Gresham House
Specialist asset management

Sustainable Investment glossary

An inexhaustive list of terms and jargon you may encounter when looking into sustainable investing.

Term	Definition
Abiotic services	Contributions to benefits from the environment that are not underpinned by, or reliant on, ecological characteristics and processes. The benefits arise from geological processes such as the supply of minerals, metals, oil and gas, geothermal heat, wind, tides, and annual seasons. *United Nations et al. (2021) System of Environmental Economic Accounting - Ecosystem Accounting (SEEA EA)*
Active ownership	Actively exercising shareholder rights and engaging with investee companies to encourage responsible corporate behaviour and improve long-term shareholder value.
Adverse impacts	The negative effects that investment decisions have on sustainability factors. It is most commonly associated with the EU Sustainable Finance Disclosure Regulation (SFDR), which requires applicable funds to disclose data against 18 mandatory and 46 voluntary Principal Adverse Impact indicators, with the aim of allowing investors to monitor the adverse impacts of their investments.
Article 6 fund	Under the EU Sustainable Finance Disclosure Regulation (SFDR), "Article 6" products either integrate environmental, social and governance (ESG) risk considerations into the investment decision-making process, or explain why sustainability risk is not relevant, but do not meet the additional criteria of Article 8 or Article 9 strategies.
Article 8 fund	Under the EU Sustainable Finance Disclosure Regulation (SFDR), "Article 8" products promote social and/or environmental characteristics, and may invest in sustainable investments, but do not have sustainable investing as an objective.
Article 9 fund	Under the EU Sustainable Finance Disclosure Regulation (SFDR), "Article 9" products have a sustainable investment objective, and ensure that none of the investments do significant harm to other environmental or social objectives at the same time.
Biodiversity	The variability among living organisms from all sources, including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.
Biodiversity credit	A transferable financial instrument used to finance actions that result in measurable positive outcomes for biodiversity (e.g. species, ecosystems, natural habitats) through the creation and sale of biodiversity units. Biodiversity credits are certified by governments or independent verification bodies.

Biodiversity metric	A biodiversity accounting tool created by Natural England that can be used for the purposes of calculating biodiversity net gain.
Biodiversity Net Gain (BNG)	An approach to development, land and marine management that leaves biodiversity in a measurably better state than before a development took place.
Carbon credit	A transferrable financial instrument (i.e. a derivative of an underlying commodity) certified by governments or independent certification bodies to represent an emission reduction that can then be bought or sold. *United Nations UNFCCC*
Carbon footprint	A measure of a group, individual or a company's total greenhouse gas emissions, usually reported in carbon dioxide equivalent (CO2e).
Carbon intensity	An entity's carbon emissions, typically divided by its revenues, though the denominator can also be square meter, per employee, unit of production, etc.
Carbon negative	A company or activity that removes more GHG emissions from the atmosphere than it emits.
Carbon neutral	The state of an entity (such as a company, service, product or event), where their carbon emissions have been balanced out by funding an equivalent amount of carbon savings elsewhere in the world or through removing carbon emissions through certain business activities.
Carbon offset	A carbon offset is a reduction or removal of emissions of carbon dioxide or other greenhouse gases made in order to compensate for emissions made elsewhere. *World Resources Institute*
Carbon positive	A company or activity that emits more GHG emissions than it removes from the atmosphere.
Carbon pricing	The cost of emitting CO_2 into the atmosphere, either in the form of a fee per tonne of CO_2 emitted, or an incentive offered for emitting less. Putting an economic cost on emissions is widely considered the most efficient way to encourage polluters to reduce what they release into the atmosphere.
Carbon sequestration	A proposed way to slow the accumulation of greenhouse gases, mitigate global warming, and avoid climate change through long-term storage of CO_2 and other forms of carbon. A process which removes CO_2 from the atmosphere at source and then stores it e.g. trees.
Carbon Value-at-Risk (VaR)	A model that measures measure how carbon pricing will affect a company's profits. It estimates the impact on companies' earnings of raising carbon prices to certain levels per tonne.

