

SMART PAPERS

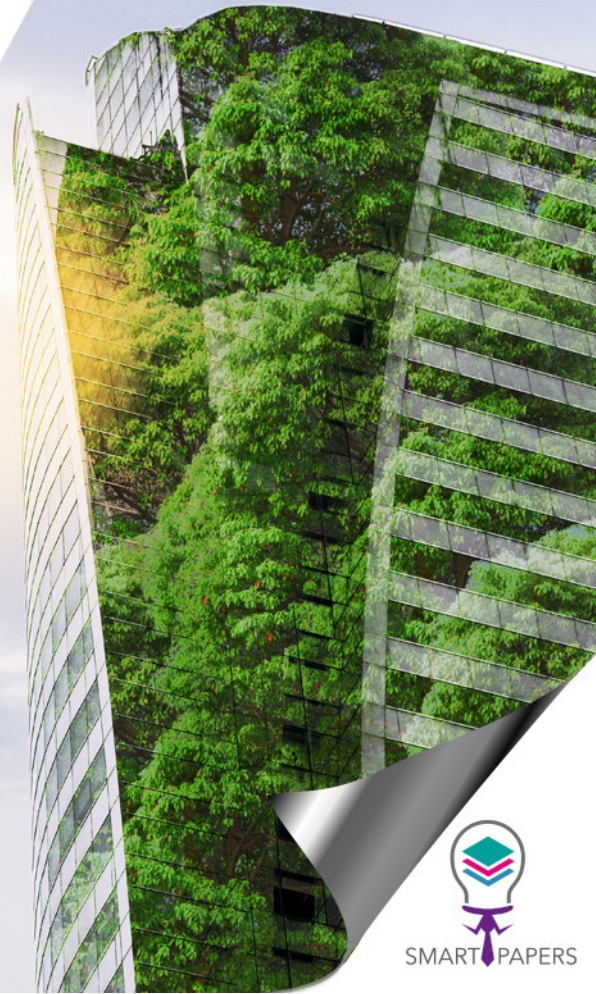


BUSINESS IMPACT
BRIEF

The corporate challenge of
greenwashing in the energy
industry

**Offensive practices & sustainable
investment solutions**

APUINSIGHTS
Product of APU Commercial Information Services LLC



SMART PAPERS

DIGITAL FUTURES



DIGITAL FUTURES is an online content publication platform catering for technology business leaders, decision makers and users, by sourcing and sharing valuable information and best practices in connection to the latest emerging technologies trends and market developments that leverage capabilities and contribute towards enhanced enterprise-wide performance.

TAL FUTUR



WATCH
DIGITAL FUTURES VIDEO

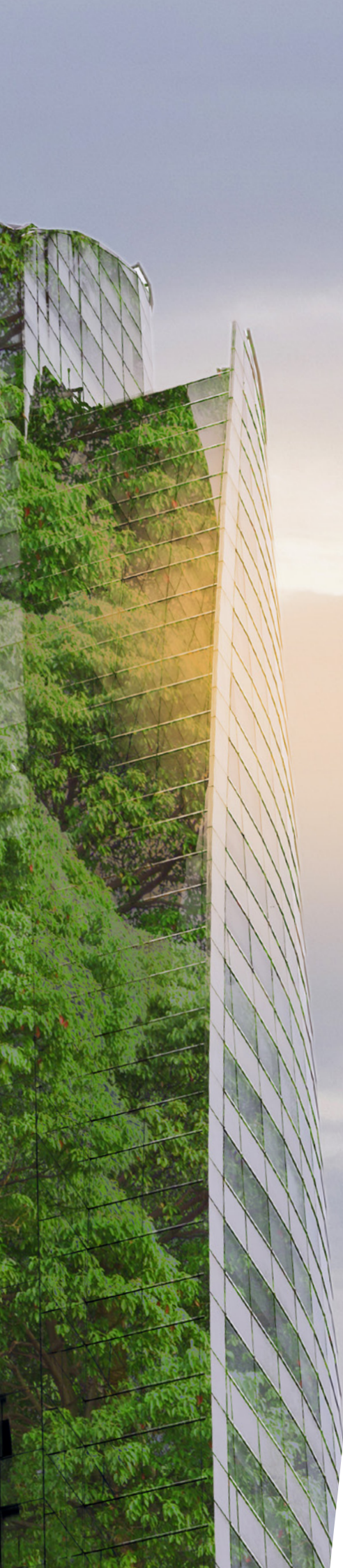


WATCH VIDEO

LEARN
MORE



66% OF 30,000
CONSUMERS IN
60 COUNTRIES
DEMAND FOR
MORE SOCIALLY
RESPONSIBLE
FIRMS &
ENVIRONMENTALLY
FRIENDLY
PRODUCTS,
REGARDLESS OF
THE HIGHER COST



CONTENTS

INTRODUCTION	5
SECTION 1: GREENWASHING KEY ISSUES	16
SECTION 2: CONCERNS & OFFENSIVE PRACTICES IN THE RENEWABLE ENERGY SECTOR	27
SECTION 3: SUSTAINABLE INVESTMENT SOLUTIONS & FUTURE PERSPECTIVES	44
CONCLUSION	65



SMART PAPER

INTRODUCTION



BUSINESS IMPACT BRIEF



N

owadays, the number of companies, worldwide, that take into consideration the environmental protection and future sustainability, has been significantly increased, owing to the expanded environmental pollution.

