SUSTAINABILITY KNOWLEDGE GROUP

# The CSR & Sustainability Glossary

## 2nd edition

Sustainability Knowledge Group

2018

## Welcome Message

Dear Sustainability Advocates,

Welcome to the 2nd edition of our **CSR and Sustainability Glossary!**

Since we developed the 1st edition of the **CSR and Sustainability Glossary in 2015,** so much has happened! The Sustainable Developing Goals now unite us under a common vision, Global Reporting Initiative has introduced the GRI Standards for better sustainability reporting. Science based targets and Circular economy are gaining ground, while new frameworks and approaches emerge to support businesses, governments and civil society to tackle the world's most pressing social, economic, and environmental challenges.

We developed the 1st edition of the **CSR and Sustainability Glossary** as a simple, explanatory and helpful way for professionals to get acquainted with all the key terms surrounding Sustainability and CSR. Our aim was to create a great educational and professional tool, which will complement your knowledge of CSR and Sustainability. Similarly, the 2nd edition, is a tool for everyone to use. With updated terminology and direct links to relevant portals, international organisations and resources, the **CSR and Sustainability Glossary** aims to support professionals in understanding new terminology and selecting the right frameworks and encourage them to adopt a practical and factual approach of Sustainability. This glossary is also a tool complementing our training programs and forms part of the supporting material that students use to fully comprehended the content and the practical application of Sustainability.

Our long experience in advisory and training has showed that the terms most used are the most important ones, but also the most ambiguous! This glossary will help you to battle misconceptions, and increase awareness, create a common language internally and ultimately create a strong Sustainability culture.

We hope, you will find the speech of the UN Secretary, António Guterres, at the opening of the High-level Segment of COP23 inspirational. We also hope that when you read Larry Fink's annual letter to CEOs, "A Sense of Purpose", you will be motivated to act, and you too, will strive for purpose in all facets of business life.

Thank you for reading

**Aglaia Ntili**

**Managing Director**

Sustainability Knowledge Group

### Who is it for

Sustainability Advocates, professionals and everyone who is interested in the practical application of Sustainability and CSR Principles

### What's new

More new and updated terms that cover all areas of Sustainability and CSR

### Be inspired

Words of inspiration by UN Secretary António Guterres and Laurence D. Fink of BlackRock, Inc.

SUSTAINABILITY KNOWLEDGE GROUP

**Sustainability Knowledge Group** is a global advisory firm dedicated in creating value, through strategic CSR and Sustainability solutions. We provide tailor made training, coaching and advisory solutions grounded in international theory and successful application. **Sustainability Knowledge Group** emphasizes in implementing methodologies that bring tangible results, measurable impact and create better businesses. In recognition of the importance of sustaining competitive advantage in today's marketplace, we are proud to support leading global companies in Europe, The Middle East and Asia to develop strategies that minimise risks, demonstrate leadership and create positive impact.

**VISION:** Our Vision is to make Sustainable Business a Choice for companies and organizations around the world.

**MISSION:** Our mission is to offer services of the highest quality and value based on international best practice, while respecting, abiding to and promoting the 3ple bottom line approach of People-Planet-Profit.

**VALUES:** Accountability • Empathy • Integrity • Reliability • Professionalism

**To get in touch and for more information contact us:**

Email: contact@sustainabilityknowledgegroup.com

Website: www.sustainabilityknowledgegroup.com



July 2018

## Lead Author

**Aglaia Ntili** is a seasoned sustainability professional, with 15 years of international advisory and training experience across a wide range of corporate sustainability and responsibility fields.

She is recognised with the Global CSR & Sustainability Leadership Award for her contributions as a practitioner, trainer, coach, and advisor.

Aglaia serves as the Managing Director of **Sustainability Knowledge Group**, providing Sustainability and CSR advisory and training services at international corporate level. Aglaia is the founder of **CSR Coaching**, supporting professionals in Corporate Responsibility and Sustainability, and the founder of the **CSR & Sustainability meetup**, the 1st and only open platform to support active learning and knowledge sharing on CSR and Sustainability in the UAE. She is also the Chair of the **UAE chapter of the International Society of Sustainability Professionals (ISSP),** currently the only professional body for Sustainability professionals in the region.

Aglaia has developed the Middle East and Greek local standard training version of the GRI G3, G3.1, the Bridging Module and GRI G4 Training for regional providers. As an ILM and CPD Standards approved trainer, Aglaia has trained hundreds of professionals in GRI Reporting, Strategy, CSR Programs, Stakeholder Engagement, SROI, Quality, Performance and Environmental Management, communication and implementation.

Her CSR and Sustainability expertise has enabled her to be involved in diverse projects in the Middle East, Europe, Africa, Asia and the USA, in multiple sectors and industries including Construction, Energy, Consulting, Banking, FMCG, Education, Local Authorities, Oil and Gas, Telecommunications, Pharmaceuticals, Cosmetics, Technology, Shipping, Facility Management, Concessionaire, Leisure, NGOs, SMEs and listed Groups.

Aglaia holds an MBA, an MSc in Total Quality Management & Business Excellence and a Degree in Business Administration. She is a Certified ISSP-SA, an ISO 9000 Lead Auditor and an EFQM Accredited European Excellence Assessor. She is also a recognized Competent Leader and Competent Communicator under Toastmasters International.

Aglaia is an elected Board member and founding member of the Sustainable Business Council Greece, the official member of World Green Business Council in Greece. She is a longstanding member of Toastmasters International for leadership and public speaking, having served as president, officer and mentor. Aglaia is also the founder of Strategy, a social enterprise helping closet entrepreneurs to unleash talent.

Aglaia has presented the business case for Sustainability, and tools to develop it, at a number of conferences, in Europe, Asia and the Middle East.

# Table of Contents

# Terms and Definitions

## 1. Accountability AA 1000 Series of Standards

AccountAbility's AA1000 series, launched in 1996, are principles-based standards to help organisations become more accountable, responsible and sustainable. They address issues affecting governance, business models and organizational strategy, as well as providing operational guidance on sustainability assurance and stakeholder engagement. The AA1000 standards are designed for the integrated thinking required by the low carbon and green economy and support integrated reporting and assurance.

- The **AA1000 AccountAbility Principles Standard (AA1000APS)** provides a framework for an organisation to identify, prioritise and respond to its sustainability challenges. It represents the foundation of AA1000 Series of Standards. A new version of AA1000 AccountAbility Principles (AA1000 AP) is launched in 2018.
- The **AA1000 Assurance Standard (AA1000AS)** provides a methodology for assurance practitioners to evaluate the nature and extent to which an organisation adheres to the AccountAbility Principles. The current edition dates from 2008 and the new one is expected to be launched in 2019.
- The **AA1000 Stakeholder Engagement Standard (AA1000SES)** provides a framework to help organisations ensure stakeholder engagement processes are purpose driven, robust and deliver results. The latest edition of AA1000SES which is widely applied,  is published in 2015.

The standards are developed through a multi-stakeholder consultation process which ensures they are written for those they impact, not just those who may gain from them. They are used by a broad spectrum of organisations -- multinational businesses, small and medium enterprises, governments and civil societies.

**Links:**

1) AccountAbility: http://www.accountability.org/standards/
2) AA1000 Licenced Assurance Provider: https://sustainabilityknowledgegroup.com/external-assurance/

## 2. Approved Training Programs

Everything starts with awareness about Sustainability! To incorporate Sustainability principles and practices in the business context, high quality training is a mandate.

Certified (or approved) training programs from an independent and recognised body, assure your training investment. High quality external bodies verify that the training policy and procedures address more than just the training content they go beyond the delivery and guarantee the trainers' experience, skills and competencies, and address, among others, equal opportunities, marketing, communication. Approval from an external institute/body is the best way to assure the consistent quality of the content and structure of a training program. This alone adds value to the individual's career and to the business alike.

Global Reporting Initiative (GRI) provides training programs dedicated only to GRI reporting through approved local partners in specific geographical areas.

Recognised Provider

The CPD Standards Office
CPD PROVIDER: 21476
2018 - 2020
www.cpdstandards.com

**ILM,** the UK's leading provider of leadership, management and coaching qualifications, has approved the training programs of Sustainability Knowledge Group through a rigorous process, assuring optimum quality and delivery.

Sustainability Knowledge Group is officially recognised as an **Accredited Provider No. 21476** with the CPD Standards Office. Training participants gain a CPD Certificate of Attendance, CPD points and can record their achievents towards their CPD requirements for their professional body, institute and employer.

Sustainability Knowledge Group offers ILM and CPD approved **Training programs:**

- **Advanced Chief Sustainability Office (CSO) Professional**
- **Sustainability and CSR Masterclass**
- **Sustainability Strategy and Reporting Executive Training**
- **Stakeholder Management Masterclass**
- CSR for HR Professionals

**Links:**

1) Global Reporting Initiative: https://www.globalreporting.org
2) ILM: https://www.i-l-m.com/
3) The CPD Standards Office: https://www.cpdstandards.com/search
4) Sustainability Knowledge Group: https://www.linkedin.com/pulse/20140921113932-8287795-how-to-choose-the-right-training-provider/

## 3. Assurance

Reports that are externally assured provide more confidence, transparency and better insight to stakeholders like investors, shareholders and suppliers on a company's operating practices.

GRI has identified key qualities of assurance providers for the external assurance of reports:

- Are independent from the organization and therefore able to reach and publish an objective and impartial opinion or conclusions on the report
- Are demonstrably competent in both the subject matter and assurance practices

- Apply quality control procedures to the assurance engagement
- Conduct the engagement in a manner that is systematic, documented, evidence-based, and characterized by defined procedures
- Assess whether the report provides a reasonable and balanced presentation of performance, taking into consideration the veracity of data in the report as well as the overall selection of content
- Assess the extent to which the report preparer has applied the Guidelines in the course of reaching its conclusions
- Issue a written report that is publicly available and includes an opinion or set of conclusions, a description of the responsibilities of the report preparer and the assurance provider, and a summary of the work performed to explain the nature of the assurance conveyed by the assurance report.

The term Report Assurance is often used interchangeably with the term Report verification.
Assurance frameworks include:

**1)** AccountAbility, issued AA 1000 Assurance Standard (AA1000AS) which provides a comprehensive way of holding an organisation accountable for its management, performance, and reporting on sustainability issues by evaluating the adherence of an organisation to the AccountAbility Principles and the reliability of associated performance information. The Standard provides guidance founded on three key principles: completeness, materiality and responsiveness.

**2)** ISAE 3000, supported by the International Framework for Assurance Engagements (IAASB Framework), covers all aspects of an assurance engagement, including engagement acceptance, agreeing the terms of engagement, planning and performing the engagement, using the work of experts, obtaining evidence, considering subsequent events, documentation and preparing the external assurance report.

**Links:**
1) Global Reporting Initiative: https://www.globalreporting.org/resourcelibrary/GRI-Assurance.pdf
2) International Federation of Accountants: https://www.ifac.org/sites/default/files/publications/files/ISAE%203000%20Revised%20-%20for%20IAASB.pdf
3) AccountAbility: http://www.accountability.org/standards/

## 4. Backcasting

Backcasting is a planning method to manage the uncertainties and risks pertaining the future by identifying and prioritizing strategic actions and organizational change to increase the company's ability to achieve the desired outcome in the future. Backcasting is deemed as an alternative to traditional forecasting, and it is especially valuable when conditions are unstable, uncertain, or if a company needs to be engaged in radical, complex changes. As part of this technique, a company envisions the point where it wants to be in the future and then adjust its current actions, behaviour and approach to reach the target.

**Links:**
1) European Commission: http://forlearn.jrc.ec.europa.eu/guide/4_methodology/meth_backcasting.htm

## 5. Benchmarking

Sustainability Benchmarking is used to identify the company's sustainability performance, strengths, weaknesses and areas that need improvement. Benchmarking metrics used for the measurement of sustainability involve environmental, social and economic domains are evolving and can be based on a number of international sustainability frameworks and methodologies, depending on the needs of the company, the sector and international practices, and can include GRI, ISO 26000, UNGC or tailor-made frameworks.

Sustainability benchmarking highlights best practices, areas for improvement and contains valuable information for companies. It is a valuable tool for companies just starting to implement sustainability practices and for leaders alike.

**Links:**

1) Sustainability Knowledge Group: http://sustainabilityknowledgegroup.com/assessment-and-benchmarking/

## 6. Benefit Corporation/ B Corporation

Benefit corporation is a new kind of for-profit company designed to be "purpose-driven'' and use business as a force for good. Benefit corporations balance purpose and profit and embed in their business model and structure: accountability, transparency and purpose while creating value for their stakeholders.

B corporation (certification) is a certification for private companies by B Lab, a global non-profit organisation. Voluntarily certified companies are obliged to meet rigorous standards of social and environmental performance, accountability and transparency.

Benefit corporation and B corporation are often confused. Both of the concepts secure increased visibility and certain competitive advantage, they are great PR attraction concepts for investors, employees, and customers. However, there are some dissimilarities related to areas such as performance, availability, cost, role of B Lab (a nonprofit that certifies B Corps and that developed the benefit corporation structure). For more details on differences, click **here**.

Kickstarter, Apivita, Method, Plum Organics, Patagonia, King Arthur Flour, Social Value UK, Greyston Bakery, and enie are some examples of the 2,595 Certified B Corporations in 60 countries that have met the rigorous requirement for certification.

**Links:**

1) Benefit Corporation: http://benefitcorp.net
2) Certified B Corporations: http://bcorporation.eu/what-are-b-corps

## 7. Carbon Footprint

Carbon footprint is the total amount of greenhouse gases produced to directly and indirectly support human activities, caused by an organization, event, product or person, usually expressed in equivalent tons of carbon dioxide ($CO_2$).

Companies and organisations should measure carbon footprint using internationally recognised standards. The Greenhouse Gas protocol (GHG Protocol) is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions.

Carbon Footprint can be measured by undertaking a Green House Gas (GHG) emissions assessment. Once carbon footprint is measured, a strategy can be devised to manage and reduce it.

In particular, the main steps of Carbon footprint strategy include:

- Define boundaries,
- Conduct GHG Audit,
- Goal setting for reduction,
- Selection of initiative to reduce GHG Emissions,
- Deployment,
- Evaluation and Improvements,
- Communicate Results.

CDP is an independent not-for-profit organization holding the largest collection globally of self-reported climate change data. CDP provides a global reporting system that collects information from the world's largest organisations about their:

- Climate change risks,
- Opportunities,
- Strategies,
- Performance, and
- The way in which they consume and affect natural resources including water and forests.

**Links:**

1) The Greenhouse Gas Protocol: https://ghgprotocol.org/
2) Carbon trust: http://www.carbontrust.com/resources
3) Carbon Disclosure Project: https://www.cdp.net/en

## 8. Carbon Neutral

The phrase "Carbon neutral" was the New Oxford American Dictionary's Word of The Year for 2006. "Carbon Neutral is not a static state but an engaged process". Being carbon neutral involves calculating your total climate-damaging carbon emissions, reducing them where possible, and then balancing your remaining emissions, often by purchasing

Basic steps to reduce carbon footprint and go carbon neutral:

1. Measure footprint by inventorying the greenhouse gas emissions generated within a defined boundary of their operations,
2. Develop targeted goals and strategies for reducing those emissions,
3. Net to zero the remaining annual emissions generated within the defined boundary by purchasing Offsets.

**Links:**

1) Carbon neutral: https://www.carbonneutral.com/certification/how
2) Global Carbon Project: http://www.globalcarbonproject.org/global/pdf/GCP_C%20Offsets_Report%206.pdf

## 9. Carbon Offsetting

Carbon offsetting is the funding of an activity outside of one's own organisation that reduces emissions elsewhere, by the same amount as the emissions that need to be offset. Carbon offsetting projects include Renewable Energy, Energy Efficiency, Waste Handling and Disposal, Land Use and Forests. Carbon offsetting can be successful only as a component of a company's holistic climate strategy .

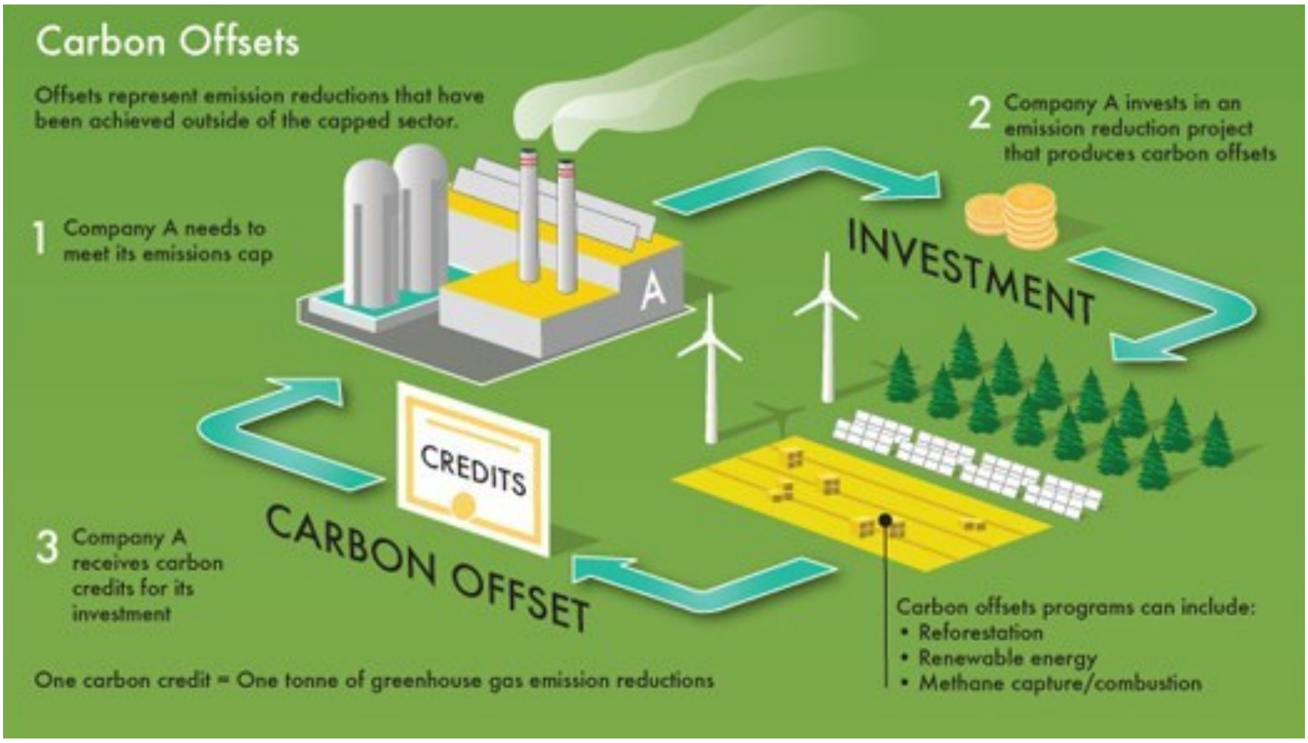



*Photo credits: Emerson Consulting Nigeria Limited*

How Carbon offsetting works: The amount of climate-impacting emissions from an activity is calculated. Companies pay a specific amount of money for the calculated Green House Gas (GHG) emissions, which is invested in high quality carbon offset projects. In this way, the same amount of climate-impacting emissions that are generated by an activity in one place are saved somewhere else. Carbon offsetting is managed by carbon offsetting measures providers which adhere to strict, international criteria.

