Memastikan Komunikasi Keberlanjutan yang Otentik:

Memahami, Mengekang dan Menghindari Praktik *Greenwashing*

J a l a l

Disampaikan dalam seminar nasional SBM ITB

"Sustainability Communication: The Strategy Communication and Reporting Standard for Sustainability"

Jakarta, 27 Juni 2024

Asal Muasal Istilah (Vollero, 2022)

"A notable example is represented by the same origin of ***the term greenwashing, coined by New Yorker environmental activist Jay Westerveld*** *(Pearson, 2010). In a short essay of 1986, Westerveld criticised hotels for their practice of placing in each room a 'green card' to promote reuse of towels with the payoff 'Save our Planet', but doing almost anything else to show any real efforts to protect the environment (e.g. programmes to reduce energy consumption or waste). The practice of reusing towels in fact was primarily motivated by labour cost reduction in laundry services by these companies, thus making their environmental claims questionable."*

Kumpulan Definisi Greenwashing (Vollero, 2022)

"In 1999, the term 'greenwashing' was added to the Concise Oxford English Dictionary, indicating a corporate intent to exaggerate environmental information to reap advantages from a green image."

Table 1.1. Main Definitions of Greenwashing.

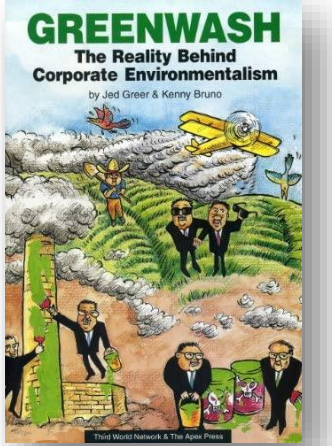
Source	Definition
Kangun et al. (1991)	Environmental claims that are trivial, misleading, or deceptive to consumers
Concise Oxford Dictionary (1999)	Disinformation disseminated by an organisation so as to present an environmentally responsible public image
Laufer (2003)	Disinformation from organisations […] so as to hide deviance, deflect attributions of fault, obscure the nature of the problem […] and, finally, seek to appear in a leadership position
Terra Choice (2007)	The act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service
Gillespie (2008)	Advertising or marketing that misleads the public by stressing the supposed environmental credentials of a person, company or product
Lyon and Maxwell (2011)	Selective disclosure of positive information without full disclosure of negative information so as to create an overly positive corporate image
Delmas and Burbano (2011)	The intersection of two firm behaviours: poor environmental performance and positive communication about environmental performance
Walker and Wan (2012)	A strategy that companies adopt to engage in symbolic communication of environmental issues without substantially addressing them in actions. The difference between symbolic and substantive actions.
Bowen (2014)	Greenwashing is a deliberate communication strategy by firms that, by definition, is disconnected from substantive greening […] Greenwashing focuses attention on highly visible green initiatives or criteria, thereby deflecting attention from a more comprehensive analysis.
Lyon and Montgomery (2015)	The word greenwash is used to cover any communication that misleads people into adopting overly positive beliefs about an organisation's environmental performance, practices, or products
Seele and Gatti (2017)	Greenwashing is a co-creation of an external accusation toward an organisation with regard to presenting a misleading green message
Siano et al. (2017)	Besides these two known types of greenwashing (attention deflection and decoupling) […] ('deceptive manipulation') greenwashing consists in deceptive conduct, in which

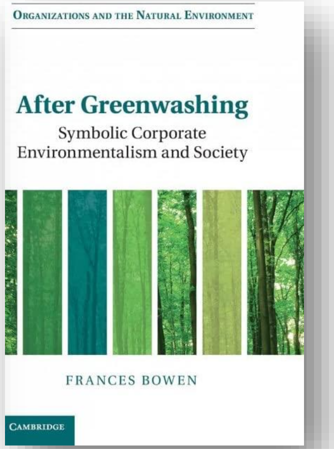
Table 1.1. *(Continued)*

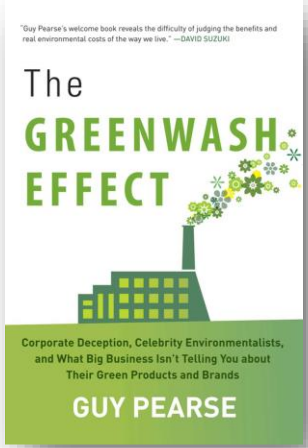
Source	Definition
	sustainability communication engenders a deliberate manipulation of business practices […]
Guo, Zhang, Wang, Li, and Tao (2018)	The action occurring when companies break their environmental protection promises by misleading customers regarding the environmental practices of a company or the environmental benefits of a product or service
Torelli et al. (2020)	Variety of different misleading communications that aim to form overly positive beliefs among stakeholders about a company's environmental practices
de Freitas Netto et al. (2020)	Deliberate corporate action with the presence of misleading elements, focused on the deception of stakeholders

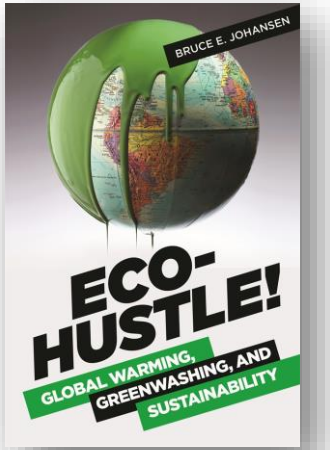
Pustaka tentang Greenwashing

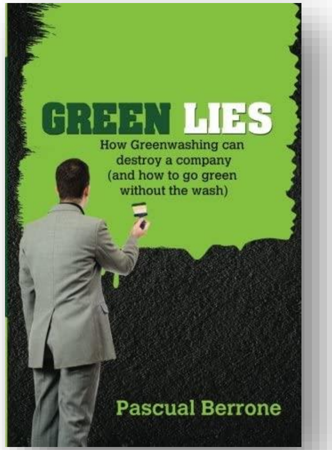
(Greer dan Bruno, 1997; Pierre-Luis, 2012; Bowen, 2014; Pearse, 2014; Johansen, 2015; Berrone, 2016; Miller, 2017; van der Ven, 2019; Vollero, 2022; Pabon, 2024)

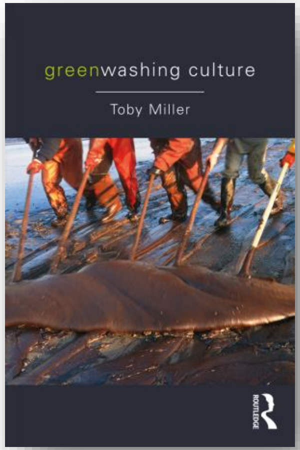


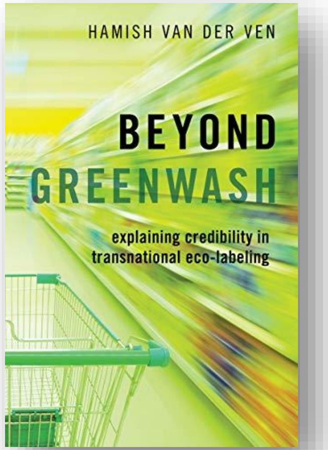


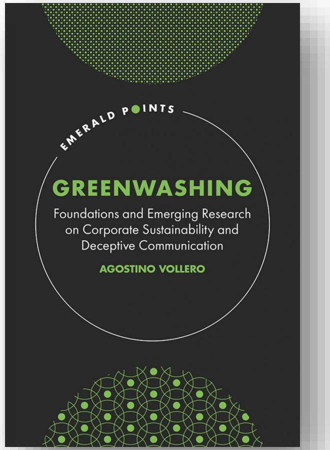












Kategorisasi Greenwashing Paling Popular

(Terra Choice, 2007; 2010)

Sin of the Hidden Trade-off

A claim suggesting that a product is 'green' based on a narrow set of attributes without attention to other important environmental issues. Paper, for example, is not necessarily environmentally-preferable just because it comes from a sustainably-harvested forest. Other important environmental issues in the paper-making process, such as greenhouse gas emissions, or chlorine use in bleaching may be equally important.

