

Corporate Sustainability in Context

Fourth edition

The Little Book

(Nearly) everything you always wanted to know about corporate sustainability



Corporate sustainability in context

Corporate sustainability (CS): the term Context uses to unite the ever-expanding lexicon of corporate responsibility and sustainable business. This is the fourth edition of our Little Book, helping you navigate the complex world of CS. We've updated it to account for recent developments in an area that has moved from the margins to the mainstream.

Who we are

Context is a consultancy specializing in CS strategy, reporting, and communications.

For more than 25 years, we have helped companies develop corporate sustainability strategies, engage with stakeholders, and communicate with internal and external audiences.

Our Context America and Context Europe teams operate as sister companies, working together seamlessly as one transatlantic organization.

Learn more

<https://contextsustainability.com>

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The rise and rise of corporate sustainability

Corporation: an ingenious device for obtaining individual profit without individual responsibility.

Ambrose Bierce penned this definition sometime between 1881, when he began a weekly newspaper column, and 1906, when a version was published in *The Devil's Dictionary*. This period was also the high tide of the Robber Baron era in the US, when the words "corporate" and "responsibility" seemed barely compatible. For example, John D. Rockefeller's Standard Oil empire controlled around 90% of the oil market until it was disbanded for breaching anti-trust legislation in 1911. Businesses exploited their legal freedoms to keep wages low and profits high. Safety was not a priority and children were put to work in the mines, mills, and factories. The first UK Factories Act protecting children was passed in 1833, but several riveters and their child assistants were said to have been accidentally sealed into the double hull of Brunel's Great Eastern steamer, launched in 1859.

Attitudes changed, partly through legislation and partly because of the paternalism of tycoons who lived their Christian (often Quaker) values – Cadbury, Rowntree, and Lever among them.

These became companies that decided it was good business as well as good morals to sell trustworthy products – an early example of the famous “win-win” where business benefits by doing the right thing. William Hesketh Lever, who built a fortune selling affordable soap, provided houses and leisure facilities for his workers near Liverpool in the UK. His Port Sunlight Village, founded in 1888, became synonymous with responsible business values.

Product safety was seen as the responsibility of the purchaser and occupational safety the responsibility of the worker. But gradually the public became outraged at finding sawdust and slaughterhouse workers’ fingers in their ground beef, and governments legislated. The first Sale of Goods Act protecting consumers in the UK was passed in 1893. In the US, the Pure Food and Drug Act began to protect consumers from adulterated food in 1906.

Trade unions also gained legal status towards the end of the 19th century and tougher labor laws reined in employers’ freedoms. The first environmental legislation also appeared during this period – the UK Alkali Act was passed in 1863 and Yellowstone became the first US national park in 1872. But the environment remained exposed to exploitation by ever-expanding economies hungry for natural resources.

During the first half of the 20th century the emphasis was on tightening labor laws and consumer protection. Government action was the priority, rather than corporate activity. It was in the 1960s that US economist Milton Friedman developed his famous (and controversial) concept that: “the business of business is business.”

When the environmental movement took off in the 1960s, corporations were not the first target. But pressure groups began to change their aim when it became obvious that legislation was not the full answer. Companies also became an easy target when they were involved in chemical disasters such as Seveso in Italy, or when their discharges caused US rivers to catch fire.



With labor issues covered by trade unions and legislation, consumer issues became more prominent with the rise of activists like Ralph Nader in the US. In the UK, social issues also rocketed to prominence in the early 1980s after riots highlighted the threat to business from social deprivation and a lack of wealth distribution. **Business in the Community** was formed in 1982 to harness the tradition of Port Sunlight-style paternalistic concern towards mending Britain’s broken cities. In the US, however, the environment remained the most significant corporate sustainability issue, fueled partly by the growth of intergovernmental activity.

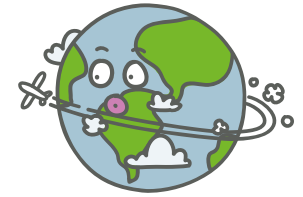
The first intergovernmental gathering to tackle the issue was the 1972 Conference on the Human Environment in Stockholm. In 1983, the UN put together a Commission to report on why the developing world was not developing and the environment was not being protected. This World Commission on Environment and Development (also called the Brundtland Commission after its chair, the Norwegian then Prime Minister Gro Harlem Brundtland), reported in 1987. It championed the concept of **sustainable development**, introducing the now standard definition: “progress that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

A year later, the World Meteorological Organization and the **UN Environment Programme (UNEP)** created the **Intergovernmental Panel on Climate Change (IPCC)** to assess the science related to climate change. Since then IPCC has issued six assessments based on the work of author scientists around the globe.

Few observers realized that this idea of meeting the needs of the present – a present in which billions of people lack basic necessities – made sustainable development a radical concept. Many politicians and business leaders in Europe, Canada, and parts of Asia and Latin America became excited about this neat way to join environment and development concerns: economic growth in ways that do not rob future (bigger) generations of resources such as fresh water, topsoil, clean air, fish, and trees.

In the political vanguard were unlikely environmentalists Margaret Thatcher and George Bush senior. Better known for “small government” doctrine, both leaders made significant sustainability interventions. In her 1988 speech to the Conservative Party annual conference, Thatcher declared: “It’s we Conservatives who are not merely friends of the Earth – we are its guardians and trustees for generations to come... No generation has a freehold on this earth. All we have is a life tenancy – with a full repairing lease.” Echoing Thatcher in 1990, George Bush told the IPCC: “We know that the future of the Earth must not be compromised. We bear a sacred trust in our tenancy here and a covenant with those most precious to us – our children and theirs.” While few environmentalists celebrated either politician’s track record in office, the lyrics of Dylan echoed, the times they were a-changin’.

Further evidence of change came with the UN Conference on Environment and Development (the Rio “Earth Summit”) in 1992. The Earth Summit spawned the **Conference of Parties (COP)** and the launch of the UN Framework Convention on Climate Change.



Business began to engage seriously with sustainability post Rio. The conference was midwife to the Business Council for Sustainable Development, which subsequently married the environmental group from the International Chamber of Commerce to form the **World Business Council for Sustainable Development (WBCSD)**. Also in 1992, **Business for Social Responsibility (BSR)** formed in the US to help companies be better citizens. By this time, Business in the Community in the UK had already established Business in the Environment, in 1989.

The 1990s were the decade of globalization, the internet, and the rise of ethical consumerism, including **socially responsible investment (SRI)**. Television began to broadcast gory details of what companies were doing in African river deltas and Asian **sweatshops**. Consumers began to realize they could make a difference, encouraged by ethical brands like Ben & Jerry’s and The Body Shop.

The three legs of sustainability – environmental, social, and economic – came together in the anti-globalization movement. Riots in Seattle in 1999 formed around the World Trade Organization (WTO). But the main targets were the multinationals that were allegedly destroying the environment, exploiting workers, and causing economic havoc in developing countries.

Five reasons sustainability makes good business sense

1 - New markets

Offer more sustainable products and services to the growing group of conscious consumers.

2 - Reputation

Build a stronger reputation with customers and employees through action and a commitment to corporate sustainability (CS).

3 - Financial

Attract investors looking for strong sustainability criteria, tap into sustainability subsidies, and increase efficiency.

4 - Regulation

Comply with the strengthening legal frameworks that are cementing CS as part of “business as usual.”

5 - Operational

Reduce risk of operational failures by knowing how your business affects and is affected by social and environmental threats.



Companies, under increasing pressure from consumers, investors, and others to disclose how their practices impacted the environment and society, began publishing sustainability reports. While helpful, this created a dilemma. How were **stakeholders** to evaluate and compare company practices, impacts, and risks? In July 2000, the UN again stepped in, launching the **UN Global Compact (UNGC)**, a set of nine (now ten) guiding principles related to human rights, labor, the environment, and anti-corruption. The goal was to work with company leaders to get them to adopt sustainable and socially responsible policies, and to report on implementation.

A UNGC report arguing that environmental, social, and governance considerations should be factored into companies' financial decisions first used the acronym **ESG** in 2004. Although it would be another decade before the term would become common boardroom-speak, it eventually gave investors and companies a way to split the complexities of sustainability into three manageable pillars.

By the end of the decade, companies could no longer opt out of corporate sustainability (CS). In 2010, nearly a billion people were on Facebook and Twitter and other social media – with the rise of these platforms, news of corporate disasters traveled faster, and backlash became more immediate. When three million barrels of oil seeped into the Gulf of Mexico following the BP oil rig explosion in

2010, over 700,000 people joined a “Boycott BP” Facebook group. Three years later, the Rana Plaza garment factory collapsed in Bangladesh, killing over one thousand workers. Consumers in more than 100 countries took to social media using #whomademyclothes to demand answers from brands. The anniversary of the collapse became Fashion Revolution Day – a signal to companies that the industry was indeed in need of a revolution.

Consumers and investors alike were holding companies to higher sustainability standards. Failure to meet their expectations carried quick penalties. When news broke in 2015 that Volkswagen was lying about its vehicles’ emissions, tens of thousands of tweets about the scandal flooded Twitter within a week. Within months, the company’s share price had fallen by nearly half.

Pressure on politicians increased. In September 2014, hundreds of thousands of demonstrators joined the People’s Climate March through New York City – the largest climate change march in history, with similar events in 156 countries. Governments took note. In 2015, 196 countries signed the **Paris Agreement**, a UN climate treaty legally committing its signatories to limit global warming to well below two degrees Celsius. Within two years, the **Science-Based Target initiative (SBTi)** and the **Task Force on Climate-related Financial Disclosures (TCFD)** provided the frameworks for industry to align with the Paris goals.

In 2018, 15-year-old **Greta Thunberg** skipped class to sit outside the Swedish parliament alone, holding a sign that said: “SCHOOL STRIKE FOR CLIMATE.” She returned every week, joined by more friends, teachers, and parents. Within a year, Greta had mobilized over four million people – many young – to march in climate protests in over 90 countries. By 2019, she’d become a regular invitee to UN climate talks. Leaders were listening.

Social issues rose up the agenda. In 2017, the **Me Too** movement was catalysed by reports of sexual abuse by film producer Harvey Weinstein. Millions took to the streets in the global #MeToo march



to say “enough” to sexual harassment and misogyny. Then in 2020, a Minneapolis policeman killed African American George Floyd during an arrest – captured live on video by a bystander. Over 15 million Americans and others around the world marched in support of the **Black Lives Matter (BLM)** movement. Together, #MeToo and BLM sparked a global conversation on sexism and racism in corporations that complacently thought they were free from prejudice. Ever since, diversity and inclusion have been high on the corporate agenda.

In 2020, COVID-19 forced governments and corporations to look inward to protect their populations and employees from the virus and its economic impact. After fighting the pandemic, governments started battling each other over clean tech leadership using carrots and sticks.

In the US, Joe Biden’s Inflation Reduction Act offered a gargantuan green carrot with \$369 billion of funding to attract energy security and climate change investment – targeting a 40% reduction in emissions by 2030. The **EU’s Green Deal** – a roadmap for a climate neutral Europe by 2050 – includes a raft of CS regulatory sticks, such as the 2023 **Directive on Green Claims** and the extensive **Corporate Sustainability Reporting Directive (CSRD)**. Fearing a debilitating surge of green investment migration to the US, the EU quickly offered €250 billion of financial incentives, including tax breaks for investment in **net zero** technologies within the EU.

