Sustainability Glossary

Agenda 2030
Agenda 2030 for Sustainable Development was established by the High-level Political Forum on Sustainable Development (HLPF) at the United Nations to end poverty and hunger, realize the human rights of all, achieve gender equality and the empowerment of all women and girls, and ensure the lasting protection of the planet and its natural resources. The HLPF is the central UN platform for the follow-up and review of the 2030 Agenda for Sustainable Development adopted at the United Nations Sustainable Development Summit on 25 September 2015. This Agenda is a plan of action for people, planet and prosperity.

Biodiversity Strategy
With the aim to protect nature and reverse the ecosystem degradation, EU's Biodiversity Strategy plays an important role in putting Europe's biodiversity on a path to recovery by 2030, benefiting the people, the climate and the planet. The EU Nature Restoration Plan is a part of the strategy, including several actions and commitments to restore ecosystems by 2030 and onwards manage them sustainability. The strategy is effective from 2023.

B-corp
B-corp is a certification for businesses that meet the highest standards of social and environmental performance, as well as transparency and legal accountability. To achieve the B-certification, companies must go through a strict certification process of measuring the company's entire social and environmental impact.

Carbon Capturing Storage (CCS)
CCS is a technology that can capture up to 90% of the carbon dioxide emissions produced from the use of fossil fuels in electricity generation and industrial processes, preventing the carbon dioxide from entering the atmosphere.

Carbon Footprint
Emissions of greenhouse gases (in carbon equivalent) for an activity or organization over a given period of time.

Carbon Offsetting
Reducing emissions of greenhouse gases by purchasing credits through emissions reduction projects or carbon trading schemes.

Carbon Disclosure Project (CDP)
CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Carbon Sequestration
Carbon sequestration can be defined as the capture and secure storage of carbon that would otherwise be emitted to or remain in the atmosphere. The idea is to keep carbon emissions produced by human activities from reaching the atmosphere by capturing and diverting them to a secure storage or to remove carbon from the atmosphere and storing it.

Carbon Tunnel Vision
Also known as "carbon tunnel syndrome," this term refers to the narrow focus on net zero emissions, while ignoring other sustainability goals. A selective focus on carbon emissions can lead to inadequate sustainability management, partial solutions, and harm to other sustainability objectives - while this concept promotes a more holistic approach.

Circular Economy
An alternative to a traditional linear economy (make, use and dispose) in which resources are kept in use for as long as possible, the maximum value extracted from them whilst in use, and then products and materials recovered and regenerated at the end of each service life.

Clean Energy
Clean energy is energy that gives off little to no greenhouse gas emissions and includes renewable and carbon-free sources. This is in contrast to fossil fuels that produce a serious amount of greenhouse gas emissions.

Climate Adaptation
Climate change adaptation points to actions that reduce the negative impact of climate change. It involves adjusting policies and actions because of observed or expected changes in climate.

Climate Neutral Now
Achieving net zero carbon emissions by balancing carbon emitted with an equivalent amount sequestered or offset, or buying enough carbon credits to make up the difference.

Closed Loop
The most sustainable economic system, where the inputs used to create a product are the same as its end-of-life outputs. It is a zero waste system that completely reuses, recycles or composts all materials. When a company says it uses a closed- loop system, it's referring to its supply chain. Under a closed-loop system, businesses reuse the same materials over and over again to create new products for purchase.

Communication of Progress (CoP)
Submitting an annual CoP is part of your company's commitment to the UN Global Compact and provides valuable information to your stakeholders. The overall format of a CoP is flexible and CoPs can be prepared in any language as long as they meet minimum requirements.

Corporate Social Responsibility (CSR)
CSR is a management concept whereby companies integrate social and environmental concerns in their business operations. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives, while at the same time addressing the expectations of shareholders and stakeholders.

Corporate Sustainability Reporting Directive (CSRD)
The Corporate Sustainability Reporting Directive (CSRD) is the EU's directive requiring all listed companies on EU-regulated markets (except micro-enterprises) to report on the social and environmental impacts of their operations. The Directive was approved in December 2022, and the first round of companies included in its scope are obligated to publish their first report in 2025 (covering the 2024 fiscal year).

