

# ESG fraud and greenwashing – safeguarding your reputation and retaining customer trust

## Sustainability: A maze of regulations

- Environmental, social, and governance (**ESG**) issues have attracted widespread attention among companies and investors ever since the **publication of the EU Taxonomy** (Regulation (EU) 2020/852) in 2020.
- The purpose of the Taxonomy is to **create a standardised legal framework** for sustainable corporate activities.
- Most companies have recognised that **building a sustainable business is crucial**. Alongside, minimising the impacts of climate change (**environmental**), social responsibility (**social**), and effective oversight of sustainability strategies (**governance**) are **key to a company's long-term economic success**.

## Understanding and managing a complex and rapidly changing market is key to minimising the risk of ESG fraud or greenwashing



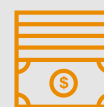
### Customer sensitivity

Customer awareness regarding sustainability and its impacts is increasing, and they request more transparency from companies.



### Complex, country-specific regulations

Regulations vary significantly in different countries, which may result in inconsistencies or legal challenges for companies with an international presence.



### Serious consequences

ESG fraud or greenwashing may result in severe reputational damage, liabilities, fines, and even imprisonment.



As such, allegations of ESG fraud or greenwashing – especially when made public – will negatively influence your company's reputation. Rumours or speculation will cause **damage to your brand and influence existing and potential investors and customers**.

Allegations, misinformation, or news of actual fraud or greenwashing may be difficult to dispel and may have **prolonged negative effects** on all affiliated companies and their business.

# Getting lost in the maze of regulations may be very risky for your company

## You are provided by PwC with the support you need to navigate the maze of regulations and minimise the risks of ESG fraud or greenwashing

With decades of compliance expertise and proven approaches, we at PwC help you spot risks around ESG fraud or greenwashing accusations and manage them responsibly.



### ESG fraud and greenwashing risk assessment

- Conduction of an ESG fraud and greenwashing risk assessment to identify irregularities in relevant ESG topics at an early stage.
- Identification and analysis of **potential control deficiencies** that could provide a breeding ground for ESG fraud or greenwashing.
- Identification of **opportunities** and fields of action to help you prevent any issues related to fraud or greenwashing.



### Open-source intelligence on ESG fraud or greenwashing

- Compilation of press reports to help you identify **sources and information** regarding ESG fraud or potential greenwashing.
- **In-depth analysis** to verify the accuracy and reliability of information, in order to provide you with an accurate and comprehensive understanding of the situation and make recommendations on how to move forward.



### Investigation of ESG fraud or greenwashing allegations

- To clarify facts, identify perpetrator(s), and to quantify damage we support you by:
  - identifying and analysing **relevant information, documents, processes, and data** (e.g. communications or financial data), and
  - preparing and conducting **interviews** to verify suspicions.
- Based on the investigation, **recommendations for action are derived** to help you mitigate identified control deficiencies and prevent future issues related to ESG fraud or greenwashing.
- Provision of the results in an **independent report** that can be used in court.

## Your contacts



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