



**ESG & SUSTAINABILITY**

# Demystifying ESG: Quick Reference Guide

COSOL Sustainability Suite: Simplify Reporting & Unlock Opportunity





## ESG & SUSTAINABILITY

Every day we are faced with copious concepts and technical terms about the state of our planet and how people can make a difference. Add to this an abundance of acronyms, it is very easy to get muddled, even for dedicated environmentalists.

Climate change, emissions reductions targets, biodiversity loss, ESG, the list goes on and on and will continue to grow as the pressure to prioritise sustainability increases.

So to get us all on the same page, COSOL's Sustainability Suite team put together this cheat sheet as a quick reference guide for your convenience.

### Disclaimer:

These terms have been written based on sources from multiple reputable national and international organisations. The purpose of this document is as a quick reference guide. It is also a living document and will be updated if and when new information is presented. COSOL do not take any legal responsibility or ownership over the definitions or enactment of these concepts and definitions.

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# COSOL's Demystifying ESG - Common Terms

Term	Meaning	Context
ESG	<p>Environmental, Social and Governance (ESG). ESG is a set of standards which refer to the three main criteria for measuring sustainability.</p> <p>These factors are used to evaluate sustainability and ethics for long-term societal wellbeing, in investing or business.</p>	<p>ESG is an important concept to explain and help measure the complexity of sustainability, particularly for the private sector. It can be seen as the evolution of Corporate Social Responsibility (CSR) but with more grunt as it involves monitoring and reporting on metrics and targets.</p> <p>The 'E' in ESG refers to a company's impact on the environment, including climate change, pollution and resource depletion. So, E = mitigating environmental impacts like: Greenhouse Gas Emissions, biodiversity loss, water pollution, climate change, warming oceans, overpopulation, toxic ecocide from war, increasing demand for oil due to geopolitical conflicts arising out of the global north's military industrial complex.</p> <p>The 'S' refers to the social impact of a company such as labour practises, diversity and inclusion and community involvement. So, S = striving for supply chain equity and recognition, labour standards, fair and safe work practices, quality/fairness of products (penalising planned obsolescence), enabling circular economic principles, accessibility of product/service, etc.</p> <p>The 'G' refers to a company's governance practices such as, procurement, executive compensation and shareholder rights. So, G = Organisational Diversity, Equity and Inclusion (DEI), Corporate governance and behaviour (business ethics and morality, ethical board structure).</p> <p>Also it is important to note that each ESG element is interconnected and cannot exist in isolation from one another. For example, Social overlaps with Environmental and Governance when companies seek to comply with environmental laws and broader concerns about sustainability. It would be impossible to have sound ESG credentials if you have a renewable energy supply chain, which relies on modern slavery. And your company might only be aware of this overlap, if it has an integrated and ethical corporate, for instance.</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">McKinsey - Five Ways ESG Creates Value</a></li> <li>• <a href="#">PwC Australia - ESG</a></li> <li>• <a href="#">Harvard - Introduction to ESG</a></li> </ul>
Carbon Footprint	<p>Is the total amount greenhouse gas emissions from human activities. This can be measured at company /corporation and individual levels.</p>	<p>The concept of a 'Carbon Footprint' is a great way to visualise what impact your company is having on the environment. The term started off as a way to measure individual footprints but has now been broadened out to put the onus on companies to measure their total carbon footprint, which as you can imagine is far greater and much more of a complex task than measuring individual footprints.</p> <p>As it is a visual concept, and in a constant state of flux, having a reporting and predictive tool like Sustainability Suite can take the complexity out of a mammoth task and go beyond just calculating your footprint to enabling you to strategise for top and bottom line growth.</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Nature - What is Your Carbon Footprint</a></li> <li>• <a href="#">Centre for Sustainable Systems – Carbon Footprint Factsheet</a></li> </ul>



