BATTERY COUNCIL INTERNATIONAL

ESSENTIAL ENERGY EVERYDAY

BCI Glossary of Sustainability Terms

FEBRUARY 2025

This glossary is meant to provide uniform definitions for use by BCI's Sustainability Subcommittee. The glossary should be leveraged as a resource to help clarify — and keep consistent — the meanings of technical terms likely to be used in this subcommittee's work.

BATTERY STORAGE — The storage of excess energy in batteries for later use, often used in conjunction with renewable energy systems.

BIODIVERSITY — The variability among living organisms from all sources including, inter alia, terrestrial, marine, and other aquatic ecosystems and the ecological complexes of which they are part: this includes diversity within species, between species, and ecosystems.

BUSINESS SUSTAINABILITY — The ethical, responsible management of an organization's continued environmental success related to regulatory compliance, climate disclosures, social impacts, and financial risks.

CIRCULAR ECONOMY TERMS

- **Circular Economy —** The practice of fully keeping products in circulation possible by reducing material consumption, streamlining processes, and collecting waste for reuse. An economic model in which products and materials are designed in such a way that can be reused, remanufactured, recycled, or recovered and thus maintained in the economy for as long as possible (similar to the United Nations definition).
- **Closed Loop —** A circular production process that reuses material waste to create additional products or repurpose recycled materials.
- **Electronic Waste (E-Waste) —** Electronics at or nearing the end of their useful life. Sustainability approaches seek to extend the useful life of devices and use circular economic principles to keep the amount of e-waste to an absolute minimum. The priority is to first reduce waste, then refurbish devices and only then move toward recycling.
- **Hazardous Waste —** Refers to waste that is potentially dangerous or harmful to human health or the environment, such as chemicals or radioactive materials.
- **Life Cycle Assessment —** A comprehensive analysis of the environmental impacts of a product, process, or service over its entire life cycle, from raw materials extraction to disposal.
- **Product Responsibility —** The responsibility of companies to ensure that their products are safe, ethical, and sustainable, and to minimize any negative impact they may have on the environment or human health.
- **Raw Materials Usage —** Raw materials usage refers to the extraction, processing, and use of natural resources, such as minerals, fuels, and timber, for the production of goods and services. High levels of raw materials usage can result in environmental degradation, depletion of natural resources, and increased greenhouse gas emissions.
- **Recycling —** The process of collecting and processing waste materials, ideally to make new products. Usually requires treatment, and energy consuming procedure.
- **Reuse —** Using an object again, without treatment.
- **Waste Management —** The collection, transport, treatment, and disposal of waste, with a focus on reducing the negative impact of waste on the environment and human health.
- **Zero Waste —** The concept of managing products, packaging, and materials responsibility to minimize environmental harm.

CLEAN TECH TERMS

- **Clean Technology —** technologies and processes that are meant to limit negative environmental impact, such as waste and carbon emissions, especially in comparison to fossil fuels. Examples of clean technologies - sometimes referred to as green technologies or eco-technologies - include solar power, wind power, biofuels, recycling, and smart lighting.
- **Eco-Friendly —** A term used to describe products, practices, and technologies that have a minimal impact on the environment and promote sustainability.
- **EV Charging —** Refers to the charging of electric vehicles, which can be powered by renewable energy sources.
- **Fuel Cell —** Refers to a type of technology that converts chemical energy into electrical energy, typically using hydrogen and oxygen.
- **Responsible Innovations —** Prioritizes ethics and social responsibility in the research, design and production of new technologies or evolutions of existing technology. Responsible innovation posits ethics as a design problem.

CLIMATE CHANGE TERMS

- **Climate Adaptation —** The act of preparing for and adjusting to climate change's current and projected consequences (e.g., cities can build seawalls to protect from rising sea levels).
- **Climate Change —** The shifts over time in the average temperature and weather patterns that define specific locations. In particular, climate change has come to mean the rise in global temperatures from heat-trapping gases resulting from mining and using oil, coal and other fossil fuels. Climate change indicators include rising sea levels; increase and severity of extreme weather, such as hurricanes, droughts, and floods; and ice loss at the Earth's poles.
- **Climate Mitigation —** The process of decreasing the flow of heat-trapping pollution (e.g., reducing fossil fuel burning by using renewable energy sources may help).
- **Climate Resilience —** The ability to support a community, company, or the natural environment before, during and after a climate event in a timely, efficient manner. The ability of a community, company, or the natural environment to prepare for, recover from and adapt to the impacts of climate change.
- **Climate Risk —** As wildfires, droughts, food scarcity, flooding, hurricanes, and other climate change effects happen, businesses face increased vulnerability. Climate risk describes that vulnerability. It is the potential for climate change to create negative effects on human or ecological systems.