**Links:**

1) Gold Standard: http://www.goldstandard.org/wp-content/uploads/2012/09/Offset-Handbook-lo-res.pdf
2) My Climate: http://www.myclimate.org
3) Global Carbon Project: http://www.globalcarbonproject.org/global/pdf/GCP_C%20Offsets_Report%206.pdf

## 10. Carbon Trading

The EU Emissions Trading System (EU ETS) is a cornerstone of the European Union's policy to combat climate change and its key tool for reducing industrial greenhouse gas emissions cost-effectively. The first - and still by far the biggest - international system for trading greenhouse gas emission allowances, the EU ETS covers more than 11,000 power stations and industrial plants in 31 countries, as well as airlines. It operates in the 28 EU countries and the three EEA-EFTA states (Iceland, Liechtenstein and Norway) and covers around 45% of the EU's greenhouse gas emissions. ©

The EU ETS works on the 'cap and trade' principle. A 'cap', or limit, is set on the total amount of certain greenhouse gases that can be emitted by the factories, power plants and other installations in the system. The cap is reduced over time so that total emissions fall.

The level of emissions (from sectors covered by the EU ETS) will be 21% lower in 2020 in comparison to the level in 2005. By 2030, the Commission proposes, they would be 43% lower.

Within the cap, companies receive or buy emission allowances which they can trade with one another as needed. They can also buy limited amounts of international credits from emission-saving projects around the world.

**Links:**

1) European Commission: http://ec.europa.eu/clima/policies/ets/index_en.htm
2) United Nations framework Convention on Climate Change: http://unfccc.int/kyoto_protocol/mechanisms/emissions_trading/items/2731.php

## 11. Cause Related Marketing

Cause Related Marketing refers to a commercial activity in which companies and non-profit organizations form alliances to market an image, product or service for mutual benefit. Some companies also extend their relationship with an organization or a cause beyond marketing, integrating it with other company activities, such as community involvement, employee volunteerism or corporate philanthropy.

American Express first used the phrase "cause-related marketing" in 1983 to describe its campaign to raise money for the Statue of Liberty's restoration. American Express donated one cent to the restoration every time someone used its charge card. As a result, the number of new cardholders grew by 45 percent, and card usage increased by 28 percent.

There are multiple benefits Cause-Related Marketing provides:

- Deeper trust and relationship with customers
- Attract and attain customers,
- Motivation of employees,
- Improved corporate image
- Market differentiation
- Reinforcement of company's mission
- Ultimate driver for sales

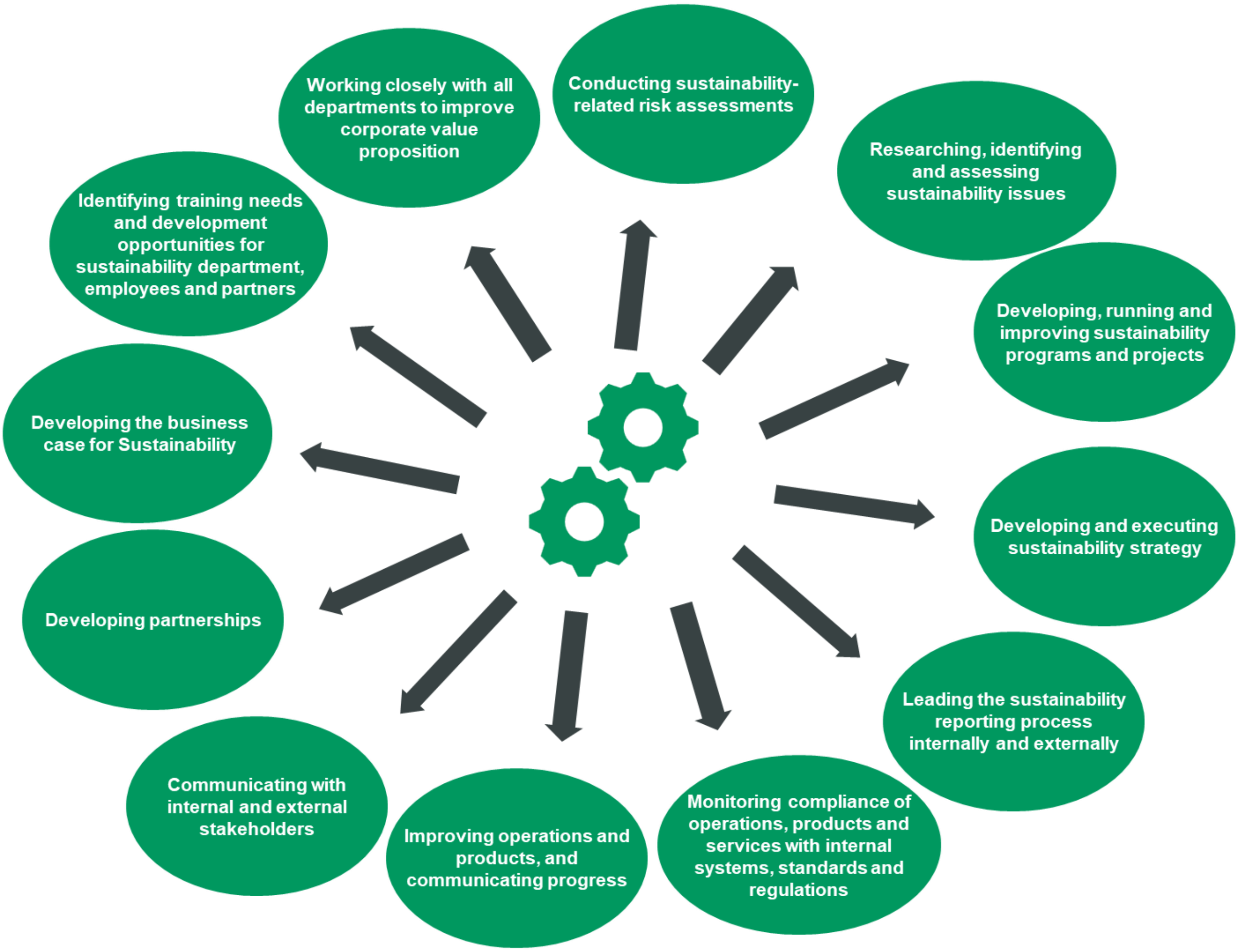
**Links:**

1) Grand Space: http://www.grantspace.org/tools/Knowledge-Base/Funding-Resources/Corporations/cause-related-marketing
2) CauseGood: https://causegood.com/blog/cause-marketing-statistics/

## 12. Chief Sustainability Officer (CSO)

The role of the Chief Sustainability officer (CSO) have been recognised as important for the success and long terms growth of a company. We see the number of CSOs increasing radically over the past few years. As organizations advance their commitment to sustainability, moving from Denial to Compliance to Efficiency and Innovation, the organizational authority of the CSO improves as well.

**Responsibilities of a Chief Sustainability Officer (CSO)**




.

| Top 5 entry competencies – In-house | | Top 5 entry competencies – Consultants | |
|---|---|---|---|
| 1 | Engage with Stakeholders | 1 | Engage with Stakeholders |
| 2 | Plan & Develop Strategy | 2 | Plan & Develop Strategy |
| 3 | Influence & Persuade | 3 | Research & Analysis |
| 4 | Research & Analysis | 4 | Influence & Persuade |
| 5 | Project Management | 5 | Project Management |

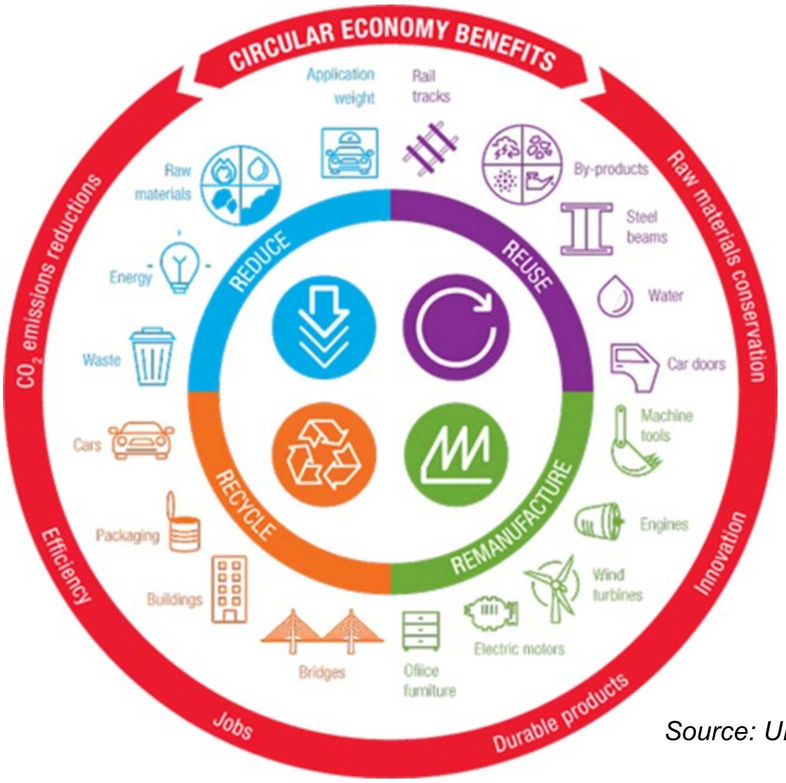
| Top 5 competencies for maximum effectiveness – In-house | | Top 5 competencies for maximum effectiveness – Consultants | |
|---|---|---|---|
| 1 | Influence & Persuade | 1 | Influence & Persuade |
| 2 | Engage with Stakeholders | 2 | Engage with Stakeholders |
| 3 | Plan & Develop Strategy | 3 | Plan & Develop Strategy |
| 4 | Measure & Report Impact | 4 | Measure & Report Impact |
| 5 | Project Management | 5 | Project Management |

**Links:**

1) Sustainability Knowledge Group:
   http://sustainabilityknowledgegroup.com/cso-chief-sustainability-officer/
1) ACRE: https://crsalarysurvey.com/home
2) Business Ethics Magazine: http://business-ethics.com/2018/01/28/13337-corporate-sustainability-officers-looking-for-a-seat-at-the-table/
3) Harvard Business School Working Knowledge: http://hbswk.hbs.edu/item/7583.html

## 13. Circular Economy

A circular economy is an industrial system that is restorative or regenerative by intention and design. It replaces the ‘end-of-life’ concept with restoration, shifts towards the use of renewable energy, eliminates the use of toxic chemicals, which impair reuse, and aims for the elimination of waste through the superior design of materials, products, systems, and, within this, business models. At its core, a circular economy aims to ‘design out’ waste.




The circulatory system has two cycles of materials. A biological cycle, in which residues materials flow safely back into the nature after using them. And a technical cycle, in which product (parts) are designed and marketed so they can be reused at a high-quality level. As a result of this, the economic value remains preserved as far as possible. So, the system is ecologically and economically seen as 'restorative'.

*Source: UNCTAD- Circular Economy*

**Links:**

1) Ellen MacArthur Foundation: http://www.ellenmacarthurfoundation.org/circular-economy/circular-economy/the-circular-model-an-overview
2) European Commission Horizon 2020: http://ec.europa.eu/programmes/horizon2020/en/
3) UNCTAD: http://unctad.org/en/Pages/DITC/Trade-and-Environment/Circular-Economy.aspx

## 14. Code of Conduct

In its 2007 International Good Practice Guidance, "Defining and Developing an Effective Code of Conduct for Organizations", the International Federation of Accountants provided the following working definition:

"Principles, values, standards, or rules of behaviour that guide the decisions, procedures and systems of an organization in a way that (a) contributes to the welfare of its key stakeholders, and (b) respects the rights of all constituents affected by its operations."

A code of conduct is intended to be a central guide and reference for users in support of day-to-day decision making. It is meant to clarify an organization's mission, values and principles, linking them with standards of professional conduct. A code is an open disclosure of the way an organization operates. It provides visible guidelines for behaviour.

**Links:**

1) Ethics and compliance Initiative: http://www.ethics.org/resources/free-toolkit/code-of-conduct
2) International Federation of Accountants: www.ifac.org/
3) Institute of business ethics IDE: https://www.ibe.org.uk/

## 15. Corporate Governance

Corporate governance is the system by which business corporations are directed and controlled, and refers to a number of principles adopted by a company, aiming to uphold its performance and the interests of its shareholders and all stakeholders.

**“Corporate governance is the system by which companies are directed and controlled”**

Cadbury Report, 1992

**“Corporate governance refers to the structures and processes for the direction and control of companies”**

International Finance Corporation (IFC)

The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the organization, such as the Board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. In the broadest sense, which is increasingly widespread today, corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society.

**Links:**

1) The Institute for Corporate Governance: https://www.hawkamah.org/
2) Commonwealth Association for Corporate Governance: http://www.ecgi.org/codes/documents/cacg_final.pdf
3) Institute of Chartered Accountants in England and Wales (ICAEW): www.icaew.com

## 16. Corporate Philanthropy

Corporate Philanthropy mirrors individual philanthropy and is about a corporation donating funds, time, or talent. It is done without any expectation of direct corporate gain (direct increases in revenue). It usually involves indirect gains (enhancing a company's brand, engaging employees, recognition, etc.) as social and business benefits are often long-term and intangible

Some of the common forms of corporate philanthropy are:

- Cash donations: including grants, donations, sponsorships
- In-kind donations: donating products, access to employee volunteer groups, use of company's facilities, property, services or any other non-monetary support

Corporate philanthropy focuses on the treating the symptom of a problem or issue instead of the cause. Corporate Philanthropy, Charity Donations and Sponsorships are not Sustainability and Corporate Social Responsibility.

| **Philanthropy** | **Sustainable Management** |
|---|---|
| ■ Does not treat causes of the problems<br>■ Not related to core business and "day to day" decision making | ■ Is part of Business DNA<br>■ Is related to core business<br>■ Uses "day to day" management decisions to:<br>1) Address social, economic and environmental issues coming from the organizations' operations<br>2) Measure impact<br>3) Improve business performance |

## 17. Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a dynamic and evolving concept that currently does not have a universally accepted definition. Engaging in CSR requires considering contextual variables: national culture, geography, social and economic norms and contexts. CSR is often mistaken for Sustainability or Sustainable Development.

As there is no agreed definition of CSR, the question arises what exactly can be considered to be corporate social responsibility. According to the EU Commission old definition [(2002) 347 final:5], "CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their stakeholders on a voluntary basis" and no "one-size-fits-all ".

The EU Commission developed a new definition of CSR as "the responsibility of enterprises for their impacts on society".

Other definitions include:

- The "voluntary commitment of businesses to include in their business practices, economic social and environmental activities beyond their legal obligations and are related to those that directly or indirectly are affected by their operations" HNCSR
- The "continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large", "the business contribution to sustainable economic development" World Business Council for Sustainable Development

> "*Corporate social responsibility is measured in terms of businesses improving conditions for their employees, shareholders, communities, and environment. But moral responsibility goes further, reflecting the need for corporations to address fundamental ethical issues such as inclusion, dignity, and equality.*"

**Klaus Schwab,**
**Founder and Executive Chairman**
**the World Economic Forum**

**Links:**

1) EU Commission: http://ec.europa.eu/growth/industry/corporate-social-responsibility_en
2) EU strategy 2011-14 for Corporate Social Responsibility: https://eur-lex.europa.eu/legal-content/EN/

## 18. Creating Shared Value

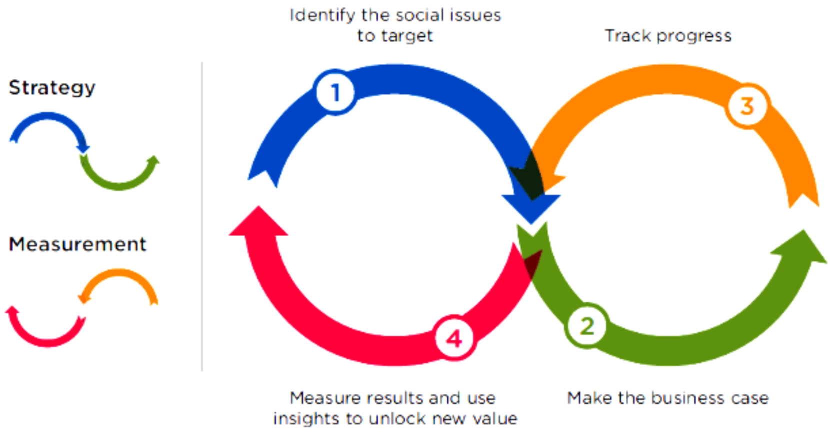
Shared value is a management strategy focused on companies creating measurable business value by identifying and addressing social problems that intersect with their business. The shared value framework creates new opportunities for companies, civil society organizations, and governments to leverage the power of market-based competition in addressing social problems.

