / IFC:** a member of the World Bank Group and the largest development institution specializing in the private sectors of Developing Countries.

**International Financial Reporting Standards / IFRS:** accounting standards intended to bring transparency, accountability, and efficiency to financial markets around the world. IFRS are designed to meet the financial-information needs of investors and other market participants, to support their economic decisions. IFRS are issued by the IASB and have been adopted by approximately 144 jurisdictions, perhaps making the IFRS the most widely adopted accounting standards globally. The IFRS are not intended to directly address ESG issues, and the IASB indicates that it lacks the expertise to set sustainability reporting standards.

**International Institute for Sustainable Development / IISD:** an independent think tank that works to provide solutions to the world's issues regarding human development and environmental sustainability. It addresses issues such as ecological destruction, social exclusion, unfair laws and economic rules, and Climate Change.

**International Integrated Reporting Council / IIRC:** an international coalition of businesses, investors, regulators, NGOs, and standard setters that work to promote value creation and communication in corporate reporting. The IIRC aims to establish an integrated system of reporting that aligns with mainstream business practices in the public and private sector.

**International Organization for Standardization / ISO:** an organization that develops and publishes standards for a wide range of products, materials, and processes. The ISO aims to help businesses plan future growth in accordance with consumers' sustainability expectations and improve transparency regarding the Environmental Impact of their products.

**International System of Units / SI:** the international standard for measurement, commonly known as the metric system. The SI is made up of seven base units that define the 22 derived units with special names and symbols, which continue to cause unmeasurable anguish among bushels of American and British schoolchildren. The SI plays an essential role in international commerce and is commonly used in scientific and technological research and development.

**International Union for Conservation of Nature / IUCN:** a body established in 1948 that serves as a hub for more than 1,200 governmental organizations and NGOs to combine their knowledge to promote economic progress alongside environmental Stewardship.

**Ionization Radiation Potential:** the ability of a material to emit ionizing radiation. Ionizing radiation is a type of energy released by atoms breaking down in the form of electromagnetic waves or particles.

**IPCC:** acronym for the Intergovernmental Panel on Climate Change.

**Iraq Act for the Protection and Improvement of the Environment, No. 27 of 2009:** a law adopted in 2009 that aims to improve and protect the environment through regulations to restrict Emissions and discharges of pollutants to air, water, and land and to promote public health, Natural Resources, Biodiversity, and natural and cultural heritage. The law does not address Climate Change but does encourage Renewable Energy technologies.

**Ireland Climate Action and Low Carbon Development Act (2015):** a law that instructs the Minister of Communications, Climate Action, and Environment to draft and submit cost-effective national plans to help Ireland adapt to and mitigate the effects of Climate Change.

**Ireland Fossil Fuel Divestment Act of 2016:** a law that instructs the Irish Strategic Investment Fund to completely Divest from Fossil Fuels within five years. The law does allow for continued investment in Fossil

Fuel companies in limited circumstances, when such investments promote Decarbonization, Ireland's Climate Change obligations, or other environmental policy objectives. However, the Irish Treasury must publicly list investments made under these exemptions.

**Ireland National Adaptation Framework (2018):** a framework that outlines how Ireland will adapt to the effects of Climate Change, with responsibilities assigned to multiple government departments. These departments will work on drafting a plan for national environmental objectives while receiving input from stakeholders.

**Ireland National Development Plan 2018-2027:** a plan that aims to drive Ireland's long-term economic, environmental, and social progress through investment of almost €116 billion in infrastructure projects, climate resilience projects, and other sustainable programs.

**Ireland National Mitigation Plan (2017):** a strategic vision that outlines how Ireland will Decarbonize its economy leading up to the year 2050.

**Ireland Transition to a Low Carbon Energy Future 2015-2030 (2015):** a policy report that guides government operations in accordance with dramatically Decarbonizing Ireland's energy through 2030. The report attempts to align the social, economic, and political dynamics of Ireland with broader global trends and environmental norms established by the European Union.

**ISEAL Alliance:** an international association that establishes sustainability standards using input from the global community. While ISEAL Alliance is not a crime-fighting group of marine mammals, we can only hope that such a group does exist.

**ISO:** acronym for the International Organization for Standardization.

**ISO 14001:** a standard that is part of the "ISO 14000 family," which is a designation for standards that are aimed at identifying company responsibilities to the environment. ISO 14001 establishes guidance and criteria on how businesses can reduce their negative Environmental Impacts through procurement, storage distribution, etc. See also Environmental Management System.

**ISO 14064-1: 2018:** a standard that specifies principles and requirements at the organization level for the quantification and reporting of GHG Emissions and removals. It includes requirements for the design, development, management, reporting, and verification of an organization's GHG inventory.

**ISO 26000:** a standard that is intended as guidance, not for certification, for evaluating companies on how they achieve their social responsibilities to local communities, employees, and stakeholders. This standard is also known as ISO SR.

**Israel Government Decision No. 1403: National Plan for Implementation of the Greenhouse Gas Emission Reduction Targets and for Energy Efficiency:** a 2016 plan that outlines Israel's GHG and Energy Efficiency targets and the government's commitment to providing grants and loans to take steps to reduce GHG Emissions, while increasing the Energy Efficiency of buildings. Pursuant to this policy, the Ministry of Energy is tasked with providing a long-term plan for Energy Efficiency through 2030 in addition to evaluating and monitoring progress.

**Italy Climate Adaptation Strategy (2015):** a plan formally known as the Italian National Strategy on Adaptation to Climate Change that was produced by experts, policymakers, and stakeholders to place Italy on a path of achieving cost-effective adaptation and mitigation goals, based on aligning efforts at the local level with those on the national level.

**Italy Ministerial Decree of March 2, 2018 Promoting the Use of Biomethane in the Transport Sector:** a policy framework that is intended to promote the use of agricultural waste and increase the percentage of Renewable Energy powering Italy's transportation sector.

**Italy Renewable Energy Sources Decree 2016:** a policy that provides incentives for businesses to produce non-Photovoltaic forms of Renewable Energy, including wind farms, Hydropower, Biomass Gas, and other forms of Biomass.

**IUCN:** acronym for the International Union for Conservation of Nature.

**IW Financial Sustainability Reports:** reports related to the ESG performance of private companies. The scores that businesses receive in this area are sometimes used as proxies for assessing firm management achievements in ESG matters.

**Jamaica Climate Change Policy Framework (2015):** a framework that aims to reduce the effects of Climate Change without compromising Jamaica's long-term economic growth. This plan will be implemented, updated, and monitored by the Ministry of Water, Land, Environment, and Climate Change until 2030. Some of the objectives include financing for adaptation and mitigation efforts, public and private sector coordination to accomplish Climate Change imperatives, and improving responses to natural disasters.

**Jantzi Social Index / JSI:** a socially screened, market capitalization-weighted index of 50 Canadian companies that satisfy a broad set of ESG criteria. Launched in 2000, the JSI assesses how some Canadian companies engage with the local community, maintain Corporate Governance, manage employee relations, affect the surrounding environment, and impact human rights.

**Japan Act on Improvement of Energy Consumption Performance of Buildings (2015):** a law that sets standards for buildings in relation to energy consumption in Japan. The goal is to reduce the amount of wasteful energy that is used in buildings and promote Energy Efficiency. The law outlines the compliance requirements for older buildings and specifies how new buildings will be assessed.

**Japan Act on Promoting Generation of Electricity From Renewable Energy Sources Harmonized With Sound Development of Agriculture, Forestry and Fisheries (2015):** a law under which the Japanese government will issue a policy to help deploy more Renewable Energy in rural areas, in a way that doesn't conflict with local needs related to agriculture, fisheries, and forestry.

**Japan Act on Rational Use and Proper Management of Fluorocarbons (2015):** a law that establishes guidelines and protocols for reducing the production and use of fluorocarbons (CFCs and HFCs). The law's guidelines target areas of the economy, such as manufacturing, that are known for producing fluorocarbons.

**Japan Climate Change Adaptation Act:** a law that aims to promote action against Climate Change. Pursuant to this law, the Japanese government is obliged to formulate plans to counter Global Warming and promote a reduction in GHG Emissions.

**Japan National Plan for Adaptation to the Impacts of Climate Change:** a plan that outlines how Japan can adapt to changes in its natural environment. The plan calls for strategic investments, disaster prevention training, and improved emergency responses.

**Japan Plan for Global Warming Countermeasures:** a plan that places Japan on a path of reducing GHG Emissions to nearly 30% below 2013 levels by 2030. The plan highlights the need for the commercial sector to reduce its GHG Emissions by 40% in order to meet the 2030 target.

**Joule:** a unit of work or energy in the International System of Units, equal to the work done by a force of one newton acting through one meter.

**JSE Socially Responsible Investment Index:** a list of companies on the Johannesburg Stock Exchange that promote sustainable practices throughout their operations.

**Just in Time (Inventory System):** a management strategy that aligns Raw Material extraction with suppliers' production schedules. By having more coordination throughout the supply chain, a company is able to be more time- and energy-efficient. In contrast, producers using a just-in-case strategy hold sufficient inventory to have enough product to absorb maximum market demand.

**Kazakhstan Law on the Transition to a Green Economy (2016):** a law that enacts changes to existing codes related to land, water, environment, tax, and enterprise in order to improve sustainable practices across Kazakhstan's economy. It also contains provisions seeking to increase Renewable Energy capacity in Kazakhstan.

**Kenya Climate Change Act 2016:** a law that aims to empower social entrepreneurs in Kenya to lead projects that address Climate Change-related problems at the local and national level.

**Kenya National Adaptation Plan 2015-2030:** a plan derived from Kenya's Vision 2030 strategy to create measures that will safeguard agricultural operations; schools; energy, transportation, and water systems; health facilities; and local businesses.

**Kenya National Climate Change Action Plan 2018-2022:** a plan that seeks to strengthen Kenya's effort to become more sustainable, resilient to natural disasters, and robust in its use of Renewable Energy technology.

**Key Performance Indicators / KPIs:** quantifiable indicators used to measure and compare performance on identified issues to assess progress toward specific targets and goals.

**Kinetic Energy:** not only a moniker bestowed by physics professors on students with no potential, but also a form of energy that an object or a particle gains from motion given its mass.

**KLD 400 Social Index:** a capitalization-weighted index by Morgan Stanley Capital International of 400 US securities connected to companies that have “outstanding” ESG scores.

**Kyoto Protocol:** an international agreement committing participating nations to binding Emission Reduction Targets. The Kyoto Protocol was adopted in 1997, and entered into force in 2005. It is designed to implement the UNFCCC objective to reduce the onset of Global Warming by reducing atmospheric GHG concentrations to “a level that would prevent dangerous anthropogenic interference with the climate system.” The Kyoto Protocol puts a heavier burden on developed nations under the principle of “common but differentiated responsibilities,” due to the recognition that developed countries are primarily responsible for the majority of historic GHG Emissions.

**Kyrgyzstan Climate Change Adaptation Program and Action Plan for 2015-2017 for the Forest and Biodiversity Sector (2015):** a plan to preserve the Biodiversity within Kyrgyzstan and extend the amount of land devoted to forests.

**Land Use and Ecological Impacts:** an aspect of an ESG assessment that includes how land is used and the resulting impact on local ecosystems. See SASB.

**Land Use, Land-Use Change, and Forestry / LULUCF:** a UNFCCC work stream referring to human activities that impact terrestrial Carbon Sinks.

**Land Use Planning:** the process by which a society, through its institutions, decides where socioeconomic activities such as agriculture, housing, industry, recreation, and commerce should take place within its territory. This includes protecting well-defined areas from development due to environmental, cultural, historical, or similar reasons, and establishing provisions that control the nature of development activities.

**Landfill:** a system of waste disposal in which waste is isolated from its surrounding environment and covered with soil. This system is often used to extend arable land.

**Leachate:** liquid, typically from a Landfill, that is produced by Leaching. Leachate varies widely in composition depending on the age of the source Landfill and the type of waste that Landfill contains, but can pose a threat if it migrates into surrounding soil, groundwater, or surface water.

**Leaching:** a movement of water that removes nutrients from soil. Rainfall or surface water runoff dissolves soluble matter in Landfills, and can contaminate the surrounding environment.

**Leadership and Governance:** the way heads of companies or organizations arrange themselves to make decisions and accomplish goals.

**Leadership in Energy and Environmental Design / LEED:** a grading system that evaluates how environmentally friendly buildings are.

**Lebanon National Energy Efficiency Action Plan (2016-2020):** a plan that outlines energy-savings targets that Lebanon hopes to reach by 2020. It focuses on primary energy savings from the generation and transmission of energy as well as end-use measures, such as industrial and agricultural uses.

**Lebanon National Forest Program 2015-2025 (2015):** a plan to promote sustainable practices related to land use in Lebanon. The goals include reducing the effects of soil Erosion, investing in natural Carbon Sequestration, and improving forestland resiliency against Climate Change.

**Lebanon National Renewable Energy Action Plan 2016-2020:** a plan to increase the use of sustainable forms of energy, such as Solar Energy, Wind Energy, and Biomass Energy in Lebanon. The plan's goal is to increase Energy Efficiency across the economy.

**LEED:** acronym for Leadership in Energy and Environmental Design.

**Lempert-Nguyen Indicator:** a tool created to evaluate NGOs, international organizations, and government bodies on whether they

are meeting the criteria for Sustainable Development as outlined in the Rio Declaration.

**Lesotho Energy Policy 2015-2025 (2005):** a policy that seeks to increase affordable, dependable, and sustainable energy in Lesotho.

**Liberia National Policy and Response Strategy on Climate Change (2018):** a policy that outlines Liberia's efforts to mitigate and adapt to the effects of Climate Change. The strategy includes expanding Carbon Sequestration, implementing sustainable farming practices, increasing access and usage of Renewable Energy sources, and transforming Liberia's transportation system to reduce CO2 Emissions.

**Life Cycle:** not the new spin class studio frequented by hipsters, but rather the "consecutive and interlinked stages of a product or service system, from the extraction of Natural Resources to the final disposal" (or Reuse in the Circular Economy). Source: The Global Development Research Center

**Life Cycle Assessment:** "a systematic set of procedures for compiling and examining the inputs and outputs of materials and energy, and the associated Environmental Impacts directly attributable to the functioning of a product or service system throughout its Life Cycle." Source: The Global Development Research Center

**Limited Assurance:** a measure of auditing rigor in which the nature, timing, and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

**Linear Inflow:** in the context of the Circular Economy, virgin, non-renewable resources.

**Linear Metabolism:** the high rate at which cities consume resources and create waste. In contrast, see Circular Metabolism.

**Linear Outflow:** in the context of the Circular Economy, outflow not classifiable as circular. This means that the outflow: (i) is not circular in design, or consists of materials treated in a manner that yields no recovery potential, or (ii) that is not demonstrably, actually recovered or flowed back into the same or a different value chain.

**List of World Heritage in Danger:** a list established under Article 11 of the UNESCO Convention Concerning the Protection of the World Cultural and Natural Heritage to identify world heritage sites needing major operations to conserve and protect them. As of December 2019, 53 such sites have been listed.

**Low-Carbon Economy:** an economy that aims to minimize its output of carbon gases while functioning as a traditional economic program. The challenge for policymakers often is in determining how to balance economic growth with reduced Emissions.

**Low-Carbon Transition:** the process of shifting away from reliance on Fossil Fuels toward more Renewable Energy use and a Low-Carbon Economy.

