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Unmasking Greenwashing:

Analysis of Corporate Communication Practices and Regulatory Framework

Master's thesis

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During the writing of the submitted thesis, I used the following AI tool Chat GPT and Grammarly for paraphrasing and language editing. After using this AI tool, I declare that I have reviewed and edited the text and I take full responsibility for the content of the submitted thesis.

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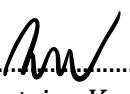

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Zásady pro vypracování

This thesis will delve into the growing concern of greenwashing, an increasingly pertinent issue in the context of measures required for securing an environmentally sustainable future. The author will examine the existing literature and legislation that defines greenwashing. Subsequently, the author will conduct a case study of a specific company analyzing its communication practices to determine the extent to which it engages in greenwashing. The findings will then be confronted with the current greenwashing legislation to assess its effectiveness and identify potential regulatory loopholes that may be exploited in the company's communication of green claims. This analysis will seek to contribute insights into the efficacy of current regulatory frameworks on a case study and unveil areas where legislative improvements may be warranted to combat greenwashing.

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Abstract

This research, using content analysis answered the question: “To what extent does the Group SEV.EN deploy greenwashing in its communication?“ It revealed that Czech energy company, Sev.en, prominently employs greenwashing in its communication strategies, evident across its website, ESG reports, and branding. The use of unrelated visual cues and vague claims suggests a deliberate effort to mislead the public regarding the company’s true environmental impact. Sev.en’s emphasis on social engagement diverts attention from its continued fossil energy production without decarbonisation plans. Their greenwashing aligns with broader definitions in the literature, including selective disclosure, decoupling, signalling, and legitimacy theory. Notably, Sev.en innovatively combines coal mining with a nature experience in their "Coal Safari." The greenwashing is motivated by both market and non-market drivers, Sev.en’s greenwashing is facilitated by insufficient regulatory frameworks.

Key words: Greenwashing, Energy sector, Corporate communication, Green marketing, Green Directive

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1 Introduction

As climate change and the warming of our planet become the omnipresent issue, the need for actionable steps is becomes more pressing. Unfortunately, some companies, rather than taking those steps, just present themselves as being environmentally friendly, a practice known as greenwashing. This misleading communication about environmental performance is particularly concerning in the fossil energy industry, a major contributor to CO2 emissions driving global warming. Therefore, scrutinising these corporations' actions to discern whether they represent meaningful steps towards sustainability or merely serve to deceive stakeholders is imperative.

In the Czech Republic, a significant portion of emissions arises from coal-generated energy, with Group Sev.en being a major player. This energy conglomerate is involved in lignite energy production and coal mining (7.cz n.d.). The company has been linked to numerous controversial environmental practices (Greenpeace CZ 2020). Therefore, it comes as a surprise that upon visiting the company's website, one is greeted with green colours and vibrant depictions of nature, juxtaposed with few hints on energy production. This discrepancy raises critical questions and forms the basis of this research, which aims to investigate the company's communication practices concerning greenwashing.

This study investigates Group Sev.en's corporate image by analysing the content of its website and ESG reports to find "To what extent does the Group SEV.EN deploy greenwashing in its communication?". The answer to the question content analysis used and the results are contextualised within the regulatory framework that influences the company's propensity to engage in greenwashing (Delmas and Burbano 2011, 6). The findings aim to enrich the existing body of literature on greenwashing by providing a detailed case study of a major actor in the Czech Republic's energy sector. The thesis first presents a literature review with a focus on greenwashing within the energy sector and subsequently proceeds with the analysis.

2 Literature Review

With the environment facing escalating challenges, there is a heightened public awareness regarding the environmental impact of corporations (De Freitas Netto et al., 2020). This awareness has led to a growing demand for transparency in environmental performance (De Freitas Netto et al., 2020). In response to consumer trends, companies have increasingly sought to communicate their environmentally positive activities to maintain or enhance their reputation (Santos, Coelho, and Marques, 2023). This communication became part of green advertising that is informing customers about the environmentally friendly features of their goods and services (Banerjee, Gulas, and Iyer 1995). However, this communication can result in overstating or misleading claims about their environmental efforts, in other words, in greenwashing (Santos, Coelho, and Marques, 2023).

Today, there is a growing body of literature addressing greenwashing that has grown significantly, especially in the last two decades, reflecting the increasing relevance of the topic in society (Santos, Coelho, and Marques, 2023).

Nonetheless, the concern of greenwashing can be traced much earlier in the broader context of Corporate Social Responsibility (CSR), which has been a subject of academic study for decades (Fieseler, Fleck, and Meckel 2010). CSR started to develop rapidly in the 1990s in reaction to the criticism of the negative externalities of big corporations. The companies have started to incorporate their performance in terms of social and environmental issues into their business schemes, along with their financial performance (Choi 2023). The growing importance of CSR was later translated into the concept of "environmental, social and governance (ESG), which was first coined in 2004 in the United Nations (UN) report Who Cares Wins (Kapil and Rawal 2023). The report advocated for incorporating ESG factors into business models, resulting in more sustainable and better-performing markets (Kapil and Rawal 2023).

The ESG performance became important in attracting investment. Consequently, the corporations begin to report both their CSR and ESG activities. The concept of ESG, together with CSR, highlighted not only the environmental aspects but also the social aspects that are often tied to greenwashing (De Freitas Netto, 2020). According to Lyon and Maxwell (2011), greenwashing is a consequence of companies presenting their real or unreal CSR activities to divert attention away from harmful behaviour that would be deemed unacceptable if fully disclosed (Vollero et al. 2016, 122). Furthermore, the literature has emphasised the detrimental impact of greenwashing not only on investor confidence but also on consumer trust. Investors are less inclined to support companies engaging in deceptive environmental practices (Santos, Coelho, and Marques 2023). Further underscoring the need for transparent and accountable corporate behaviour.

