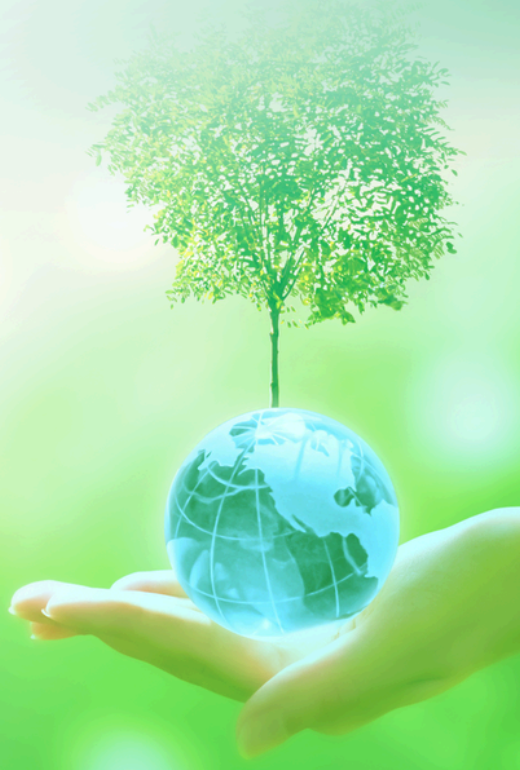
cornerstone climate

THE CORNERSTONE CLIMATE GUIDE

Key Concepts and Definitions



Preface

In 2024, the UK Supreme Court in *the Finch case* observed that: "Promoting education of the public in environmental matters does not guarantee that greater priority will be given to protecting the environment. But the assumption is that it is likely to have that result, or at least that it is a prerequisite. You can only care about what you know about."

Nowhere is that more true than in relation to climate change. Or global warming. Or the climate crisis. Or net zero. This is an area where complex scientific and legal terminology abounds. It can be daunting. And it can be a block to understanding, caring about and acting to address one of the most important issues facing us today.

The Cornerstone Climate Guide aims to address this by unlocking climate terminology. Some of the main terms are hyperlinked where they are used in other definitions. There are also some hyperlinks to resources on the internet.

The Guide is not aimed at lawyers, but it will hopefully be a crucial tool for those in the legal profession. It includes key UK legislation and policy. All areas of legal practice are being impacted by climate change and the risks and opportunities it presents. From pensions to competition to public law to arbitration to immigration to construction to international law, lawyers have an ethical obligation to provide holistic advice encompassing all climate-related risks. This Guide forms part of a series of resources made available by Cornerstone Climate to support climate upskilling and lay the foundations for confident climate conscious lawyering.

Facing the details of the climate crisis and the existential threat it poses can be anxiety-inducing. But, armed with the knowledge in this Guide and the resources to which it refers, I take solace from the observations of the author Katherine Rundell: it is never too late to turn a living thing around. Our hope must be active, and if we want to see something better than where we are now, we will be the ones to make that happen.

Estelle Dehon KC
22 April 2026

This guide is set out in three sections which address different aspects of climate change followed by a fourth section focused on acronyms in Environmental and Social Governance:

As the guide is searchable, if you need the definition of a particular phrase, you will hopefully be able to find it swiftly.

Note: This guide is correct at April 2026, and should not be taken as legal advice.

THE BASIC CONCEPTS

THE ANTHROPOCENE

is the term used informally for the most recent period in Earth's history when human activities started significantly impacting Earth's geology and ecosystems. Originally proposed as a new geological epoch following the Holocene, it was rejected in 2024 by the International Commission on Stratigraphy and the International Union of Geological Sciences. Nevertheless, the term is widely used in scientific and social discourse.

ANTHROPOGENIC

is an adjective that means "human-generated" or "human-caused". It can refer to various topics related to the origins, effects, and impacts of humanity on the environment, such as anthropogenic climate change.

BLUE CARBON (BC)

is the organic carbon captured and stored in oceans and coastal ecosystems (mostly by algae, seagrass meadows, mangroves, salt marshes, and other plants) and in coastal wetlands.

CLIMATE

is the average of weather patterns in a specific area over a longer period of time, usually 30 or more years, that represents the overall state of the climate system.

CLIMATE CHANGE

refers to the long-term changes in the Earth's climate that are warming the atmosphere, ocean and land. Climate change is affecting the balance of ecosystems that support life and biodiversity, and impacting health. It also causes more extreme weather events, such as more intense and/or frequent hurricanes, floods, heat waves and droughts, and leads to sea level rise and coastal erosion as a result of ocean warming, melting of glaciers and loss of ice sheets.

THE CLIMATE CHANGE ACT 2008 (CCA 2008)

"embodies, in primary legislation with effect throughout the UK, the national response to the global threat of climate change": *R (Global Feedback Ltd) v Secretary of State for Environment, Food and Rural Affairs & Anor* [2023] EWCA Civ 1549 at [11].

It was passed in November 2008 with an overwhelming majority across political parties and was the first global legally binding climate change mitigation target set by a country. Part 1 deals with "carbon target and budgeting". As of June 2019, section 1(1) has imposed a duty on the Secretary of State for Energy and Net Zero to ensure that "the net UK carbon account for the year 2050 is at least 100% lower than the 1990 baseline", which is also known as the Net Zero Target or Net Zero Obligation (previously the duty was an 80% reduction).

Section 4 imposes duties on the Secretary of State to set carbon budgets for each succeeding period of five years beginning with the period 2008–2012 and to ensure that the UK carbon account does not exceed those budgets. Sections 13 and 14 impose duties on the Secretary of State to prepare proposals and policies the "will enable" the carbon budgets to be met and to report on those matters to Parliament after each carbon budget is set.

There is related legislation in Northern Ireland and Scotland. The Climate Change Act (Northern Ireland) 2022 sets a net zero target for 2050 and requires the Department of Agriculture, Environment and Rural Affairs to set targets for 2030 and 2040 which are in line with the 2050 target. In Scotland, the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 has a system of five-year budgets and sets the net-zero emissions target year at 2045 rather than 2050. In Wales, a net zero target was set via section 29 of the Environment (Wales) Act 2016.

THE CLIMATE CRISIS

refers to the serious problems that are being caused, or are likely to be caused, by changes in the planet's climate, including weather extremes and natural disasters, ocean acidification and sea-level rise, loss of biodiversity, food and water insecurity, health risks, economic disruption, displacement, and even violent conflict.

CLIMATE RESILIENCE

is the capacity of a community or environment to anticipate and manage climate impacts, minimise their damage and recover and transform as needed after the initial shock.

THE CLIMATE CHANGE COMMITTEE (CCC)

is a body of experts established by section 32(1) of the CCA 2008, comprised of members who have experience and knowledge in (a) business competitiveness; (b) climate change policy at national and international level, and in particular the social impacts of such policy; (c) climate science; (d) the different situations across the four nations in the UK; (e) economic analysis and forecasting; (f) emissions trading; (g) energy production and supply; (h) financial investment; and (i) technology development and diffusion (Schedule 1 CCA 2008). It is tasked with providing advice to the Government and Parliament in relation to the UK's progress towards the fulfilment of the net zero statutory duty imposed by section 1 of the CCA 2008. The CCC is under an obligation to lay an annual report before Parliament on (a) the progress that has been made towards meeting the target in section 1 (the target for 2050), (b) the further progress that is needed to meet that target, and (c) whether that target is likely to be met. It also provides advice to Government on the level at which the Carbon Budgets and the UK's Nationally Determined Contribution should be set, and plays a similar advisory role in relation to the devolved governments and legislatures.

CO_2 OR CARBON DIOXIDE

is the main greenhouse gas. The concentration of CO_2 in the air has reached more than 410 parts per million by volume (ppm), compared to about 280ppm in 1750 (around the start of the Industrial Revolution), increasing the amount of energy that is being trapped in the climate system and causing the surface temperature of the planet to rise.

CO_2E OR CARBON DIOXIDE EQUIVALENT

is a common scale for comparing emissions of different greenhouse gasses, though it does not imply equivalence of the corresponding climate change responses.

COP OR THE CONFERENCE OF THE PARTIES

is the annual United Nations conference dedicated to climate change and organised under the UN Framework Convention on Climate Change (UNFCCC) since 1995. At the 21st COP, or COP21, which took place in 2015, the Paris Agreement was signed. COP30 took place in Brazil in 2025.