Code of Conduct
A code of conduct clarifies an organization's mission, values and principles, linking them with standards of professional conduct. The code articulates the values the organization wishes to foster in leaders and employees and, in doing so, defines desired behavior. As a result, written codes of conduct or ethics can become benchmarks against which individual and organizational performance can be measured. A supplier code of conduct helps you to communicate your values to external stakeholders, like direct suppliers or consultants, and make sure that your expectations and requirements on your suppliers are printed in an official document.

Cradle to Cradle
Using the end use product - or waste - as the source for a new product: a circular economy. All products can be designed for continuous recovery and re-utilization.

Cradle to Grave
Accounting for the impact of producing a product, from creation to end use. It is a linear flow: take, make throw away.

Demand Response
Demand response is changing electricity usage based on a change in the price of power. It's a technique utilities use with commercial, industrial and residential customers. Also called demand management, demand response has been used for many years, but is getting more sophisticated as technologies - notably smart buildings - gain ground. And as more solar and wind energy comes online, demand response could play an important role integrating these variable sources into the grid.

Decycling
Decycling it the opposite to recycling. It means taking products that are supposed to be recycled and making sure they make their way into everyday waste.

Environmental Management Systems (EMS)
EMS are sets of processes and practices that enable an organization to measure and ultimately reduce its environmental impacts. The most commonly used framework is the one developed by the International Organization for Standardization (ISO) for the ISO 14001 standard.

Environmental, Social and Governance (ESG)
ESG makes up a set of standards for a company's operations that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls and shareholder rights.

Ethical or Sustainable Investments
Investment in activities that have a positive social and/or environmental impact. It includes screening positive characteristics in, or negative characteristics out, of an investment option. It can also include using assessment criteria like environmental, social and governance criteria or strategic sustainability criteria.

EU Taxonomy
The EU Taxonomy was established in 2018 by the European Commission to help facilitate Europe's move to net-zero carbon emissions by 2050, as well as combat climate change in the long-term. In March 2020, the initiative was updated, aiming to help companies access green financing to improve environmental performance. The EU Taxonomy aims "to help investors, companies, issuers and project promoters navigate the transition to a low carbon, resilient and resource-efficient economy."

European Sustainability Reporting Standards (ESRS)
The European Sustainability Reporting Standards (ESRS) are the EU's new mandatory standards that companies under the Corporate Sustainability Reporting Directive (CSRD) must align their reporting to. The standards provide long-awaited clarity on which metrics companies should include in their report - ensuring comparable, relevant, and reliable sustainability data from all organizations in its scope.

Extended Producer Responsibility (EPR)
EPR requires manufacturers to minimize the environmental impact of their products at each stage of the product's lifecycle. This includes taking responsibility for the product's end-of-life by creating take-back programs for the reuse and recycling of their products.

Germany's Supply Chain Due Diligence Act (the LkSG)
Germany's Supply Chain Due Diligence Act, also known as "Lieferkettensorgfaltspflichtengesetz," or "LkSG," entered into force in 2023. The act requires in-scope companies to set up a due diligence process in order to identify and respond to negative impacts on human rights in their own operations and supply chains.

Global Reporting Initiative (GRI)
GRI is an independent international organization that has pioneered sustainability reporting since 1997. GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being.

Green Bonds
Green Bonds are funds raised from fixed-income investors to support lending for eligible projects that seek to mitigate climate change or help affected people adapt to it. As products, green bonds respond to specific investor demand for a triple-A rated fixed income product that support projects that address the climate challenge.

Green Finance
Green financing involves increasing the level of financial flows to sustainable development priorities. The idea centers around managing environmental and social risks better, while finding opportunities that bring a decent rate of return as well as environmental benefit and greater accountability.