The positive reaction of corporations to the reporting demands was explained in the literature by Corporate Social Responsiveness, as outlined by Ackerman (1975). It is characterised by corporations attending to stakeholder demands, monitoring their impacts, and designing responsive plans and policies to the demands (Fieseler, Fleck, and Meckel 2010, 600).

Despite the momentousness of greenwashing, there is a lack of a fixed definition of the phenomenon in the literature (Nemes et al. 2022, 4). According to Lyon and Montgomery' literature review (2015), the lack of a fixed definition reflects the multi-faceted nature of the term (De Freitas Netto et al. 2020, 6), including both environmental and social aspects (Watson, 2016). To further understand the development of the term greenwashing, this literature review draws on systematic reviews by De Freitas Netto et al. (2020), Nemes et al. (2022). Santos, Coelho, and Marques (2023), which offer comprehensive insights into different definitions and understandings of greenwashing. Greenwashing has various definitions that are interlinked by shared concepts, unveiling several fundamental aspects of the concept and its manifestations (Nemes et al. 2022, 5). To complement the insights provided by academic systematic reviews, it is essential to acknowledge the contributions of non-governmental organisations (NGOs) in the discourse on greenwashing.

Many NGOs, such as Greenpeace, Planet Tracker, ClientEarth, actively research and document cases of greenwashing, shedding light on deceptive practices within various industries (Delmas and Burbano 2011, 6). For instance, Czech Greenpeace has conducted investigations into the behaviour of the Czech energy companies, such as lobbies for extending the limits of power plants and mines (Greenpeace CZ a) 2024),

Moreover, the topic gained traction beyond these circles, extending to the growing field of sustainable investment and legislative initiatives. The heightened awareness of greenwashing's adverse effects has prompted legislative action within the European Union (EU).

2.1 Definitions and Research of Greenwashing

The term greenwashing was initially coined by Jay Westervelt in 1986 in relation to the misleading presentation of the environmental action of a hotel resort (Watson, 2016). The hotel placed in rooms cards in green colours and a recycling symbol stating, "Save our planet: every day, millions of gallons of water are used to wash towels that have only been used once. You make the choice: a towel on the rack means you will use [it] again. A towel on the floor means, please replace. Thank you for helping us to conserve the earth's vital resources." (Tinne 2013). The hotel presented itself as actively protecting the environment, but at the same time, it expanded its buildings, bringing negative externalities to the surrounding beaches (Watson, 2016). This "green action" was rather about saving money for a water bill and improving its image than saving

the planet. This incident classifies as company-level greenwashing, it is a type when a company is promoting itself as environmentally conscious. The second type is product-level greenwashing, promoting environmental aspects of the goods or services (Delmas and Burbano 2011, 6), such as when LG miscertified its refrigerators with the eco-label "Energy Star" indicating energy efficiency, when in fact, it was discovered that the models did not meet the required energy efficiency standards (De Freitas Netto et al. 2020, 7). Essentially, as noted by CorpWatch (2001), greenwashing is brainwashing people into considering polluting mega-corporations as pivotal contributors to environmentally responsible development (Scanlan 2017, 5).

Greenwashing can be further categorised; according to De Freitas Netto et al. (2020), into three streams: selective disclosure, decoupling, signalling, and corporate legitimacy theory. Selective disclosure involves presenting environmentally beneficial actions while omitting negative impacts, thereby creating an exaggerated impression of environmental responsibility. Decoupling refers to a discrepancy between commitments to sustainability and actual actions, where companies fail to fulfil their promises. According to Siano et al. (2017, 27), it is typically an action to bring attention to the minimal efforts made by the company to fulfil stakeholder demands without any tangible achievements (De Freitas Netto et al. 2020, 6). The purpose of decoupling actions taken by greenwashing companies is to preserve their corporate legitimacy (De Freitas Netto et al. 2020, 6). The third stream, signalling and corporate legitimacy theory suggests that greenwashing arises from a pragmatic pursuit of legitimacy through positive environmental communication. It is motivated by the benefits associated with such legitimacy gained through greenwashing (De Freitas Netto et al. 2020, 6). Especially considering that consumers are increasingly willing to pay higher prices for products from environmentally responsible companies (De Freitas Netto et al., 2020, 1).

In addition, Santos, Coelho, and Marques (2023) identified two streams of greenwashing in the literature: claim greenwashing and executional greenwashing. Executional greenwashing involves using visual cues to create a perception of environmental friendliness that may not align with reality. Executional greenwashing is often used in advertisements that depict natural scenery, animals, and renewable energy sources (like wind or water) or colours, such as shades of green or blue (Parguel, Benoit-Moreau, and Russell 2015). The research confirms that customers are more inclined to believe that the company is greener when execution greenwashing is deployed (Parguel, Benoit-Moreau, and Russell 2015).

Claim greenwashing fabricates misleading environmental text to promote goods or services. In the European Union study, screening green claims on business websites found that 42% of the claims were misleading (European Commission e) 2021). In addition, it found that 59% of all the claims were not accompanied by readily available proof to substantiate the claim (European Commission e). 2021). Consequently, a trust issue has emerged among consumers, who struggle to discern genuine

environmental claims (De Freitas Netto et al. 2020). However, simultaneously, more than 70% of consumers express a desire for companies to give additional details regarding the environmental ramifications of their products (Vollero et al. 2016, 122). This situation can potentially create a situation wherein environmentally friendly companies might actually gain by halting their reporting on their environmental performance as the reporting rather creates distrust of the customers who a priori expect the reporting to be greenwashing (Vollero et al. 2016, 122).