Sustainability's brief history has taught us that interest among governments and corporations comes in waves, driven by science, events, and public opinion. What then are the prospects for CS as we head for 2030 and beyond?

Despite mixed signals from politicians, the underlying forces of change make us optimistic. Businesses have never been more aware of sustainability issues and most are committed to change – for good business reasons. Investors have decided that CS impacts the future value of their targets and are using their influence accordingly. Employees actively seek to work for companies with strong social and environmental principles. And in many areas, innovative technologies are beginning to solve long-standing sustainability problems.

We remain – as we have for over 25 years – fully committed to support our clients in channeling the forces of change to make a better, sustainable future for all.



Seven things successful companies do

1 - Understand

how sustainability affects the business

2 - Engage

listen to, learn from, inform, inspire others

3 - Strategize

analyze, prioritize, plan

4 - Act

move with strategic purpose, tackle challenges, capitalize on opportunities

5 - Report

disclose performance (good and bad)

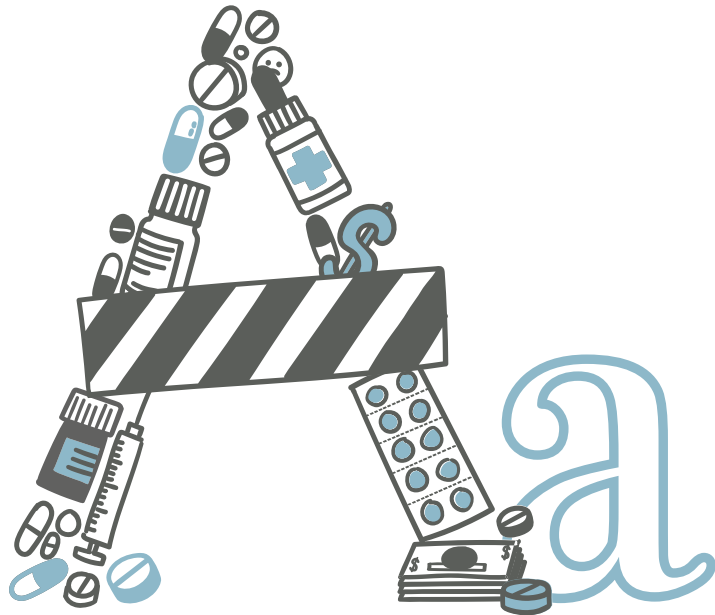
6 - Communicate

tell their story

7 - Learn

hold open dialogue with stakeholders, stay ahead of trends, anticipate change

A corporate sustainability glossary



Access to medicines (lack of)

AA1000. A family of standards covering the principles of corporate sustainability (AA1000APS), assurance (AA1000AS), and stakeholder engagement (AA1000SES).

Access to medicines (lack of). Describes concern that billions of vulnerable people can't afford effective medicines – a worry for those without access,

creating a reputational risk for the pharmaceutical industry. The Access to Medicine Index measures how well companies address this challenge.

Adaptation. See [climate](#).

Afforestation. Planting trees on land that has never had trees before. A form of [carbon capture and storage](#). But some worry

it uses lots of land and water, displaces food production, potentially harms biodiversity, and risks forest fires.

Allyship. Using your influence to create change for others, as an ally. When someone in a position of privilege works in solidarity and partnership with a marginalized group to help them gain basic rights and equal access. Some concern that individuals or organizations may call themselves an ally without working to help.

Alternative energy. Energy sourced from fossil fuel alternatives, therefore releasing little or no greenhouse gas emissions. See also [renewable energy](#).

amfori. Brussels-based organization supporting 2,400+ members with sustainable trade. Offers amfori BCSI, an ethical supply chain program carrying

out supplier audits against its code of conduct, sharing the data among members to avoid duplication of effort.

Animal testing. Scientific consensus is that it is sometimes necessary but should be reduced and always done responsibly. Non-animal alternatives are becoming more effective and popular. Animal rights activists want to stop all testing on animals.

Anthropocene. A proposed new geological age resulting from human-induced changes, such as climate change, to the functioning of the Earth's system. Commonly thought to start in the mid 20th century.

Anthropogenic. Caused by humans.

Anti-racism. Active and deliberate efforts to dismantle the multidimensional systems of racism.

Aquaculture. Breeding, rearing, and harvesting of aquatic species such as fish, crustaceans, and aquatic plants.

Aquaculture Stewardship Council (ASC). Provides a certification program for aquaculture products. See also **MSC**.

Assurance. Validation that you are telling the truth when reporting corporate performance. Also called verification.



Biodiversity

B Corp. Independent body that certifies companies that meet its own social and environmental performance, transparency,

and accountability standards. Well regarded but some think its standards are not strict enough.



BECCS. Bioenergy with Carbon Capture and Storage. Describes the process of growing biomass (e.g. trees) to capture carbon, burning the biomass to create energy (bioenergy), then capturing and storing the resulting carbon emissions (e.g. in geological formations). See **carbon capture**.

Benchmarking. Comparing and contrasting. Formal measuring of performance against peers or defined criteria (benchmark).

Benefit Corporation. A legal structure for organizations in the US that consider society and the environment in addition to profit in their business decisions. Unrelated to **B Corp**.

Biodegradable. Material that, in the right conditions, will decompose (by bacteria or other microorganisms) into its basic components. Not to be confused

with **compostable**, which refers to a product or material that will break down into beneficial composts (decayed organic matter) under the right conditions.

Biodiversity. The quantity and variability within species, between species, and between ecosystems. A fancy word for nature on which we all depend.

Biofuel. Fuel, including bioethanol and biodiesel, made from plants. Controversial because of the potential for deforestation and displacement of food crops. Carbon benefits are questionable because of the impact of clearing land to grow crops and transporting and processing the fuel.

Biological nutrients. Bio-based materials that can replace non-renewable and toxic inputs, and safely degrade in nature. Key component of the **circular economy**. See also **technical nutrients**.

Biomass. Materials from living organisms, including algae, plants, and dung. Important as potentially renewable fuel. Possibly carbon neutral if the carbon emissions released from biomass burning is equivalent to that stored by growing new biomass. Concern that burning biomass creates carbon emissions that are not neutralized by the planting of new material, at least in the short term.

Bioplastics. Increasingly popular alternative to petroleum-based plastics, bioplastics are made from renewable **biomass** sources and can be (though not always) fully or partially **biodegradable**.

Biotechnology. Branch of science that manipulates living organisms to achieve desired properties. Some see this as one of the brightest hopes for solving sustainability challenges, from climate change to food shortages.

BIPOC. Black, Indigenous, and People of Color. Use of the term, devised around 2010, has become increasingly common, especially in the US.

BLM. Black Lives Matter. International human rights movement against the racism and inequality experienced by Black people.

Blockchain. Shared, digital database or ledger that guarantees the accuracy and security of data records without the need for third-party verification. Increasingly used by organizations to record transactions across their supply chains and ensure traceability. The technology used by crypto currencies. See **traceability**.

Blue economy. Businesses that create economic growth from the sustainable management of oceans, seas, and coasts.

Brand activism. When companies take a public stance on social, environmental, or political issues. Works best when the company is aligned with and committed to the cause. Controversial when it becomes more of a marketing



ploy than a genuine effort to support positive change.

BREEAM. Building Research Establishment Environmental Assessment Method. Globally recognized rating system for buildings, launched in 1990. Similar to **LEED**.

Bribery and corruption. Not discussed in polite companies until fairly recently; now codes and standards are proliferating and national laws, such as the Bribery Act in the UK and the Foreign Corrupt Practices Act in the US, forbid it. Still rife.

Business and Human Rights Resource Centre. Useful and well-balanced independent website with information about companies' human rights impacts – good and bad.

Business ethics. Doing the morally right things in business – following fair and honest principles in corporate dealings.

Business for Social Responsibility (BSR). US-based global non-profit (and consultancy) promoting corporate responsibility.

Business in the Community (BitC). UK business membership organization that works with companies to improve their impact on society and the environment.

Butterfly diagram. Commonly used visualization of the **circular economy** developed by the Ellen MacArthur Foundation.



Carbon dioxide (CO₂)

California Transparency in Supply Chains Act. Influential law (2012) requiring major retailers and manufacturers doing business in California to report on their efforts to eliminate slavery and human trafficking from their **supply chains**.

Cap and trade. System for controlling emissions (used in the EU and California, for example). The cap is a maximum emission limit. Organizations with emissions below the cap can sell the difference to those who are over the limit.

Carbon. Fundamental building block of life. Also a catch-all term for **carbon dioxide** and other global heating gases.

- **capture (and storage).** Using technology to collect and store carbon emissions from, say, burning fossil fuels. Tremendously difficult and expensive.
- **dioxide (CO₂).** Gas released when fossil fuels are burned; chief cause of climate change. See also **greenhouse gas (GHG)**.



- **dioxide equivalent (CO₂e).** Measure used to compare emissions from various greenhouse gases based on their **global warming potential**. The CO₂e of a tonne of **methane**, for example, is 21 tonnes, because methane has 21 times the global warming potential of CO₂.
- **footprint.** Amount of carbon dioxide caused by an organization, product, individual, or event.
- **leakage.** When manufacturers move production to a country with lower climate change regulations (and the carbon emissions "leak" across borders).
- **neutral.** No net emissions of greenhouse gases. Increasingly controversial claim made by companies because of **offsets**. Continued debate

over the validity of the claims and the veracity of standards on which they are based.

- **offsets.** The idea that you can meet your carbon reduction targets by buying into a program designed to sequester or avoid release of carbon, such as tree planting. Poor standards, fraud, and difficulties in managing offsetting projects have plagued this field.
- **tax.** A charge on the carbon emissions of fuel based on its carbon content. Designed to encourage emissions reductions and the development of renewable energy. A would-be game changer, but more talked about than implemented.

- **trading.** Markets designed to achieve cost-effective reductions in carbon emissions by making it more expensive to pollute. See **cap and trade**.

CASBEE. Comprehensive Assessment System for Built Environment Efficiency. Japanese green building certification.

Cause-related marketing. Promoting a product or service by linking it to a good cause; for example, giving money to a charity for each item sold.

CDP. Formerly the Carbon Disclosure Project. Highly influential non-profit that provides a global environmental disclosure system for companies and cities to publish their environmental impacts (biodiversity, carbon, deforestation, water).

CFCs. Chlorofluorocarbons. Family of gases that contribute to ozone depletion. Were once used in aerosols and refrigerators. Their (near) eradication under the Montreal Protocol is seen as a major win for international law and cooperation. See also **HCFCs**, **HFCs**.

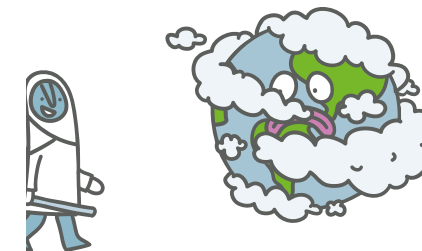
Chemicals of Concern. Compounds derived from petroleum – regulated substances because of potential hazards. Include benzene, toluene, ethylbenzene, and xylenes (BTEX).

Child labor. Tricky issue for business because child labor is usually far down a company's supply chain and very difficult to eradicate.

Circular economy. A waste-free way to produce and consume. This state of nirvana eliminates waste and pollution and re-circulates products and materials while regenerating nature. Still very much in development.

