



## Foundational Terms

**ESG:** A framework evaluating corporate responsibility across three pillars:

- Environmental: Carbon footprint, waste management, and ecological impact.
- Social: Worker health and safety, community involvement, and philanthropy.
- Governance: Anti-corruption measures, corporate transparency, and ethical business practices.

**Corporate Social Responsibility (CSR):** A business approach focusing on voluntary contributions to social and environmental causes, distinct from ESG, which emphasizes formal governance and disclosure obligations.

**Materiality:** A principle in ESG reporting that defines which environmental, social, and governance issues are significant enough to influence stakeholders' decisions and require disclosure.

**Double Materiality:** A concept recognizing that companies must report not only how sustainability issues affect their financial performance but also how their operations impact society and the environment.

**Circular Economy:** An economic model aimed at minimizing waste and making the most of resources by reusing, repairing, refurbishing, and recycling materials and products.

**Sustainable Supply Chain:** A supply chain that incorporates environmental, social, and governance considerations into sourcing, manufacturing, and logistics to minimize negative impacts and ensure ethical practices.

**Value Chain ESG Integration:** The practice of embedding ESG considerations at every stage of the value chain, from sourcing raw materials to delivering products, ensuring sustainability is core to business operations.

**ESG Corporate Strategy:** A company's approach to incorporating ESG considerations into its overall business strategy, setting goals and action plans to improve environmental impact, social responsibility, and governance standards.

**ESG Proposition:** The unique value a company offers by embedding ESG principles into its operations and brand, aiming to create long-term value for stakeholders and enhance competitive advantage.

**ESG Profile:** A company's current status in integrating environmental, social, and governance factors into its business operations, often evaluated to determine sustainability performance and risks.

**Climate Risk Scenario Analysis:** A strategic assessment tool used by companies to evaluate the potential impacts of climate-related risks under various hypothetical future scenarios, supporting proactive ESG risk management.

## Laws and Regulations

The Securities Act of 1933 and Securities Exchange Act of 1934: These acts require registrants to disclose climate-related risks that have materially impacted, or are reasonably likely to impact, their business strategy, operations, or financial condition. Specific disclosures related to severe weather events and natural conditions must be included in audited financial statements.

SEC Climate Disclosure Rule: A regulation proposed by the SEC that mandates public companies to disclose comprehensive climate-related information, including greenhouse gas emissions, climate risks, and governance, in annual reports and registration statements.

## Reporting Frameworks and Standards

**Global Reporting Initiative (GRI):** An international independent standards organization that provides a comprehensive framework for sustainability reporting, helping companies disclose their environmental, social, and governance performance.

**Task Force on Climate-related Financial Disclosures (TCFD):** A global initiative that provides recommendations for companies to disclose climate-related financial risks and opportunities, focusing on governance, strategy, risk management, and metrics.

**Sustainability Accounting Standards Board (SASB):** An organization that sets industry-specific standards for disclosing financially material sustainability information, helping investors understand the ESG performance of companies.

**United Nations' Sustainable Development Goals (SDGs):** A set of 17 interconnected global goals adopted by the UN in 2015, aimed at ending poverty, protecting the planet, and ensuring prosperity for all, which companies often align with in their ESG efforts.

**Sustainability-Linked Bonds (SLBs):** A financial instrument where bond terms are linked to the issuer's achievement of predefined sustainability performance targets, appealing to investors interested in ESG-aligned growth.

**Impact Investing:** An investment approach that targets companies and projects generating positive social or environmental impacts alongside financial returns, relevant for stakeholders focused on transformative change.