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<b>Climate Change</b>	Long term shifts/spikes in weather patterns and temperature.	<p>Since the industrial revolution around 200 years ago, human activities have increasingly caused unprecedented global warming and pollution mainly due to the burning of fossil fuels for industry and industrialisation of our food systems such as agriculture. This in turn is changing the stability of the climate as we know it and increasing extreme and unpredictable weather events such as floods, cyclones and bushfires, rapid species loss, a hotter and increasingly inhabitable world for all living creatures.</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">United Nations – What is Climate Change?</a></li> <li>• <a href="#">World Bank Group - Needed: A Climate-Smart Food System</a></li> <li>• <a href="#">Climate Trade- The World's most Polluting Industries</a></li> </ul>
<b>Greenhouse Gas (GHG)</b>	All gases trapping heat in the atmosphere, causing global warming, a 'greenhouse effect' which then impacts the earth's climate and all ecosystem functions.	<p>Under the Kyoto Protocol, GHG Inventory ,there are seven GHG: Carbon dioxide (CO2), Methane (CH4), Nitrous oxide (N2O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur hexafluoride (SF6), Nitrogen trifluoride (NF3)</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">National Atmospheric Emissions Inventory- Overview of GHG</a></li> <li>• <a href="#">IPCC – Reports</a></li> <li>• <a href="#">NASA- The Causes of Climate Change</a></li> </ul>
<b>Carbon Accounting</b>	A general term to indicate measuring and tracking the costs, incomings and outgoings organisation's greenhouse gas emissions.	<p>There are several standards and protocols for measuring these metrics, so it is important to do you research and see which standard is applicable to your business and region. It is seen as an essential tool in the fight against climate change.</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">IBM – What is Carbon Accounting?</a></li> <li>• <a href="#">Sustain Life - Carbon Accounting 101</a></li> </ul>
<b>Emission Scoping</b>	Next step after carbon accounting is emission scoping, which groups/categorises the data from carbon accounting. It also defines the scope of an organisations' Green House Gas emissions and is key to figuring out an organisation's 'carbon footprint'.	<p>There are three emission scopes:</p> <ul style="list-style-type: none"> <li>• covers direct emissions from an organisation's owned or controlled sources</li> <li>• emissions associated with purchased electricity/energy/gas,</li> <li>• covers the full extent of indirect emissions that occur in an organisation's value chain eg emissions from transportation of goods to purchased materials.</li> </ul> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Greenhouse Gas Protocol – Standards and Guidance</a></li> <li>• <a href="#">Sustain Life- What are scope 1, 2 and 3 emissions?</a></li> </ul>



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<b>Decarbonisation</b>	Reducing or eliminating carbon dioxide emissions to combat climate change.	<p>Decarbonisation is often used in the context of the economy ie for strategies to work towards a 'low carbon economy'. The concept of decarbonisation arose in prominence following the 2015 Paris Climate Agreement. The 2015 Paris Agreement set decarbonisation targets to limit global warming to well below 2°C above pre-industrial levels, with the ambition for the global economy to reach net-zero by 2050. The urgency for decarbonisation stems from the incontrovertible evidence of climate change, driven by escalating concentrations of GHGs in our atmosphere. These gases, primarily CO2 from burning fossil fuels, trap heat in our atmosphere, which lead to a myriad of global climate disruptions.</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Deloitte – What is Decarbonisation?</a></li> <li>• <a href="#">Plan A – What is Decarbonisation</a></li> </ul>
<b>Carbon Neutral</b>	This refers to achieving a balance between the amount of CO2 emitted and the amount removed from the atmosphere.	<p>In other words, carbon neutrality involves reducing carbon emissions as much as possible and then offsetting the remaining emissions by investing in projects that remove or offset an equivalent amount of carbon dioxide from the atmosphere.</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">National Grid - Carbon Neutral vs Net Zero</a></li> <li>• <a href="#">Swinburne – What does it mean to be Carbon Neutral</a></li> </ul>
<b>Net Zero</b>	Achieving balance between Greenhouse Gas emissions produced and removed.	<p>Net zero takes the concept of 'carbon neutrality' a step further. It involves reducing all GHG emissions as much as possible and gives emphasis to bringing net emissions down to zero. This means that any remaining emissions are not simply offset, but are actively eliminated. The Intergovernmental Panel on Climate Change (IPCC) concluded the need for net zero GHG by 2050 to remain consistent with 1.5C. of warming on pre-industrial levels.</p> <p>The Australian Government has legislated Australia's commitment to be net zero by 2050 and to reduce emissions by 43 per cent below 2005 levels by 2030. On top of that, the Paris agreement remains afoot. That means more than 196 countries globally agree to reducing the sources and enhancing the sinks of greenhouse gases to limit warming to two degrees Celsius above pre-industrial levels.</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">IPCC – Special Report Global Warming 1.5</a></li> <li>• <a href="#">MIT – Explained: the 1.5 C Climate Benchmark</a></li> <li>• <a href="#">Australian Government – Climate Commitments</a></li> </ul>