CDP	An organization which supports companies and cities to disclose the environmental impact of major corporations. It aims to make environmental reporting and risk management a business norm, and drive disclosure, insight and action towards a sustainable economy.
Circular economy	A systematic approach to economic development with the goal of eliminating waste by focusing on a regenerative design and attempting to promote growth while reducing consumption of finite resources.
Clean technology	A range of products, services and processes that reduce the use of natural resources, cut or eliminate emissions and waste, such as renewable energy generation or electric vehicles.
Climate change	The rapid environmental change attributed to the emission of carbon dioxide into the atmosphere from using fossil fuels.
Climate change adaptation	The process of adjustment to current and expected future climate change and its impact on activities, people, nature or assets.
Climate change mitigation	The process of limiting the increase in the global average temperature to well below 2°C and pursuing efforts to limit it to 1.5°C above pre-industrial levels, as laid down in the Paris Agreement.
Conference of the Parties (COP)	The highest decision-making body of the UN Convention on Climate Change (UNFCC) which meets annually to implement the convention.
Corporate governance	The system by which a company is managed. It is designed to ensure management acts in the best interests of its shareholders. Good corporate governance spans a wide range of factors from board independence and remuneration practices, to capital allocation and accounting practices.
Corporate responsibility	A company's responsibility to operate its business in a way that does not harm the environment or society as a whole.
Corruption	Dishonest activities including bribery and fraud that can have a negative effect on a company's fortunes.
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 or through transitioning to alternative products or production methods that do not emit carbon into the atmosphere.
Deforestation	Loss of natural forest as a result of: i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation. *Accountability Framework initiative*

Department for Environment, Food & Rural Affairs (DEFRA)	A department of the UK government responsible for environmental protection, food production and standards, agriculture, fisheries and rural communities.
Diversity, equity and inclusion (DEI)	Diversity refers to the differences people have in terms of gender, age, race, sexual orientation, disability, beliefs or other characteristics. Equity is ensuring that processes and programmes are impartial, fair and provide equal possible outcomes for every individual. Inclusion is about welcoming and celebrating diversity, calling out inequality and ensuring people feeling valued and respected.
Divestment	The sale of any investment related to controversial activities for environmental, social, governance or political reasons.
Ecosystem services	The contributions of ecosystems to the benefits that are used in economic and other human activities. The benefits are widely categorised into four categories: 1) Provisioning services – material outputs from nature that meet human needs such as food, drinking water, timber, critical minerals, and fossil fuels. 2) Regulating services – indirect benefits from nature generated through the regulation of ecosystem processes. Examples include mitigation of climate change through carbon sequestration, water filtration by wetlands, and crop pollination by insects. 3) Cultural services - non-material benefits from nature such as aesthetic, recreation, education, sense of place, and physical and mental wellbeing. 4) Supporting services - ecological processes that support the delivery of other ecosystem services such as nutrient cycling and soil formation. *Millennium Ecosystem Assessment (MA 2005a), as cited in the Natural Capital Protocol (2016)*
Emissions trading scheme (ETS)	Emissions trading, also known as 'cap and trade', is a cost-effective way of reducing greenhouse gas emissions. To incentivise firms to reduce their emissions, a government sets a cap on the maximum level of emissions and creates permits, or allowances, for each unit of emissions allowed under the cap. Emitting firms must obtain and surrender a permit for each unit of their emissions. They can obtain permits from the government or through trading with other firms. The government may choose to give the permits away for free or to auction them.
Employee relations	The policies and processes governing the relationship between an employer and its employers.
Engagement	A purposeful dialogue between a company and its shareholders that aims to enhance and protect the value of investments. This might take place to encourage improvements in performance and processes, including ESG related activities, or to encourage change in strategy,