  Risks fall into two main categories:

  - risks based on the transition to a low carbon economy, such as losing market share by moving away from fossil fuel-based products; and
  - risks related to the physical effects of climate change, such as flooded offices.
- **Loss and Damage —** Climate-change related consequences that people are unable to adapt to, either because the consequence is too severe or because the affected community doesn't have access to the resources to adapt. Loss and damage results from sudden natural disasters, such as floods, or gradual change, such as desertification.
- **Mitigation Measures —** Refers to the measures taken to reduce the likelihood and impact of natural hazards, such as elevating buildings in flood-prone areas.

- **Resiliency Measures —** Refers to the measures taken to prepare for and recover from the impacts of natural hazards, such as reinforcing structures or installing backup power systems.
- **Structural Risks —** Refers to the potential dangers posed by the physical structure of a building, such as structural failures or collapse.

CORPORATE SOCIAL RESPONSIBILITY (CSR) — For-profit companies use the CSR business model to gauge social and environmental benefits alongside organizational goals such as profitability.

EMERGENCY PREPAREDNESS PLAN — A plan outlining the steps a building or organization should take in the event of a natural disaster.

ENERGY CONSUMPTION AND EFFICIENCY TERMS

- **Energy Audits —** An assessment of a building's energy usage and potential for improvement, including recommendations for energy efficiency upgrades.
- **Energy Efficiency —** The use of less energy to perform the same functions, reducing the amount of energy required to produce goods and services and minimizing greenhouse gas emissions.
- **Renewable Energy —** Energy sources that are replenished naturally, such as wind, solar, and hydropower. Renewable energy is seen as an important ESG issue because it reduces dependence on finite fossil fuels and helps mitigate climate change.
- **Renewable Energy Certificate (REC) —** Issued when one megawatt-hour (MWh) of electricity is generated and delivered to the electricity from a renewable energy resource.
- **Solar —** Refers to energy derived from the sun, typically using photovoltaic panels.

ENVIRONMENTAL JUSTICE — Environmental justice aims for fair treatment of all people regardless of race, color, national origin, or income equally regarding environmental laws, regulations, and policies. The approach holds that no group should bear a disproportionate share of negative environmental consequences.

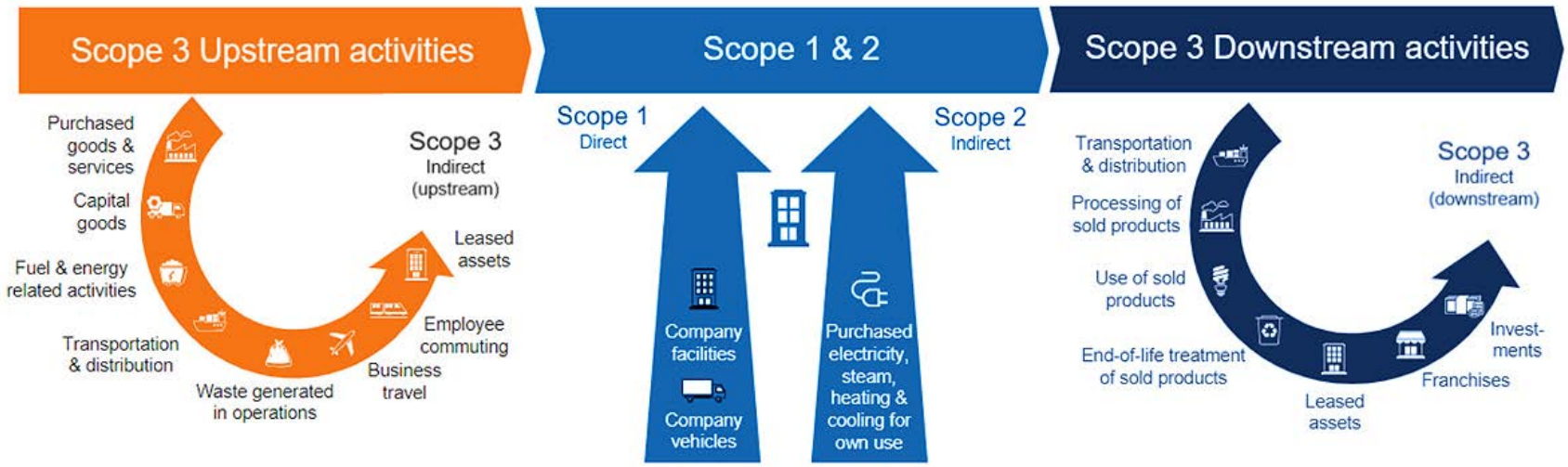
ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) — Sustainable and ethical interests that can be central to an organization's financial and corporate interests.