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<b>Carbon Negative</b>	When an organisation/collective/individual can demonstrate they take out more CO2 pollution from the atmosphere than they emit.	<p>Carbon dioxide removal encompasses a wide array of approaches that capture carbon dioxide (CO2) that is already in the atmosphere or ocean. The CO2 can then be stored in geological, biobased, and ocean reservoirs or in value-added products. For example, it can be stored in low-carbon concrete and natural sinks such as forests, soils, wetlands, and oceans to create negative emissions (i.e., when more carbon is removed from the atmosphere or ocean than is generated by its removal).</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">ANU – Tasmania goes net carbon negative by reducing logging</a></li> <li>• <a href="#">US Department of Energy – Carbon Negative Shot</a></li> <li>• <a href="#">Harvard – Carbon Negativity in Bhutan</a></li> </ul>
<b>Sustainability Reporting Framework</b>	Guidelines for organisations to report on its Environmental, Social, and Governance performance.	<p>Sustainability Reporting Frameworks are often high-level guidelines or approaches that provide organisations with a structure to identify, assess, and report on sustainability issues relevant to their operations. They are also referred to as ESG frameworks or ESG reporting frameworks.</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Global Reporting Initiative – Sustainability Standards</a></li> <li>• <a href="#">Carbon Better – Sustainability Frameworks</a></li> </ul>
<b>Green-washing</b>	Is a marketing tactic used by companies to make their products and services appear more environmentally friendly than what they are.	<p>Greenwashing is a huge concern for everyone. No one wants to be labelled as having participated greenwashing. In addition to the obvious PR risks, there are heavy fines being given to companies found to be Greenwashing. In extreme cases Greenwashing goes beyond exaggeration, to actually completely fabricating environmental claims in order to divert attention away from their negative and polluting environmental impacts. The European Parliament already have a ban on Greenwashing and companies face a fine of up to 4% of their annual turnover if found guilty of greenwashing.</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">EDO – Greenwashing in Energy, Mining and Transport Sectors</a></li> <li>• <a href="#">ASIC – How to Avoid Greenwashing</a></li> <li>• <a href="#">Natural Resource Defence Council – What is Greenwashing?</a></li> </ul>



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<b>Green-hushing</b>	Has arisen out of a company/organisation's fear of being accused of greenwashing, so they chose to remain quiet/silent about their environmental agenda/goals or lack of.	<p>Greenhushing can be avoided by sound data management, increasing confidence to be transparent about your environmental impact.</p> <p>Authentic environmental claims, and therefore the social licence to promote an organisation's ESG have a place in business communications and marketing. Investors are interested, the community is interested, and so are staff, government etc. There is a strong case for celebrating good, if your company is genuinely making a tangible effort to reduce and track their environmental impact, then it should be shouted from the rooftop. Beyond the positive PR impacts of data backed 'green' efforts, it may just inspire other leaders and organisations.</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Inside Climate News – Greenhushing on the Rise</a></li> <li>• <a href="#">Sustainability News – 10 Sustainability Terms</a></li> </ul>
<b>Environmental Management Systems (EMS)</b>	Systematic approach to managing environmental performance.	<p>This is essentially what <a href="#">COSOL's Sustainability Suite</a> enables. The sustainability tech team is dynamic and can work in with pre-existing EMS to ensure previous work is integrated with the final real-time and forecasting streamlined solution. An EMS offers a collaborative and systematic approach that organizations can use to reduce the environmental impacts of their operations.</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">ISO Global – Environment Management System</a></li> <li>• <a href="#">United States EPA – Benefits of an EMS</a></li> </ul>
<b>Corporate Social Responsibility (CSR)</b>	Company's commitment to ethical and responsible operation.	<p>In today's world, businesses are expected to be accountable for how their practices impact society and the environment. CSR is no longer just a respected business practice, but a consumer-driven demand. That means it's becoming increasingly important to understand what corporate social responsibility is and how it influences business practices. Firms are often guided by a concept known as the triple bottom line, which dictates that a business should be committed to measuring its social and environmental impact, sustainability efforts, and profits.</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Victoria University – What is Corporate Social Responsibility?</a></li> <li>• <a href="#">Harvard– What is Corporate Social Responsibility?</a></li> </ul>