	board members, etc.
Environment Act 2021	UK legislative act that contains targets, plans and policies for improving the natural environment. It aims to improve air and water quality, restore natural habitats, increase biodiversity, reduce waste and make better use of resources.
Environmental factors	This is the E in ESG, and concerns issues related to resource use, pollution, climate change, energy use, waste management and other physical environmental challenges and opportunities.
ESG	Environmental, Social and Governance. Three key factors required to measure and evaluate the sustainable impact of an organisation. The integration of ESG factors is used to enhance traditional financial analysis by identifying potential risks and opportunities beyond technical valuations.
ESG indices	Indices that track investments by screening out certain industries or, more recently, by evaluating which companies qualify based on ESG measures. FTSE4Good indices, for example, exclude companies that do not meet specific ESG criteria.
ESG integration	An investment approach that takes into consideration a range of sustainability and ESG-related risks and opportunities in addition to traditional financial analysis.
ESG ratings	A third-party rating that looks at a fund's underlying holdings and attempts to quantify its overall ESG credentials based on some specific metrics. ESG ratings can also be applied to individual companies or issuers. The choice of metrics and therefore resulting rating may differ amongst different ESG ratings providers.
Ethical investing	An investment strategy in which an investor's ethical (moral, social or religious) values or principles are a primary objective alongside financial returns which leads to the exclusion of companies that are deemed to be unethical e.g. tobacco, arms and gambling.
EU Taxonomy	Part of the EU's Sustainable Finance Action Plan and is built into various regulatory requirements. It aims to create a harmonised understanding of what actually constitutes sustainable activities across the European Union. It attempts to define 'green activities' for the first time, using minimum criteria that economic activities should comply with in order to be considered to be environmentally sustainable.
Exclusion	An investment approach that excludes specific investments or classes of investment from the investible universe such as companies, sectors, or activities. This approach systematically excludes companies, sectors, or countries from the permissible investment universe if involved in certain activities based on specific criteria. Common criteria include weapons, pornography, tobacco and animal testing.

Fossil fuels	A natural, non-renewable energy source, such as coal, oil and gas. The gases released from burning these fuels (such as carbon dioxide) are widely believed to be the leading cause of climate change.
Glasgow Financial Alliance for Net Zero (GFANZ)	The world's largest coalition of financial institutions committed to transitioning the global economy to net-zero greenhouse gas emissions. GFANZ was launched in April 2021 by UN Special Envoy on Climate Action and Finance Mark Carney and the COP26 presidency, in partnership with the UNFCCC Race to Zero campaign, to coordinate efforts across all sectors of the financial system to accelerate the transition to a net-zero global economy.
Global Real Estate Sustainability Benchmark (GRESB)	An investor-led and mission-driven initiative to provide ESG data on real asset investments to investors, managers and the wider industry. GRESB Assessments provide a consistent framework to measure ESG performance based on self-reported data that is validated, scored and peer benchmarked.
Global Reporting Initiative (GRI)	An independent organisation that lays out a set of international standards to help business and government entities understand and communicate their impact on issues like climate change and human rights.
Global Warming Potential (GWP)	From a climate science perspective, GWP was developed to enable a comparison of warming impacts of different greenhouse gases.
Governance factors	This is the G in ESG, and is about assessing how well a company is run. See the definition of "corporate governance" above for further information.
Green bond	A bond in which proceeds are used to fund new and existing projects with environmental benefits such as renewable energy and energy efficiency projects.
Greenhouse gas emissions (GHG)	The gaseous by-products of a company's operations and industrial processes that are considered to be the principle cause of global warming. GHG emissions include carbon dioxide, methane, nitrous oxide, and fluorinated gases (F gases).
Greenwashing	Falsely communicating the environmental benefits of a product, service, organisation or investment in order to make it seem more environmentally friendly than it really is.
Habitat	An area with specific characteristics that make them the natural environments for specific animals, plants, and other organisms. Habitat types include woodlands, wetlands, grasslands, coral reefs, riverbeds, heathland, and moorland.
Habitat bank	Conservation or restoration initiative where natural habitats are preserved, restored, or created to offset or compensate for the negative environmental impacts of development or other human

