Greenwashing in the Information Industry

Hazel Sands and Brittany Morison

Abstract

Digital technology companies are increasingly listening to consumers and publicly moving towards more sustainable environmental practices and policies. However, many of these companies employ ‘greenwashing’ by promoting ethical standards while doing surface-level work that covers up a seething underbelly of unsustainable and dangerous practices and policies that help to further accelerate the climate crisis. This article will delineate corporate greenwashing practices among digital technology companies through two case studies: Amazon and Google. Ultimately, three policy interventions will be presented that may alleviate the negative impacts of greenwashing by digital technology companies.

Keywords: Greenwashing, technology industry, information policy, Google, Amazon

Introduction

In recent years, environmental concerns have come to the forefront of the Canadian consciousness, and individuals have become more attuned to their impact on the environment. Companies have responded in kind by developing policies to make operations more sustainable and environmentally friendly. However, as more companies release sustainability plans (Chu, 2019; Global Reporting Initiative, n.d.), it is increasingly difficult to differentiate fact from fiction. Many companies have taken to publicizing environmentally conscious goals while continuing to take part in environmentally detrimental actions behind the scenes. While such detrimental practices are common in many industries, the digital technology industry is unique as it was born out of counter-culture ideologies and continues to present itself as being for the people and on the cutting edge of social movements. However, digital technology companies have a substantial impact on the environment, and similar to other ‘traditional’ extractive companies that are commonly associated with environmental degradation, digital technology companies work to hide their negative impacts from their customer base. In this scoping document, we will introduce corporate greenwashing practices, describe how greenwashing tactics are implemented, and present three Canadian-based policy recommendations to limit the negative and misleading effects associated with greenwashing. Ultimately, this paper will delineate greenwashing as an environmental and technology policy issue that will affect all Canadians.

Greenwashing

The term “greenwashing” was coined by Jay Westerveld in a 1986 essay to describe the phenomenon of corporations spending more time or money on “green” branding than utilizing resources to actually follow through on environmentally sound policies (Motavalli, 2011). More recently, greenwashing has come to be defined as “the corporate practice of making diverting sustainability claims to cover a questionable environmental record” (Watson, 2016) and “the widespread practice of using advertising to falsely portray environmental responsibility” (Jones, 2019). For example, home construction companies like Home Depot emphasize their free recycling services for items such as fluorescent light bulbs or plastic bags, thereby diverting consumer attention away from their contributions to the climate crisis, such as selling billions of dollars in products that damage the environment (Watson, 2016). The primary goal of greenwashing is to foster good social credit while maintaining the status quo of internal operations. Many companies release corporate social responsibility (CSR) reports describing organizational practices intended to promote positive environmental and social change. However, according to Jones (2019), these reports are self-published and largely unverifiable

by third parties. As a result, CSR reports act more as an advertisement for stakeholders than a realistic agenda of corporate priorities. Greenwashing allows companies to appear socially aware to stakeholders while avoiding substantial changes to their business or revenue models.

Case Studies

Amazon

Amazon is one of the largest and most popular e-commerce marketplaces and, like many other digital technology companies, has come to realize the brand value in developing sustainable and pro-environmental strategies. Amazon responded to this awareness by joining various corporate sustainability movements and widely publicizing its efforts to reduce waste and emissions. For example, Amazon was the first signatory of The Climate Pledge (Amazon, 2019^b), which commits participants to achieve the Paris Climate Agreement goals by 2040, ten years ahead of the current timeline outlined for international governments (Amazon, 2019^b; Amazon, 2019^c). The Climate Pledge signatories must regularly report their greenhouse gas emissions, work to decrease their emissions, and offset any additional emissions that cannot be reduced (Amazon, 2019^b). Amazon has stated that they are making strides to achieve these goals by funding and implementing wind and solar power technologies, powering 40 percent of their operations on renewable energy by the end of 2019, achieving 80 percent reliability on green energy sources by 2024 and 100 percent by 2030, and reducing shipping emissions by 50 percent by 2030 (Amazon, 2019^c). In an effort to publicize their commitments, Amazon published the locations of their solar and wind energy facilities (Amazon, n.d.). At face value, these steps demonstrate a commitment to significant environmental change; however, the company is failing to provide information on their progress. For example, Amazon has yet to confirm whether they successfully moved 40 percent of operations to renewable energy, nor have they released any greenhouse gas emission status reports. This type of inaction undermines the legitimacy of their commitment to The Climate Pledge.

