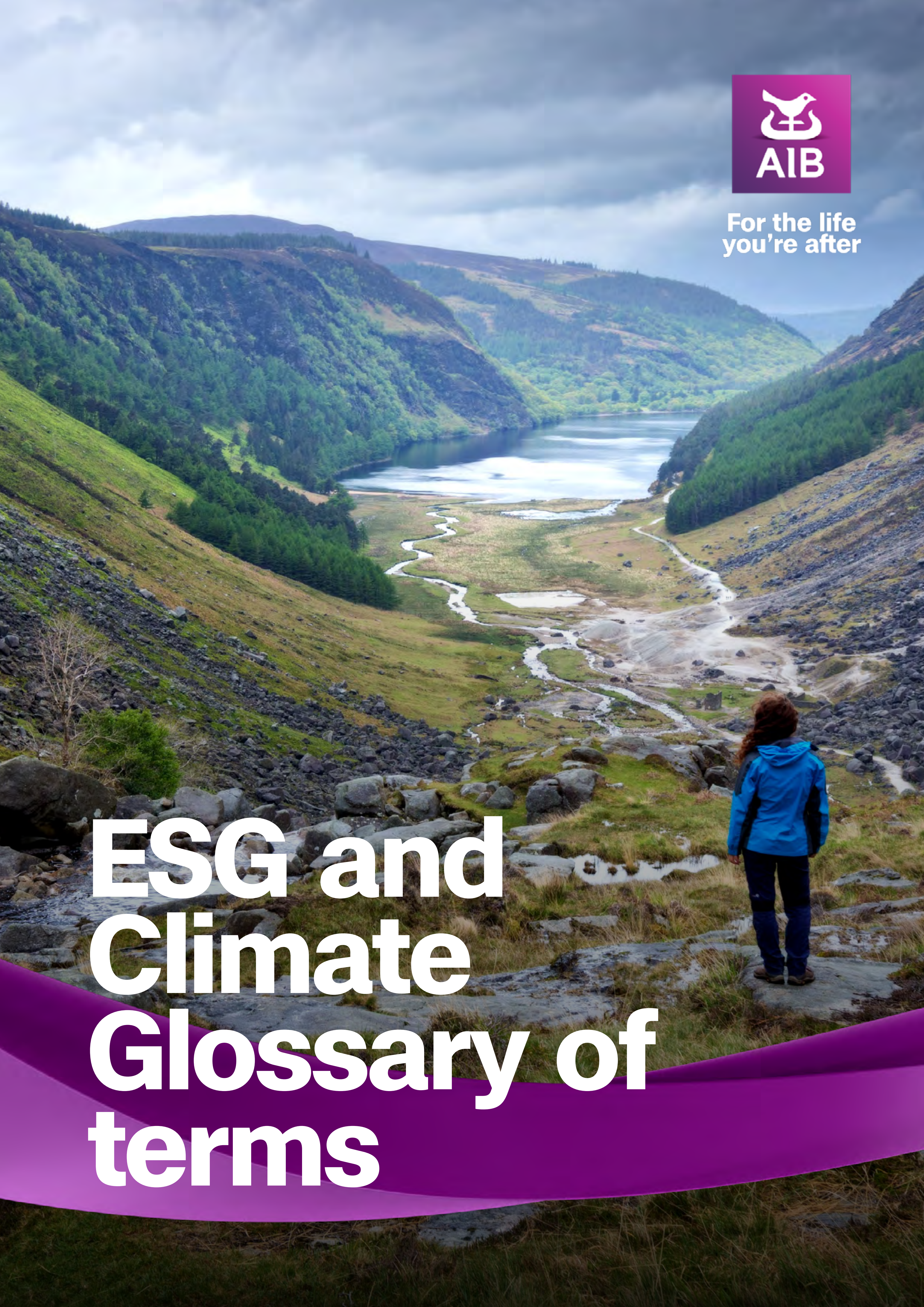

AIB

For the life you're after

ESG and Climate Glossary of terms

Term	Definition
Adaptation	Change (adapt) in response to the current or future impacts of climate change. E.g. Improving flood protection and defence systems.
Biodiversity	This refers to the variety of plant and animal life in an area and how they interact within habitats and ecosystems (like lakes and native forests). Often used interchangeably with `nature'. Biodiversity is crucial to the efficient functioning of ecosystems. `Natural capital' is a wider term that also encompasses water, soil and air.
Biomethane	This is a naturally occurring gas that has been processed and can be used as a source of renewable energy. It is produced through matter like animal and plant material.
Carbon Budgets	A carbon budget is how some countries set a limit in policy or law on how much greenhouse gases they emit over a fixed time. In Ireland, the carbon budget will be set by law. The Climate Action and Low Carbon Development (Amendment) Act sets out how carbon budgets will be set in Ireland. Government will put the carbon budget in place with advice from the Climate Change Advisory Council. A series of carbon budgets will be made and each one covers five years.
Carbon Capture and Storage (CCS)	An as-yet largely unproven technology that prevents the release of carbon dioxide into the atmosphere by removing it before combustion or capturing it afterwards and storing it. Many climate models assume a materially positive impact from CCS, though it is unlikely to make a material contribution for some time.
Carbon Footprint	An organisation's carbon footprint is the sum of all greenhouse gas emissions, which were induced both directly and indirectly by your activities in a given time frame.
Carbon Neutral	Achieving parity between emissions created and offsets. Carbon neutrality does not involve a commitment to reduce overall emissions. A business can achieve carbon neutrality even if the emissions it creates are increasing. In contrast, net zero is achieved by reducing the level of emissions a company creates with any residual amounts emitted matched by removal. Purchasing carbon reduction credits equivalent to emissions released, without the need for emissions reduction to take place.
Carbon Intensity	In finance, carbon emissions divided by revenues. Used as a metric to compare emissions performance within a sector and at the portfolio level.

Term	Definition
Carbon Offsetting	Offsetting is used by companies to compensate for their emissions by paying others to reduce emissions or absorb CO2. Offsetting can be either via `emission reduction' e.g. funding the roll-out of clean energy technology or `carbon removal' e.g. planting forests to sequester carbon out of the atmosphere. Most offsets available today are emission reductions, which are necessary but not sufficient to achieve and maintain net zero in the long run. Carbon removals scrub carbon directly from the atmosphere which can counteract ongoing emissions after net zero is achieved, as well as create the possibility of net removal for those actors who choose to remove more carbon than they emit. Companies should first take all possible steps to reduce their own emissions before relying on offsets.