Besides these definitions of greenwashing, there are definitions from the non- academic sector. Including definitions from two important environmental organisations, Greenpeace and TerraChoice (Bernini and La Rosa, 2023; Nemes et al. 2022, 5). Greenpeace UK defined greenwashing as "a PR tactic used to make a company or product appear environmentally friendly, without meaningfully reducing its environmental impact." (Greenpeace UK 2021). TerraChoice (2007) defined greenwashing as "act of misleading consumers regarding the environmental practices of a company or the environmental performance and positive communication about environmental performance". Both definitions, from TerraChoice and Greenpeace, included company and products covering both the company and product-level greenwashing. Simultaneously, it highlighted a relational component involving the customers and the products (Bernini and La Rosa, 2023). In fact, the relationship between the company and its clients is one of the drivers of greenwashing. This is reflected in the EU regulatory framework, which treats the issue of greenwashing through an act called "empowering consumers in the green transition", which is to protect the customers from the business deceptive practices influencing the consumers' purchase behaviour. ClientEarth defined greenwashing as "advertising and public messaging to appear more climate-friendly and environmentally sustainable than it really is. It's also a technique used by certain companies to distract consumers from the fact that their business model and activities actually do a lot of environmental harm and damage." (Willis et al. 2023, 2). The method of taking away attention can be both related to the selective disclosure as described by De Freitas Netto et al. (2020) and to the "greenlighting, a communication tactic aiming to divert attention from more environmentally harmful practices elsewhere within the company (Willis et al. 2023, 4).

TerraChoice, the environmental marketing agency, defined another typology of greenwashing that is more concretely focused on environmental claims. The TerraChoice'a typology was based on an analysis of thousands of green claims in the USA markets, which found that most were vague or misleading (TerraChoice 2007). The typology became known as "Six Sins of Greenwashing". The sins are: 1. Hidden Trade-Off, proposing a product as environmentally friendly solely based on a limited set of characteristics, without considering broader environmental concerns (TerraChoice 2007). This is in line with the selective disclosure stream. 2. No Proof

supporting the claim 3. Vagueness, using non-specific language 4. Irrelevance of the information. That is communicating environmental information that is insignificant or unhelpful for consumers seeking environmentally preferable products even though they are true. For example, information about chemical-free products, although specific chemicals are banned by law (Baum 2012, 431). 5. Fibbing, providing untruthful claims 6. Lesser of Two Evils (TerraChoice 2007). The sin of two lesser evils is when a product is presented positively due to its above-average performance within a category which, by default, is significantly harmful to the environment. For example, the promotion of an SUV using less gasoline compared to the other vehicles in this category that is already gasoline exaggerating (Baum 2012, 431). In 2009, the seventh sin was added," false labels" (Baum 2012, 430). That is a label that implies a third-party approval of the "eco-friendliness" of the product (Baum 2012, 431).

Additionally, in a content analysis by Scanlan (2017) on the framing of fracking by energy companies, he focused also on the company level. He identified along the seven sins other sins (Scanlan 2017, 2). He found the companies present themselves as trustworthy experts delivering scientific-like claims about the benefits they offer to the consumers relying on information asymmetry (Scanlan 2017, 9). Promoting faith in the science and innovations used by the companies, positions the company as an innovator in the sustainability field. And lastly, the company brands itself as an economic developer and job creator, ensuring energy independence and security, and environmental protection for the people (Scanlan 2017, 9). These categories relate to company-level greenwashing. Scanlan found that the energy companies, by greenwashing, altered the debate to present fracking as a safe method or at least create uncertainty about this method to ensure they can continue fracking, which, in fact, is environmentally harmful (Scanlan 2017, 15-16).

The research using the seven sins by Baum (2012) analysed adverts using so-called green marketing. A practice that connects, directly or indirectly, a good or service to the environment. Showcase the company's image as concerned for the environment (Banerjee, Gulas, and Iyer 1995). Baum carried out a content analysis of magazine ads in the USA and UK, finding that 75% of the analysed units were fulfilling at least one or more aspects of greenwashing. The ads were coded following a codebook based on the seven sins and research carried out by Carlson, Grove, and Kangun (1993) (Baum 2012, 430).

Carlson, Grove, and Kangun (1993) carried out the first content analyses of green marketing. It was twofold; firstly, it analysed the marketing claim based on whether it dealt with the environmental characteristics of the product, how it was made, whether it was connected to any environmental causes or activities, or whether it presented genuine environmental facts. Secondly, it evaluated the statements' deceptiveness on a scale vague/ ambiguous, omission, false/outright lie, a combination, and acceptable. This methodology was years later replicated in the research by Segev (2016). Segev

used all the Carlson, Grove, and Kangun's (1993) criteria but one. The category outright lie was excluded due to the high requirements on research to verify whether the claim is, in fact, a lie. Usually, it demanded a high level of expertise to identify an outright lie (Segev 2016, 89). This suggests that this type of claim could be coded as vague because the claims should be backed up with solid and easily accessible data in order to be credible and not considered an attempt to mislead the reader. Nonetheless, Segev mentioned that the previous research found that the majority of the claims are typically not outright lies (Segev 2016, 89). Therefore, Segev kept these 5 categories: "vague/ambiguous, omission, false/outright lie, combination, and acceptable" (Segev 2016, 89). In addition, 2 layers of analyses were added. Firstly, by including the target of the ad: "planet preservation, animal preservation, personal health, combination, target not specified". Secondly, by including the criteria covering the executional greenwashing. These were: "1. environmentally oriented colours (blue, green, white, brown, and beige), 2. the presence or absence of elements surrounding the advertised brand/product, and overall green look-and-feel. 3. The framing of the ad capturing "all green look-and-feel if it contains one or more of the following elements: (a) images of wildlife, vegetation, forests, natural landscapes, or children; (b) green colours and tones, and (c) symbols, logos, or graphics that signify an environmentally friendly orientation (e.g., organic, recycling, a green leaf)." (Segev 2016, 88). The study by Segev (2016) found that most claims were acceptable, suggesting the companies' higher awareness of misleading claims. Conversely, Carlson, Grove, and Kangun (1993) found that most the advertisements were misleading or vague. Similarly, other research suggests that greenwashing has a salient presence in the company's advertisement (Baum 2012; European Commission e) 2021; TerraChoice 2007; Carlson, Grove, and Kangun 1993; Scanlan 2017).