Furthermore, Amazon has worked to address concerns over its packaging and its contribution to plastic waste. Amazon states that they use “Frustration Free Packaging,” which has helped reduce 665,000 tons of excess packaging (Amazon, 2019^a), and boasts the use of machine learning to identify areas where packaging can be reduced (Amazon, 2019^a). However, this has been disputed by reporters who identify Amazon as a large contributor to global waste. For instance, as Amazon ships around 4 to 5 billion items annually (Bridnall, 2019), the company accounts for a significant amount of waste per year. In an article for *The Guardian*, Miles Bridnall (2019) found that Amazon’s packing for small products was not recyclable. Due to this, customers have reportedly stated their disappointment in the company by calling it a “major step backwards” and environmental activists have expressed the need for global companies like Amazon to lead the sustainability movement. In a *Washington Post* article, Kristen Millares Young (2019) reported that Amazon has moved away from packaging products in cardboard boxes, thereby allowing shippers to fit more packages in delivery trucks by using

plastic envelopes. While some environmentalists see this change as an improvement, namely in the reduction of emissions by decreasing the number of shipping trucks, the packaging remains problematic. Young found that the plastic used in the envelopes needs to be recycled separately, and the address labels that are fixed to these packages need to be discarded prior to recycling to prevent problems during the process. While other shipping packages and companies also contribute to the issue, Amazon packages have been identified as the most prolific offender. Amazon packages often “get caught in the recycling system machinery, requiring staff in recycling centres to stop the system and cut the plastics out” (Young, 2019). Despite Amazon’s reported efforts to environmental change, there are gaps between their policies and their operations, signaling that in order for the company to make substantial change, much still needs to be addressed.

Google

Google has a 92.6 percent market share in online search engines, handling roughly 5.2 billion searches daily. Since its inception in 1998, Google and its parent company Alphabet Inc. have become a monopolistic entity that has placed Google as the 2nd largest company in the world. Similar to Amazon, Google has responded to an increasing demand for sustainability and a reduction in carbon emissions through various environmental initiatives. Following U.S. President Donald Trump’s decision to pull out of the Paris Agreement to limit an increase in global temperature to 1.5 degrees Celsius, Google signed onto the “We Are Still In” campaign along with Amazon, Apple, and Facebook (Huddleston Jr, 2017; We are Still In, n.d.), committing to working with local and state lawmakers to reduce the U.S.’s carbon emissions. To demonstrate this commitment, Google has recently made the largest corporate purchase of renewable energy in history (Pichai, 2019) and have worked to ensure their 15 data centers across the globe are powered sustainably (Porat & Hözole, 2019). Since 2016, Google has released an annual environmental report that outlines their environmental priorities, targets, and actions taken to address the climate crisis. In the introduction of their 2019 Environmental Report, they state, “[c]limate change is a pressing global issue that poses an imminent threat to our planet.” Further in this report, Google outlines their five corporate environmental priorities: (1) designing efficient data centers, (2) advancing carbon-free energy, (3) creating sustainable workplaces, (4) building better devices and services, and (5) empowering users with technology (Porat & Hözole, 2019).

Despite their public support for the Paris Agreement and their claim as a leader in corporate sustainability, it was recently exposed in *The Guardian* that Google has made large donations to organizations and groups that deny climate change and lobby for rollbacks on environmental regulations, and actively lobby against climate legislation (Kirchgaessner, 2019). In their 2019 Environmental Report, Google references and expresses support for the Intergovernmental Panel on Climate Change’s call for a 1.5-degree Celsius global warming limitation (Porat & Hözole, 2019). However, Competitive Enterprise Institute, the conservative policy group that was pivotal in convincing U.S. President Donald Trump to withdraw from the Paris Agreement and abandon the U.S.’s promise to limit industrial global warming, was

amongst the climate denial groups funded by Google (Kirchgaessner, 2019). This stands in direct contrast to their signing of the “We Are Still In” agreement. Further, in a letter published by Google employees calling for their employer to defund climate denial groups, it was stated that “[i]n 2018 the company funded 111 members of [the U.S.] Congress who voted against climate legislation at least 90% of the time” (Google Workers for Action on Climate, 2019). While Google’s external policies on the environment and sustainability support climate action, it is clear that their internal policies do not consistently reflect that focus.