CLIMATE RISK

falls into three broad categories: physical risks, such as loss and damage to property and harm to people caused by flooding, coastal change, storms and other climate-related events; transition risks, which relate to changes in behaviour by governments, commerce, industry and society in relation to climate change; and liability risks, which relate to individuals, organisations or governments seeking compensation for losses arising in relation to physical or transition risks.

DECARBONISATION

means reducing the amount of greenhouse gas emissions that a society produces, as well as increasing the amount that is being absorbed. It entails changing many, if not all, aspects of the economy; how energy is generated; how goods and services are produced and delivered; how buildings are built and lands are managed.

AN EXISTENTIAL THREAT

is a threat to something's very existence, or when the continued being of something is at stake or in danger. It can refer to threat to both living things and non-living things, such as countries or ideologies. In the context of the climate crisis, it often refers to the severity of the threat posed by the consequences of climate change for natural ecosystems and human populations. The ICJ Advisory Opinion at §73 recognised that the impacts from rising temperatures, extreme weather events, disruption of natural habitats and increase in heat-related illnesses and the spread of climate-related diseases, "underscore the urgent and existential threat posed by climate change." The same conclusion – that climate change represents an existential threat – was reached in the ITLOS Advisory Opinion at §66 and the IACHR Advisory Opinion at §289. HM Treasury has also recognised the existential threat posed by climate change.

ECOCIDE

is unlawful or wanton acts committed with knowledge that there is a substantial likelihood of severe and either widespread or long-term damage to the environment being caused by those acts (as defined in June 2021 by the Independent Expert Panel for the Legal Definition of Ecocide, convened by Stop Ecocide International). Agreeing this definition was part of a campaign to include Ecocide in the Rome Statute of the International Criminal Court to make peacetime ecocide a crime. Ecocide in war is already an international crime. A number of regional and national jurisdictions include ecocide as a crime and many others are considering its introduction.

FEEDBACK LOOPS

happen when one change in the climate triggers further changes, in a chain reaction that reinforces itself as time goes on. Ultimately, feedback loops can trigger tipping points, at which point the changes to our planet's climate systems become severe and irreversible. For example, as sea ice in the Arctic melts, more heat is being absorbed by the darker ocean waters, thus speeding up the warming process and leading to more ice melting. Similarly, as wildfires burn down forests, they release greenhouse gases leading to more warming and more wildfires. Other feedback loops include the thawing of the permafrost, forest dieback and insect outbreaks.

GLOBAL WARMING

is an increase in the Earth's average surface temperature that occurs when the concentration of greenhouse gases in the atmosphere increases. These gases absorb more solar radiation and trap more heat, thus causing the planet to get hotter. Burning fossil fuels, cutting down forests, and farming livestock are some human activities that release GHGs and contribute to global warming.

GREENHOUSE GASES (GHGS)

are constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of infrared radiation, which is emitted by the Earth's surface, the atmosphere, and the clouds. They are often referred to as 'carbon emissions' in general usage.

The UNFCCC concerns a specific "basket" of GHGs, which have a Global Warming Potential assigned by the Intergovernmental Panel on Climate Change: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6).

THE GREENHOUSE GAS PROTOCOL

is a Corporate Accounting and Reporting Standard, published by the Greenhouse Gas Protocol Initiative, an international initiative involving businesses, NGOs, governments and others. Its aim is to develop internationally accepted GHG accounting and reporting standards for business and to promote their broad adoption.

GREENWASHING

is the term applied to environmental claims, usually made by companies and organisations in the course of their promotional activities or in their corporate reporting, which wrongly create the impression that a product or service has a positive environmental impact, or has less or no impact on the environment. The UK Advertising Standards Authority (ASA) regulates advertising across UK media in light of the Advertising Codes: the UK Code of Non-broadcast Advertising and Direct and Promotional Marketing (CAP Code) and the UK Code of Broadcast Advertising (BCAP Code). In June 2023 it issued a Code of Practice: Environment Misleading Claims and Social Responsibility in Advertising Guidance (non-broadcast and broadcast) and has made a number of decisions finding green advertising to be misleading. The UK Competition and Markets Authority (CMA) issued a Green Claims Code in September 2021.

GLOBAL WARMING POTENTIAL (GWP)

is a common unit measure of the amount of energy the emissions of one ton of gas absorbs over a given period of time, relative to one ton of carbon dioxide (CO_2) emissions. The larger the GWP is, the more a specific gas warms the Earth, compared to CO_2 over that time period, which is usually defined as 100 years.

THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)

is an independent body founded under the auspices of the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP). The IPCC's main role is to assess the scientific literature and findings on climate change and provide scientific information and evidenced-based recommendations to policymakers and the public. As the IPCC's reports are produced through the participation of scientists from the 195 member countries, and the accompanying Summary for Policymakers is approved line-by-line by a meeting of representatives from all 195 member countries (which also adopts the longer report section by section), they are considered to reflect the international scientific consensus. The reports also use confidence levels to describe the quality of evidence and scientific agreement.

THE IPCC'S SPECIAL REPORT ON GLOBAL WARMING OF 1.5 °C (OCTOBER 2018)

was a key IPCC report. It established that human activities have caused the Earth's surface to warm by more than 1°C since the industrial period of 1851-1900 and made two further significant findings: (i) the climate impacts of 2°C of warming would be very much more serious than those of 1.5°C of warming; and (ii) there were then only 12 years in which to take action to prevent global temperature rise above 1.5°C. It also has a detailed glossary of climate terms.

ICJ ADVISORY OPINION

International Court of Justice (ICJ) Advisory Opinion on States' Legal Obligations Relating to Climate Change is the ICJ's unanimous opinion of 24 July 2025 (supported by a number of separate opinions and declarations going further in various areas).

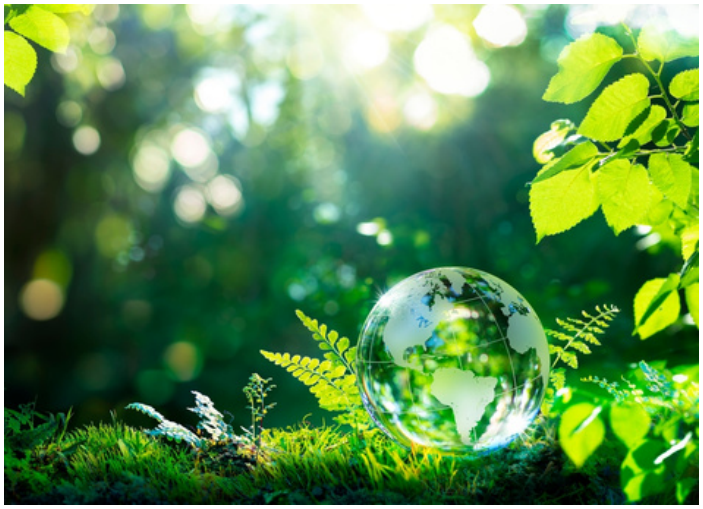
It is "advisory" because it did not result from a dispute between states, but from a request from the UN General Assembly for clarity on legal questions concerning climate change. The ICJ's answer, which interprets the binding obligations of international law relevant to climate change, is directly binding in some jurisdictions and highly persuasive in others (like the UK). The ICJ held that the sources of state legal obligations relating to climate change arise from climate change treaties (ie the UNFCCC, the Kyoto Protocol and the Paris Agreement) but also the UN Charter, the UN Convention on the Law of the Sea, human rights instruments and customary international law. Notably, the ICJ held, interpreting the Paris Agreement, that the 1.5°C threshold has become the parties' agreed primary temperature goal for limiting the global average temperature increase. Many of the relevant international treaty obligations require states to act with due diligence, as does the duty under customary international law to prevent harm to the environment. The ICJ held that, applied in the context of climate change, in light of the high risk of serious and irrevocable harm from human-caused emissions, there is an enhanced or "stringent" standard of due diligence. "Internationally wrongful acts" arise from breaches of primary obligations and rules, with the usual approach taken to attributing an act to a state. Such wrongful acts may trigger the "full panoply" of state responsibility: cessation, guarantees of non-repetition, and potentially reparation. The ICJ's Advisory Opinion follows, and refers to, two other such opinions: the International Tribunal on the Law of the Sea (ITLOS) Advisory Opinion, which found GHGs to be pollution on the law of the sea, and the Inter-American Court of Human Rights (IACHR) Advisory Opinion, which affirmed the human right to a stable climate; governments are subject to a reinforced due diligence obligation to prevent and mitigate climate risks and nature possesses rights independent of human-centred (anthropocentric) legal frameworks. An advisory opinion from the African Court on Human and Peoples' Rights (AfCHPR) is expected in 2027/2028.

