

ESG

A Glossary

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Women in Fund Finance



ESG Investing Panels

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B Corp	<p>A “B Corp” or certified B Corporation is a company that has undergone a review of its ESG practices by B Labs. It has committed to the idea that businesses can and should be a force for good and has undertaken to implement best practices regarding environmental and social issues as well as transparency. Generally speaking, a B Corp has demonstrated that it has embraced stakeholder capitalism. Note: being a B Corp is <i>not</i> a legal designation. For more information on B Corps, see: https://bcorporation.net/about-b-lab.</p>
Benefit Corporation	<p>A benefit corporation is a legal designation. It is a form of for-profit corporation available in at least 35 states that specifically allows the corporation to pursue positive impacts on its employees, community and environment. There is some debate as to whether it was necessary to have such a special designation to permit corporations to pursue these wider interests. For more information on benefit corporations, see: https://corpgov.law.harvard.edu/tag/benefit-corporation/.</p>
Blended Capital	<p>Blended capital is generally used to fund a social enterprise or an impact project through some combination of government/foundation/NGO grants, venture or other private equity and debt capital. Having the layer of grant money de-risks the other capital, making the private investments more attractive and thereby allowing sufficient capital for the enterprise to scale.</p>
Blue Bonds	<p>Blue bonds are bonds issued usually by sovereigns or NGOs to finance projects aimed at improving the health of oceans, marine habitats and fisheries. For more information on blue bonds, see: https://www.worldbank.org/en/news/feature/2018/10/29/sovereign-blue-bond-issuance-frequently-asked-questions and https://www.weforum.org/agenda/2019/06/world-oceans-day-blue-bonds-can-help-guarantee-the-oceans-wealth/#:~:text=Blue%20bonds:%20What%20they%20are,%20and%20how%20they,Africa%E2%80%99s%20blue%20economy.%203%20Sustainable%20Ocean%20development.</p>
Brown Bonds	<p>Brown bonds or “transition bonds” are sustainability-linked bonds that are used to help businesses and industries transition from practices that are considered bad for the environment (“brown”) to more environmentally friendly (“green”) models. Often used in agriculture and farming, they fund improvements over past practices. They are sometimes criticized for not going far enough, for example, improving practices associated with cattle farming, but not eliminating the industry. For more information, see:</p>

<https://www.nortonrosefulbright.com/en/knowledge/publications/1ffbf4c9/transitioning-from-brown-to-green> and <https://cib.bnpparibas.com/sustain/transition-bonds-is-sustainable-finance-about-to-reach-critical-mass-a-3-3260.html>.

CDP	Carbon Disclosure Project – used by corporations, nongovernmental organizations (NGOs), cities, government organizations and others to measure and report GHG and other emissions as well as water and forestry impacts. Uses numeric scoring.
DEI or DEIB	Diversity (the presence of multiple demographics or characteristics – the “mix”), Equity (providing the opportunity for people to participate, prosper and reach their full potential) & Inclusion (bringing together diverse forces in a beneficial way – how people feel). Now sometimes Diversity, Equity, Inclusion and Belonging (creating a sense of psychological safety where people of different backgrounds or characteristics feel welcome and that they belong).
DJSI	Dow Jones Sustainability Index – industry-specific reporting framework that produces sustainability scores for companies. A joint product of Dow Jones and S&P.
Ecosystem Services	Ecosystem services are the benefits that nature provides to society. Often discussed in terms of the benefits that businesses derive from natural capital. For more information, see: https://www.environment.gov.au/system/files/resources/b53e6002-4ea7-4108-acc8-40fff488bab7/files/ecosystem-services.pdf .
ESG	Environmental, Social and Governance. The various factors to be analyzed when assessing corporate choice and actions for long-term sustainability.
EU Taxonomy	The European Union’s classification system for environmentally sustainable activities. Associated with the EU’s sustainable finance regulation platform. The taxonomy regulation covers climate change mitigation; climate change adaptation; sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention & control; and protection and restoration of biodiversity and ecosystems. The Taxonomy and related regulatory platform are evolving. For more information see: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance_en .
GHG	Greenhouse gas emissions.
GIIN	Global Impact Investors Network

Green Bonds	Green bonds are bonds issued, usually by NGOs, to finance environmental improvement projects. For a detailed discussion of green bonds, see: http://documents1.worldbank.org/curated/en/400251468187810398/pdf/99662-REVISED-WB-Green-Bond-Box393208B-PUBLIC.pdf .
GRI	Founded in 2000, the Global Reporting Initiative. Used by large corporations to report on their sustainability risks, opportunities and efforts. Meant to communicate with a diverse set of stakeholders as opposed to more investor-focused frameworks.
GRESB	Originally, the Global Real Estate Sustainability Benchmark, GRESB is now the ESG benchmarking tool for assessing multiple kinds of real assets. It aims to be aligned with other reporting frameworks such as SASB, TCFD and PRI.
IIRC	International Integrated Reporting Council Reporting Framework. It is intended to provide a framework for periodic reporting on a company's financial, environmental and social strategy and performance.
IMP	Impact Management Project, a forum for measuring and assessing impacts on sustainability factors.
Impact Investing	Investing in an enterprise (often a social enterprise) to achieve a particular impact goal. Originally done with a willingness to forgo market returns to achieve a social end, impact investing has expanded to include impact strategies that are intended to achieve a social or environmental goal without sacrificing returns. Examples include gender lens or renewable energy investing.
IRIS+	An impact assessment tool developed by the GIIN. See https://iris.thegiin.org/about/ .
Natural Capital	Natural resources. A twin concept to ecosystem services. See https://naturalcapitalforum.com/about/ . As biodiversity loss/preservation becomes a more prominent topic, natural capital and planetary boundaries will be an increasing topic of discussion.
Net Negative	The GHGs emitted by an enterprise are lower than the GHGs removed from the atmosphere by that enterprise, perhaps through carbon sequestration.
Net Zero	The GHGs emitted by an enterprise are balanced or offset by the same amount of GHGs being taken out of the atmosphere.