The concept was defined in the Harvard Business Review article **"Creating Shared Value"** (January/February 2011), by Professor Michael E. Porter and Mark R. Kramer. Creating shared value involves value creation for business that simultaneously yields more profit and greater social impact, resulting in powerful transformations and opportunities for growth and innovation in both business and society. Shared value focuses on the connections between societal and economic progress and has the potential to unleash the next wave of global growth and competitive advantage. This article was the winner of the 2011 McKinsey Award. Published in Harvard Business Review, January/ February 2011.

The authors identified three ways in which shared value can be created:

- Reconceiving products and markets
- Redefining productivity in the value chain
- Local cluster development

Shared value is not about redistributing value created through philanthropy or about including stakeholders' values in corporate decisions. Rather, shared value focuses on the creation of meaningful economic and social value – new benefits that exceed the costs for the business and society.




Creating Shared Value begins with the understanding that for our business to prosper over the long term, the communities we serve must also prosper. It explains how businesses can create competitive advantage, which in turn will deliver better returns for shareholders, through actions that substantially address a social or environmental challenge. As a company, we are best positioned to create shared value in three areas: nutrition, water and rural development.

**Links:**

1) Integrating Shared Value Strategy and Measurement: http://sharedvalue.org/about-shared-value
2) Harvard Business Review: http://hbr.org/2011/01/the-big-idea-creating-shared-value
3) FSG: https://www.fsg.org/publications/creating-shared-value

## 19. Dow Jones Sustainability Indexes

Dow Jones Sustainability Indexes

Dow Jones Sustainability Indices were launched in 1999 and it is the first global sustainability benchmark.

The Dow Jones Sustainability™ Indices are maintained collaboratively by S&P Dow Jones Indices and RobecoSAM. Following a best-in-class approach, the indices measure the performance of the world's sustainability leaders. Companies are selected for the indices based on a comprehensive assessment of long-term economic, environmental and social criteria that account for general as well as industry-specific sustainability trends. Only firms that lead their industries based on this assessment are included in the indices. The indices are created and maintained according to a systematic methodology, allowing investors to appropriately benchmark sustainability-driven funds and derivatives over the long term.

The family includes global and regional broad market indices, subindices excluding alcohol, gambling, tobacco, armaments and firearms and/or adult entertainment, and global and regional blue-chip indices.

**Link:**

1) Dow Jones Sustainability™ Indices: http://ww.sustainability-indices.com/

## 20. Eco efficiency

The term 'eco-efficiency' evolved from the work of the World Business Council for Sustainable Development (WBCSD) in response to the first United Nations Earth Summit. A prominent definition comes from the WBCSD and describes how eco-efficiency is achieved: "eco-efficiency is reached by the delivery of competitively priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impacts and resource intensity throughout the life cycle, to a level in line with the earth's estimated carrying capacity". "An eco-efficient state is reached when economic activities are at a level "...at least in line with the earth's estimated carrying capacity". (WBCSD 1996)

In other words, to be eco-efficient is to add more value to a good or service while simultaneously decreasing adverse environmental impacts. The aim of environmentally sound management is to increase eco-efficiency by reducing the environmental impact while increasing the value created and shared by an organisation.

Eco-efficiency analysis (EEA) is a tool for quantifying the relationship between economic value creation and environmental impacts, throughout the entire lifecycle of a product or service. EEA evaluates products and services by examining their environmental impact in proportion to their cost-effectiveness. It measures the environmental performance of an enterprise with respect to its financial performance.

**Links:**

1) Environmental Protection Agency: http://www.epa.gov/sustainability/analytics/eco-efficiency.htm
2) United Nations Conference on Trade and Development: http://unctad.org/en/docs/iteipc20037_en.pdf
3) Division for Sustainable Development Department of Economic and Social Affairs United Nations: http://sustainabledevelopment.un.org/content/documents/785eco.pdf

## 21. Ecolabelling

Ecolabelling is a voluntary method of environmental performance certification and labelling that is practised around the world. An ecolabel is a label which identifies overall, proven environmental preference of a product or service within a specific product/service category. In contrast to "green" symbols, or claim statements developed by manufacturers and service providers, the most credible labels are based on life cycle considerations; they are awarded by an impartial third-party in relation to certain products or services that are independently determined to meet transparent environmental leadership criteria.

As has been identified by the International Organization for Standardization (ISO), the overall goal of labels and declarations is:

> “...through communication of verifiable and accurate information, that is not misleading, on environmental aspects of products and services, to encourage the demand for and supply of those products and services that cause less stress on the environment, thereby stimulating the potential for market-driven continuous environmental improvement.”

Ecolabeling has a number of major benefits:

1. Informing consumer choice
2. Promoting economic efficiency
3. Stimulating market development
4. Encouraging continuous improvement
5. Promoting certification
6. Assisting in monitoring

**Links:**

1) Global Ecolabelling Network: http://www.globalecolabelling.net/what_is_ecolabelling/index.htm
2) Ecolabel Index: http://www.ecolabelindex.com/
3) EU Ecolabel (EU Flower): http://ec.europa.eu/environment/ecolabel/
4) International Institute of Sustainable Development: https://www.iisd.org/business/markets/eco_label_benefits.aspx

## 22. Employee Volunteering

Employee volunteering is an effective and powerful way for businesses to invest in their people and local communities.

A company that makes its employees feel that their jobs fit into a mission that's bigger than them and bigger than the company itself, and makes that mission not only important but engaging and fun, that's a company that's creating a culture not just for workers but for believers. Successful organizations understand that their employees are their best brand ambassadors, and passion turns workers who just punch in and punch out into advocates who fully embrace their jobs and feel excited to be part of the team.

Well-run volunteer and giving programs that are part of formal job roles and career reviews, frame the whole workplace culture and are a breeding ground for passion. They're also a unique platform for skills and leadership building that offer superb professional growth opportunities.

According to CIPD ten key skills that volunteering can help build.

- Community awareness
- Confidence
- Coaching and mentoring
- Communication
- Networking and relationship building
- Team-building
- Professional knowledge
- Self-awareness and reinforcing skills
- Workload management
- Creativity

**Links:**

1) Seek Volunteer: https://www.volunteer.com.au/about-volunteering/make-it-count/how-volunteering-can-help-you-gain-new-skills
2) Chartered Institute of Personnel and Development: http://www.cipd.co.uk/binaries/volunteering-to-learn-employee-development-through-community-action_2014.pdf
3) Causecast: http://www.causecast.com/blog/employee-engagement-ideas-from-the-most-engaged-cities/

## 23. Environmental, Social and Governance (ESG) Investment Criteria

Environmental, Social and Governance (ESG) Criteria is a set of standards applied by socially responsible investors while making investing decisions. Terms that are used as synonyms, include: sustainable investing, socially responsible investing, mission-related investing, or screening. Investors use ESG Criteria to purchase stocks from companies that can demonstrate high ethics and superior performance based on selected ESG aspects.

ESG perspective grew a solid ground for the institutional and retail investors. The practice of ESG investing began in the 1960s as socially responsible investing, with investors excluding stocks or entire industries from their portfolios based on business activities such as tobacco production, oil&gas or guns. Examples of ESG criteria that investors could use are identifying company's impact on climate change, natural capital, renewable energy, how a company use data, anti-corruption policies, board diversity and community activities.

| ENVIRONMENTAL (E) | SOCIAL (S) | GOVERNANCE (G) |
|---|---|---|
| CLIMATE CHANGE | HUMAN CAPITAL | BOARD |
| CARBON EMISSIONS | LABOR STANDARDS | PAY |
| NATURAL CAPITAL | PRODUCT LIABILTY | OWNERSHIP |
| WATER STRESS | PRIVACY AND DATA SECURITY | ACCOUNTING |
| RENEWABLE ENERGY | STAKEHOLDER OPPOSITION | CORRUPTION |
| GREEN BUILDING | | BUSINESS ETHICS AND FRAUD |

*Source: MSCI ESG Research. Select ESG issues only, this is not a comprehensive list.*

**Links:**

1) MSCI: https://www.msci.com/esg-investing
2) Principles for responsible investing: https://www.unpri.org/pri/what-is-responsible-investment
3) World Bank: http://www.worldbank.org/en/news/feature/2018/04/19/incorporating-environment-social-and-governance-esg-factors-into-fixed-income-investment
4) Principles for responsible investing: https://www.unpri.org/listed-equity/a-practical-guide-to-esg-integration-for-equity-investing/10.article

## 24. FTSE4Good Index

The FTSE4Good Index Series assesses the sustainability of market-listed companies. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. Transparent management and clearly-defined ESG criteria make FTSE4Good indices suitable tools to be used by a wide variety of market participants when creating or assessing responsible investment products.

The FTSE has 2 other responsible investment indices: the FTSE CDP Carbon Strategy Index Series (comprising UK companies only) and the FTSE Environmental Market Index Series.

FTSE4Good indices can be used in four main ways:

- **Financial products** - as tools in the creation of index-tracking investments, financial instruments or fund products focused on responsible investment.
- **Research** - to identify environmentally and socially responsible companies.
- **Reference** - as a transparent and evolving global ESG standard against which companies can assess their progress and achievement.
- **Benchmarking** - as a benchmark index to track the performance of responsible investment portfolios.

**Links:**

1) FTSE4Good Index Series: http://www.ftse.com/products/indices/FTSE4Good

## 25. Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is an independent international organization that has pioneered sustainability reporting since 1997. GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being. This enables real action to create social, environmental and economic benefits for everyone. GRI's mission is to make sustainability reporting standard practice for all companies and organizations. GRI is an international, not-for-profit organization.

GRI promotes sustainability reporting to enable organizations to consider their impacts of wide range of sustainability issues, enabling them to be more transparent about the risks and opportunities they face. GRI supports the use of metrics and methods for measuring and reporting sustainability-related impacts and performance, as they enable greater organizational transparency and accountability.

In October 2016, GRI introduced The GRI Standards. According to GRI, “The GRI Standards are the first global standards for sustainability reporting. They feature a modular, interrelated structure, and represent the global best practice for reporting on a range of economic, environmental and social impacts.”

GRI™ Empowering Sustainable Decisions

GRI’s core product are the Sustainability Reporting Standards which are made available as a free public good. They have been continuously developed over 20 years and represent global best practice for reporting on economic, environmental and social issues. .

**Links:**

1) Global Reporting Initiative: https://www.globalreporting.org/Pages/default.aspx
2) GRI Standards and SDGs: https://www.globalreporting.org/resourcelibrary/SDG_GRI_LInkage.pdf

## 26. Green House Gas (GHG) Emissions

Green House Gas (GHG) is a natural part of the atmosphere. It absorbs solar radiation and keeps the earth warm enough to support life. Human activities are responsible for almost all of the increase in greenhouse gases in the atmosphere, as over the past century, burning fossil fuels to produce energy, although deforestation, industrial processes, and some agricultural practices have released large amounts of carbon dioxide and other greenhouse gases into the atmosphere.

The Kyoto Protocol lists four Green House Gases – carbon dioxide $CO_2$, methane $CH_4$, nitrous oxide $N_2O$ and sulphur hexafluoride $SF_6$ – and two groups of other greenhouse gases: Perfluorocarbons (PCFCs) and hydrofluorocarbons (HFCs). Carbon dioxide ($CO_2$), the most significant GHG directly affected by anthropogenic activity and is the main contributor to climate change.

**The Green House Gas Protocol (GHG Protocol)** is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions. The GHG Protocol operates under the umbrella of the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI), with businesses, governments, and environmental groups around the world to build a new generation of credible and effective programs for tackling climate change.

There are three categories of gas emissions:

- **Scope 1 GHG emissions**

  These are direct emissions from GHG sources owned or controlled by the reporting organization.
- **Scope 2 GHG emissions**

  These emissions do not physically occur from within the organization's reporting boundary and are therefore "indirect" emissions. Scope 2 emissions are caused by the organization's consumption of electricity, heat, cooling or steam brought into its reporting boundary. This category is often called "purchased electricity" because it represents the most common source of Scope 2 emissions.
- **Scope 3 GHG emissions**

  An organization's indirect emissions other than those covered in Scope 2. They are from sources that are not owned or controlled by an organization, but which occur as a result of its activities.

**Links:**

1) Greenhouse Gas Protocol: http://www.ghgprotocol.org/
2) United States Environmental Protection Agency: http://www.epa.gov/climatechange/ghgemissions/sources.html
3) Center for Climate and energy Solutions: https://www.c2es.org/content/main-greenhouse-gases/

## 27. Green-Collar Jobs

Green jobs or green-collared jobs are, according to the United Nations Environment Program, "work in agricultural, manufacturing, research and development (R&D), administrative, and service activities that contribute(s) substantially to preserving or restoring environmental quality. Specifically, but not exclusively, this includes jobs that help to protect ecosystems and biodiversity; reduce energy, materials, and water consumption through high efficiency strategies; de-carbonize the economy; and minimize or altogether avoid generation of all forms of waste and pollution."

Some green jobs include environmental, sustainability and CSR consultants, renewable energy engineers and installers, recycling managers, environmental lawyers and educators, and green building architects.

**Links:**

1) United Nations Environment Program: https://www.unenvironment.org/
2) International Labour Organization: http://www.ilo.org/global/topics/green-jobs/lang--en/index.htm
3) Sustainability Knowledge Group: https://sustainabilityknowledgegroup.com/training/

## 28. Greenwashing

Green-wash is the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service. It is misleading publicity or propaganda disseminated by an organization, etc., so as to present an environmentally responsible public image; a public image of environmental responsibility promulgated by or for an organization, etc., regarded as being unfounded or intentionally misleading. (OED)

**Key Signs of Greenwashing:**

- The ad misleads with words
- The ad misleads with visuals and/or graphics
- The add leaves out /masks important information, making the green claim sound better than it is
- The ad overstates or exaggerates how green the product/company/service actually is
- The ad makes a green claim that is vague or seemingly unprovable

**Links:**

1) Oxford English Dictionary: http://www.oed.com
2) Greenwashing Index: http://www.greenwashingindex.com
3) Sins of Greenwashing: http://sinsofgreenwashing.org
4) Sustainability Knowledge Group: https://sustainabilityknowledgegroup.com/greenwashing-nothing-laundry-2/

## 29. ILO Declaration on Fundamental Principles and Rights at Work

The ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998, is an expression of commitment by governments, employers' and workers' organizations to uphold basic human values - values that are vital to our social and economic lives.

**These principles and rights are:**

- freedom of association and the effective recognition of the right to collective bargaining
- the elimination of all forms of forced or compulsory labour
- the effective abolition of child labour
- the elimination of discrimination in respect of employment and occupation

The ILO was created in 1919, as part of the Treaty of Versailles that ended World War I, to reflect the belief that universal and lasting peace can be accomplished only if it is based on social justice.

**Link:**

1) International Labour Organisation: http://www.ilo.org/global/about-the-ilo/history/lang--en/index.htm

## 30. Impact Assessment

Impact assessment, is the process of identifying the future consequences of a current or proposed action and is carried out to assess the consequences of individual projects, policies and programmes.

**Environmental Impact Assessment (EIA)** is a process of evaluating the likely environmental impacts of a proposed project or development, taking into account inter-related socio-economic, cultural and human-health impacts, both beneficial and adverse. United Nations Environment Programme (UNEP) defines Environmental Impact Assessment (EIA) as a tool used to identify the environmental, social and economic impacts of a project prior to decision-making. It aims to predict environmental impacts at an early stage in project planning and design, find ways and means to reduce adverse impacts, shape projects to suit the local environment and present the predictions and options to decision-makers. By using EIA both environmental and economic benefits can be achieved, such as reduced cost and time of project implementation and design, avoided treatment/clean-up costs and impacts of laws and regulations.

**Social Impact Assessment** includes the processes of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment.

**B Impact Assessment** is a free, confidential tool powered by B Lab, a non-profit organization dedicated to using the power of business as a force for good. To make it easy for all businesses to participate in this vision, the B Impact Assessment provides:

A. Credible, comprehensive, transparent, and independent standards of social and environmental performance that allow businesses to assess their overall impact.
B. Publicly available benchmarks on corporate impact that allow businesses to compare their impact.
C. Practical, easy to use tools to help businesses improve their impact over time.

**Links:**

1) International Association for Impact Assessment: http://www.iaia.org/about/
2) The Convention on Biological Diversity: http://www.cbd.int
3) United Nations Environment Programme: www.unep.org/
4) B Impact Assessment: http://bimpactassessment.net/

## 31. Integrated Reporting

Integrated Reporting (<IR>) promotes a more cohesive and efficient approach to corporate reporting and aims to improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital.

Integrated Reporting is a holistic approach which combines financial and non-financial information on all company's aspects with a forward-looking perspective. An integrated report is a concise communication about how and organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term. **Integrated Reporting provides a basis for organisations to explain their business story more effectively to the capital markets aiming at long-term investors.**

The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. Together, this coalition shares the view that communication about value creation should be the next step in the evolution of corporate reporting. The IIRC released the International Integrated Reporting (IIR) Framework on December 9th, 2013.

The IIR Framework offers guidance and principles for companies on how to integrated and non-financial information using existing reporting standards and guidelines (GRI, International Financial Reporting Standards).

INTEGRATED REPORTING <IR>

**Links:**

1) International Integrated Reporting Council: http://www.theiirc.org/the-iirc/
2) Global Reporting: https://www.globalreporting.org/information/current-priorities/integrated-reporting/Pages/default.aspx
3) International Integrated Reporting (IIR) Framework: http://integratedreporting.org/wp-content/uploads/2015/03/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf

## 32. Integrated Reporting Six Capitals

An integrated report seeks to explain how the organization utilizes capitals to create value over the short, medium and long term. The capitals are stocks of value that are increased, decreased or transformed through the activities and outputs of the organization

**Financial Capital:** represents the financial health of the organization in a form of currency that can be traded; The pool of funds that is available to an organization for use in the production of goods or the provision of services. It is obtained through financing, such as debt, equity or grants, or generated through operations or investments.

**Manufactured Capital:** Human-created physical objects that are available to an organization for use in the production of goods or the provision of services, including buildings, equipment, production-oriented equipment and tools, and infrastructure (such as roads, ports, bridges, and waste and water treatment plants).