Sin of No Proof

An environmental claim that cannot be substantiated by easily accessible supporting information or by a reliable third-party certification. Common examples are facial tissues or toilet tissue products that claim various percentages of post-consumer recycled content without providing evidence.

Sin of Vagueness

A claim that is so poorly defined or broad that its real meaning is likely to be misunderstood by the consumer. 'All-natural' is an example. Arsenic, uranium, mercury, and formaldehyde are all naturally occurring, and poisonous. 'All natural' isn't necessarily 'green'.

Sin of Worshiping False Labels

A product that, through either words or images, gives the impression of third-party endorsement where no such endorsement exists; fake labels, in other words.

Sin of Irrelevance

An environmental claim that may be truthful but is unimportant or unhelpful for consumers seeking environmentally preferable products. 'CFC-free' is a common example, since it is a frequent claim despite the fact that CFCs are banned by law.

Sin of Lesser of Two Evils

A claim that may be true within the product category, but that risks distracting the consumer from the greater environmental impacts of the category as a whole. Organic cigarettes could be an example of this Sin, as might the fuel-efficient sport-utility vehicle.

Sin of Fibbing

Environmental claims that are simply false. The most common examples were products falsely claiming to be Energy Star certified or registered.

Tautan: https://uwsp.wordpress.com/2009/12/15/7-sins-of-greenwashing/

Bentuk Mutakhir Greenwashing

(Willis, et al., 2023; Vogue Business, 2023)

Greencrowding

Greencrowding is built on the belief that you can hide in a crowd to avoid discovery; it relies on safety in numbers. If sustainability policies are being developed, it is likely that the group will progress at the speed of the slowest member.

Greenlighting

Greenlighting occurs when company communications (including advertisements) spotlight a particularly green feature of its operations or products, however small, in order to draw attention away from environmentally damaging activities being conducted elsewhere.

Greenhushing

Greenhushing refers to the act of corporate management teams under-reporting or hiding their sustainability credentials in order to evade investor scrutiny.

Greenshifting

Greenshifting is when companies imply that the consumer is at fault, shifting the blame onto them.

Greenlabelling

Greenlabelling is a practice where marketers call something green or sustainable, but a closer examination reveals that their words are misleading.

Greenrinsing

Greenrinsing refers to when a company regularly changes its ESG targets before they are achieved.

Tautan: https://planet-tracker.org/wp-content/uploads/2023/01/Greenwashing-Hydra-3.pdf;
https://www.voguebusiness.com/sustainability/greenhushing-is-on-the-rise-what-do-fashion-brands-need-to-know

Kerangka Terpadu tentang Greenwashing

(Nemes, dkk., 2022)

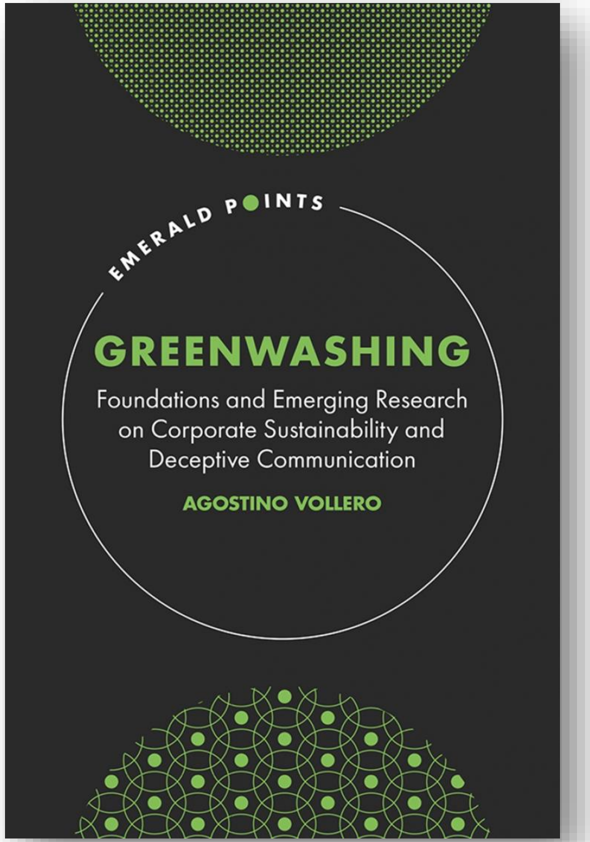
“The proposed framework we developed is ***the first actionable tool for analysing the quality and truthfulness of such claims****. The framework has widespread and unique potential for* ***highlighting efforts that seek to delay or distract real solutions that are urgently needed today to tackle multiple climate and environmental crises****. In addition, we note how the framework may also* ***assist in the development of practices and communication strategies that ultimately avoid greenwashing****.”*

INTEGRATED FRAMEWORK OF GREENWASHING

Types of claims used in GW	Description of GW	Indicator questions	Possible Answers	Notes
		IMPACT		
I. Selective Disclosure	Claim is based on a narrow set of attributes and distracts consumers from the organisation's greater environmental impact	I.1 When making/supporting a claim about the product/organisation's environmental impact, has the organisation failed to consider the entire organisation/product/service's life cycle within its area of influence OR failed to assess the cumulative environmental impacts of its or its products' activities? For countries, does the claim cover only territorial emissions/footprints/impacts omitting a) imported ones or b) emissions from international aviation and shipping?	**No = No greenwash**: all LCA stages are included/cumulative impacts of at least the last 5 years (for biodiversity impacts the last 2 decades) are assessed; scope 1-2 is entirely covered and scope 3 is as much as feasibly possible. For countries, emissions from international aviation and shipping OR imported emissions/footprints/impacts are covered. If not all stages/scopes are covered, there is transparency about spatial and temporal boundaries (what is and what is not covered) and even though part of the organisation or product's/service's life cycle/scope 3 emissions are excluded, provisions exist for including them. **Likely greenwash**: e.g. the claim is based on only some part of the organisation's cumulative impacts or product's/service's life cycle or large part of scope 3 is excluded and while system boundaries are transparently communicated, there are no provisions to continuously improve the coverage of all impacts. **Yes = Obvious greenwash**: there is no transparency about the fact that a significant part of LCA/scope/cumulative impact/imported emission or footprint is excluded thereby misleading consumers about the organisation's/product/service's total environmental impact. For countries, there is no transparency about imported emissions/footprints/impacts OR emissions from international aviation and shipping are excluded or not specified in targets. **Unknown**	When assessing a claim related to environmental impacts, the product/service's impact over its whole life cycle (on and off-site) is relevant. For the organisation's impacts, the GRI Standards could provide an extensive list of specific measures. For products, all production steps including (where applicable) extraction through production, use, and post-use need to be included. Life cycle assessment should follow internationally accepted standards (e.g. ISO14000 series, ISO 2006). Claims lead to greenwashing where they reflect only part of the life cycle/impacts and do not make clear which part they refer to thereby creating a misleading impression about the overall impact on the environment. For assessing this indicator, it is important to understand whether a) the exact scope of action and b) the limitations/system boundaries are transparently communicated. Even if not all stages of life cycle or not all scopes/cumulative impacts can be assessed for the claim, if boundaries are clearly communicated (what is and what is not assessed) and there is a clear pathway of improving the coverage of scope, that is not a greenwash.
		I.2 While publishing the claim, has the organisation failed to disclose all information regarding social and/or environmental performance on the specific aspect the claim refers to?	**No = No greenwash** **Yes = Obvious greenwash** **Likely greenwash** **Unknown**	When publishing a positive claim about an aspect of the organisation/product/service which also has a significant negative consequence on the environment without it being disclosed by the organinsation, the claim is considered a greenwash. An example is when there is a conservation/ forest restoration-type claim but forests/other biodiverse ecosystems have been destroyed to make place for tree plantations, or when reforestation/conservation efforts create large scale monocultures. This indicator also relates to claims about projects which while potentially delievering some ecological benefit, intensify existing land disputes and accelerate displacement, violence and impoverishment among local villagers and/or exacerbate poor environmental conditions for local communities.
		I.3 Does the claim a) fail to relate to aspects that are significant in terms of the product/service/organisation's environmental impact OR b) result in an undue transfer of negative impacts?	**No = No greenwash** **Yes = Obvious greenwash**: a or b is true **Likely greenwash:** e.g. a or b is likely true, but evidence is hard to obtain. **Unknown**	The claim needs to relate to aspects that are significant in terms of the organisation/ product/service's environmental impact and should not result in an undue transfer of impacts, i.e. the creation or increase of other negative environmental impacts at other stages of the organisation/product/service's life cycle should be avoided, unless the total net environmental benefit has been significantly improved.
		I.4 Does the claim a) communicate a specific type of product/service/policy as "more green", compared to competitors, even though there is no evidence that the product is "greener" than the usual production/service/policy OR b) refer to 'better' (recycled/certified/sustainable/less carbon intensive/etc.) products/services, while the organisation fails to communicate the ratio of 'better' vs 'conventional' products/services?	**No = No greenwash** **Yes = Obvious greenwash**: a or b is true **Likely** **Unknown**	Absolute claims need to be supported by a high level of substantiation. Comparative claims such as “greener” “friendlier” "more sustainable" can be justified if the advertised product/organisation/service provides environmental benefit over that of the organisations' previous products/services or competitors' products/services, and the basis of the comparison is clear. Similarly, if the advertised "better" products/services only constitute a minority of the same product/service range within the organisation creating the impression that it is the dominant type of product/service, this has to be transparently communicated, otherwise it falls under this category of greenwashing.