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<b>United Nations Sustainable Development Goals (SDGs)</b>	Seventeen goals were created in 2015 by every United Nations member state. The goals were part of the 2030 Agenda for Sustainable Development.	<p>The seventeen goals are:</p> <p>No poverty (SDG 1), Zero hunger (SDG 2), Good health and well-being (SDG 3), Quality education (SDG 4), Gender equality (SDG 5), Clean water and sanitation (SDG 6), Affordable and clean energy (SDG 7), Decent work and economic growth (SDG 8), Industry, innovation and infrastructure (SDG 9), Reduced inequalities (SDG 10), Sustainable cities and communities (SDG 11), Responsible consumption and production (SDG 12), Climate action (SDG 13), Life below water (SDG 14), Life on land (SDG 15), Peace, justice, and strong institutions (SDG 16), and Partnerships for the goals (SDG 17).</p> <p>They were created with the aim of "peace and prosperity for people and the planet..." – while tackling climate change and working to preserve oceans and forests. The SDGs highlight the connections between the environmental, social and economic aspects of sustainable development. Sustainability is at the center of the SDGs.</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Inside Climate News – Greenhushing on the Rise</a></li> <li>• <a href="#">Sustainability News – 10 Sustainability Terms</a></li> </ul>
<b>Circular Economy</b>	Is a system where materials never become waste and nature is regenerated.	<p>Circular economies reduce material use, redesigns materials and products to be less resource intensive, and recaptures “waste” as a resource to manufacture new materials and products. It is a model of production and consumption which works on closing the loop on any waste, employing re-usability into a product’s lifecycle. So, in its essence, it is the opposite of a linear economy.</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Ellen MacArthur Foundation – What is a Circular Economy?</a></li> <li>• <a href="#">Global Insights – Linear Economy vs Circular Economy</a></li> <li>• <a href="#">United States. EPA – What is a Circular Economy?</a></li> </ul>
<b>Anthropogenic climate change</b>	Is a proposed geological epoch reflecting effects of human activities on earth’s biodiversity and climate- dating from the commencement of significant human impact on earth until now.	<p>Various start dates for the Anthropocene have been proposed, ranging from the beginning of the Neolithic Revolution (12,000–15,000 years ago), to as recently as the 1960s as a starting date. The term acknowledges human impact on earth's geology, landscape, limnology, ecosystems and climate. Most align the Anthropocene with the dramatic increase in CO2 as an impact of the Industrial Revolution and the onset of capitalism.</p> <p><b>Further Reading</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Natural History Museum – What is the Anthropocene?</a></li> <li>• <a href="#">National Geographic - Anthropocene</a></li> <li>• <a href="#">The Conversation – The Anthropocene that isn't</a></li> </ul>





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Acronym	Definition	Context
AASB	Australian Accounting Standards Board	A federal government statutory authority/agency tasked with overseeing the Sustainability Standards. Read more <a href="#">here</a> .
ASRS	Australian Sustainability Reporting Standards	Sustainability Standards adopted by the federal government. Read more <a href="#">here</a> .
ED - SRS 1	Exposure Draft - Sustainability Reporting Standard 1	The AASB has released Exposure Draft <a href="#">ED SR1</a> to propose climate-related financial disclosure requirements. Read more <a href="#">here</a> .
ISO	International Organization for Standardization	ISO has enabled trade and cooperation between people and companies the world over since 1946. Read more <a href="#">here</a> .
ISSB	International Sustainability Standards Board	The ISSB develops the IFRS Sustainability Disclosure Standards. Read more <a href="#">here</a> .
IFRS - S1 & S2	International Financial Reporting Standards- (IFRS) S1 & S2 Climate Disclosures	IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, issued by the ISSB in June 2023, are the first IFRS sustainability disclosure standards. Read more <a href="#">here</a> .
FSB	Financial Stability Board	The FSB coordinates at the international level the work of national financial authorities and international standard-setting bodies. Read more <a href="#">here</a> .
NGER	National Greenhouse and Energy Reporting	The NGER scheme is an initiative of the Australian Government's Clean Energy Regulator. It is a national framework for reporting company information about GHG emissions as well as energy production and consumption. Read more <a href="#">here</a> .
SBTi	Science Based Targets initiative	SBTi is a corporate climate action organisation that enables companies and financial institutions worldwide to play their part in combating the climate crisis. Read more <a href="#">here</a> .
TCFD	Task Force on Climate related Financial Disclosures	In a historical context: 'Concurrent with the release of its 2023 status report on October 12, 2023, the TCFD has fulfilled its remit and disbanded. Read more <a href="#">here</a> .



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## COSOL: When Reliability Matters

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