**Luxembourg Agenda 2030 National Report on Sustainable Development(2017):** a report that outlines Luxembourg's environmental challenges in areas such as demographic shifts, the diversity of the resident population, and the economy's heavy dependence on the financial sector. The report also outlines six areas where Luxembourg can take action to mitigate these challenges.

**Luxembourg Budget Law — Climate Tax on Liquid Fuels and Tax Rebate on Low-Carbon Cars (2017):** a law that enacts a Carbon Tax and also incentivizes consumers to buy low-carbon/no-carbon vehicles.

**Luxembourg Law of 17 April 2018 on Territory Planning and Sustainable Development:** a law that modernizes the policies surrounding the use of land in Luxembourg. The new policies include encouraging sustainable practices, safeguarding forestland, and promoting natural Carbon Sequestration.

**Luxembourg Law on the Electricity Market (2015):** a law aimed at diversifying the sources of electricity produced in Luxembourg. The plan incentivizes the use of more Renewable Energy.

**Luxembourg Law on the Natural Gas Market (2015):** a law that seeks to reduce the negative Environmental Impacts of natural gas extraction and improve the Energy Efficiency of the supply and distribution of natural gas in Luxembourg.

**Luxembourg Law Supporting Sustainable Development in Rural Areas (2016):** a law that aims to support Luxembourg's agricultural sector over the long term by ensuring the competitiveness and sustainability of the agricultural sector alongside the development of rural areas.

**Luxembourg Package on Climate Bank and Sustainable Housing (2016):** a package of laws that establish a subsidy scheme to fund increasing Renewable Energy capacity in Luxembourg. It also provides provisions for improving Energy Efficiency in buildings.

**Maala CSR Index:** an assessment tool for benchmarking the CSR performance of Israeli companies based on eight criteria: (i) ethical aspects of business processes, (ii) environment (according to Environmental Impact), (iii) responsible procurement, (iv) work relations, (v) health and work-life balance, (vi) Corporate Governance, social, and environmental management and reporting, (vii) social involvement of employees, (viii) community contribution, and (ix) diversity and inclusion. Companies volunteer to participate in the index.

**Malawi National Climate Change Management Policy (2016):** a policy to help Malawi adapt to and mitigate the effects of Climate Change. The objectives include increasing community resilience to natural disasters, educating women and girls to implement sustainability initiatives, and creating tailored plans that will help local communities in the future.

**Malaysia 11th Malaysia Plan 2016-2020:** a plan to increase reforms in accountability and Governance. It also incorporates green growth into Malaysia's development objectives.

**Maldives Climate Change Policy Framework (2015):** a policy framework that seeks to address Climate Change in the short and long term in the Maldives. It promotes sustainable practices and the use of climate-friendly technology to help mitigate the effects of Climate Change.

**Mali Decree Suspending the Collection of Value Added Tax, Duties and Taxes on Renewable Energy Equipment on Importation (2014):** a decree that ends taxes on the Renewable Energy sector in Mali in order to make the power generated from renewable technologies cheaper and more competitive with conventional fuels.

**Malta Climate Action Act (2015):** a law that highlights the Maltese government's recognition that it needs to champion mitigation and adaptation measures to address Climate Change. The law provides that the government has an obligation to publish an inventory of the country's Emissions, provide updates on its climate policies, provide more investment in research and development, and create more funding for Renewable Energy use.

**Management of the Legal and Regulatory Environment:** a company's approach to engaging with regulators in cases where conflicting corporate and public interests may have the potential for long-term adverse direct or indirect Environmental Impacts and social impacts. Management of the Legal and Regulatory Environment also addresses a company's level of reliance on regulatory policy or monetary incentives (such as subsidies or taxes) and actions to influence industry policy (such as through lobbying), as well as a company's overall reliance on a favorable regulatory environment for business competitiveness and ability to comply with relevant regulations. See SASB.

**Mandatory Gender Pay Gap Reporting:** a practice that requires the disclosure of the difference in pay between genders in businesses in England, Scotland, and Wales that employ 250 people or more.

**Marine Protection, Research, and Sanctuaries Act / MPRSA:** a US federal law that, according to the EPA, "generally prohibits (i) transportation of material from the US for the purpose of ocean dumping, (ii) transportation of material from anywhere for the purpose of ocean dumping by US agencies or US-flagged vessels, and (iii) dumping of material transported from outside the US into the US territorial sea. A permit is required to deviate from these prohibitions. Under MPRSA, the standard for permit issuance is whether the dumping will 'unreasonably degrade or endanger' human health, welfare, or the marine environment." MPRSA is also known as the Ocean Dumping Act.

**Marine Stewardship Council / MSC:** a global nonprofit organization consisting of industry, consumers, and fisheries. For the past 20 years, the MSC has promoted sustainable fishing through certifications that indicate whether a seafood product meets certain sustainable practices.

**Marshall Islands 2050 Climate Strategy:** a plan that seeks to achieve 100% Renewable Energy and net zero Emissions in the Marshall Islands by or before 2050.

**Marshall Islands National Energy Policy and Energy Action Plan (2016):** a policy and plan that seeks to strengthen the access and use of sustainable energy services in the Marshall Islands. The targets include: 20% power from Renewable Energy sources by 2020; a 20% increase in Energy Efficiency in transportation fuel by 2020, compared with 2009 levels; and a 40% reduction in CO2 Emissions below the 2009 baseline.

**Material Flow:** the movement of materials from raw resources to finished products.

**Materiality Assessment:** a method of identifying ESG issues within a business that could affect the business and be important to the business' stakeholders. A Materiality Assessment is used to inform company metrics and to identify the information that might be appropriate for reporting to investors and other stakeholders. Subjects that are material might include issues that reflect the economic, environmental, and social impact of the business.

**Materiality Map:** a tool that compares sustainability issues that are disclosed across industries and sectors. See SASB.

**Materiality Matrix:** a visual representation of a Materiality Assessment.

**Materials Recovery Facility / MRF:** not to be confused with the heroine of *Interstellar* who saved humanity by using quantum data harvested from a black hole to conquer the tyranny of gravity, MRF is "a facility that sorts and processes materials that are collected elsewhere and brought to the MRF (pronounced 'murph') for the purpose of recovery of Recyclable materials ... In general, the primary purpose of sorting operations is to separate Recyclable from non-Recyclable materials ... At present, most MRFs are not separate, independent facilities, but are often incorporated into new or existing transfer stations." Source: CalRecycle

**Materials Sourcing and Efficiency:** the resilience of materials supply chains to Climate Change impacts and other environmental and social factors. It captures the impacts of such external factors on the operational activity of suppliers, which can affect availability and pricing of key resources. Materials Sourcing and Efficiency also addresses a company's ability to manage these risks through product design, manufacturing, and End-of-Life Product Disposal, such as by using

recycled and Renewable Material, reducing the use of key materials, maximizing Resource Efficiency in manufacturing, and making research and development investments in substitute materials. See SASB.

**Mauna Loa Record:** not a Hawaiian pop classic, but rather the longest continuous record of atmospheric CO<sub>2</sub>, taken at the Mauna Loa Observatory. The record is used to chart the amount of atmospheric CO<sub>2</sub> in parts per million (ppm). In February 2020, the world hit a new record high of 416.08 ppm of CO<sub>2</sub> in the Atmosphere.

**Mauritius Renewable Energy Agency Act (2015):** a law that establishes an agency to promote Renewable Energy in Mauritius.

**Maximum Soil Water Deficit:** the maximum amount of water that can be stripped from soil before there is a need for external sources of water.

**Methane:** a “colorless, odorless gas that occurs abundantly in nature and as a product of certain human activities. Methane is the simplest member of the paraffin series of Hydrocarbons, and is among the most potent of the GHGs. Its chemical formula is CH<sub>4</sub>.” Source: Encyclopedia Britannica

**Methanogenesis:** “the biological production of Methane mediated by anaerobic microorganisms from the Archaea domain commonly called methanogens. The production of Methane is the energy-yielding metabolism of methanogens and is unique to these organisms.” Source: eLS

**Metrics and Targets:** the measurements and goals used to assess and manage relevant climate-related risks and opportunities. Metrics and Targets are a component of the Recommendations of the Taskforce on Climate-Related Financial Disclosures.

**Mexico Decree Approving the Special Climate Change Program 2014-2018 (2014):** a law to improve Mexico’s infrastructure and local community resilience in relation to Climate Change. It offers provisions for protecting ecosystems, environmental services, and other key aspects of Mexico’s economy.

**Mexico Decree Issuing the Electricity Industry Law, the Geothermal Energy Law, and Amending the Law on National Waters (2014):** a law that seeks to create more competition in the Mexican energy sector, in order to achieve lower-priced and higher-quality access to renewable

fuels. The statute is made up of articles that give certain governmental bodies authority to regulate the energy sector and/or control and operate the national electricity system.

**Mexico Energy Transition Law (2015):** a law that provides a timetable for Mexico to substantially increase clean energy power generation to 30% by 2021 and 35% by 2024. The Secretariat of Energy is tasked with implementing the necessary arrangements to meet these targets.

**Mexico General Law for Sustainable Forest Development:** the law that created Mexico's National Forest Service, which is financed by the Mexican Forest Fund and tasked with restoring, producing, protecting, conserving, and managing the country's forest system.

**Mexico Transition Strategy to Promote the Use of Cleaner Technologies and Fuels (2016):** a clean energy agenda that aligns Mexico with international best practices. The strategy calls for more use of Renewable Energy, increased Energy Efficiency, and more sustainable practices. Mexico will measure its progress toward meeting these targets over the next 30 years.

**Micronesia Environmental Protection Act (2015):** a law that designates the Micronesian Office of Environment and Emergency Management as the focal point for all government efforts related to Climate Change.

**Microorganism:** an organism that is so small, it is microscopic (or invisible to the naked eye). Think bacteria, yeasts, molds, and viruses. Microorganisms are responsible for wine fermentation, rising bread dough, and antibiotic production, among other things.

**Middle East Respiratory Syndrome / MERS / MERS-COV:** a strain of Coronavirus. Symptoms include fever, cough, and shortness of breath. The first cases of MERS were recorded in April 2012. Research on MERS treatment has been crucial for responding to other strains of Coronavirus such as COVID-19.

**Midstream:** in the oil and gas industry, a company's operations that involve the middle steps in the supply chain (*i.e.*, processing, storing, transporting and marketing). These steps fall between Upstream and Downstream operations.

**Military Operational Energy:** a term used largely in the US to describe the energy required for sustaining military forces and operations.

**Mineral Leasing Act of 1920:** a US federal law that applies to publicly owned deposits of oil, natural gas, oil shale, coal, bituminous rock, and other Fossil Fuels, as well as to fertilizers such as phosphate, sodium, and potassium.

**Mission-Based Investing:** investing while valuing non-financial returns. Mission-Based Investing is a more San Francisco version of Impact Investing, such as “Let’s take the Tesla over to the Mission, grab some burritos, and do some Mission-Based Investing.”

**Modern Slavery Act:** a UK law designed to combat modern slavery. It requires certain companies conducting business in the UK to publish a yearly statement describing the steps taken to ensure that their businesses and supply chains are free of slavery.

**Moldova Strategy on Biological Diversity of the Republic of Moldova for 2015-2020 (2015):** a strategy that identifies Climate Change as a direct threat to Biodiversity in Moldova and that (i) charges the government to study Climate Change effects on Biodiversity and potential adaptation mechanisms, (ii) seeks to develop technologies to improve the adaptability of forestry ecosystems, and (iii) seeks to restore Habitats.

**Monaco Law No 1.456 (Environmental Code) (2017):** a law that establishes a code for Monaco to manage and protect the environment. The code stipulates that Monaco can legally order an Environmental Impact assessment and that energy activities on Monaco’s soil must take Climate Change into account and reduce GHG Emissions via Renewable Energy use and Energy Efficiency measures.

**Mongolia Action Program for the Government of Mongolia 2016-2020:** a program that aims to fast-track Mongolia’s economic revitalization, promote growth, support social sectors, and improve economic and human well-being.

**Mongolia Sustainable Development Vision 2030:** a long-term strategy for promoting Sustainable Development in Mongolia.

**Montenegro National Strategy in the Field of Climate Change by 2030 (2015):** a strategy for identifying measures to mitigate the effects of and adapt to Climate Change in Montenegro.

**Montenegro National Strategy With Action Plan for Transposition, Implementation, and Enforcement of the EU Directive on Environment and Climate Change 2016-2020:** a plan for Montenegro to align with the European Union's directive with respect to Climate Change mitigation and adaptation, as well as environmental protection.

**Montreal Protocol:** a global agreement, finalized in 1987, to protect the stratospheric Ozone layer by phasing out the production and consumption of Ozone-depleting substances. On the plus side, the Montreal Protocol helped with the hole in the Ozone layer. It also explains why the 1980s were the last great aerosol-infused hair decade.

**Morocco Decree No. 2.17.655 Creating the Strategic Committee for Sustainable Development:** a decree that creates a committee to oversee Climate Change matters and monitor Morocco's National Strategy for Sustainable Development.

**MSCI ESG Fund Ratings:** a way for investors to see how mutual funds and exchange-traded funds are meeting ESG challenges. MSCI ESG Fund Ratings also provide information to clients so they are better informed in their efforts on product selection, portfolio reporting, fund research, and portfolio construction.

**MSCI KLD 400 Social Index:** a securities index that identifies 400 companies as sustainable investment opportunities, excluding companies with excellent ESG ratings whose products have net negative Environmental Impacts and social impacts. The MSCI KLD 400 Social Index was formerly known as the Domini 400 Social Index.

**MSCI World Leaders ESG Index:** a capitalization-weighted index that provides exposure to companies with high ESG performance relative to their sector peers. It is constructed by aggregating the following regional indexes: MSCI Pacific ESG Leaders Index, MSCI Europe & Middle East ESG Leaders Index, MSCI Canada ESG Leaders Index, and MSCI USA ESG Leaders Index. The parent index is MSCI World Index, which consists of large and mid-cap companies in 23 developed market countries. The index is designed for investors seeking a diversified sustainability benchmark with relatively low tracking error to the underlying equity market.

**Multicapitalism:** the concept of “multiple capitals.” Multicapitalism moves beyond traditional financial capital, which is the cornerstone of traditional financial reporting, to include four additional capitals covering: people – human capital; society – social and relationship capital; ideas – intellectual capital; and the environment – natural capital. Multicapitalism recognizes the many and varied resources organizations use to create value beyond financial capital.

**Multi-Stakeholder Initiative / MSI:** an effort to bring together government, civil society, and the private sector to address complex development challenges.

**Musketeer Clause:** a clause in a transaction involving multiple sellers providing that a claim is only valid if brought against all sellers. According to MJ Hudson, “From a seller’s perspective, this provides comfort that the sellers will stand together in the event of a claim, and that the prospect of bringing a claim against all sellers could dissuade buyers from bringing a claim at all.” In a Musketeer Clause, the sellers are “all for one, and one for all.”

**Myanmar Climate Smart Agriculture Strategy (2015):** a strategy to combat Climate Change. A focal point of the strategy is to improve Food Security and mitigate Climate Change impacts on agriculture.

**N95 Respirator:** a type of mask and form of Personal Protective Equipment worn to provide protection from infectious particles in the air by tightly sealing to the mouth and nose area. The COVID-19 public health crisis rendered this type of mask essential for healthcare workers.

**Namibia National Renewable Energy Policy (2017):** a policy to promote environmentally friendly energy in Namibia. The policy aims for Namibia to become a regional leader in Renewable Energy production.