2.2 Greenwashing and Corporate Communication

Strategic corporate communication serves to promote corporate objectives and cultivate its favourable image. (García García, Carrillo-Durán, & Tato Jimenez 2017, 2) to ensure both the legitimacy of its business and profits (Cornelissen 2017). Therefore, greenwashing is intricately tied to corporate communication, where companies strategically convey messages to shape public perception. Analysing a company's corporate communication provides insight into its greenwashing practices. With the growing demands from the European Union and consumers for companies to inform about their sustainability, companies prioritise communicating their environmental efforts as part of their strategic goals (De Freitas Netto et al., 2020, 2; Vollero et al. 2016, 125). According to Planet Tracker, greenwashing tactics are evolving into more sophisticated strategies, likely driven by the involvement of highly skilled marketing and communications professionals within corporations. (Willis et al. 2023, 4). They employ a

well-planned and unified media strategy along with public education initiatives to cultivate their image (Scanlan 2017, 5). They use this image to both market their products and to sway debates surrounding the environmental impacts of these goods. (Scanlan 2017, 5). Such influence of the debate shifts the framing of the issues. Framing involves the strategic shaping of messages and beliefs to gain support or promote a specific understanding of an issue (Scanlan 2017,5). This technique has been widely utilised in environmental discussions to influence viewpoints on various topics such as climate change, development, disasters, energy (Scanlan 2017, 5). Plec and Pettenger (2012, 465) highlighted the potency of framing effects, especially when the audience lacks adequate information about the issue.

To achieve the goals of strategic corporate communication, the company deliberately presents a favourable image of itself, known as a corporate identity, to establish, sustain, and safeguard solid reputations among stakeholders (Cornelissen 2017). Companies build their reputation by putting communication of CSR activities, including environmental efforts, at the centre of their strategic communication (Vollero et al. 2016, 125). Bringing attention to their social effort diverts attention from their poor environmental performance, which is considered greenwashing (Vollero et al. 2016, 125). Having a good reputation also makes an organisation the "first choice" for stakeholders such as consumers, workers, investors, and others (Cornelissen 2017). A corporate image, when presented consistently, raises awareness and recognition and may encourage confidence among stakeholders since they will have a more complete view of the organisation (Cornelissen 2017). A corporate image includes three aspects: symbolic, such as logos; secondly, all communication, e.g. ads, events, and sponsorships; and thirdly, the behaviour of its employees toward outsiders (Cornelissen 2017). Building a positive corporate image of a responsible company may bring benefits to the company, even though it is achieved through deceptive communication (Delmas and Burbano 2011, 12). According to Laufer (2003, 255), distorting the corporate image to appear as a responsible company to the stakeholders is a vital aspect of greenwashing.

A corporate website is a tool for strategic communication with stakeholders (García García, Carrillo-Durán, & Tato Jimenez 2017, 1). It is used for communication of ESG or/and CSR performance (Fieseler, Fleck, and Meckel 2010, 601). The advantages of using a corporate website as a tool to communicate to the stakeholders are ration between low costs and big reachability, allowing it to be closer and in a direct connection with them (García García, Carrillo-Durán, & Tato Jimenez 2017 4; Fieseler, Fleck, and Meckel 2010, 601). Therefore, it is crucial to analyse it to understand the self-revelation of the firm. Yet, some might say that the websites have limited reachability compared to green advertising in the mass media. Because websites might be sought by already specific audiences interested in the company's information. Nonetheless, it may be those interested people, such as journalists and politicians, who then transmit

the information from the company further to the public (Fieseler, Fleck, and Meckel 2010). This idea is based on a communication model of the Two-Step Flow Theory coined by Katz and Lazarsfeld (1955) (Fieseler, Fleck, and Meckel 2010). The so-called "opinion leaders" spread the information further and influence public opinion (Fieseler, Fleck, and Meckel 2010).

In fact, research on media discourse on coal by (Lehotský et al. (2019) suggested that the Czech media covering coal companies play a key role in public opinion-making and political discussion about the use of coal. More concretely, the media discussed the environmental performance of the specific companies, including the group Sev.en (Lehotský et al. 2019). Even though this research did not focus on the original sources of the information in the media, it is possible that some of the information disseminated in the media, or the political discussions came from the company's online media outputs. According to Scanlan (2017, 5), the communication disseminated by the company helps to frame the discussion on various topics, including climate change and energy sourcing. Hence, building a positive corporate image may bring benefits to the company in the public space.

There are, according to the NGO Planet Tracker, six types of communication strategies in deploying greenwashing that were identified based on the research of various companies. The strategies became known as six shades of greenwashing (Willis et al., 2023). Firstly, it includes greenlighting, it is a communication that involves highlighting a minor environmentally friendly aspect of a company's operations or products through advertisements. This tactic aims to divert attention from more environmentally harmful practices elsewhere within the company (Willis et al. 2023, 4). Consequently, to further shift the attention from the company, it redirects the responsibility for the harm to the consumers, known as greenshifting (Willis et al. 2023, 4). The shift of responsibility from the polluters is a strategy to rationalise the lack of action or insufficient efforts regarding climate change, known as climate-delaying. It emphasises the potential adverse social impacts of climate policies and casts doubt on the feasibility of mitigation efforts (Lamb et al. 2020, 1). Some companies are greenhousing by intentionally downplaying or concealing their sustainability achievements to avoid investor scrutiny. By underreporting their sustainability credentials, they aim to capitalise on the perception of a strong sustainability performance without facing thorough investor examination. This strategy enables potential benefits from a valuation boost associated with being seen as environmentally friendly while avoiding accountability for their actual sustainability practices (Willis et al., 2023, 6). Another way to skew the reporting on sustainability performance is green rinsing, a frequent altering of companies' sustainability goals before they are accomplished (Willis et al. 2023, 6). The other shades of greenwashing include green crowding, a strategy to hide within the big group of companies where typically the majority does not implement meaningful sustainability. This means that in the sector that is not incentivised

to change, the progress of their environmental action is often constrained by the pace of the slowest member within the group (Willis et al., 2023, 6). Companies may even organise groups to lobby against environmental policies and use the power of a bigger crowd (Willis et al., 2023, 3). Lastly, Planet Tracker identified green labelling as a type of greenwashing which uses false labels for products or services (Willis et al., 2023, 5). This proposed communication strategy is linked to the seven sins mentioned above. The interconnection lies in the selective disclosure of the information and false labelling. On the contrary, it highlights new aspects of greenwashing, the responsibility shifting and frequent target shifting, which, in contrast to fibbing, allows the company to change its goals in such a way that it either does not have to be lying or creates confusion about its actual goals.