Tautan: https://www.mdpi.com/article/10.3390/su14084431/s1

Pergeseran Greenwashing: Dari Iklan ke Komunikasi CSR/Keberlanjutan (Vollero, 2022)



Tautan: https://www.emerald.com/insight/publication/doi/10.1108/9781801179669

- "*While greenwashing has been associated with corporate environmentalism especially at the origins, **in the last decade several studies include the phenomenon in a broader discussion related to corporate social responsibility (CSR) and corporate sustainability (CS)**.*" [hal. 10]
- CSR yang bersifat reaktif banyak dimanfaatkan untuk melakukan *greenwashing*.
- Kewajiban membuat laporan lingkungan, lalu laporan CSR atau laporan keberlanjutan dimanfaatkan oleh perusahaan untuk melakukan *greenwashing*.
- Lokus utama komunikasi deseptif bergeser dari iklan ke komunikasi CSR, sehingga muncul istilah *CSR-washing*.
- "*Pope and Wæraas (2016) warn against considering every deception in communication by organisations as CSR-washing. These scholars suggest **using CSR-washing only when the use of false claims is successful, namely when companies receive benefits from these misleading claims**, but they are not revealed by consumers or other stakeholders.*" [hal. 19]

Memahami Greenwashing Secara Lebih Sistematis, Mewaspadai SDG-washing (Vollero, 2022)

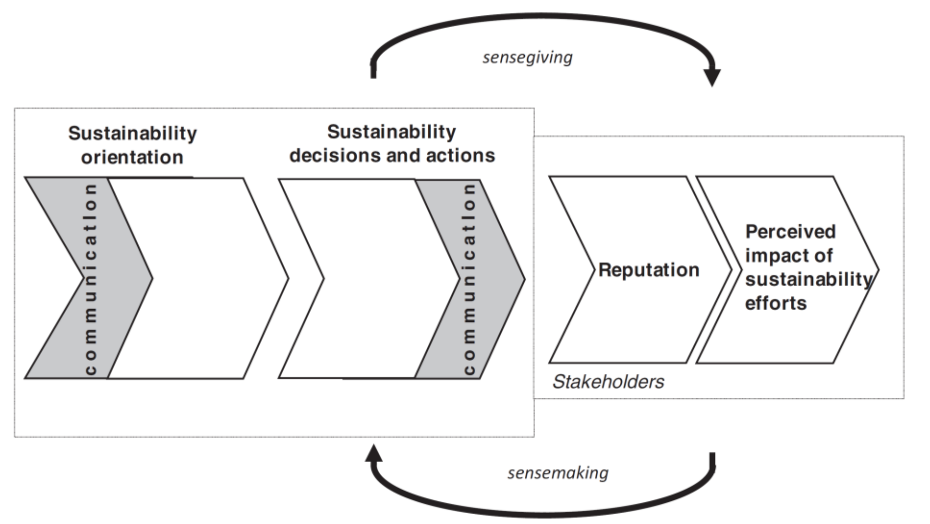


Fig. 5.1. The Role of Communication in Sustainability-Oriented Organisations.

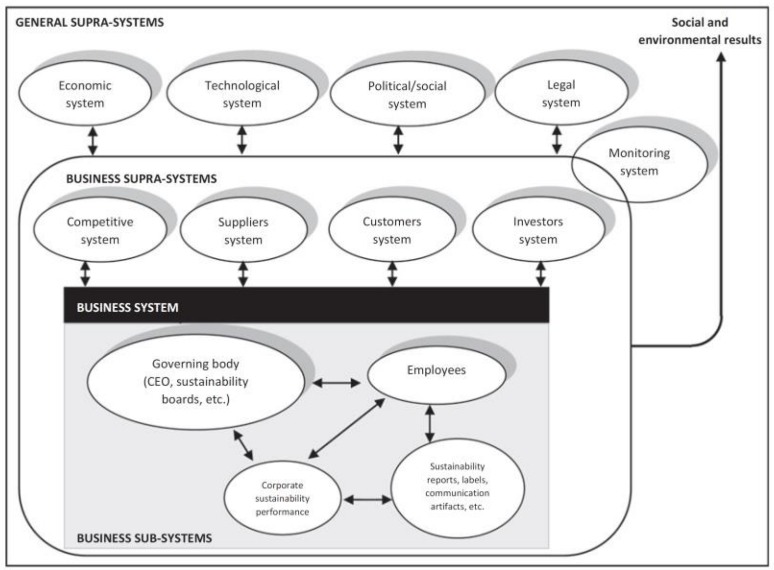
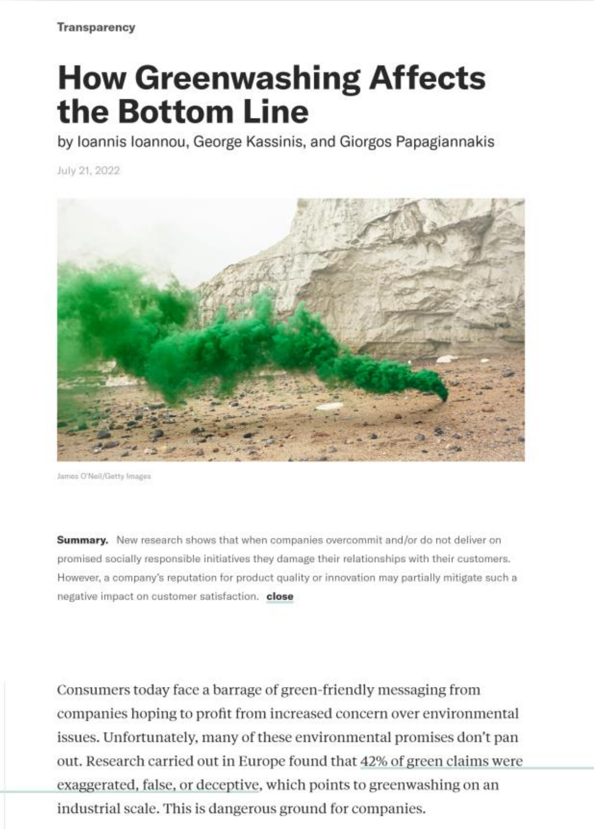


Fig. 5.2. A Systemic View of Greenwashing.