For instance, environmental hazards such as water pollution in China and air pollution, food scarcity and e-waste disposal pollution in India, have become noticeable and gradually precarious. As a result, public awareness has arisen and hence, the

majority of stakeholders have been more conscious towards environmental care. Due to this, the pressure on firms, to include data about their environmental protection activity and environmental-friendly products, has risen over the last years. Stakeholders such as governments, customers and investors require the energy sector to produce clean energy and sustainable products¹.

According to the sustainability imperative analysis by Nielsen, based on 30,000 consumers in 60 countries, 66 percent of respondents' demand for more socially responsible firms and environmentally friendly products, regardless of the higher cost². In order to address such challenges, companies developed and implemented a management tool, called Corporate Social Responsibility (CSR). Specifically, CSR is a concept according to which, companies incorporate social and environmental activities in their business operations, as well as in their relations with their stakeholders. For succeeding social and environmental viability, organizations must be responsible not only towards society, but also financially, supporting the three main pillars of sustainable development, which are economic, environmental and social performance. In detail, sustainable development is expressed as the progress which covers the demands of the present, respecting at the same time present and future environment and thus, not compromising the needs of next generations. Following this, businesses try to establish eco-friendly strategies, social concern and ethical corporate performance, in order to become more appealing to customers³.

[1] De Freitas Netto, S. V., Sobral, M. F. F., Ribeiro, A. R. B., da Luz Soares, G. R. (2020). Concepts and forms of greenwashing: a systematic review. *Environmental Sciences Europe*, 32(1), 1-12.

[2] The sustainability imperative. *New insights on consumer expectations*. (2015, October). The Nielsen Company.

[3] De Freitas Netto, S. V., Sobral, M. F. F., Ribeiro, A. R. B., da Luz Soares, G. R. (2020). Concepts and forms of greenwashing: a systematic review. *Environmental Sciences Europe*, 32(1), 1-12.

Based on a definition from Investopedia, greenwashing is the process of conveying a false impression or providing misleading information about how a company's products or services are more environmentally sound. Greenwashing is considered an unsubstantiated claim to deceive consumers into believing that a company's products or services are environmentally friendly. A very common example for businesses is to make claims that their products are from recycled materials or they have energy-saving benefits. Although some of the environmental claims might be partly true, companies engaged in greenwashing typically exaggerate their claims or the benefits in an attempt to mislead consumers⁴. Therefore, enterprises boost sustainable communication and promote CSR, in order to be considered as social and environmental defenders and attain brand awareness and improved purchase objectives, while unfortunately, the reality is discouraging. However, communication between corporations and stakeholders must be vigorous and transparent towards revealing information about environmental and social activities, in order to educate public awareness.