**Nasdaq OMX Clean Edge Global Wind Energy Index:** an index designed to measure the performance of companies involved in the Wind Energy industry.

**National Environmental Policy Act / NEPA:** a US law that establishes a broad national framework for considering Environmental Impacts. NEPA aims to ensure that all three branches of the US government give proper consideration to the environment prior to undertaking any major federal action that significantly affects the environment. NEPA

requirements are invoked when federal projects such as airports, buildings, military complexes, and highways are proposed, or when a private party requires a federal permit or approval, such as a Clean Water Act Section 404 permit. NEPA can trigger the necessity of Strategic Environmental Assessments and Environmental Impact Statements.

**National Pollutant Discharge Elimination System / NPDES:** a US permit program created by the Clean Water Act that addresses water pollution by regulating point sources that discharge pollutants to US waters. Under the NPDES, the EPA delegates authority to state governments to perform permitting, administrative, and enforcement tasks.

**Natural Capital:** the world's stocks of natural assets that yield a renewable flow of goods and services. Examples of Natural Capital include minerals, water, arable land, Habitat, and Fossil Fuels.

**Natural Capital Accounting:** a method of assessing natural ecosystems' contributions to the economy in order to help governments better understand their economies' reliance on Natural Capital, track changes in natural ecosystems that may have implications for industries, and manage Natural Resources and ecosystems to ensure their economic benefits are sustained into the future.

**Natural Capital Declaration / NCD:** an initiative by CEOs from the finance sector to integrate Natural Capital consideration into loans, public and private equity, and fixed income and insurance products.

**Natural Capital Dependence:** a company's operational dependence on Natural Capital.

**Natural Capital Protocol:** a framework for businesses to identify, measure, and value their impacts and dependencies on Natural Capital, from their sourcing of Raw Materials to their use of water.

**Natural Climate Solutions:** Nature-Based Solutions that can lead to emission reductions necessary to achieve global climate goals. Such solutions include improved land management practices, conservation, and land restoration that can increase carbon storage or reduce greenhouse gas emissions in landscapes and wetlands.

**Natural Gas Liquefaction:** the process through which natural gas is cooled to a liquid state for shipping and storage. The volume of natural

gas in its liquid state is orders of magnitude smaller than its volume in its gaseous state.

**Natural Resources:** land, water, forests, minerals, and other resources that exist in the world.

**Nature-Based Solutions:** actions designed to sustainably manage, protect, and restore ecosystems, addressing societal challenges effectively and adaptively, while also providing human well-being and biodiversity benefits.

**Nauru Framework for Climate Change Adaptation and Disaster Risk Reduction (2015):** a framework that (i) identifies Nauru's most pressing priorities relating to Climate Change adaptation and disaster risk-reduction, and (ii) lays out a structure for long-term planning of adaptation measures and disaster risk-reduction activities.

**Near Miss Frequency Rate / NMFR:** a standard for measuring the frequency with which environmental damage or personal injury almost occurred but was narrowly avoided. See SASB.

**Negative Screening:** excluding from an investment portfolio companies or sectors that are deemed to be problematic from an environmental or other perspective.

**Net Primary Production / NPP:** the amount of energy that enters the earth's ecosystems via primary producers such as plants (which, through photosynthesis, create new organic molecules such as carbohydrates and lipids from raw inorganic materials such as CO<sub>2</sub>, water, and mineral nutrients), which in turn provide energy for all heterotrophic activity.

Used in a sentence: "Dad, I'm hungry, can you call the primary producers and ask them to grow us some tomatoes and basil — this heterotroph is thinking Caprese salad tonight!"

**Netherlands Energy Agenda Toward a Low-Carbon Energy Supply (2017):** a policy that outlines the decisions and steps the Netherlands must take to achieve its CO<sub>2</sub> Emissions Reduction Targets for 2050.

**Netherlands National Climate Adaptation Strategy (2016):** a strategy that introduces new initiatives and plans to accelerate the Netherlands' existing Climate Change adaptation initiatives, evaluates the effects of Climate Change, and identifies issues that call for immediate action.

**Netherlands National Energy Efficiency Action Plan (2017):** an action plan pursuant to EU Directive 2012/27/EU on Energy Efficiency setting forth measures to promote Energy Efficiency in the Netherlands.

**Netherlands Offshore Wind Energy Roadmap 2030 (2018):** a roadmap that outlines where new wind farms are to be built in the North Sea between 2024 and 2030.

**Newsweek Green Ranking:** a ranking of large publicly traded companies by environmental performance.

**NGO:** acronym for Non-Governmental Organization.

**Nicaragua Decree No. 38/14 Sustainable Rural Tourism Act (2014):** a law designed to encourage sustainable rural tourism initiatives, mitigate the effects of Climate Change, and reduce GHG Emissions.

**Nigeria Regulations on Feed-in Tariff for Renewable Energy Sourced Electricity in Nigeria (2015):** a regulation that aims to stimulate investment in Nigeria's Renewable Energy sector. It requires electricity-distribution companies to source at least 50% of their total procurement from Renewables.

**Niue Agriculture Sector Plan 2015-2019:** a plan that sets out the strategic direction for agricultural development in the South Pacific island nation for 2015-2020. The guiding principles of the plan include recognizing Food Security as an important issue, recognizing that the agriculture sector should be the engine for economic growth, recognizing the importance of the sector to social and cultural values, valuing environmental sustainability, and promoting private sector partnerships to work with the government in advancing agricultural development.

**Niue National Biodiversity Strategy and Action Plan (2015):** an action plan with the following goals: conservation and sustainable management of terrestrial Habitats, conservation of terrestrial species, conservation and sustainable management of marine ecosystems and species, management of invasive species, management of waste and pollution, management of water resources, mitigation of Climate Change impacts, and consultation on traditional knowledge and access to benefit sharing.

**Niue Strategic Energy Roadmap 2015-2025 (2015):** a roadmap with the following goals: access to modern energy services, affordability of energy, Energy Efficiency and productivity, and environmental sustainability. The roadmap also details a plan to achieve significant Renewable Energy integration and improve Energy Efficiency in the electricity and transportation sectors.

**Non-Financial Factor:** an aspect that investors or companies may consider to be non-financial, including: (i) a company's compliance with current and future laws, (ii) matching industry standards and good practice, (iii) employee satisfaction, (iv) improving relationships with suppliers and customers, and (v) improving business reputation and relationships with the local community.

**Non-Financial Performance:** performance that cannot be expressed in monetary units. Companies are becoming increasingly interested in non-financial performance metrics to, when combined with financial performance measures, adequately capture a company's strengths and weaknesses. Non-Financial Performance can also be changed into monetary units, as with money saved after containing water pollution. See Natural Capital Protocol.

**Non-Governmental Organization / NGO:** a nonprofit organization that operates independently of a government (though it may receive government funding).

**Non-Methane Volatile Organic Compound / NMVOC:** an organic chemical compound, excluding Methane, that is mainly emitted from transportation, industrial processes, and the use of organic solvents. NMVOCs include benzene, xylene, propane, and butane. See also Volatile Organic Compound.

**Nonpoint Source Pollution / NPS:** any source of water pollution that is not a point source, such as runoff from a construction site, or excess pesticides from agricultural land.

**Non-Virgin Inflow:** in the context of the Circular Economy, inflows that have been recovered and are put to secondary use, such as recycled materials, second-hand products, or refurbished parts.

**Norms-Based Screening:** a methodology for investors to make decisions regarding companies' adherence to global norms on environmental protection, human rights, labor standards, and Anti-Corruption.

**North Macedonia Action Plan on Renewable Energy Sources (2015):** a plan that calls for an increase Renewable Energy electricity generation in North Macedonia. The goal is to reach 21% Renewable Energy electricity generation by 2020, while increasing Energy Efficiency in buildings.

**North Macedonia Energy Law 2018:** a law that unbundles gas and electricity supply in North Macedonia, to ensure that the country abides by the EU Third Energy Package.

**Norway Better Growth, Lower Emissions Strategy (2017):** a strategy for enabling Norway's private sector to be more environmentally friendly and reducing GHGs by at least 40% by 2030, compared with a 2017 baseline.

**Norway Climate Change Act (2017):** a law intended to implement climate targets and enact a Low-Carbon Transition by 2050.

**Norway National Transport Plan 2018-2029 (2017):** a plan that sets quantifiable Emission Reduction Targets in Norway's transportation sector. The plan seeks to (i) reduce Emissions of urban buses by 100% (2025), of new coaches by 75% (2030), of new trucks by 50% (2030), of urban freight by 100% (2030), and of rail by 100% (2030); and (ii) increase Biofuel usage in aviation by 1% (2019), and then 30% (2030), in each case against a 2018 baseline.

**Norway White Paper on the 2030 Climate Strategy (2016):** a document that presents Norway's strategy to meet its commitment to reduce Emissions by 40% by 2030, compared with 2005 levels.

**Nuclear Energy:** energy in the core of an atom.

Used in a sentence: "The negotiation was challenging, but Latham brought that Nuclear Energy and reached a good resolution."

**Nuclear Fission:** the splitting of an atom into two roughly equal fragments, which produces Nuclear Energy. In contrast, see Nuclear Fusion.

**Nuclear Fusion:** the fusing of two atoms in a single nucleus, which produces Nuclear Energy. It is the process by which the sun and stars generate light and heat. In contrast, see Nuclear Fission.

**Occupational Safety and Health Act:** a US federal law that aims to ensure “safe and healthful working conditions by (i) authorizing enforcement of the standards developed under the act, (ii) assisting and encouraging states in their efforts to ensure safe and healthful working conditions, and (iii) providing for research, information, education, and training in the field of occupational safety and health.”

**Ocean Acidification:** a reduction in the pH of the ocean over an extended period of time, caused primarily by absorption of carbon dioxide from the Atmosphere. Source: National Ocean Service

**OECD:** acronym for the Organization for Economic Co-operation and Development.

**OECD Guidelines for Multinational Enterprises:** OECD standards for responsible business conduct.

**Old-Growth Forest:** a forest that has developed without significant disturbance (such as fire, windstorm, or logging) for a long period.

**Operational Boundary:** the scope of Emissions to be included in an Emissions inventory.

**Organic Agriculture:** agricultural practices that eliminate the use of synthetic fertilizers and pesticides, veterinary drugs, genetically modified seeds and breeds, preservatives, additives, and irradiation.

**Organization for Economic Co-operation and Development / OECD:** an intergovernmental economic organization with 36 member countries that work together to stimulate economic progress, prosperity, and Sustainable Development. This platform allows the member countries to compare policy experiences, identify best practices, seek answers to common problems, and coordinate domestic and international policies.

**Organization of the Petroleum Exporting Countries / OPEC:** an intergovernmental organization consisting of 14 of the world’s major oil-exporting Developing Countries that coordinates the petroleum policies of its member nations. OPEC aims to manage the supply of oil in an effort to set the price of oil on the world market.

**Outbreak:** an exceptional increase in a regularly occurring event, such as an illness, relative to what is normally expected within a specific region

or geographic area. Outbreaks may have significant consequences for populations around the world, especially for those most vulnerable.

**Overshoot:** when the demand for ecological resources and services exceeds what the earth can regenerate in a given year.

Used in a sentence: “Oh(ver) shoot! The earth just can’t take it anymore.”

**Ozone:** a colorless, odorless reactive gas comprising three oxygen atoms that is found naturally in the earth’s stratosphere, where it absorbs the ultraviolet component of incoming solar radiation that could be harmful to life on earth, preventing that radiation from reaching the earth’s surface. Ozone is also found near the earth’s surface, where oxides of nitrogen and Volatile Organic Compounds react in the presence of sunlight to form Ozone.

**Ozone Depletion Potential:** a measure of the potential of a given compound in depleting Ozone, relative to the effectiveness of a standard compound, CFC-11.

**Pakistan Climate Change Act (2017):** a law that establishes Pakistan’s Climate Change Council, which is responsible for approving and monitoring policies and agreements relating to Climate Change. The law also establishes the Pakistan Climate Change Authority.

**Pakistan National Energy Efficiency and Conservation Act (2016):** a law that replaces the 2011 Pakistan Energy Efficiency and Conservation Act and drives institutional development to improve Energy Efficiency. The law establishes Pakistan’s National Energy Efficiency and Conservation Authority and National Energy Efficiency and Conservation Board, which enforce provisions of the law.

**Palau Climate Change Policy (2015):** a policy that outlines Palau’s strategic priorities for adapting to Climate Change, preparing for and responding to disasters, and contributing to global efforts to reduce GHG Emissions.

**Palau Energy Act (2016):** a law that establishes Palau’s Energy Administration and sets out its powers and responsibilities. The law is designed to demonstrate Palau’s commitment to increasing the country’s reliance on Renewable Energy and reducing localized pollution and GHG Emissions, as well as to provide a standardized

system through which independent power producers may establish and obtain licenses for Renewable Energy projects.

**Palestine Legislative Decree No. 14/2015 on Renewable Energy and Energy Efficiency (2015):** a decree that encourages the development of Renewable Energy production and Energy Efficiency measures in Palestinian territories.

**Panama Law 69/2017 Creating an Incentive Program for Forest Cover and the Conservation of Natural Forests:** a law designed to protect Panama's forests. The law outlines various incentive programs to replenish degraded land and improve sectors relating to forests.

**Panama Law No. 8 Creating the Ministry for the Environment (2015):** a law that establishes Panama's Ministry of Environment, which is responsible for enforcing laws and regulations related to the protection, conservation, and restoration of the environment and sustainable use of Natural Resources.

**Pan-Canadian Framework on Clean Growth and Climate Change:** a framework for Canada to meet Emission Reduction Targets, grow the economy, and build resilience to Climate Change.

**Pandemic:** an illness that infects a substantial proportion of a population over a wide geographic area. For example, COVID-19 has been classified as a Pandemic due to its presence across regions, countries, and continents.

**Papua New Guinea Climate Change (Management) Act (2015):** a law that provides a regulatory framework to promote and manage Climate Change mitigation and adaptation activities in Papua New Guinea. It also implements obligations under international laws and agreements related to Climate Change and establishes a National Authority to oversee the country's arrangements and responsibilities under the Kyoto Protocol.

**Papua New Guinea National REDD+ Strategy 2017-2027:** a strategy that outlines Papua New Guinea's response to Climate Change with the ultimate goal of reducing GHG Emissions and the vulnerability of communities to Climate Change. The strategy aims to strengthen the sustainability of the country's forests while helping to improve Land Use Planning and management to ensure forests and environments are protected.

**Papua New Guinea United Nations Paris Agreement Implementation Act of 2016:** a law that formally implements Papua New Guinea's obligations under the Paris Agreement and establishes rules and regulations for the implementation of those obligations.

**Paraguay Decree 4056 to Establish Regimes for Sustainable Use of Bioenergy Resources (2015):** a law that requires Paraguay's Ministry of Public Works and Communications to establish rules and regulations for the sustainable use of bioenergy resources. The decree acknowledges the gradual implementation of the regulations and sets annual goals.

**Paraguay Decree 6092/2016: Energy Policy of the Republic of Paraguay:** a law that implements Paraguay's energy policy.

**Paraguay National Development Plan 2030 (2014):** a plan for Paraguay to achieve its development goals by 2030, which include social development, the reduction of poverty, and inclusive economic growth. Specific aims of the plan include: (i) increase Renewable Energy by 60%; (ii) restore at least 20% of degraded ecosystems; (iii) increase national income from environmental services; (iv) reduce recovery costs in the event of disasters caused by Climate Change, and (v) increase forest cover.