Circularity. Fundamental concept of the **circular economy**. Designing products and services to be reused and regenerated, rather than disposed of. Counters the problematic linear produce-use-dispose way of consumption.

Clean Development Mechanism (CDM). A complex and controversial mechanism of the UN that allows developed markets to achieve part of their carbon reduction targets at home by investing in **GHG** reduction projects in developing markets.



Climate. Average weather in a region or place over several years.

- **adaptation.** Learning to live with changes in the climate to limit damage. In contrast to mitigation, which generally refers to reducing greenhouse gas emissions to limit climate change.

- **change.** Complex alterations to the Earth's climate caused mainly by human pollution, especially CO₂ emissions from fossil fuels. Once hotly disputed, now undeniable.

- **justice.** An argument to support populations most vulnerable to the effects of climate change – often those in less developed countries – who have done little to contribute to rising temperatures yet will suffer the most from its effects.

- **tunnel vision.** Hyperfocus on emissions reduction and subsequent failure to recognize the importance and interconnectedness of other environmental and social issues.

CO₂. See **carbon dioxide**.

Communication. An essential element in CS to help you explain what you think and what you are doing – and understand people's responses (see **dialogue**).

Community engagement. The way businesses interact with the communities where they operate, typically by supporting community projects near their operations and responding to local views and needs. Also called community investment because it is seen as essential to maintain the support of local influencers, including employees.

Compostable. A product or material that can decay into beneficial organic materials (composts) under controlled conditions. Often (incorrectly) used interchangeably with **biodegradable**.

Conflict minerals. Raw materials mined in conflict regions and sold to fund armed groups associated with human rights abuses. Responsible companies, especially in the electronics sector, are trying to eliminate conflict minerals from their supply chains, driven by market awareness and laws in the US (**Dodd-Frank Act**) and EU (Conflict Minerals Regulation).

Conservation International. A US non-profit that partners with businesses on conservation projects.

Context Group. Pioneering sustainability consultancy founded in 1997. Author of this guide.

COP. Conference of the Parties. UN term that refers to the governing body of an international convention (treaty), made up of signatories and accredited observers. Most

closely associated with the UN's annual climate change conferences.

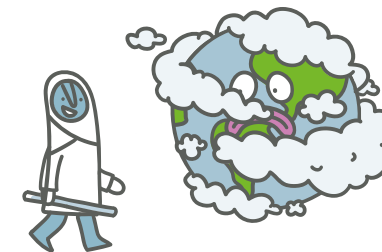
Corporate citizenship. A common US term for corporate sustainability or corporate social responsibility.

Corporate governance. How a company is controlled internally, especially how shareholders' interests are protected against abuse by the Board and/or CEO. Governance frameworks are often set out in government regulations such as **Sarbanes-Oxley** in the US. See **ESG**.

Corporate responsibility (CR). How a company demonstrates its responsibilities to society. Increasingly irrelevant label as business integrates the idea into everything it does.

Corporate sustainability (CS). The term **Context Group** uses to unite the ever-expanding lexicon of **CR**, **CSR**, sustainable business, etc.

Cradle-to-cradle. When the remains of a disused product are reused and nothing is wasted. See **circular economy**.



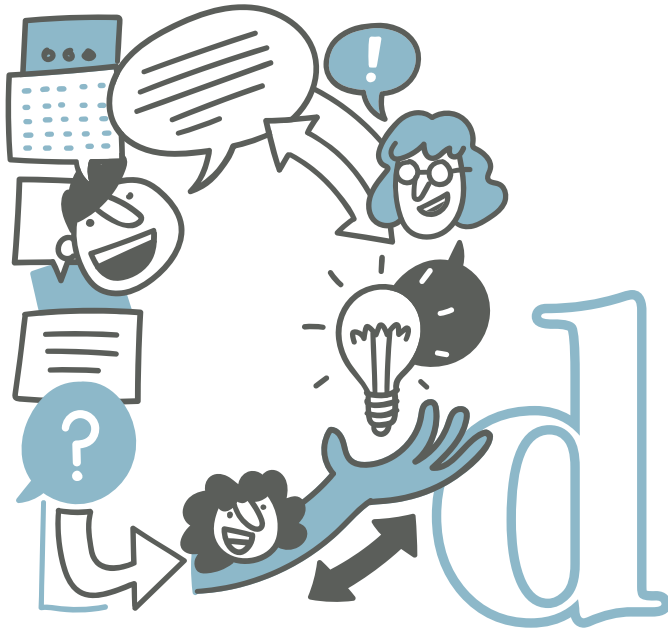
CSDDD (or CS3D). Corporate Sustainability Due Diligence Directive. Proposed EU legislation to provide companies with a common set of rules for vetting suppliers and business partners to ensure the protection of human rights and the environment.

CSR. Corporate Social Responsibility. See **corporate responsibility**.

CSRD. Corporate Sustainability Reporting Directive. EU legislation (2022) that replaces and builds on the **Non-Financial Reporting Directive (NFRD)**. Requires annual reports to incorporate and assure comprehensive sustainability information. About 50,000 organizations are required to comply, including some non-EU companies with EU-based subsidiaries with a net turnover of more than €150m.

C-suite. The most senior executives at a company (e.g. CEO, COO, CFO, etc.). Important but sometimes difficult to have these decision makers engaged with and supportive of corporate sustainability.

Cultural appropriation. The act of adopting elements of a culture (often a minority culture) other than one's own, and using it for your own personal interest. Big risk in the fashion industry where ideas (patterns, color combinations, and styles) are often borrowed and evolved as part of the creative process.



Dialogue

Decarbonize. Reduce GHG emissions.

Declaration on Fundamental Principles and Rights at Work.

An ILO statement that expresses a commitment of employers to uphold basic values in the way they treat workers throughout their supply chains.

Deforestation. Clearing forests for activities such as logging, grazing, and to grow crops such as palm oil, often illegally.

Dematerialization. Making the same product (or service) with less or none of the materials previously used.

Design for the Environment (DfE). Design approach to reduce the negative human health and environmental impacts of a product, process, or service.

Dialogue. Exchange of ideas and information, especially between a company and stakeholders. Important part of mutual understanding. A good thing.



Digital inclusion. Narrowing the gap in access to safe, affordable digital services.

Diversity (social). Variety of races, religions, national origins, abilities, ages, genders, sexualities, etc. **Equal opportunity** employers encourage diversity. See **inclusion**.

Dodd-Frank Act. 2010 US law primarily aimed at tightening financial regulation; extends to curbing corruption and promoting transparency among companies, and forces firms to examine their supply chains for **conflict minerals**.

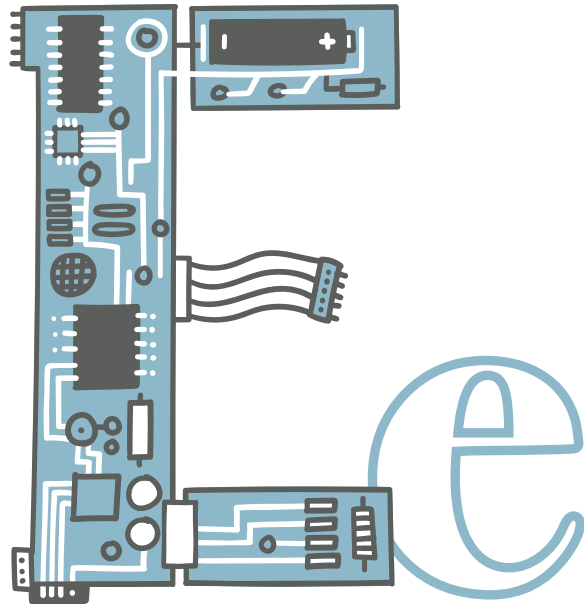
Double materiality. Idea that both the impact of **stakeholders** (a proxy for the planet) on a company and the impact of a company on said stakeholders should matter to the company. Long referred to as “materiality”

in the sustainability community – now a hot topic in the corporate world and a fundamental **CSRD** requirement.

Doughnut economics. An economic framework developed by Kate Raworth, consisting of two concentric rings: a social foundation, to ensure that no one is left falling short on life’s essentials, and an ecological ceiling, to ensure that humanity does not collectively overshoot the planetary boundaries.

Dow Jones Sustainability Indices (DJSI). Early (1999) investment indices tracking the financial and sustainability performance of companies from the Dow Jones World Index.

Downcycle (or cascade). Recycling waste into a material of lower quality and functionality than the original.



E-waste

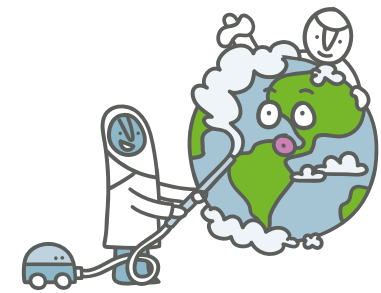
E-waste. Waste from electronics. Massive problem.

Earth Summit. Popular name for the 1992 UN Conference on Environment and Development in Rio, which launched the UN Framework Convention on Climate Change and bolstered the idea of sustainable business.

Eco-anxiety. Persistent, unwanted worry about how climate change will harm our lives and happiness.

Eco-efficiency. Outdated term for producing the same level of goods and services with fewer resources, less waste, and less pollution. Replaced by **circular economy**.

Ecolabel. Product label that indicates the environmental credentials of a product. Many different versions on a variety of products (energy, fish, food, housepaint, etc.).



Ecosystem. Complex, interconnected system of plants, animals, and micro-organisms and their environment. Often threatened by human activity. See **biodiversity**.

Ecosystem services. Benefits from ecosystems – clean air, climate regulation, food, fresh water, timber, pharmaceutical ingredients, and recreation.

EcoVadis. Widely used corporate sustainability ratings service that assesses organizations' environmental impacts.

EHS (Environment, Health, and Safety), EHSQ (Environment, Health, Safety, and Quality). Refers primarily to corporate programs to manage product quality and safety, and protect the environment and employees' health and safety.

EITI. Extractive Industry Transparency Initiative. UK government initiative to encourage governments, extractive companies, international agencies, NGOs, and others to work together to be transparent about payments and revenues.

EMAS. Eco-Management and Audit Scheme. Voluntary EU initiative designed to improve companies' environmental performance. Participating organizations must produce regular public statements on their environmental impacts.

Employee engagement. Ensuring employees are fully involved in, and enthusiastic about, their work – and have a genuine dialogue with managers. Levels of engagement are often measured through an annual employee survey.

Energy intensity. Relationship between energy use and output, for an activity, an organization, or an entire economy. Reducing energy intensity is the trick of disconnecting the rate of economic growth from the rate of energy use. Hard to do.

Energy transition. Shifting away from fossil fuels to renewables (solar, wind, etc.).

Environmental impact assessment. Systematic approach, often detailed in laws and codes, to assessing all environmental impacts of a given project throughout its lifecycle; a social impact assessment is often required too. See [LCA](#).

EPA. Environmental Protection Agency. US government agency. Important internationally because many small-country governments copy its regulations.

EPD. Environmental Product Declarations. A way of communicating the environmental performance of a product, based on a lifecycle assessment that examines its full impact from the sourcing of raw materials through to production, use by the consumer, and disposal/reuse.

Equal opportunity. Fair chance for advancement based on merit, not race, faith, color, gender, etc.

Equality. When people from all backgrounds, no matter their race, faith, color, gender, etc., are treated equally and receive the same opportunities.