NATIONAL ADAPTATION PLANS (NAPS)

help countries plan and implement actions to reduce vulnerability to the impacts of climate change and strengthen adaptive capacity and resilience. NAPs link to Nationally Determined Contributions (NDCs) and other national and sectoral policies and programmes. Section 58 of the Climate Change Act 2008 requires the UK Government to produce a new NDP every five years. Progress in implementing the NAP and preparing for climate change more broadly is assessed by the Climate Change Committee every two years. The Third NAP (NAP3), which was laid before Parliament and published on 17 July 2023, sets out the key actions for 2023 to 2028. The CCC's independent assessment was that NAP3 lacks the pace and ambition to address growing climate risks, which we are already experiencing in the UK. On 25 October 2024, a judicial review challenging the lawfulness of NAP3 was dismissed: *R (Friends of the Earth & Ors) v Secretary of State for Environment, Food and Rural Affairs* [2024] EWHC 2707 (Admin). In July 2025, the Claimants appealed to the European Court of Human Rights. There are devolved equivalents of NAP3. In Scotland, there is the Scottish Climate Change Adaptation Programme (SCCAP), which includes the Third Scottish National Adaptation Plan (SNAP3) covering the period 2024 to 2029. In Northern Ireland, the Third Climate Change Adaptation Programme (NICCAP3) was published in March 2026, covering the period up to 2029. In Wales, the Welsh Adaptation Strategy (NAP3) was published in October 2024, and covers a five-year period.

NATIONALLY DETERMINED CONTRIBUTIONS (NDCS)

are climate pledges and action plans that each country is required to develop in line with the Paris Agreement termperature goal of limiting global warming to 1.5° C. NDCs represent short to medium-term plans that are updated every five years with higher ambition on climate. NDCs outline mitigation and adaptation priorities a country will pursue to reduce greenhouse gas emissions, build resilience, and adapt to climate change, as well as financing strategies and monitoring and verification approaches. The UK Climate Change Committee advises the Government on the UK's NDC. In October 2024, the CCC recommended that the 2035 NDC should commit the UK to reduce territorial greenhouse gas emissions by 81% from 1990 to 2035. That recommendation was followed in January 2025. The UK's first NDC committed the UK to reduce all greenhouse gas emissions by at least 68% by 2030 on 1990 levels, and the second to an 81% reduction by 2035.



NATURAL CAPITAL

is the world's stock of natural assets, which include geology, soil, air, water, and all living things. The goods and services provided by this stock are called ecosystem services.

NET ZERO OR THE NET ZERO TARGET

is the achievement of a balance: greenhouse gas emissions from human activity are balanced by human efforts to remove greenhouse gas emissions (for example, by creating carbon sinks to absorb carbon dioxide), thereby stopping further increases in the concentration of greenhouse gases in the atmosphere. It was described in *R (Friends of the Earth, ClientEarth, Good Law Project) v SS BEIS* [2022] EWHC 1841 (Admin) at [3] as follows: "Article 4(1) [of the Paris Agreement] lays down the objective of achieving 'a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases ['GHGs'] in the second half of this century.' That objective forms the basis for what is often referred to as the 'net zero target', which will be satisfied if the global level of any residual GHG emissions (after measures to reduce such emissions) is at least balanced by sinks, such as forests, which remove carbon from the atmosphere." In light of the Paris Agreement, section 1 of the Climate Change Act 2008 was amended so that it became the obligation of the Secretary of State for Business, Energy and Industrial Strategy to ensure that "the net UK carbon account" for 2050 is at least 100% lower than the baseline in 1990 for CO_2 and other GHGs, in substitution for the 80% reduction originally enacted (see the Climate Change Act 2008 (2050 Target Amendment) Order 2019 (SI 2019 No.1056)). That change came into effect on 27 June 2019. Net zero 2050 targets have also been set in in Wales (per the Environment (Wales) Act 2016, which came into force in March 2021) and in Northern Ireland (per the Climate Change Act (Northern Ireland) 2022, which came into force in June 2022). In Scotland, per the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 (which came into force in March 2020), the net-zero emissions target year is set at 2045 rather than 2050.

NON-CO_2 EMISSIONS OR EFFECTS

comprise emissions of nitrous oxides (NOx), water vapour (H_2O), sulphur dioxide (SO_2) and soot particles, most often associated with aviation, as well as the atmospheric processes to which these emissions give rise, such as the formation of ozone (O_3) and increased cirrus cloudiness from persistent condensation trails (contrails). These non-CO_2 impacts cause radiative forcing (RF), most recently measured used the metric of effective radiative forcing (ERF). While there are uncertainties as to the extent of this impact, the science is already clear that non-CO_2 aviation emissions have a net warming effect on the climate. It is also established with a high degree of confidence that this effect is larger than that of CO_2 aviation emissions.

OCEAN ACIDIFICATION

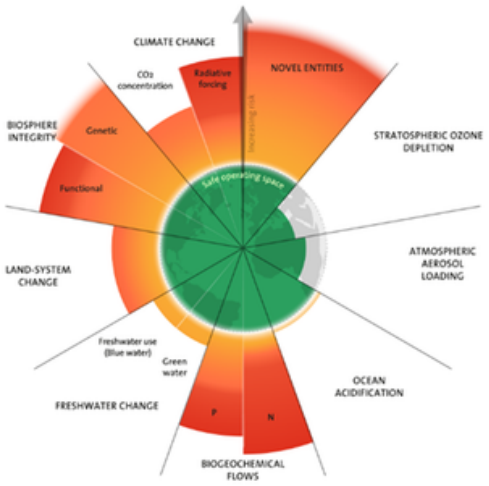
is the continuous decrease of the pH (potential of hydrogen) value in oceans due to increased uptake of carbon dioxide (by the oceans) from the atmosphere.

THE PARIS AGREEMENT

is a legally binding, international treaty on climate change that was adopted by 196 Parties at COP21 in Paris, France in 2015. A high-level signing ceremony took place on 22 April 2016, and the Agreement formally entered into force on 4 November 2016. Its goal is to limit global warming to "well below 2°C and preferably to 1.5°C" compared to pre-industrial (1850–1990) levels. The progress of the signatory states (known as the 'Parties') is reviewed every five years. As of January 2026 there were 194 Parties to the Paris Agreement.

PLANETARY BOUNDARIES

is a concept and a framework developed in 2009 by Johan Rockström – the former Director of the Stockholm Resilience Centre – together with a group of internationally renowned scientists, based on processes that "regulate the stability and resilience of the Earth system". These processes are presented in nine quantitative boundaries, within which "humanity can continue to develop and thrive for generations to come" (Stockholm Resilience Centre, 2022): climate change, ocean acidification, stratospheric ozone depletion, biogeochemical flows in nitrogen (N) and phosphorus (P) cycles, global freshwater use, land system change, the erosion of biosphere integrity, chemical pollution and atmospheric aerosol loading.



The 2025 update to the Planetary boundaries (Azote for Stockholm Resilience Centre, based on analysis in Sakschewski and Caesar et al. 2025)

THE PRECAUTIONARY PRINCIPLE

is a longstanding principle of international law. The Rio Declaration 1992, to which the UK government is a signatory, was first introduced in the Rio Declaration 1992, to which the UK government is a signatory, defines it as arising "where there are threats of serious or irreversible environmental damage, a lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation". This assists the decision-making process in the face of a lack of scientific certainty.

The Environmental Principles Policy Statement explains that UK policymakers must apply the precautionary principle "using the best available scientific evidence of the risk. It defines "risk" as "a combination of the likelihood of the environmental damage occurring and its severity." In Scotland, the Guiding Principles on the Environment emphasises that the precautionary principle enables proportionate decision-making in areas of scientific uncertainty that allow for protective measures to be taken without having to wait until the hazard or harm is realised. The Northern Ireland Environmental Principles Policy Statement says that a "precautionary approach captures the idea that regulatory intervention or the modification of a policy may be necessary if there is the potential to cause harm to the environment, even if the supporting evidence is incomplete or speculative and the economic costs of regulation are high."

A TIPPING POINT

is a threshold after which certain changes caused by global warming and climate change become irreversible, even if future interventions are successful in driving down average global temperatures. These changes may lead to abrupt and dangerous impacts with very serious implications for the future of humanity and our planet.