PPP	Can refer to public-private partnerships or people planet profit. The latter is sometimes also referred to as the 3 Ps or 4 Ps (people planet profit & purpose).
PRI	Principles for Responsible Investment. Established in 2006. A set of 6 voluntary principles meant to embed ESG analysis in to investing. For more information see: https://www.unpri.org/pri/about-the-pri .
PSB	Principles for Sustainable Banking. Launched in September 2019. So far, 206 banks have signed on to this effort. For more information, see: https://www.unepfi.org/banking/bankingprinciples/ .
PSI	Principles for Sustainable Insurance. Launched in 2012. Fosters embedding ESG analysis into insurance business. For more information see: https://www.unepfi.org/psi/the-principles/ .
ROSI	Pronounced “rosy”: a measurement framework developed at NYU Stern School of Business to measure Return on Sustainable Investment. Allows companies to assess the monetary impact of their ESG/sustainability efforts.
SASB	The Sustainability Accounting Standards Board. SASB includes 77 industry-specific standards spread across five sustainability dimensions: environment; social capital; human capital; business model; and leadership/corporate governance.
Shared Value	The concept of shared value is a product of the work of Professor Michael Porter and Mark Kramer shared in a seminal article in Harvard Business Review. They posit that a company can enhance its competitiveness and therefore longevity by addressing the needs of the society in which it is operating. For more information, see: https://www.sharedvalue.org/about/what-is-shared-value/ .
Social Bonds	Social bonds are bonds that finance (or refinance) projects or businesses aimed at addressing various “social impact” issues such as affordable housing, access to healthcare, adequate food supply, access to clean water, racial/gender equity, socioeconomic opportunity, fair access to capital, etc.
Social Enterprise	A business that has a social or societal benefit at the core of its mission and purpose. It may, however, be a for-profit enterprise.
SRI	Socially responsible investing. Originally the practice of screening out certain categories of investments (typically, alcohol, tobacco and/or firearms) for religious or ethical reasons. The concept has expanded to

	include some purposeful direction of capital investments that promote some pro social purpose.
Stakeholder Capitalism	<p>A form of capitalism focused on the long term. In making decisions, companies take into account the needs of various stakeholders and the effects of the company’s actions and strategies on the environment, communities in which they operate, the people they employ, shareholders, lenders, vendors and others. For a history and further explication of stakeholder capitalism see:</p> <p>https://www.weforum.org/agenda/2021/01/klaus-schwab-on-what-is-stakeholder-capitalism-history-relevance/.</p>
SDGs	<p>The UN Sustainable Development Goals. 17 goals adopted in 2015 by all of the member states of the United Nations to end poverty, improve lives and protect the planet. The member states announced plans to achieve the goals by 2030. The SDGs include ending poverty, achieving gender equality, having sufficient clean water, addressing climate change, etc. The full set of goals and more information can be found at https://www.un.org/sustainabledevelopment/. For a discussion of how the SDGs may be implemented through corporate action, see: https://hbr.org/2019/06/business-as-usual-will-not-save-the-planet.</p>
SDG Impact Standards	<p>Three sets of measurement standards & tools developed by the UNDP to allow organizations to assess their policies and processes and to evaluate ESG risks and opportunities so that they can better align activities to promote SDG achievement. The Standards for Private Equity Funds are now in early use. The Standards for Enterprises are in public comment phase and should be available for use in the second quarter of 2021. The Standards for Bonds have completed the public comment phase and will be available for use in early 2021.</p>
Sustainable	<p>In business, “sustainable” or “sustainability” refers to practices that incorporate the long-term needs of society and the planet into the company’s way of doing business. Increasingly synonymous with “ESG.” For a robust exploration of various aspects of “sustainable” business see: https://www.asbcouncil.org.</p>
TCFD	<p>Task Force on Climate-related Financial Disclosure. 32 member task force to establish disclosure standards that will help investors, lenders and insurance underwriters quantify and assess climate-related risks. Members were selected by the Financial Stability Board (FSB). Backed by Michael Bloomberg and Mark Carney. Investor-focused reporting framework mainly centered on a company’s climate impacts. For more information, see: https://www.tcfhub.org/.</p>

TNFD	Newly established Task Force on Nature-related Financial Disclosure. Similar goals to TCFD, but focused on nature/biodiversity loss. For more information, see: https://tnfd.info/ .
Triple Bottom Line	The results of a company's performance in terms of people, planet and profit.
UNDP	United Nations Development Programme.
UNEP FI	United Nations Environmental Programme – Financial Initiative, a partnership to mobilize private financial actors [banks, insurers, investors] to deploy capital sustainably. Established PRI, PSB and PSI.
UNGC	United Nations Global Compact. Voluntary commitments of corporate CEOs to adopt sustainable business practices and policies and report on progress toward SDGs.
WBCSD	World Business Council for Sustainable Development.