Greenwashing
Greenwashing points to giving false impressions or providing misleading information for a more positive view on a company's products' environmental impacts. It is considered a disputable manner with the purpose of deceiving consumers into believing that a company's products are better than they are from an environmental perspective.

Human Rights Due Diligence
Human rights due diligence (HRDD) is a risk management process that businesses can implement to identify and respond to actual and potential negative impacts within their own operations and their supply chain.

Integrated Reporting
A new approach to corporate reporting that integrates financial information and non-financial (environmental and social) information into a single document to show how a company is performing. The International Integrated Reporting Framework is used to accelerate the adoption of integrated reporting across the world.

Impact Washing
Stemming from the more mainstream concept of greenwashing, this term is used to describe assets, bonds, and investments whose positive impact on the environment and society are falsely claimed, overstated, or can't be supported with accurate data.

IPCC (Intergovernmental Panel for Climate Change)
The IPCC stands for the Intergovernmental panel for climate change - the UN's panel with the purpose of assessing science related to global warming. They provide policymakers with scientific assessments, implications of climate change and potential future risks, along with mitigation options.

ISO 14001
ISO 14001 has become the international standard for designing and implementing an environmental management system. The standard is published by ISO (the International Organization for Standardization), an international body that creates and distributes standards that are accepted worldwide. The most recent version of the environmental management system requirements was published in 2015, and is referred to as "ISO 14001:2015." The standard was agreed upon by a majority of member countries before being released and updated, and as such it has become an internationally recognized standard accepted by a majority of countries around the world.

ISO 26000
ISO 26000 is an international standard developed for organizations committed to operate in a socially responsible way. The standard provides guidelines and assists organizations to address their social responsibilities in operations and processes and overall performance. The goal is to help organizations behave in a more socially responsible way and thus contribute to the social, economic, and environmental development.
Further reading: ISO 26000, Social Responsibility

ISO 37001
ISO 37001 is an international standard for anti-bribery management systems. The standard provides assistance for organizations to implement and maintain relevant measures that will help them prevent, detect, and address bribery conducted by the organization, but also bribery activities conducted against the organization.

ISO 45001
The ISO 45001 standard focuses on health and safety in the workplace and replaces the previously widely used OHSAS 18001. By developing better occupational health and safety standards internationally, the framework aims to save lives and minimize deaths in the workplace. The ILO estimates that approximately three million people die annually due to poor occupational health and safety.

ISSB Sustainability Reporting Standards
The ISSB Sustainability Reporting Standards are a set of upcoming sustainability reporting standards proposed by the International Sustainability Standard Board. They were developed to meet the urgent need for a comprehensive global baseline of corporate sustainability reporting. There are currently two standard drafts published, the first focuses on climate, while the second outlines the general requirements for sustainability-related financial disclosures. More standards covering additional themes and industries will be issued in the future.

Materiality Assessment
Materiality assessments are an exercise in stakeholder engagement designed to gather insight on the relative importance of specific ESG issues. The insight is most commonly used to inform sustainability reporting and communication strategies, but it also is valuable to strategic planning, operational management and capital investment decisions.

Nature Positive
Nature Positive is the term used to describe a world (including the societies and governments within that world) where natural processes, biodiversity, and ecosystems are restored and regenerating - rather than declining.

Natural Capital
The world's stock of natural assets, including geology, soil, air, water and all living things.

Net Positive
Net positive simply means putting more back into the environment or society than you take out. It aims to restore or regenerate ecological systems, which is different from eco-efficiency, which simply slows down the decline in ecological capital, and closed-loop systems, which only prevent further ecological decline.

Net Zero
Net zero is the balance between the amount of greenhouse gas produced and the amount removed from the atmosphere. Balance, and net zero is reached when the amount taken away is equal to the amount we add.

Norway's Transparency Act ("Apenhetsloven")
The Norwegian Transparency Act (or as it's known in Norwegian: "Apenhetsloven") requires large companies selling products and services in Norway to carry out human rights due diligence in line with the OECD Guidelines starting in 2022. The act requires companies to conduct human rights and labor due diligence throughout their supply chains and business relationships - and to communicate any learnings with consumers externally.