THE UK CLIMATE CHANGE RISK ASSESSMENT

is a five-yearly assessment of the risks for the United Kingdom of the current and predicted impact of climate change required to be compiled by the Secretary of State and laid before Parliament pursuant to section 56 of the Climate Change Act 2008. It is based on statutory advice provided by the Climate Change Committee, commissioned by the UK government and devolved administrations. The current Risk Assessment (17 January 2022) is based on a series of reports by the CCC and an independent Technical Report, considers sixty-one UK-wide climate risks and opportunities cutting across multiple sectors of the economy and prioritises the eight risk areas for action in the next two years.

THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE (UNFCCC)

is the overarching international treaty addressing climate change. It was adopted on 9 May 1992 and entered into force on 21 March 1994. It has near-universal membership and is ratified by 197 countries. Article 2 articulates that the "ultimate objective" of the Framework Convention "and any related legal instruments that the Conference of Parties may adopt" (which include the Kyoto Protocol and the Paris Agreement) is to achieve "stabilization of greenhouse gas concentrations in the atmosphere" at a level that would prevent "dangerous" human interference with the climate system. In achieving this objective, Article 3(1) of the UNFCCC obliges developed countries to "take the lead" in combating climate change and its adverse effects, and enshrines the principle of Parties acting "in accordance with their common but differentiated responsibilities and respective capabilities". This has become known as Common but Differentiated Responsibility (CBDR). The Kyoto Protocol to the UNFCCC, adopted on 11 December 1997 and which entered into force on 16 February 2005 (FCCC/CP/1997/7/Add.1), has 192 Parties. It "operationalises" the UNFCCC, in light of CBDR, by requiring developed countries (alone), identified in its Annexes, to limit and reduce GHG emissions in accordance with agreed targets. These applied from the start of 2008 until 2012.

WEATHER

refers to atmospheric conditions at a particular time in a particular location, including temperature, humidity, precipitation, cloudiness, wind, and visibility. Weather conditions do not happen in isolation, they have a ripple effect. The weather in one region will eventually affect the weather hundreds or thousands of kilometers away.

MEASURING IMPACT ON THE

CLIMATE

CARBON FOOTPRINT

is a measure of the greenhouse gas emissions released into the atmosphere by a particular person, organisation, product, or activity. A bigger carbon footprint means more emissions of carbon dioxide and methane, and therefore a bigger contribution to the climate crisis. Measuring a person's or an organisation's carbon footprint entails looking at both the direct emissions resulting from the burning of fossil fuels for energy production, heating, and land and air travel, and indirect emissions resulting from the production and disposal of all food, manufactured goods, and services they consume (see scope 1, 2 and 3 emissions).

CLIMATE OVERSHOOT

is the period of time where global temperatures temporarily exceed 1.5°C (i.e. past the Paris Agreement temperature goal) before bringing them back down ('drawdown') through carbon dioxide removal (CDR).

REPRESENTATIVE CONCENTRATION PATHWAYS (RCPS)

are four pathways developed as a method to enable projected climate modelling, within a set of scenarios that present the potential, future climate evolution. Adopted by the Intergovernmental Panel on Climate Change (IPCC) as a greenhouse gas concentration trajectory, these pathways are named (RCP2.6, RCP4.5, RCP6.0, and RCP8.5) according to their radiative forcing values in the year 2100 (2.6, 4.5, 6 and 8.5 W/m^2 respectively).

SCOPE 1, SCOPE 2 AND SCOPE 3 EMISSIONS

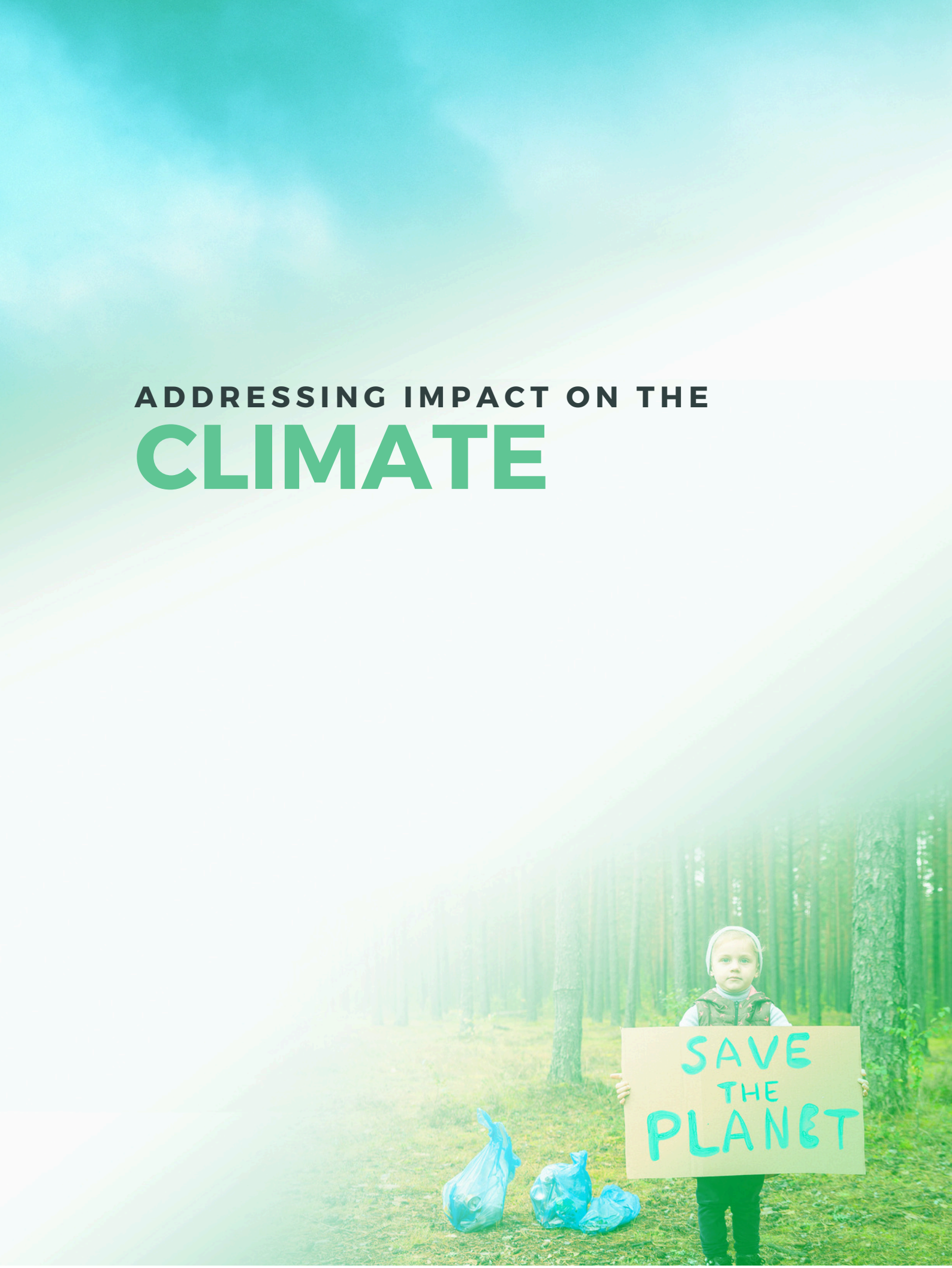
are categories of GHG emissions. They were explained by the UK Supreme Court in *R (Finch) v Surrey CC & Ors* [2024] UKSC 20 at [40] as follows: "The GHG Protocol classifies GHG emissions using three categories, labelled "scope 1", "scope 2" and "scope 3". Scope 1 emissions are defined as direct GHG emissions that occur from sources that are owned or controlled by an entity. Scope 2 emissions are a special category of indirect emissions. This category consists of GHG emissions from the generation of purchased electricity consumed by an entity. Scope 2 emissions occur at the facility where the electricity is generated. Scope 3 encompasses all other indirect emissions. Scope 3 emissions are consequences of the activities of the entity but (like scope 2 emissions) occur from sources not owned or controlled by the entity. Some examples of scope 3 activities given in the GHG Protocol (at p 25) are extraction and production of purchased materials, transportation of sold products, and use of sold products and services."

A STRANDED ASSET

is an asset that becomes a liability or is simply prematurely devalued. An asset can become stranded due to environmental challenges (e.g. climate change, natural capital's degradation), changing resource landscapes, new government regulations (e.g. carbon pricing, air pollution regulation), and evolving social norms, as well as consumer behaviours (e.g. 'green' certifications, net zero targets), among others.

ADDRESSING IMPACT ON THE

CLIMATE



ADAPTATION

to climate change refers to actions that help to reduce vulnerability to the current or expected impacts of climate change, such as weather extremes and natural disasters, sea-level rise, biodiversity loss, or food and water insecurity.

