

ESG- Glossary of Terms

Circular Economy

Circular economy refers to the practice of reusing, repairing, refurbishing and/or recycling existing materials and products as long as possible taken to retain the value of products, materials, and resources and redirect them back to use for as long as possible with the lowest carbon and resource footprint possible, such that fewer raw materials and resources are extracted and waste generation is prevented

Life-cycle Analysis

A life-cycle analysis is a formal methodology that evaluates the environmental impact of a product through its life cycle. This includes the extraction and processing of raw materials, manufacturing process, distribution and shipping, use of product, recycling, and final disposal of product.

Material Topics

Material topics represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights. Examples of material topics are anti-corruption, occupational health and safety, or water and effluents. A topic need not be limited to impacts on the economy, the environment, or people; it can cover impacts across all three dimensions. The process of determining material topics is informed by the organization's ongoing identification and assessment of impacts. The ongoing identification and assessment of impacts involves engaging with relevant stakeholders and experts and it is conducted independently of the sustainability reporting process.

Supplier conflict minerals policy

A Supplier Conflict Minerals Policy aims to help promote human rights during the trade of minerals that often finance armed conflict or are mined using forced labor. In politically unstable areas, armed groups often use forced labor to mine minerals and then sell those minerals to fund their activities, for example to buy weapons. The main minerals affected are tin, tantalum, tungsten and gold, and are often used in phones, cars, jewelry, etc. The SEC and EU have passed laws to stem the trade of conflict minerals and organizations have adopted Supplier Conflict Minerals Policies to ensure their expectations for product suppliers regarding actions to address Conflict Minerals.

Code of Ethics

A company's Code of Ethics is a document that sets out an organization's ethical guidelines and best practices to ensure honesty, integrity, and professionalism within an organization. It often includes the mission and values of an organization, sections on business ethics, a code of professional practice, an employee code of conduct, and more.

Occupational Health and Safety Management

A set of interrelated elements to establish an occupational health and safety policy and objectives. The system is part of policies, procedures, and rules, and helps facilitate worker participation and consultation on matters of occupational health and safety. It also involves analyzing and managing the risks of a work-related hazardous situation or exposure, and the severity of injury or ill health that can be caused by the situation or exposure achieve those objectives.

Diversity and Equal Opportunity

In a workplace, it is important to foster a diverse workforce that is made up of individuals with a variety of characteristics (such as gender, religion, race, age, ethnicity, sexual orientation, education, background, etc.). Equal opportunity indicates that the workplace is promoting its employees based on merit and qualifications, experience and knowledge.

Anti-corruption

Anti-corruption practices are voluntary engagement with initiatives and stakeholders to improve the broader operating environment and culture, in order to combat corruption.

Carbon Footprint

An organization's carbon footprint is a measurement of total greenhouse gas emissions caused by the organization. It is stated as the equivalent amount of carbon dioxide released into the atmosphere as a result of the product or organization's activities. It is a simpler way to express the impact of a product or organization on the environment.

Greenhouse gases (GHG)

Greenhouse gases are gases that trap heat within the atmosphere through the absorption of infrared radiation. These gases contribute to the greenhouse gas effect, which increase the average temperatures on Earth. Greenhouse gases include carbon dioxide (CO₂), methane, ozone, nitrogen dioxide, water vapor and more. The greenhouse gas effect correlates to climate change, the consequence of which have a substantial direct and dangerous effect on human health, security and wellbeing.

Scope classifies whether GHG emissions are created by the organization itself, or are created by other related organizations, for example electricity suppliers or logistics companies. The classification of Scope derives from the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). There are three classifications of Scope: Scope 1, Scope 2 and Scope 3:

- **Scope 1 emissions** are greenhouse gas (GHG) emissions from sources that are owned or controlled by the organization. Examples include CO₂ emissions from fuel consumption by vehicles owned by the company.
- **Scope 2 emissions** are energy indirect GHG emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organization.
- **Scope 3 emissions** are indirect greenhouse gas (GHG) emissions not included in energy indirect (Scope 2) GHG emissions that occur outside of the organization, including both upstream and downstream emissions.

Net Zero Carbon

The balance of CO₂ emissions released into the atmosphere through either elimination, removal or a combination of the two. A company achieves Net Zero when they do not release any CO₂ emissions into the environment, or balance all released emissions through an equal amount of CO₂ being removed from the environment thus equaling no increase in the overall amount of CO₂ within the environment.

Net Zero/Net Neutrality

Similar to Net Zero Carbon, but more comprehensive, Net Zero is a balance of all greenhouse gases released into the atmosphere. A company achieves net zero when eliminate or remove all their GHG emissions of its direct emissions and the emissions of its investments.

United Nations Sustainable Development Goals (UN SDGs)

The UN SDGs are 17 ambitious goals to end poverty, protect the planet, and ensure peace and prosperity for all by 2030 that were adopted by 193 countries in 2015, building on the previous Millennium Development Goals that expired in 2015. The SDGs cover a wide range of issues, such as health, education, gender equality, climate change, biodiversity, justice, and partnerships and are a global call to action that requires the participation and collaboration of governments, civil society, private sector, and individuals.

The Global Reporting Initiative (GRI)

GRI is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption. GRI provides the world's most widely used sustainability reporting standards, the GRI Standards.

Sustainability Accounting Standards Board (SASB)

SASB is a framework that sets standards for the disclosure of financially material sustainability information by companies to their investors. Available for 77 industries, the Standards identify the subset of environmental, social, and governance issues most relevant to financial performance in each industry.

Task Force on Climate-Related Financial Disclosures (TCFD)

TCFD is a reporting framework created in 2015 by the Financial Stability Board to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders. It is based on a set of disclosure recommendations for companies to use as a way of providing transparency about their climate-related risk exposures to investors, lenders, etc.