- **Environmental**
  - Energy usage and efficiency
  - Climate change strategy
  - Biodiversity loss
  - Greenhouse gas emissions
  - Carbon footprint reduction
- **Social**
  - Fair pay and living wages
  - Equal employment opportunity
  - Employee benefits
  - Workplace health and safety
  - Community engagement
  - Responsible supply chain partnerships
  - Adhering to labor laws
- **Governance**
  - Corporate governance
  - Risk management
  - Compliance
  - Ethical business practices
  - Avoiding conflicts of interest
  - Accounting integrity and transparency

GHG EMISSIONS TERMS

- **Carbon Credit —** When companies create carbon offsetting initiatives, they receive a transferable or tradeable carbon credit, or token. A credit represents the right to emit greenhouse gases and make up for it elsewhere. A credit represents one ton of carbon dioxide reduced or removed from the atmosphere. In practice, taking advantage of these credits lets owners reduce greenhouse gas emissions to get closer to net zero. The term also refers to purchased credits that will fund emission-reducing projects.
- **Carbon Finance —** The financial transactions and mechanisms that support efforts to reduce greenhouse gas emissions or enhance carbon sinks. This can include investments in low-carbon technologies, carbon offset projects, and carbon credits.
- **Carbon Footprint —** The total amount of greenhouse gases (such as carbon dioxide) produced by human activities, including transportation, energy use, and industrial processes. Reducing carbon footprint is a key component of ESG strategies for companies and investors.
- **Carbon Intensity —** Carbon intensity refers to the amount of carbon emissions per unit of energy consumption or economic output. It is used as a measure of the efficiency and sustainability of energy systems and can be used to compare the emissions of different energy sources.
- **Carbon Neutral —** The ideal balance between carbon dioxide emissions produced by human activity and carbon absorption by the atmosphere; the calculation should come to zero.
- **Carbon Offset —** A financial instrument that represents a reduction in greenhouse gas emissions and can be traded on carbon markets. Offsets are used to compensate for emissions that cannot be reduced directly and are generated by projects such as renewable energy, energy efficiency, and reforestation.
- **Carbon Pricing —** Carbon pricing refers to the use of economic incentives, such as taxes or cap-and-trade systems, to encourage the reduction of greenhouse gas emissions. By putting a price on carbon emissions, carbon pricing provides an economic incentive for companies and individuals to reduce emissions and invest in low-carbon technologies.
- **Carbon Sequestration —** Carbon sequestration refers to the process of capturing and storing carbon dioxide emissions, typically from power plants, so that they are not released into the atmosphere. This can be achieved using carbon capture and storage (CCS) technologies, or through the storage of carbon in forests and other land-based sinks.
- **Carbon Token —** A digital asset governed by a smart contract on a blockchain that represents a real-world reduction in one metric ton of carbon dioxide emissions. The asset exists to verify ownership and to simplify the carbon credit trading process.
- **Digital Carbon Footprint —** The amount of greenhouse gas emissions digital devices, tools and platforms produce. All tech, from cloud computing to mobile phones to internet usage, produces a digital carbon footprint.
- **Drawdown —** The point at which atmospheric greenhouse gas levels stop climbing and start declining.
- **Emissions —** The release of greenhouse gases (GHGs) and other pollutants into the atmosphere. Emissions can be caused by various human activities, including the burning of fossil fuels, deforestation, and industrial processes.
- **Global Warming —** Global warming refers to Earth's heating from trapped greenhouse gases resulting from human activities such as transportation, agriculture, overfishing, fossil fuel energy production and overconsumption.

- **Greenhouse Effect —** The result of carbon dioxide, methane and nitrous oxides in Earth's atmosphere trapping the sun's heat. Greenhouse Gas Emissions — The sum of emissions of various heat-trapping gases. Greenhouse gases include carbon dioxide, methane, nitrous oxides, and fluorinated gases such as hydrofluorocarbons.
- **Greenhouse Gas Protocol —** A globally recognized set of reporting and accounting frameworks for managing greenhouse gas emissions from private and public sector operations, value chains and mitigation actions.
- **High Emitters —** A designation given to companies or countries that emit comparatively high volumes of greenhouse gas. Per capita emissions are used to measure the emissions of nations.
- **Net Zero —** The result of lowering greenhouse gas emissions as close as possible to zero and balancing remaining emissions with removals.
- **Scope 1, 2, 3 Emissions —** Developed by the Greenhouse Gas Protocol, scopes give organizations a way to categorize their emissions. Organizations may find it easier to control scopes 1 and 2, but scope 3 emissions are the most difficult to track.
  - ***Scope 1 Emissions (e.g., Natural Gas, Diesel, Propane, Battery Recycling Processes)***
    The direct emissions generated by an organization's operations. Running machinery, manufacturing products, driving vehicles, heating buildings, and providing power to devices generate emissions.
  - ***Scope 2 Emissions (e.g., Electricity and Steam)***
    The indirect emissions generated by an organization's energy purchase and usage. Investment in renewable energy sources may help lower these emissions.
  - ***Scope 3 Emissions***
    The indirect emissions generated by an organization's customer and supplier activities.