**Intellectual Capital:** captures the knowledge assets of an organization such as ideas, inventions, general knowledge, designs and processes. Organizational, knowledge-based intangibles, including intellectual property (e.g., patents, copyrights, software, rights and licenses) and “organizational capital” such as tacit knowledge, systems, procedures and protocols and practices to be able to get things done, and to do them well and consistently

**Human Capital:** represents the knowledge, skills, abilities and capacities possessed by people involved in the social enterprise; People’s competencies, capabilities and experience, and their motivations to innovate. It includes people's alignment with and support for an organization’s governance framework, risk management approach, and ethical values; their ability to understand, develop and implement an organization’s strategy; and their loyalties and motivations for improving processes, goods and services, including their ability to lead, manage and collaborate

**Social Capital:** represents the number and quality of the social enterprise's relationships; The institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being. Social and relationship capital includes: shared norms, and common values and behaviors; key stakeholder relationships, and the trust and willingness to engage that an organization has developed and strives to build and protect with external stakeholders; intangibles associated with the brand and reputation; and an organization’s social license to operate.

**Natural Capital:** All renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organization. It includes: air, water, land, minerals and forests, and biodiversity and ecosystem health.

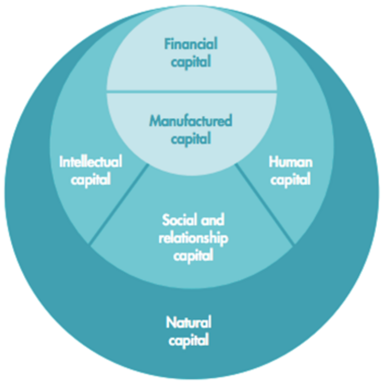



**Figure 1:** This diagram is one way to depict the capitals. Financial and manufactured capitals are the ones organizations most commonly report on. <IR> takes a broader view by also considering intellectual, social and relationship, and human capitals (all of which are linked to the activities of humans) and natural capital (which provides the environment in which the other capitals sit).[5]

**Link:** Integrated reporting: https://integratedreporting.org/wp-content/uploads/2013/03/IR-Background-Paper-Capitals.pdf

## 33. International Integrated Reporting Council (IIRC)

The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. The coalition is promoting communication about value creation as the next step in the evolution of corporate reporting.

The IIRC's long-term vision is a world in which integrated thinking is embedded within mainstream business practice in the public and private sectors, facilitated by Integrated Reporting <IR> as the corporate reporting norm. An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term.

**Links:**

1) International Integrated Reporting Council: http://integratedreporting.org/
2) Integrated Reporting: http://integratedreporting.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf

## 34. International Society of Sustainability Professionals (ISSP)

The International Society of Sustainability Professionals (ISSP) is the world's leading professional association of sustainability professionals. ISSP's Chapters and Regional Learning Networks offer in-person and live-online events to allow ISSP members to network, share resources, and learn from one another.

In 2016, Sustainability Knowledge Group has been selected as the **UAE local ISSP Chapter,** and Mrs . Aglaia Ntili has been appointed as the **Chair of the UAE local Chapter of the ISSP**, the only professional body for sustainability professionals in the region. The UAE local IIP Chapter is being formed from the **CSR & Sustainability Meetup Dubai Group**, which was founded in 2014 to provide access to sustainability resources to everyone across the UAE, to increase awareness on Sustainability, Corporate Social Responsibility and Corporate Responsibility, and improve sustainability performance of businesses and organizations. This meetup group is the first in the region to offer an open land free earning and networking platform for sustainability professionals and advocates.

**Links:**

1) International Society of Sustainability Professionals: https://www.sustainabilityprofessionals.org/
2) Sustainability Knowledge Group: https://sustainabilityknowledgegroup.com/issp-csr-sustainability-meetings/

## 35. IRIS: Impact Reporting and Investment Standard

IRIS is the catalogue of generally-accepted performance metrics that leading impact investors use to measure the social, environmental, and financial performance of their investments. IRIS is managed by the Global Impact Investing Network (GIIN), a non-profit organization dedicated to increasing the scale and effectiveness of impact investing. The GIIN offers IRIS as a free public good to support transparency, credibility, and accountability in impact measurement practices across the impact investing industry.

**Links:**

1) IRIS: https://iris.thegiin.org
2) UNDP: https://www.undp.org/content/sdfinance/en/home/solutions/impact-investment.html
3) WBSCD: https://www.enterprise-development.org/wp-content/uploads/WBCSDGuidetoMeasuringImpact.pdf

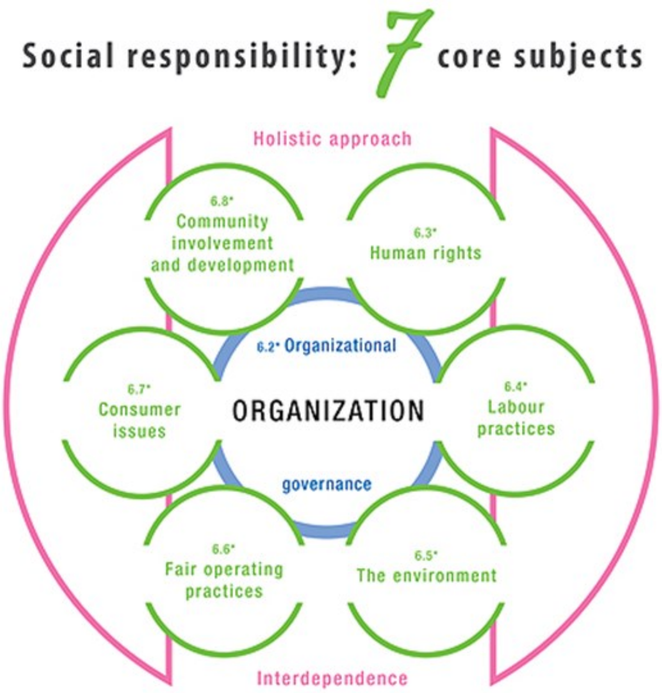
## 36. ISO 26000 Standard on Corporate Social Responsibility

ISO 26000 is a guidance standard on how business and organizations can operate in a socially responsible way. The standard helps clarify what social responsibility is, supports companies and organizations translate principles into effective actions, and shares best practice on social responsibility. It is aimed at all types of organizations regardless of activity, size or location.

**ISO 26000 defines 7 'core subjects':**

1. Organizational governance
2. Human rights
3. Labour practices
4. The environment
5. Fair operating practices
6. Consumer issues
7. Community involvement and development

ISO 26000:2010 provides guidance rather than requirements, so, unlike some other well-known ISO standards, it cannot be certified.




**Links:**

1) International Organization for Standardization: www.iso.org/iso/home/standards/iso26000.htm
2) ISO26000 and OECD Guidelines: https://www.iso.org/files/live/sites/isoorg/files/store/en/PUB100418.pdf
3) ISO26000 and International Integrated Reporting <IR>: https://www.iso.org/files/live/sites/isoorg/files/archive/pdf/en/iso_26000_and_ir_international_integrated_reporting.pdf

## 37. ISAE 3000

ISAE 3000, is a standard for assurance of non-financial reports (sustainability reports). ISAE 3000 is supported by the International Framework for Assurance Engagements (IAASB Framework), covers all aspects of an assurance engagement, including engagement acceptance, agreeing the terms of engagement, planning and performing the engagement, using the work of experts, obtaining evidence, considering subsequent events, documentation and preparing the external assurance report.

**Links:**

1) International Federation of Accountants: https://www.ifac.org/sites/default/files/publications/files/ISAE%203000%20Revised%20-%20for%20IAASB.pdf

## 38. Kyoto Protocol

The Kyoto Protocol is an international agreement linked to the United Nations Framework Convention on Climate Change, which commits its Parties by setting internationally binding emission reduction targets. The Kyoto Protocol was adopted in Kyoto, Japan, on 11 December 1997 and entered into force on 16 February 2005. The detailed rules for the implementation of the Protocol were adopted at COP 7 in Marrakesh, Morocco, in 2001, and are referred to as the "Marrakesh Accords." Its first commitment period started in 2008 and concluded in 2012. In December 2011, Canada officially announces that Kyoto's goals are not workable for the reasons that China and USA never agreed to them and the new actions needed to be taken.

The Doha Amendment to the Kyoto Protocol was adapted in December 2012 in Doha, Qatar.

The amendment includes:

- New commitments for Annex I Parties to the Kyoto Protocol who agreed to take on commitments in a second commitment period from 1 January 2013 to 31 December 2020;
- A revised list of greenhouse gases (GHG) to be reported on by Parties in the second commitment period; and
- Amendments to several articles of the Kyoto Protocol which specifically referenced issues pertaining to the first commitment period and which needed to be updated for the second commitment period.

In 2015, At the COP21 sustainable development summit, held in Paris, all UNFCCC participants sign the "Paris Agreement" effectively replacing the Kyoto Protocol. **The parties agree to limit warming "well below" 2 degrees, and below 1.5 degrees above pre-industrial levels if feasible.**

The Kyoto Protocol is seen as an important first step towards a truly global emission reduction regime that will stabilize GHG emissions and can provide the architecture for the future international agreement on climate change.

Recognizing that developed countries are principally responsible for the current high levels of GHG emissions in the atmosphere as a result of more than 150 years of industrial activity, the Protocol places a heavier burden on developed nations under the principle of "common but differentiated responsibilities.

The Kyoto mechanisms are:

- **International Emissions Trading**
- **Clean Development Mechanism (CDM)**
- **Joint implementation (JI)**

**Links:**

1) United Nations Framework Convention on Climate Change: http://unfccc.int/kyoto_protocol/items/2830.php
2) Video: The future I want (Ban Ki-moon): http://www.youtube.com/watch?v=UDNDTThxjPY&feature=player_embedded
3) CNN: https://edition.cnn.com/2013/07/26/world/kyoto-protocol-fast-facts/index.html

## 39. Life Cycle Assessment (LCA)

The term “life cycle” refers to the major activities in the course of the product’s life-span from its manufacture, use, and maintenance, to its final disposal, including the raw material acquisition required to manufacture the product. LCA is particularly useful because it attributes environmental burdens to specific processes.

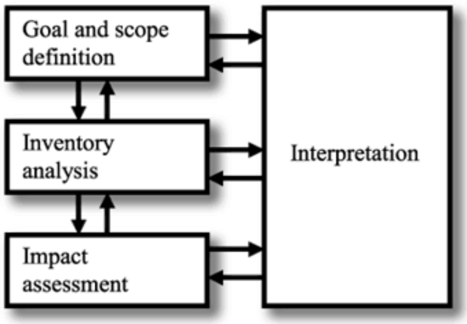
The Life Cycle Assessment (LCA) process is a systematic, phased approach and consists of four components: a) goal definition and scoping, b) inventory analysis, c) impact assessment, and d) interpretation. LCA is a holistic tool encompassing all environmental exchanges (resources, energy, emissions, waste) occurring during all stages of the activities life cycle. This tool is most useful when applied on products or services for which the life-cycle concept and its stages are clearly defined.

**Cradle-to-grave** is the full Life Cycle Assessment from resource extraction ('cradle') to use phase and disposal phase ('grave').

**Cradle-to-gate** is an assessment of a *partial* product life cycle from resource extraction (*cradle*) to the factory gate (i.e., before it is transported to the consumer). The use phase and disposal phase of the product are omitted in this case.


By performing an LCA, analysts can:

- Develop a systematic evaluation of the environmental consequences associated with a given product.
- Analyze the environmental trade-offs associated with one or more specific products/processes to help gain stakeholder (state, community, etc.) acceptance for a planned action.
- Quantify environmental releases to air, water, and land in relation to each life cycle stage and/or major contributing process.
- Assist in identifying significant shifts in environmental impacts between life cycle stages and environmental media.
- Assess the human and ecological effects of material consumption and environmental releases to the local community, region, and world.
- Compare the health and ecological impacts between two or more rival products/processes or identify the impacts of a specific product or process.
- Identify impacts to one or more specific environmental areas of concern.




*LCA Framework (Source: ISO 1997)*

**Links:**

1) European Topic Centre on Sustainable Consumption and Production: http://scp.eionet.europa.eu/themes/lca
2) Environmental Protection Agency: https://www.epa.gov/saferchoice/design-environment-life-cycle-assessments

## 40. Materiality Assessment

The definition of materiality is of crucial importance in all discussions of disclosure. Understanding the materiality of ESG issues and how materiality changes with respect to particular industry sectors is critical for successful implementation of a minimum ESG reporting scheme.

Material issues are those issues that can make a major difference to an organisation's performance. Material topics for a reporting organization should include those topics that have a direct or indirect impact on an organization's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large.

With so many ESG topics to consider, organizations are often persuaded into pursuing pet programs that either generate quick returns or appease upper management but fail to address core business impacts. Material information provides the basis for stakeholders and management to make sound judgements about the things that matter to them and take actions that influence the organisation's performance.

A high-quality report is not a report that covers all possible issues. The practice of identifying and prioritising the sustainability issues that matter enables a company to make better decisions overall. A high-quality report should cover information on the organization's significant economic, environmental and social impacts or impacts that would substantively influence assessments and decisions of internal and external stakeholders.

**Links:**

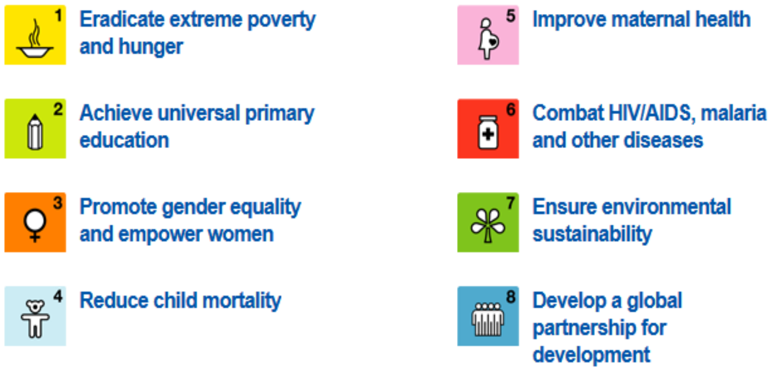
1) Global Reporting Initiative (GRI): https://www.globalreporting.org/standards/questions-and-feedback/materiality-and-topic-boundary/
2) AccountAbility: http://accountability.org/
3) Sustainability Accounting Standards Board: http://www.sasb.org/materiality/determining-materiality/
4) Sustainability Knowledge Group: http://sustainabilityknowledgegroup.com/materiality-assessment

## 41. Millennium Development Goals (MDGs)

The United Nations Millennium Development Goals (MDGs) are eight goals that all 191 UN Member States have agreed to try to achieve by the year 2015. The United Nations Millennium Declaration, signed in September 2000 commits world leaders to combat poverty, hunger, disease, illiteracy, environmental degradation, and discrimination against women. The MDGs are derived from this Declaration, and all have specific targets and indicators.

The Eight Millennium Development Goals are:

- to eradicate extreme poverty and hunger
- to achieve universal primary education
- to promote gender equality and empower women
- to reduce child mortality
- to improve maternal health
- to combat HIV/AIDS, malaria, and other diseases
- to ensure environmental sustainability
- to develop a global partnership for development




Three out of the eight millennium development targets – on poverty, slums and water– have been met ahead of the 2015 deadline, but much remains to be done. The next development framework is built on the lessons learned from working toward achieving the MDGs. The RIO+20 conference (2012) accelerated the process to develop new set of Sustainable Development Goals (SDGs). In July 2014, the UN General Assembly Open Working Group (OWG) proposed a document containing 17 goals to be put forward for the General Assembly's approval in September 2015. **This document set the ground for the new SDGs and the global development agenda spanning from 2015-2030.**

**Links:**

1) United Nations: http://www.un.org/millenniumgoals/
2) World health organisation: http://www.who.int/topics/millennium_development_goals/en/
3) United Nations Development Programme: http://www.undp.org/content/undp/en/home/mdgoverview.html
4) United Nations: http://www.sdgfund.org/mdgs-sdgs

## 42. Natural Capital Protocol

The Natural Capital Protocol is a standardized framework for business to measure and value its impacts and dependencies on natural capital. The Protocol is a product of the Natural Capital Coalition, and has been developed by WBCSD and many experts in the field.

| | |
|---|---|
| **Operational**<br>*Regular business activities and expenditures and processes* | ■ Reduce raw material costs and risk of interruption to supply from extreme weather, flooding etc.<br>■ Realize efficiency gains |
| **Legal and regulatory**<br>*Laws, public policies and regulations that affect business performance* | ■ Identify future legislation<br>■ Reduce compliance costs and risk of fines and penalties |
| **Financing**<br>*Cost of and access to capital including debt equity* | ■ Reduce financing costs and increase margins<br>■ Improve access to finance - attracting investors |
| **Reputational and marketing**<br>*Trust and relationship with stakeholders, customers, suppliers and employees* | ■ Identify new revenue streams and differentiate your products<br>■ Improve ability to attract and retain employees |
| **Societal**<br>*Relationships with wider society* | ■ Identify benefits and negative impacts to local communities through improved natural capital (e.g. water quality<br>■ Support a social license to operate |

**Link:**

1) Natural Capital Coalition: https://naturalcapitalcoalition.org/protocol/

## 43. Non-financial Reporting

Non-financial or sustainability reporting is the practice of measuring, disclosing and being accountable to internal and external stakeholders for organisational performance towards the goal of sustainable development. Non-financial reporting is vital for managing change towards a sustainable global economy by combining long-term profitability with social justice and environmental protection. It also helps monitoring undertakings' performance and their impact on society.

Key areas of non-financial information include: environmental issues, social/employee maters, human rights, anticorruption/bribery, corporate governance, supply chain impacts, company specific issues, sector specific issues.

Non-financial reporting is an enabling tool for business productivity and contributes to a smart and sustainable growth. Key drivers for non-financial reporting include demand from stakeholders, including investors, regulators and customers, peer pressure, as well local regulation and global trends.

**Links:**

1)EU Business: http://www.eubusiness.com/topics/finance/non-fin-info

2)Council of the European Union: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/intm/144945.pdf

3) Sustainability Knowledge Group: http://sustainabilityknowledgegroup.com/blog/

4) SASB: https://www.sasb.org/

5) Global Reporting Initiative (GRI): https://www.globalreporting.org/Pages/default.aspx

## 44. Precautionary Principle

The precautionary principle enables decision-makers to adopt precautionary measures when scientific evidence about an environmental or human health hazard is uncertain and the stakes are high.