Carbon Tax	In Ireland, this means a charge on fossil fuels, based on their carbon content. It aims to encourage us to reduce the use of fossil fuels, and, therefore, reduce our emissions. Example: we pay carbon tax on oil, petrol, and diesel
Carbon Sequestration and Storage	This involves removing carbon emissions from the air and storing it securely for a long period. Examples: Carbon dioxide can be captured and stored by forests and oceans. (See 'Carbon Sinks')
CDP	CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts. The CDP have developed a system for assessing companies, cities, regions, and state's environmental performance. The system includes a standardised questionnaire and grading system. The CDP questionnaire asks companies, cities, regions, and states to disclose how they measure and manage risks and opportunities related to climate change water security and deforestation. This is done as the request of their investors, purchasers, and stakeholders.
Circular Economy	An economic system that steps away from the traditional linear process of 'take, make and throw away'. It is based on the reuse and regeneration of materials or products, especially as a means of continuing production in a sustainable or environmentally friendly way.
Climate Action Fund	The Government Climate Action Fund supports initiatives and projects that help to achieve Ireland's climate and energy targets in a cost-effective way. The fund supports projects that without it would not happen. It encourages innovative projects to develop climate change solutions.
Climate Change	This is a change in long-term weather patterns due to natural forces, or human activity, or both.
Climate Transition	The transition to a warmer, low carbon economy. Planning for this includes preparing for social changes resulting from the impact that policy, technology, market and reputational changes will have.
Corporate Sustainability Reporting Directive (CSRD)	Corporate Sustainability Reporting Directive: CSRD is a directive, proposed by the European Commission on 21 April 2021. This aims to increase transparency on corporate sustainability performance. Companies not previously required to report under the predecessor to CSRD will now be expected to comply with a broad range of reporting requirements.. The CSRD considers existing frameworks such as the EU Taxonomy, Sustainable Finance Disclosure Regulation (SFDR), Green Benchmarks regulation, as well as environmental legislation (product life cycle and emission trading).

