

## Glossary

**accounting** | A type of accounting that tracks, measures, and reports the direct and indirect economic, social, and environmental impacts of a business's operations. Also called social accounting, environmental accounting, social and environmental accounting, or social and ethical accounting, auditing, and reporting.

**balanced scorecard** | A comprehensive method of measuring corporate performance that incorporates financial and nonfinancial measures.

**Base of the pyramid strategies** | Sustainability strategies that seek to improve the social, environmental, and economic performance of corporations conducting business in emerging economies. (BOP strategies)

**Biomimicry** | An innovative method that seeks out sustainable solutions by imitating features found in the environment and using them in product design.

**brownfield sites** | Underdeveloped or abandoned areas that often contain trace amounts of industrial pollution.

**Capital budgeting** | An investment planning process that includes elements such as internal rate of return, net present value, and cost-benefit ratio that can be used to evaluate the value of sustainability-related investments.

**carbon emissions** | A discharge of carbon that results from the generation and consumption of electricity. It contributes to climate change.

**carbon finance** | The application of a financial management system, models, and tools to manage a company's carbon dioxide and other greenhouse gas emissions.

**carbon footprint analysis** | An analysis of a company's full range of operations to gather baseline data about the company's carbon emissions from operations.

**carbon reduction strategy** | A detailed plan of measurable specific goals with specific actions aimed at reducing energy usage and carbon emissions.

**Carbon trading** | A market-based mechanism that allocates carbon emissions allowances within the emissions trading system.

**climate change** | Change in the earth's climate, considered to be long-term and related to increasing atmospheric temperatures (i.e., global warming).

**Cloud computing** | A means of accessing computer technology via the Internet without needing company investment in technology.

**Community Development Financial Institutions** | Financial institutions such as banks, credit unions, loan funds, and development venture capital companies that provide financing to small businesses and housing and community facilities projects that revitalize economically distressed communities.

**commuter-choice tax benefit** | A federal tax benefit employers can provide to employees. Employees who commute to work through transit or by carpool can set aside pre-determined pre-tax dollars for commuting and parking expenses.

**continuous data protection** | A method of increasing storage utilization by offering continuous or real-time byte-level backup of changes to documents.

**cradle to cradle** | A way of thinking about manufacturing design from the acquisition of raw materials to the point of recycle and reuse, with a goal of zero waste.

**Crowdsourcing** | A process of posting design-based problems on the Internet and openly querying participants for ideas and solutions. Sometimes referred to as community-based design.

**Cultural Creatives** | A segment of the sustainable business market that consists of individuals committed to spirituality, social justice, and environmentalism.

**Database of State Incentives for Renewables and Efficiency (DSIRE)** | A database that notes state and federal funding options for sustainability-related corporate projects. These options include rebates, performance-based incentives, tax incentives, revolving loan funds, and grants.

**Dow Jones Sustainability Indexes (DJSI)** | Launched in 1999, DJSI are the first global indexes tracking the financial performance of leading sustainability companies.

**dynamic governance** | A model for corporate governance, decision making, and organizational structure that consists of four principles: decisions are made by consent, the organization is a hierarchy of semiautonomous circles, circles are double-linked with two representatives from each circle serving on the next circle up in the hierarchy, and elections are held by consent. Also referred to as sociocracy.

**economic impact** | The economic effect on a community from the actions of a business.

**egalitarian system** | A compensation system that is flatter than the standard system. It features fewer differences between employee grades, thereby creating a flatter organizational chart and minimizing status-dependent prerequisites.

**electronics recycling** | The donation of unwanted electronics to charities or the recycling of nonworking electronics to reduce the amount of electronics waste in landfills. Commonly referred to as e-recycling.

**energy-efficient mortgage (EEM)** | A green financing measure in which adjustments are made to standard mortgage measures for energy-efficient houses.

**environmental impact** | The performance of a sustainable business relative to preserving environmental quality; this performance is viewed both internally and externally.

**Equator Principles** | Guidelines that relate to the management of social and environmental issues in project financing. The related financial institution, EPFI, provides financing to projects that are socially responsible and environmentally sound.

**Full-cost accounting** | A method of cost accounting that seeks to determine the full costs of the societal, economic, and environmental impact (the triple bottom line) of a given manufacturing or service activity. Also referred to as total cost accounting.

**Green building** | Building that is done with the goal of reducing the environmental impact in the design, construction, and its ongoing life.

**green business** | A business that focuses on its environmental impact rather than on the triple bottom line emphasis of a sustainable business (people, planet, and profit).

**Green investing** | Investments in securities that focus solely on financing to environmentally conscious businesses.

**Green investing** | Investments in organizations that are committed to environmentally conscious business practices.

**Green-collar jobs** | The modification of blue-collar jobs through incorporating environmentally related knowledge, skills, and abilities to aid in the transition to a green economy.

