

Greenwash

– *The Devil is in the Detail*

Greenwash is a term that, in the 70s and 80s, was used to describe external corporate communications aimed at painting, perhaps not the complete, but indeed a greener corporate image than what was reality. Common perception is that Greenwash is very much dead, particularly with the introduction of the corporate environmental or sustainability report. There is now more information on corporate environmental and social performance than ever before. Firstly because the market is demanding more information for the purposes of analysing corporate performance, and secondly because companies have learnt to be more forthcoming with information so as to avoid reputational damage due to mis-read market signals. There are over 150 corporate environmental or sustainability reports in Australia, a ten-fold increase over less than five years. And, the reports are getting bulkier.

To me, an advocate of sustainability reporting, the level of increase in corporate environmental or social information communicated to the market is a sign that this information is not only being factored into pricing the value of a company, but also an indication of the increased importance placed on such information. One of the pertinent questions however is about the credibility of the information. Is any of it Greenwash? A review of case studies reveal that companies mired in controversy seek to use CSR to promote 'free-market environmentalism', legitimise de-regulation and mask 'divide and conquer' strategies aimed at their critics, says Bob Burton, co-author of *Secrets and Lies: the anatomy of an anti- environmental PR campaign*.

An entity, including its employees, generally prefers to lean towards giving the 'benefit of doubt' to itself. Owners and employees, except those disgruntled, naturally prefer to be associated with an entity that is portrayed in positive light, whether in explaining reasons for poor performance, or in highlighting good performance. There is an old proverb – beauty is in the eyes of the beholder. Similarly, I believe that corporate bias exists. Like polishing a pair of shoes to improve the shine, 'sustainability shine' is the greenwash of the 1990s and 2000s. It's more a 'glow' than 'wash', and it's mostly unintended. But, the devil is in the detail in terms of whether there are actual and worthwhile improvements in environmental and social performance.

Independent stakeholder-engaged assurance of sustainability reports is one way of increasing scrutiny of this information, so that balance is brought to corporate performance communication, just as an appropriate level of diligence is exercised on financial performance communication through independent audit.

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