2.3 Drivers of Greenwashing

According to Delmas and Burbano (2011, 6), the companies' choice to engage in greenwashing is rooted in institutional theory, which underscores the significance of the regulatory framework. The regulation acts as an external institutional driver that affects an atmosphere of uncertainty regarding the consequences of greenwashing. The prevalence of greenwashing in advertising indicates that companies are quite assured they will not face legal consequences (Nemes et al. 2022, 2). Furthermore, the regulatory framework interacts with the drivers on organisational and individual levels, impacting a company's inclination to engage in greenwashing (Delmas and Burbano 2011, 6).

The organisational driver is derived from the governing structure of the company, e.i. control systems and incentive systems for the leadership. These factors tend to be more significant in environments where regulations are light, as companies lack the motivation to implement changes that could counteract the organisational behaviour to greenwash (Delmas and Burbano 2011, 5). The individual driver for greenwashing is derived from the cognitive tendencies of the management. It is characterised by narrow decision-making perspectives, exaggerated short-term discounting, and optimistic biases. This behaviour is more salient in situations of uncertainty and incomplete information, often as a consequence of the regulatory landscape (Delmas and Burbano 2011, 5). Some companies may organise into groups to lobby against environmental policies, leveraging the power of collective action to bend the regulatory framework (Willis et al., 2023, 3). This underscores the intersection between the regulatory environment and corporate behaviour.

Besides the aforementioned regulatory, organisational and individual drivers that are classified as non-market drivers, there are market-driven reasons for greenwashing stemming from financial gains (Delmas and Burbano 2011, 12). Notably,

consumers are showing a preference for eco-friendly products, with a majority (66%) indicating willingness to pay a premium for goods from environmentally conscious companies (De Freitas Netto et al., 2020). In the EU, 78% of consumers consider the anticipated environmental effects of household appliances either highly significant or moderately significant in influencing their purchase behaviour (European Commission e) 2021).

According to Horiuchi, Shuchard, Shea, & Townsend (2009, 9-10), greenwashing is motivated by the rising consumer expectations for environmentally friendly goods, growing sales of green products, governmental regulations and initiatives promoting environmental goals, and the absence of comprehensive regulations of environmental advertising. This suggests that the drivers of greenwashing are both affected by market and non-market factors that are interacting. The greater the perceived demand from consumers and investors for eco-friendly practices, the more likely the firms are to engage in greenwashing, if there are minimal legal consequences for doing so (Delmas and Burbano 2011, 12).

Reacting to the demands of the consumers by portraying the company as environmentally conscious may boost its corporate reputation and, consequently, its legitimacy. This is in line with the stream of literature that explains the motivation for greenwashing by the benefits associated with such legitimacy gained through greenwashing (De Freitas Netto et al. 2020, 6). In addition, an intersection between legitimacy and competition (market driver) can be identified. Delmas and Burbano (2011, 13) pointed out that some businesses may start to communicate green initiatives to avoid being left behind by competitors who have already embraced such measures and not to lose a legitimate position among the other businesses. A similar line is present in the green crowding coined by Planet Tracker, arguing that companies, due to the lack of regulation, develop misleading green policies so as not to stay behind their competitors.

It is apparent that greenwashing is motivated by both market and non-market drivers that apply across various sectors. Nonetheless, energy firms, more than other industrial sectors, are under increasing demand from customers and other stakeholders to provide sustainable products, such as green energy (Vollero et al. 2016, 127), increasing the pressure for positive environmental communication.

2.4 Greenwashing in the Energy Sector

The first study examining the greenwashing of energy companies was already mentioned. Scanlan (2017) described the self-made framing of the energy sector to ensure conditions for the continued production of energy by environmentally harmful

means. Vollero et all. (2016) analysed the corporate image of two energy companies, Enel and Eneco, distorted by greenwashing through the lens of CSR. It suggested that companies use communication of CSR to divert the scrutiny of the negative environmental impacts. By conducting interviews with the companies' managers, they found out how they perceive the risk of greenwashing in their CSR activities and how they communicate their CSR. Even though, this method brought a lot of limitations to what the managers disclose. The study rendered interesting results. Eneco's brand manager stated that, every marketing communication from Eneco incorporates an element of sustainability. However, they clarified that while campaigns promoting green energy aim to attract more customers, they are not intended to contribute directly to social causes (Vollero et al. 2016, 132). While Vollero et al. (2016) were not gathering proof of greenwashing of the company, this statement is indicative of how Eneco strategically integrates sustainability into its marketing communications to appeal to customers, yet it suggests a potential gap between its promotional efforts and direct social engagement, thereby implying greenwashing tendencies. This aligns with the profit-oriented motivation driving greenwashing practices in the market. Enel's CSR communication strategy includes support for nuclear energy. Part of this strategy is an initiative to educate stakeholders about nuclear power's potential for zero CO2 emissions energy production. (Vollero et al. 2016, 130) That can be considered controversial since there are other externalities from CO2 emissions, such as fuel waste. This can be seen as the sin of hidden trade-off, labelling nuclear energy as environmentally friendly based on a limited criterion, neglecting other significant environmental concerns. We can find similarity with Sev.en's communication when it labels biomass energy as green (Report 2022, 25).