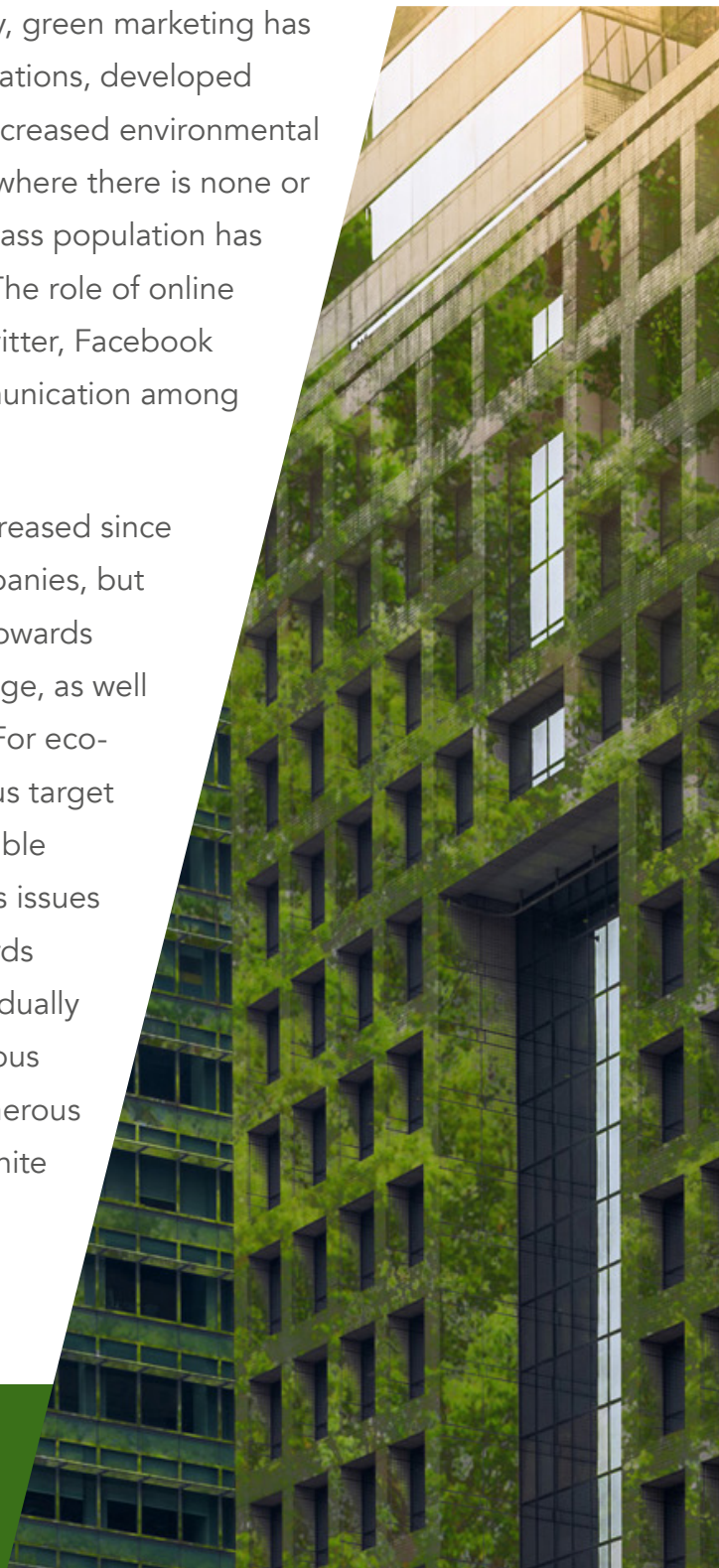
The term 'greenwashing' was claimed for the first time, in 1986, by the activist Jay Westerveld, when she realized that some hotels had begun asking guests to reuse towels, due to a water conservation strategy. Yet, they did not have any environmental actions, whereas they had more significant environmental impact issues. According to the advertising firm Ogilvy and Mather, the past decades, greenwashing phenomena have increased rapidly and so, a trust issue has appeared, along with ecological suspicion, as people find

[4] Kenton, W. (2021, January). Greenwashing. Investopedia.

it difficult to identify such practices. Consequently, green marketing has been hindered. According to environmental regulations, developed countries appear more up to date, as they have increased environmental awareness, compared to developing economies, where there is none or poor green regulation, in spite the fact that the mass population has some concerns about environmental protection. The role of online sites or blogs and particularly social media like Twitter, Facebook and Instagram, has altered the relation and communication among companies and their stakeholders⁵.

The online use of the word greenwashing, has increased since 2017, by 600%. This rise shows that not only companies, but mostly people, have developed their awareness towards protecting their environment against climate change, as well as realizing the critical role that firms play in this. For eco-conscious customers, FMCGs are the most obvious target to investigate. Global attitudes show that sustainable packaging and sourcing are the most conspicuous issues for clients. Nevertheless, as comprehension towards green practices and eco-friendly behaviors, is gradually growing, public is turning its concern to less obvious offenders, like the energy sector. In addition, numerous movements have appeared globally, in order to unite consumers to disapprove greenwashing tactics. #Stopfakegreen is related to financial institutions that claim to practice green investments, even

[5] De Freitas Netto, S. V., Sobral, M. F. F., Ribeiro, A. R. B., da Luz Soares, G. R. (2020). Concepts and forms of greenwashing: a systematic review. *Environmental Sciences Europe*, 32(1), 1-12.



The opinion, analysis, and research results presented are drawn from research and analysis conducted and published by APU Research, unless otherwise noted.

The facts and data set out in this publication are obtained from sources which we believe to be reliable. This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. APU would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances.

Note: While care has been taken in gathering the data and preparing the report we do not make any representations or warranties as to its accuracy or completeness and expressly excludes to the maximum extent permitted by law all those that might otherwise be implied, and we accept no legal liability of any kind for the publication contents, nor any responsibility for the consequences of any actions resulting from the information contained therein nor conclusions drawn from it by any party. We accept no responsibility or

liability for any loss or damage of any nature occasioned to any person as a result of acting or refraining from acting as a result of, or in reliance on, any statement, fact, figure or expression of opinion or belief contained in this report. The views expressed in this publication are those of the author(s) and do not necessarily represent the views of the APU or its network partners. Publications are submitted to as research contributions to its insight areas and interactions, and APU makes the final decision on the publication. This report does not constitute advice of any kind.

This document makes descriptive reference to trademarks that may be owned by others. The use of such trademarks herein is not an assertion of ownership of such trademarks by APU and is not intended to represent or imply the existence of an association between APU and the lawful owners of such trademarks.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior permission of the publishers. Material content is used in accordance to Access Programs/ Subscriptions licenses.



Designed and produced by APU Insights Creative Studio

2021 © APU Commercial Information Services
All Rights Reserved