**Paraguay National Law on Climate Change (2017):** a framework to mitigate the effects of Climate Change that adheres to the Paris Agreement and the Paraguay National Development Plan 2030. The law creates the National Commission on Climate Change (responsible for adopting the country's policies) and the National Directorate on Climate Change (responsible for implementing the policies).

**Paris Agreement:** an international agreement among proscripting nations to combat Climate Change. "The central aim of the Paris Agreement is to strengthen the global response to the threat of Climate Change by keeping global temperature rise well below 2°C above pre-industrial levels" (with a further aspirational goal to limit the temperature increase to 1.5°C). The Paris Agreement also aims to "strengthen the ability of countries to deal with the impacts of Climate Change." Source: World Resources Institute

**Particulate Matter / PM:** a mixture of solid and liquid particles found in the air. PM comes in many sizes and shapes. According to the EPA,

“Some particles, such as dust, dirt, soot, and smoke, are large and dark enough to be seen with the naked eye,” whereas other PM can only be detected with an electronic microscope. PM is also known as particulate pollution.

**Pay by Weight:** a system by which waste disposal fees increase with the weight of waste disposed.

**Performance Standards on Environmental and Social Sustainability:** international benchmarks for use by financial institutions when assessing a project or company’s social and environmental risks. The eight standards (last issued in 2012) provide detailed guidance on how to identify, avoid, and mitigate risks in connection with financing and direct investments in projects and companies. See IFC.

**Personal Protective Equipment / PPE:** a type of equipment or covering worn to protect against potentially infectious matter. Healthcare and other workers on the frontlines of Outbreaks often use PPE, including gloves, gowns, masks, goggles, face shields, and other equipment. See also N95 Respirator.

**Peru 2017-2021 Multi-Year Sectoral Strategic Plan of the Environment Sector:** a plan that outlines strategies to improve environmental conditions in Peru and the ability of Peru to adapt to Climate Change. The plan sets targets for 2021, including a 30% reduction in GHG Emissions and a 50% reduction in losses of and damage to lives, livelihood, and ecosystems due to Climate Change–related events.

**Peru Action Plan on Gender and Climate Change (2016):** a plan that outlines strategies to address gender and Climate Change issues.

**Peru Framework Law No. 30754 on Climate Change:** a law that addresses Climate Change adaptation and mitigation measures.

**Peru National Forestry and Climate Change Strategy (2016):** a strategy that identifies and addresses the key threats to Peru’s forests.

**Peru National Strategy on Climate Change (Decree No. 011-2015-MINAM) (2015):** a strategy that identifies Peru’s Climate Change risks and sets two key objectives: (i) prevent adverse impacts from Climate Change; and (ii) reduce GHG Emissions.

**Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions:** voluntary guidelines created by the International Petroleum Industry Environmental Conservation Association for GHG Emissions accounting and reporting from oil and gas operations.

**PHEV:** acronym for Plug-In Hybrid Electric Vehicle.

**Photochemical Ozone Creation Potential (POCP) Scale:** a scale developed in 1979 that quantifies the potential for Volatile Organic Compounds to produce ground-level Ozone.

**Photovoltaics:** the process of converting sunlight into electricity.

**Physical Impacts of Climate Change:** the physical manifestation of Climate Change, including heat waves, heat stress, drought, cyclones, extreme precipitation, and other phenomena. See SASB.

**Planetary Boundaries:** the Stockholm Resilience Centre defined nine planetary boundaries within which humanity can continue to thrive into the future: climate change, novel entities, ozone depletion, atmospheric aerosol loading, ocean acidification, biogeochemical flows, freshwater uses, land-system change, and biosphere integrity.

**Plug-In Hybrid Electric Vehicle / PHEV:** a vehicle that combines a gasoline or diesel engine with an electric motor and a rechargeable battery. PHEVs can be plugged in and recharged from an outlet, allowing them to operate solely with electricity. See also EV and HEV.

**Point of Use Storage / POUS:** the storage of Raw Materials as close as possible to the place where they are used. POUS is also known as point of use inventory.

**Poland Act on Investments in the Field of Wind Power (2016):** a law that defines the conditions and procedures for locating, building, and operating wind farms in Poland, as well as the requirements for locating wind farms in the vicinity of existing or planned housing estates.

**Poland Act on Renewable Energy Sources (RES Act, Dz.U. 2015 poz. 428):** a law designed to support Renewable Energy sources in Poland, while avoiding uncontrolled electricity price increases. The law also aims to facilitate Poland's goal of reaching a 15% share of Renewable Energy production by 2020.

**Polluter Pays Principle:** the practice pursuant to which a polluter is expected to bear the cost of reducing pollution based on the extent of damage it has done to society or the environment.

**Pollution Prevention Act of 1990:** a US federal law that focuses industry, government, and public attention on reducing pollution through cost-effective changes in production, operation, and Raw Material use.

**Portugal Decree-Law No. 4/2018 on Incentives to Electric Mobility:** a law that provides a discount for electric energy to incentivize the use of electric public transportation vehicles in Portugal.

**Portugal Decree-Law No. 64/2017 on Biomass Plants (2017):** a law that establishes a special regime for the installation and operation of new municipally owned Biomass power stations in Portugal. The regime permits municipalities in Portugal to assign the management of such stations to public or private entities.

**Portugal Resolution of the Council of Ministers No. 56/2015 (2015):** a resolution that approves Portugal's National Program for Climate Change 2020/2030, the Strategic Framework for Climate Policy, and the National Strategy for Adaptation to Climate Change. Together, these programs establish a vision for Portugal's climate policy through 2030 and promote the transition to an environmentally friendly economy.

**Positive Impact Principles:** voluntary principles designed by the Positive Impact Initiative, a UN think tank, for financiers, investors, and auditors to increase their positive impact on corporations, governments, and civil society, and finance the Sustainable Development Goals.

**Positive Screening:** the process by which investors select potential investment companies based on their contributions to society or the environment. Positive Screening may entail a complex analysis of the many features of a company, including, for example, product offerings, safety, diversity, and carbon/Ecological Footprint.

**Post-Consumer:** a term used to describe the point in a product's Life Cycle when the materials have been used by a consumer and disposed of. When Post-Consumer material is diverted or recovered from a Landfill and recycled to create new products, the products are referred to as "Post-Consumer recycled." Post-Consumer material is a subset of Recovered Material.

**Post-Consumer Waste:** a product that has completed its Life Cycle as a consumer product and is disposed of as Solid Waste.

**Potential Energy:** the energy stored within an object due to its relative position, arrangement, or state. There are several types of Potential Energy, including gravitational (or positional) (e.g., the energy stored within a stone that is poised to fall off a cliff), elastic (e.g., the energy stored within an archer's stretched bow string), and chemical (e.g., the energy stored in a chunk of Uranium due to its radioactivity), among others.

**Precautionary Principle:** a guiding philosophy in considering the implementation of new technologies and practices across a range of sciences, particularly environmental sciences. The Precautionary Principle incorporates four supporting tenets: (i) taking preventive action when facing Uncertainty, (ii) shifting the burden of proof of the efficacy of an activity or a technology to the proponents of that activity or technology, (iii) exploring a range of alternatives to potentially harmful actions, and (iv) increasing public participation in the decision-making process.

**Pre-Consumer Waste:** waste that results from the production or manufacturing of a consumer product (e.g., the excess plastic produced in the process of manufacturing plastic forks). Pre-Consumer Waste is also known as pre-consumer material.

**Prescribed Industrial Waste / PIW:** chemical, hazardous, or dangerous waste that must be handled and disposed of in specific ways.

**Principles for Responsible Banking / PRB:** an initiative of the United Nations Environment Program Finance Initiative (UNEP-FI) and 30 founding banks. A set of six principles encourage banks to align their operations at “strategic, portfolio, and transactional levels” with prevailing social and environmental commitments, particularly as expressed in the Paris Agreement and the Sustainable Development Goals.

**Principles for Responsible Investment / PRI:** a set of six principles outlined by the United Nations as “voluntary and aspirational” guidelines for “incorporating ESG issues into investment practice.” The principles are as follows: (i) incorporate ESG issues into investment analysis and decision-making, (ii) incorporate ESG principles into ownership and management practices, (iii) seek appropriate disclosure on ESG issues by the subjects of the investment, (iv) promote the PRI within the investment

industry, (v) collaborate to optimize effectiveness in implementing the PRI, and (vi) report progress on implementing the PRI.

**Process Safety Event:** in the oil and gas industry, an unplanned or uncontrolled release of a contained substance. This includes oil spills, gas leaks, uncontrolled steam or compressed gas venting, and the breach of any other type of contained substance, whether it is toxic or non-toxic.

**Product Lifecycle Management / PLM:** the design and management of the form, function, use, and Post-Consumer life of a product. In the ESG context, PLM may include: (i) ethically and cost-effectively sourcing the materials that compose a product, (ii) reducing energy expenditure and Pre-Consumer Waste in the manufacturing and distribution of the product, (iii) designing the product to be minimally energy-intensive in its intended use by the end consumer, and (iv) maximizing the longevity and potential for recycling and repurposing components in the product's Post-Consumer life.

**Product Stewardship:** an environmental management strategy that places responsibility for minimizing a product's negative Environmental Impacts on the party with the most ability to affect the full Life Cycle of the product. This is most often the producer of the product, though all parties within the product's chain of commerce have roles. See also Stewardship.

**Program for the Endorsement of Forest Certification / PEFC:** an international umbrella organization whose goal is to "endorse national forest certification systems that have been developed through multi-stakeholder processes and tailored to local priorities and conditions." The PEFC promotes certification in order to ensure that forests are being sustainably managed and that wood products are sourced from properly managed forests.

**Protected Area:** "a clearly defined geographical space, recognized, dedicated, and managed through legal or other effective means, to achieve the long-term conservation of nature with associated Ecosystem Services and cultural values." Source: International Union for Conservation of Nature

**Proved Reserves:** a term used in the Fossil Fuel industry that refers to the amount of an extractable resource reserve or deposit that is able to be recovered with a reasonable level of certainty (which is determined

using geological and engineering research and modeling methods). Proved Reserves are an important aspect of assessing a mining/extraction company's value as an investment. Proved Reserves are also known as proven reserves.

**Provisioning Services:** the goods and materials provided to humans by nature and natural processes that support human livelihood. Examples include food (animal, plant, fungus, etc.), Raw Material (wood and plant fibers, stone and minerals, animal skins, fertilizer, gas, coal, etc.), water, and medicinal resources (bacteria, fungi, plants, etc.). Provisioning Services provide diverse and healthy ecosystems to human society and are often featured in natural conservation and preservation initiatives.

**Proxy Voting Guidelines:** guidelines provided by a shareholder to a proxy voter, who casts a ballot on the shareholder's behalf. In the ESG context, Proxy Voting Guidelines may direct the proxy voter to vote based on principles pertaining to environmental management, executive compensation, and corporate political activity, among other things.

**Pure Play:** an investor term for a company that focuses on only one line of business. As such, it is easier to evaluate the company's financial performance. In the context of ESG investing, Pure Play investments might focus on Solar Energy or Wind Energy, or other discrete strategies.

**Quarantine:** the separation or restriction of movement of people who have been (or potentially have been) exposed to contagious diseases such as COVID-19.

**Radiative Forcing:** the thermodynamic phenomenon of warming that is caused by heat from solar radiation trapped in the earth's Atmosphere. Liquid and solid mass (water, soil, stones, etc.) on the earth absorbs heated radiated from the sun, then releases that heat back into the Atmosphere. When GHGs in the Atmosphere trap more heat than can be radiated back into space, the Atmosphere warms, affecting global climate patterns. Radiative Forcing is classified as a Climate Driver. Radiative Forcing is also known as climate forcing.

**Rainwater Harvesting:** a water-supply approach in which rainwater is captured and stored for use. Benefits include reducing demand on other freshwater supplies (groundwater, rivers, etc.) and reducing Erosion due to water runoff. Rainwater Harvesting infrastructure can range in

scale and complexity, from individual home harvesting and storage units to industrial-scale capture and distribution systems. Rainwater Harvesting is also known as water harvesting.

**Rare Earth Mineral:** a mineral that contains one or more rare-earth elements (which include scandium, yttrium, and the 15 lanthanide elements).

**Raw Material:** crude or processed material that can be converted by manufacturing, processing, or a combination of the two into a new and useful product. The trade, exchange, and use of Raw Material is a key driver of the global economy.

**Reasonable Assurance:** an auditing concept by which the auditor, applying a high level of engagement, accumulates evidence as part of an iterative, systematic process.

**Recommendations of the Taskforce on Climate-Related Financial Disclosures:** recommendations issued by the TCFD in 2017 with four principal areas of focus related to climate-related financial disclosures: governance, strategy, risk management, and metrics and targets. The recommendations are designed to apply to organizations across sectors and industries.

**Recovered Material:** waste material and byproducts that have been recovered or diverted from Solid Waste, excluding materials and byproducts generated from, and commonly Reused within, the original manufacturing process. See also Post-Consumer.

**Recovery Rate:** in the environmental context, the percentage of capture of a substance or material sought to be Reused to minimize its negative Environmental Impact. Recovery Rate can be applied to paper, Biomass Gas, or other materials or substances.

**Recyclable:** any item that is of sufficient quality or grade to be collected, processed, and Reused, either for its initial purpose or as a material or component in the manufacture of another item or product.

**Recycled Content:** the portion of materials used in a product that have been diverted from the Solid Waste stream. Recycled Content is also known as recycled content materials or recycled materials.

**Recycled Water:** Wastewater that has been collected, treated, purified, and recycled for Reuse, often as a replacement for potable water and irrigation and industrial needs. Using Recycled Water reduces the strain on other water sources and the ecosystems that depend on them. Recycled Water is also known as reclaimed water.

**Redefining Value:** Redefining Value is one of six programs at WBCSD that target the realization of the Sustainable Development Goals to achieve systems transformation. Redefining Value aims to help companies measure and manage risk, gain competitive advantage, and seize new opportunities by understanding ESG information.

**Reduce, Reuse, Recycle:** the three basic principles of waste reduction used in environmental education and communication. Reduce, Reuse, Recycle is also known as the three Rs.

**Reforestation:** the restoration of forested ecosystems by silviculture, tree planting, and natural regeneration planning. Reforestation provides many benefits, including the maintenance and expansion of diverse and healthy ecosystems; Carbon Sequestration and oxygen production (both of which can improve Air Quality); and the reduction of soil Erosion. In contrast, see Afforestation.

**Registration, Evaluation, Authorization, and Restriction of Chemicals Directive / REACH Directive:** a European Union regulation that governs the dissemination of information associated with the use of chemicals and requires risk management activities. The REACH Directive mandates all companies manufacturing or importing chemical substances in the European Union to collect data on the chemical substances they use and report their findings to the European Chemicals Agency (ECHA). It also mandates the substitution of substances of high concern when suitable alternatives have been identified.

**Remanufacture / Remanufacturing:** an industrial process that returns used, sold, worn, and non-functional products and parts to a condition equal to or better than the original quality and performance of the product. Commonly Remanufactured products include aircraft components, auto parts, electrical equipment, medical equipment, and furniture.

**Rematerialization:** in the investment context, the process by which electronic holdings are converted to physical certificates.

**Renewable Electricity Production Tax Credit / PTC:** a US tax credit for renewable electricity sources that has been a major incentive for wind power, and has helped spur independent Wind Energy producers. The PTC has been expanded and extended through many laws, including the Job Creation and Worker Assistance Act of 2002, the Working Families Tax Relief Act of 2004, the Energy Policy Act of 2005, and the Consolidated Appropriations Act, 2016.