But such greenwashing has a longer history. Westinghouse, a nuclear energy producer in the US, was an early practitioner. Facing opposition from the anti-nuclear movement in the 1960s, Westinghouse responded with a series of adverts touting the cleanliness and safety of nuclear power plants, featuring images of idyllic nuclear plants by lakes (Watson, 2016). While Westinghouse's nuclear plants did indeed generate significant electricity at a low cost with minimal air pollution compared to coal plants, the claim of safety was contentious. The ads appeared after nuclear accidents in Michigan and Idaho, raising doubts about the safety of nuclear energy. (Watson, 2016).

Baum (2012) pointed out that energy firms frequently employ concealed trade-offs to tout the economic and environmental benefits of exploring alternative energy sources while justifying their exploration of new oil extraction sites, masking the destruction (Baum 2012, 430). Similarly, Scanlan (2017) discovered that the oil and gas industry promoted fracking to alleviate public concerns by minimising risks and exaggerating its benefits through persuasive language. This approach lies in the concepts

of ecological modernisation that reshapes perceptions of risk and its consequences by presenting fracking in a manner that conceals the negative impacts of reliance on a fossil fuel-driven economy (Scanlan 2017, 1). Another example of such conduct was the campaign by BP that was scrutinised by Cherry and Sneirson (2010). BP launched a rebranding campaign to present itself as environmentally conscious. BP acknowledged several environmental concerns and expressed readiness not just to address them but also to initiate action. Employing the slogan "It's a Start," the ads highlighted BP's efforts to enhance operational efficiency and decrease overall carbon emissions in petroleum extraction (Cherry and Sneirson 2010, 1002). This image starkly contrasted with the grim realities of its environmental and safety track record (Cherry and Sneirson 2010, 985). BP was breaching safety procedures that in 2010 resulted in accident of the Deepwater Horizon oil rig spoiling the water and the eco-system of the Mexican Gulf (Cherry and Sneirson 2010, 988). Following a disaster, BP's prior safety lapses became public knowledge. However, these safety concerns have been largely overlooked over time, as BP had projected an image of itself as a leader in environmentalism. This role was heavily promoted through a $200 million advertising campaign (Cherry and Sneirson 2010, 999). This study gives a good idea of how greenwashing takes away attention from the serious risks. However, this manner of analysing greenwashing only unmasks it at the time of the real accident. And usually only this tragic event may lead to some legal sanctions, showing the effects of lacking regulatory framework in prevention. Another study by Cherry and Sneirson looked into Chevron battling a lawsuit with Ecuadorian communities due to billions of gallons of toxic waste left (Cherry and Sneirson 2012, 137). Despite the company's proclamations of caring for the communities where it conducts business, specifically regarding local health and welfare, its actions in Ecuador and legal stance contradicted these public declarations (Cherry and Sneirson 2010, 139). It was refusing their fault that they launched a media campaign to portray themselves as caretakers for the communities by investing in their development (Cherry and Sneirson 2010, 139).

Another case of greenlighting, including a lawsuit testing the regulatory framework, was the case of TotalEnergies in the EU. In 2021, Total started its rebranding campaign promoting its initiatives to tackle climate issues. It used the slogan '#MoreEnergiesLessEmissions' on Twitter. However, despite this rebranding, TotalEnergies expressed intentions to maintain oil production and enhance gas production, leading to controversy regarding its environmental credibility. As a result, the company faced legal challenges for allegedly breaching the European Unfair Consumer Practices Directive by providing misleading information about its environmental pledges[1]. Critics argue that TotalEnergies' plans to expand fossil fuel production contradict its ambitions for achieving net zero emissions (Willis et al. 2023, 4). Sev.en, since 2019 promoted its vision of being “energy of tomorrow” (Report 2019,2020,2021,2022) while

[1] The legal action results were not known at the time of writing this thesis.

acknowledging the importance of renewable energy (7.cz). However, since than it expanded its coal assets, nonetheless it was not legally challenged yet.

A notable legal dispute within the Czech Republic involved Greenpeace CZ and the Czech energy giant CEZ who used “Energy of tomorrow” as a slogan in its ad. The lawsuit centred around a mock-up video created by Greenpeace, which criticised CEZ's advertising as greenwashing. Greenpeace recreated CEZ's original advertisement, prompting CEZ to accuse Greenpeace of misusing their video. Greenpeace accused CEZ of greenwashing due to its ad spot that used visual ques, the slogan “Energy of tomorrow”, presenting itself as a responsible company shifting to renewable energy sources and at the same time lobbying for lock-in of its coal power plants (Greenpeace CZ 2023). After years of legal battles, Greenpeace won the case. The Constitutional Court also considered whether the company was publicly known and if the underlying idea behind the satirical expression had a factual basis. The court noted that CEZ, being active in the energy sector inherently linked to significant environmental impacts, should tolerate criticism. The court noted that the advertisement raised broader environmental protection issues, particularly relevant given the changing climate and its societal repercussions, according to the court's statement (ČT24 2024).

Likewise, Greenpeace CZ pointed out a greenwashing case in Sev.en’s communication. It was promoting “modernisation” of its coal power plant Počerady as ecological precaution, while this modernisation did not aim to improve environmental performance but solely increase the production capacity. Simultaneously, the power plant demanded an exemption for overpassing the legal safety limits for CO2 and mercury emissions. This is despite the fact that the power plant is already the largest air polluter in Czechia (Hrábek, 2021).

Furthermore, the company lobbied for postponing the phase-out of coal in Czechia and for exceeding the mining limits (Patočka 2021). This practice of claiming environmental action while lobbying for change of policies is an example of company-level greenwashing (De Freitas Netto et al., 2020, 7). Similar, case of a power generating company, General Electric, was unmasked when it campaigned its environmental performance and simultaneously lobbied against new regulations for clean air (De Freitas Netto et al., 2020, 7).