"Companies, especially the global megabrands, have the political power and the influence to drive the change, so it does not appear too demanding asking them to play a central role in fighting greenwashing and contributing to the United Nations Sustainable Development Goals (SDGs). A cautionary note should be added at this point: ***SDGs are nevertheless at risk of being misused by the private sector for 'impact washing'*** *(Lashitew, 2021).* ***Increasing systemic change requires maximum transparency and a rethinking of governance framework and monitoring standards, because the concept of greenwashing is so deeply rooted in market and cultural narratives that only concerted efforts overt time can drive real changes."***

Dampak Greenwashing terhadap Kinerja Keuangan Perusahaan (Ioannou, Kassinis, Papagiannakis, 2022)



Transparency

How Greenwashing Affects the Bottom Line

by Ioannis Ioannou, George Kassinis, and Giorgos Papagiannakis

July 21, 2022

James O'Neil/Getty Images

Summary. New research shows that when companies overcommit and/or do not deliver on promised socially responsible initiatives they damage their relationships with their customers. However, a company's reputation for product quality or innovation may partially mitigate such a negative impact on customer satisfaction. **close**

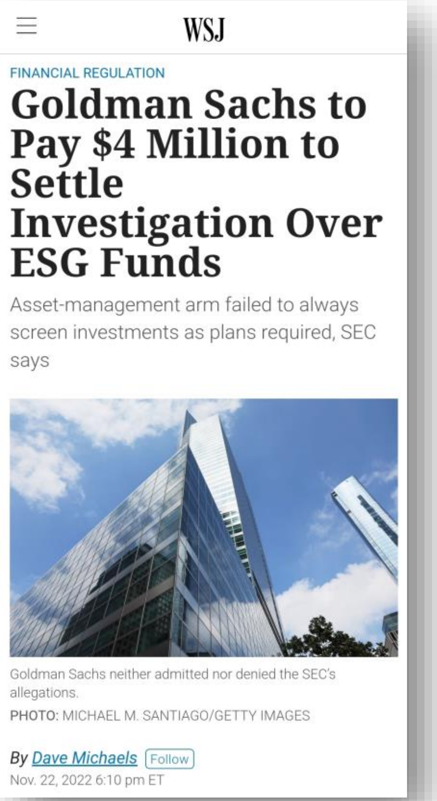
Consumers today face a barrage of green-friendly messaging from companies hoping to profit from increased concern over environmental issues. Unfortunately, many of these environmental promises don't pan out. Research carried out in Europe found that 42% of green claims were exaggerated, false, or deceptive, which points to greenwashing on an industrial scale. This is dangerous ground for companies.

*"We found that **customers are highly likely to be aware of the gap between stated goals and implementation**, and that customer satisfaction levels, as measured by ACSI, fall as the number of goals outweighs the number of actions. **This disconnect triggers perceptions of corporate hypocrisy, which affects the customers' experience with the product itself**."*

*"To be more precise, **we estimate that companies that are perceived to be greenwashing suffer, on average, a 1.34% drop in their ACSI customer satisfaction score**. Even though at first glance, this might sound like a small effect, it actually isn't. Companies are intensely competing within a relatively narrow range of ACSI scores, and a 1.34% drop matters. Moreover, this blow to customer satisfaction is economically significant; prior studies found that even small changes in a firm's customer satisfaction score can have significant implications for corporate performance. **A change of merely one unit in customer satisfaction (as measured by ACSI) has been estimated to result in 0.032 units of change in net earnings per share (EPS) and 0.40 units of change in return on investment (ROI)**."*

Tautan: https://hbr.org/2022/07/how-greenwashing-affects-the-bottom-line

Lokus Terbaru Greenwashing: ESG



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FINANCIAL REGULATION

Goldman Sachs to Pay $4 Million to Settle Investigation Over ESG Funds

Asset-management arm failed to always screen investments as plans required, SEC says

Goldman Sachs neither admitted nor denied the SEC's allegations.

PHOTO: MICHAEL M. SANTIAGO/GETTY IMAGES

By Dave Michaels Follow

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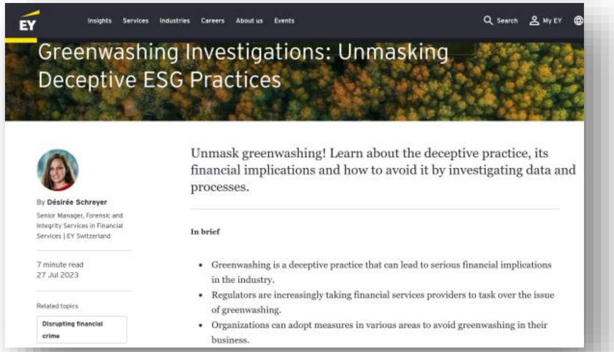

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Greenwashing Investigations: Unmasking Deceptive ESG Practices

By Désirée Schreyer

Senior Manager, Forensic and Integrity Services in Financial Services | EY Switzerland

7 minute read

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Unmask greenwashing! Learn about the deceptive practice, its financial implications and how to avoid it by investigating data and processes.

In brief

- Greenwashing is a deceptive practice that can lead to serious financial implications in the industry.
- Regulators are increasingly taking financial services providers to task over the issue of greenwashing.
- Organizations can adopt measures in various areas to avoid greenwashing in their business.

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SEC fines BNY Mellon Investment Adviser $1.5m for greenwashing

ESG reviews not performed

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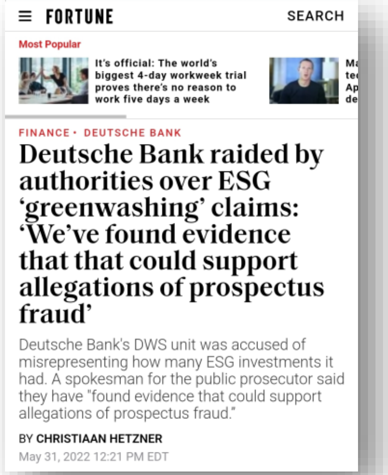

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Deutsche Bank raided by authorities over ESG 'greenwashing' claims: 'We've found evidence that that could support allegations of prospectus fraud'

Deutsche Bank's DWS unit was accused of misrepresenting how many ESG investments it had. A spokesman for the public prosecutor said they have "found evidence that could support allegations of prospectus fraud."

BY CHRISTIAAN HETZNER

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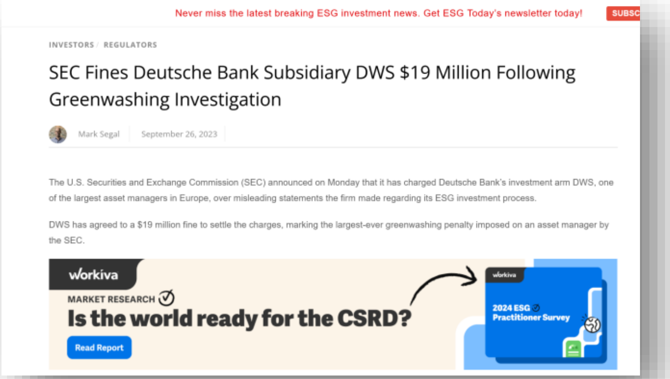

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INVESTORS / REGULATORS

SEC Fines Deutsche Bank Subsidiary DWS $19 Million Following Greenwashing Investigation

Mark Segal September 26, 2023

The U.S. Securities and Exchange Commission (SEC) announced on Monday that it has charged Deutsche Bank's investment arm DWS, one of the largest asset managers in Europe, over misleading statements the firm made regarding its ESG investment process.

DWS has agreed to a $19 million fine to settle the charges, marking the largest-ever greenwashing penalty imposed on an asset manager by the SEC.

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Will Greenwashing Risks Be the Downfall of Hong Kong's ESG Dream?