Equator Principles. A banking industry framework to tackle environmental and social risks in major project financing. Designed to avoid harmful projects (e.g. dams) by helping banks assess, mitigate, document, and monitor the social and environmental risks involved.

Equity (social). About social justice. Term used mainly in public policy and increasingly by forward-thinking companies. Deals with the allocation of resources to enable equality, such as additional investment needed to provide public transport in underserved neighborhoods.

ESG. Environmental, social, and governance. A term for sustainability used by the financial community. Companies are rated on their ESG performance. Controversial among some because of poorly-developed



performance measures, marketing overreach, and lack of recognition of the interconnected nature of related topics.

ESG reporting. See [sustainability reporting](#).

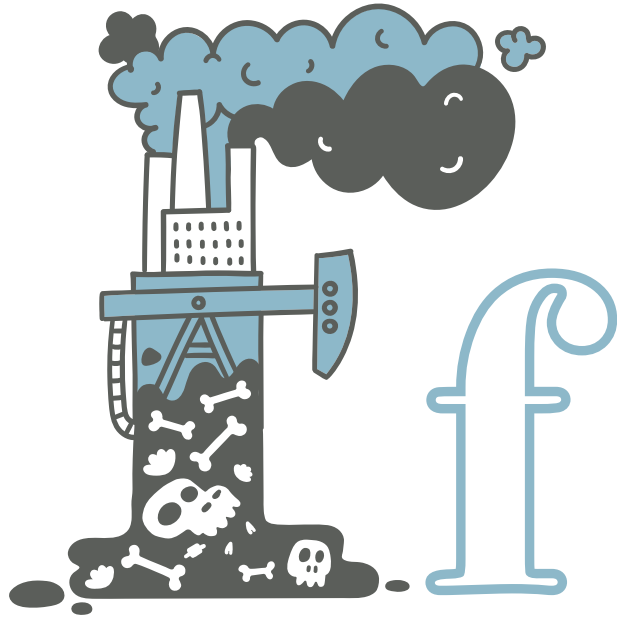
ESRS. European Sustainability Reporting Standards. The EU's non-financial reporting standards being developed to support the [CSRD](#). By 2029, almost 50,000 companies in the EU and beyond will be legally obligated to report sustainability information in accordance with the ESRS. Drafted with input from [GRI](#), [CDP](#), and [ISSB](#), among others.

Ethical Trading Initiative. UK alliance of companies, NGOs, and trade unions that promotes corporate codes of practice covering supply chain working conditions.

EU ETS. EU emissions trading plan for [greenhouse gases \(GHGs\)](#), introduced in 2005 and extended in 2008. Aims to cut countries' emissions.

EU Taxonomy. The EU Action Plan on Sustainable Finance was created to help finance and achieve the goals of the [European Green Deal](#) by encouraging investors to back sustainable projects, assets, and companies. The EU taxonomy defines what activities are deemed to be sustainable.

European Green Deal. A pioneering set of policy initiatives in the EU to transition the economy into a sustainable economic model, with the goal of making the EU climate neutral by 2050.



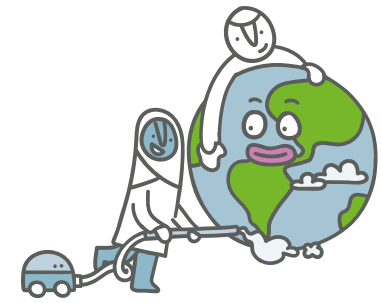
Fossil fuels

Fair Labor Association. US-based but now global non-profit organization that works with companies to improve conditions for workers in their supply chains. Not averse to criticizing backsliders.

Fair trade. Notion that consumers pay a premium over the market price which is returned to developing-nation producers for social and environmental improvements.

Fast fashion. Mass-produced inexpensive but fashionable clothing. The industry is under increasing pressure to modify its business model to prevent waste and pollution and encourage fair wages.

Financial inclusion. Delivery of financial services at affordable cost to people on lower incomes – including through microfinance, the provision of cheap bank accounts, and mobile phone money transfer services.



Fluff. Nonsense, meaningless words, statements, or language of the sort likely to appear in poorly written corporate communications.

Fossil fuels. Carbon-based fuels that began as fossilized life forms – coal, oil, and gas. They release CO₂ when burned, contributing to climate change.

Fracking. Common term for hydraulic fracturing, a controversial method of extracting gas and oil from inaccessible geological areas.

Friends of the Earth. One of the first environmental action groups. Challenges globalization and corporate power.

FSC®. Forest Stewardship Council®. International non-profit organization that runs a sustainability certification

program for forest products, including timber and paper.

FTSE4Good. International index series run by stock market index company FTSE Group. The index sets minimum (and rising) social and environmental criteria based on globally recognized sustainability standards.

Fuel poverty. When cost of energy takes a huge bite out of personal income (often defined as 10% or more).

Full product transparency. Publishing a complete picture of the total environmental and social impact of a product throughout its life. Made possible by **life cycle assessment (LCA)**, with information presented in the form of **Environmental Product Declarations (EPDs)**.



Genetically modified organism (GMO)

Gene editing. A gene modification technique that speeds up traditional plant or animal breeding to highlight desired traits, such as taste or drought resistance. Remains controversial among those who oppose genetic modification. See [GMO](#).

GHG. Greenhouse gas. Any heat-trapping gas. Includes water vapor, carbon dioxide, methane, nitrous oxide, and many synthetic gases used in refrigeration and air conditioning.

GHG Protocol. Developed by the World Resources Institute ([WRI](#)) and the World Business Council for Sustainable Development ([WBCSD](#)) to help businesses and governments measure [GHG](#) emissions.

GIIN. Global Impact Investing Network. International non-profit membership organization dedicated to sharing tools, knowledge, and connections to increase and improve impact investment.



Giving back. Odd way of describing companies' philanthropy and contribution to communities. Raises the question of what's been taken in the first place.

Global warming. See [climate change](#), which has become the preferred (and broader) term to describe the effects of warming.

Global Witness. NGO that highlights links between the exploitation of natural resources and human rights abuses, particularly where resources such as timber, diamonds, and oil are used to fund and perpetuate conflict and corruption.

GMO. Genetically modified organism. Agricultural crops and animals whose genetic material has been modified by modern techniques, often in ways not possible through old-fashioned breeding.

Continues to be opposed by many environmentalists who are worried about unintended consequences. Others say the technology is essential to feed the world. See [gene editing](#).

Governance. See [corporate governance](#).

Green Claims Directive. Proposed EU legislation (2023) to crack down on corporate [greenwashing](#).

Greenhouse effect. Warming of the Earth that occurs when certain gases – known as [greenhouse gases](#) (GHGs) – trap the Sun's heat in the Earth's atmosphere. A natural and vital process that makes Earth livable for humans. Human activity has upset the balance of this process by producing excessive greenhouse gases, causing unnatural and harmful warming.

Greenhushing. When organizations refrain from communicating their sustainability practices for fear of public scrutiny. Result of laws against, and consumer awareness of, **greenwashing**.

Greenpeace. Venerable international environmental activist group.

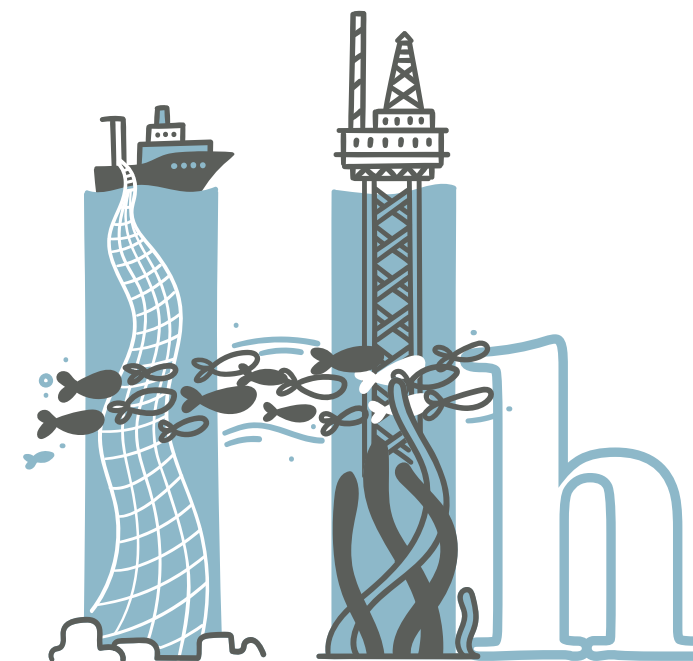
Greenwashing. Insincere communications based on overblown claims about a company's environmental impacts. Reputations can flounder as a result. To be avoided at all costs.

Greta Thunberg. Swedish climate activist who rose to fame at age 15 for standing up to global leaders and inspiring the young generation to take action on climate change.

GRI. Global Reporting Initiative. Once the gold standard for corporate sustainability reporting. Now less influential as competing standards have consolidated.

Guiding Principles on Business and Human Rights. A framework (2011) devised for the UN by Harvard professor John Ruggie to ensure that companies respect human rights and provide redress if infringements occur.

GWP. Global warming potential. Some gases are better at trapping heat than others. GWP is a measure of their potential to do so.



High Seas Treaty

HCFCs. Hydrochlorofluorocarbons. Chemicals containing hydrogen, chlorine, fluorine, and carbon. Used mainly as refrigeration and air conditioning coolants. A global warming and ozone depleting gas. Being phased out.

Health and safety. Used usually with reference to employees but also any health effects of company activities in the wider world. **ISO 45001** is a common standard to manage occupational health and safety.

Heat pump. Electricity-driven device that extracts thermal energy from air, water, or ground to heat a building – uses a refrigerant and works like a fridge in reverse. Alternative to gas boilers and thermal electric heating.

HFCs. Hydrofluorocarbons. Family of chemicals containing only hydrogen, fluorine, and carbon. Used as an alternative to HCFCs and CFCs in refrigeration. Does not contribute to ozone depletion but is a greenhouse gas. Being phased out.

High Seas Treaty. Historic UN agreement to protect 30% of the planet's oceans by 2030, including the high seas – waters that lie outside national jurisdiction.

How dare you. Words left ringing in the ears of world leaders following Greta Thunberg's speech at a 2019 UN Climate Summit.

Human rights. Wide range of rights enshrined in the UN Universal Declaration of Human Rights (1948). For nations, mainly about political freedoms; for companies, mostly about labor

rights as defined in the ILO's core labor standards. Business has UN-backed [Guiding Principles on Business and Human Rights](#) to help get it right.

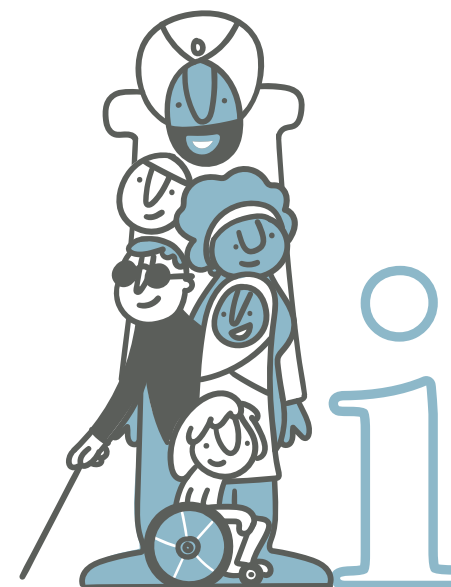
Human Rights Watch. International organization that monitors human rights. Issues reports taken seriously by governments and the media.

