



THE ACT OF CORPORATE GREENWASHING – STRATEGIES, ALLEGATIONS AND REGULATIONS

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Grete Rusten

Department of geography, University of Bergen



AGENDA

1. What is greenwashing?
2. Greenwashing mechanisms
3. Societal actions to limit greenwashing

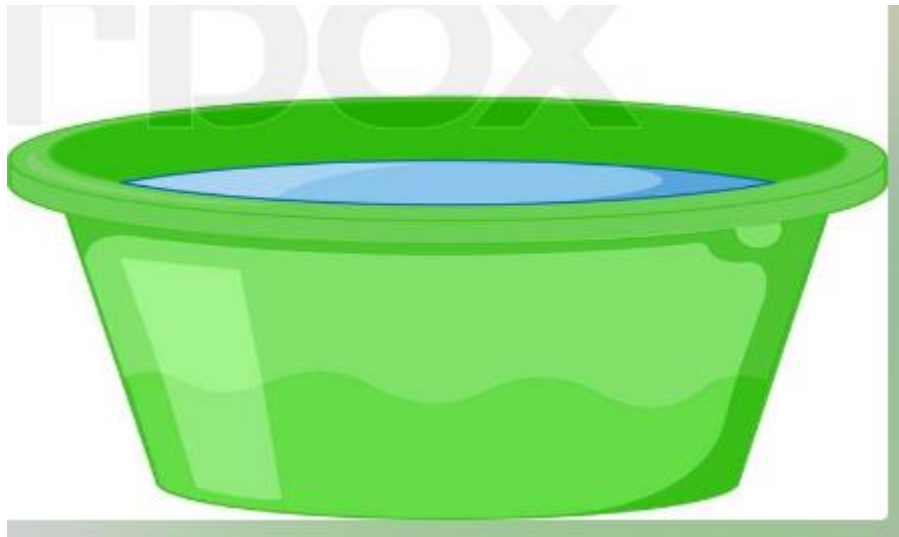


Photo: Colourbox

THE GREENWASHING DEFINITION (ORIGIN WESTERVELD 1986)

Greenwash is an umbrella term that refers to varieties of **misleading** communication about environmental performance:

- -product level
- -production or corporate level
- -industrial level
- -political level



Photo: Anders Lundberg

GREENWASHING SURVEILLANCE

1. The European Commission with national consumer authorities do annually screen websites for breaches of consumer law and find numerous of examples of insufficient or inaccurate or not easily accessible evidence to support companies or products claims of being green.

2. EU 2022- proposes new consumer rights and a ban on greenwashing.



GREENWASHING EXAMPLES FROM THE HYDRO- POWER SECTOR IN NORWAY



Foto: Anders Lundberg

EXAMPLE 1: IS GREEN ELECTRICITY REALLY GREEN?

- 1) The confusing discussion and marketing guarantee about the origin of the electricity in the socket

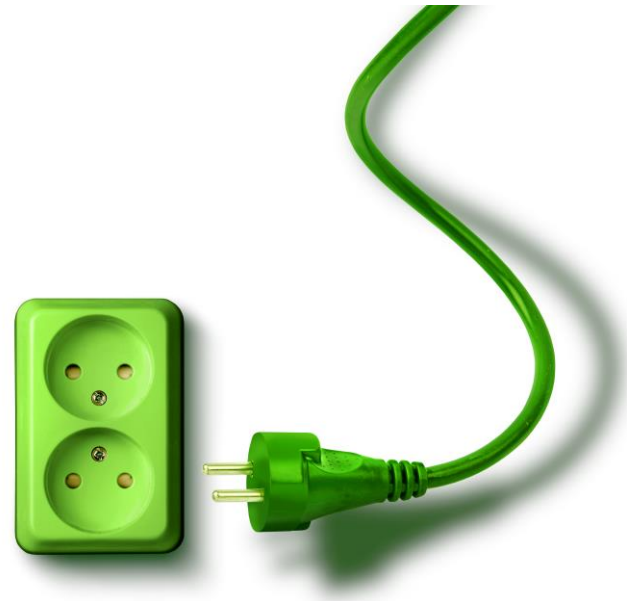


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EXAMPLE 2: GREENWASHING FINANCE WITH HYDRO-POWER INVESTMENTS

International **pension funds** are investing in green bonds without detailed evaluations about the green environmental impact of these projects. These investments target small scale hydro electricity plants.

Green renewable energy investments are not calculating in the eco-system disturbances from the production and grid.

EUROPOWER 2020: Nearly $\frac{1}{4}$ of all small-scale energy plants are foreign owned.

EXAMPLE 3: THE LOBBYING FOR A HYDRO-ENERGY GREEN RIVER STAMP IN EU'S TAXONOMY REGULATION



It is **greenwashing** to declare an old fashion hydro power plant without minimum flow requirement and other environmental quality measures to be environmentally friendly (SABINA Council for biodiversity, NRK: 19.9. 2022).

IS GREENWASHING A CORPORATE STRATEGY?

STRATEGY	PERFORMANCE		
	Not telling the full story	Drawing your attention elsewhere	Lying
Intentionally			
Unintentionally			

Or can it rather be seen as a dynamics between corporate messages and stakeholders' perceptions (Seele and Gatti 2017) **or policy**.

IS GREENWASHING A STRATEGY?

1. The real question to be asked: Is this is a management strategy that aims to intentionally mislead for example consumers, or is it in some cases about not meeting stakeholders expectations.
2. Who are making these allegations, and what are the documentation supporting this claim?
3. Can greenwashing sometimes be seen as part of compensation arrangement for example when we receive a new version of an Iphone with a 100% carbon neutral postal parcel.

GREENWASHING MECHANISM

EXAMPLES

- a) A disconnection between structures and activities of the organisations (e.g. Sustainability report that is disconnected to the company core strategies and decision-making).
- b) Symbolic management- CSR-compensation or disconnect between promises and actions
- c) **Cheap talk-** verbal claims that are not supported with documentation, or inadequate use of benchmarks
(Lyon and Montgomery, 2015)

THE CHEAP TALK CASE



Photo: Colourbox

Norrønas use of the HIGG (index) – The Norwegian Consumer Ombudsmann states that this is illegal (due to insufficient documentation regarding the **individual appraels** green status- the Norwegian Society for the Conservation of Nature Claims that the use of the Index is Greenwashing (DN 11. July 2022).

The company decided to put the use of the index on pause but requests clearer instructions about documentation requirements from the authorities.

THE RECIPIENT PERSPECTIVE OF GREENWASHING

- There are cases where we find a mismatch between green symbolic values and substantive action.
- It can be about a company claiming that it is green, but the opinion of the audience claims that it is not green (fast) enough.

CONCLUDING REMARKS: SOCIETAL STRATEGIES TO LIMIT GREENWASHING

1. The corporate «inside» job (business culture)
2. The important voice of environmental groups
3. Mass media information and social media pressure
4. Eco-certification arrangements and standards
5. Government regulations
6. Benchmarking and Life Cycle Assessments (through time and across geographies)

REFERENCES

Lyon, T.P and Montgomery, A. W (2015)

The Means and End of Greenwash. *Organization & Environment*, 28.2, pp 223-249

Seele, P. and Gatti. L. 2017. Greenwashing Revisited: In Search of a Typology and Accusation-Based Definition Incorporation Legitimacy Strategies. *Business Strategy and the Environment*. 26 239-252.

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