**Greenhouse Gas Protocol** | A guide for companies in creating base-year measurements of GHG emission, both direct and indirect, which allows companies to determine their future goals for reduction.

**Greenwashing** | The act of creating an environmental spin on products or activities without a genuine business-wide commitment to sustainability. It often involves the promotion of a single product or an act of a company as being sustainable, green, or environmentally friendly.

**International Labour Rights Standards** | A set of standards set forth by the International Labour Organization that seeks to establish parameters for basic worker rights and job security.

**International Sustainability Professionals Society** | A nonprofit professional association for individuals committed to creating sustainable business practices through sharing best practices and engaging in professional development.

**KLD's Domini 400 Social Index** | Established in 1990, this is the first benchmark index based on environmental, social, and governance (ESG) factors. It is a value-weighted stock index of 400 publicly traded American companies.

**KLD's Global Sustainability Index** | A broadly diversified global benchmark based on ESG rankings, that lists companies with the highest sustainability ratings.

**Labor relations** | The interactions between an organization and its employees, particularly related to employees' rights to organize and engage in collective bargaining.

**Life cycle analysis (LCA)** | A measure of the environmental impact of specific products or processes from the cradle (the gathering of raw earth materials to create a product) to the grave (the point of material disposal, recycling, or reuse). Also referred to as life cycle assessment.

**Life cycle costing (LCC)** | A longer-term accounting method that examines the total costs of products from inception to operating costs to end-of-life costs. Sometimes referred to as life cycle cost analysis, LCC is only useful as a planning tool for costing.

**Life cycle environmental cost analysis (LCECA)** | A form of life cycle costing that includes the direct and indirect costs of the environmental impacts (the eco-costs) of the product into the total costs of the product.

**Measuring Impact Tool** | A tool that offers the broadest three-dimensional sustainability coverage by measuring governance, environmental sustainability, assets, people, and financial flows.

**Microfinancing** | A type of social financing in which women, minorities, and low-income borrowers are provided with access to capital.

**reporting** | The reporting of the results of sustainability accounting. Also referred to as corporate social responsibility reporting, triple bottom line reporting, and nonfinancial reporting.

**Reverse logistics** | The movement of a product backward through the supply channel to be reused, recycled, or reprocessed to reduce waste.

**server virtualization** | A means of reducing energy usage and increasing energy efficiency by allowing virtual machines to run on one piece of hardware, at both the server and the PC level.

**social business model** | An open-business model that leverages the power of mass collaboration in creating a successful business. First termed crowdsourcing, stakeholders are the decision makers and contribute to the ongoing operations of the business.

**Social finance** | Investment capital made available to positive social, economic, and environmental activities that enhance local communities and social development.

**social impact** | The performance of a sustainable business relative to societies and social justice. Internally, the social impact of a business refers to practices related to employees and employment within the business; externally, social impact practices include participating in Fair Trade practices.

**Social Investment Forum** | A national nonprofit trade association that provides programs and resources to its members to assist with integrating social, economic, environmental, and governance factors into their investment decisions.

**Social marketing** | A type of cause-related marketing associated with the marketing of products or services for social good.

**Storage resource management** | A method of increasing storage utilization and decreasing power needs to increase efficiency and decrease energy consumption.

**storage tiering** | A method of increasing storage utilization and decreasing power consumption by assigning categories of data to specific types of storage media, which can be automatically managed through software programs.

**Storage virtualization** | A method of increasing storage utilization by integrating several storage networks into one virtual storage site.

**strategy** | A method for guiding management's choices about where to compete—which customers to serve, with what products and services, and how to deliver those products to customers effectively and profitably.

**sustainability** | The ability to meet the needs of the present without compromising the ability of future generations to meet theirs.

**Sustainability costing** | A method of financial reporting that assesses the financial costs of products and services over their lifetime and throughout the supply chain in lieu of passing along those costs to society and the environment.

**sustainability training** | Employee training focused on increasing employee awareness to foster creative, sustainability-oriented solutions to business problems.

**Sustainability valuation** | A methodology for demonstrating how sustainability adds value to a corporation. To date, no specific set of financial metrics has been established for demonstrating the impact on company performance.

**Systems thinking** | A business approach that includes an awareness and understanding that everything is related and that nothing exists in isolation. Problems are viewed in the context of an overall system rather than as discrete issues to be resolved.

**Telecommuting** | A work option in which employees are given the flexibility to work from home at least one day or more per month.

**triple bottom line** | Organizational success defined by three aspects: social, environmental, and economic factors, often referred to as people, planet, and profit.

**United Nations Global Compact** | One of the most commonly referenced set of principles for corporate conduct, it contains 10 principles for responsible and sustainable business activity in the areas of human rights, labor, the environment, and anticorruption.

**Wolfsberg Principles** | Nonbinding guidelines that deal primarily with appropriate monetary dealings between bankers and their customers.