Human trafficking. Illegal trading in human beings, typically for prostitution or forced labor.

Hydraulic fracturing. See [fracking](#).

Hydrogen. Much-promoted, carbon-free contender to replace fossil fuels. Progress is hindered by manufacturing costs (carbon emissions and money), as well as safety concerns.

Hydropower / hydroelectricity. Currently the world's largest source of renewable electricity generation. Requires dam building which presents environmental issues.



Inclusion

IASB. International Accounting Standards Board. Independent group of experts responsible for the development and publication of IFRS Accounting Standards; overseen by the [IFRS Foundation](#).

IBLF Global. International Business Leaders Forum. Non-profit that promotes economic and social development by engaging with business to raise business standards and help create a culture of integrity.

ICMM. International Council on Mining and Metals. Mining industry body created in 2001 to improve the industry's contribution to sustainability.

IFC. International Finance Corporation. Washington DC arm of the World Bank Group. Established in 1956, it is the largest multilateral source of loan and equity financing for private sector projects in developing markets.

IFRS Foundation. Publishes International Financial Reporting Standards, now including those on sustainability disclosure. Reflects the mainstreaming of corporate sustainability. Oversees two standard-setting boards: **IASB** and the **ISSB**.

ILO. International Labor Organization. UN agency that formulates international labor standards covering freedom of association, the right to organize, collective bargaining, abolition of forced labor, equality of opportunity, etc. Good source of reports on labor rights.

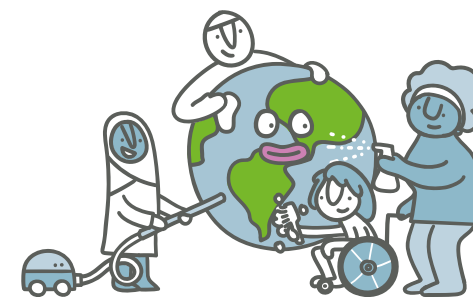
Impact investment. A form of responsible investment that aims to generate positive social and environmental impacts alongside financial returns.

Impact measurement and management. Identifying and tracking the good and bad business does, then trying to maximize the good. Used as a measurement tool by impact investors.

Inclusion (social). Policies and actions to ensure diversity and equal opportunities in the workforce and supply chain. Can also be relevant to a company's products and services. See also **digital inclusion**.

Intellectual property rights (IPR). Essential mechanism to protect R&D investments. Controversial when companies are accused of abusing IPRs by preventing innovations being used in developing markets. A major trade issue.

Intersectionality. Recognition of the interconnected and overlapping nature of a person's various identities (e.g. race, gender, socioeconomic status, etc.) and of how these combine to create discrimination or privilege.



IPCC. Intergovernmental Panel on Climate Change. A scientific intergovernmental body of the UN tasked with assessing the science related to climate change.

ISO. International Organization for Standardization. An independent international organization that develops voluntary standards on a wide range of topics, including environmental management (ISO 14001), social responsibility (ISO 26000), occupational health and safety (ISO 45001), and energy management (ISO 50001).

- **ISO 14001.** Widely used environmental management system standard. Practitioners can be certified.
- **ISO 26000.** Management standard on social responsibility that, unlike ISO 14001, is for guidance only.

ISSB. International Sustainability Standards Board. Overseen by the **IFRS Foundation**. Develops standards for global sustainability disclosures focused on the financial community. Builds on the work of the Climate Disclosure Standards Board (CDSB), the **Task Force on Climate-related Financial Disclosures (TCFD)**, the **Value Reporting Foundation's Integrated Reporting Framework** and industry-based **Sustainability Accounting Standards Board (SASB)** standards.

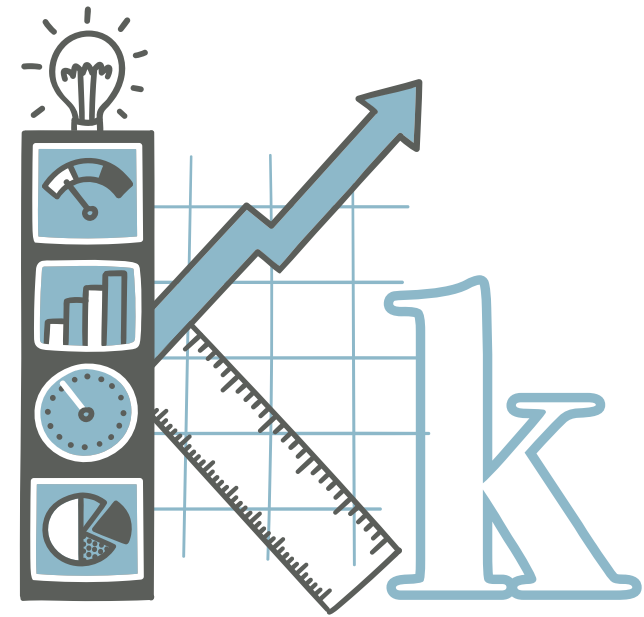
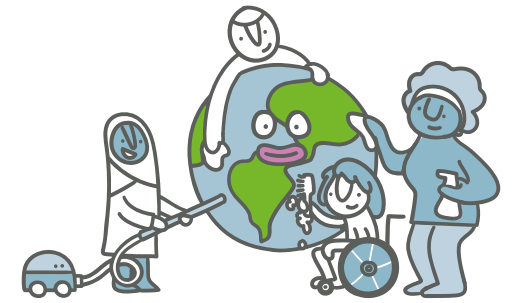


Joint implementation

Joint implementation. A mechanism of the **Kyoto Protocol** covering efforts undertaken cooperatively between countries or organizations to reduce net greenhouse gas emissions. Cooperating parties can get credit under the Convention on Climate Change.

Just transition. When the benefits and challenges of the global **energy transition** are shared fairly across affected communities.

Justice. Fair treatment. See also **climate justice**.



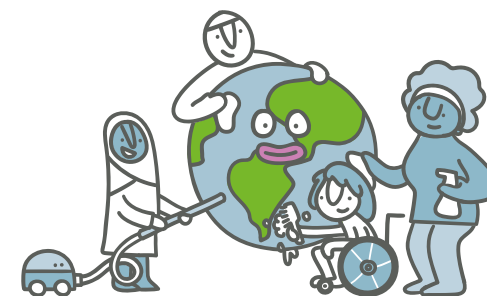
Key performance indicator (KPI)

Kimberley Process. A global government, industry, and civil society initiative set up in 2003 to stem the flow of conflict or “blood” diamonds.

KPI. Key performance indicator. Measure of the things that matter most to a company and its stakeholders. Also used to track progress on social and environmental issues.

Kyoto Protocol. 1997 protocol to the 1992 United Nations Framework Convention on Climate Change (UNFCCC). Created binding limitations on

GHGs for developed nations, which agreed to limit their emissions relative to the levels emitted in 1990. Replaced by the **Paris Agreement** in 2016.



Living wage

Labor standards. See **International Labour Organization**.

LEED. Leadership in Energy and Environmental Design. Green building design criteria developed in the US and applied extensively around the world. Similar to **BREEAM**.

Landfill. Unfortunately the final destination of the vast majority of products. The **circular economy** aims to address this.

License to operate. The idea that society will only allow companies to operate successfully if they are good corporate citizens.

Life cycle assessment (LCA). Formally assessing the environmental and/or social impacts of a product throughout its lifecycle (e.g. from mining of raw materials to final disposal or recycling). An important tool to provide data for **Environmental Product Declarations (EPDs)**.

Light pollution. Excessive artificial light that brightens the sky at night. Most prevalent in cities due to streetlights, vehicle headlights, commercial buildings, etc. A problem as it disrupts the natural patterns of wildlife and humans.

Living wage. Minimum pay level to cover basic needs for employees. When higher than **minimum wage**, workers earning minimum wage are unable to meet their fundamental needs (food, childcare, housing, etc.). Relevant to eight of the seventeen **SDGs**.

Lobbying. Legitimate part of the democratic process. Worrying when done in secret; dangerous for companies when their lobbying activities conflict with their public positions on sustainability.

Low-carbon economy. An economy based on energy sources that produce low levels of greenhouse gas emissions.



Me Too

Marine Stewardship Council (MSC). Certifies sea fish as sustainably caught. See also **ASC**.

Marginalize. To treat someone or something as less-than. To disempower. Not good.

Materiality. A measure of the significance of a sustainability issue to an organization, ideally decided upon with help from stakeholders. Any significant material issue cannot be ignored – stakeholders expect you to manage it and report on

your actions. See also **double materiality**.

Materiality assessment. Formalized process to gauge the relative importance of sustainability issues to a company. The results help companies decide where they should allocate management resources.

MDGs. Millennium Development Goals. Eight international development goals developed by the UN in 2000. Replaced by the **SDGs**.



Me Too. A social movement against sexual violence and harassment – people around the world took to social media to share their stories, leading to the downfall of hundreds of businesspeople, celebrities, and politicians in positions of power.

Methane. Greenhouse gas (GHG) with 21 times the global warming potential of CO₂. Agriculture (particularly livestock production and rice farming) and fossil fuels account for the majority of human-caused methane emissions.

Microfinance. Making small loans to micro-entrepreneurs and small businesses that have no access to finance, typically in developing nations but also in underserved communities in developed nations.

Microplastic. Microscopic plastic debris – fragments of plastic

under 5mm long that contaminate the environment.

Minimum wage. Lowest hourly wage for employees permitted by law or collective bargaining agreement. Not enough for workers to cover their basic needs when lower than the **living wage**.

Modern slavery. Exploitation of people who are coerced into service or other forms of servitude, often with the threat of violence. Examples include bonded labor, forced labor, and **human trafficking**.

MSCI. Formerly Morgan Stanley Capital International. A leading independent investment research firm that provides governance tools, performance analytics, and stock indices to the financial community. Prominent **ESG** rater.



Outsourcing

OECD. Organization for Economic Co-operation and Development. Club of 30 of the wealthier countries “committed to democracy and the market economy.” Best known for its publications on economics, but also those on environment, development, and sustainability.

OECD Guidelines for Multinationals. Voluntary principles for responsible operation in developing countries. Especially concerned with human rights and bribery.

Operational boundary. From the [GHG Protocol](#) guidance. Determines the scope of direct and indirect emissions (1, 2, or 3). See [organizational boundary](#).

Opinion leaders/opinion formers. Those who help to shape public opinion, such as academics, journalists, NGOs, and politicians. Traditional influencers.



Oppressive regimes. Nasty governments that are shunned because they abuse human rights. Easy to hold the high moral ground when the oppressors are economically insignificant but very difficult when they are major powers.

Organic. Food produced without the use of synthetic pesticides or fertilizers. More expensive than non-organic alternatives because of high production costs and limited supply.

Organizational boundary. From the [GHG Protocol](#) guidance. Helps companies work out the extent of their responsibilities for the emissions of a subsidiary or partly owned partner company.

Outsourcing. Hiring an outside company rather than doing it yourself. Raises sustainability questions about a company's responsibility to those it hires

(and their employees), and how the contractor's sustainability performance affects the hiring company, e.g. on carbon emissions.

Oxfam. International development charity working for economic and social justice; active in many areas relevant to corporate sustainability, ranging from access to medicines to bribery and corruption. Publishes a useful guide to inclusive language.

