MODULE 11: Vocab & Key Terms

ESG & Social Impact Investing

Environmental, Social, and Governance (ESG)

This term is used to describe standards of corporate responsibility. It refers to how a company manages the environmental, social and governance impacts of its operations and activities, with the aim of creating positive change.

Environmental Impact

This refers to the effects of a company's operations on the environment and its sustainability practices. Examples of environmental impact include carbon emissions, water usage, waste management, and resource efficiency.

Social Responsibility

This term refers to a company's commitment to providing goods or services for social benefit. It includes policies such as employee rights, health and safety regulations, diversity initiatives, and ethical labor practices.

Governance

This is an umbrella term that encompasses corporate ethics and internal governance processes to ensure that leadership acts in the best interests of shareholders. It includes measures such as executive pay ratios, board independence, shareholder rights, financial transparency, risk management policies and code of conduct guidelines.

Sustainability

This term is used to describe business practices that are focused on long-term environmental protection and economic growth. It involves developing strategies to reduce waste and maximize resource efficiency while promoting renewable energy sources and green technologies.

Human Rights

Companies must adhere to basic human rights standards when conducting business activities in order to protect employees from exploitation or abuse. This includes ensuring fair wages, safe working conditions, freedom from discrimination or harassment, collective bargaining rights and access to adequate healthcare benefits.

Climate Change

The effects of climate change have become more pronounced in recent years due to increased global temperatures. Companies must develop plans for reducing their emissions of greenhouse gasses and transitioning towards renewable energy sources in order to mitigate the impacts of climate change on our planet.

Carbon Footprint

Carbon footprint is a measure of the amount of carbon dioxide that humans generate through their daily activities such as transportation and consumption. It takes into account emissions generated not only directly by an individual or company but also indirectly through suppliers and other sources.

Energy Efficiency

Energy efficiency measures how effectively energy is used in different activities and processes. Companies can implement energy-efficient practices to reduce their environmental impact while achieving savings in energy costs.

Renewable Energy

Renewable energy sources are those which are replenished naturally over time, including wind power, solar energy, hydroelectricity, geothermal energy and biomass fuels. These forms of energy generation help reduce dependence on fossil fuels and contribute to reducing global emissions of greenhouse gasses.

Sustainable Investment

Sustainable investment takes into account environmental, social and governance factors when making decisions about where to invest capital – this helps ensure investments are made with consideration for long-term sustainability goals such as climate change mitigation and transitioning towards a low carbon economy.

Impact Investing

Impact investing seeks positive outcomes from investments that have both financial returns and measurable social or environmental benefits in areas such as clean energy or climate action.

Corporate Social Responsibility (CSR)

Corporate social responsibility is an ongoing commitment by companies to operate ethically, respect human rights and be mindful of the environment when conducting business activities around the world. CSR includes measures such as reducing waste, promoting diversity in workplaces or contributing to local communities by supporting initiatives that tackle poverty or educational programmes for children from disadvantaged backgrounds .

Responsible Supply Chain Management (RSCM)

Responsible supply chain management means having due diligence in the sourcing process so that goods sourced from suppliers meet certain ethical standards set out by the company. This can include mapping out a supply chain's links back to its original source (known as traceability) as well as examining labor practices employed by suppliers at each stage of production

Community Engagement

Community engagement involves actively building relationships between businesses and local stakeholders which could include customers, employees, non-governmental organizations or government bodies amongst others with the aim of understanding local needs better; responding effectively; addressing issues affecting local populations; developing trust; creating shared value; demonstrating transparency; providing access to jobs; supporting education initiatives etc