Graduate Certificate in Finance and Sustainability

Green Bonds and Sustainable Investment

Bond: A financial instrument that represents a loan made by an investor to a borrower, typically a corporation, government, or government agency. In exchange for the loan, the borrower agrees to repay the principal (the loan amount) plus interest at maturity.

Green Bond: A type of bond specifically used to fund projects that have environmental benefits, such as renewable energy, energy efficiency, sustainable agriculture, and climate change adaptation. Green bonds are subject to the same risks as traditional bonds, but their environmental focus can make them more attractive to investors who are interested in sustainability.

Sustainable Investment: An investment strategy that considers environmental, social, and governance (ESG) factors in addition to financial returns. Sustainable investment can take many forms, including screening for companies with strong ESG performance, engaging with companies to improve their ESG practices, and investing in projects with positive environmental and social impacts.

Climate Bond: A type of green bond that is specifically used to fund projects that help mitigate or adapt to climate change. Climate bonds can be issued by governments, corporations, or other entities, and they are typically used to fund projects such as renewable energy, energy efficiency, and climate change adaptation.

Social Bond: A type of bond that is used to fund projects with social benefits, such as affordable housing, education, and healthcare. Social bonds are similar to green bonds in that they are subject to the same risks as traditional bonds, but their social focus can make them more attractive to investors who are interested in social impact.

Sustainability-Linked Bond: A type of bond that links the bond's interest rate to the issuer's sustainability performance. If the issuer meets certain sustainability targets, the interest rate on the bond will be lower, providing a financial incentive for the issuer to improve its sustainability practices.

ESG Integration: The practice of incorporating environmental, social, and governance (ESG) factors into the investment analysis process. ESG integration considers the risks and opportunities posed by ESG factors in addition to traditional financial analysis.

ESG Disclosure: The practice of providing information about a company's environmental, social, and governance (ESG) performance. ESG disclosure can take many forms, including sustainability reports, corporate social responsibility (CSR) reports, and integrated reports.

Carbon Footprint: The total amount of greenhouse gas emissions produced by an individual, organization, or product. Carbon footprints are typically measured in units of carbon dioxide equivalent (CO_2e).

Carbon Pricing: A policy tool that puts a price on carbon emissions, providing an economic incentive for companies and individuals to reduce their carbon footprint. Carbon pricing can take many forms, including carbon taxes, cap-and-trade systems, and carbon offset programs.

Renewable Energy: Energy that is generated from sources that are replenished naturally, such as solar, wind, hydro, and geothermal. Renewable energy is often considered to be more sustainable than fossil fuels because it produces fewer greenhouse gas emissions and is not subject to depletion.

Energy Efficiency: The practice of using less energy to perform the same task or function. Energy efficiency can be achieved through a variety of means, including technology upgrades, process improvements, and behavior changes.

Sustainable Agriculture: An approach to agriculture that focuses on producing food in a way that is environmentally sustainable, socially responsible, and economically viable. Sustainable agriculture often involves practices such as crop rotation, cover cropping, and integrated pest management.

Climate Change Adaptation: The process of adjusting to the impacts of climate change, such as sea level rise, extreme weather events, and changing precipitation patterns. Climate change adaptation can involve a wide range of activities, including infrastructure improvements, land use planning, and emergency preparedness.

Circular Economy: An economic model that is based on the principles of reducing, reusing, and recycling materials and resources. In a circular economy, products and materials are designed to be reused or recycled, rather than discarded, and waste is minimized.

Natural Capital: The stock of natural resources, such as water, air, soil, and biodiversity, that provide benefits to people and the economy. Natural capital can be depleted or degraded, which can have negative impacts on both the environment and the economy.

Biodiversity: The variety of different species of plants, animals, and microorganisms that exist in a particular ecosystem. Biodiversity is important for maintaining the health and functioning of ecosystems, and it has economic value in terms of the goods and services that it provides.

Sustainability Reporting: The practice of providing information about a company's sustainability performance, including its environmental, social, and governance (ESG) practices and impacts. Sustainability reports can be used to communicate a company's sustainability efforts to stakeholders, including investors, customers, and employees.

Corporate Social Responsibility (CSR): The practice of companies taking responsibility for their impacts on society and the environment. CSR can involve a wide range of activities, including philanthropy, community engagement, and sustainability initiatives.

Integrated Reporting: A type of reporting that combines financial and sustainability information in a single report. Integrated reporting is intended to provide a more holistic view of a company's performance, including its financial, environmental, social, and governance (ESG) impacts.

Sustainable Development Goals (SDGs): A set of 17 global goals adopted by the United Nations in 2015, which are aimed at ending poverty, protecting the planet, and promoting prosperity for all. The SDGs cover a wide range of issues, including poverty, hunger, health, education, gender equality, clean energy, economic growth, and climate action.

Triple Bottom Line: A framework for measuring a company's performance that includes financial, environmental, and social (FES) factors. The triple bottom line is intended to provide a more holistic view of a company's performance, taking into account its impacts on people and the planet, as well as its financial returns.

Stakeholder Engagement: The practice of engaging with stakeholders, including investors, customers, employees, and communities, in order to understand their concerns and perspectives, and to build relationships. Stakeholder engagement is an important part of sustainable investment, as it helps to ensure that companies are taking into account the needs and interests of their stakeholders.

Materiality: The concept of identifying and prioritizing the environmental, social, and governance (ESG) issues that are most relevant and important to a company and its stakeholders. Materiality is an important concept in sustainable investment, as it helps to ensure that companies are focusing on the ESG issues that are most likely to have a significant impact on their performance and reputation.

Risk Management: The practice of identifying, assessing, and mitigating risks, including environmental, social, and governance (ESG) risks. Risk management is an important part of sustainable investment, as it helps to ensure that companies are taking a proactive approach to managing the risks that could impact their financial performance and reputation.

Impact Investing: The practice of making investments that generate both financial returns and positive social or environmental impacts. Impact investing is a subset of sustainable investment that focuses on creating positive change, in addition to generating financial returns.

Divestment: The practice of selling or avoiding investments in companies or industries that are considered to be harmful to the environment or society. Divestment is often used as a tool for promoting sustainability, as it can help to shift capital away from unsustainable practices and towards more sustainable alternatives.

Screening: The practice of selecting or excluding investments based on environmental, social, and governance (ESG) criteria. Screening can be used to create a portfolio that is aligned with an investor's values or to avoid investments in companies that are considered to be unsustainable.

Active Ownership: The practice of engaging with companies in which one has invested in order to influence their environmental, social, and governance (ESG) practices and performance. Active ownership can involve a variety of activities, including voting shares, engaging in dialogue with management, and filing shareholder resolutions.

Engagement: The practice of engaging with companies in order to influence their environmental, social, and governance (ESG) practices and performance. Engagement can involve a variety of activities, including

voting shares, engaging in dialogue with management, and filing shareholder resolutions.

Shareholder Resolution: A proposal that is submitted by a shareholder for a vote at a company's annual general meeting (AGM). Shareholder resolutions are often used as a tool for promoting sustainability, as they allow shareholders to express their concerns and perspectives to management and to other shareholders.

Proxy Voting: The practice of voting shares in a company on behalf of the beneficial owner of those shares. Proxy voting is an important part of active ownership, as it allows investors to exercise their rights