ARTICLE 6 INTERNATIONAL CARBON MARKETS

are carbon markets set up under Article 6 of the Paris Agreement, which covers international carbon markets and other "cooperative approaches" that nations could use to help meet their climate targets. Parties that have successfully met their own emissions reduction targets can sell their extra reduction credits to finance enhanced climate action. This can move investments to areas and sectors, where emissions reductions can be achieved as efficiently as possible. Article 6 establishes an international carbon market with multilateral governance under the UNFCCC setting common global standards and guidance for development and trading in emission reductions and Internationally Transferred Mitigation Outcomes. Agreement on how carbon trading under Article 6 will operate was reached at COP29, establishing the new Article 6.4 "Paris Agreement Crediting Mechanism" (PACM), although there continue to be concerns about whether the market is Paris-aligned.

CARBON CAPTURE AND STORAGE (CCS)

is the process of trapping carbon emissions produced by fossil fuel power plants or other industrial processes before they can enter our atmosphere and then transporting the emissions to a storage site, usually deep underground, where they are stored permanently. Carbon capture and storage should not be seen as an alternative to the green energy transition, but it has been proposed as a way to tackle emissions from sectors that are difficult to decarbonise, particularly heavy industries like cement, steel, and chemicals. However, these technologies are only in the early stage of development and have not been commercialised or operated at scale, and permanent storage could be challenging.

CARBON CAPTURE, USE AND STORAGE (CCUS)

is also a process that traps carbon emissions, instead of just storing them, some or all of the captured CO_2 is used in various applications before being stored. This might include using CO_2 in industrial processes, making chemicals, or even producing synthetic fuels. After its use, the CO_2 is then stored to prevent it from entering the atmosphere. As with CCS, these technologies are at an early stage of development.

CARBON MARKETS

are trading schemes that create financial incentives for activities that reduce or remove greenhouse gas emissions. In these schemes, emissions are quantified into carbon credits that can be bought and sold. Companies or individuals can use carbon markets to compensate for their greenhouse gas emissions by purchasing carbon credits from entities that remove or reduce greenhouse gas emissions. One tradable carbon credit equals one tonne of carbon dioxide or the equivalent amount of a different greenhouse gas reduced, sequestered or avoided. When a credit is used to reduce, sequester, or avoid emissions, it becomes an offset and is no longer tradable. The supply of carbon credits comes from private entities or governments that develop programmes to reduce or remove emissions. These programmes can be certified by a third party and registered under a carbon market standard. There are broadly two types of carbon markets: compliance and voluntary. Compliance markets are created as a result of any national, regional and/or international policy or regulatory requirement. Voluntary carbon markets (VCM) – national and international – refer to the issuance, buying and selling of carbon credits, on a voluntary basis.

CIRCULAR ECONOMY

is a model for sustainable production, consumption, and reuse where the life cycle of materials, products, and assets are extended beyond one.

CLIMATE FINANCE

refers to financial resources and instruments that are used to support action on climate change. Climate finance is critical to addressing climate change because of the large-scale investments that are needed to transition to a low-carbon global economy and to help societies build resilience and adapt to the impacts of climate change. Climate finance can come from different sources, public or private, national or international, bilateral or multilateral. It can employ different instruments such as grants and donations, green bonds, debt swaps, guarantees, and concessional loans. And it can be used for different activities, including mitigation, adaptation, and resilience-building.
Some multilateral funds that countries can access include the Green Climate Fund (GCF), the Global Environment Facility (GEF), and the Adaptation Fund (AF).

DOUGHNUT ECONOMICS

is a framework and an economic mindset for sustainable development that combines concepts of planetary and social boundaries. Developed by economist Kate Raworth in 2012, its doughnut-shaped, visual presentation, with two concentric rings, depicts a 'social foundation' (i.e. the inner ring) to ensure everyone has access to life's essentials (healthcare, education, etc.) and an 'ecological ceiling' (i.e. the outer ring) to safeguard that humanity does not exceed/overshoot the planetary boundaries on which life depends.

CARBON OFFSETS

are emissions reductions, or removals that are achieved by one entity and can be used to compensate (offset) emissions from another entity. Offsets must be purchased in advance where possible, be verified, and retired in line with the greenhouse gas (GHG) protocol. Carbon emissions must be minimised before offsetting. The Oxford Principles for Net Zero Aligned Carbon Offsetting were developed in 2020 and set out four core principles for the sector. "Offsets are a finite global resource.": *R (Friends of the Earth & SLACC) v SS for Levelling Up, Housing and Communities* [2024] EWHC 2349 (Admin) at [194].

CARBON REMOVAL OR CARBON DIOXIDE REMOVAL

is the process of removing greenhouse gas emissions from the atmosphere, through natural solutions such as reforestation and soil management or technological solutions like direct air capture and enhanced mineralisation. Carbon removal is not a substitute for cutting greenhouse gas emissions, but it can slow down climate change and is necessary to shorten any period during which we temporarily overshoot our climate targets.

A CARBON SINK

is any process, activity, or mechanism that absorbs more carbon dioxide from the atmosphere than it releases. Forests, oceans and soil (including healthy peatland) are the world's largest natural carbon sinks. Deforestation or degrading peatland can reverse the process and turn a carbon sink into a source of carbon emissions.

CARBON BUDGETS
are the legally binding budgets which set a cap on the maximum level of greenhouse emissions which can be emitted over a particular period. The "net UK carbon account" is for five year periods, which are set under section 4 of the Climate Change Act 2008. There have been seven carbon budgets set so far. The First to the Fifth current carbon budgets were set against the target of an 80% reduction compared to the 1990 baseline. The Sixth and Seventh were set against Net Zero, or the 100 reduction target. The UK over-achieved its emissions reductions across the first three carbon budgets. The current budgets are:

- Fourth Carbon Budget (CB4), 2023 – 2027, allows 1,950 million tonnes of CO_2e to be emitted, achieving a 52% reduction on 1990 levels
- Fifth Carbon Budget (CB5), 2028 – 2032, allows 1,725 million tonnes of CO_2e to be emitted, achieving a 58% reduction on 1990 levels
- Sixth Carbon Budget (CB6), 2033 – 2037, allows 965 million tonnes of CO_2e to be emitted, achieving a 77% reduction on 1990 levels
- Seventh Carbon Budget (CB7), 2037 – 2042, allows 535 million tonnes of CO_2e to be emitted, achieving an 87% reduction on 1990 levels

Wales has 5-yearly carbon budgets, set in section 31 of the Environment (Wales) Act 2016 (with budgets running from 2016). Northern Ireland's carbon budgets are set in section 23 of the Climate Change (Northern Ireland) Act running from 2023). Scotland introduced its own system of five-year budgets from 2024, with the enactment of the Climate Change (Emissions Reduction Targets) (Scotland) Act 2024 (previously it used a system of statutory annual targets).

THE CARBON BUDGET DELIVERY PLAN (CBDP)
was published on 30 March 2023 to deliver the Net Zero obligation in England and Wales. It was part of the suite of 50 documents, including 19 policy documents, which replaced the Net Zero Strategy. On 3 May 2024, the CBDP was declared unlawful in *R (Friends of the Earth) v SSESNZ* [2024] EWHC 995 (Admin), because it was in breach of sections 13 and 14 of the Climate Change Act 2008.

The Secretary of State had taken an unlawful approach to the risk that not all the planned policies and proposals in the CBDP would be delivered in full and had not been provided with sufficient information about that risk. The court ordered the government to produce an updated climate plan, which was published on 29 October 2026. The equivalent plan in Scotland is the Scottish Climate Change Plan 2026-2040.The equivalent plan in Scotland is the Scottish Climate Change Plan 2026-2040. It was published on 24 March 2026. It serves as the primary routemap for Scotland's pathway to Net Zero by 2045, detailing over 150 actions to meet the nation's first three statutory carbon budgets. Northern Ireland's Climate Action Plan 2023-2027 remains in draft.