	activities.
Human rights	Basic rights that belong to all human beings. They include the right to life, liberty, freedom from slavery and torture, and freedom of opinion and expression. The UN Declaration on Human Rights is widely recognised as a benchmark of these basic standards.
Impact investing	Investments that are made with the primary goal of achieving specific, positive social and/or environmental benefits while also delivering a financial return. Impact investments create a direct link between portfolio investment and socially/environmentally beneficial activities. Historically most impact investing has occurred in unlisted markets.
Impact measurement	Measurement of how companies' activities affect the environmental and/or social factors both positively and negatively.
Impact washing	Any marketing claim about a product triggering a positive change in the real economy that cannot be supported by evidence.
International Panel on Climate Change (IPCC)	A body created by the United Nations with the intention of providing scientific assessments on climate change, its impact, and future risks, as well as suggestions for mitigating impact and disruptions.
International Sustainability Standards Board (ISSB)	In November 2021 the International Financial Reporting Standards (IFRS) Foundation announced the creation of a new standard-setting board — the International Sustainability Standards Board (ISSB). Its aim is to deliver a comprehensive global baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities to help them make informed decisions.
Just transition	While the shift to a low carbon economy will likely boost prosperity and create jobs, there will be transitional challenges (particularly social ones), which responsible investors can help to address. A 'just transition' means moving to a more sustainable economy in a way that is fair to everyone – including people working in polluting industries.
Land use change	The change from one land use category to another. Land use change refers to the modification or management of natural environments into human dominated environments, such as settlements, semi-natural and agricultural areas. *Science Based Targets initiative (SBTi) FLAG*
Materiality	A measure of the importance of specific ESG topics and information for a particular sector, asset or company. The greater effect an ESG factor can have on the success of a sector, asset or company, the more material it is, and vice versa.
Mitigation hierarchy	The sequence of actions to anticipate and avoid, and where avoidance is not possible, minimise, and, when impacts occur, restore, and where significant residual impacts remain, offset for biodiversity-related risks and impacts on affected communities and the environment.

Modern slavery	The exploitation of people who are coerced into an activity by someone who "controls" them, often with violence. It can take many forms including forced or bonded labour, early or forced marriage or human and organ trafficking.
Natural capital	The stock of renewable and non-renewable natural resources that combine to yield a flow of benefits to people. It includes soil, air, water, and all living things, which can be categorised into four core ecosystem services (see definition of *Ecosystem services* for more detail). *Natural Capital Protocol*
Natural England	An executive non-departmental UK public body, sponsored by the DEFRA. It is the government's adviser for the natural environment in England and helps to protect and restore the natural world.
Natural forest	A forest that is a natural ecosystem, possessing many or most of the characteristics of a forest native to the given site, including species composition, structure, and ecological function. *Accountability Framework initiative*
Nature	The natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment. *Díaz, S et al (2015) The IPBES Conceptual Framework – connecting nature and people*
Nature-based solutions	Actions to protect, sustainably manage and restore natural or modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits. *IUCN (2020) The IUCN Global Standard for Nature-based Solutions*
Nature-positive	A high-level goal and concept describing a future state of nature (e.g., biodiversity, ecosystem services and natural capital) which is greater than the current state.
Negative screening	Deliberately excluding certain investments that are involved in activities that do not align with the investors values or that are viewed as having a negative effect on long term value creation e.g. fossil fuel companies and arms.
Net Zero Asset Managers Initiative	A UN-convened group of asset managers who have committed to transitioning their investment portfolios to net zero GHG emissions by 2050.
Net Zero Asset Owner Alliance	A UN-convened group of institutional investors who have committed to transitioning their investment portfolios to net zero GHG emissions by 2050.
Net zero emissions	Occurs when a country, region, company, other entity, or even the world, has reduced greenhouse gas emissions to the maximum possible level so that the residual emissions can be neutralised by

	carbon removal.
OECD Guidelines for Multinational Enterprises	The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards. The Guidelines are the only multilaterally agreed and comprehensive code of responsible business conduct that governments have committed to promoting.
Paris Agreement	A legally binding international treaty on climate change. It was adopted by 196 Parties at COP 21 in Paris, on 12 December 2015 and entered into force on 4 November 2016. Its goal is to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels. To achieve this long-term temperature goal, countries aim to reach global peaking of greenhouse gas emissions as soon as possible to achieve a climate neutral world by mid-century.
Pensions for Purpose	A collaborative initiative that exists as a bridge between asset managers, pension funds and their professional advisers to encourage the flow of capital towards impact investment.
Physical climate change risks	Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events (e.g., cyclones, droughts, floods, and fires). They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns (e.g., sea level rise).
Primary forest	A forest that has never been logged and has developed following natural disturbances and under natural processes, regardless of its age. *Convention on Biological Diversity*
Principles for Responsible Investment (PRI)	A United Nations-supported international network of investors which aims to understand the implications of sustainability for investors and support signatories to facilitate incorporating these issues into their investment decision-making and ownership practices.
Renewable energy	Energy collected from resources that are naturally replenished such as sunlight, wind, water and geothermal heat.
Responsible investing	An investment approach that considers ESG factors as part of risk analysis and may involve excluding some harmful products. It includes engagement and voting in order to protect long-term value.
Return on carbon	A means of measuring the carbon performance of a business or investment. This is measured as the return in revenue generated per unit of carbon emissions.
Science-based targets	Science-based targets provide a roadmap for companies to future-proof growth by creating a roadmap of how much to reduce carbon emissions and how quickly the reduction needs to happen in line with