Ozone depletion. Damage by chlorine-based chemicals to the protective layer of ozone in the stratosphere. Depletion lets in ultra-violet light that can harm people, animals, and plants; not to be confused with climate change, though it sometimes is. See [HCFCs](#) and [CFCs](#).



Plant-based

Palm oil. Popular ingredient in everything from chocolate to face creams. Implicated in deforestation and biodiversity loss through clearing of forests to grow palm plantations. “Sustainable” supplies are certified through the [Roundtable on Sustainable Palm Oil](#).

Paris Agreement. Legally binding international agreement to limit global warming to well below 2 degrees C (since industrialization) and preferably under 1.5 degrees C. Replaces the [Kyoto Protocol](#).

Pay equity. Compensating employees equitably for equivalent job performance or role regardless of gender, racial or ethnic background, sexual orientation, and other diversity characteristics.

PEFC. Program for the Endorsement of Forest Certification. NGO offering third-party certification of “sustainable” forest management or forestry.



Philanthropy. Helping society by giving money to deserving organizations. An important corporate activity (giving money away) but often confused for a synonym for corporate sustainability (which is how you make your money).

Plant-based. Containing no animal products. Used as a marketing equivalent to “vegan” because it is thought to elicit slightly less eye-rolling from meat eaters.

Planetary boundaries. Framework developed by the Stockholm Resilience Centre, describing limits within which humanity can continue to develop and thrive for generations to come. See also [doughnut economics](#).

Political action committee (PAC). Describes a US political committee that raises and donates

money to a political campaign or other political cause. Most PACs represent business, labor, or ideological interests.

Positive screening. ESG investment selection method. Including a stock in a portfolio because the nature of the business has few or reduced sustainability risks, such as tech, providing the potential of a strong ESG performance. See [negative screening](#).

Post-consumer recycled (PCR). Recycled content in a new product derived from used consumer products.

PPA. Power purchase agreement. Energy procurement strategy where an energy producer installs generation capacity at a consumer’s facility, selling the energy but retaining ownership of generation.

PR. Public relations. Much maligned but crucial activity for all organizations that engage with the public. Practitioners often lack the candor or expertise needed to communicate environmental and social issues – running the risk of greenwashing.

Pre-consumer recycled. Recycled content sourced from waste created during manufacturing or delivery. Easier to recycle than consumer waste.

Precautionary principle. Complicated way of saying it's better to be safe than sorry; urges companies to err on the side of caution when there are serious risks of unintended consequences. Much debated with reference to AI, **GMOs**, and nanotechnology, areas in which NGOs have pleaded for business to wait for more scientific certainty.

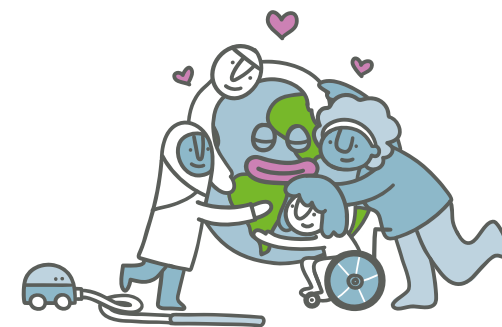
PRI. Principles for Responsible Investment. Framework for mainstream investors to consider environmental, social, and governance issues, developed with encouragement from the UN. Widely supported by institutions in 2005.

Privacy. Refers to the public's private information when it is harvested and held in databases to be exploited for commercial or political gain. Most governments have laws covering the use of personal information.

Producer responsibility (extended). A policy idea that the maker of a product and/or its packaging is responsible for its end-of-life treatment.

Product stewardship. The idea that it's still your product after you have sold it, and you are responsible for its impact on people, such as the impact of pesticides on the environment and the safety of users. Central to **WEEE**.

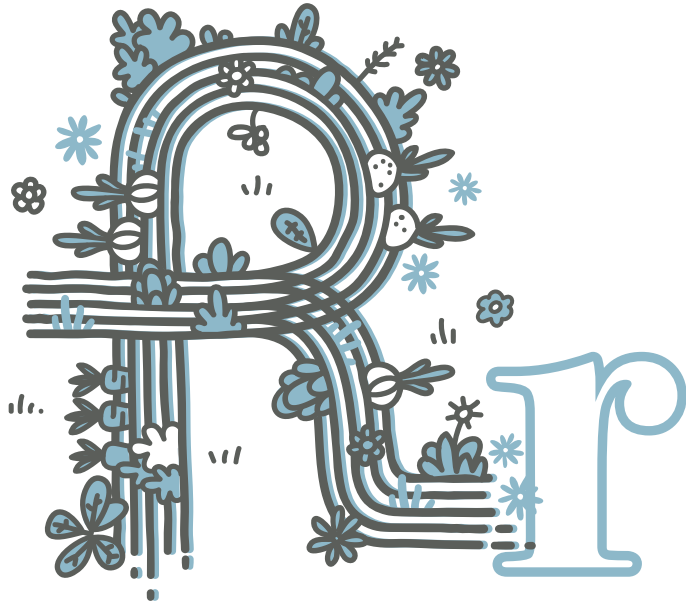
Public-private partnership. Since neither governments nor companies can mitigate the climate crisis on their own, maybe joining together is the answer for sustainable development. Companies often have more success partnering with NGOs than with governments.



Questionnaire fatigue

Questionnaire fatigue. A debilitating corporate condition caused by exponential growth in demand for **ESG** information from analysts, indexers, investors, rankers, raters, and all manner of

researchers. Also afflicts suppliers bombarded by corporate customers imposing similar but different supplier codes of conduct.



Regenerative agriculture

Rainforest Action Network.

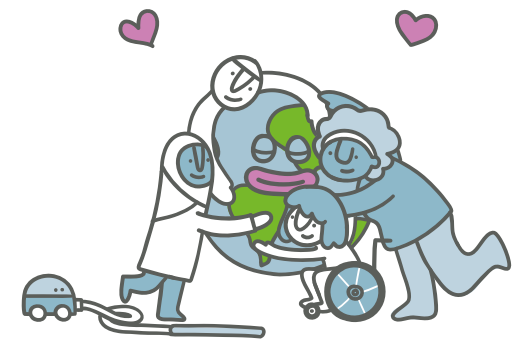
Campaigning global non-profit focused on protecting rainforests and Indigenous peoples. Now expanded to cover broader sustainability issues.

Rainforest Alliance.

Global NGO working to protect forests, improve livelihoods and protect human rights of farmers and forest communities. Operates the Rainforest Alliance seal – an **ecolabel** for brands meeting the Alliance’s certification criteria.

Rating agencies. Burgeoning industry of **ESG** questionnaire writers with an aversion to brevity – selling their data and analyses to investors.

REACH. Affectionally dubbed “over-reach.” EU regulation (2007) on the safe production and use of chemicals. Requires registration of thousands of substances.



Recycle. To process and extract materials for reuse, reducing waste. Domestically, increasingly seen as a feelgood activity for over-consumers, with collected materials exported to nations without the necessary reprocessing facilities. Contributes to ocean plastics.

Reduce, reuse, recycle. (Outdated) hierarchy of waste management, aiming to cut the amount of waste that needs recycling or disposal. Superseded by **circularity**, **upcycling**, and **zero waste**.

Regenerative agriculture. Farming based in Indigenous practices that works with natural systems to improve soil, plant, and human health. Broad, inclusive term that encompasses other agricultural techniques that emphasize biodiversity and ecosystem protection. See **rewilding**.

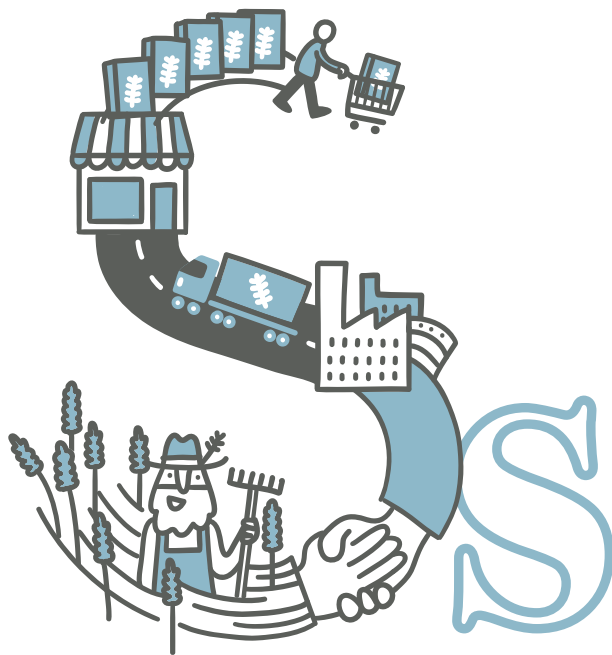
Renewable energy. Sources of energy that, unlike fossil fuels, release little to no carbon dioxide, either because they are not carbon-based, such as hydro, solar, wind; or because they “grow back” in a “short” period – **biomass**.

Reporting (sustainability). See **sustainability reporting**.

Rewilding. Returning land and oceans to their natural state. Sometimes involves re-introducing locally extinct animals such as beavers, eagles, and wolves, while eliminating non-native creatures. Often part of **regenerative agriculture**. Can be controversial because it challenges conventional ideas on land and animal management.

Roundtable on Sustainable Palm Oil. International organization of palm oil producers, distributors, conservationists and other interested parties that promotes the growth and use of “sustainable” palm oil through certification.

3Rs. Reduce, refine, replace – the goal of many animal testing programs: reduce the number of animals used in every study, refine tests to ensure the most comfortable and humane conditions possible and replace lab animals with non-animal models when possible.



Supply chain

Sarbanes-Oxley Act. US law (2002) requiring company officers and directors to be more directly responsible for corporate reports, with tough legal penalties for failure. Seen as a huge regulatory

burden but has increased focus on risk management.

SASB. Sustainability Accounting Standards Board. US-based sustainability standards setter. Provides industry-specific



sustainability standards for organizations to report against. Developed based on financial **materiality** – i.e. information most important to inform investor decision making. The **ISSB** assumed responsibility of the organization in 2022.

SBTi. Science Based Targets initiative. Set up (2015) to help companies establish **GHG** emission reduction targets that conform to climate science and the goals of the **Paris Agreement**. Partnership of **CDP, UN Global Compact, WRI, WWF**. Only show in town.

Scope 1 emissions. **GHGs** produced by sources directly controlled and owned by an organization, such as a car fleet.

Scope 2 emissions. Indirect **GHGs** produced from the consumption of bought-in energy, such as electricity from the grid.

Scope 3 emissions. Indirect **GHGs** produced by suppliers and consumers throughout the **value chain**. The biggest part of an organization’s emissions and the most challenging to measure and reduce.

SDGs. Sustainable Development Goals. Seventeen goals developed by the UN to stimulate urgent action on poverty and other development issues such as education, climate, and equality. Many companies have committed to help society meet these goals by 2030.

Sierra Club. One of the US’s largest and oldest grassroots environmental organizations. Runs influential campaigns on environmental and human justice issues.

SMEs. Small and medium-sized enterprises. Typically five to 100 employees, though definitions vary. Generate the majority of economic activity in many countries. Increasingly the innovators in new environmental and social business models.

Social entrepreneurs. Business founders, investors, and leaders pursuing innovative potential solutions to society's most pressing social problems through novel business models.