**Renewable Energy:** energy derived from naturally replenishing sources. While requirements vary by jurisdiction, sources of Renewables generally include certain regenerative Biomasses (wood, municipal waste, Biomass Gas, ethanol, biodiesel), Hydropower, Geothermal Energy, Wind Energy, and solar.

**Renewable Energy Certificate / REC:** a market-based, tradable instrument that represents the environmental, social, and other non-power attributes of renewable electricity generation. One REC generally denotes one megawatt-hour of electricity generated from a Renewable Energy resource and delivered to the electricity grid. Source: EPA

**Renewable Inflow:** in the context of the Circular Economy, sustainably managed resources that return after extraction to their previous levels by natural growth or replenishment processes at a rate in line with use. Such resources, therefore, are replenished or regrown at least as fast as the rate of harvest or extraction.

**Renewable Material:** material that naturally replenishes at a rate similar to or higher than which it is consumed or withdrawn.

**Renewables:** see Renewable Energy.

**Reporting Boundary:** the limits a company applies to its operations when reporting performance data. Reporting Boundaries help to delineate the reporting entity from other entities that the reporting entity overlaps with financially. Reporting Boundaries define the parameters within which a company is scrutinized for performance, including in areas concerning the environment, social impact, and governmental compliance.

**Residual Waste:** while regulatory definitions vary by jurisdiction, Residual Waste generally is non-hazardous industrial waste and/or material left over after some degree of processing has occurred (e.g., Recovered Material).

**Resource Conservation and Recovery Act / RCRA:** a US federal law that gives the EPA the authority to control hazardous waste from Cradle to Grave. This includes the generation, transportation, treatment, storage, and disposal of hazardous waste. RCRA also sets forth a framework for the management of non-hazardous Solid Waste. The 1986 amendments address problems that could result from underground tanks storing petroleum and other Hazardous Substances.

**Resource Efficiency:** strategies companies might employ in response to climate change that can present opportunities to conserve resources and create value, including by means of efficient modes of transportation, efficient production and distribution processes, and energy efficient buildings.

**Resource Flow:** the process by which materials are recycled or returned to the environment as pollution or waste.

**Resource Intensity:** a measure of the resources required for the provision of a unit of a good or service. Resource Intensity examines the efficiency of resource use and is expressed as a ratio of the quantity of resources used to the value derived from the materials. See also Resource Productivity. Source: Environmental Justice Organizations, Liabilities and Trade

**Resource Productivity:** a measure of output per unit of resource input. Resource Productivity is the inverse of Resource Intensity.

**Resource Recovery:** the process of recovering materials or energy from waste for Reuse.

**Resource Security:** the state of human-environment dynamics and environmental degradation as they relate to public safety, resource scarcity, and the protection of vital human interests from both anthropogenic and natural threats to the environment.

**Respiration:** the metabolic process by which living organisms inhale oxygen, convey oxygen to its cells and tissues, and exhale carbon dioxide.

**Responsible Supply Chain:** a group of entities that coordinate with one another to incorporate ESG strategies and tactics across all processes that transform Raw Material into final products for consumption.

**Retrofit:** the furnishing of technological additions or modifications to an older system.

**Reuse:** to use something again or more than once. Conventional Reuse involves the practice of using something again for its original purpose, as opposed to creative Reuse, which involves using something again to fulfill a different function.

**Revenue Neutral Carbon Tax:** a tax on the price of Fossil Fuels that is instituted in tandem with reductions in other taxes and/or rebates to taxpayers, which mitigate the increased revenue collected under the Carbon Tax.

**Revenue Neutral Tax:** a tax scheme that involves a change in tax laws, but does not result in any change in the amount of tax money the government receives. The government may lower taxes for one group of people or entities, but raise taxes for another group, thereby allowing the tax revenue to remain unchanged and “neutral.”

**Rio Declaration:** a declaration developed at the 1992 UN Conference on Environment and Development that sets forth 27 principles on Sustainable Development. The goal of the document is to promote new and equitable global partnership for the advancement of environmental protection.

**Romania Government Decision No. 739/2016 Approving the National Climate Change and Low Carbon Green Growth Strategy 2016-2020:** a plan that aims to reduce GHG Emissions and combat Climate Change. The plan proposes key measures that will be implemented on an individual consumer level and across industries.

**Russia Energy Strategy Up to 2035:** an energy strategy that includes the following goals: (i) sustain Russia's position in global energy markets; (ii) achieve market diversification with a significantly higher share of Asian markets; (iii) enhance energy availability and affordability for domestic consumers; (iv) promote a strong reduction in Energy Intensity and Emissions; and (v) develop Renewable Energy systems.

**Russia Federal Law No. 416-FZ on Water Supply and Discharge:** a law that addresses water supply and discharge unregulated by other laws with the goals of “protection of public health and improvement of life quality of the population by ensuring continuous and qualitative

water supply and water discharge.” The law entered into force in 2013 and was amended in 2017 with additional instruction for Wastewater and Sewage disposal.

**Russia Federal Law No. 7-FZ on Environmental Protection:** a law that establishes the legal foundation for Russian state policy in the field of “environmental protection,” which is defined as “the activity of governmental bodies ... aimed at preserving and restoring natural environmental, rational use and reproduction of Natural Resources, prevention of a negative effect of economic and other activities on the environment and elimination of the consequences of such effects.”

**Russia Governor’s Decree No. 223 Validating the Regulation on Regional Forest and Fire Safety Ministry (Amur Region):** a decree that grants the Amur region’s Forest and Fire Safety Ministry executive power over regional, territory, and state forestry policy, management, and regulation. The region contains significant gold reserves, among other Natural Resources. The decree became effective on the date it was issued: September 1, 2015.

**Russia Greenhouse Gas Emission Reduction (Presidential Decree 752):** a decree adopted in 2013 that lays out a target to reduce Russia’s GHG Emissions to 75% of 1990 levels by 2020.

**Russia Ministry of Natural Resources and Environment:** a federal executive body in Russia responsible for “drafting and implementing government policy and legal regulation in the fields of exploration, use, reproduction and protection of Natural Resources ... environmental monitoring, and protection.” The ministry also develops and implements “national policy and legal regulations in environment protection, including issues related to the treatment of industrial and consumer waste, specially protected natural territories, and state environmental expert evaluation.”

**Russia Regional Law No. 368 on Energy Saving and Improvement of Energy Efficiency (Kaliningrad Region):** a law enacted in 2014 that regulates energy saving and Energy Efficiency in the Kaliningrad region of Russia. Principles of the law include: (i) priority of efficient and rational use of energy resources, (ii) program approach to energy saving and improvement of energy efficiency, and (iii) tariff regulation of the energy sector.

**Russia Regional Law No. 477 on Industrial and Consumer Waste (Kaliningrad region):** a law that addresses industrial and consumer waste management in the Kaliningrad region of Russia. It grants the regional government decision-making power with regard to consumer and industrial waste management law and regulations.

**S&P/TSX Renewable Energy and Clean Technology Index:** an index that measures the stock performance of green technology development and sustainable infrastructure solution companies listed on the TSX.

**Safe Drinking Water Act / SDWA:** a US federal law that aims to protect public health by regulating drinking water and its sources — rivers, lakes, reservoirs, springs, and groundwater wells — throughout the United States. Under the SDWA, the EPA sets standards aimed at protecting against both naturally occurring and man-made contaminants that may be found in drinking water. The EPA, states, and water systems then work together to meet these standards.

**Saint Lucia National Energy Transition Strategy:** an energy transition plan designed to lead to a sustainable, reliable, cost-effective energy supply that draws on Saint Lucia's Natural Resources, including solar and wind.

**Saint Vincent and the Grenadines Geothermal Resources Development Act (2015):** an act that establishes the National Energy Committee and provides for the development and use of Geothermal Energy resources in Saint Vincent and the Grenadines.

**Salinity:** the concentration of dissolved salts in water and soil. Salinity may be affected by seasonal variations, changes in land use, and the long-term effects of Climate Change.

**Salinization:** the buildup of salts in soil. Salinization may occur naturally or as a result of human activity. It is an environmental concern, because higher soil Salinity can hinder the growth of crops.

**Samoa Strategy for the Development of Samoa 2016/17-2019/20:** a strategy that provides an overview of the priorities for development in Samoa. It sets forth a number of environmental objectives, including 100% compliance with climate resilience standards for new buildings and 100% capacity for Renewable Energy electricity.

**Scenario Analysis:** a methodology, promoted by the TCFD, by which companies define a range of qualitative and quantitative climate change scenarios, including a 2°C scenario, that provide a reasonable range of potential future climate states. Scenario analyses evaluate the potential resilience of companies' strategic plans to the different future states.

**Science Based Targets:** a joint initiative of the Carbon Disclosure Project, the UN Global Compact, the World Resources Institute, and the World Wildlife Fund to encourage companies to set meaningful corporate Emission Reduction Targets. The targets adopted by companies are considered "science based" if they are consistent with the de-carbonization necessary to keep the global temperature below 2°C, compared with pre-industrial levels, per the IPCC's Fifth Assessment Report.

**Scope 1 GHG Emissions:** direct GHG Emissions that occur from sources owned or controlled by a company or organization (e.g., an on-site natural-gas-fired boiler).

**Scope 2 GHG Emissions:** indirect GHG Emissions that occur from sources not owned or controlled by a company or organization (e.g., an off-site power plant that serves company facilities).

**Scope 3 GHG Emissions:** indirect GHG Emissions that occur from the activities of a company or organization (e.g., business travel).

**SDG Indicators:** a collection of quantitative tools to measure how well UN Member Nations are progressing toward achieving the Sustainable Development Goals.

**Sea Level:** the elevation of the surface where land meets ocean. The Sea Level fluctuates with changes in tides, atmospheric pressure, and wind conditions. Longer-term changes to the Sea Level are caused by two major factors related to Global Warming: the thermal expansion of ocean water, and the increased melting of ice sheets and glaciers.

**Second Party Opinion:** in the context of ESG, an independent review of the infrastructure that transforms a company's financing from conventional to sustainable. For example, a review of a Green Bond issuer's Green Bond Framework for alignment with the Green Bond Principles and for the credibility and robustness of the issuer's ambitions and sustainability strategy.

Second Party Opinion also applies in performance-based Sustainable Finance as a means of assessing how meaningfully a borrower achieved its stated sustainability performance targets.

Second Party Opinion is principally useful for investors as a means of reducing their diligence burden when assessing a Sustainable Finance product's sustainability credentials.

**Second Wave:** in the context of disease, the second sizable increase in infections that can occur after infection rates seem to have decreased following the first wave. A Second Wave relates to the social aspects of ESG, as the consequences of public health emergencies can cause a ripple effect for populations around the world, especially for those most vulnerable.

**Security, Human Rights, and the Rights of Indigenous Peoples:** the fundamental rights of indigenous peoples. The UN Declaration on the Rights of Indigenous Peoples is the most comprehensive instrument that sets forth the rights of indigenous peoples in international law. The document details that such peoples have rights to self-determination; rights to lands, territories, and resources; economic, social, and cultural rights; collective rights; rights to equality and non-discrimination; and rights in relations to treaties, agreements, and other constructive arrangements between the peoples and states.

**Self-Isolation:** a public health strategy to separate oneself, if sick or potentially sick, from healthy individuals in order to slow the spread of contagious diseases such as COVID-19.

**Selling Practices and Product Labeling:** a category within the Materiality Map that addresses the social issues that may arise from a lack of transparency, accuracy, and comprehensibility of labeling in marketing and advertisements or on the packaging of products and services. This category refers to issues on marketing and advertising practices, standards and regulations, and problems related to deceptive, discriminatory, and predatory selling. See SASB.

**Severe Acute Respiratory Syndrome / SARS / SARS-CoV:** a strain of Coronavirus. The SARS Pandemic began in February 2003 and spread to more than two dozen countries before being contained. Research on SARS treatment has been crucial for responding to other strains of Coronavirus such as COVID-19.

**Severe Acute Respiratory Syndrome Coronavirus 2 / SARS-CoV-2:** the strain of Coronavirus that causes COVID-19.

**Sewage:** Wastewater and matter carried in sewers, often consisting of refuse from the shower, bathtub, washing machine, dishwasher, kitchen sink, and toilet. Sewage mostly comprises gray water (Wastewater from bathing, dishes, or laundry) and black water (Wastewater from toilets).

**Sewer Mining:** a water recycling technique that treats municipal Wastewater for a range of local non-potable uses.

**Seychelles Conservation and Climate Adaptation Trust of Seychelles Act (2015):** a law that establishes the Conservation and Climate Adaptation Trust of Seychelles, which manages funds to support the long-term maintenance of Seychelles' Biodiversity, protection of natural areas, and activities that contribute to conservation and adaptation to Climate Change.

**Shared Value:** a framework that seeks to use business to address societal challenges such as unemployment, Climate Change, and resource scarcity. Shared Value can help create profits or new market opportunities while delivering measurable social value.

**Shareholder Advocacy:** advocacy that attempts to use stock ownership to promote change in a publicly traded company. Shareholder Advocacy can take the form of creating a dialogue between shareholders and the company, or filing a Shareholder Resolution to encourage certain corporate behavior.

**Shareholder Proposal:** a document that a shareholder formally submits to a publicly traded company to advocate that the company take a specific course of action. Shareholder Proposals often relate to company policies or procedures, including ESG concerns associated with the company's practices. See also Shareholder Resolution.

**Shareholder Resolution:** See also Shareholder Proposal.

**Sharing Economy:** an economic model that capitalizes on peer-to-peer transactions for acquiring, providing, or sharing access to goods and services and is often facilitated by a community-based online platform.

**Shelter in Place:** an order by a government official requiring all residents to remain at their place of residence, except to conduct essential activities, business, and government functions.

**Shoreline Erosion Control Demonstration Act:** a US federal law that “requires the US Secretary of the Army, in cooperation with the US Secretary of Agriculture, to establish a five-year national shoreline Erosion control development and demonstration program consisting of operating control devices, both engineered and vegetative, including development of new dredging techniques for the artificial restoration of beaches.” Source: GovTrack.us

**Sierra Leone Climate Change Strategy and Action Plan (2015):** a plan drafted by Sierra Leone’s Environment Protection Agency and supported by the UN Development Programme that implements measures to combat Climate Change. The plan views Climate Change as not only an environmental problem, but also a developmental issue that impacts Food Security, public health, and national security.

**Singapore Budget 2018 (Carbon Tax):** a budget initiative of SGD \$5 per tonne of GHG Emissions from 2019 to 2023. The Singaporean government plans to increase the tax to SGD \$10 to SGD \$15 per tonne of GHG Emissions by 2030. As of 2022, all facilities producing 25,000 tonnes or more of GHG Emissions in a year have to pay the tax.

**Singapore Climate Action Plan (2016):** a two-part plan to combat Climate Change. The plan states that Singapore intends to reduce its Emission Intensity by 36% below 2005 levels by 2030. It sets out four strategies for achieving this target: (i) improving Energy Efficiency, (ii) reducing carbon Emissions from power generation, (iii) developing new low-carbon technologies, and (iv) instituting collective action among government agencies, individuals, and businesses.

The plan also explains how Singapore may be affected by Climate Change and offers preparation strategies.