Other cases of greenwashing by energy companies were disclosed by prominent international NGOs, such as Client Earth. It runs a project, Greenwashing Files, that is assembling “profiles” of major energy companies scrutinising the company’s plans to decrease its emissions, investments in renewable energy, communication and controversies surrounding the company. The profile offers a contextualised corporate image of the company (ClientEarth 2021). Nonetheless, the profiles rather gather

information without a strict methodology for unmasking greenwashing. The value of these profiles is having a comprehensive overview of factual information about the company, which often are hard to find and scattered across places, which aids the greenwashing. The project does not include Group Sev.en constituting a contribution of this thesis.

Another comprehensive overview was done by Carbon Tracker, which offers an overview of decarbonisation policies focused on the Paris Agreement alignment of companies and countries. The value is in the research done on the policies that can either support or dispute the green claims of the companies. Greentracker highlighted that CEZ's road to net zero by 2040 does not completely align with the objectives outlined in the Paris Agreement (Carbon Tracker a) 2022). Similarly, the Czech number two, Group Sev.en, is not included as it gets much less international attention. But according to Hnutí Duha, Czech branch of Friends of the Earth, the biggest coal power plant of the Group Sev.en does not align with the goals of the Paris agreement (Hnutí DUHA a) 2019). And consequently, the coal business of the company goes against the road to decarbonisation of energy production. Following the NGO discourse on the focus on the CO2 emissions, when the company is not decreasing the emissions appropriately to respect the 1.5 target. They are labelled as greenwashing. This points out to the discrepancy of the academic research into greenwashing which is adhering more to specific definitions compared to many NGOs that in their reports do not operationalise the term but rather focus on specific environmental actions. This even more highlights the multifaceted nature of the term.

3 EU LEGISLATION ON GREENWASHING

The EU has enacted several laws to address the issue of greenwashing. The Czech Republic, as a member of the EU, must implement them. Currently, the various laws are at different stages of the legislative process. Some laws are already in force and awaiting implementation in member countries, while others are in effect, e.g., implemented by member countries.

The legislative acts can be categorised into two streams: directives directly addressing greenwashing by regulating green claims and directives indirectly targeting greenwashing through the reporting of environmental activities and performance data. Directives focusing on greenwashing directly predominantly deal with the communication of sustainability from businesses to consumers. In contrast, legislation indirectly addressing greenwashing, reporting for market participants to assess potential business financing, primarily concentrates on the business-to-business sector. Nonetheless, consumers may also peruse sustainability reports published by companies.

3.1 EU DEFINITION OF GREENWASHING

Currently, there is no legally binding definition of greenwashing in the European Union. However, there are various working definitions. In 2020, the Commission described greenwashing as "information that is not true or presented in a confusing or misleading way to give the inaccurate impression that a product or enterprise is more environmentally sound." (European Commission h) 2020). In 2021, the EU report on greenwashing described it as the "practice by which companies claim they are doing more for the environment than they actually are." (European Commission, 2021). The European Commission's explanatory memorandum for the green claims directive defined greenwashing as the "practice of making unclear or not well-substantiated environmental claims" (European Commission, 2023).

The latest development in greenwashing definition by the EU is the "high-level common understanding" of greenwashing shared by the European Supervisory Authorities consisting of European Banking Authority (EBA), European Securities and Markets Authority (ESMA) and European Insurance and Occupational Pensions Authority (EIOPA). This definition characterises greenwashing as ***"a practice where sustainability-related statements, declarations, actions, or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product, or financial services. This practice may be misleading to consumers, investors, or other market participants.".*** This definition by including the

"underlying sustainability profile" brings more room for possible interpretation of environmental claims in the broader context of the company's business, rather than a narrow evaluation of the individual claims. Taking similar direction as the NGOs that unmask greenwashing based on the profiles of the companies. But, while having bigger scope, it brings more complexity into legal disputes over possible greenwashing.

3.2 DEFINITION OF ENVIRONMENTAL CLAIM

In February 2024, the EU adopted a definition of environmental claims, so-called green claims. The definition is part of directive *"on empowering consumers for the green transition through better protection against unfair practices and better information*" amending the original Directives on unfair commercial practices 2005/29/EC.

- The article 2 defines an **environmental claim** as: *" environmental claim' means any message or representation which is not mandatory under Union law or national law, including text, pictorial, graphic or symbolic representation, in any form, including labels, brand names, company names or product names, in the context of a commercial communication, and which states or implies that a product , product category, brand or trader has a positive or no impact on the environment or is less damaging to the environment than other products , brands or traders, respectively, or has improved their impact over time.".*
- The **generic environmental claim** is defined as: *"an environmental claim, not contained in a sustainability label, where the specification of the claim is not provided in clear and prominent terms on the same medium."* ([COM(2022) 143final]).

Both of those definitions lack more detailed guidelines for what constitutes a valid or substantiated claim and sufficient specification or clarity. This ambiguity could lead to misleading or vague claims that consumers cannot easily evaluate. Consequently, the definitions are covering only the environmental aspects of greenwashing without considering the social aspect.

3.3 Legislation Directly Addressing Greenwashing

The legislation that is currently in effect includes Directives 2005/29/EC and 2011/83/EU on unfair commercial practices (COM(2022)0143 – C9-0128/2022 – 2022/0092(COD)). However, a ground-breaking directive titled *"Empowering consumers for the green transition through better protection against unfair practices and better information"* was adopted in February 2024. This directive amends existing Directives 2005/29/EC on unfair commercial practices and 2011/83/EU on consumer rights

(COM(2022)0143 – C9-0128/2022 – 2022/0092(COD)). With the approval of The EU Council, member states have 24 months to implement the directive, and it is expected to be in effect by 2026.