The first of Google’s environmental priorities, maintaining efficient data centers, has been recently addressed by Greenpeace in a report that examines the energy use of data centers in Virginia. Contrary to Google’s commitment of 100 percent renewable energy globally, this report demonstrates that Google’s two data servers in the state are ranked amongst the lowest users of renewable energy at 4 percent (Cook & Jardim, 2019). While Google is divesting in carbon energy domestically and within global data centers, they have yet to address the carbon energy use and emissions from the suppliers within their supply chain. Additionally, in Google’s fourth priority, they emphasize the importance of energy efficient devices and services. While they have promised to shift towards using recycled materials in all of their consumer products, Google’s e-waste recycling programs themselves are unsatisfactory. As stated on their website, customers are only permitted to recycle old electronic devices through Google for no cost if they are purchasing an equivalent device (Google, n.d.). Lastly, the third and fifth of Google’s environmental priorities shift focus onto individuals, rather than the company itself. The third priority, creating sustainable workplaces, focuses on encouraging a cultural shift within Google’s office buildings in order to reduce energy consumption and waste, which has resulted in Google claiming success with a 10 percent reduction in waste per “Googler” (Porat & Hözole, 2019). The fifth priority, empowering users through technology, focuses on the individual’s use of applications and services, such as using Google Maps to find public transportation or Project Sunroof to determine if their household is able to better benefit from solar energy (Porat & Hözole, 2019). By putting the onus onto users, Google sheds much of the power and responsibility it has over their carbon emissions, divesting in climate denial, recycling practices, and climate action as the second largest company on the globe.

Policy Recommendations

In response to greenwashing in the technology industry, there are a number of policy-based steps that may be taken by the Government of Canada. Below are three possible policy interventions:

1. *Implement regulations to provide clear and standardized definitions for environmentally friendly and sustainable words and phrases used by the digital technology industry.*

Creating standard definitions and rules for common sustainability claims used by companies has been seen in the food industry in regard to organic claims and certain images and symbols (Government of Canada, 2019^b; 2019^c). Creating standard definitions will limit digital technology companies' ability to make false or misleading claims and curb the digital technology industry's ability to engage in greenwashing tactics.

2. Mandate regulations that enforce transparency.

The Government of Canada may consider mandating that digital technology companies release accurate public reports annually on their environmental impacts. Information such as the amount of energy used, freshwater consumed, and/or their emissions should be made public information. Digital technology companies may also wish to include their corporate goals; however, accurate and verifiable environmental information should be available to allow for public and governmental use. Creating regulations to make this information public will hold digital technology companies accountable to their goals and inform the consumer.

3. Develop penalties for misinformation.

The Canadian government may consider tools to dissuade corporations' from sharing misleading or false information. For example, companies that are found to provide misleading information about their environmental impact through processes like manufacturing or shipping may be held accountable through financial penalties. Similarly, if technology companies advertise their products or services in a way the falsey presents them as being more environmentally friendly than they are in practice, similar penalties should be in place. Financial penalties have been applied globally towards digital technology companies as a mechanism to encourage organizational practices that have been deemed publicly valuable, such as privacy regulations found in the General Data Protection Regulation (Wolford, 2019). In this case, the financial penalties can be as much as €20 million or 4% of the company's annual turnover of the previous financial year, whichever is higher (The GDPR Group Ltd., n.d.). Similarly, penalties are used by the Canadian Food Inspection Agency (CFIA) (Government of Canada, 2019^a). When organizations do not comply with regulations, the CFIA is able to revoke licenses, barring their ability to advertise products as "organic" (Government of Canada, 2019^a). Similar actions may be taken to prevent digital technology companies from claiming false or misleading environmental information.

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