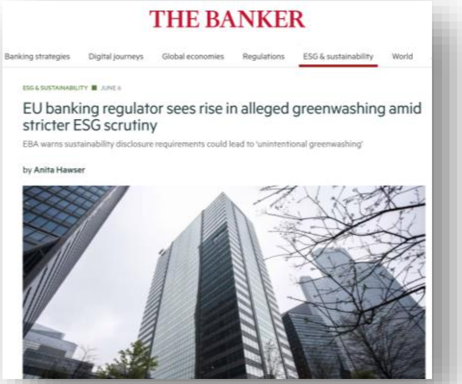
By Shannon Tong, Alvarez & Marsal and Irene Siu, Alvarez & Marsal

Published on 7th November 2023

Defending against greenwashing claims will be significantly easier with the support of proper data and documentation, say Shannon Tong and Irene Siu.

Several proposed requirements will soon expand and clarify environmental and sustainability regulations that Hong Kong-based companies must adhere to moving forward. Additionally, the region's goal to become a source of low-cost bonds and a hub for financial instruments funding green initiatives is driving environmental, social and government reputation improvements in Hong Kong.

Companies will need to understand proposed ESG regulations as well as grasp the prevalence of greenwashing within their firms, recognise the critical role of accurate data in ESG initiatives/documentation and identify stakeholders' potential actions over ESG disputes. Forensic accounting techniques that can address greenwashing claims, mitigating against limited or lacking standard reporting requirements, will be critical.



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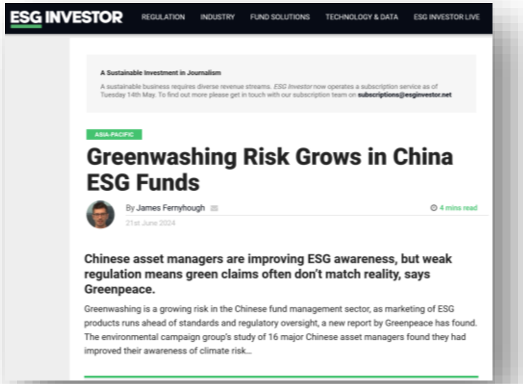
ESG & SUSTAINABILITY JUNE 6

EU banking regulator sees rise in alleged greenwashing amid stricter ESG scrutiny

EBA warns sustainability disclosure requirements could lead to 'unintentional greenwashing'

by Anita Hawser



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ASIA-PACIFIC

Greenwashing Risk Grows in China ESG Funds

By James Fernyhough 4 mins read

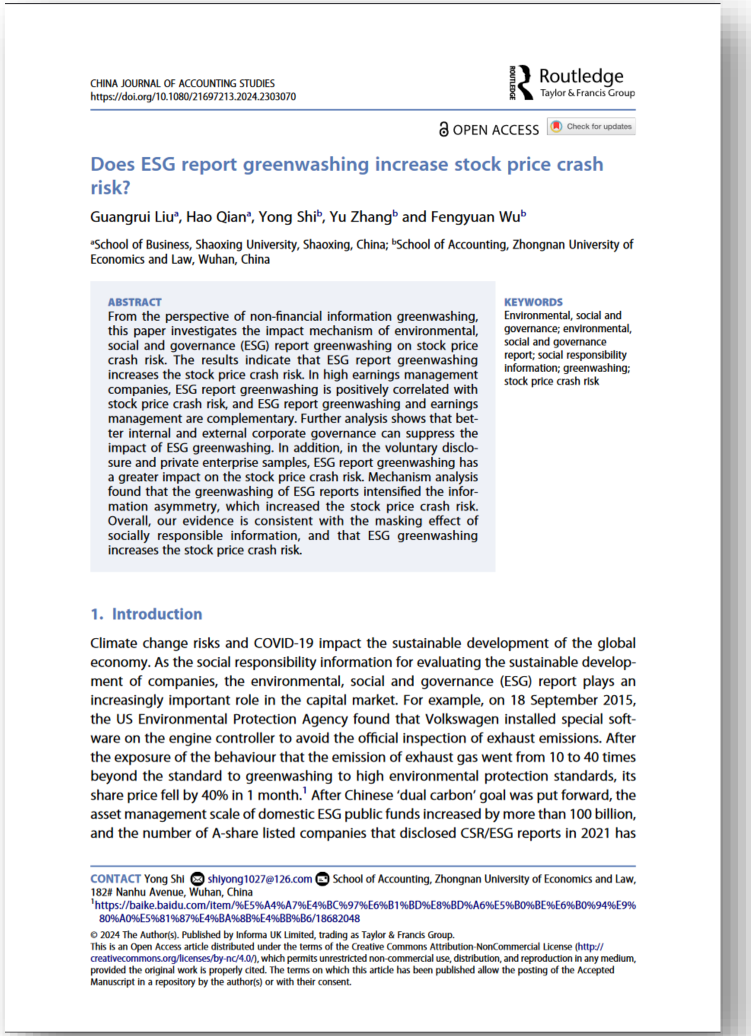
21st June 2024

Chinese asset managers are improving ESG awareness, but weak regulation means green claims often don't match reality, says Greenpeace.

Greenwashing is a growing risk in the Chinese fund management sector, as marketing of ESG products runs ahead of standards and regulatory oversight, a new report by Greenpeace has found. The environmental campaign group's study of 16 major Chinese asset managers found they had improved their awareness of climate risk...

Greenwashing, ESG dan Harga Saham

(Liu, et al., 2024)



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Does ESG report greenwashing increase stock price crash risk?

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[a]School of Business, Shaoxing University, Shaoxing, China; [b]School of Accounting, Zhongnan University of Economics and Law, Wuhan, China

ABSTRACT
From the perspective of non-financial information greenwashing, this paper investigates the impact mechanism of environmental, social and governance (ESG) report greenwashing on stock price crash risk. The results indicate that ESG report greenwashing increases the stock price crash risk. In high earnings management companies, ESG report greenwashing is positively correlated with stock price crash risk, and ESG report greenwashing and earnings management are complementary. Further analysis shows that better internal and external corporate governance can suppress the impact of ESG greenwashing. In addition, in the voluntary disclosure and private enterprise samples, ESG report greenwashing has a greater impact on the stock price crash risk. Mechanism analysis found that the greenwashing of ESG reports intensified the information asymmetry, which increased the stock price crash risk. Overall, our evidence is consistent with the masking effect of socially responsible information, and that ESG greenwashing increases the stock price crash risk.

KEYWORDS
Environmental, social and governance; environmental, social and governance report; social responsibility information; greenwashing; stock price crash risk

1. Introduction

Climate change risks and COVID-19 impact the sustainable development of the global economy. As the social responsibility information for evaluating the sustainable development of companies, the environmental, social and governance (ESG) report plays an increasingly important role in the capital market. For example, on 18 September 2015, the US Environmental Protection Agency found that Volkswagen installed special software on the engine controller to avoid the official inspection of exhaust emissions. After the exposure of the behaviour that the emission of exhaust gas went from 10 to 40 times beyond the standard to greenwashing to high environmental protection standards, its share price fell by 40% in 1 month.[1] After Chinese 'dual carbon' goal was put forward, the asset management scale of domestic ESG public funds increased by more than 100 billion, and the number of A-share listed companies that disclosed CSR/ESG reports in 2021 has

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[1]https://baike.baidu.com/item/%E5%A4%A7%E4%BC%97%E6%B1%BD%E8%BD%A6%E5%B0%BE%E6%B0%94%E9%80%A0%E5%81%87%E4%BA%8B%E4%BB%B6/18682048

*"From the perspective of non-financial information greenwashing, this paper investigates the impact mechanism of environmental, social and governance (ESG) report greenwashing on stock price crash risk. **The results indicate that ESG report greenwashing increases the stock price crash risk. In high earnings management companies, ESG report greenwashing is positively correlated with stock price crash risk, and ESG report greenwashing and earnings management are complementary**. Further analysis shows that better internal and external corporate governance can suppress the impact of ESG greenwashing. In addition, in the voluntary disclosure and private enterprise samples, ESG report greenwashing has a greater impact on the stock price crash risk. Mechanism analysis found that the greenwashing of ESG reports intensified the information asymmetry, which increased the stock price crash risk."*

Tautan:
https://www.tandfonline.com/doi/pdf/10.1080/21697213.2024.2303070

Pengetatan Regulasi terkait Greenwashing dan ESG di EU, Inggris, dan Amerika Utara


THOMSON REUTERS
ENVIRONMENTAL
ESG disclosure mandates & standards likely to spur rise in greenwashing claims in 2024 & beyond
Natalie Runyon Director / ESG content & Advisory Services / Thomson Reuters Institute
5 Mar 2024 · 5 minute read
The increase in mandates for disclosure on ESG issues, especially around impacts on the environment and human rights within supply chains will drive greenwashing litigation in 2024 and beyond
Claims of *greenwashing* — allegations of fraud related to environmental, social & governance (ESG) matters involving misconduct or misstatements — will emerge more prominently in 2024.