THE CARBON BUDGET AND GROWTH DELIVERY PLAN (CBGDP)
is the current suite of plans, proposals and policies for England and Wales, adopted by the UK Government under sections 13 and 14 of the Climate Change Act 2008, to reach Net Zero by 2050. This plan, published on 29 October 2025, sets out how the Government would meet the emissions reductions for carbon budgets Four to Six (2023 to 2037). It sets out actions across all sectors. Clean energy expansion and decarbonisation of the grid (in line with the government's Clean Power by 2030 ambition) form a key part of the plan, alongside policies to improve the resilience of homes and buildings through insulation. The plan also includes reference to wider policies for transport decarbonisation, nature and land use, agriculture, and industrial carbon capture. The government says that under the CBGDP, it has sufficient policies and plans in place to achieve 100% of the emissions reductions required to meet the Sixth Carbon Budget and 96 to 99% of its international obligations under the Paris Agreement in its Nationally Determined Contributions. In Scotland, the plans, proposals and policies are collated within the Scottish Climate Change Plan.

AN EMISSIONS TRADING SCHEME (ETS)

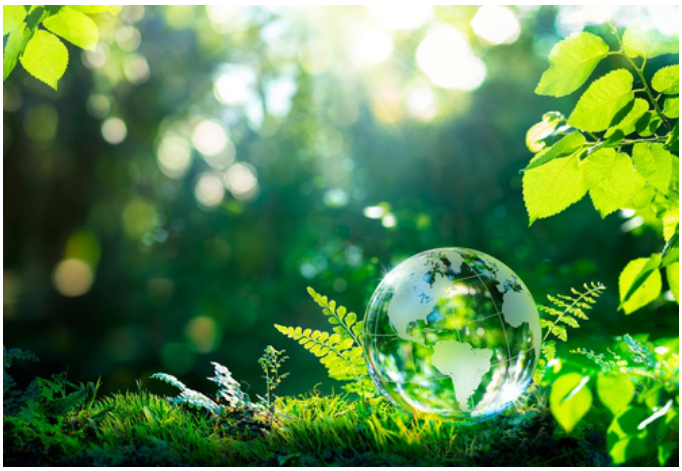
also known as the 'cap-and-trade (CAP) system', is a market-based approach, which is used to reduce GHG emissions by controlling them through economic incentives. "A cap is set on the total amount of certain greenhouse gases that can be emitted by sectors of the economy over a given period of time (usually around 10 years), and that cap is then divided into allowances. Those required to participate in the scheme are then either given allowances or they have to purchase them to cover the emissions which their activities are generating. Failure to surrender sufficient allowances to cover emissions generated results in civil penalties. Over the course of time the cap is reduced so as to impose a limit on emissions which steadily falls and thereby contains the generation of greenhouse gases. Allowances can be traded, thereby effectively putting a price on emissions or, as it is often termed, carbon. Allowances are sold through auctions by the governments administering the scheme, and the purchase of allowances can lead to both a trade in allowances taking place and also cause hedging of allowances that may be required in future years. The price of allowances has the potential to have a number of significant influences. It can influence the viability of businesses required to participate in the scheme; it can incentivise investment and other activities to reduce the generation of emissions; it can, if too high, lead to carbon leakage whereby energy intensive industries may seek to transfer to countries elsewhere to avoid the extra costs of the scheme.": *R (Elliott-Smith) v Secretary of State for Business, Energy And Industrial Strategy & Ors* [2021] EWHC 1633 (Admin). The EU Emissions Trading Scheme (EU ETS) is one of the best-known 'cap-and-trade' systems.
The UK Emissions Trading Scheme (UK ETS) is a replacement for the UK's participation in the EU ETS following the departure of the UK from the European Union. Following advice from the CCC, the UK ETS was established through the Greenhouse Gas Emissions Trading Scheme Order 2020.

ENVIRONMENTAL AND SOCIAL GOVERNANCE (ESG)

refers to a set of standards used to measure an organisation's environmental and social impact. It is typically used in the context of investing, although it also applies to customers, suppliers, employees and the general public. The term ESG often comes up in the same conversation as sustainability and corporate social responsibility (CSR). However, while sustainability and CSR function more as philosophies or end-goals, ESG is more tangible; it encompasses the data and metrics needed to inform decision-making for companies and investors alike and involves both legal obligations and a range of certifications and standards. ESG has evolved to become a critical focus for businesses, investors, NGOs, governments, stakeholders, lenders, insurers and consumers. The range of topics under each element of ESG include:

- **Environment:** climate change, carbon footprint, circular economy, biodiversity, waste, water and resource use, pollution,
- **Social:** human rights, labour practices, health & safety, community, diversity & inclusion, systematic racism, pay equity, shareholder activism, corporate purpose,
- **Governance:** corporate governance, company ethics, regulatory compliance, executive pay, board diversity, lobbying, approach to taxation

ESG is an acronym-heavy area, so see our ESG Acronym Explainer for more information.



JUST TRANSITION

is a phrase that addresses the fact that transitioning to a low-carbon or net-zero economy requires massive transformation of our economic systems. Such transformation runs the risk of further increasing social inequality, exclusion, civil unrest, and less competitive businesses, sectors, and markets. The UNEP defines the concept as follows: "As countries work to meet their climate goals, it's vital that they ensure the whole-of-society – all communities, all workers, all social groups – are brought along and part of the structural change that takes place. Ensuring a just transition means that countries choose to green their economy through transition pathways and approaches that reinforce equality and inclusivity. This means looking at the impacts of the transition on different groups of workers across the economy and providing opportunities for training and reskilling that support decent work and aim to leave no one behind."

LOSS AND DAMAGE

is a term that arises in international climate negotiations, although there is no agreed definition. The term can refer to the unavoidable impacts of climate change that occur despite, or in the absence of, mitigation and adaptation. Importantly, it highlights that there are limits to what adaptation can accomplish; when tipping point thresholds are crossed, climate change impacts can become unavoidable. Loss and damage can refer to both economic and non-economic losses. Economic loss and damage can include things like the costs of rebuilding infrastructure that has repeatedly been damaged due to cyclones or floods, or the loss of coastline land (and homes and businesses) due to sea-level rise and coastal erosion. Non-economic loss and damage include negative impacts that cannot easily be assigned a monetary value. This can include things such as the displacement of communities, loss of history and culture or loss of biodiversity.

MITIGATION

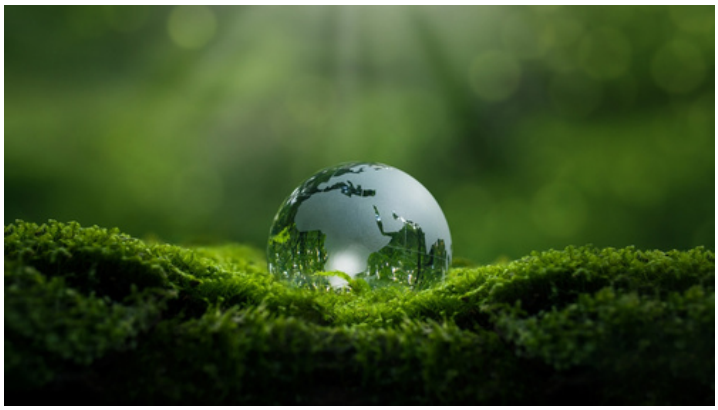
refers to any action taken by governments, businesses, or people to reduce or prevent greenhouse gas emissions, or to enhance carbon sinks that remove these gases from the atmosphere.

NATURE-BASED SOLUTIONS (NBS)

are actions to protect, conserve, restore, and sustainably use and manage ecosystems to support climate change adaptation and mitigation efforts, preserve biodiversity, and enable sustainable livelihoods.

THE NET ZERO STRATEGY

was, from October 2021 to March 2023, the main set of mitigation plans, policies and proposals for England and Wales, required under section 13 and 14 of the Climate Change Act 2008. On 18 July 2022 the Net Zero Strategy was declared unlawful by the High Court in *Friends of the Earth, ClientEarth, Good Law Project v Secretary of State for Business, Energy and Industrial Strategy* [2022] EWHC 1841 (Admin) because the Secretary of State had not been briefed with sufficient information to enable him to be satisfied that the plans, policies and proposals included in the Net Zero Strategy would allow the UK to meet the Sixth Carbon Budget. The Net Zero Strategy was required to be re-drafted by 31 March 2023. It was replaced by the Carbon Budget Delivery Plan, and then the Carbon Budget and Growth Delivery Plan.



REFORESTATION AND AFFORESTATION

are two types of nature-based solutions. Reforestation is the process of replanting trees in areas that had recent tree cover but where forests were lost, due to wildfires, drought, disease, or human activity such as agricultural clearing. Afforestation is the process of planting trees in areas that have not been forested in recent history.