When human activities may lead to morally unacceptable harm that is scientifically plausible but uncertain, actions shall be taken to avoid or diminish that harm. Morally unacceptable harm refers to harm to humans or the environment that is:

- threatening to human life or health, or
- serious and effectively irreversible, or
- inequitable to present or future generations, or
- imposed without adequate consideration of the human rights of those affected.

The judgement of plausibility should be grounded in scientific analysis. Analysis should be ongoing so that chosen actions are subject to review. Uncertainty may apply to, but need not be limited to, causality or the bounds of the possible harm. Actions are interventions that are undertaken before harm occurs that seek to avoid or diminish the harm. Actions should be chosen that are proportional to the seriousness of the potential harm, with consideration of their positive and negative consequences, and with an assessment of the moral implications of both action and inaction. The choice of action should be the result of a participatory process.

**Links:**

1) UNESCO (March 2005) The Precautionary Principle, World Commission on the Ethics of Scientific Knowledge and Technology (COMEST): http://unesdoc.unesco.org/images/0013/001395/139578e.pdf
2) European Parliament Think Tank: http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_IDA(2015)573876

## 45. Principles for Responsible Investment (PRI)

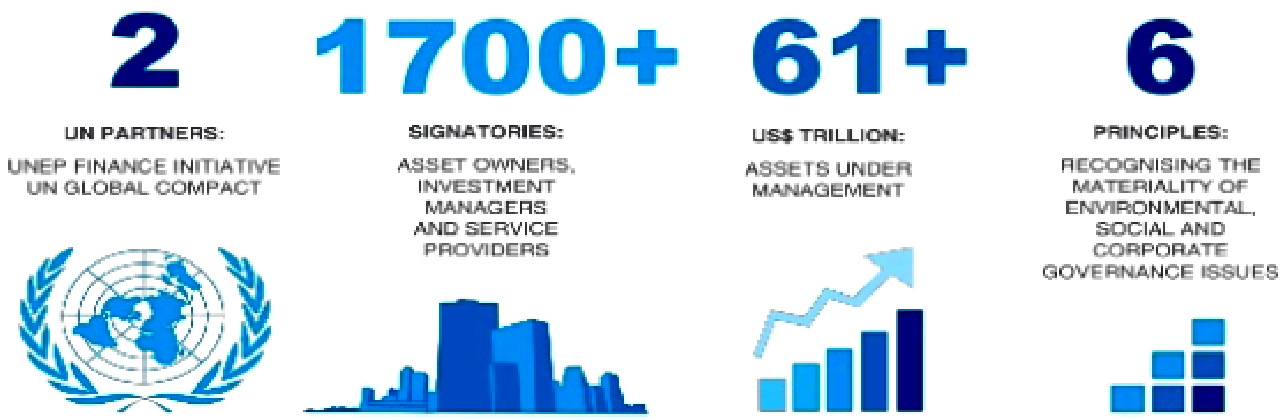
The United Nations-supported Principles for Responsible Investment (PRI) Initiative is an international network of investors working together to put the six Principles for Responsible Investment into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision making and ownership practices.
Since its launch in 2006, the PRI Initiative has been instrumental in raising awareness about responsible investment among the global investment community, increasing the level of transparency around the activities and capabilities of its signatories and fostering collaboration between them, and supporting their engagements with companies and policymakers on ESG issues.

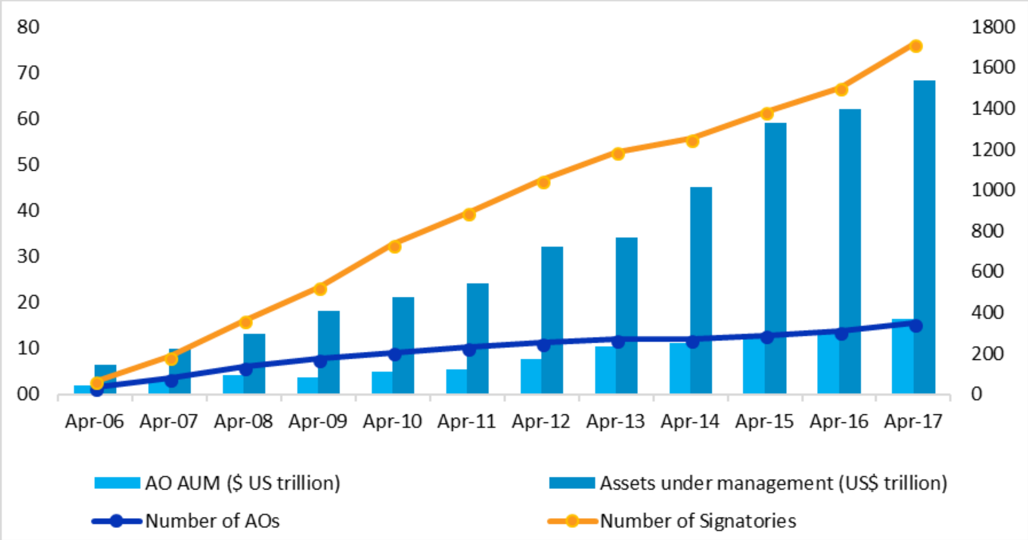
In implementing the Principles, signatories contribute to the development of a more sustainable global financial system.

The Principles are voluntary and aspirational.

**Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes
**Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices
**Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest
**Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry
**Principle 5:** We will work together to enhance our effectiveness in implementing the Principles
**Principle 6:** We will each report on our activities and progress towards implementing the Principles

**United Nation PRI Engagement stats:**






**Link:**

1) Principles for Responsible Investment: www.unpri.org/

## 46. Public - Private - Partnerships (PPP)

A Public - Private - Partnership (PPP) is often defined as a long-term contract between a private party and a government agency for providing a public asset or service, in which the private party bears significant risk and management responsibility. A government relies on efficiency of the private sector which can manage a social and economic project much faster and efficient.

**Types of PPP arrangement are:**

- Utility Restructuring, Corporatization and Decentralization
- Civil Works and Service Contracts
- Management and Operating Agreements
- Leases
- Concessions, Build-Operate-Transfer (BOT), Design-Build-Operate (DBO)
- Joint Ventures and Partial Divestiture of Public Assets Full Divestiture
- Full Divestiture
- Contract Plans and Performance Contracts

**Link:**

1) World Bank Group: http://ppp.worldbank.org/public-private-partnership/overview/what-are-public-private-partnerships

## 47. Social Accountability 8000

The SA8000 Standard is the one of the first auditable certification standards for factories and organisations. which requires compliance with policies and procedures to provide a decent workplace and protect the basic human rights of workers. It is based on the UN Declaration of Human Rights, conventions of the ILO, UN and national law, and spans industry and corporate codes to create a common language to measure social performance.

**Nine elements of the SA8000® Standard:**

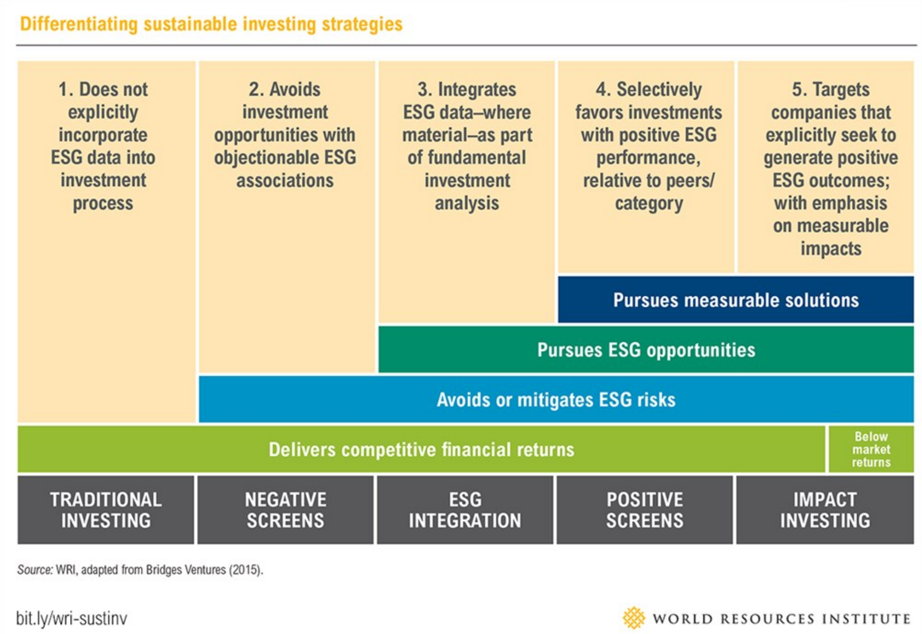
- Child Labor
- Forced or Compulsory Labor
- Health and Safety
- Freedom of Association and Right to Collective Bargaining
- Discrimination
- Disciplinary Practices
- Working Hours
- Remuneration
- Management System

**Link:**

1) Social Accountability International: http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=1689

## 48. Socially Responsible Investment (SRI)

Socially Responsible Investment (SRI) is a form of investment that integrates environmental, social and governance (ESG) criteria into analysis processes and investment decisions, in addition to traditional financial criteria with the aim to generate long-term competitive financial returns and positive societal impact. Other terms used are social investment, sustainable, socially conscious, "green" or ethical investing.



**SRI comprises two major approaches with different underlying motivations and philosophies:**

- Ethical funds
- Socially responsible funds

SRI investors comprise individuals, including average retail investors to very high net worth individuals and family offices, as well as institutions, such as universities, foundations, pension funds, non-profit organizations and religious institutions.

**Links:**

1) The Forum for Sustainable and Responsible Investment: http://www.ussif.org/sribasics
2) Johannesburg Stock Exchange: https://www.jse.co.za
3) Principles of Responsible Investment: https://www.unpri.org/pri/what-is-responsible-investment
4) The Forum for Sustainable and Responsible Investing: https://www.ussif.org/
5) Initiative for Responsible Investing: https://iri.hks.harvard.edu/

## 49. Social Return on Investment (SROI)

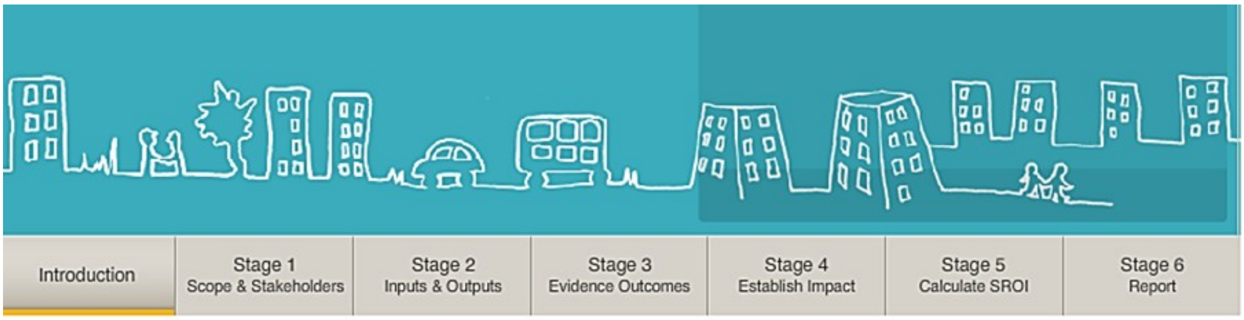
Social Return on Investment (SROI) is an approach to understanding and managing the value of the social, economic and environmental outcomes created by an activity or an organisation.

SROI is a set of principles used in a framework that values change that would otherwise be at-risk of being under-valued, misunderstood or ignored altogether. This occurs when the value of social, environmental and organizational change is not expressed in universally understood terms. SROI translates extra-financial value into monetary terms, which is considered potentially the most important part of a SROI analysis.

| Principles | The six stages of an SROI analysis |
|---|---|
| Involve stakeholders | Establishing scope and identifying key stakeholders |
| Understand what changes | Mapping outcomes |
| Value the things that matter | Evidencing outcomes and giving them a value |
| Only include what is material | Establishing impact |
| Do not over-claim | Calculating the SROI |
| Be transparent | Reporting, using and embedding |
| Verify the result | |

**SROI offers the following benefits:**

- Can help organisations understand what social value an activity creates?
- Can help organisations manage its activities and relationships to maximise value
- Is part of stakeholder dialogue and assesses the degree to which activities are meeting stakeholder needs and expectations
- Puts social impact into 'return on investment', and demonstrate the social value of investment
- Offers new ways of defining agreement/contract outcomes by taking account of social and environmental impacts
- Can help management analyse what may happen if strategy is changed




**Links:**

1) The SROI Network: http://www.thesroinetwork.org

2) Sustainability Knowledge Group: https://sustainabilityknowledgegroup.com/sroi-analysis/

## 50. Stakeholder Engagement

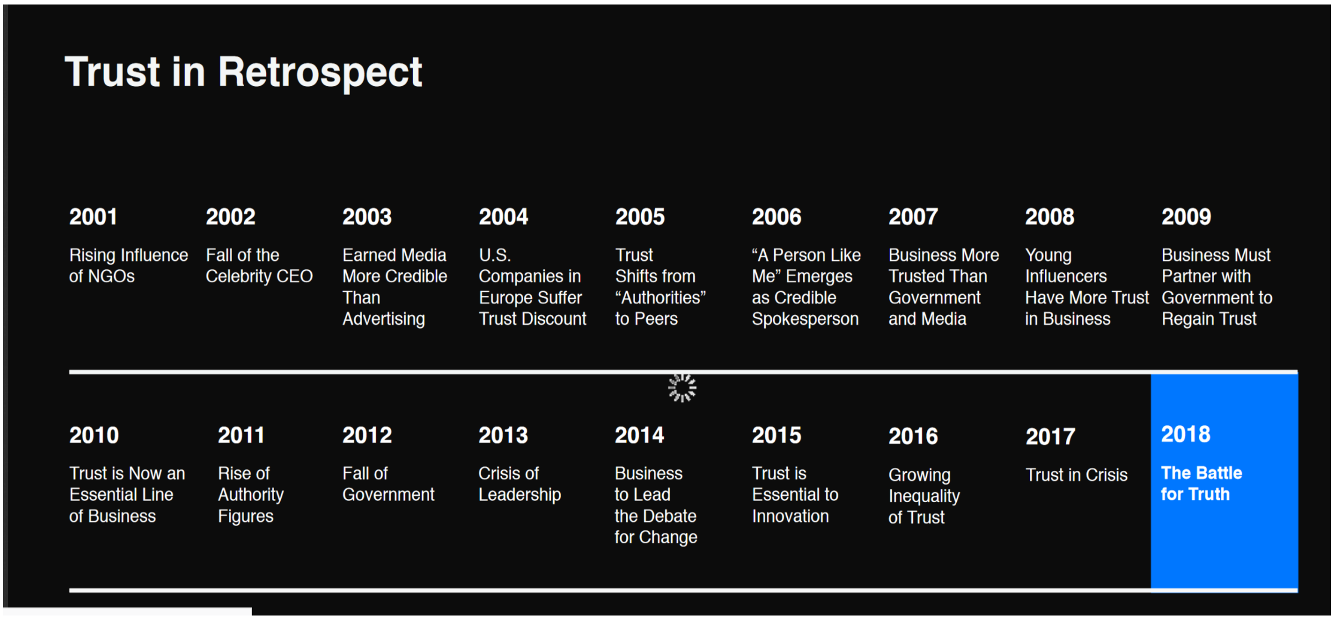
Stakeholders are individuals, groups or organisations that are likely to be affected, and/or affect directly or indirectly, an activity, a programme or a decision of an organisation. Any person, group or organization that has interest or concern in an organization is a stakeholder. Stakeholder examples include employees, customers, suppliers, shareholders, unions, NGOs, civil society, local authorities, etc.

Stakeholder Engagement occurs when a company engages in open, two-way dialogue seeking understanding and solutions to issues of mutual concern. Stakeholder Engagement is not just a one-time activity, it is a commitment that requires continuous evolvement.

Stakeholder Engagement provides opportunities to further align your business practices with societal needs and expectations, helping to drive long-term sustainability and shareholder value.

**Stakeholder Engagement benefits include**

- Informed decision-making as stakeholders groups possess a wealth of information
- Reduction of conflicts which can harm the implementation and success of projects
- Contribution to the transparency of public and private actions, due to actions being monitored by involved stakeholders
- Building trust between stakeholders, which can lead to lead to long-term partnerships




**Links:**

1) AA1000 Stakeholder Engagement Standard: http://www.accountability.org/standards/
2) Business for Social Responsibility: https://www.bsr.org/en/
3) CSReurope: http://www.csreurope.org/searchreports
4) Edelman: https://www.edelman.com/trust-barometer
5) Sustainability Knowledge Group: http://sustainabilityknowledgegroup.com/blog/

## 51. Steady-state Economy

Steady-state economy is an economy which seeks to find equilibrium between production, psychical wealth (capital) and population growth without excessing ecological limits. The economy aims for the efficient use of natural resources, but also seeks fair distribution of the wealth generated from the development of those resources.

