

### Responsible Investment – Common terms

**Carbon Risk Management:** How well a company is managing ESG risk and opportunities in respect of climate change.

**Clean Technology/ Weight in Clean Technology:** the weight of a portfolio invested in companies whose products and services include clean technology. Products and services eligible for inclusion include Alternative Energy, Energy Efficiency, Green Building, Pollution Prevention, Sustainable Water.

**Coal Reserves/ Portfolio exposure to thermal coal reserves:** the weight of a portfolio invested in companies that own thermal coal reserves.

**Divestment/exclusion/negative screening:** The exclusion, usually on moral grounds, of particular types of investment.

**Engagement:** dialogue with a company concerning particular aspects of its strategy, governance, policies, practices, and so on. Engagement includes escalation activity where concerns are not addressed within a reasonable time frame.

**ESG Factors:** determinants of an investments likely risk or return that relate to issues associated with the environment, society or corporate governance.

**Financed emissions:** The Greenhouse gas emissions linked to the investment and lending activities of Financial institutions such as banks, insurers and investment managers.

**Fossil Fuel Reserves/ Portfolio exposure to fossil fuel reserves:** the weight of a portfolio invested in companies that own fossil fuel reserves.

**Physical risk/ climate physical risk:** the financial risks and opportunities associated with the anticipated increase in frequency and severity of extreme weather events and other phenomena, including storms, flooding, sea level rise and changing seasonal extremities.

**Portfolio Carbon Footprint/ Carbon Footprint:** A proxy for a portfolio's exposure to potential climate-related risks (especially the cost of carbon), often compared to a performance benchmark. It is calculated by working out the carbon intensity (Scope 1+2 Emissions / \$M sales) for each portfolio company and calculating the weighted average by portfolio weight.

**Responsible Investment:** the integration of financially material environmental, social and corporate governance (ESG) factors into investment processes both before and after the investment decision.

**Scope 1 Greenhouse Gas Emissions:** Direct emissions from owner or sources controlled by the owner, including: on-campus combustion of fossil fuels; and mobile combustion of fossil fuels by institution-controlled vehicles.

**Scope 2 Greenhouse Gas Emissions:** Indirect emissions from the generation of purchased energy

**Scope 3 Greenhouse Gas Emissions:** Indirect emissions that are not controlled by the institution but occur as a result of that institutions activities. Examples include commuting, waste disposal and embodied emissions from extraction.

**SDG:** Sustainable Development Goals established by the UN Department for Economic and Social Affairs. There are 17 goals in total and each goal has a number of sub targets that support the overall goal. A list of the 17 high level goals is shown at the end of this glossary.

**Stewardship:** the promotion of the long-term success of companies in such a way that the ultimate providers of capital also prosper, using techniques including engagement and voting.

**TCFD:** Taskforce on Climate Related Financial Disclosures, A body established by the Financial Stability Board, providing a best practice framework for climate related disclosures.

**Transition risk/ climate transition risk:** the financial risks and opportunities associated with the anticipated transition to a lower carbon economy. This can include technological progress, shifts in subsidies and taxes, and changes to consumer preferences or market sentiment.

**Voting:** the act of casting the votes bestowed upon an investor, usually in virtue of the investor's ownership of ordinary shares in publicly listed companies.

## **UN Sustainable Development Goals**

- 1 - End poverty in all its forms everywhere
- 2 – End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
- 3 – Ensure healthy lives and promote well being for all at all ages.
- 4 – Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- 5 – Achieve gender equality and empower all women and girls.
- 6 – Ensure availability and sustainable management of water and sanitation for all.
- 7 – Ensure access to affordable, reliable, sustainable, and modern energy for all.
- 8 – Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.
- 9 – Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
- 10 – Reduce inequality within and among countries.
- 11 – Make cities and human settlements inclusive, safe, resilient, and sustainable.
- 12 – Ensure sustainable consumption and production patterns.
- 13 – Take urgent action to combat climate change and its impacts.
- 14 – Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.
- 15 – Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

16 – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels.

17- Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.