

Greenwashing: Do words speak as loud as actions?

Greenwashing has become a common criticism of companies whose sustainable promises don't match up to their actions. But are these criticisms unfair?

Temps de lecture : minute

7 May 2020

Dutch airline KLM, with partner Air France, flies nearly two and a half thousand flights a day, to 145 different destinations. So when CEO Pieter Elbers penned an open letter asking customers to think twice about flying, people scratched their heads.

The 'Fly Responsibly' campaign asked viewers 'do you always have to meet face-to-face', and 'could you take the train instead'.

The advertising campaign has been dismissed by many as greenwashing. It's a faceless attempt, it's been said, to boost KLM's supposedly green mission, while simultaneously pumping millions of tonnes of CO2 into the atmosphere.

But the message is also emphatic and clear. The words 'fly responsibly', coming from one of the world's biggest airlines, echo the same demands made by campaigners the world over. It may be greenwashing—but do mere words, on the right scale, speak as loud as actions?

What is greenwashing?

The term 'greenwashing' first emerged in the 80s. Environmentalist Jay Westerveld, was staying at a hotel in Fiji that asked its customers to pick

up and reuse their towels for the sake of the environment and the nearby coral reefs. He was dubious as to whether they really cared about the coral reefs—particularly as their business relied on driving more and more tourism to see these ecological marvels.

Investopedia defines it as *“the process of conveying a false impression or providing misleading information about how a company's products are more environmentally sound”*.

It's been embraced in more recent years by protestors looking to hold large corporations and their founders to account. Throughout the years, there have been some particularly heinous attempts, from oil company Chevron getting employees to pose with animals they saved, to the Fur Council of Canada advertising that “fur is green”.

Access to public records and investigations mean people have more information to scrutinise the actions of businesses and determine if there is anything to back up their words and promises.

Jeff Bezos is one object of this scrutiny. Keen to bolster his green credentials to the standard of counterparts like Elon Musk and Richard Branson, Bezos has set his heart to driving forward Amazon's environmental commitments. Amazon emitted 44.4M metric tons of carbon dioxide last year—roughly on a par with countries like Hong Kong and Finland.

He has made big commitments for Amazon to strive towards, including using entirely sustainable energy by 2030. For Bezos, the world's richest man, it's a very emphatic commitment, one which will certainly have to be proven in the years to come.

But one can't help but feel sceptical towards these aims, particularly given the affordability and scale of the company relies on a fairly unsustainable approach. Is it just a cynical ploy to keep investors and

shareholders happy?

This gap between words and actions (expected or actual) — that's greenwashing.

Problems with evaluating green policy

There are many difficulties with evaluating whether someone's intentions and their actions add up.

Primarily, there is no universal standard by which to judge environmental policy. Many companies talk about environmental and social governance (ESG) factors, by which they aim to improve the standards of their business and their workplace. Other companies even talk about a 'triple bottom line', a buzzword for a business' commitment to hitting sustainability and social targets, as well as financial ones. But what these targets or factors entail is largely left up to interpretation.

Close to a universal standard is an organization like the Principles for Responsible Investment (PRI). Backed by the UN, these are "a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice."

Organizations—currently over 2000 of them—voluntary sign up to the PRI, and are held to account for their policies and actions. In 2018, 185 of these organizations (at the time around 10% of their signatories) were put on notice and threatened to be kicked out for falling below the required standards.

But the very problem is that the PRI is voluntary. It seems likely that those willing to have their processes scrutinised will be those most likely to volunteer themselves; those looking to cover up bad behaviour seem less likely to volunteer. The other issue is that the PRI, without the

backing of major companies, is unable to carry the weight of a body which enforces, rather than encourages, compliance.

Leading by example

Looking for positives, perhaps there is something in the power of words. The phrase “leading by example” comes to mind.

When a sustainable startup delivers on its promises, the impact is tangible. Let’s take Beyond Meat, the plant-based meat company founded by Silicon Valley poster boy Ethan Brown, who dreamed of taking on the big food companies.

Their burgers are ethical, sustainable, and part of the movement to make millions of more people reconsider their own carnivorous habits. Few would accuse Brown of greenwashing, given that sustainability is built into the fabric of the company.

But there’s an aspect of Beyond Meat in which its impact is limiting. People who engage with meat alternatives, healthier eating, and sustainable food are a self-selecting group; cynics, on the other hand, are far less likely to change their mind. Moreover, Beyond Meat is a pricey product, eliminating some element of choice.

Conversely, consider the impact of a company like Amazon, whose customers are in the billions, buying anything from washing machines to on-demand entertainment to groceries. Their commitment, albeit just a verbal one at this stage, is likely to be incredibly wide-reaching in its impact. Amazon has been long presented as the best option, and its customers are loyal.

KLM would suggest the same—if a climate change protester asks you to cancel your holidays, you might be sceptical; but if an airline does, you

might think twice.

For this very reason, Jason Mitchell, in the Financial Times, referred to greenwashing as a 'necessary evil'. He draws upon a Stanford University study that saw that people are far more likely to adjust their own behaviour if they see prominent examples of other people doing it.

With the current COVID-19 lockdown, many believe that environmental principles may be pushed to the side in a bid for financial survival. Conversely, it may be the perfect opportunity to reevaluate and redesign a business proposition around environmental goals.

Greenwashing remains an abstract concept, with no fixed meaning. It is, by nature, subjective—almost every company could be doing more to help the environment. But doing something, however small, is better than doing nothing. Words, and even greenwashing, might be a good place to start.

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