**Links:**

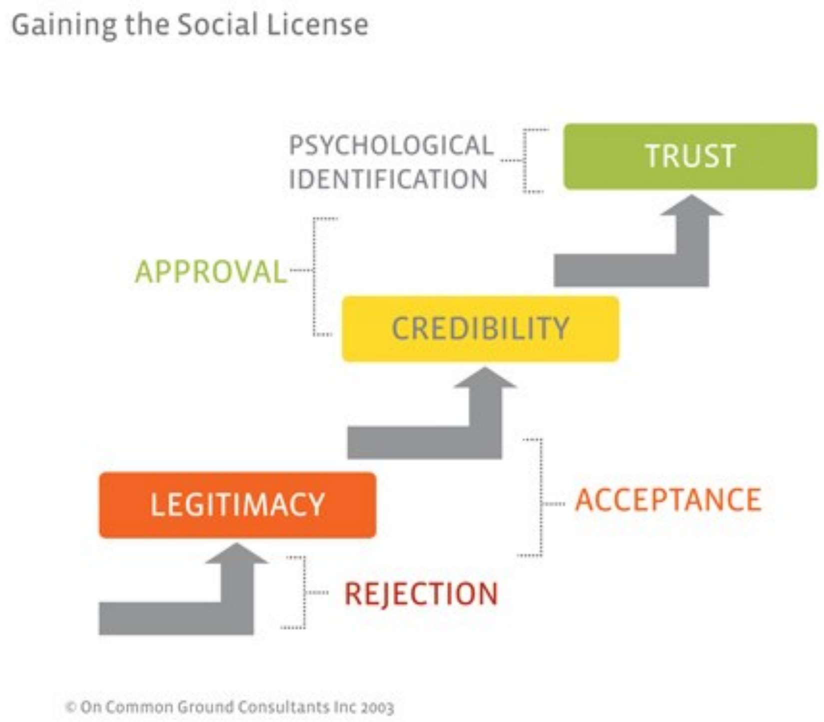
1) Center for Advancement of the steady state Economy: http://www.steadystate.org/
2) Investopedia: https://www.investopedia.com/terms/s/steady-state-economy.asp

## 52. Social Licence to Operate

Legal license to operate is granted by governments and regulatory bodies, however acquiring and maintaining the social license is not easy. The challenge in obtaining the social license is that there is no issuing organization or agency; it is a subjective concept.

Achieving social license entails earning public, community, and governments support. Achieving social license requires long term successful community engagement and is based on trust and mutually beneficial honouring partnerships.

Corporate behaviour and performance is not determined only by the obligations to comply with the law, but also by the pressures to demonstrate "beyond compliance" behaviour. Failure to meet minimum social expectations and respond to pressures has negative impacts on brand value reputation, projects, business opportunities, profitability and business survival.




**Link:**

1) Social License: https://socialicense.com/index.html

## 53. Sustainable Buildings

Sustainable Buildings, Green Buildings, or sustainable buildings is the practice of creating and using healthier and more resource-efficient models of construction, renovation, operation, maintenance and demolition.

The World Green Building Council (WGBC) is a global network of Green Building Councils which is transforming the places we live, work, play, heal and learn.

### Standards and Frameworks

**Leadership in Energy and Environmental Design (LEED).**
The green building certification program is created by the United States Green Building Council (USGBC). The comprehensive rating system (based on prerequisites and points) takes a whole building approach factoring in community resources & public transit, site characteristics, water efficiency, energy efficiency, materials & resources, indoor environmental quality, awareness & education, and innovation.

**Building Research Establishment Environmental Assessment Methodology (BREEAM).**
BREEAM sets the standard for best practice in sustainable building design, construction and operation and has become one of the most comprehensive and widely recognised measures of a building's environmental performance. Since it was first launched in 1990, has certified 250,000 buildings and over a million are registered for assessment. The measures used - to evaluate a building’s specification, design, construction and use - represent a broad range of categories and criteria from energy to ecology. They include aspects related to energy and water use, the internal environment (health and well-being), pollution, transport, materials, waste, ecology and management processes.

**Estidama**, which is the Arabic word for sustainability, is an initiative developed and promoted by the Abu Dhabi Urban Planning Council (UPC) Estidama arose from the need to properly plan, design, construct and operate sustainable developments with respect to the traditions. The framework seeks to assure that sustainability is continually addressed through four key pillars: environmental, economic, social and cultural. Estidama is a building design methodology for constructing and operating buildings and communities more sustainably. The program is not itself a green building rating system like LEED or BREEAM, but rather a collection of ideals that are imposed in an elective building code type of format. Within Estidama, however is a green building rating system called the Pearl Rating System that is utilized to evaluate sustainable building development practices.

### Example of National –local body

Sustainable Building Council (SBC) Greece is an independent, non-profit organisation which vision is to establish a sound sustainable culture and behaviour throughout the diverse nature of the built environment stakeholders in Greece. Sustainable Building Council Greece (SBC) is the official member of World Green Business Council and it is dedicated to research, education, certification, rating, consultation and advocacy in green building industry in Greece.

**Links:**

1) BREEAM: http://www.breeam.org/about.jsp?id=66
2) World Building Design Guide: http://www.wbdg.org/resources/gbs.php
3) Carboun: http://www.carboun.com
4) World Green Building Council: http://www.worldgbc.org/
5) http://www.epa.gov/greenbuilding/
6) Sustainable Building Council Greece: http://sbcgreece.org/en/homepage/
7) United States Green Building Council: http://www.usgbc.org/leed

## 54. Sustainable Cities

Sustainable cities are well-planned urban areas with consideration for social, economic, environmental impacts of population. Sustainable cities are characterized by a green economy, healthy and happy communities, and smart infrastructure. They are biodiverse, low-carbon, resilient and resource-efficient. A sustainable city is characterized by holistic thinking with policy initiatives spanning across areas such as business; education; consumption; infrastructure; public services; transport; environment and nature.

Sustainable cities are hubs for ideas, commerce, culture, science, productivity, social development and much more. Cities can promote economically, socially and environmentally sustainable societies if we adopt a holistic approach to urban development that ensure universal access to basic services, housing and mobility. Urban planning, transport systems, water, sanitation, waste management, disaster risk reduction, access to information, education and capacity-building are all relevant issues to be addressed.

**Interesting facts:**

- Half of humanity – 3.5 billion people – live in cities today.
- By 2030, almost 60 per cent of the world's population will live in urban areas.
- The world's cities occupy just 2 per cent of the Earth's land, but account for 60-80 per cent of energy consumption and 75 per cent of carbon emissions.

**Links:**

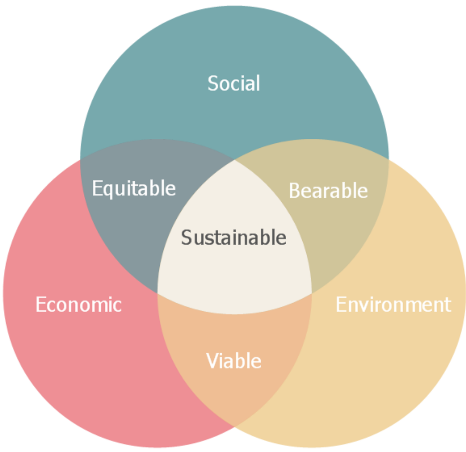
1) Sustainable Development Knowledge Platform: https://sustainabledevelopment.un.org/
2) Sustainable Cities: http://www.sustainablecities.eu/sustainable-cities-platform/
3) Sustainable Cities Institute: http://www.sustainablecitiesinstitute.org/
4) ICLEI - Local Governments for Sustainability: http://www.iclei.org/
5) Carboun: http://www.carboun.com
6) United Nations Development Program: http://www.undp.org/content/undp/en/home/sustainable-development-goals/goal-11-sustainable-cities-and-communities.html

## 55. Sustainability

**The word sustainability is derived from the Latin sustinere (tenere, which means to hold).**

Sustainability: The ability or capacity of something to be maintained or to sustain itself, to support, or endure. If an activity is said to be sustainable, it should be able to continue forever.

Sustainability is a holistic business that involves simultaneous pursuit of economic prosperity, environmental quality and social equity and maintains balance between social, environmental, and economic growth.




Sustainability is commonly conceptualised as having three dimensions, often symbolised as overlapping circles: social, environmental, financial. Society, economy and the environment, as the three pillars of sustainability, pose three characteristics: independency, inter-relation/inter-connection, and equality.

Sustainability is often used as synonymous to Sustainable Development. However, this is not entirely accurate. Sustainability is the destination, an end-state, and sustainable development is a means of getting there.

**Links:**

1) Circular Ecology: http://www.circularecology.com/sustainability-and-sustainable-development.html#.VE0NrRYfSml
2) United Nations Development Program: http://www.undp.org/content/undp/en/home/operations/social-and-environmental-sustainability-in-undp.html
3) Sustainability Knowledge Group: https://sustainabilityknowledgegroup.com/

## 56. Sustainability Assessment

In sustainability, assessment and measurement are concepts that go hand in hand; but assessment and measurement each entail a different process. In the measurement process, variables related to sustainable development are identified and data are collected and analysed with technically appropriate methods. During the assessment process, the performance is compared against a standard for a criterion (or for a number of criteria). Assessments are practical undertakings in evaluation and decision making with expected participation by stakeholders. These exercises must be meaningful for all the parties involved. An evaluation instrument aimed at strengthening the integration of sustainable development across all areas of decision making. It assesses social, economic and environmental impacts of projects, reveals goals, promotes optimisation, and focuses on strategic planning.

**Links:**

1) Organisation for Economic Co-operation and Development: http://www.oecd.org/greengrowth/39925248.pdf
2) B-Impact Assessment: http://bimpactassessment.net
3) ISSP S-core Sustainability Assessment: https://www.sustainabilityprofessionals.org/resources/s-core-sustainability-assessment
4) Sustainability Knowledge Group: https://sustainabilityknowledgegroup.com/resources/

## 57. Sustainability Key Performance Indicators (KPIs)

*"You Can't Manage What You Don't Measure".* As sustainability has become an integral part of how business is done, measuring sustainability is the way to improved and successful sustainability programs and strategies

Through Key Performance Indicators (KPIs) companies, organisations and institutions and Non-Governmental organisations (NGOs) define and measure progress toward organizational goals and evaluate their success at organizational or/and activity level. Sustainability KPIs should give an actual appraisal of the corporate performance and provide a balanced illustration of environmental, social and economic aspects, progress and impacts.

Sustainability KPIs can be qualitative or quantitative measures that assess all aspects of triple bottom line, paying particular attention to the material issues and therefore choosing the right KPIs can be a key ingredient to success. Sustainability reporting frameworks provide sets of indicators to assist reporters in their sustainability journey.

**Link:**

1) International Institute for Sustainable Development: http://www.iisd.org/pdf/2012/measuring_performance_communtiy_indicators.pdf

## 58. Sustainability Reporting

A sustainability report is a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities. A sustainability report presents the organization's values and governance model and demonstrates the link between its strategy and its commitment to a sustainable global economy.

Sustainability reporting is the process of disclosing the above information and can be done through a number of printed or online means.

**The Reports can be used for the following purposes:**

- Benchmarking and Assessing sustainability performance with respect to laws, norms, codes, performance standards, and voluntarily development,
- Demonstrating how the organisation influences and is influenced by sustainable development expectations,
- Comparing performance within organizations and between different organizations over time.


*Source: The Sustainability Reporter, Thomson Reuters, March 2017*

Sustainability reports are also called Corporate Social Responsibility (CSR), Environmental Social Governance (ESG), Sustainable Development reports, or Triple Bottom Line (TBL) reports. In conjunction with financial reports, are used by and stakeholders in evaluating the long-term viability of a company, the activities and performance and the value they create to the community in which they operate.

**Links:**

1) Global Reporting Initiative: https://www.globalreporting.org/standards
2) Corporate Register: http://www.corporateregister.com
3) Sustainability Knowledge Group: https://sustainabilityknowledgegroup.com/sustainability-reporting/

## 59. Sustainability Scorecard

Sustainability balanced scorecard is a concept that focuses on implementing strategy in a long-term period on an operational level including the KPIs from areas such as economy, ecology and society.

| Strategy Map | Objectives | Measures | Targets | Initiatives |
|---|---|---|---|---|
| Financial<br>Increase Profitability<br>Increase Revenue · Reduce Costs · Reduce Risk | • Increase Profitability<br>• Increase Revenue<br>• Reduce Costs<br>• Reduce Risk | • EBITDA<br>• Sales<br>• Operating Costs<br>• Ave. Cost of Capital | • $xxx<br>• $xxx<br>• $xxxx<br>• x% | • Enterprise Risk Management Program |
| Customer<br>Improve Value for Customers · Improve Stakeholder Relationships | • Improve Value for Customers<br>• Improve Stakeholder Relationships | • Customer Value Index<br>• Stakeholder Survey Results | • 5% change<br>• 98% Satisfaction | • NGO Partnership Initiative |
| Internal Process<br>Increase Innovation · Increase Operational Efficiency · Enhance Partnering Capability | • Increase Innovation<br>• Increase Operational Efficiency<br>• Enhance Partnering Capability | • % New Product Revenue<br>• Waste reduction<br>• GHG emissions<br>• Kwh used/$ of sales<br>• # New Partnerships | • 30%<br>• 65% reduction<br>• 40% reduction<br>• 35% reduction<br>• 5 | • Lean & Green Manufacturing Program |
| Organizational Capacity<br>Improve Culture · Improve Information Technology | • Improve Culture<br>• Improve Information Technology | • Employee culture score<br>• IT Maturity Score | • $85^{th}$ percentile<br>• 4.2 | • Life Cycle Assessment System<br>• Sustainability Training |

*Source: Balanced Scorecard Institute*

**Links:**

1) Balanced Scorecard Institute: http://www.balancedscorecard.org/portals/0/pdf/linkingsustainabilitytocorporatestrategyusingthebalancedscorecard.pdf
2) Sustainable Development Scorecard: https://thescorecard.org.uk
3) Blackburn, William R., "The Sustainability Handbook – The Complete Management Guide to Achieving Social, Economic and Environmental Responsibility, January 2016

## 60. Sustainability Strategy

Sustainability strategy is a holistic approach to business strategy which takes into consideration responsibilities related to environment, society, workplace and marketplace in daily operations. It is a unique tool for making business decisions, delivering clear actions and positive incomes for the optimisation of resources while managing risks and opportunities.

> *A coherent Sustainability strategy, based on integrity, sound values and a long-term approach can offer clear business benefits.*
>
> ***These cover:***
> - *a better alignment of corporate goals with those of society;*
> - *maintaining the company's reputation;*
> - *securing its continued license to operate;*
> - *and reducing its exposure to liabilities, risks and associated costs*

**Björn Stigson, President, World Business Council for Sustainable Development (WBCSD)**

**Links:**

1) Sustainability Knowledge Group: https://sustainabilityknowledgegroup.com/services/

## 61. Sustainable Development

Sustainable development: The development that meets the needs of the present without compromising the ability of future generations to meet their own needs. (Gro Brundtland, World Commission on Environment and Development (WCED), 1978). It implies responsible and proactive decision-making and innovation that minimizes negative impact.

Formally known as the World Commission on Environment and Development (WCED), the Brundtland Commission officially dissolved in December 1987 after releasing **Our Common Future**, also known as the **Brundtland Report**, in October 1987, a document which coined, and defined the meaning of the term **"Sustainable Development"**. Our Common Future won the **University of Louisville** **Grawemeyer Award** in 1991. The organization Center for Our Common Future was started in April 1988 to take the place of the Commission.

We hear about sustainable development, sustainable growth, sustainable economies, sustainable societies, and sustainable agriculture. Everything Is sustainable (Temple,1992).

**Links:**

1) Our Common Future, (Brundtland Report), 1987: http://www.un-documents.net/our-common-future.pdf
2) MOOC, Jeffrey Sachs - The Age of Sustainable Development, Lecture 1, Chapter 1: https://www.youtube.com/watch?v=x7PTbo4ZSW0#t=83

## 62. Sustainable Development Goals (SDGs)

Sustainable Development Goals (SDGs) refer to an agreement of the United Nations Conference on Sustainable Development held in Rio de Janeiro in June 2012 (Rio+20), to develop a set of future international development goals and converge with the post 2015 development agenda. The SDGs follow and build on the Millennium Development Goals established in 2000 and replace them with more inclusive goals to be achieved in until 2030.

On September 25th 2015, countries adopted a set of goals to **end poverty**, **protect the planet** and **ensure prosperity for all** as part of a new sustainable development agenda. Each goal has specific targets to be achieved over the next 15 year.

Achieving the SDGs could create 380 million jobs and help unlock at least $12 trillion in opportunities for business by 2030, which is stated in a flagship report from The Business & Sustainable Development Commission.

Although there are 17 specific goals, it is crucial for companies and organisations to understand that they are not expected to integrate all of them in their business operations, but, select the ones that are relevant to their business sector, size, maturity and strategic priorities. All SDGs provide a great source of inspiration in defining business strategies, innovation and investment decisions, but companies need to pick the ones they relate to and can have the most impact on.