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FCA finalises sustainability disclosure rules to tackle greenwashing
May 20, 2024


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EU Council Adopts Position on Green Claims Directive to Combat Greenwashing and Protect Consumers
by ESG News • June 18, 2024
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Jon McGowan Contributor
I am an attorney who writes about ESG policy, laws, and regulations.
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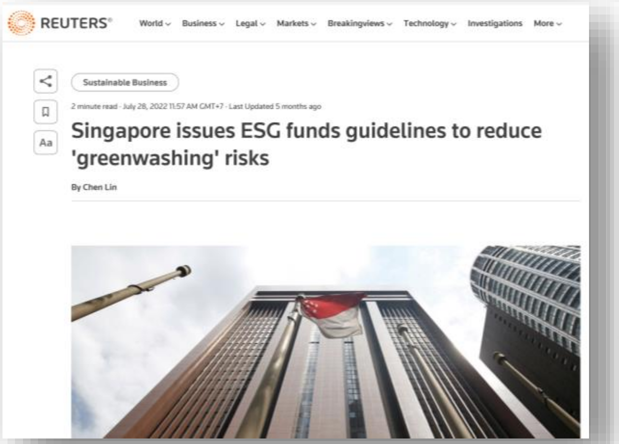
Updated Jun 24, 2024, 02:00pm EDT

Petunjuk tentang Greenwashing dan ESG di Asia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Sustainable Business

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Singapore issues ESG funds guidelines to reduce 'greenwashing' risks

By Chen Lin


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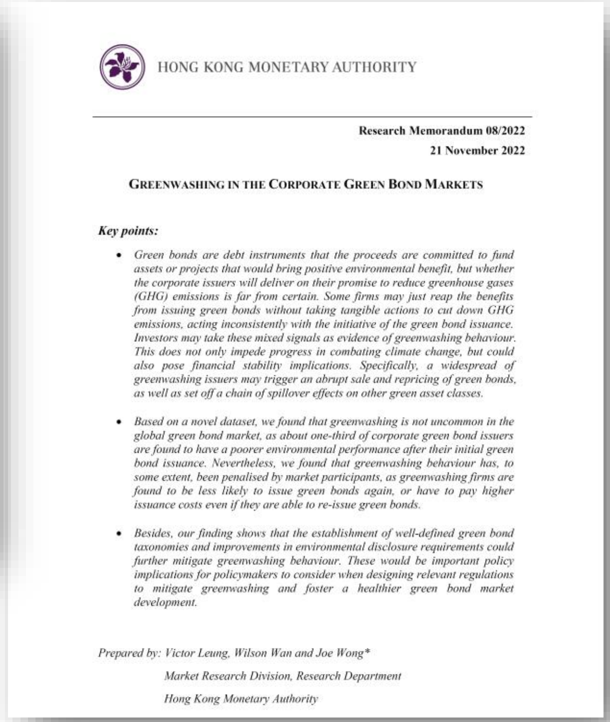
Aug 01, 2022 09:18 PM FINANCE

China's New Green Bond Standards Aim to Curb 'Greenwashing'

By Zhang Yukun and Wang Liwei


HONG KONG MONETARY AUTHORITY

Research Memorandum 08/2022

21 November 2022

GREENWASHING IN THE CORPORATE GREEN BOND MARKETS

Key points:

- *Green bonds are debt instruments that the proceeds are committed to fund assets or projects that would bring positive environmental benefit, but whether the corporate issuers will deliver on their promise to reduce greenhouse gases (GHG) emissions is far from certain. Some firms may just reap the benefits from issuing green bonds without taking tangible actions to cut down GHG emissions, acting inconsistently with the initiative of the green bond issuance. Investors may take these mixed signals as evidence of greenwashing behaviour. This does not only impede progress in combating climate change, but could also pose financial stability implications. Specifically, a widespread of greenwashing issuers may trigger an abrupt sale and repricing of green bonds, as well as set off a chain of spillover effects on other green asset classes.*
- *Based on a novel dataset, we found that greenwashing is not uncommon in the global green bond market, as about one-third of corporate green bond issuers are found to have a poorer environmental performance after their initial green bond issuance. Nevertheless, we found that greenwashing behaviour has, to some extent, been penalised by market participants, as greenwashing firms are found to be less likely to issue green bonds again, or have to pay higher issuance costs even if they are able to re-issue green bonds.*
- *Besides, our finding shows that the establishment of well-defined green bond taxonomies and improvements in environmental disclosure requirements could further mitigate greenwashing behaviour. These would be important policy implications for policymakers to consider when designing relevant regulations to mitigate greenwashing and foster a healthier green bond market development.*