**Six Capitals:** derived from the International Integrated Reporting Framework. The capitals are stocks of value that are affected or transformed by the activities and outputs of an organization. The framework defines the six capitals as financial, manufactured, intellectual, human, social and relationship, and natural. Within the framework, all the forms of capital an organization uses or affects should be considered in the organization’s reports.

**Six Sigma:** a method for improving business processes. It seeks to improve output quality by decreasing variability in processes and identifying and removing causes of defects.

**Slovenia Strategic Framework for Climate Change Adaptation:** a framework for adaptation to Climate Change. It details that Slovenia should adapt and increase its resilience to Climate Change impacts by 2050. Adaptation will entail policy changes, broader societal cooperation, continued research into Climate Change, and increased public education of Climate Change effects.

**Slow Food:** an international organization that aims to protect food Biodiversity, promote connections between producers and consumers, and raise awareness about issues affecting food systems. Some of its initiatives include saving endangered foods, defending gastronomic traditions, and educating the public about healthy food choices. Slow Food was initially an idea formulated in Italy in the 1980s that aimed to defend regional traditions, good food, gastronomic pleasure, and a slow pace of life.

**Smart Metering:** digital metering used to record the consumption of resources. Digital meters can transmit energy, water, or gas consumption information back to the utility on a much more frequent schedule than analog meters, which require a meter reader to transmit information.

**Social Bond:** a form of activity-based Sustainable Finance in which the financing is linked to business activities with social benefits. Although there are no definitive criteria for what constitutes a social benefit, Social Bond projects typically aim to promote infrastructure development, access to essential services, employment generation, Food Security, and socioeconomic advancement or empowerment to advance the prospects of target populations. Social Bond is also known as social impact bond. See also Green Bond and Sustainability Bond.

**Social Capital:** the positive product of human interaction in networks and shared norms, values, and understanding within or among groups. Social Capital outcomes may include useful information, innovative ideas, and future opportunities. In business terms, the Social Capital of a company or organization is an intangible asset that can be attributed to the personal relationships and networks within the entity and also outside of it.

**Social Distancing:** a public health strategy aimed at avoiding person-to-person contact by maintaining physical distance between individuals.

**Social Investment Fund:** a fund that invests money in businesses with a positive social impact, such as microfinance institutions, agricultural cooperatives, and solar light manufacturers. See also Impact Investing.

**Social License (to Operate) / SLO:** the continued acceptance of a company's, organization's, or industry's standard business practices and procedures by its employees, stakeholders, and the general public. SLO reflects the population's trust that the company, organization, or industry will operate in a way that is generally compatible with community beliefs, perceptions, and opinions.

**Social Return on Investment / SROI:** a method used to measure investment outcomes that are not reflected in traditional financial statements. SROIs typically include social, economic, and Environmental Factors, showing both the financial and social impact the corporation can have.

**Socially Responsible Investing / SRI:** investing in companies and funds that have a positive social impact. Strategies for SRI include Negative Screening of disfavored industries, Shareholder Advocacy, and sustainability-themed investing, such as investing in Green Bonds.

**Soil Acidification:** a process by which acid concentration increases and pH decreases in soil. The process can be accelerated by natural causes or human activities, such as use of high levels of fertilizer. Soil Acidification is an environmental concern because it causes significant losses in crop production.

**Soil Moisture Deficit:** the difference between the amount of water soil can hold and the amount of water actually in the soil. Soil Moisture Deficit can result from increasing water consumption and deficient management of soil and water resources. It limits plant growth and agricultural production, threatening Food Security.

**Soil Organic Carbon:** the amount of carbon stored in soil, and a component of organic matter derived from plant and animal material in various stages of decay. Soil Organic Carbon is a strong determinant of how fertile the soil will be, as it influences soil structure and the chemical and biological properties that stimulate production.

**Soil Water Storage (SWS) Capacity:** the total amount of water stored in the plant root zone. Greater SWS Capacity means more water is available for plant growth.

**Solar Energy:** energy from the sun that is converted into thermal or electrical power. It is a clean and Renewable Energy source. When Solar Energy is converted into electricity, it is often called “solar power.”

**Solar Investment Tax Credit / ITC:** a 30% US tax credit for solar systems on residential and commercial properties. According to the Solar Energy Industries Association, “The ITC is one of the most important US federal policy mechanisms to support the deployment of Solar Energy in the United States.” The ITC was enacted in 2006; since then the US solar industry has grown by more than 10,000%.

**Solid Industrial Waste:** Industrial Waste that falls within the category of Solid Waste. See also Commercial and Industrial Waste.

**Solid Waste:** any materials and substances that are no longer needed and discarded. Solid Waste comes in a variety of forms (including liquid, semi-solid, and contained gases) and may be hazardous or non-hazardous. Depending on its type, Solid Waste is treated and processed before entering the natural environment. In the US, Solid Waste is regulated by the Resource Conservation and Recovery Act.

**South Africa King Code IV:** a set of principles pertaining to Corporate Governance. South Africa King Code IV — the fourth edition of the code, which is named after the influential South African judge Mervyn E. King — calls for the active engagement of stakeholders, transparency in business operations, and the adoption of social and ethics committees, among other things.

**South Africa National Greenhouse Gas Emissions Reporting Regulations (2017):** a system to track GHG Emissions in South Africa, set up in accordance with the global effort to monitor and curtail GHG Emissions pursuant to the UNFCCC.

**South Korea Eighth Long-Term Plan for Electricity Supply and Demand and Implementation Plan for Renewable 20% by 2030 (2017):** a plan to set targets for Renewable Energy and natural gas capacity, while reducing reliance on nuclear power and coal. By 2030, South Korea aims to receive 20% of its electricity from Renewables, 18.8% from natural gas, 36.1% from coal, and 23.9% from nuclear power.

**South Korea National Roadmap for Greenhouse Gas Reductions by 2030 (2016):** a list of targets that affect different parts of South Korea's economy. Using a 2016 baseline, it sets targets for reducing carbon dioxide from the transportation, energy, agriculture, livestock, and public sectors by 2030.

**South Sudan National Environmental Policy 2015-2025 (2015):** a 10-chapter plan related to how South Sudan will develop in a sustainable manner over the next decade, with sections on Climate Change, sustainable projects, and corporate social and environmental responsibility.

**Spain Royal Decree 389/2016 Approving the Master Plan for the Network of Natural Reserves:** a plan to protect natural systems and conserve natural Habitats, including maritime Habitats. The plan recognizes that Fossil Fuel extraction and Hydropower activity are not considered compatible with Spain's national parks.

**Spain Royal Decree 564/2017 on the Certification of Energy Efficiency in Buildings (2017):** a law that sets Energy Efficiency standards for new buildings and provides for certification of Energy Efficiency in new and existing buildings.

**Spain Royal Decree 617/2017 Regarding Alternative Energy Vehicles (2017):** a law that regulates how the Spanish government grants aid to consumers who purchase alternative energy vehicles. The law also expands Electric Vehicle charging sites.

**Spain Royal Decree-Law 15/2018 on Urgent Measures for Energy Transition and Consumer Protection:** a statute that promotes the integration of Renewable Energy and Energy Efficiency in Spain, in part through providing fiscal incentives for certain means of energy generation. Among other changes, it amends Decree 900/2015 and allows citizens to produce their own energy without charges or registration.

**Spanish Flu of 1918 / Spanish Flu:** a Pandemic that spread with astonishing speed. In 18 months, at least one-third of the world's population was infected. Estimates of the number of fatalities vary from 20 million to 100 million people. The Spanish Flu was caused by an influenza A virus known as H1N1. Despite its name, the first cases of the Spanish Flu were recorded in the United States in the final year of World War I.

**Spatial Data Infrastructure:** the collection of technologies, data, policies, people, and institutional arrangements that provide a basis for the discovery of spatial data (e.g., a geographic information system, the Global Positioning System (GPS), and remote sensing).

**Sri Lanka Energy Sector Development Plan for a Knowledge-Based Economy (2015):** a policy intended to substantially decrease carbon dioxide Emissions and diversify Sri Lanka's energy mix. Goals include: 60% of electricity produced by Renewables by 2020 and 100% produced by 2030; 5% carbon reduction of the energy sector by 2025 below the 2014 baseline; and decreasing Transmission Losses to 8%.

**Standard for Sustainable and Resilient Infrastructure / SuRe Standard:** a set of guidelines and rating system that entities can voluntarily use to integrate sustainability into the development and/or upgrade of infrastructure.

**Steady State Economy:** an economy that balances growth with environmental integrity, combining the efficient use of Natural Resources with a fair distribution of wealth from those resources.

**Stewardship:** the act of supervising, or the responsible management of something (e.g., one generation's Stewardship of Natural Resources for future generations).

**Stockholm Sustainable Finance Centre:** a collaboration between the Stockholm Environment Institute and the Stockholm School of Economics to accelerate and promote a shift in capital investments to reach the Sustainable Development Goals and other climate targets.

**Stormwater:** rainwater or snowfall that does not soak into the ground, but instead flows over the land's surface into the nearest water body through storm drain channels. Stormwater typically accumulates pollutants and toxic material as it flows over land, resulting in contaminated discharges into water bodies.

**STOXX Global ESG Leaders Index:** a list of the leading companies that rank high in ESG criteria as determined by the index, which are based on Sustainalytics ESG indicators.

**Stranded Asset:** a source of capital that has endured a dramatic or abrupt devaluation that undermines that source's long-term profitability.

Stranded Assets are of particular concern in the energy context, as Fossil Fuel investments typically accrue 30-year payback periods. As Renewable Energy technologies become increasingly cost-competitive and the social and regulatory environment changes, consumers may switch fuel sources, resulting in a significant amount of Stranded Assets in the Fossil Fuel sector.

**Strategic Environmental Assessment / SEA:** the process by which potential impacts on the environment are included in policies, plans, and programs.

**Superfund:** the informal name of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

**Supply Chain Management:** the management of the flow of goods and services, from Raw Material to consumers. This flow can be managed in a way that incorporates sustainable practices.

**Suriname National Climate Change Policy, Strategy, and Action Plan (2015):** a plan that outlines how Suriname will adapt to and mitigate the effects of Climate Change from 2014 to 2021. Measures include increasing building Energy Efficiency and Renewable Energy capacity, and updating institutions to achieve sustainable development goals.

**Sustainability Accounting Standards Board / SASB:** an independent standards board whose mission is to establish industry-specific disclosure standards across ESG topics and facilitate communication between companies and investors on these issues.

**Sustainability Bond:** a bond issued to finance a mix of green and social projects, as described in the Sustainability Bond Guidelines. See also Green Bond and Social Bond.

**Sustainability Covenant:** a Corporate Social Responsibility agreement between a government regulatory body and a private entity or entities, aimed at reducing the negative Environmental Impact of corporate activity. Sustainability Covenants can be particularly beneficial when a policy shift has occurred and a private firm seeks guidance on how best to comply.

**Sustainability Linked Bonds:** a standard bond whose financing cost or interest rate paid to investors may vary based on the issuer's

sustainability performance. Sustainability linked bonds differ from Green Bonds in that the use of proceeds of the bond issuances typically are not earmarked for green purposes.

**Sustainable Consumption:** the efficient use and consumption of Natural Resources so that the resources can be equitably used in the present and the future (e.g., the Sustainable Consumption of clean water).

**Sustainable Design:** an approach to building design that aims to reduce negative Environmental Impacts, improve occupant health, and boost overall building efficiency and performance. Sustainable Design seeks to reduce consumption of non-renewable resources, minimize waste, and create healthy, productive environments.

**Sustainable Development:** an approach to development and economic growth directed at balancing different, and often competing, present needs against environmental, social, and economic limitations so as not to undermine future generations' ability to meet their own needs.

**Sustainable Development Goals / SDGs:** United Nations-developed goals issued in 2015 that collectively serve as a global policy framework for achieving a sustainable and peaceful future by 2030. Some of the SDGs include eliminating hunger, ending extreme poverty, providing access to clean water, and building local green economies within member states. Many countries and companies have committed to implementing the SDGs.

**Sustainable Development Goals Index and Dashboards:** an annual report that offers a statistical audit of how the UN Member States are progressing in meeting their Sustainable Development Goals targets.

**Sustainable Development Indicators / SDIs:** statistics used to ascertain levels of Sustainable Development by measuring social equity, economic growth, institutional capacity, and environmental protection. A specific set of SDIs are the SDG Indicators. For example, one SDG Indicator quantifies the number of persons on the planet living on less than US\$1.25 a day.

**Sustainable Finance:** financial services that integrate ESG factors into financial products or investment decisions, such as Green Bonds, Transition Bonds, and Sustainability-Linked Bonds.

**Sustainable Forestry Initiative / SFI:** a nonprofit organization that promotes standards for sustainably managing forests and offers certification. The SFI also supports local communities in sustainably managing their forests.

**Sustainable Industry Classification System / SICS:** a classification system that groups like companies based on their sustainability risks and opportunities.

**Sustainable Stock Exchange Initiative / SSEI:** an effort that aims to promote corporate investment in sustainable development through research, consensus building, and technical assistance. The SSEI fosters collaboration among capital market stakeholders by engaging with its network of stock exchanges, capital market regulators, investors, companies, and other experts. The SSE, launched in 2009 by the UN Secretary General, is a UN Partnership Programme of the UN Conference on Trade and Development (UNCTAD), the UN Global Compact, the UN Environment Programme Finance Initiative (UNEP FI), and the Principles for Responsible Investment (PRI). The SSEI convenes Partner Exchanges from around the world.

**Sustainalytics:** a private company that supports sustainability-minded investors and the Sustainable Finance market, as a form of outsourced ESG diligence, by providing ESG ratings and research.

**Sustainalytics Company ESG Reports:** a report produced by Sustainalytics that assesses ESG risks and performance for companies.

**Swaziland National Climate Change Policy (2015):** a policy that analyzes the economic threats that Climate Change poses to Swaziland, outlines how Swaziland will contribute to the global effort to combat Climate Change, and defines Swaziland's key investments for Climate Change mitigation and adaptation.

**Sweden Climate Act (2017):** a law that sets Sweden's climate policy. It outlines a strategy that aims to: (i) safeguard existing ecosystems from human activity and the effects of Climate Change, (ii) reduce GHG Emissions, and (iii) integrate relevant economic, technical, and social considerations into the policy.

**SXI Switzerland Sustainability 25 Index:** an index of the 25 stocks from the Swiss Market Index with the best sustainability scores, based on data analysis by Sustainalytics.

**Symptomatic:** when an individual demonstrates signs of having an illness or disease. Generally, the risk of transmitting viruses is higher with Symptomatic individuals. In contrast, see Asymptomatic.

**Systemic Risk Management:** the process of managing and protecting against systemic risk. Systemic risk consists of an event or events that could destabilize or collapse an industry or economy, such as the collapse of banks in the 2008 financial crisis.

**Systems Ecology:** the application of Systems Theory to the study of ecology. It studies the interaction between organisms and their environment through systems modeling. It is an interdisciplinary science that crosses physical, biological, and social sciences as well as economics to understand ecosystems and socio-ecological systems in an integrated fashion. Systems ecologists recognize that the function of any ecosystem can be influenced by economics in fundamental ways and that human industrial economic activity is a fundamental part of ecosystems around the world.

**Systems Theory:** a cross-disciplinary framework that describes how an arrangement of objects or processes in nature, society, or science work together to produce a certain result. Systems Theory can be applied to analyze, for example, ecological systems. See also Systems Ecology.

**Systems Thinking:** an analytical framework that focuses on the interrelationship of a system's constituent parts and how systems work over time and within the context of larger systems. See also Systems Theory.