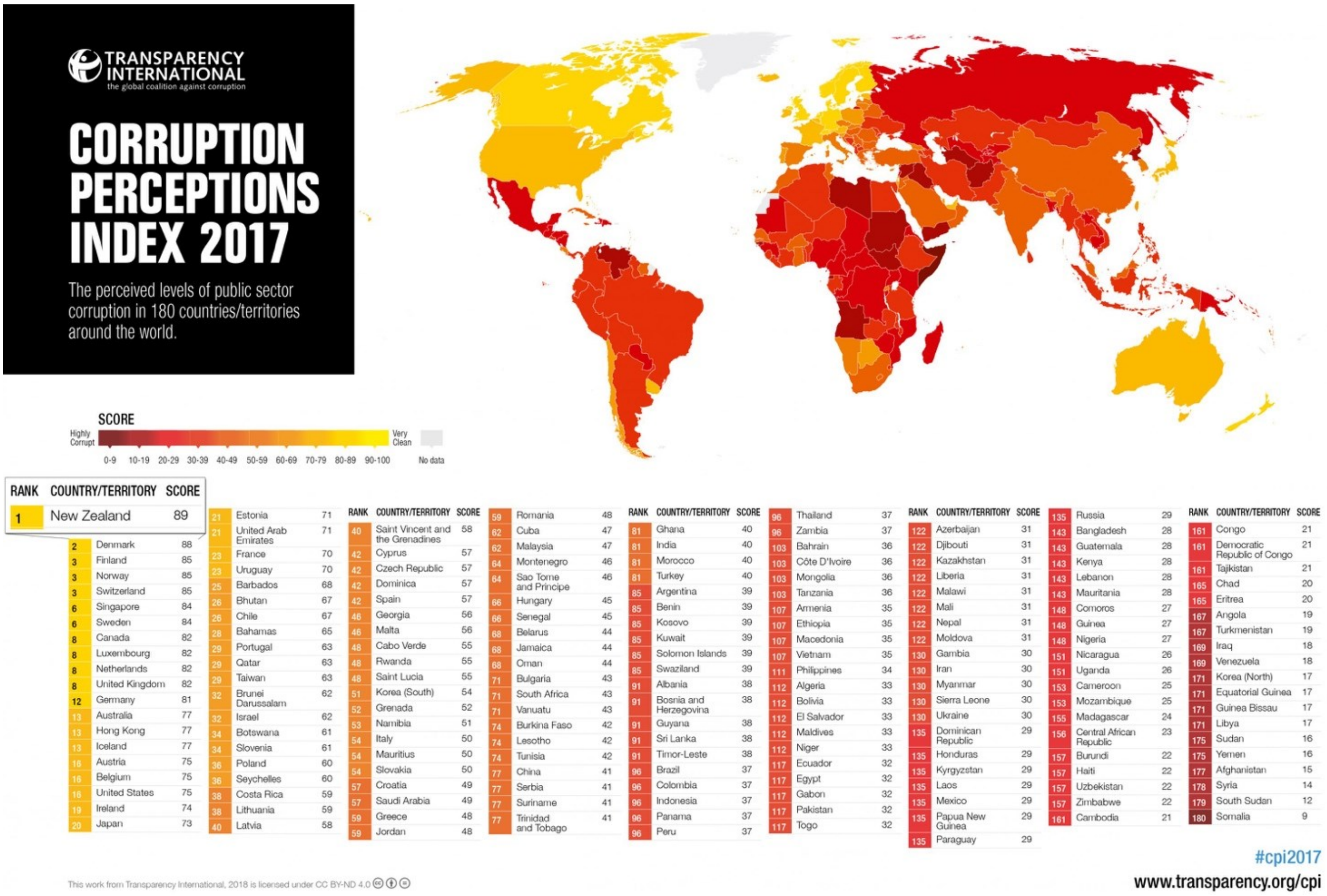

**Links:**

1) UN Conference on Sustainable Development: http://sustainabledevelopment.un.org/index.php?menu=1565
2) The Business & Sustainable Development Commission: http://report.businesscommission.org/report
3) United Ntions: https://www.un.org/sustainabledevelopment/sustainable-development-goals/
4) Sustainability Knowledge Group: https://sustainabilityknowledgegroup.com/sdgs-and-the-new-business-paradigm-for-growth/

The need for greater accountability is clear, and leaders cannot look the other way. But recognising the problem is only the first step – governments need to turn pledges into actions. All citizens deserve bribe-free services, and leaders that are answerable to the public, not to powerful friends.

Corruption is the abuse of entrusted power for private gain. It hurts everyone who depends on the integrity of people in a position of authority.

Many of these exchanges also participate in the Sustainable Stock Exchanges (SSE) initiative, which is a peer-to-peer learning platform for exploring how exchanges can work together with investors, regulators, and companies to enhance corporate transparency. Created by the United Nations (UN)




| RANK | COUNTRY/TERRITORY | SCORE |
|---|---|---|
| 1 | New Zealand | 89 |
| 2 | Denmark | 88 |
| 3 | Finland | 85 |
| 3 | Norway | 85 |
| 3 | Switzerland | 85 |
| 6 | Singapore | 84 |
| 6 | Sweden | 84 |
| 8 | Canada | 82 |
| 8 | Luxembourg | 82 |
| 8 | Netherlands | 82 |
| 8 | United Kingdom | 82 |
| 12 | Germany | 81 |
| 13 | Australia | 77 |
| 13 | Hong Kong | 77 |
| 13 | Iceland | 77 |
| 16 | Austria | 75 |
| 16 | Belgium | 75 |
| 16 | United States | 75 |
| 19 | Ireland | 74 |
| 20 | Japan | 73 |
| 21 | Estonia | 71 |
| 21 | United Arab Emirates | 71 |
| 23 | France | 70 |
| 23 | Uruguay | 70 |
| 25 | Barbados | 68 |
| 26 | Bhutan | 67 |
| 26 | Chile | 67 |
| 28 | Bahamas | 65 |
| 29 | Portugal | 63 |
| 29 | Qatar | 63 |
| 29 | Taiwan | 63 |
| 32 | Brunei Darussalam | 62 |
| 32 | Israel | 62 |
| 34 | Botswana | 61 |
| 34 | Slovenia | 61 |
| 36 | Poland | 60 |
| 36 | Seychelles | 60 |
| 38 | Costa Rica | 59 |
| 38 | Lithuania | 59 |
| 40 | Latvia | 58 |
| 40 | Saint Vincent and the Grenadines | 58 |
| 42 | Cyprus | 57 |
| 42 | Czech Republic | 57 |
| 42 | Dominica | 57 |
| 42 | Spain | 57 |
| 46 | Georgia | 56 |
| 46 | Malta | 56 |
| 48 | Cabo Verde | 55 |
| 48 | Rwanda | 55 |
| 48 | Saint Lucia | 55 |
| 51 | Korea (South) | 54 |
| 52 | Grenada | 52 |
| 53 | Namibia | 51 |
| 54 | Italy | 50 |
| 54 | Mauritius | 50 |
| 54 | Slovakia | 50 |
| 57 | Croatia | 49 |
| 57 | Saudi Arabia | 49 |
| 59 | Greece | 48 |
| 59 | Jordan | 48 |
| 59 | Romania | 48 |
| 62 | Cuba | 47 |
| 62 | Malaysia | 47 |
| 64 | Montenegro | 46 |
| 64 | Sao Tome and Principe | 46 |
| 66 | Hungary | 45 |
| 66 | Senegal | 45 |
| 68 | Belarus | 44 |
| 68 | Jamaica | 44 |
| 68 | Oman | 44 |
| 71 | Bulgaria | 43 |
| 71 | South Africa | 43 |
| 71 | Vanuatu | 43 |
| 74 | Burkina Faso | 42 |
| 74 | Lesotho | 42 |
| 74 | Tunisia | 42 |
| 77 | China | 41 |
| 77 | Serbia | 41 |
| 77 | Suriname | 41 |
| 77 | Trinidad and Tobago | 41 |
| 81 | Ghana | 40 |
| 81 | India | 40 |
| 81 | Morocco | 40 |
| 81 | Turkey | 40 |
| 85 | Argentina | 39 |
| 85 | Benin | 39 |
| 85 | Kosovo | 39 |
| 85 | Kuwait | 39 |
| 85 | Solomon Islands | 39 |
| 85 | Swaziland | 39 |
| 91 | Albania | 38 |
| 91 | Bosnia and Herzegovina | 38 |
| 91 | Guyana | 38 |
| 91 | Sri Lanka | 38 |
| 91 | Timor-Leste | 38 |
| 96 | Brazil | 37 |
| 96 | Colombia | 37 |
| 96 | Indonesia | 37 |
| 96 | Panama | 37 |
| 96 | Peru | 37 |
| 96 | Thailand | 37 |
| 96 | Zambia | 37 |
| 103 | Bahrain | 36 |
| 103 | Côte D'Ivoire | 36 |
| 103 | Mongolia | 36 |
| 103 | Tanzania | 36 |
| 107 | Armenia | 35 |
| 107 | Ethiopia | 35 |
| 107 | Macedonia | 35 |
| 107 | Vietnam | 35 |
| 111 | Philippines | 34 |
| 112 | Algeria | 33 |
| 112 | Bolivia | 33 |
| 112 | El Salvador | 33 |
| 112 | Maldives | 33 |
| 112 | Niger | 33 |
| 117 | Ecuador | 32 |
| 117 | Egypt | 32 |
| 117 | Gabon | 32 |
| 117 | Pakistan | 32 |
| 117 | Togo | 32 |
| 122 | Azerbaijan | 31 |
| 122 | Djibouti | 31 |
| 122 | Kazakhstan | 31 |
| 122 | Liberia | 31 |
| 122 | Malawi | 31 |
| 122 | Mali | 31 |
| 122 | Nepal | 31 |
| 122 | Moldova | 31 |
| 130 | Gambia | 30 |
| 130 | Iran | 30 |
| 130 | Myanmar | 30 |
| 130 | Sierra Leone | 30 |
| 130 | Ukraine | 30 |
| 135 | Dominican Republic | 29 |
| 135 | Honduras | 29 |
| 135 | Kyrgyzstan | 29 |
| 135 | Laos | 29 |
| 135 | Mexico | 29 |
| 135 | Papua New Guinea | 29 |
| 135 | Paraguay | 29 |
| 135 | Russia | 29 |
| 143 | Bangladesh | 28 |
| 143 | Guatemala | 28 |
| 143 | Kenya | 28 |
| 143 | Lebanon | 28 |
| 143 | Mauritania | 28 |
| 148 | Comoros | 27 |
| 148 | Guinea | 27 |
| 148 | Nigeria | 27 |
| 151 | Nicaragua | 26 |
| 151 | Uganda | 26 |
| 153 | Cameroon | 25 |
| 153 | Mozambique | 25 |
| 155 | Madagascar | 24 |
| 156 | Central African Republic | 23 |
| 157 | Burundi | 22 |
| 157 | Haiti | 22 |
| 157 | Uzbekistan | 22 |
| 157 | Zimbabwe | 22 |
| 161 | Cambodia | 21 |
| 161 | Congo | 21 |
| 161 | Democratic Republic of Congo | 21 |
| 161 | Tajikistan | 21 |
| 165 | Chad | 20 |
| 165 | Eritrea | 20 |
| 167 | Angola | 19 |
| 167 | Turkmenistan | 19 |
| 169 | Iraq | 18 |
| 169 | Venezuela | 18 |
| 171 | Korea (North) | 17 |
| 171 | Equatorial Guinea | 17 |
| 171 | Guinea Bissau | 17 |
| 171 | Libya | 17 |
| 175 | Sudan | 16 |
| 175 | Yemen | 16 |
| 177 | Afghanistan | 15 |
| 178 | Syria | 14 |
| 179 | South Sudan | 12 |
| 180 | Somalia | 9 |

Following the creation of the SSE initiative, the Ceres' Investor Network on Climate Risk (INCR) formed the Investor Initiative for Sustainable Exchanges Working Group to support the SSE initiative, and to coordinate engagement with stock exchanges worldwide.

**Links:**

1) Transparency International: https://ww.transparency.org/
2) Sustainable Stock Exchanges (SSE) Initiative: http://www.sseinitiative.org/sse-partner-exchanges/
3) Global Reporting Initiative: https://www.globalreporting.org/standards/gri-standards-download-center/gri-205-anti-corruption/

## 64. Transparency Rules on Social Responsibility

The Council of the European Union adopted on the 29th September 2016 a directive for the disclosure of non-financial and diversity information by certain large companies (47/14 and 13265/14 ADD 1 REV 1). The new measures are aimed at strengthening the company's transparency and accountability, while limiting any undue administrative burden, and ensuring a level playing field across the EU.

They will be incorporated into the directive on the annual financial statements and reports of certain types of undertakings, which was adopted on 26 June 2013. The new provisions will be applicable to public interest entities over 500 employees. Some 6.000 public interest entities in the EU would fall under the scope of the directive. Non-financial reporting is vital for managing change towards a sustainable global economy by combining long-term profitability with social justice and environmental protection. It also helps monitoring undertakings' performance and their impact on society.

**The directive provides the EU with the first legislation on non-financial information reporting.**
Corporate Social Responsibility is an enabling tool for business productivity and contributes to a smart and sustainable growth. It is therefore intended to bring benefits not only to shareholders but also for stakeholders and citizens alike. Member states will have two years to incorporate the new provisions into domestic law, which will be applicable in 2017.

**Links:**
The full press releases are available here:
1) http://europa.eu/rapid/press-release_IP-17-1702_en.html
2) http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/intm/144945.pdf

## 65. Triple Bottom Line

Triple bottom line (abbreviated as TBL or 3BL) is a framework with three parts: social, environmental (or ecological) and financial. These three divisions are also called the three Ps: people, planet and profit, or the "three pillars of sustainability". It aims to measure the financial, social and environmental performance of the corporation over a period of time. Only a company that produces a TBL is taking account of the full cost involved in doing business.

The triple bottom line was first fully explained by John Elkington in his 1997 book "Cannibals With Forks: The Triple Bottom Line of 21st Century Business". Traditionally, business success (or failure) is measured in terms of its economic performance. A business is considered to be successful if it has generated a sufficient financial return from its investments, financing activities and operating activities. The triple bottom line takes into account three criteria for assessing organisational performance; economic, social and environmental.

**Links:**
1) Economist: http://www.economist.com/node/14301663
2) Elkington, J., “Cannibals with Forks: the Triple Bottom Line of 21st Century Business”, Capstone, 1997

## 66. United Nations Global Compact (UNGC)

Launched in July 2000, the UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible and sustainable corporate policies and practices.

The UN Global Compact is the world's largest corporate sustainability movement with 8,000 corporate signatories and 4,000 other stakeholder from 145 countries – representing nearly every industry sector and size, and hailing equally from developed and developing countries. In 2012 alone, 1,425 companies from over 100 countries joined the initiative.

The UN Global Compact is not a regulatory instrument, but rather a voluntary initiative that relies on public accountability, transparency and disclosure to complement regulation and to provide a space for innovation and collective action. The UN Global Compact works toward the vision of a sustainable and inclusive global economy which delivers lasting benefits to people, communities, and markets.

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

### Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
- Principle 2: make sure that they are not complicit in human rights abuses

### Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4: the elimination of all forms of forced and compulsory labour
- Principle 5: the effective abolition of child labour
- Principle 6: the elimination of discrimination in respect of employment and occupation

### Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges
- Principle 8: undertake initiatives to promote greater environmental responsibility
- Principle 9: encourage the development and diffusion of environmentally friendly technologies

### Anti-Corruption

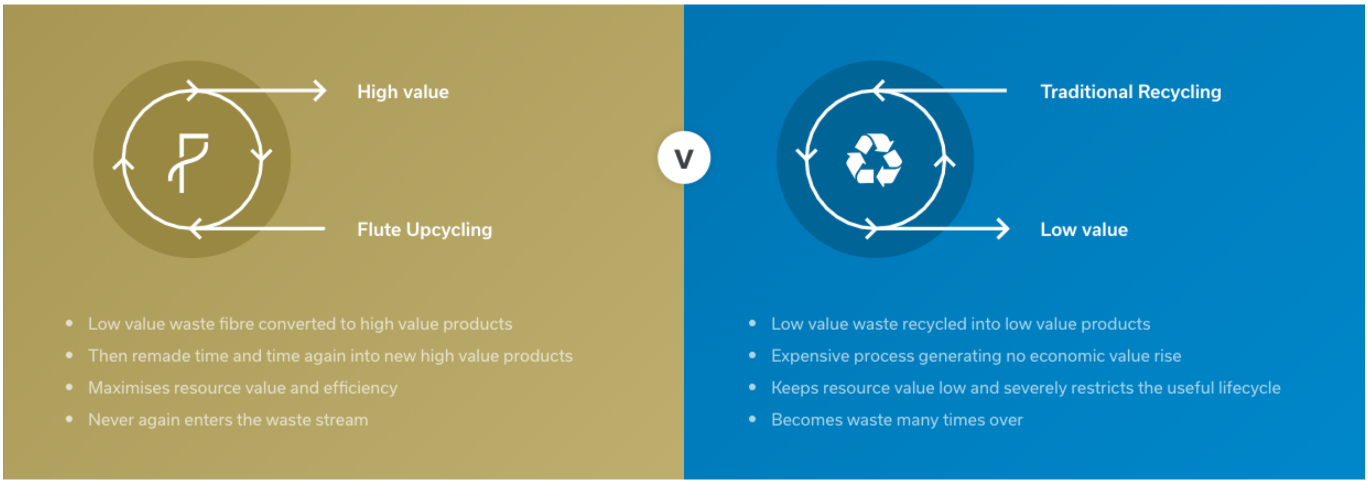
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

**Link:**

1) United Nations Global Compact: https://www.unglobalcompact.org

## 67. Upcycling

Upcycling is the process of converting waste materials or useless products into new materials or products of better quality or for better environmental value. A process that can be repeated in perpetuity of returning materials back to a pliable, usable form without degradation to their latent value—moving resources back up the supply chain. Upcycling is the one of the easiest way to apply circular economy




*Source: www.fluteupcycling.com*

**Link:**
1) Intercongreen: https://intercongreen.com/2010/02/17/recycling-vs-upcycling-what-is-the-difference/

## 68. Venture Philanthropy

Venture Philanthropy is a type of impact investments which companies the features, techniques of venture capital finance and business management in order to achieve philanthropic endeavors.

Venture philanthropy uses many of the tools of venture funding to promote start-up, growth and risk-taking social ventures. It plays an important role in diversifying capital markets for non-profits and social purpose organisations. The field is small but maturing. Organisations include BonVenture in Germany, Impetus Trust and CAN-Breakthrough in the UK, d.o.b. Foundation in the Netherlands, Good Deed Foundation in Estonia, Invest for Children in Spain, Oltre Venture in Italy and Social Venture Partners and Venture Philanthropy Partners in the US.

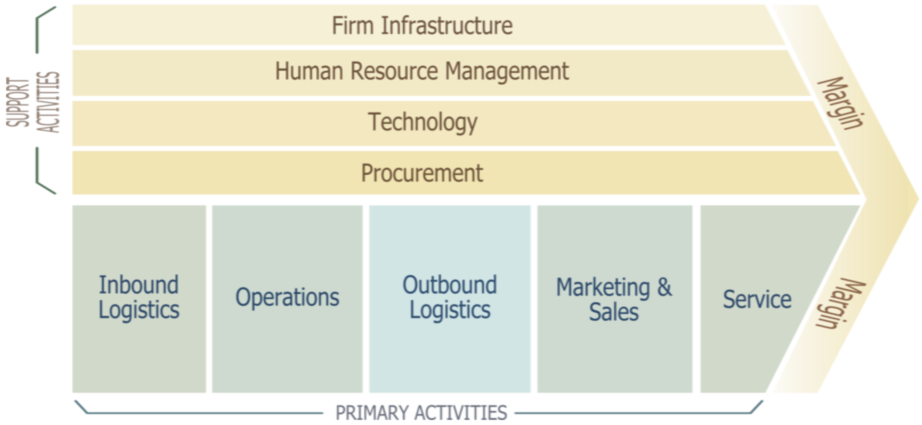
**Links:**

1) Investopedia: https://www.investopedia.com/terms/v/venture-philanthropy.asp - ixzz5B2aWGOXG
2) European Venture Philanthropy Association: https://evpa.eu.com/

## 69. Value Chain

Value Chain is a model developed by Michael Porter which includes steps in the production starting from inputs of raw materials, transformational processes and outputs, consuming the business resources such as money, labor, materials, land, equipment and management.