PASSIVHAUS STANDARD

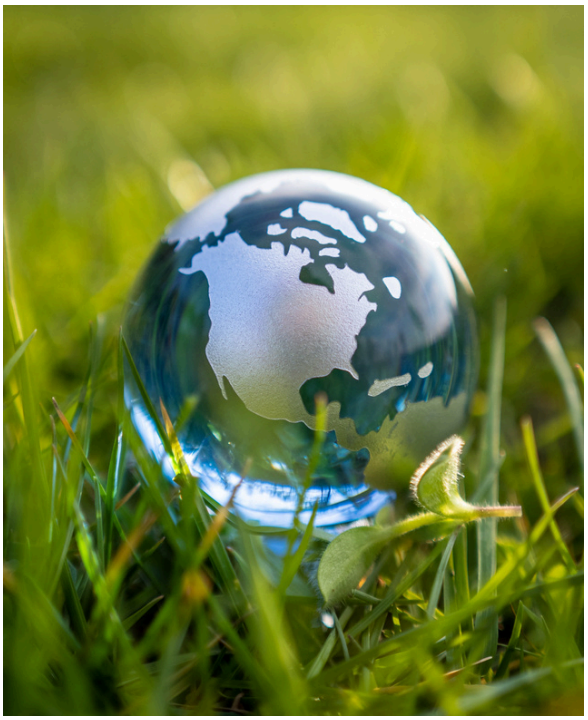
is an international, quality-assured whole-building energy performance standard and a certification scheme, currently run by The Passivhaus Trust (PHT). Applicable to residential, commercial, industrial, and public buildings, the standard's main focus is drastically to reduce a building's total energy demand for space heating and cooling to 15kWh/m^2/year of the treated floor area, or 10W/m^2 peak demand primarily by adopting a 'fabric first approach' which reduces heat loss to a minimum, while also providing comfortable indoor environments. As a design concept, Passivhaus was first developed in Germany in the 1990s by Professor Wolfgang Feist and Professor Bo Adamson from Lund University, Sweden.

RACE TO ZERO

is a United Nations-backed, global campaign, launched in 2020 and led by the High-Level Climate Champions (who bridge between the Conference of the Parties (COP) presidency and the parties (national governments) and the non-state actors, including businesses, investors, cities, civil society, and other, sub-national governments), to take immediate and rigorous actions to halve global emissions by 2030.

VOLUNTARY CARBON MARKETS (VCM)

national and international – refer to the issuance, buying and selling of carbon credits, on a voluntary basis. These markets have been controversial, as high-profile investigations have highlighted serious shortcomings. Issues arise over ensuring: (1) Additionality – would the project happen anyway without carbon credits? (2) Over-estimation – over-crediting by assuming greater emissions reductions or avoidance (eg greater deforestation avoided than actually achieved); (3) Leakage – do emissions increase elsewhere? (4) Permanence and durability of nature-based projects, where there is a risk of reversal (e.g. forest lost to wildfire); (5) Double counting – when the seller and buyer of credits both claim the carbon offset to report lower net CO_2 emissions. There have been a number of efforts to improve what remains a largely unregulated system. Among them have been the Integrity Council for the Voluntary Carbon Market (ICVCM), the Voluntary Carbon Markets Integrity Initiative (VCMI),the Science Based Targets initiative (SBTi).



ESG ACRONYM

BUSTER

GENERAL TERMS

B CORP - CERTIFIED B CORPORATIONS

B Corps, are companies verified by B Lab (a non-profit network) to meet high standards of social and environmental performance, transparency, and accountability.

CDP - CARBON DISCLOSURE PROJECT

CDP is a not-for-profit which created a global environmental disclosure system for investors, companies, cities, and states, which is aligned with TCFD recommendations.

CSRD - CORPORATE SUSTAINABILITY REPORTING DIRECTIVE

The CSRD is an EU Directive imposing a set of sustainability reporting obligations. It applies from 2024 for large public-interest entities and will expand to other companies in a phased approach through 2028. It mandates the use of the ESRS developed by EFRAG.

ESOS - ENERGY SAVINGS OPPORTUNITY SCHEME

ESOS is a mandatory energy assessment scheme for organisations in the UK that meet the qualification criteria The Environment Agency is the UK scheme administrator.

EFRAG - EUROPEAN FINANCIAL REPORTING ADVISORY GROUP

An independent body that advises the European Commission on accounting standards and has developed the European Sustainability Reporting Standards (ESRS) under the CSRD.

ESAP - EUROPEAN SINGLE ACCESS POINT

An EU initiative under the Capital Markets Union to provide a centralised platform for public ESG data disclosures from companies, aimed at improving access for investors and stakeholders.

ESRS - EUROPEAN SUSTAINABILITY REPORTING STANDARDS

Developed by EFRAG under the CSRD, these are the mandatory EU sustainability reporting standards for companies within scope.

FSB - FINANCIAL STABILITY BOARD

FSB is an international body that makes recommendations about the global financial system, based on their monitoring. Some of the members are the secretary or the ministries of finance of countries, such as, Germany, France, Mexico, UK, Brazil, Japan, China, and the US. The FSB has worked on fostering climate disclosures in financial markets in order to ensure consistent climate-related risk disclosures and for that purpose it created the Task Force on Climate-Related Financial Disclosures (TCFD).

GRI - GLOBAL REPORTING INITIATIVE

GRI is one of the most common sustainability reporting standards used worldwide by many companies It is geared to a wide audience, unlike other reporting standards such as SASB or Integrated Reporting, which are mainly aimed at investors. GRI remains a widely used framework and is often complementary to ISSB and CSRD reporting.

IASB - INTERNATIONAL ACCOUNTING STANDARDS BOARD

IASB is part of IFRS, and it has developed accounting standards for companies to use in financial statements Many of its standards are now used and even mandated by governments around the world For instance, these accounting standards are used in 140 jurisdictions.

IFRS FOUNDATION - INTERNATIONAL FINANCIAL REPORTING STANDARDS FOUNDATION

The IFRS Foundation is an independent, not-for-profit organisation, created in 2001, that sets standards used globally for financial reporting. The IFRS Foundation introduced the IFRS Accounting Standards, developed by the IASB, and the IFRS Sustainability Disclosure Standards, developed by the ISSB.

IASB - INTERNATIONAL SUSTAINABILITY STANDARDS BOARD

ISSB is part of the International Financial Reporting Standards (IFRS) but focuses on ESG. Its main goal is to establish a set of sustainability standards that can be used around the world. These standards will build on work done by other standard setters. The idea is that they'll provide more certainty and ease the task of reporting and using the information reported, therefore enabling easier comparisons between organisations.

ISSB - INTERNATIONAL SUSTAINABILITY STANDARDS BOARD

ISSB is part of the International Financial Reporting Standards (IFRS) but focuses on ESG Its main goal is to establish a set of sustainability standards that can be used around the world These standards will build on work done by other standard setters The idea is that they'll provide more certainty and ease the task of reporting and using the information reported, therefore enabling easier comparisons between organisations.

NFRD - NON-FINANCIAL REPORTING DIRECTIVE

Predecessor to the CSRD. Required certain large companies to disclose non-financial and diversity information. Being phased out as CSRD takes effect.

MAR - MARKET ABUSE REGULATION

Regulation 596/2014 on market abuse, which aims to ensure that EU legislation keeps pace with market developments to combat market abuse on financial markets, including derivative markets relating to commodities (such as gold or wheat). It explicitly bans the manipulation of commodities and of benchmarks.

MIFID II - MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE 2014

Directive 2014/65/EU which, provides a legal framework for securities markets, investment intermediaries, in addition to trading venues.

PAI - PRINCIPAL ADVERSE IMPACTS

A key concept under SFDR; refers to the negative effects of investment decisions on sustainability factors. Disclosures are required for firms under Article 4 of the SFDR.

OMNIBUS DIRECTIVE - EU LISTING ACT OMNIBUS DIRECTIVE

A proposal that aims to harmonise and simplify listing rules across EU capital markets. It amends MiFID II and MAR, with indirect implications for ESG disclosure obligations.

SASB - SUSTAINABILITY ACCOUNTING STANDARDS BOARD

SASB was responsible for developing standards for companies to disclose financially material sustainability information to investors. In August 2022, SASB fully consolidated into the ISSB under the IFRS Foundation. SASB standards remain in use, but ISSB is now the leading body for global sustainability standards.

SBTI - SCIENCE BASED TARGETS INITIATIVE

UN-led coalition setting universal corporate standard for organisations to be net zero. Requires near-term and long-term science-based targets.

SECR - STREAMLINED ENERGY AND CARBON REPORTING

SECR was implemented on 1 April 2019 when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force. Businesses in scope need to comply for financial years starting on or after 1 April 2019 and therefore need to understand their requirements under SECR.