Social inclusion. Improving the opportunities of people who experience social exclusion, allowing them full participation in political, social, cultural, and/or economic activities.

SRI. Socially responsible investment. Superseded by ESG investment – investor practice of taking account of social and environmental issues in investment decisions. Also known as responsible investment.

SROI. Social Return on Investment. Method that assigns a financial value to the beneficial change created by an organization's environmental and

social activities. Part of **impact investment**.

Stakeholder dialogue/engagement. See **dialogue**.

Stakeholders. People and organizations who have a stake in an organization because they are affected by its operations; ranging from employees, customers, and shareholders to citizens' action groups. Widely used in undertaking a **materiality assessment**.

Supplier diversity. Efforts taken by large organizations to help companies run by women and people from historically marginalized or systematically disadvantaged groups to qualify as their suppliers.

Supply chain. The linked commercial relationships that companies rely on to provide products and services for market. See also **value chain**.

"Sustainable." Overused term to describe products, services, or even companies that do good (or are less bad) for people and the planet – often used without clear definition, measurement,



or comparability. See also **greenwashing**.

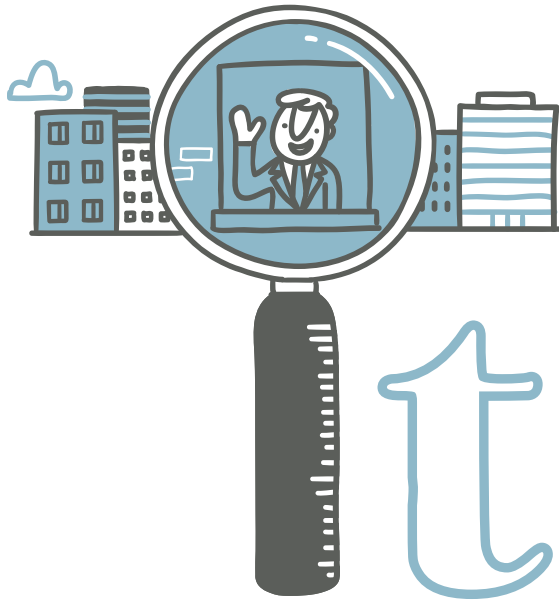
Sustainable consumption. Using services and products in a way that provides good quality of life without jeopardizing the needs of future generations; living within the planetary boundaries of one planet.

Sustainable development. Defined by the UN's Brundtland Report as development that meets the needs of the present without compromising the ability of future generations to meet their needs. Considers economic, environmental, and social issues.

Sustainability. The ultimate aim of **sustainable development**.

Sustainability reporting. Corporate reporting on sustainability matters. Now common practice among large companies worldwide. Early sustainability reporting in the 1990s was glossy but naïve. Has matured into a highly standardized, strategic, targeted part of corporate communications. Specialty of **Context Group**.

Sweatshops. Factories in which workers are underpaid, overworked, and denied basic rights.



Transparency

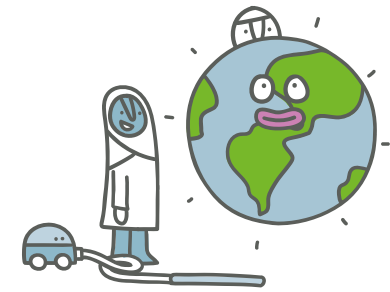
Tax avoidance. Standard legal business practice questioned by sustainability campaigners for depriving societies of much-needed income. Not to be confused with **tax evasion**, which is illegal. The line between the two is often fuzzy.

Tax evasion. Tax avoidance that crosses the line into illegality.

TCFD. Task Force on Climate-related Financial Disclosures. Framework created to improve and increase the reporting

of climate-related financial information. Creates consistent climate-related financial risk disclosures for use by companies, banks, and investors to provide to stakeholders. See **SBTi**.

Technical nutrients. A **circular economy** term. (Potentially) infinitely recyclable and reusable inputs, such as metals or minerals. See also **biological nutrients**.



TNFD. Taskforce on Nature-related Financial Disclosures. Market-led, science-based frameworks to identify, measure, and disclose nature-related risks and impacts, enabling companies and financial institutions to integrate nature into decision making.

Trace and return systems. A cost-effective system designed to improve the ability to collect used products to service, repair, recover, reuse, refurbish, or recycle. Uses electronic tracking systems.

Traceability. A supply chain transparency concept that relates to the degree to which a business can track the development and distribution of a product – from raw material extraction to receipt by the final consumer – and the ability to measure the full social and environmental impacts.

Trade unions (labor unions). Organizations of workers to protect their rights and bargain for better (often living) wages and conditions. The third principle of the UN Global Compact says “businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining” – tricky in countries where trade unions are illegal.

Transmaterialization. Offering a service to meet a need with the goal of reducing resource consumption while still allowing for economic growth. Also known as providing a product as a service, such as leasing.

Transparency. Letting outsiders see in. A key component of sustainability.

Transparency International.

Anti-corruption organization that analyzes and diagnoses corruption, often measuring its occurrence through surveys and indices.

Triple bottom line. The notion that companies must manage their operations on three equal levels: people (social performance), planet (environmental performance), and profit (financial performance).



Upcycling

UNCED. United Nations Conference on Environment and Development. Held in Rio de Janeiro in 1992, also known as the Earth Summit, this conference laid the foundation for all future efforts by the international community to

ensure sustainable development. Rio's five key achievements were: the Rio Declaration on Environment and Development, Agenda 21, the Statement of Land Resources and Deforestation, the UN Framework Convention

on Climate Change, and the UN Convention on Biological Diversity.

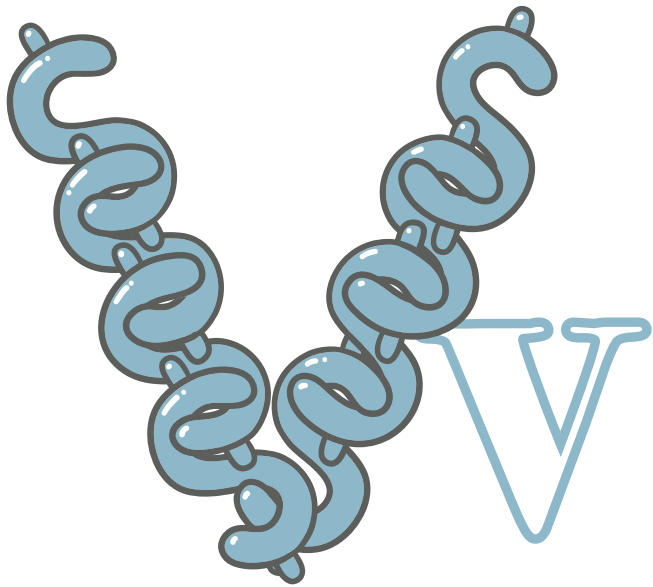
UNEP. United Nations Environment Programme. Created after the first global environment conference in Stockholm in 1972 and has been involved in most global developments on the environment since.

UNGC. United Nations Global Compact. UN-sponsored membership organization that helps businesses adopt practices and policies that align with its ten principles on human rights, labor, the environment, and anti-corruption. Members are required to report annually on compliance. Promotes the **SDGs**.

Universal Declaration of Human Rights. 1948 UN document that is the summation of much international human rights thinking. With 30 pithy articles, it is short and moving.

Upcycling. Conversion of materials or products into new products of similar or greater value than the source material. See **downcycle**.

Upstream. A common **supply chain** term describing early activities in the sourcing, extracting, and processing of materials and products before they come to market. Many corporate sustainability issues are upstream and difficult to manage.



Value chain

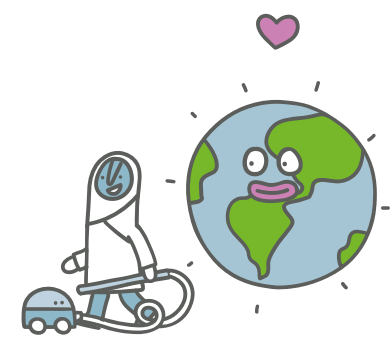
Value chain. Activities by which a company creates or adds value to an article, including through design, production, marketing, and after-sales support. Sustainability issues occur throughout, including the **supply chain**.

Value Reporting Foundation. US-based nonprofit organization that provided companies and investors with **ESG** education and resources. Consolidated into the **IFRS Foundation** in 2022.

Vegan. A diet, lifestyle, and/or product without any animal-derived products. See also **plant-based**.

Verification. See **assurance**.

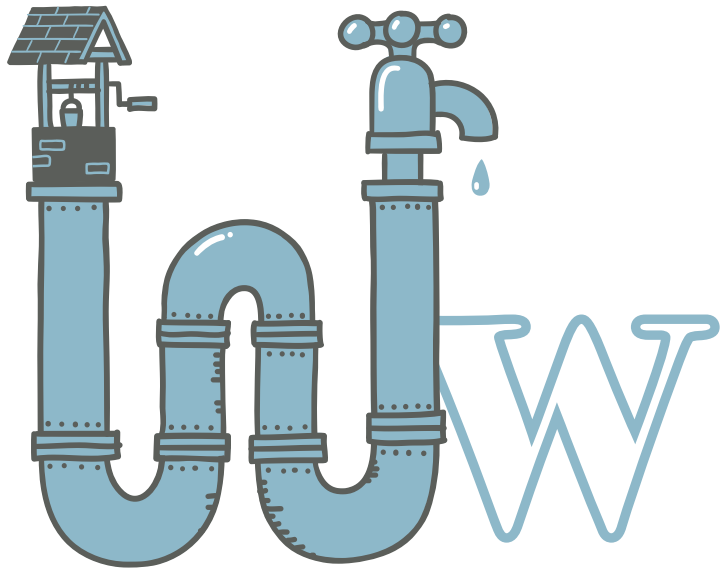
Virtue signaling. Look at how good I am! Unlikeable habit of implying virtue by expressing like or dislike of ideas and cultural events. Common among politicians and social media influencers, but some companies do it too by, say, paying lip service to social movements without taking direct supportive action.



VOCs. Volatile organic compounds. Carbon compounds that evaporate at normal air temperatures. With sunlight and heat they form ground-level ozone. Contained in car exhaust emissions, solvents, and many cleaning, disinfecting, and cosmetic products. Some VOCs are suspected or proven carcinogens.

Voluntary Principles on Security and Human Rights. Designed to help extractive companies maintain the safety of their operations in a way that respects human rights. Created by the US and UK governments in 2000 amid concerns about the corporate use of private security forces.

Volunteering. Employees taking part in community activity, such as tree planting and litter picking. Often facilitated by employers through paid days off. Good for company reputation, staff morale, and the community.



Water security

Waste. What's left over after a process is complete or a product has been used. **Circularity** treats waste as a feedstock for another process. See also **cradle-to-cradle**.

Waste hierarchy. A hierarchy of waste management of descending desirability: reduce – purchase less; reuse – many products can be used again; repair – small fixes can extend product life; recycle – especially paper, plastic, glass, and metals; and dispose of – landfill or incineration.

Water Disclosure Project. Part of the **CDP's** four-part disclosure campaign: biodiversity, carbon, forests, and water.

Water security. The continued and sustainable access to safe water for wellbeing, livelihoods, socioeconomic development, and ecosystem conservation.

WBCSD. World Business Council for Sustainable Development. Global organization with more than 250 multinational company members. Promotes corporate sustainability.



