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Sustainability Case Evening

Terms and concepts explained:

- **ESG:** ESG stands for Environmental, Social, and Governance, and it refers to a set of criteria that investors, businesses, and organizations use to evaluate a company's performance and sustainability in these three key areas:
 - ◆ **Environmental:** This aspect assesses a company's impact on the environment, including its carbon footprint, resource usage, pollution levels, and commitment to sustainable practices such as renewable energy, waste reduction, and conservation efforts.
 - ◆ **Social:** The social component focuses on a company's relationships with its employees, customers, communities, and other stakeholders. It examines factors like labor practices, diversity and inclusion, employee well-being, customer satisfaction, and contributions to the communities in which the company operates.
 - ◆ **Governance:** Governance pertains to a company's internal policies, leadership structure, and overall transparency and accountability. It encompasses aspects like board composition, executive compensation, ethics, anti-corruption measures, and adherence to legal and regulatory standards.
- **Materiality analysis:** Materiality analysis is a process used in sustainability reporting and corporate social responsibility (CSR) to identify and prioritize the most significant environmental, social, and governance (ESG) issues or topics that are relevant to a company and its stakeholders. These are the issues that have the greatest potential to impact the company's performance and reputation and are therefore considered "material."
- **Material topics:** Material topics are specific issues or aspects within a company's operations that have been identified as being of significant concern or importance to the company and its stakeholders. These topics are typically determined through materiality analysis and are the focus of a company's sustainability reporting and disclosure efforts.
- **Maturity:** In a business context, maturity refers to the level of development, advancement, or sophistication of a process, product, service, or organization. It is often used to assess how well a company has implemented best practices, standardized its processes, and

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achieved a high level of efficiency and effectiveness in a particular area. Maturity models are often used to evaluate and improve various aspects of a business.

- **Material risks:** Material risks are significant risks that have the potential to impact a company's operations, financial performance, or reputation. These risks are considered material because they are relevant to the company's business and stakeholders. Material risks may include factors such as regulatory changes, economic downturns, environmental disasters, or supply chain disruptions. Identifying and managing material risks is essential for the long-term sustainability and success of a business.
- **Scope 1, 2, and 3:** These terms are used to categorize and account for different sources of greenhouse gas emissions in an organization's carbon footprint:
 - ◆ **Scope 1 Emissions:** Scope 1 emissions refer to direct emissions from sources that are owned or controlled by the organization. This includes emissions from on-site activities such as combustion of fossil fuels in company-owned vehicles or equipment, as well as emissions from chemical processes.
 - ◆ **Scope 2 Emissions:** Scope 2 emissions represent indirect emissions associated with the consumption of purchased or imported electricity, heat, or steam. These emissions occur as a result of energy generation by external providers but are attributed to the organization using that energy.
 - ◆ **Scope 3 Emissions:** Scope 3 emissions encompass all other indirect emissions that occur as a result of the organization's activities but are not owned or controlled by the organization. This category includes emissions from sources like supply chain activities, employee commuting, business travel, and the use of products or services sold by the organization. Scope 3 emissions are often the largest and most challenging category for many organizations to address in their efforts to reduce greenhouse gas emissions.
- **Value chain:** A value chain is a concept in business management that refers to the sequence of activities or processes a company undertakes to create and deliver a product or service to its customers. It encompasses all the stages from the acquisition of raw materials or resources to the final delivery of the product or service to the end user. Analyzing the value chain helps organizations identify areas where they can create value, reduce costs, and improve efficiency.
- **Stakeholders:** Stakeholders are individuals, groups, or entities that have an interest or concern in the activities, decisions, and outcomes of a company or organization. They can include a wide range of parties such as customers, employees, shareholders, suppliers, government agencies, communities, and advocacy groups. Stakeholder engagement is important for understanding and addressing the interests and concerns of these parties.
- **Key Performance Indicators (KPIs):** Key Performance Indicators are quantifiable metrics or data points used to measure and evaluate the performance of a business or organization in achieving specific goals and objectives. KPIs serve as essential tools for tracking progress, making informed decisions, and assessing the effectiveness of strategies. They can vary widely depending on the nature of the organization and its goals but are typically used to assess performance in areas such as sales, customer satisfaction, financial health, and operational efficiency.
- **Financial Risk Matrix:** A tool for assessing and visualizing financial risks, which may require explanation for those not familiar with financial risk assessment methodologies.
- **Acquisition:** The act of one company purchasing or taking control of another company, often through buying its shares or assets.
- **Greenwashing:** Greenwashing is a marketing and communication practice in which a company or organization exaggerates or falsely claims its commitment to environmental sustainability or portrays its products or services as more environmentally friendly than they actually are. It involves misleading consumers or stakeholders by giving a false

impression of being environmentally responsible when, in reality, the company's actions may not align with those claims.

- **Årsredovisningslagen (Annual Accounts Act):** Årsredovisningslagen, often referred to as the Annual Accounts Act in English, is a legal framework or regulation in Sweden (and potentially other countries) that sets out the requirements and standards for companies to prepare and disclose their annual financial statements and reports. It typically includes guidelines on how financial information should be presented, audited, and reported to ensure transparency and accuracy in financial reporting.
- **Greenhouse Gas Protocol:** The Greenhouse Gas Protocol is a widely recognized and standardized accounting framework for measuring, managing, and reporting greenhouse gas emissions. It provides guidelines and tools for organizations to quantify their emissions of greenhouse gasses, such as carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), which contribute to climate change. The Greenhouse Gas Protocol is often used to help organizations assess their environmental impact and develop strategies for reducing emissions.
- **Corporate Social Responsibility (CSR):** CSR refers to a company's voluntary commitment to behaving ethically, contributing to societal well-being, and minimizing its negative impacts on the environment.
- **Code of Conduct:** A set of rules and guidelines that outline the expected behavior and ethical standards for employees and suppliers.