	latest scientific research and evidence on climate change.
Science-Based Targets Initiative (SBTi)	The SBTi is an organisation that defines and promotes best practices in emissions reductions and net-zero targets for corporates in line with climate science. It also provides target setting methods and guidance to companies to set science-based targets in line with the latest climate science.
Scope 1 emissions	Direct greenhouse gas emissions that an entity is directly responsible for, such as emissions from on-site burning of fossil fuels or emissions from fleet vehicles.
Scope 2 emissions	Indirect greenhouse gas emissions, such as emissions associated with the generation of electricity, heat, or steam purchased from a utility provider.
Scope 3 emissions	Greenhouse gas emissions from sources an entity doesn't own or control but are related to its operations through its upstream and downstream value chain, such as employee commuting, contracted solid waste and wastewater disposal, transportation of goods sold, emissions associated with raw materials, etc.
Screening	An investment approach used to filter companies based on pre-defined criteria before investment. - Negative screening excludes certain investments because of their involvement in undesirable activities or sectors (see "Exclusions" - Positive screening selects investments based on their sustainability practices. This can also be seen as a "best-in-class investment" – where an entity only invests in investments that lead their peer groups in terms of sustainability practices and performance.
Shareholder activism	A public form of engagement whereby investors use their shareholdings to promote change at a company, typically at a transformational level.
Social factors	The S in ESG. Relates to how a company interacts with the communities it operates in, its suppliers, employees and customers. These include, for example, labour standards, health and safety, supply chain management and nutrition and obesity.
Social taxonomy	A scheme of classification that establishes a list of socially sustainable economic activities, as currently being produced by the EU.
Spectrum of Capital	A Gresham House approach to defining how we think about the extent to which sustainability risks and outcomes are integrated into our investment strategies. The spectrum of capital ranges from 'Traditional' (focused on financial returns) to 'Philanthropy' (focused on only non-financial returns, to the extent that investors accept full loss of capital).
Stewardship	The use of influence by institutional investors to maximise overall long-term value including the value of common economic, social and

	environmental assets, on which returns and clients' and beneficiaries' interests depend. *Principles for Responsible Investment*
Stewardship codes	A set of standards that help set stewardship expectations for asset managers and asset owners. These codes are established by local regulators on a country-by-country basis. In the UK there is the 2020 Stewardship Code.
Stranded assets	Something (e.g. equipment or resource) that once had value or produced income but no longer does, usually due to some kind of external change, including in technology, markets and societal habits. An example of an asset at risk of becoming stranded is fossil fuels, due to governments setting net zero targets and aiming to reduce the emissions of the energy sector. Therefore these regulatory changes could result in the assets that form the basis of fossil fuel company valuations becoming worthless because they cannot be used.
Sustainability Accounting Standards Board (SASB)	A non-profit organisation that has set standards for 77 industries that guide the disclosure of financially material sustainability information by companies and investors. SASB Standards are maintained under the auspices of the Value Reporting Foundation, a global non-profit organization that offers a comprehensive suite of resources designed to help businesses and investors develop a shared understanding of enterprise value—how it is created, preserved, or eroded.
Sustainability Disclosure Regulation (SDR)	Designed to ensure that sustainability information flows into the real economy in order to empower investors and consumers to make financial decisions which align with their values. It is intended to provide disclosure requirements at product (fund) and investee company (corporate) level.
Sustainability risk	An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.
Sustainable Finance Disclosure Regulation (SFDR)	A set of EU rules which aim to make the sustainability profile of funds more comparable and better understood by end-investors. This will focus on pre-defined metrics for assessing the environmental, social and governance (ESG) outcomes of the investment process. As its name suggests, emphasis is placed on disclosure, including new rules that must identify any harmful impact made by the investee companies.
Sustainable focus fund	Proposed investment label under UK Sustainability Disclosure Requirements. Products with an objective to maintain a high standard of sustainability in the profile of assets by investing to (i) meet a credible standard of environmental and/or social sustainability; or (ii) align with a specified environmental and/or social sustainability theme.
Sustainable impact fund	Proposed investment label under UK Sustainability Disclosure Requirements. Products with an explicit objective to achieve a