OECD Due Diligence Guidance for Responsible Business Conduct
Developed and published by the Organisation for Economic Co-operation and Development (OECD), the OECD Due Diligence Guidance for Responsible Business Conduct provides recommendations for how enterprises can conduct due diligence in order to identify, prevent, or mitigate adverse impacts - as well as account for how those impacts are addressed. The majority of new and upcoming human rights and supply chain due diligence laws refer to the OECD Guidance as the proper process to follow.

Offsetting
To compensate for the heavy carbon footprint caused by flying or other travel activities, companies and travelers can purchase carbon offsets equivalent to the amount of carbon dioxide they were responsible for. When you purchase carbon offsets, you're contributing to carbon reduction projects that either capture and store existing CO2 from the atmosphere or prevent new emissions from happening. These could be projects such as establishing a wind farm that replaces energy produced from fossil fuel-fired power plants with clean, renewable energy or planting trees that will help to absorb and store carbon.

Paris Climate Agreement
The Paris Climate Agreement - also known as the Paris Climate Accord, Paris Climate Deal or simply Paris Agreement - is a 2016 pact sponsored by the United Nations to bring the world's countries together in the fight against climate change.

PRI
PRI stands for Principles for Responsible Investments. Responsible investment, according to the PRI, is an investment approach that specifically acknowledges the relevance and impact that ESG factors have on investments and the long-term health and stability of the market as a whole. The PRI framework makes it easier for investors to make more responsible decisions when it comes to environmental, social, and corporate governance factors.

Product Stewardship
Product stewardship is an approach where businesses take responsibility for the environmental impacts that come with the products they make, sell or buy, in all stages of the product's life cycle.

Purpose Washing
Purpose washing happens when an organization misleads or overstates its commitment to certain values - while their actions and operations do not mirror those pledges.

Regenerative (agriculture/business/design)
A practice that focuses on delivering positive outcomes for the environment and society by making a company's activities, systems and processes more sustainable. Usually associated with agriculture and design, the term is starting to get more attention from practitioners, decision-makers, and mainstream media, and is increasingly seen as an alternative to mainstream business models.

Rematerialization
Repurposing what was once considered a waste material into a new resource for a product, service or process. Rematerialization is part of a thesis that a 'de-linking' occurs between materials use and economic growth during economic development (the so-called 'dematerialization hypothesis'). Dematerialization is not a persistent trend in industrialized economies, but occurs during periods of rapid structural and technological change. Evidence suggests that periods of 'rematerialization', when materials use is re-linked with economic growth, follow periods of dematerialization.

Reporting Frameworks
Sustainability reporting is a tool to increase transparency and accountability in the issues that traditional financial reporting is not dealing with. These include the linkages between environmental, social and economic issues as well as long-term perspective.

Risk Assessment
Sustainability risk refers to the uncertainty in being able to sustain the growth of a given system (a corporation, household, community or economy) because certain practices may have negative externalities which result in the dilapidation of value chain of the system over a period of time or impact other related systems.

Science Based Targets
Science Based Targets is a joint initiative of CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and WWF. The goal is to enable leading companies set ambitious and meaningful corporate GHG reduction targets. Targets adopted by companies to reduce GHG emissions are considered "science-based" if they are in line with the level of decarbonization required to keep global temperature increase below 2°C compared to preindustrial temperatures, as described in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).

Scope 1 Emissions
In order to calculate a carbon footprint, three types of emissions are differentiated: Scope 1 emissions are direct emissions that a company controls, such as company- owned and operated facilities, vehicles, and so on.

Scope 2 Emissions
A company's indirect greenhouse gas emissions, generated by the electricity/power it uses.

Scope 3 Emissions
A company's indirect greenhouse gas emissions that are not included in Scope 2. Emitted by company's suppliers, business travel, use of company products, etc. The majority of a company's greenhouse gases (GHG) are scope 3 emissions, and this involves the entire supply chain - the production, movement, protection, storage and control of products throughout manufacturing, warehousing, distribution, consumption and disposal.