SDGs - See UN SGDs below

SFDR - SUSTAINABLE FINANCE DISCLOSURE REGULATION

Requires financial market participants and advisors to disclose sustainability risks and impacts of investments. Part of the EU's Sustainable Finance framework.

TCFD - TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD was created by the Financial Stability Board to develop recommendations for climate-related disclosures that could help investors understand climate-related risks. The UK has mandated the use of TCFD for climate disclosures for certain companies.

TNFD - TASKFORCE ON NATURE-RELATED FINANCIAL DISCLOSURES

TNFD is a market-led, science-based and government-supported global initiative. It comprises a set of disclosure recommendations and guidance that encourage and enable business and finance to assess, report and act on their nature-related dependencies, impacts, risks and opportunities. The final framework was published in September 2023, and the UK government has indicated support for market adoption.

UN SDG - UN SUSTAINABLE DEVELOPMENT GOALS

The 17 SDGs are at the heart of the 2030 Agenda for Sustainable Development, adopted by all UN Member States in 2015. They are an urgent call for action by all countries, linking ending poverty and other deprivations with strategies to improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

VRF - VALUE REPORTING FOUNDATION

VRF is the result of the combination of the Sustainability Accounting Standards Board (SASB) and the Integrated Reporting Framework from the International Integrated Reporting Council (IIRC) The work of the previous bodies will be used as a basis for the creation of the sustainability standards, which will be released by the ISSB.

REAL ESTATE SPECIFIC TERMS

BER - BUILDING EMISSION RATE

The actual building emission rate (BER) for the proposed building (other than dwellings) is calculated following the National Calculation Methodology (NCM) and is based on its actual specification. The BER is expressed in terms of its annual CO2 emissions of the proposed building expressed in kg/m2.

BNG - BIODIVERSITY NET GAIN

BNG is the world's first mandatory system for requiring development to have a measurably positive impact ('net gain' on biodiversity, compared to what was there before development). In England and Wales, under Schedule 7A of the Town and Country Planning Act 1990, developers must deliver a BNG of 10%. Scotland does not use the same metric as BNG. Instead, within National Planning Framework 4 (NPF4), the requirement is for "significant biodiversity enhancement" without a fixed 10% metric. The requirement was subject to discussion by the Inner House of the Court of Session, including reference to the mitigation hierarchy, in *Wildcat Haven Community Interest Co v Scottish Ministers* 2025 SC 155. See Nina Pindham's book on BNG.

BREEAM - BUILDING RESEARCH ESTABLISHMENT ENVIRONMENTAL ASSESSMENT METHOD

First published by the Building Research Establishment in 1990, the world's longest established third-party certified standard method of identifying the sustainability of buildings.

CIBSE - THE CHARTERED INSTITUTION OF BUILDING SERVICES ENGINEERS

An international professional engineering association based in London, that represents building services engineers.

CIBSE TM54 - CIBSE TECHNICAL MEMORANDUM 54

A Technical Memorandum published by CIBSE that sets a methodology to calculate predicted in-operation energy use.

CHP - COMBINED HEAT AND POWER

A system which generates electricity whilst also capturing usable heat generated in the process. Typically, when referring to CHP it is inferred that this is gas-fired though this does not necessarily need to be the case.

CRREM - CARBON RISK REAL ESTATE MONITOR

Sectoral carbon budgets and asset-specific decarbonisation pathways.

DER - DWELLING EMISSION RATE

The dwelling emissions rate is used within SAP 'Standards Assessment Procedure' and is the annual CO2 emissions from all new dwellings and is expressed in kilograms per square meter of floor area (kg/m^2).

EPCS - ENERGY PERFORMANCE CERTIFICATES

EPCs tell you how energy efficient a building is They rate a home from A (very efficient) to G (inefficient) They tell you how costly it will be to heat and light a property and what its CO_2 emissions are likely to be.

EUI - ENERGY USE INTENSITY

Energy Use Intensity expresses a building's energy use as a function of its size, typically expressed as energy consumption in kWh/m2yr. The measurement of floor area can be expressed in terms of Net Lettable Area (NLA) or Gross Internal Area (GIA).

FEE - FABRIC ENERGY EFFICIENCY

FEE is a measure of the efficiency of the building fabric that would reduce the amount of energy required to heat a home.

FEES - FABRIC ENERGY EFFICIENCY STANDARD

In England, under current Part L of the Buildings Regulations, the FEES metric sets the benchmark for a building through its 'notional building' and minimum u-values for fabric standards. A U-value (or thermal transmittance) measures how effectively an architectural element—like a wall, roof, or window—prevents heat from escaping a building. In Scotland, the relevant regulations are the Building (Scotland) Regulations 2004 and the Scottish Building Standards Technical Handbooks.

GRESB

GRESB is a Netherlands-based company (so not an acronym!). GRESB is an organisation that produces internationally recognised benchmarks to track ESG performance of commercial real estate and infrastructure. The GRESB Global Sustainable Index was launched in 2006 and the GRESB Foundation established in 2022 to steward the GRESB Standards, upon which GRESB assessments are based.

HHSRS - HOUSING HEALTH AND SAFETY RATING SYSTEM

HHSRS is a risk-based evaluation tool to help local authorities identify and protect against potential risks and hazards to health and safety from any deficiencies identified in dwellings It was introduced under the Housing Act 2004 and applies to residential properties in England and Wales. In Scotland, the relevant standards are the Tolerable Standard and the Repairing Standard under the Housing (Scotland) Act 1987.

LETI - LONDON ENERGY TRANSFORMATION INITIATIVE

LETI Climate Emergency Retrofit Guide (2022) provides guidance on retrofitting existing UK homes to meet the UK's net zero target.

NABERS - NATIONAL AUSTRALIAN BUILT ENVIRONMENT RATING SYSTEM

Now in the UK, available for offices, NABERS is a sustainability rating for the built environment through the provision of a rating from one to six stars for buildings efficiency across energy, water, waste and indoor environment, re-evaluated every year.

NCM NATIONAL CALCULATION METHODOLOGY

NCM is the procedure for demonstrating compliance with the Building Regulations for buildings other than dwellings is by calculating the annual energy use for a proposed building and comparing it with the energy use of a comparable 'Notional' building.

MEES - MINIMUM ENERGY EFFICIENCY STANDARDS

Domestic and non-domestic energy efficiency standards through Energy Performance Certificates (EPC).

SAP - STANDARD ASSESSMENT PROCEDURE

SAP is the methodology used by the UK government to assess and compare the energy and environmental performance of dwellings. Its purpose is to provide accurate and reliable assessments of dwellings that are needed to underpin energy and environmental policy initiatives. Whilst the tools are UK-wide, they are applied in Scotland by way of specific Scottish secondary legislation. For example, specific Scottish secondary legislation, such as the Energy Performance of Buildings (Scotland) Regulations 2008, dictates how Energy Performance Certificates (EPCs) are lodged and displayed, which differs from the framework elsewhere in the UK.

SBEM - SIMPLIFIED BUILDING ENERGY MODEL

SBEM is a calculation which measures the energy performance of a non-residential building. It is currently used to work out if a new building will comply with Building Regulations, and also to generate Energy Performance Certificates (EPC).

TER - TARGET EMISSION RATE

TER is a pre-set building specification that sets a minimum allowable standard for the energy performance of a building and is defined by the annual CO2 emissions of a notional building of the same size and shape to the proposed one. It is expressed in annual kg of CO2.

UKGBC - UK GREEN BUILDING COUNCIL

The UKGBC is a United Kingdom membership organisation, formed in 2007, which aims to transform the way that the built environment in the UK is planned, designed, constructed, maintained and operated. The UKGBC Social Value in New Development (2018) document gives guidance on social value as a measure for delivering sustainable developments.

UK NZBS - UK NET ZERO BUILDING STANDARD

Voluntary programme driven by various real-estate industry bodies and developers. The Pilot Version launched in September 2024 and a revision was published in April 2025. It contains the technical details on how a building should meet the Standard, including what limits and targets it needs to meet, the technical evidence needed to demonstrate this and how it should be reported.

WELL - THE WELL BUILDING STANDARD

A roadmap for measuring and reporting on human and social capital performance. Now updated to WELL v2, which consolidates previous iterations and pilots of the WELL Building Standard into a single rating system that is designed to accommodate all project types and sectors.

FOR MORE INFORMATION ON

THE CORNERSTONE CLIMATE GUIDE

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Learn more about Cornerstone Climate here