*Prepared by: Victor Leung, Wilson Wan and Joe Wong**

Market Research Division, Research Department

Hong Kong Monetary Authority


ESG

December 09, 2022 12:38 PM

Japan to ramp up scrutiny of ESG data providers with new guidelines

By Bloomberg

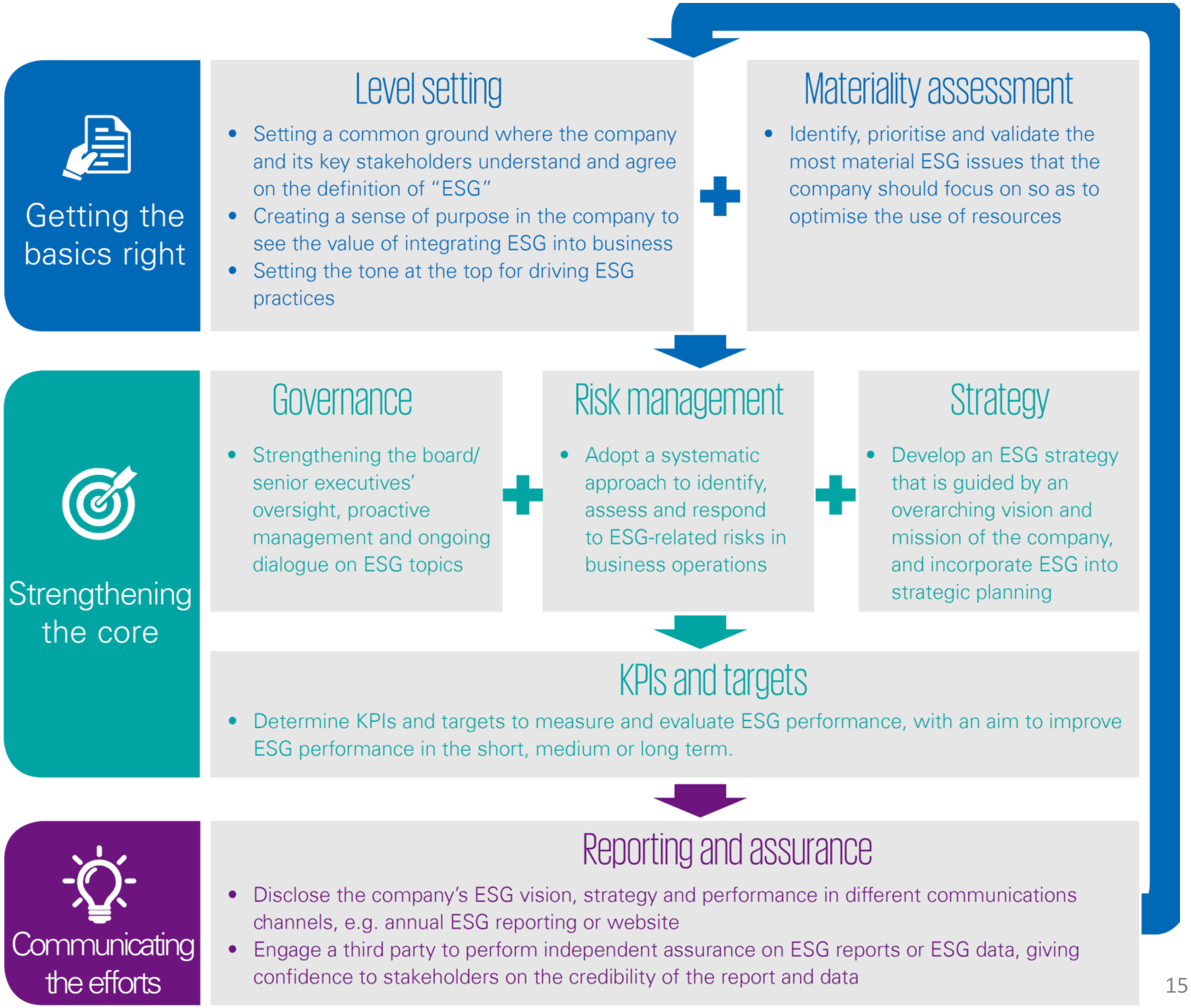
TWEET SHARE SHARE EMAIL REPRINTS PRINT

Japan will soon be the first country to issue guidelines for ESG data and ratings providers as global regulators step up scrutiny of firms that measure companies on their environmental, social and governance practices.

The Financial Services Agency is finalizing its draft code of conduct this month after receiving industry feedback, the regulator said. The draft guidelines, first published in July, outline voluntary principles to ensure the quality of the data and processes backing these ratings.

Melawan Greenwashing: Integrasi ESG ke dalam Operasi Perusahaan

(KPMG, CLP, CS, 2020)



Tautan: https://home.kpmg/cn/en/home/insights/2020/01/integrating-esg-into-your-business.html

Guiding principles for the Board's effective governance of ESG matters

Principle 1 – ESG accountability on Board
The Board, as the ultimate governance body, is responsible for managing the ESG-related risks and opportunities and ensure resilience with respect to potential shifts in the business landscape that may result from ESG factors. Failure to do so may constitute a breach of directors' duties.

Principle 2 – Command of the subject
Given the diversity of ESG topics, the Board should pay attention to whether the Board's composition is sufficiently diverse in terms of knowledge, skills, experience and background to facilitate effective discussions and make informed decisions on potential ESG threats and opportunities.

Principle 3 – Board structure
Consider how ESG considerations can be integrated into the structure and committees of the Board. There is no one-size-fits-all structure for all companies, but it should draw enough attention and connect the Board and the management on ESG matters.

Principle 4 – Material risk and opportunity assessment
Ensure that management assesses the short-, medium- and long-term materiality of ESG risks and opportunities for the company on an ongoing basis. This informs how the company can take actions that are proportionate to the materiality of ESG to the company.

Principle 5 – Strategic and organisational integration
The Board should ensure that ESG systemically informs strategic investment planning and decision-making processes and is embedded into the management of risk and opportunities across the organisation.

Principle 6 – Incentivisation
The Board should consider including ESG targets and indicators in executive incentive schemes to align management's incentives with the long-term prosperity of the company. Where appropriate, the extension of a similar approach to non-executive directors can also be considered.

Principle 7 – Reporting and disclosure
Material ESG risks, opportunities and strategic decisions should be disclosed to all stakeholders (in particular investors and regulators) in a transparent and consistent manner. Such disclosures should be made in financial filings, such as annual reports and accounts, and be subject to the same disclosure governance as financial reporting.

Principle 8 – Exchange
The Board should maintain regular exchanges and dialogues with peers, policymakers, investors and other stakeholders to encourage the sharing of methodologies and to stay informed about the latest ESG risks, regulatory requirements etc.

Peran Sentral Manajemen Puncak dalam Integrasi ESG

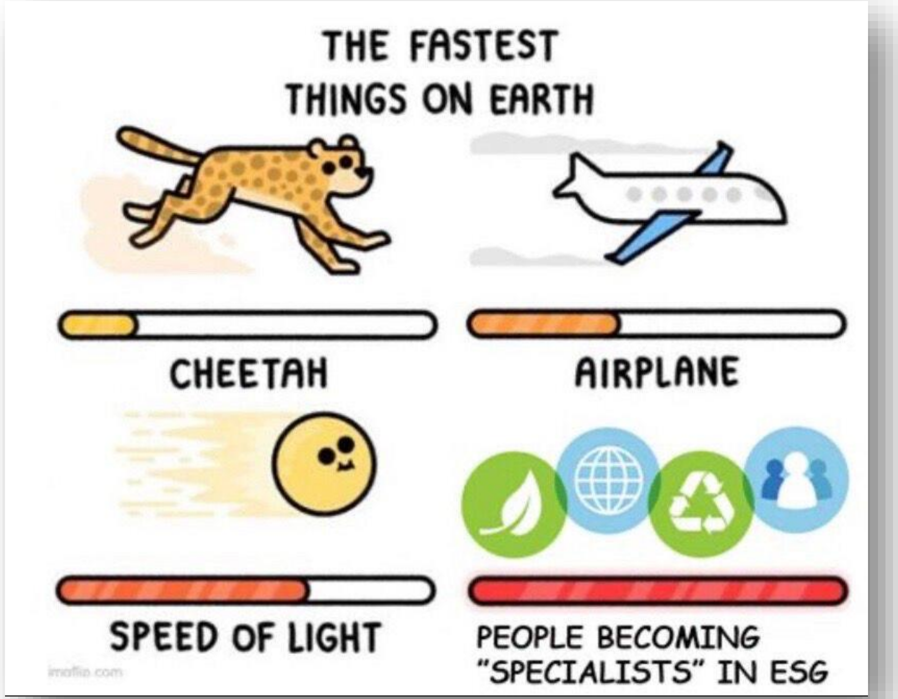
(KPMG, 2021)

Mengintegrasikan ESG ke dalam strategi dan implementasi bisnis perusahaan merupakan tugas manajemen puncak. Namun, kebanyakan perusahaan belum memiliki manajemen puncak yang memiliki *ESG expertise* (kepakaran di tingkat individu anggota) dan *ESG fluency* (kapasitas di tingkat kolektif), sehingga dalam kebanyakan kasus peningkatan kapasitas perlu terlebih dahulu dilakukan, sebelum manajemen puncak bisa memenuhi kedelapan prinsip. Setidaknya diperlukan satu orang di manajemen puncak yang memiliki kepakaran dalam pelaporan keberlanjutan, termasuk penghindaran *greenwashing*.

