Greenwashing: Where we stand

“It’s hard to see through misleading claims, even for those who care about the environment.

Be very skeptical”

NEW YORK TIMES
The Call for Evidence (CfE) started by ESAs seeks input on potential greenwashing practices in the whole EU financial sector, relevant for the various sections of the financial product lifecycle.

Across the years, increasing numbers of regulations have been introduced aiming to define requirements on transparency for financial market participants, regarding sustainability-related information. The difference between reports but, at the same time, the similarity between data topic, may generate misleading information, running Companies into Greenwashing risk.
How can it manifest itself?  
Main dimensions of analysis

Greenwashing risk can manifest itself through a **misleading sustainability disclosure** due to incomplete or false information, mislabeling, or misdirected marketing. It **may or may not be intentional** (for example, the result of negligence or a misinterpretation of the requirements of the sustainable finance regulatory framework).

Greenwashing risk can be analyzed in **3 dimensions** according to ESAs:

1. **MARKET ROLE**  
The market can play three roles in greenwashing: as **trigger**, **diffuser** or **recipient of sustainability claims**. Each of these represents a **function** that the actors of the sustainable value chain can assume in Greenwashing situations.

2. **TOPICS**  
Sustainability statements can cover a variety of topics and fall into three main categories: governance and resources, strategy and qualifications, and data-driven sustainability metrics.

3. **CHANNELS**  
There are **different channels and moments in which sustainability claims are communicated to the actors of the value chain**, such as regulatory documents, ratings and labels, as well as in the **different phases of the product life cycle**, such as delivery and production.
How can it be impactful and prevented?

Greenwashing can occur at three levels:

**ENTITY LEVEL**
related to sustainability strategy and performance

**COUNTERPARTS**
related to customers and providers

**PRODUCT-SERVICE LEVEL**
related to product features and integration of preferences into advisory services

Greenwashing can be prevented by stakeholders with:

- **Use** fair, non-redundant communication for sustainability-related topics, based on reliable data and sources
- **Implement** internal controls framework across company’s processes and data (e.g., consistency within different reports, customers portfolio assessment)
- **Use** external reviews and third parties’ verification
- **Adopt** processes for the development of new products that ensure they are sustainable by design
How Accenture can help
Implementation of the new greenwashing framework and development of solutions able to support the clients in the assessment of greenwashing risk

Necessary time required is about 4 – 6 weeks

**DESKTOP STUDY**
- Context analysis to determine the relevant business objective
- Greenwashing assessment to detect potential risk area

**CONTROLS DESIGN**
- Greenwashing risk framework design
- Controls list definition
- New controls design (scope, data sources, frequency, KRI and thresholds)

**CONTROLS IMPLEMENTATION**

**Pilot phase**
- Focusing on a specific perimeter:
  - dashboard creation to facilitate monitoring activities
  - adoption of IT tool to automate controls execution

**Roll out phase**
- The solution of the pilot phase could be customized and implemented on an extended perimeter

**PROGRAM EXECUTION**

**Progressive approach for the implementation**
- Pilot phase on some typologies of clients (i.e., Large Corporate) and a subset of KRIs (selected for the easiness of data sourcing)

**ROLL OUT**
- Leveraging on pilot phase experience, roll out of the solution to more different client typologies and KRIs
Our asset to start the journey

Greenwashing Detector

Crafted to meticulously identify signals of greenwashing, our dashboard empowers our clients to not only assess the risk level but also proactively undertake corrective actions.

This solution starts from the information/data collected from different sources (e.g., info-provider data, internal/historical data) and evaluate their reliability, accuracy and consistency.
Four core characteristics position Accenture as the best-in-class consulting firm for Sustainability Strategy

**Strategy & Sustainability Experts**
1,200+ Sustainability Experts globally
6,200+ People actively engaged in Sustainability, including Experts, Specialists and Generalists*

**Thought Leadership**
Throughout the years, Accenture has published hundreds of research papers and studies, covering various topics

**Ecosystem Partners**
Accenture has developed strong connections with leading market forums, NGOs, core sustainability bodies and world-class technology providers

**Awards & Recognition**
Accenture is consistently ranked as a leader in consulting firm rankings for Strategy and Sustainability e.g., Forbes and IDC

*Experts = FTE; Specialists = PT specialization; Generalists = PT or less with skill title

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