**Not all businesses have all of these activities which are required to create value added products and services.**




**Link:**

1) Porter, Michael E., "Competitive Advantage", 1985, Ch. 1, pp 11-15.
2) Sustainability Advantage: https://sustainabilityadvantage.com

## 70. Water Footprint

Water footprint is an indicator of freshwater use that looks at both direct and indirect water use of a consumer or producer. The Concept of “water footprint” was introduced by Hoekstra in 2002.

Water footprint is a comprehensive measure of freshwater consumption that connects consumptive water use to a certain place, time, and type of water resource. A water footprint can be calculated for almost anything – a product, a person, or a land area, by following accounting practices that have been standardized by the Water Footprint Network. The water footprint calculation includes the total amount of freshwater consumed along the supply chain of a product. Water footprint differs from the typical measure of water use, water withdrawals, because water footprint only accounts for consumptive water use, which is water that becomes unavailable locally in the short term due to evaporation or quality decline.

Water footprint accounts separately for three types of freshwater consumption: (1) green water use, which is consumption from rainfall; (2) blue water use, which is consumption from groundwater or surface water; and (3) grey water use, which would be the dilution water required to reduce pollutant concentrations to acceptable values.

**Links:**

1) Water Footprint Network: http://www.waterfootprint.org/
2) EDIS (University of Florida): http://edis.ifas.ufl.edu/ae484
3) http://www.unep.or.jp/ietc/ws/news-apr10/S3_3_MrYoshihiroMizutani.pdf
4) http://www.waterfootprint.org/?page=cal/waterfootprintcalculator_indv

## 71. Zero Waste

Zero Waste means designing and managing products and processes to systematically avoid and eliminate the volume and toxicity of waste and materials, conserve and recover all resources, and not burn or bury them. Implementing Zero Waste will eliminate all discharges to land, water or air that are a threat to planetary, human, animal or plant health.

The **Zero Waste International Alliance** (ZWIA) has a Recognition Program for Zero Waste Businesses for non-hazardous wastes. This provides a framework for ZWIA approved national organizations to recognize businesses that are operating in their country in keeping with the ZWIA **Definition of Zero Waste** and ZWIA **Zero Waste Business Principles**.

**Links:**

1) Zero Waste International Alliance: http://zwia.org/standards/zw-definition
2) ZWIA Business Recognition: http://zwia.org/standards/zw-business-principles/b/

## Opening of the High-level Segment of COP23

**Excellencies,**
**Distinguished delegates,**
**Ladies and Gentlemen,**

I thank Prime Minister Bainimarana for his remarks. And I want to congratulate him for his remarkable Presidency of COP23. My sincere gratitude for the excellent work that Fiji, the Government of Fiji and yourself, Prime Minister, have done.

And you are right. We need more ambition. We must go further and faster together.

It is fitting that this year's conference is led by Fiji, a nation on the frontlines.

Last month I visited other small islands facing the impacts of a warming world: Antigua and Barbuda, and Dominica.

The hurricanes' damage was beyond belief.

The catastrophic effects of climate change are upon us.

And the voice of small island State that are on the frontlines of the impact of climate change must the voice of us all.

In the battlefield, when the frontline is decimated, the whole army is lost. And the same would happen to the planet with climate change.

Floods, fires, extreme storms and drought are growing in intensity and frequency.

Atmospheric levels of carbon dioxide are higher than they have been for 800,000 years.

Climate change is the defining threat of our time.

Our duty -- to each other and to future generations -- is to raise ambition.

**We need to do more on five ambition action areas: emissions, adaptation, finance, partnerships and leadership.**

### First, reducing emissions.

The latest UN Environment Programme Emissions Gap Report shows that current pledges will only deliver a third of what is needed to stay in the safety zones of the Paris Agreement.

The Global Carbon Project reported earlier this week that 2017 will see the first increase in CO2 emissions in three years.

The window of opportunity to meet the 2-degree target may close in 20 years or less.

And we may have only five years to bend the emissions curve towards 1.5 degrees.

We need at least a further 25 per cent cut in emissions by 2020.

Yet there are also encouraging signs of progress.

For years, many insisted that lowering emissions would stifle growth, and that high emissions were the unavoidable cost of progress.

Today that dogma is dead. We are beginning to de-couple emissions from economic growth.

Massive economies such as China and India are on track to surpass their Paris pledges.

Carbon markets are growing and merging. The Green Bond market is expanding.

It is crucial for all countries to follow through on their Paris commitments.

The agreement itself calls for raising ambition -- and so I urge you to use the 2020 revision of the Nationally Determined Contributions to close the 2030 emissions gap.

**The second area for greater ambition is adaptation.**

Mitigation is essential, but climate change is already upon us, and will only worsen in the short-term.

It is essential that we adapt and that we strengthen resilience.

The Green Climate Fund can play a catalytic role on this, and I appeal to its members, especially donor nations, to bring this mechanism fully to life.

I have also asked the UN system to promote adaptation and resilience efforts at the country level.

**Carbon markets are growing and merging. The Green Bond market is expanding**

I commend the 2015 pledge by G7 nations to provide insurance against extreme weather events for 400 million more vulnerable people by 2020.

And I welcome the announcement here in Bonn, led by the Government of Germany, to fast forward this ambition.

The insurance industry itself has long sounded the alarm about climate change.

The industry is keen to promote coverage for people at risk -- and it is pressing business and governments alike to figure climate shocks into their planning, policies and operations.

I will do everything to facilitate these efforts.

**Third, finance.**

Greater ambition on emissions, adaptation and resilience is inextricably linked to funding.

We need to mobilize the agreed 100-billion-dollars annually for developing countries.

Upholding this promise is essential for building confidence and trust.

It is crucial for enabling all countries, but especially the most vulnerable, to face inevitable climate impacts and to grow their economies cleanly.

In addition, markets can and must play a central role in financing a low-carbon, climate-resilient future.

Yet markets need to be re-oriented away from the counter-productive and the short-term.

In 2016, an estimated 825 billion dollars were invested in fossil fuels and high-emissions sectors.

We must stop making bets on an unsustainable future that will place savings and societies at risk.

Earlier this year, a report by the Organization for Economic Cooperation and Development showed that bringing together the growth and climate agendas could add 1 per cent to average economic output in the G20 countries by 2021.

If we add the economic benefits of avoiding the devastation of climate change impacts, gross domestic product in 2050 would soar by 5 per cent.

Infrastructure investment will be crucial.

The world should adopt a simple rule: if big infrastructure projects are not green, they should not be given the green light.

Otherwise we will be locked into bad choices for decades to come.

Investing in climate-friendly development is where the smart money is headed.

I welcome the initiative of President Macron to convene the “One Planet summit” next month to focus on financing.

**I will be working to scale up international financing in renewable and energy efficiency projects to reduce at least 1 gigaton or more of carbon emissions by 2020.**

The formation of a clean energy investment coalition, as proposed by Denmark, is an idea worth pursuing.

**Last year, carbon pricing initiatives generated 22 billion dollars.**

We should also work with greater determination towards carbon pricing.

This is a key instrument for driving down greenhouse gas emissions.

More than half of the nationally determined contributions to the Paris Agreement cite the need for carbon pricing.

Growing carbon markets in Europe and North America, and China’s expected announcement of one of the world’s largest emissions trading systems, are a good sign.

But to meet the Paris goals we need at least 50 per cent global coverage and a higher price on carbon to drive large-scale climate action.

I urge G20 countries to set a strong example.

### The fourth ambition action [area] is partnerships.

The dramatic steps we need require action coalitions across all key sectors and by all actors.

Partnership –with the private sector, local and regional governments and civil society -- will make or break efforts to implement the Paris Agreement.

In particular, the only way to keep below 2 degrees and as close as possible to 1.5 degrees is to mobilize the private sector to move on an energy transformation.

With government incentives, such as clean energy and transport policies, business can move the markets to promote the green economy we need.

We need to engage global technology giants, the oil and gas sector and the automotive industry so their business plans are consistent with the Paris goals.

And we need to engage the agricultural and forestry sectors to ensure climate friendly land use.

But we must engage all actors -- national, regional and local governments, philanthropists and investors and consumers -- in the transformation to a low-emission economy.

Cities and civil society can and must play a crucial role in bringing about this fundamental shift.

Next year, the Governor of California and my special envoy Michael Bloomberg, together with Anand Mahindra, will bring together cities, states, businesses and citizens' groups to encourage further commitments from these vital actors.

One can see action everywhere, at all scales, at all levels, involving an ever-wider landscape of actors and institutions.

Let us build on this momentum.

**Fifth, we need heights of political leadership.**

Solutions to climate change will enable us to meet many of the goals of the 2030 Agenda for Sustainable Development.

I encourage you to be bold in your deliberations and decisions here in Bonn – and at home.

By embracing low-carbon climate-resilient policy making, you can set the world on the right path.

And where you lead, business and civil society will follow.

In September 2019, I will convene a Climate Summit to mobilize political and economic energy at the highest levels.

More immediately -- in this 20th anniversary year of the adoption of the Kyoto Protocol and the 25th anniversary of the adoption of the Climate Change Convention -- I call on all relevant nations that have not done it so to ratify the Doha Amendment.

I also call on world leaders to ratify and implement the Kigali Amendment to phase down the use of hydrofluorocarbons, which destroy the ozone layer.

I can think of no greater way to show your people that you care for the well-being of your citizens than to claim the mantle of climate leadership.

Show courage in combatting entrenched interests.

Show wisdom in investing in the opportunities of the future.

Show compassion in caring what kind of world we build for our children.

As a former politician myself, I have no doubt that in today's world, this is the path to progress today and a meaningful legacy for tomorrow.

Excellencies, Ladies and Gentlemen,

Ultimately, there is only one ambition that matters – to build a secure world of peace, prosperity, dignity and opportunity for all people on a healthy planet: sustainable and inclusive development.

The world counts on your wisdom and foresight.

**Thank you very much.**

**UN Secretary António Guterres,**

**Conference of Parties (COP 23), 15 November 2017, Bon**

## Larry Fink’s annual letter to CEOs “A Sense of Purpose”

**Dear CEO,**

As BlackRock approaches its 30th anniversary this year, I have had the opportunity to reflect on the most pressing issues facing investors today and how BlackRock must adapt to serve our clients more effectively. It is a great privilege and responsibility to manage the assets clients have entrusted to us, most of which are invested for long-term goals such as retirement. As a fiduciary, BlackRock engages with companies to drive the sustainable, long-term growth that our clients need to meet their goals.

In 2017, equities enjoyed an extraordinary run – with record highs across a wide range of sectors – and yet popular frustration and apprehension about the future simultaneously reached new heights. We are seeing a paradox of high returns and high anxiety. Since the financial crisis, those with capital have reaped enormous benefits. At the same time, many individuals across the world are facing a combination of low rates, low wage growth, and inadequate retirement systems. Many don’t have the financial capacity, the resources, or the tools to save effectively; those who are invested are too often over-allocated to cash. For millions, the prospect of a secure retirement is slipping further and further away – especially among workers with less education, whose job security is increasingly tenuous. I believe these trends are a major source of the anxiety and polarization that we see across the world today.

We also see many governments failing to prepare for the future, on issues ranging from retirement and infrastructure to automation and worker retraining. As a result, society increasingly is turning to the private sector and asking that companies respond to broader societal challenges. Indeed, the public expectations of your company have never been greater. Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate.

Without a sense of purpose, no company, either public or private, can achieve its full potential. It will ultimately lose the license to operate from key stakeholders. It will succumb to short-term pressures to distribute earnings, and, in the process, sacrifice investments in employee development, innovation, and capital expenditures that are necessary for long-term growth. It will remain exposed to activist campaigns that articulate a clearer goal, even if that goal serves only the shortest and narrowest of objectives. And ultimately, that company will provide subpar returns to the investors who depend on it to finance their retirement, home purchases, or higher education.

### A new model for corporate governance

Globally, investors’ increasing use of index funds is driving a transformation in BlackRock’s fiduciary responsibility and the wider landscape of corporate governance. In the $1.7 trillion in active funds we manage, BlackRock can choose to sell the securities of a company if we are doubtful about its strategic direction or long-term growth. In managing our index funds, however, BlackRock cannot express its disapproval by selling the company’s securities as long as that company remains in the relevant index. As a result, our responsibility to engage and vote is more important than ever. In this sense, index investors are the ultimate long-term investors – providing patient capital for companies to grow and prosper.

Just as the responsibilities your company faces have grown, so too have the responsibilities of asset managers. We must be active, engaged agents on behalf of the clients invested with BlackRock, who are the true owners of your company. This responsibility goes beyond casting proxy votes at annual meetings – it means investing the time and resources necessary to foster long-term value.

The time has come for a new model of shareholder engagement – one that strengthens and deepens communication between shareholders and the companies that they own. I have written before that companies have been too focused on quarterly results; similarly, shareholder engagement has been too focused on annual meetings and proxy votes. If engagement is to be meaningful and productive – if we collectively are going to focus on benefitting shareholders instead of wasting time and money in proxy fights – then engagement needs to be a year-round conversation about improving long-term value.

BlackRock recognizes and embraces our responsibility to help drive this change. Over the past several years, we have undertaken a concentrated effort to evolve our approach, led by Michelle Edkins, our global head of investment stewardship. Since 2011, Michelle has helped transform our practice from one predominantly focused on proxy voting towards an approach based on engagement with companies.

The growth of indexing demands that we now take this function to a new level. Reflecting the growing importance of investment stewardship, I have asked Barbara Novick, Vice Chairman and a co-founder of BlackRock, to oversee the firm's efforts. Michelle will continue to lead the global investment stewardship group day-to-day. We also intend to double the size of the investment stewardship team over the next three years. The growth of our team will help foster even more effective engagement with your company by building a framework for deeper, more frequent, and more productive conversations.

## Your strategy, your board, and your purpose

In order to make engagement with shareholders as productive as possible, companies must be able to describe their strategy for long-term growth. I want to reiterate our request, outlined in past letters, that you publicly articulate your company's strategic framework for long-term value creation and explicitly affirm that it has been reviewed by your board of directors. This demonstrates to investors that your board is engaged with the strategic direction of the company. When we meet with directors, we also expect them to describe the Board process for overseeing your strategy.

The statement of long-term strategy is essential to understanding a company's actions and policies, its preparation for potential challenges, and the context of its shorter-term decisions. Your company's strategy must articulate a path to achieve financial performance. To sustain that performance, however, you must also understand the societal impact of your business as well as the ways that broad, structural trends – from slow wage growth to rising automation to climate change – affect your potential for growth.

These strategy statements are not meant to be set in stone – rather, they should continue to evolve along with the business environment and explicitly recognize possible areas of investor dissatisfaction. Of course, we recognize that the market is far more comfortable with 10Qs and colored proxy cards than complex strategy discussions. But a central reason for the rise of activism – and wasteful proxy fights – is that companies have not been explicit enough about their long-term strategies.

In the United States, for example, companies should explain to investors how the significant changes to tax law fit into their long-term strategy. What will you do with increased after-tax cash flow, and how will you use it to create long-term value? This is a particularly critical moment for companies to explain their long-term plans to investors. Tax changes will embolden those activists with a short-term focus to demand answers on the use of increased cash flows, and companies who have not already developed and explained their plans will find it difficult to defend against these campaigns. The U.S. tax bill is only one such example – regardless of a company's jurisdiction, it is your responsibility to explain to shareholders how major legislative or regulatory changes will impact not just next year's balance sheet, but also your long-term strategy for growth.

Where activists do offer valuable ideas – which is more often than some detractors suggest – we encourage companies to begin discussions early, to engage with shareholders like BlackRock, and to bring other critical stakeholders to the table. But when a company waits until a proxy proposal to engage or fails to express its long-term strategy in a compelling manner, we believe the opportunity for meaningful dialogue has often already been missed.

The board's engagement in developing your long-term strategy is essential because an engaged board and a long-term approach are valuable indicators of a company's ability to create long-term value for shareholders. Just as we seek deeper conversation between companies and shareholders, we also ask that directors assume deeper involvement with a firm's long-term strategy. Boards meet only periodically, but their responsibility is continuous. Directors whose knowledge is derived only from sporadic meetings are not fulfilling their duty to shareholders. Likewise, executives who view boards as a nuisance only undermine themselves and the company's prospects for long-term growth.

We also will continue to emphasize the importance of a diverse board. Boards with a diverse mix of genders, ethnicities, career experiences, and ways of thinking have, as a result, a more diverse and aware mindset. They are less likely to succumb to groupthink or miss new threats to a company's business model. And they are better able to identify opportunities that promote long-term growth.

Furthermore, the board is essential to helping a company articulate and pursue its purpose, as well as respond to the questions that are increasingly important to its investors, its consumers, and the communities in which it operates. In the current environment, these stakeholders are demanding that companies exercise leadership on a broader range of issues. And they are right to: a company's ability to manage environmental, social, and governance matters demonstrates the leadership and good governance that is so essential to sustainable growth, which is why we are increasingly integrating these issues into our investment process.

Companies must ask themselves: What role do we play in the community? How are we managing our impact on the environment? Are we working to create a diverse workforce? Are we adapting to technological change? Are we providing the retraining and opportunities that our employees and our business will need to adjust to an increasingly automated world? Are we using behavioral finance and other tools to prepare workers for retirement, so that they invest in a way that will help them achieve their goals?

As we enter 2018, BlackRock is eager to participate in discussions about long-term value creation and work to build a better framework for serving all your stakeholders. Today, our clients – who are your company's owners – are asking you to demonstrate the leadership and clarity that will drive not only their own investment returns, but also the prosperity and security of their fellow citizens. We look forward to engaging with you on these issues.

***Laurence D. Fink***
***Chairman and Chief Executive Officer***
***Founder, Chairman and Chief Executive Officer of BlackRock, Inc.***

SUSTAINABILITY KNOWLEDGE GROUP

Sustainability Knowledge Group

2018