WEEE. Unfortunate acronym for the EU's Waste Electrical and Electronic Equipment Directive, which requires manufacturers of electronic equipment to invest in recovery and recycling of their used products.

WEF. World Economic Forum. Has the modest ambition of "improving the state of the world" through stakeholder capitalism, including minor problems such as hunger, climate change, and corruption. Famous for its grand annual meetings in Davos, Switzerland.

Wishcycling. Placing something in the recycling bin (without evidence that it is recyclable) and hoping it will be recycled.

Woke. Literally, be aware. Associated with awareness of social problems, like racism. Used negatively to imply extreme political correctness.

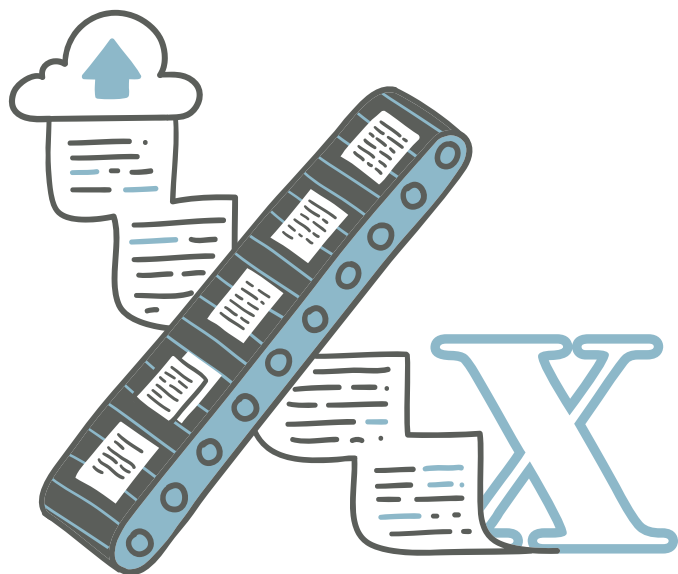
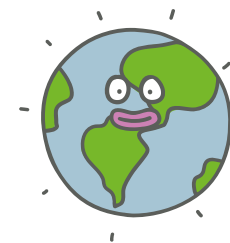
Woke capitalism. How companies signal their support for sustainability causes, often as a substitute for meaningful action. See **virtue signaling**.

Work-life balance. Odd term because it implies that work is not part of life. Also called work-life integration; intended to create the opportunity to commit energy to non-work activities. Flexible schedules, remote working, and substantial personal time off support this practice.

World Bank. Development bank that provides loans, policy advice, technical assistance, and knowledge-sharing services to help reduce poverty. Makes billions of dollars of loans or grants each year to developing country governments. Often criticized for loan conditions which some consider neoliberal, usually based on freeing markets from state control.

WRI. World Resources Institute. Environmental think tank that partners with business on sustainability issues. Joint author with **WBCSD** of the **GHG Protocol**. Maintains database monitoring global environmental, social, and economic trends.

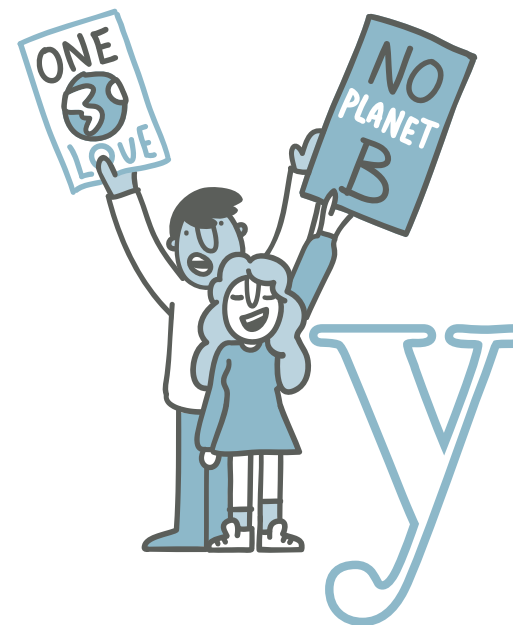
WWF. World Wildlife Fund. International environmental NGO dedicated to species and habitat conservation. Partners with business to effect bigger change.



XBRL

XBRL. Short for eXtensible Business Reporting Language; software that digitally tags individual items of data in a report so they can easily be transferred and sorted. Traditionally used in

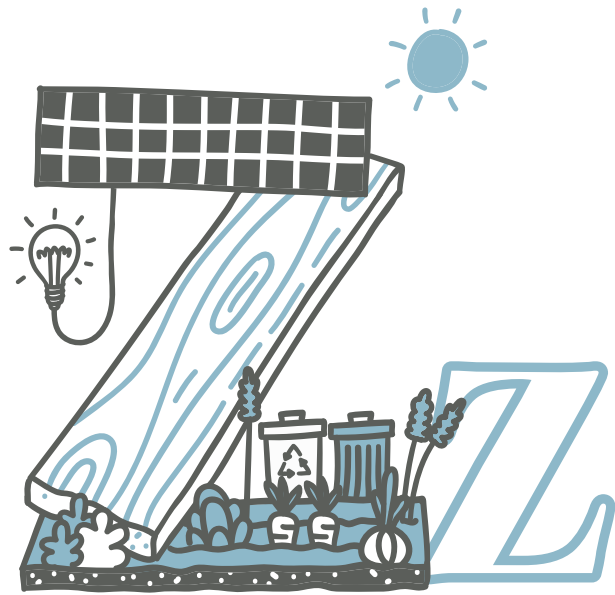
financial reporting, but becoming a requirement for sustainability reporting as per Europe's **CSRD**.



Youth environmental advocates

Youth environmental advocates. Younger generations, including Gen-Z and Millennials, who will bear the brunt of climate change and are advocating

for environmental justice and sustainability in the face of the crisis.



Zero waste

Zebra companies. Start-ups with a dual purpose of generating profit and improving society. Business does not have to be black (profitable) or white (sustainable) – it can be both.

Zero carbon. No carbon emissions are produced from a product or service.

Zero (net) impact. Idea that an organization or individual can function in a way that has no net negative impact on the environment. See [net positive](#).

Zero waste. Goal of creating a circular production system that prevents waste from the outset, with any waste created becoming an input into another process. See [circularity](#).

ZWIA. Zero Waste International Alliance. Organization with mission to help companies prevent waste through zero-waste principles, including redesign, innovation, and collaboration.

Context in context

Context is a specialist corporate sustainability consultancy with 25+ years of experience.

We help business create a sustainable future by providing expertise in:

- Sustainability strategy and consulting
- Sustainability (ESG) reporting and disclosure
- Sustainability communications and engagement

This unique combination enables us to advise clients on strategic sustainability issues and to craft compelling sustainability communications that cut through the “blah, blah, blah”.

What we do

Strategy

We help you make a better business by devising sound strategy. Our support includes:

- Benchmark best practice
- Assess your material issues
- Develop your performance metrics
- Evaluate your risks and opportunities
- Make your sustainability business case
- Present to your executives and board
- Develop your sustainability implementation roadmap

Reporting

A transparent sustainability report is the foundation of your investor ESG communication and a key resource for 'spin-off' communications with other stakeholders. Our end-to-end support includes:



- Develop your sustainability narrative
- Increase disclosure and transparency
- Optimize your reporting formats
- Outline your report
- Engage your subject experts
- Manage your data
- Write and refine your report
- Manage design and amendments
- Support your launch
- Manage your project

Communications and engagement

Building on your strategy and report, we create compelling communications to inform and engage your key audiences – investors, customers, employees, regulators, communities, etc. – across all media platforms. Our bite-sized communications include:

- Develop your sustainability brand and narrative
- Plan and write your sustainability web pages
- Write your sustainability articles and press releases
- Create employee briefing materials
- Provide coaching and facilitation for your executive team
- Develop training materials for your employees
- Create your sustainability videos and infographics



What we've done

We bring more than a quarter century of experience across a huge range of projects, sectors, and markets.

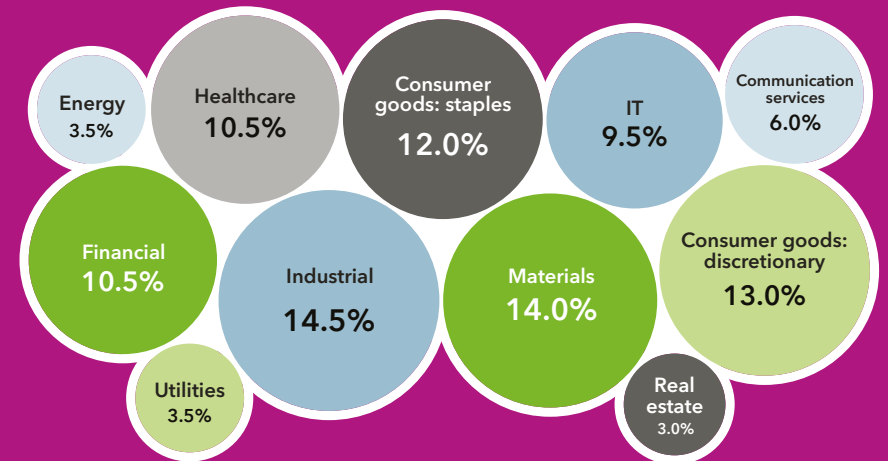
We partner with companies at varying levels of sustainability maturity, from those just starting their journey to others with decades of sustainability under their belt.

We often form long-term partnerships with our clients, working with them year-on-year to embed sustainability across their business.

220+
clients

400+
sustainability reports

Our clients by sector



Our management team has **70+ years' combined experience in corporate sustainability** and is **80% women**.

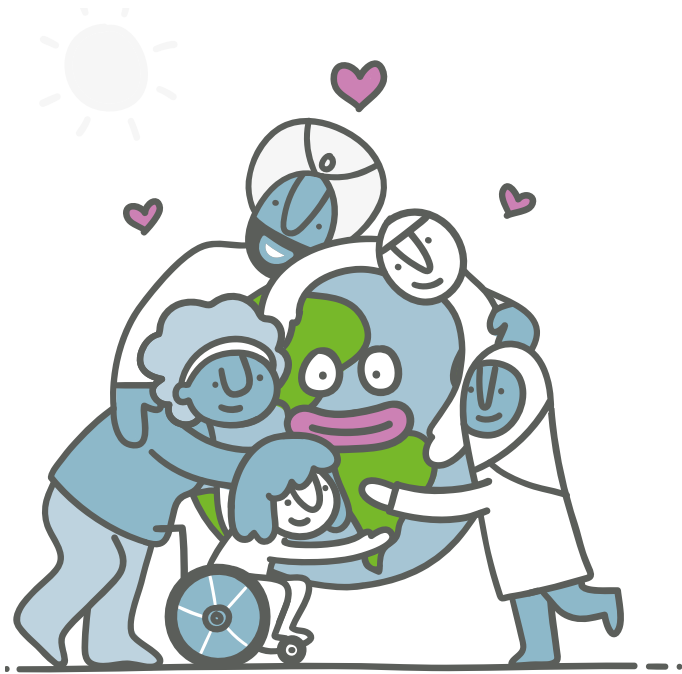
We love feedback

What was helpful? What did we miss?

Tell us in our [open feedback survey](#).



Or, write to Lisa Campbell,
COO at Context America at
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Context is a consultancy specializing in corporate sustainability strategy, reporting, and communications.

<https://contextsustainability.com>

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