**Taiwan Electricity Act (2017):** a law that seeks to modernize Taiwan's electricity grid so that it uses a diverse energy supply, fosters competition and innovation, and reduces carbon dioxide Emissions without compromising future economic growth.

**Taiwan Greenhouse Gas Reduction and Management Act (2015):** a law that establishes strategies to manage and reduce GHG Emissions without compromising future economic growth, including the introduction of a tariff on any imports that are carbon-intensive (primarily Fossil Fuels).

**Tangibles:** physical, measurable resources; including property, plant, and equipment, used in a company's operations.

**Tanzania Health National Adaptation Plan 2018-2023:** a policy aimed at bolstering Tanzania's healthcare system by addressing the link between Climate Change and disease (e.g., increased infectious diseases from thriving insect populations attributable to increased moisture resulting from Climate Change).

**Tanzania National Energy Policy (2015):** a policy that aims to minimize the use of non-Renewable Energy and diversify Tanzania's energy grid as well as promote a fuel switch in the transportation sector to electricity, ethanol, and compressed natural gas.

**Task Force on Climate-Related Financial Disclosures / TCFD:** an organization devoted to establishing and promoting guiding principles for companies to voluntarily disclose climate-related risks. This information is important to investors because it tells them whether a company is susceptible to climate-related risks and whether the company is developing or has developed plans to mitigate such risks.

**Testing:** the practice of using bodily fluid to determine if someone is infected with an infectious disease. Testing facilitates an understanding of how a disease is spreading and the scale and rate of infections. Testing is vital in slowing the spread of contagious diseases such as COVID-19.

**Thailand Alternative Energy Development Plan 2015-2036:** a plan to improve energy security, the economy, and ecology. The key goal is to increase Renewable Energy from 7,300 MW to 20,000 MW by 2036. Thailand aims to get most of this Renewable Energy capacity from Biomass, Wind Energy, and solar sources.

**Thailand Climate Change Master Plan 2015-2050:** a long-term strategy to reduce GHG Emissions, for example, by improving economic incentives that promote sustainable growth and help Thailand adapt to the effects of Climate Change.

**Thailand Energy Efficiency Development Plan 2015-2036 (2015):** a strategy that sets targets to reduce Energy Intensity by 30% below 2010 levels by 2036. One way to reach this goal is through the Ministry of Energy's application of fees to entities that use excessive energy.

**Thailand Oil Plan 2015-2036 (2015):** a policy that guides the management of Thailand's Fossil Fuel sector, taking into account

environmental and energy security risks. Some of the principles include pricing Fossil Fuels in a way that accounts for their negative Externalities, supporting ethanol use, investing in fuel infrastructure, and increasing fuel efficiency.

**Thailand Power Development Plan 2015-2036 (2015):** a three-pillared plan to manage the power sector. It aims to: (i) ensure energy security and manage power demand, (ii) maintain appropriate costs for power generation and implement Energy Efficiency measures, and (iii) reduce environmental and social impacts by reducing CO2 intensity. Specific targets include 20% power generation from Renewables by 2036 and reducing Energy Intensity by 30% below 2010 levels by 2036.

**The Climate Registry / TCR:** a nonprofit organization that designs and operates voluntary and compliance GHG reporting mechanisms, publishing reported GHG data in its Carbon Footprint registry. TCR is governed by US states and Canadian provinces and territories.

**The Climate Registry Information System / CRIS:** the official public recording system for The Climate Registry, where companies and organizations in North America report their GHG Emissions. CRIS uses a General Reporting Protocol for its calculations.

**The Natural Step / TNS:** a global network of nonprofit organizations whose mission is to “accelerate the transition to a sustainable society.” Some people also use this term to refer to Birkenstocks.

**Thematic Investment:** an investment strategy that focuses on macroeconomic themes and picks assets that fit within that theme (e.g., assets relating to clean energy, Natural Resources scarcity, or Climate Change).

**Thermal Mass:** the ability of a material to absorb and hold heat. Thermal Mass principles to moderate temperatures inside buildings can be used to reduce energy costs.

**Third Party Verification / TPV:** the confirmation by an independent source of the accuracy of information provided by firms, municipalities, governmental agencies, and non-governmental agencies. TPV can ensure that entities are held accountable to the pledges, missions, strategies, and/or policies they have announced.

**Thomson Reuters ESG Scores:** scores that are designed to measure a company's relative ESG performance across 10 themes: resource use; Emissions; innovation; management; shareholders; CSR strategy; workforce; human rights; community; and product responsibility. The scores, which replaced the Thomson Reuters Asset 4 ratings, are based on research conducted by Thomson Reuters and are available for more than 6,000 companies.

**Threshold:** in the context of environmental science, a Threshold (or ecological Threshold) is a point that, when exceeded, can trigger a series of larger changes in the ecosystem. For example, overfishing beyond a Threshold can trigger major changes in plant and animal species in an ecosystem.

**Tidal Energy:** the production of electricity due to the rise and fall of ocean tides. The ebb and flow of tides can interact with a mechanical system that produces an electrical current and sends it through a transmission line to be stored or consumed.

**Timor-Leste Program of the Fifth Constitutional Government (2015):** a policy of the Southeast Asian country that outlines the government's overall strategy for 2015-2017. A section of this document discusses protecting the natural environment, including developing a National Climate Change Center and conducting research on Climate Change.

**Togo Law on the Promotion of Electricity Generation From Renewable Sources (2018):** a law that sets a goal for Togo to generate 50% of its electricity from Renewable Energy sources by 2030. The law also establishes incentive structures for foreign direct investment in Renewable Energy.

**Togo National Program for Reducing Greenhouse Gas Emissions From Deforestation and Forest Degradation 2010-2050 (2015):** a plan to maintain forests in Togo while adapting to and mitigating the effects of Climate Change. The plan seeks to increase forest cover rate to 30% by 2050. The Togolese government has established a committee to manage and track Togo's progress in achieving its goal.

**Togo Strategic Investment Framework for Environment and Natural Resources Management (2018):** a policy that sets guidelines for sector-specific infrastructure and development projects to assist Togo in managing its Natural Resources in an environmentally conscious way. The policy also outlines how these efforts will be financed.

**Tonga Climate Change Policy (2016):** a policy intended to make Tonga more resilient to the effects of Climate Change. The policy identifies key targets and goals, including: (i) achieving 100% Renewable Energy by 2035, (ii) devoting 30% of usable land to forestry and agroforestry by 2035, and (iii) ensuring protection for all coastal communities by 2035.

**Total Energy Use:** a metric for total net energy consumed in a country. Total Energy Use can be broken down by fuel type to evaluate the Environmental Impacts of energy consumption. The term is also known as total energy consumption.

**Toxic Release Inventory / TRI:** a database of toxic-chemical information submitted to the EPA by industrial facilities in the US, pursuant to the US Emergency Planning and Community Right-to-Know Act. The TRI records how much of each listed chemical is annually released to the environment and/or managed through recycling, Energy Recovery, and treatment.

**Tragedy of the Commons:** an economic problem that results when individuals acting in their own self-interest collectively deplete an open-access resource (e.g., over-fishing in a common lake).

**Transgenic Plant:** a plant that has been genetically modified to receive new attributes, e.g., increased growth rate or resistance to pests.

**Transition Bond:** an emerging form of activity-based Sustainable Finance involving issuers seeking financing to transition their business to a greener, more sustainable model. For example, an energy company might issue a Transition Bond to finance the transition from coal to gas-fired generation.

**Transition Risk:** risks that companies might face in the transition to a lower carbon economy. These might result from governmental restrictions on emissions, the imposition of carbon tax, water restrictions, land use restrictions, and market demand and supply shifts. The TCFD encourages companies to evaluate and disclose their transition risk as part of their analysis of their climate change risks and potential opportunities.

**Transmission Loss:** a naturally occurring loss of electricity over transmission lines as the electricity travels from its point of generation to its place of use.

**Triple Bottom Line / TBL:** a philosophy that encourages companies to look at the social and environmental ramifications of their work in addition to their profits. The TBL is also used to refer to an accounting framework that incorporates three dimensions of performance: social, environmental, and financial. This differs from traditional reporting frameworks as it includes ecological (or environmental) and social measures that can be difficult to assign appropriate means of measurement. The TBL dimensions are also commonly called the three Ps: people, planet, and profits.

**Trucost:** a data analytics company that assesses risks related to Climate Change and calculates the hidden cost to unsustainable economic activity.

**Tunisia Constitution of the Republic of Tunisia (2014):** in the context of ESG, this document establishes the Commission for Sustainable Development and Rights of Future Generations to draft proposals to promote Sustainable Development. According to the document, “The state guarantees the right to a healthy and balanced environment and the right to participate in the protection of the climate.”

**Tunisia Law Relating to the Generation of Renewable Energy (2015):** a law that aims to increase Renewable Energy generation in Tunisia and organize the Renewable Energy market.

**Turkey National Energy Efficiency Action Plan 2017-2023:** a policy that commits the Turkish government to US\$10.9 billion in investment to increase the Energy Efficiency of buildings, transportation, industry, and technology in Turkey. Strategies include Retrofitting existing buildings, setting standards for new buildings to use Renewable Energy and Cogeneration units, and promoting shared and public transportation.

**UAE Energy Strategy for 2050:** a policy that seeks to change the UAE’s total energy mix to include 50% clean energy by 2050. The policy also calls for an increase of consumption efficiency by 40%.

**UAE Green Agenda 2015-2030 (2015):** a policy framework that promotes sustainable growth in the UAE. Objectives include: clean energy and climate action, a high quality of life, and a competitive knowledge economy.

**UAE Green Growth Strategy (2015):** a policy that seeks to make the UAE's economy sustainable and environmentally friendly via the creation of green jobs, improvement in Air Quality, adaptation to Climate Change, and a reduction of GHG Emissions.

**UAE National Climate Change Plan 2050 (2017):** a plan to “bolster nationwide actions for Climate Change mitigation and adaptation in the UAE.”

**Uganda National Climate Change Policy (2015):** a policy to promote climate-resilient, low-carbon, Sustainable Development in Uganda. It identifies as key priorities adaptation, mitigation, monitoring, and research. The policy adopts a range of strategies, including the reduction of GHG Emissions and an increase in sustainable agricultural activity.

**UK Sustainable Investment and Finance Association / UKSIF:** a group of financial institutions and other organizations in the UK that are committed to connecting industry leaders, policymakers, and the public in supporting sustainable and responsible finance.

**Ukraine Law on Energy Efficiency Fund (No. 5598) (2017):** a law that establishes Ukraine's Energy Efficiency Fund, which supports and incentivizes Energy Efficiency projects, with a focus on buildings. The law is part of a larger suite of policies to reduce Emissions as part of the Paris Agreement.

**UN Declaration on the Rights of Indigenous Peoples / UNDRIP:** a policy framework espoused by the United Nations that aims to establish minimum standards for the survival, dignity, and well-being of the indigenous peoples of the world. UNDRIP “elaborates on existing human rights standards and fundamental freedoms as they apply to the specific situations of indigenous peoples.”

**UN Development Programme / UNDP:** a program of the United Nations that aims to assist countries with their goals to achieve the Sustainable Development Goals through integrated solutions. UNDP's strategic plan for 2018-2021 focuses on three areas: (i) eliminating all forms of poverty, (ii) accelerating structural transformations, and (iii) building resistance to financial shocks and crises.

**UN Division for Sustainable Development Goals / DSDG:** a division of the UN Department of Economic and Social Affairs that acts as the

Secretariat for the Sustainable Development Goals. The DSDG plays a key role in the evaluation of the implementation, advocacy, and outreach relating to the Sustainable Development Goals.

**UN Environment Programme / UNEP:** a program of the United Nations that focuses on achieving a global environmental agenda by spearheading various initiatives. UNEP focuses on the areas of Climate Change, disasters and conflicts, ecosystem management, environmental Governance, chemicals and waste, and Resource Efficiency, among others.

**UN Framework Convention on Climate Change / UNFCCC:** an international environmental treaty that aims to: (i) stabilize GHG concentrations at a level to prevent dangerous human interference with the climate system within a time frame that would allow ecosystems to naturally adapt to Climate Change, (ii) ensure food production is not threatened, and (iii) allow economic development to continue in a sustainable manner.

**UN Global Compact:** a voluntary initiative within the United Nations to promote sustainability in businesses across the globe. Participants are required to incorporate the UN Global Compact's Ten Principles in their daily operations and publicly advocate for the UN Global Compact.

**UN Guiding Principles on Business and Human Rights / UNGP:** a list of 31 guiding principles that aim to provide a global standard for preventing and addressing the risk of adverse human rights impacts linked to business activity. The three pillars of the UNGP include: (i) states' existing obligations to respect, protect, and fulfill human rights and fundamental freedoms; (ii) the role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and to respect human rights; and (iii) the need for rights and obligations to be matched to appropriate and effective remedies when breached. Source: Office of the High Commissioner for Human Rights

**Uncertainty:** in the context of ESG, a concept related to measuring or reporting certain sustainability information. Uncertainty may result from reliance on data from third-party reporting systems, or the use of emerging technologies for the collection and management of environmental and other data. According to SASB, an entity should disclose the nature and likelihood of the Uncertainty when it exists.

**UNFCCC Conference of the Parties / COP:** the governing body of the UNFCCC. It reviews the national communications and Emissions inventories submitted by the parties and ensures the effective implementation of decisions made.

**Upstream:** a colloquial term for one of the three major sectors of the oil and gas industry, Upstream refers to the first phase, which involves finding and drilling for Hydrocarbons to extract Hydrocarbons from the earth. Upstream is also known as exploration and production (E&P) operations. See also Downstream.

**Uranium:** a naturally occurring radioactive element used in nuclear power generation. Uranium is weakly radioactive and contributes to low levels of natural environmental background radiation.

**Urban Heat Island:** a built-up urban area that is hotter than nearby rural areas. The effects of Urban Heat Islands include increased peak-energy demand and air-conditioning costs; Air Pollution and GHG Emissions, heat-related illness and mortality; and water pollution.

**Urban Metabolism:** a framework for understanding cities, and their development, as similar to the metabolic processes of organisms. Urban Metabolism understands cities as ecosystems of socio-economic processes that experience growth, produce energy, and eliminate waste.

**Uruguay Decree No. 172/016 Creating the National Environmental System:** a decree that creates Uruguay's National Environmental System and tasks it with coordinating national public policies in the areas of environment, water, and Climate Change and designing policies to strengthen adaptation to Climate Change, generate Climate Change information, and promote education.

**Uruguay National Policy for Climate Change (2017):** a policy that aims to combat Climate Change while promoting Sustainable Development, climate resilience, and a Low-Carbon Economy. It also defines the resources needed to ensure the functioning of the National System of Response to Climate Change and Variability.

**US Executive Order 13423 Strengthening Federal Environmental, Energy, and Transportation Management:** a presidential directive issued in 2007 that aims to establish guidelines for US federal agencies to carry out their missions in an “environmentally, economically, and

fiscally sound, integrated, continuously improving, efficient, and sustainable manner.” The directive describes specific goals for US federal agencies as well as duties and reporting accountabilities for the heads of US federal agencies.

**US Executive Order 13677 on Climate-Resilient International Development:** a presidential directive issued in 2014 that requires all US federal agencies to integrate climate resilience into their international development work and to promote a similar approach with multilateral entities. The directive aims to improve the resilience of the US government’s international development programs and investments; promote knowledge sharing in incorporating resilience considerations; and complement efforts by the US government to reduce GHG Emissions in the United States and globally. It also establishes the Working Group on Climate-Resilient International Development to establish guidelines for its implementation.

