

# Navigating Sustainability

*Avoiding Greenwashing and Greenhushing*

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As consumers, investors, and regulators demand greater accountability, businesses face increasing pressure to disclose their sustainability initiatives. Sustainability has become a defining factor in business success, with global ESG assets projected to reach \$53 trillion in 2025, representing over a third of total assets under management (Bloomberg Intelligence, 2021). However, many organizations struggle to balance transparency with strategy. Two emerging risks—greenwashing (overstating sustainability claims) and greenhushing (staying silent about sustainability efforts out of fear of scrutiny)—can erode trust, damage reputations, result in regulatory consequences, and hinder genuine progress toward a more sustainable future.

## **Transparency and diligence**

To navigate these risks effectively, businesses must ensure that sustainability claims are backed by robust data and align with actual practices. Here's how:

1. **Document everything** – Maintain thorough records of sustainability efforts, commitments, and progress to back claims with credible evidence. For Example, the European Union's

Corporate Sustainability Reporting Directive (CSRD) mandates rigorous data collection to enhance corporate accountability (European Commission, 2023).

**2. Align statements with data** – Public statements should accurately reflect internal data to prevent misleading stakeholders. Studies indicate that 75% of consumers are willing to boycott companies perceived as dishonest about sustainability (IBM Institute for Business Value, 2021).

**3. Prioritize transparency** – Even if progress is imperfect, honesty fosters trust and credibility. Companies like Patagonia and Unilever have built strong reputations by openly communicating their sustainability challenges and achievements (Harvard Business Review, 2022).

Greenwashing and greenhushing are avoidable. Through authentic communication and accountability, organizations can build trust and establish themselves as leaders in sustainability.

### The power of data in sustainability

In the age of information, data is both a powerful tool and a potential pitfall. Transparency is critical in sustainability reporting, but data must also align with strategy.

Don't get lost in the shiny object. Know why you are disclosing what you are. Data should serve a clear purpose—whether to inform strategic priorities, improve operations, communicate impact, or enhance stakeholder trust. However, data without purpose can lead to inefficiency and confusion.

### Sustainability transparency in African markets

Transparency is the foundation of trust, particularly in sustainability. African businesses must prioritize accurate and comprehensive sustainability reporting to meet stakeholder expectations and drive long-term impact.

- **Renewable energy:** Africa's renewable energy capacity is expected to grow by 25% between 2022 and 2027 (International Energy Agency, 2022). However, accurate impact measurement remains critical. Companies must ensure claims about carbon reduction, resource efficiency, or community benefits are backed by verifiable data. Leveraging technology such as blockchain and AI-driven analytics can enhance the credibility of disclosures.

- **Financial sector:** Many African banks and financial institutions are incorporating sustainability into their frameworks, with central banks mandating financial institutions to integrate sustainability principles into lending practices, ensuring that financing aligns with environmental and social priorities (World Bank, 2022).

### Leveraging technology for sustainability reporting

Blockchain technology is emerging as a powerful tool for transparency in sectors like agriculture. By tracking the journey of goods from farm to market, businesses can substantiate sustainability claims and build consumer trust. This is particularly relevant in Africa, where supply chain transparency remains a challenge in industries like cocoa, coffee, and textiles. For example:

- The Rainforest Alliance's certification program uses satellite data and blockchain technology to verify sustainable farming practices, ensuring that agricultural products meet ethical and environmental standards (Rainforest Alliance, 2023).
- IBM's Food Trust platform employs blockchain to track food products from source to shelf, enhancing traceability and reducing fraud in global supply chains (IBM, 2023).

African companies must balance transparency with accountability. By openly sharing progress and documenting claims, businesses can foster trust and ensure sustainable growth.

### The role of data in agriculture and urban development

Africa faces unique challenges in leveraging data for sustainability. While data scarcity persists in some areas, the continent is also leading in innovative uses of data to address societal and environmental challenges.

- **Agriculture:** Organizations like Precision Agriculture for Development help farmers make informed decisions using data, boosting productivity and sustainability. Digital platforms such as FarmDrive provide smallholder farmers with credit scores based on alternative data sources (Precision Agriculture for Development, 2022).
- **Urban Development:** Cities like Kigali use

Geographic Information System (GIS) data to design sustainable urban environments that prioritize both environmental and social well-being. Smart city initiatives are emerging across Africa, integrating data-driven approaches to optimize energy use, water management, and mobility (UN-Habitat, 2023).

### Avoiding the "Shiny Object" Trap

It's critical for African businesses to focus on relevant, actionable data rather than getting lost in complex metrics. For instance, financial institutions implementing sustainability frameworks should ensure that collected data directly ties to strategic goals—such as inclusive lending practices or environmental risk assessments—rather than reporting for the sake of compliance.

A report by KPMG (2023) found that 80% of businesses with sustainability strategies struggle with data alignment, highlighting the need for structured and meaningful reporting mechanisms.

### Building a Transparent and Sustainable Future

Businesses that embrace transparency and data-driven decision-making will stand out as sustainability leaders. If your organization is looking to refine its sustainability strategy, avoid greenwashing risks, or enhance transparency, we can help you navigate this complex landscape.

Reach out to discuss how your business can build trust, meet sustainability goals, and create lasting impact.

### References

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