Tautan:
https://assets.kpmg.com/content/dam/kpmg/cn/pdf/en/2021/03/esg-a-key-approach-to-business-resilience.pdf

Kompetensi SDM dalam ESG (Schumacher, 2022)

*"General greenwashing in the sustainable finance, ESG investing, and corporate sustainability areas, which are hampering green growth, are thus directly linked to competence greenwashing. Again, **competence greenwashing pertains to the practice of claiming sustainability- or ESG-related expertise without possessing credible material track records or sufficient education to substantiate any of these claims**. The competence greenwashing aspect is strongly linked to societal expectations around expert-level knowledge, the material demands of any role that a sustainability practitioner or ESG professional is executing, the overall claims made by stakeholders to which the individuals or teams of individuals belong, and the claims made by the ESG product or sustainability service offered for which the individuals in question are fully or partially in charge."*



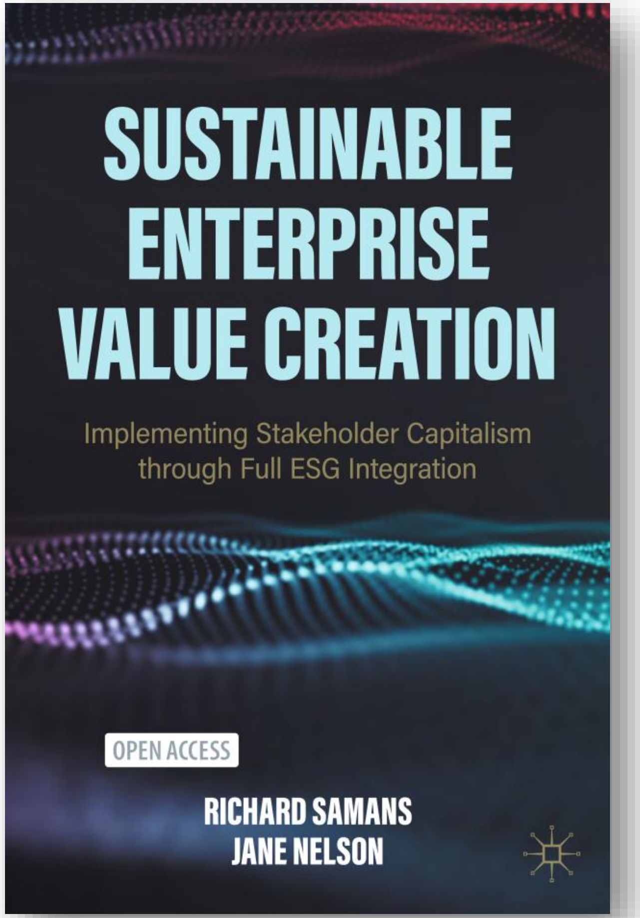
Tautan: https://www.apo-tokyo.org/wp-content/uploads/2022/12/2-11_ESG-Factors-and-Green-Productivity-1.pdf

Pentingnya ESG Data Stewardship
(Samans dan Nelson, 2022)

"The book focuses on four essential areas of business leadership required to create sustainable enterprise value through the rigorous implementation of the principles of stakeholder capitalism and full integration of environmental, social, governance and data stewardship (ESG&D) risks and opportunities. ***We add a "D" to the familiar "ESG" construct to take account of the rising data intensity of business value creation and its increasingly significant implications for stakeholders and society, as these are not well addressed by current ESG theory or practice****."*

"Over the past several years, it has become increasingly clear across a wide range of industry sectors that company data protection and use are far more than technical or operational matters. ***They are first order strategic considerations that pose major—potentially existential—risks as well as important opportunities for competitive advantage****. Accordingly, directors and management teams need to ensure that they have the skills and processes in place to perform these rapidly evolving dimensions of fiduciary and executive responsibility diligently."*

Tautan: https://link.springer.com/book/10.1007/978-3-030-93560-3



Pemanfaatan Sustainability Assurance

(Carmichael, Soonawalla, Stroehle, 2023)

Sustainability Assurance as Greenwashing

By Donna Carmichael, Kazbi Soonawalla & Judith C. Stroehle

Illustration by James Heimer

Our investigation into the sustainability reporting of some of the world's largest companies revealed misleading statements, obfuscation, and diversion. Senior management and auditing and assurance practices must do better.

Sustainability has risen rapidly on the agenda of companies. An increasing number of stakeholders, including shareholders, agree that sustainability-related issues pose potentially serious risks to businesses and therefore require effective management. Global problems such as the climate crisis, pandemics, and geopolitical conflicts like the war in Ukraine further accelerate this agenda by exposing vulnerabilities in supply chains and highlighting the need for greater resilience.

But the rise of sustainability management has also driven growing concerns about the quality and trustworthiness of environmental, social, and governance (ESG) information that companies collect and report. Stakeholders want to know that businesses care enough about sustainability to ensure transparency and accuracy. In response, demand for independent assurance through external reviews to provide credibility to companies' sustainability data has soared, opening up space for a large and lucrative market in auditing sustainability-related information.

While expectations are high, we know little about the effectiveness of current practices in sustainability auditing. To address this glaring paucity of knowledge, we came together to form a research stream within the Oxford Rethinking Performance Initiative (ORP). Founded in 2020 at Saïd Business School at the University of Oxford, the ORP is a research consortium focused on the advancement of more holistic performance measurement.

In early 2021, we initiated a large study of the sustainability assurance practices at Financial Times Stock Exchange (FTSE) 100 Index companies in 2020 and 2021. Our project commenced in early 2021, and we collected data from the most recent sustainability reports on each company's website. All reports we analyzed for the FTSE 100 companies were produced during 2020 or 2021 and tended to coincide with the company's fiscal-year end. Using these publicly available reports, we assembled and examined a comprehensive data set of audit and reporting information of the FTSE 100 companies. We have published the first results of the study in a working paper available on the Social Science Research Network, and a second study, which takes an internationally comparative view, is still ongoing.

Little did we know that our extensive data collection efforts during 2021 would reveal alarming deficiencies in measurement, reporting, audits, and assurances. Despite bold statements from companies about their ESG commitments and values, their practices fall short. While high-profile companies scramble to establish themselves as leaders in this space and engage in grandstanding and ambitious rhetoric, their reporting is often ambiguous or cryptic, and the corresponding assurance weak. Better incentives combined with stronger regulation are likely necessary for companies to back their ESG declarations with credible reporting and robust assurance.

The Benefit of the Doubt

Audit and assurance play a vital role in instilling corporate accountability and trust. Financial audits are intended to provide reasonable assurance that financial statements are free from material misstate-

*"Despite the greenwashing efforts we've encountered, we maintain that **external assurance remains an essential tool for increasing the quality and credibility of sustainability-related information** and ensuring that companies achieve genuine sustainability goals."*

*"Ultimately, investors and the general public need to feel confident that the information provided by companies—both financial and sustainability data—is accurate and trustworthy. **External assurance is a requirement for financial reporting by listed companies. We believe the same rigorous verification process should be applied to sustainability reporting**. Many companies have taken baby steps, but they have a long way to go to reach maturity."*

Tautan: https://ssir.org/articles/entry/sustainability_assurance_as_greenwashing

Kesimpulan dan Rekomendasi

1. *Greenwashing* adalah upaya untuk mengelabui pemangku kepentingan dengan memberi kesan bahwa perusahaan memiliki kinerja lingkungan yang lebih tinggi daripada kondisi yang sesungguhnya.
2. Pengertian dan taktik *greenwashing* terus meluas, dan lokus utama *greenwashing* bergeser dari praktik pemasaran menuju pelaporan CSR/keberlanjutan perusahaan dan ESG.
3. Upaya untuk mengekang *greenwashing* telah dilakukan di tingkat global, region, dan negara. Di Eropa dan Amerika Utara bentuk utamanya adalah regulasi ketat dengan sanksi, sementara di Asia utamanya masih berupa petunjuk penghindaran.
4. Perusahaan harus bersungguh-sungguh menghindari *greenwashing*, karena membahayakan keberlanjutan, tidak etis, dan akan merugikan kinerja keuangan perusahaan bila terungkap.
5. Perusahaan bisa menghindari *greenwashing* dengan benar-benar mengintegrasikan ESG ke dalam operasi perusahaan: memastikan dasar yang benar, menguatkan inti, dan mengomunikasikan kinerja.
6. Manajemen puncak adalah penanggung jawab kinerja dan akuntabilitas keberlanjutan, sehingga perlu menguasai komunikasi keberlanjutan, termasuk penghindaran greenwashing.
7. Perusahaan perlu memastikan mereka yang bertanggung jawab pada setiap aspek ESG benar-benar kompeten dan berintegritas, sehingga tidak melakukan *greenwashing*.
8. Seluruh data ESG, termasuk dan terutama yang ditampilkan dalam laporan keberlanjutan, seharusnya dipastikan kehandalannya dengan *data stewardship*.
9. Sebaiknya perusahaan memanfaatkan *assurance* atau audit dari pihak ketiga yang independen dan kredibel untuk memastikan tidak terlibat dalam *greenwashing*.

SALAM LESTARI.
TERIMA KASIH!

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