	positive, measurable contribution to sustainable outcomes. These are invested in assets that provide solutions to environmental or social problems, often in underserved markets or to address observed market failures.
Sustainable improvers fund	Proposed investment label under UK Sustainability Disclosure Requirements. Products with an objective to deliver measurable improvements in the sustainability profile of assets over time. These products are invested in assets that, while not currently environmentally or socially sustainable, are selected for their potential to become more environmentally and/or socially sustainable over time, including in response to the stewardship influence of the firm.
Sustainable investing	ESG factors are considered as part of risk analysis and are used to identify investment opportunities aligned with environmental or social themes or sustainability outcomes, without compromising on market returns. Sustainable investments may include targeted engagement and voting in order to protect long-term value and to meet sustainability criteria.
Task Force on Climate-related Financial Disclosures (TCFD)	Provides recommendations for more effective climate-related disclosures that promote more informed investment, credit, and insurance underwriting decisions, which in turn would enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks. It is categorised in four sections: 1. Governance - The organization's governance around climate-related risks and opportunities 2. Strategy - The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning 3. Risk Management - The processes used by the organization to identify, assess, and manage climate-related risks 4. Metrics and Targets - The metrics and targets used to assess and manage relevant climate-related risks and opportunities.
Taskforce for Nature-related Financial Disclosures (TNFD)	Market-led, science-based and government-endorsed taskforce. It aims to develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature-related risks, with the ultimate aim of supporting a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes. It is aligned to the TCFD's structure using four categories: Governance, Strategy, Risk Management and Metrics & Targets.
Thematic investing	Investing in companies that can be classified under a particular investment theme because of their products or services. Examples include renewable energy, waste and water management, education or healthcare innovation, or management approach or strategy such as gender or racial equity. Thematic investing can be a sustainable

	investment approach if the themes are defined in this way. Thematic investing can also be an approach applied by funds without sustainable investment objectives or environmental or social characteristics.
Transition activities	Refers to activities that facilitate the transition to a carbon-neutral economy.
Transition climate change risks	The financial and operational risks that could result from significant policy, legal, technology and market changes as we transition to a lower-carbon global economy and climate resilient future.
UK Sustainable Investment and Finance Association (UKSIF)	Non-profit organisation that exists to bring together the UK's sustainable finance and investment community and support its members to expand, enhance and promote the sector. It represents a diverse range of financial services firms and has 270+ members which manage over £10trn AUM.
UN Global Compact (UNGC)	A corporate sustainability initiative that calls on businesses to align with universal principles on ESG issues and to take action to advance broader societal goals. Investors can use the UNGC for investment by determining whether companies are following them or in breach. The UNGC has ten principles: Human Rights 1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. make sure that they are not complicit in human rights abuses. Labour 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. the elimination of all forms of forced and compulsory labour; 5. the effective abolition of child labour; and 6. the elimination of discrimination in respect of employment and occupation. Environment 7. Businesses should support a precautionary approach to environmental challenges; 8. undertake initiatives to promote greater environmental responsibility; and 9. encourage the development and diffusion of environmentally friendly technologies. Anti-Corruption 10. Businesses should work against corruption in all its forms, including extortion and bribery.
UN Guiding Principles on Business and Human Rights (UNGP)	A set of guidelines for states and companies to prevent, address and remedy human rights abuses committed in business operations.
UN Sustainable Development Goals (SDG)	Collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs were set up in 2015 by the United Nations General Assembly as a list of actionable goals intended to be achieved by governments globally by

Gresham House
Specialist asset management

	2030. Each goal includes underlying sub-targets and indicators to track progress towards achieving them.
Values-based investing	Investing that prioritises an investor's morals, values or ethical objectives, rather than simply maximising financial returns.
Voting rights	Equity investors typically have the right to vote at annual and extraordinary general meetings (AGMs and EGMs) on issues such as an individual director's appointment, remuneration or mergers and acquisitions (depending on a country's legal framework).