Sidestep the Greenwash – *A guide to walking the talk in sustainability*

To the average consumer's eye, an item on a shop's shelf which is painted in green colours and has a neat plant watermarked in the corner automatically evokes the perception that the product is environmentally-positive. Unfortunately, this is often misleading as marketers, and many businesses, have learnt the positive selling-power of so-called 'greenwashing'.

'Greenwashing' is false-advertising which brands a product as being green without any evidence to support this claim. This trend can transcend into the corporate environment whereby businesses do not fully disclose their actions or paint a very different picture to reality. And why should they? – well, because consumers, government and business colleagues are increasing the pressure being placed on all sectors to report on their sustainability footprint. Sustainability principally encompasses a functional and profitable triple bottom-line of social, environmental and economic factors.

Why report?

In South Africa, consumers are protected through the Consumer Protection Act 68 of 2008 which is intended to safeguard them from products and services being mislabelled or misrepresented. This Act also makes full-disclosure on product contents a necessity. Product greenwashing should, theoretically, be rare in South Africa but there is unfortunately no such similar act forcing all businesses to report on their sustainability efforts.

Globally, the number of countries which are enforcing mandatory regulations on businesses with regards to reporting on sustainability issues has increased from 19 in 2006 to 45 in 2013 (Global Reporting Initiative, 2013). Over 180 core documents have been produced to advise businesses on how to report on the various social, environmental and integrated sustainability issues, ~70% of these being mandatory legislative documents. This trend of sustainability disclosure has likely been driven by consumer and investor reactions towards requiring that products and services come from responsible organisations. In fact, investors are increasingly using sustainability reports to inform their decision-making process because of two key factors (PWC, 2012): (1) climate change risk is interconnected with population growth and (2) the middle-class society is growing in emerging markets, many of whom are sustainability-conscious citizens. Investors also realise that social and environmental conditions impact on business operations and consequently, overall product quality.

If not only for the responsible value of an organisation seeking sustainability integrity, businesses should consider the value of sustainability for their economic bottom-line. Many studies are suggesting that there is a strong positive relationship between economic performance and environmental, social and governance (ESG) factors (PWC, 2012). A paper introduced by the Harvard Business School showed that businesses which were leading the trend in sustainability demonstrated improved stock performance as well as better return on assets (ROA) and equity (ROE), largely because of better governance strategies and engagement with stakeholders (Eccles, Ioannou, & Serafeim, 2011).

Success story: South Africa

Although perhaps as an artefact of its unfortunate demographic history, South Africa is a global leader in terms of sustainability reporting (Global Reporting Initiative, 2013). This began with the black economic empowerment and employment equity acts but has since transformed into meaningful, integrated reporting of all relevant sustainability issues.

South Africa was one of the first countries in the world which formally required companies to produce an annual sustainability report, a necessity for all those listed on the Johannesburg Stock Exchange (JSE). This was driven by the Kind Code on Corporate Governance, now King III, which stated that "every company should report at least annually on the nature and extent of its social, transformation, ethical, safety, health and environmental management policies and practices". The JSE also pioneers a Socially Responsible Investment Index (SRI Index) which showcases the achievement of top-performing companies through several measured sustainability areas. South Africa remains in a leading position with regards to sustainability reporting, driving social and environmental change in local and international businesses.

Showcasing sustainability: beyond greenwashing

The question now remains – how does a company showcase its social, environmental and integrated achievements without risking misconceptions and greenwashing in line with its products and services? All sustainability factors can be reported on in a sustainability report: achievements such as employment equity, carbon footprinting, carbon offsets and green procurement are some of the common indices. However, the most effective stamp of approval lies in utilising a recognised eco-lable to certify your product or service in an impartial manner.

Distributors and implementers of eco-lables rely on a strict third-party audit procedure to accredit products and services. Some of these eco-lables are globally synonymous with quality and integrity and are often the first signet which consumers seek when purchasing a product or using a service. While investors are primarily concerned with a business's sustainability report, consumers are becoming more aware of the need for a product to have a verifiable eco-lable and are basing their purchasing decisions thereon.

Importantly, certification is not the end-goal but is rather a tool towards a greater sense of sustainability within an organisation or a product. Behavioural awareness amongst staff and clients is one of the real beneficiaries of sustainability. Certification goes beyond being a green stamp and is a powerful and effective tool towards promoting and identifying sustainability issues within an organisation or a product's life-cycle. Any organisation wishing to showcase its sustainability efforts should therefore have the following two things at the forefront of their operations:

1. What do my investors want to see and be assured of? – a transparent sustainability report with clear evidence for social and environmental achievements.
2. What do my customers want to see and be assured of? – a meaningful and verifiable eco-lable which demonstrates commitment to quality and sustainability.

To move beyond greenwashing is to remove the blanket from ever-more-vigilant customers' eyes, showcasing actual sustainability within a business to improve all three aspects of the triple bottom-line.

– GLSS, 13 June 2014

This article was first presented by Gareth Burley, the Marketing Manager for Green Leaf Sustainability Services (GLSS), at a Nelson Mandela Bay Business Chamber event. GLSS is an accredited Global Verification Agency of the Green Leaf™ Eco Standard (GLES). The GLES is an internationally-recognised certification assessment tool which demonstrates compliance and commitment towards all aspects of sustainability. For more information, contact GLSS at +27 (0) 41 581 2666 or info@greenleafss.net | www.greenleafss.net.

Key References

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