Scope 4 Emissions
Scope 4 emissions, also known as "avoided emissions," refers to the emissions reduction that happened outside a value chain or lifecycle as a result of more efficient products, goods, and services. It often refers to a product or service replacing an emission-intensive product. (For example, a company encouraging train travel or teleconferencing services as an alternative to flying.) While scope 4 is not an established category under the Greenhouse Gas Protocol, more investors, businesses, and organizations are beginning to use it to compare the impact of various investments and products.

SFDR (Sustainable Finance Disclosure Regulation)
The SFDR was adopted by the European Commission in the spring of 2019 as a proposal for "a regulation on disclosures relating to sustainable investments and sustainability risks". The primary goal is to increase transparency on sustainability to ensure that financial market participants (FMP) are able to finance growth in a sustainable manner. It consists of disclosure requirements on both business and product-level to standardize sustainability disclosure while combat "greenwashing".

Shared Value
A management principle that seeks market opportunities for business to solve social problems. 'Creating Shared Value' was first introduced in the Harvard Business Review in 2011, based on the principle that the competitiveness of a company and the health of the communities around it are mutually dependent.
Further reading: Creating Shared Value - Harvard Business Review

Social Impact Bonds
A social impact bond, also known as pay for success financing, a pay for success bond or a social benefit bond or simply a social bond, is a contract with the public sector in which a commitment is made to pay for improved social outcomes that result in public sector savings.

Social Enterprise
Organizations that operate to tackle social problems, improve communities or the environment, at the same time having their own mechanism for generating financial profit. They reinvest their profits back into the business or community.

Social Entrepreneurship
Social entrepreneurship is entrepreneurship based on social value. Measurement of success in this kind of business is based not only on profit but also on a positive return to society and its pressing issues. Social entrepreneurship can take many different shapes and forms. It can be work to preserve the environment, help children in need, or eradicate poverty. It can be a business or organization that is completely focused on a social issue, or it can be a business where just one aspect of the enterprise is focused on alleviating a social need.

Stakeholder Dialogue
Stakeholder dialogues are increasingly used by companies as a mean
to regularly involve their direct and indirect stakeholders (customers, suppliers, distributors, peers, etc) in the definition and implementation of their CSR strategy. The process not only empowers the stakeholders, it also gives the company a clear framework on managing change, consolidating its CSR and business approach, ultimately building its reputation.

Supplier Assessment
Although you may have a very safe, cost-effective, and streamlined operation, it is imperative that your suppliers and sub-suppliers perform to the same standard. A supplier assessment will ensure that your suppliers are aligned with your standards.

Supply Chain Traceability
The traceability in supply chain traceability refers to the ability to identify, track, and trace elements of a product or substance as it moves along the supply chain - from raw goods to finished products. The goal is to find issues related to a component or ingredient, and thus quickly locate the source of an identified problem. By doing so, businesses and organizations are able to either distance itself from the problem - for example to say its product or food was not affected - or take corrective action with the affected product or substance.

Supply Chain Transparency
Supply chain transparency is reached when a business or organization knows what is happening in the supply chain and are able to communicate this knowledge further - both internally and externally. For a business to be transparent, real-time data of every area of sustainability in the supply chain needs to be collected and shared to everyone of interest.

Supply Chain Visibility
Supply chain visibility refers to the visibility of data across every tier of the supply chain and all the logistic movements in between. It is the ability to track components, products and/or parts from the manufacturer to their final destination. The goal is to improve and strengthen the supply chain by making real-time and actionable data available to all stakeholders at any time. In a supply chain with total visibility, all parties, including customers, should have access to pertinent data anytime and anywhere.

Sustainability Accounting Standards Board (SASB)
SASB was founded in 2011 to develop and disseminate sustainability accounting standards. The aim of SASB is to connect businesses and investors on the financial impacts of sustainability.