Term	Definition
Decarbonisation	The term used for removal or reduction of carbon dioxide (CO_2) output into the atmosphere. Decarbonisation is achieved by switching to usage of low carbon energy sources.
Ecovadis	Ecovadis have developed an assessment which evaluates a company's sustainability principles and policies in their business and management systems Their methodology is built on international sustainability standards, including the Global Reporting Initiative, the United Nations Global Compact, and the ISO 26000.
Emissions	These are gases or particles released into the air that can contribute to global warming or poor air quality.
Embodied Carbon (emissions)	Refers to the emissions associated with all the activities of procuring, mining, harvesting raw materials, transforming these materials into construction products, transporting them to site and incorporating them into a building.
ESG & Sustainability	While sustainability can mean different things to different companies and is broad in its scope, it may be measured through the Environmental, Social & Governance (ESG) lens. Environmental factors concern a company's stewardship of the environment. Social factors encapsulate a company's approach to dealing with employees, customers, companies in its supply chain and local communities. Governance deals with systems and processes by which companies are controlled, including executive compensation, risk management and internal controls. ESG provides a specific set of criteria — namely, environmental, social, and governance — that is data-driven, and that companies can measure and report against.
European Green Deal	Set of policy initiatives by the European Commission aiming to make Europe climate neutral by 2050
Greenhouse Gas Protocol	An internationally recognised guidance framework for calculating an organisation's carbon footprint.
Greenwashing	Falsely claiming or exaggerating sustainable characteristics or environmental benefits provided by a fund, business practice or company. Regulation such as SFDR in Europe aims, in part, to combat greenwashing by promoting greater standardisation within ESG investing. "Rainbow washing" is the same idea, with regards to use of the Sustainable Development Goals.
GRI	Global Reporting Initiative is an is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights, and corruption.
Human Rights	Human rights are a way to frame people-related issues, as defined by the UN global frameworks, starting with the Universal Declaration of Human Rights, adopted by the UN General Assembly in 1948. This is split into two international covenants: one on civil and political rights, ratified by 172 countries, and the other on economic, social, and cultural rights, ratified by 160 countries.
IPCC: Intergovernmental Panel on Climate Change	The Intergovernmental Panel on Climate Change (IPCC) is the United Nations body for assessing the science related to climate change. The IPCC regularly release comprehensive Assessment Report on climate change, its causes, potential impacts, and response options.

Term	Definition
Microgeneration	This means producing amounts of electricity – from an installation up to 50 kilowatt capacity (a kilowatt – kW – is a unit of measurement of power) from renewable sources like solar, wind and hydro, typically for the electricity user's own use. Producing your own electricity in this way can help to reduce your electricity bills and help the environment. Examples: Electricity generated from solar panels on our buildings.
Natural Capital	The world's stock of natural assets, including all living things, soil, air, water and geological assets. It is from this natural capital that humans derive a wide range of services (often called ecosystem services) which make human life possible (World Forum on Natural Capital).
Net-Zero	Reducing emissions in line with latest climate science, and balancing remaining residual emissions through carbon removal credits.
Operational Emissions	The emissions associated with the energy consumption of an occupied building when in use i.e. the energy used for heating, cooling, ventilation, lighting and it equipment.
Paris Agreement	The Paris agreement is a set of legally binding long-term goals agreed by world leaders at UN Climate Change Conference (COP21) in Paris in 2015. The agreement guides all nations om how to substantially reduce global greenhouse gas emissions to limit the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees.
Science Based Target Initiative	The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. Setting a Science based target would be considered best practice in Corporate Sustainability.
Scope 1	Scope 1 emissions are direct emissions from company-owned and controlled resources. In other words, emissions are released into the atmosphere as a direct result of a set of activities, at a firm level. e.g. facilities and company owned fleet (Vehicles).
Scope 2	Scope 2 emissions are indirect emissions from the generation of purchased energy.
Scope 3	Scope 3 emissions are all indirect emissions – not included in scope 2 – that occur in the value chain of the reporting company, including both upstream and downstream emissions.
Sustainable Energy Authority of Ireland (SEAI)	The Sustainable Energy Authority of Ireland is Ireland's national energy authority. SEAI works with Government, homeowners, businesses, and communities to help create a clean energy future.
UN Sustainable Development Goals	The United Nations Sustainable Development Goals are 17 interlinked goals with 169 targets that all UN Member States have agreed to work towards achieving by the year 2030. SDGs often guide and feed into companies own ESG frameworks.

Term	Definition
UN Global Compact (UNGC)	A corporate sustainability initiative that calls on businesses to align with universal principles on corruption, human rights, labour and environmental issues and to take strategic action to advance broader societal goals, such as the UN Sustainable Development Goals. A collaboration between a growing number (currently c.13,000) of companies. Investors can use the UNGC for investment by determining whether companies are following them or in breach. Data providers will provide data and analysis that can be used for this purpose and investors should do additional due diligence to determine if firm behaviours are in line with the principles.