

Key Terminology

Absolute Emissions – absolute emissions are the attributed share of total GHG emissions for a portfolio and is expressed in Tonnes of CO₂.

Carbon Intensity – the emissions rate per £m sales.

Carbon Footprint – the emissions rate per £m invested.

Science Based Targets Initiative (SBTi) - a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). SBTi mobilises the private sector to take the lead on climate action. Whilst also showing companies and financial institutions how much and how quickly they need to reduce their greenhouse gas (GHG) emissions to prevent the worst effects of climate change.

Scope 1 Emissions – refer to direct greenhouse gas (GHG) emissions that occur from sources that are controlled or owned by an organisation.

Scope 2 Emissions – are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling.

Scope 3 Emissions – all indirect emissions (not included in scope 2) that occur in the value chain.

TCFD – The Financial Stability Board (FSB) created the TCFD to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks—risks related to climate change.

PRI - The Principles of Responsible Investment works to:

- understand the investment implications of environmental, social and governance (ESG) factors;
- support its international network of investor signatories in incorporating these factors into their investment and ownership decisions