GREEN FINANCING TERMS

- **Feed-In Tariff —** A policy designed to accelerate investments in renewable energy. A policy of this type usually involves long-term government contracts.
- **Impact Investing —** An investing strategy that directs money towards companies that create a measurable, positive change in the world. This may also be called socially responsible investment.
- **Socially Responsible Investing (SRI) —** Socially Responsible Investing: An investment approach that considers both financial returns and social and environmental impact. Investors who follow SRI principles seek to invest in companies that have positive ESG practices and avoid companies that have negative ESG practices.

LABOR AND HUMAN RIGHTS TERMS

- **Affected Community —** A group living or working in the same area that has been or may be affected by a reporting undertaking's operation or through its value chain. The local community can range from those living adjacent to the organization's operations to those living at a distance.
- **Child Labor —** Any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development.
- **Diversity —** A commitment to recognizing and appreciating the variety of characteristics that make individuals unique in an atmosphere that embraces and celebrates individual and collective achievement. Identity is dependent on much more than one dimension of a person's background. In recognizing and appreciating the many characteristics that make individuals unique in the world, diversity provides solutions to eliminate racial discrimination in the workplace
- **Impact Sourcing —** A sourcing strategy that directs employment and career development opportunities toward people from economically disadvantaged backgrounds.

MATERIALITY TERMS

- **Double Materiality —** A concept that requires companies to consider the financial and non-financial impacts of their decisions on people, society, and the environment.
- **Materiality Assessment —** A formal way of assessing stakeholders' commitment to specific ESG issues and calculates an organization's ESG score. It works by identifying the impact of a certain issue on a company's performance and competitiveness in the market.
- **Stakeholder Engagement —** Refers to a company's communication and interaction with its stakeholders, including shareholders, employees, customers, and local communities, to understand and address their concerns and expectations. Stakeholder engagement is important for ESG as it helps companies identify potential ESG risks and opportunities and ensure that their activities align with the values and interests of their stakeholders.

RISK MANAGEMENT — The processes and practices a company uses to identify, assess, and manage potential risks to its business, such as environmental, social, or financial risks. Effective risk management is important for ESG as it helps ensure that a company is prepared to address potential risks and minimize their impact on its operations and stakeholders.

SUSTAINABLE DEVELOPMENT — A development path that meets the needs of the present generation without compromising the ability of future generations to meet their own needs.

SUSTAINABLE PROCUREMENT TERMS

- **Supply Chain Management —** A company's practices and policies related to managing its suppliers and ensuring they meet ethical and environmental standards.
- **Supply Chain Traceability —** In sustainability, traceability not only identifies, tracks, and traces materials and commodities, but it also verifies sustainability claims across the value chain.

SUSTAINABILITY — The ability to meet present needs without compromising the needs of future generations. In practice, sustainability aligns environmental protection, human well-being, and economic development.

SUSTAINABILITY COMPLIANCE AND REPORTING TERMS

- **ESG Framework —** A set of objectives that companies can use to report on ESG issues. The process begins when an organization selects an ESG reporting method.
- **Greenwashing —** Deceptive, misleading, or false claims or actions that an organization, product, or service has a positive environmental effect. Whether intentional or unintentional, the practice is detrimental.
- **Regulatory Compliance —** A company's adherence to applicable laws and regulations in its operations. Regulatory compliance is important for ESG as it helps ensure that a company is operating in a responsible and legal manner and that its activities align with stakeholders' interests.
- **Transparency —** A company's openness and accessibility in sharing information about its operations, performance, and governance. Transparency is important for ESG as it helps ensure that a company is accountable and responsible in its activities and that stakeholders have access to information to make informed decisions.

WATER TERMS

- **Water Management —** The process of managing water resources in a sustainable manner, including ensuring access to clean drinking water, reducing water waste, and protecting water ecosystems.
- **Stormwater —** Refers to water that falls as precipitation and flows over land and impervious surfaces, rather than infiltrating into the ground.