**US Green Building Council / USGBC:** a nonprofit organization that promotes sustainability-focused practices in the building industry. Its mission is to “transform the way buildings and communities are designed, built, and operated, enabling an environmentally and socially responsible, healthy, and prosperous environment that improves quality of life.” USGBC established the Green Building rating system known as LEED.

**UTZ Certified:** a certification process aimed at showing consumers that products have been sourced, from farm to shop shelf, in a sustainable manner. For example, UTZ Certified coffee, tea, cocoa, and hazelnuts are produced according to the UTZ standard. The UTZ standard operates through two sets of guidelines: (i) a code of conduct that applies to the growing and harvesting process, and (ii) a chain of custody that applies to products from the moment they leave the farm to when they arrive on shop shelves.

**Uzbekistan Decree No. DP-2343 on the Program of Measures to Reduce Energy Consumption, Implement Energy Savings Technologies in the Fields of Economy and Social Sphere for 2015-2019:** a decree focused on (i) replacing non-standard and inefficient boilers for space-heating and hot water supply in detached houses, (ii) channeling energy cost savings in state-funded organizations in order to fund Energy Efficiency investments in these entities, and (iii) improving rules and norms for Energy Efficiency requirements for new buildings.

**Vaccine:** a biological preparation of organisms that help build immunity to an infectious disease. Vaccines are vital in slowing the spread of contagious diseases such as COVID-19.

**Value Chain:** the full range of processes or activities a company carries out to create value, such as the range of processes that include conception of an idea, extraction of raw materials, production, marketing, sales, and distribution. The value chain frequently is described in terms of upstream, midstream, and downstream activities. Upstream activities in the value chain involve the early stages in the operation and might include sourcing and extracting raw materials. Processing or midstream activities involve processing the materials collected during the upstream stage into a finished or semi-finished product. Downstream activities include the sale and distribution of products.

**Value Stream Mapping:** a lean management tool for analyzing, designing, and managing the flow of materials and information required to bring a product or service to a customer.

**Values-First Investing:** a form of Impact Investing, also known as ethical investing, responsible investing, and Socially Responsible Investing.

**Vanuatu Climate Change and Disaster Risk Reduction Policy 2016-2030 (2015):** a policy published by the Vanuatu government in combination with the Secretariat of the Pacific Community to envision the country's response to Climate Change and make its communities resilient in the long term.

**Vanuatu Framework for Climate Services:** a framework for the development and strengthening of climate services so that citizens can prepare for and adapt to Climate Change as a basic human right. The framework details the products and services offered by the Vanuatu Meteorology and Geo-Hazards Department (VMGD); institutional, human, and technical capacities; and issues and priorities to be addressed by VMGD.

**Vanuatu National Policy on Climate Change and Disaster-Induced Displacement (2018):** a policy that aims to help emergency and development planners work with the Vanuatu government to address the needs of communities affected by displacement. The policy also aims to enable government ministries to work together to provide protections

for people at each stage of the displacement cycle, with the goal of achieving durable solutions for all people affected by displacement.

**Venezuela Law of Socio-Natural and Technological Risks:** a law enacted in 2009 that identifies a range of country-specific risks and names Climate Change and environmental contamination as national priorities. The law also creates the National Advisory Board of Sociocultural and Technological Risk Management, whose responsibilities include developing a Climate Change adaptation plan.

**Venezuela Law on Rational and Efficient Electric Energy Use:** a law enacted in 2011 that requires an emphasis by the government on Energy Efficiency, in both sectoral planning and research and development, and grants the government the power to certify energy efficient technologies.

**Venezuela Organic Law of Environment No. 5833:** a law enacted in 2006 that aims to contribute to the security of the national environment and maximize the well-being of the population by promoting a sustainable Global Ecosystem for the benefit of humanity. It includes a provision that establishes the government's legal authority to regulate industries and technologies that emit gases that contribute to Climate Change.

**Venezuelan Academy of Agricultural Sciences / ACAV:** a research institute created in 2010 to focus on improving agricultural production and achieving food sovereignty in Venezuela. Since 2012, ACAV has operated under the Ministry for Science and Technology.

**Ventilator:** a medical device that delivers air into the lungs through a tube that is placed in the mouth or nose and down into the windpipe. Ventilators are often referred to as “breathing machines” or “respirators.”

**Vietnam Decision No. 11/2017/QD-TTg on the Mechanism for Encouragement of the Development of Solar Power Projects in Vietnam (2017):** a decision that sets out mechanisms to encourage the development of solar power projects as a form of clean energy. The decision contains provisions for funding, incentives (including a feed-in tariff and import duty exemption), and investment in the construction of solar power projects. It also sets out the responsibilities of state agencies and ministries, including the Ministry of Industry and Trade, the Ministry of Planning and Investment, and the Ministry of Finance.

**Vietnam Law on Environmental Protection No. 55/2014/QH13:** a law specifying that environmental protection should be in harmony with economic development, social protection, Biodiversity protection, and adaptation to Climate Change. It recommends the development of clean energy and Renewable Energy to reduce GHG Emissions and protect the Ozone layer.

The law also requires the development of a National Environmental Protection Plan to assess the current environmental status as well as environmental and Climate Change forecasts.

**Vigeo EIRIS:** a global provider of ESG research and services to investors as well as private, public, and nonprofit organizations. It evaluates organizations' integration of ESG factors into their strategies, operations, and management, with a focus on promoting economic performance, responsible investment, and sustainable value creation.

**Viral Shedding:** when a virus replicates inside an individual's body and is released into the environment. At that point, the virus may be contagious.

**Virgin Inflow:** in the context of the Circular Economy, primary resource inflows that have not previously been used or consumed.

**Vision 2050:** WBCSD's *Vision 2050* report maps a pathway leading to a global population of some nine billion people living well, within the resource limits of the planet by 2050. This work results from an 18-month collaborative effort including engagement with CEOs and experts, as well as dialogues with more than 200 companies and external stakeholders in some 20 countries.

**Volatile Organic Compound / VOC:** an organic compound emitted as a gas from certain solids or liquids. VOCs include a variety of chemicals, some of which may have short- and long-term adverse health effects. See also Non-Methane Volatile Organic Compound.

**Waste Analysis:** the process used to identify and verify the chemical and physical characteristics and composition of waste by performing detailed chemical and physical analysis of a representative sample of the waste.

To determine the composition of a waste type, several tests are performed to identify particular determinants, including water, pH, heavy metals, and bacteria.

**Waste Assessment:** an assessment that “identifies waste generated at a facility, and purchasing and management practices; examines current waste reduction practices and assesses their effectiveness; and identifies the areas and materials in which waste reduction efforts will be most effective. Records examinations, facility walk-throughs, and waste sorts are three common approaches to conducting a Waste Assessment.” Source: EPA

**Waste Diversion Rate:** the proportion of total collected waste that is diverted away from Landfills, primarily by recycling.

**Waste Hierarchy:** a four-tiered hierarchy to guide waste management practices with the goal of reducing disposable waste and conserving valuable, limited Landfill space. Waste Hierarchy is as follows, from most preferred to least preferred: (i) source reduction and Reuse, (ii) recycling/Composting, (iii) Energy Recovery, and (iv) Waste Treatment and disposal.

**Waste Stream:** the complete flow of waste from its domestic or industrial source to recovery, recycling, or disposal. Waste Streams can be divided into two categories: materials (e.g., metals or plastics) and products (e.g., electronics or vehicles), the latter of which requires specific Waste Treatment and ultimately feeds into materials-related streams.

**Waste Treatment:** a process that removes contaminants from waste to reduce potential harm to people and the environment.

**Waste-to-Energy:** the process of burning garbage that would otherwise go to a Landfill at high temperatures to produce energy for electricity or heating buildings.

**Wastewater:** water that has been impacted by human use. Numerous sources produce Wastewater, from laundry and bathing to agricultural and industrial processes.

**Water Cycle:** a cyclical process describing the continuous movement of water on, above, and below the earth’s surface in which the earth’s water evaporates into the air, rises into the Atmosphere, condenses into clouds, and precipitates back onto the ground.

**Water Footprint:** a measure of the total amount of water used, either directly or indirectly, to produce a good or service. A Water Footprint can be calculated for a single process or for an individual, community, or company. It can also describe how much water is being consumed in a specific river basin or Aquifer.

**Water Information Request:** a request by the CDP for an entity's water usage.

**Water Intensity:** the amount of water used per unit of production.

**Water Management:** the practice of controlling and moving water to minimize environmental damage to life and property and to maximize efficient beneficial use.

**Water Productivity:** the amount of product produced per unit of water. Water Productivity can be a helpful measure of an agricultural system's ability to convert water into food.

**Water Quality:** the chemical, physical, and biological characteristics of water, usually used in respect to its suitability for a designated use.

**Water Quality Association / WQA:** an advocate of the residential, commercial, industrial, and small-community water treatment industry. The WQA represents more than 2,500 member companies around the globe. Its mission is to "facilitate Water Quality improvement to enhance lives sustainably."

**Water Restriction:** a ban or restriction that affects the outdoor use of water supplies due to drought or low Water Quality in a given area.

**Water Table:** the upper limit of the portion of ground that is wholly saturated with water. Water pressure and atmospheric pressure are equal at this boundary.

**Water Trading:** the process of buying and selling water access entitlements or water rights. Terms of the trade can be permanent or temporary depending on the legal status of the water rights.

**Water Withdrawal:** the process of taking fresh water from ground or surface water sources, either permanently or temporarily, and conveying it to a place of use. See SASB.

**Watershed:** an area of land that channels precipitation and snowmelt to rivers, creeks, and streams that ultimately drains to a particular outflow point or body of water.

**Watt-Hour:** a unit of energy equivalent to the power of one watt operating for one hour. A kilowatt-hour (kWh) is the unit of measure for the capacity of batteries and as a billing unit for energy delivered to consumers by electric utilities.

**WBCSD:** acronym for the World Business Council for Sustainable Development.

**WELL Building Standard:** “a performance-based system for measuring, certifying, and monitoring features of the built environment that impact human health and well-being, through air, water, nourishment, light, fitness, comfort, and mind.” Source: US Green Building Council

**Western Climate Initiative:** a nonprofit organization that administers the GHG Emissions Trading market between California and certain Canadian provinces, and provides services to support the implementation of other Cap and Trade programs.

**Wind Energy:** “the process of creating electricity using the wind or air flows that occur naturally in the earth’s Atmosphere. Modern wind turbines are used to capture kinetic energy from wind and generate electricity.” The three main types of Wind Energy are: (i) utility-scale wind, (ii) distributed or “small wind,” and (iii) offshore wind. Wind Energy is also known as wind power. Source: American Wind Energy Association

**Workforce Health & Safety:** an issue within SASB’s Human Capital sustainability dimension that addresses the management of the health and safety of employees and the ability to create a culture of safety at companies that present dangerous working environments.

**World Bank Group Environmental, Health, and Safety General Guidelines:** technical reference documents with general and industry-specific examples of Good International Industry Practice (GIIP).

**World Business Council for Sustainable Development / WBCSD:** a CEO-led organization of more than 200 leading international businesses with the aim of working together to accelerate the transition to a sustainable world.

**World Energy Outlook / WEO:** an annual report from the International Energy Agency (IEA) that examines a wide range of energy issues related to Fossil Fuel supply and demand, renewable technologies, electricity markets, Energy Efficiency, and access to energy. The WEO was initially designed to help countries coordinate a collective response to serious disruptions in the oil industry.

**World Health Organization / WHO:** a specialized agency of the United Nations with the primary role of directing and coordinating international public health within the UN system. The WHO works with nations to coordinate preparedness and response efforts to mitigate public health disasters and social crises.

**World Intellectual Capital Initiative / WICI:** a group of organizations representing businesses, analysts and investors, regulatory agencies, and academia that aims to “improve capital allocation through better corporate reporting information.”

**World Resources Institute / WRI:** an organization whose mission is to “move human society to live in ways that protect the earth’s environment and its capacity to provide for the needs and aspirations of current and future generations.”

**World Summit on Sustainable Development:** a summit held in 2002 in Johannesburg, South Africa, to focus the world’s attention on improving human lives and conserving Natural Resources “in a world that is growing in population, with ever-increasing demands for food, water, shelter, sanitation, energy, health services, and economic security.”  
Source: DSDG

**World Water Index / WOWAX:** a global stock market index established in February 2006 by Société Générale in cooperation with SAM Group and Dow Jones Index/STOXX. It contains the globally largest 20 corporations of the water supply, water infrastructure, and water utilities/treatment sector.

**World Wildlife Fund / WWF:** a conservation organization that works in more than 100 countries and is supported by more than 1 million members in the United States and close to 5 million globally. WWF generally works in the fields of forests, oceans, fresh water, wildlife, food, and climate.

**Zambia Constitutional Amendment Act No. 2 of 2016 (Requiring the State to Establish and Implement Mechanisms to Address Climate Change):** a law amending Zambia's constitution to protect the environment and establish and implement mechanisms addressing Climate Change.

**Zambia Forests Act (2015):** a law that concerns the management and conservation of forest resources.

**Zambia National Policy on Climate Change (2016):** a policy aimed at addressing Climate Change and subsequent reduction of Zambia's annual economic growth due to crop failure and the impact of Climate Change on energy production.

**Zambia National Strategy for Reducing Emissions From Deforestation and Forest Degradation (2015):** a strategy that aims to reduce Emissions from Zambian forests, notably thanks to improved land management, inclusion of communities into sustainable agricultural and forestry activities, and adoption of more sustainable mining and energy practices. The strategy calls for ensuring equitable sharing of both carbon and non-carbon benefits among stakeholders.

**Zambia Second National Biodiversity Strategy and Action Plan 2015-2025 (2015):** a strategy and list of implementation actions for Biodiversity conservation. It incorporates climate resilient principles to improve conservation efforts. It further aims to protect forests, recognizing their water and climate regulation functions.

**Zambia Seventh Development Plan 2017-2021:** a plan that departs from sectoral-based planning to an integrated (multi-sectoral) development approach under the theme "Accelerating development efforts towards the Vision 2030 without leaving anyone behind." The integrated approach recognizes the multi-faceted and interlinked nature of Sustainable Development, which calls for interventions to be tackled simultaneously through a coordinated approach to implementing development programs.

**Zero Waste:** "the conservation of all resources by means of responsible production, consumption, Reuse, and recovery of all products, packaging, and materials, without burning them, and without discharges to land, water, or air that threaten the environment or human health."  
Source: Zero Waste International Alliance

**Zimbabwe Climate Smart Agriculture Policy:** a policy that aims to ensure that farmers and agricultural advisers adopt practices consistent with a changing climate. The policy is based on the Climate-Smart Agricultural Manual for Agriculture Education in Zimbabwe that was released in 2017 and discusses necessary changes to the institutional framework along with specific sectoral agricultural practices.

**Zimbabwe National Climate Change Response Strategy (2015):** a strategy that aims to ensure that each sector in Zimbabwe implements Climate Change adaptation and mitigation actions. Under the strategy, each sector will be able to direct its project proposals to the appropriate funding mechanism.

**Zimbabwe National Climate Policy (2018):** a policy that aims to enable the Zimbabwean government to establish legal structures to regulate businesses in climate-related matters, and enable them to reduce their GHG Emissions. The policy further focuses on adaptation with regard to rural communities and agriculture.

\* In cooperation with the Law Office of Salman M. Al-Sudani

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