Sustainable Development Goals (SDGs)
In 2016, the Paris Agreement on climate change entered into force, addressing the need to limit the rise of global temperatures. The SDGs are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. The Goals interconnect and in order to leave no one behind, it rs important that we achieve each Goal and target by 2030.

Sustainable Procurement
Sustainable Procurement is a process whereby organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst minimizing damage to the environment.
Further reading: Drivers of Incorporating Sustainability in Procurement Organizations

Sustainability Report
A sustainability report is a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities.

Sustainability Risk Management (SRM)
SRM is a business strategy that aligns profit goals with a company's environmental policies. The goal of SRM is to make this alignment efficient enough to sustain and grow a business while preserving the environment. One of the chief drivers for SRM adoption is increasing demand for compliance with global and national regulations.

Sustainable Bonds
The transition to a sustainable global economy requires scaling up the financing of investments that provide environmental and social benefits. The bond markets through Green, Social and Sustainability Bonds can play an essential role in attracting private capital to finance these global needs. Green, Social and Sustainability Bonds are any type of bond instrument where the proceeds will be exclusively applied to eligible environmental and/or social projects. They are regulated instruments subject to the same capital market and financial regulation as other listed fixed income securities.

Task Force on Climate-related Financial Disclosures (TCFD)
The work and recommendations of the Task Force help companies understand what financial markets want from disclosure in order to measure and respond to climate change risks, and encourage firms to align their disclosures with investors' needs.

Task Force on Nature-related Financial Disclosures (TNFD)
The Task Force on Nature-related Financial Disclosures (TNFD) is a science-based risk management and disclosure framework for organizations of all sizes and sectors to use to better identify, manage, and disclose their nature-related risks and opportunities.

Triple Bottom Line
A phrase first coined by John Elkington in 1994, it describes the separate financial, social and environmental 'bottom lines' of companies. In principle it is designed for companies to value their social and environmental profits and losses, as well as the financial ones.

United Nations Global Compact
The UN Global Compact is a non-binding United Nations pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

United Nations Guiding Principles on Business and Human Rights
The UN Guiding Principles on Business and Human Rights (UNGPs) is a set of guidelines that was developed in 2011 for governments and businesses to prevent, address and remedy human rights abuses committed in business operations. John Ruggy, the author of the Guiding Principles explains that "the Guiding Principles are a transformational roadmap to a future where the billions of people whose lives are impacted by corporate activities are treated with respect for their dignity and fundamental welfare - a world where human beings and corporations alike can thrive and prosper."

United Nations Framework Convention on Climate Change (UNFCC)
The UNFCC is an international environmental treaty adopted on 9 May 1992 and opened for signature at the Earth Summit in Rio de Janeiro from 3 to 14 June 1992. It then entered into force on 21 March 1994, after a sufficient number of countries had ratified it.

United Nations Principles for Responsible Investment (PRI)
The UN Principles for Responsible Investment (PRI)is an international organization, created as a blueprint for responsible investments. It aims to create understanding of environmental, social and governance (ESG) factors and how they can be incorporated in investment decisions by investors and financial actors.

Upcycling
Upcycling, also known as creative reuse, is the process of transforming byproducts, waste materials, useless, or unwanted products into new materials or products of better quality or for better environmental value. Upcycling is the opposite of downcycling, which is the other face of the recycling process.

Value Chain
A series of activities that a business performs in order to deliver a valuable product or service for the market. It is similar to a supply chain in principle, but focuses on the key points that generate value for a business.

Value Proposition
A promise of value to be delivered, applied to products, services or an entire organization. For a growing number of organizations, sustainability is an important aspect of their value proposition.

Waste Framework Directive
The Waste Framework Directive is a European Union Directive of 17 June 2008. The first Waste Framework Directive dates back to 1975 and was substantially amended in 1991 and 2006. The aim of the WFD was to lay the basis to turn the EU into a recycling society.

Whole Life Costing
Whole life costing is an investment appraisal and management tool which assesses the total cost of an asset over its whole life. It takes account of the initial capital cost, as well as operational, maintenance, repair, upgrade and eventual disposal costs.