Under this directive, carbon offsetting is regulated, preventing companies from labelling themselves as carbon neutral when depending on offsetting their carbon footprint. Additionally, companies cannot present themselves as sustainable if only a small fraction of their production has changed towards sustainability. The directive also prohibits the development of new ecolabeling schemes, requiring a review procedure for current labels. This mandates that schemes include a third-party verification component for legitimacy. The "national competent authority," designated by each member state, will enforce ecolabel standards. This authority could be an existing watchdog, regulator, or a newly established institution. Importantly, the directive does not set up monetary sanctions for breaches of the legislation (COM(2022)0143 – C9-0128/2022 – 2022/0092(COD)). This directive brings meaningful repercussions against greenwashing but does not impose monetary penalties for breaches, which weakens the enforcement mechanism.

This directive aligns with the proposal on the substantiation and communication of explicit environmental claims, known as the Green Claims Directive, voted on by the Parliament in March 2023 (COM(2023)0166). The Green Claims Directive, not in effect yet, complements and specifies the directive on empowering consumers in the green transition. It ensures customers receive trustworthy, comparable, and verifiable environmental information about products. The directive includes new regulations on the governance of environmental labelling schemes, ensuring they are sound, transparent, and dependable. Specific standards are set for how businesses must validate their environmental claims and labels, requiring verification by an independent, recognised validator. The directive addresses claims that are optional commitments made by companies to customers, providing examples such as "Company's environmental footprint reduced by 20% since 2015." The new directive regulates the use of words like "green," "eco," and "nature-friendly" if not substantiated by proven environmental metrics (COM(2023)0166). However, there is not clear guidelines of how those metrics are obtained. Still leaving room for potential loopholes, allowing companies to continue practices that do not align with genuine climate mitigation efforts (Carbon Gap 2023).

3.4 Legislation Indirectly addressing greenwashing

Within the current legislative landscape, there is several measures indirectly combatting greenwashing, including the EU taxonomy and The European Sustainability Reporting Standards (ESRS).

The EU taxonomy came into force in July 2020. It provides a framework for the classification of activities that are considered environmentally sustainable. The taxonomy provides unified criteria for declaring what is sustainable activity and what is not (Kern 2022). This addresses greenwashing by ensuring companies align their sustainability claims with the taxonomy in their reporting. The Taxonomy comes with a list of specific environmentally sustainable activities drafted by the Commission (European Commission a) n.d.). The taxonomy includes a crucial overarching principle, "Do No Significant Harm" (DNSH), and requiring activities to align with objectives: “climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems” (2020/852/EU).

The taxonomy has implications for the energy sector. Firstly, this suggests that inherently polluting lignite-based business is not aligned with the aforementioned. At the same time, it claims that activities without feasible low-carbon alternatives can contribute to climate change mitigation if they align with a 1.5°C temperature increase limit. But these activities must exhibit optimal emission levels, do not impede low-carbon alternatives, and avoid carbon-intensive asset lock-in (2020/852/EU). Therefore, extending the capacities of coal power plants and breaching emission limits, as in the case of Sev.en (Greenpeace CZ 2020), goes against principles.

The taxonomy relating to the energy sector is further developed in the Climate Delegated. Nuclear and gas-generated power is considered sustainable. The gas, even though emitting CO2, has, according to the European Joint Research Centre (JRC), a key role in the transition. Nuclear power emits very low CO2 emissions but comes with nuclear waste. According to the commission, the nuclear waste management under the current EU regulation is a respecting DNSH. Therefore, using nuclear energy is a suitable means for the EU transition (European Commission c) n.d.). The Czech Republic lobbied for the classification of both energy sources as "green" in The Taxonomy (Leca 2022). The commission further included ethanol and biomass (Nemes et al. 2022, 2). Biomass is a controversial source of energy as it engages in harmful forestry management (Bannon 2021). Currently, the EU also has directives regulating eco-labels for various products, but none of these directives currently cover the energy sector. (European Commission d). n.d.).

The Taxonomy serves as guidance for the company’s reporting. The European Sustainability Reporting Standards (ESRS) indirectly addresses greenwashing by making sustainability reports publicly available to systematically inform about companies’ sustainability performance. The goal of these standards is to make the information transparent, consistent, and comparable among the companies. Currently, the reports

are regulated by the Non-financial Reporting Directive (NFDR) used until 2024 and from 2025 by the Corporate Sustainability Reporting Directive (CSRD). The information reported in NFRD/CSRD is then used by the market participants, such as (asset managers, insurance companies, pension funds, and financial advisors) to disclose information about the ESG performance of their investments reported based on SFDR (2019/2088).

The CSRD constitutes the ESRS and requires more social and environmental data that businesses are to disclose. The requirement to report on sustainability will apply to large companies and listed small and medium-sized enterprises aiming to ensure stakeholders and investors have access to data needed to assess the impact of businesses on people, the environment, and the associated financial risks and opportunities tied to climate change and other sustainability-related concerns. The enterprises will be publishing the report for the first time in 2025, disclosing data for the fiscal year 2024 (European Commission b) n.d.). Businesses that are required to report under the CSRD must use the European Sustainability Reporting Standards (ESRS) (European Commission b) n.d.). The ESRS provides companies with concrete guidance on how to write reports, including all three pillars of ESG so that the data provided are standardised and can be compared with other companies. The crucial change that CSDR brings is the requirement for auditing the reports by an independent certifier (European Council 2022). Until now, the auditing of ESG reports was voluntary.

Empirical part

4 Method

4.1 Research Questions

To guide the research about Sev.en's communication practices, I pose main research question: To what extent does the Group Sev. endeploy greenwashing in its communication? This main query is guided by several subsidiary research questions:

- What type of greenwashing Group SEV.EN commits?
- How is Group SEV.EN's corporate image portrayed?
- What sustainability reporting the Group SEV.EN publish on its website?
- How is the communication related to the regulatory framework?

To answer the main research question, a two-folded strategy is adopted. Firstly, contextualising the Group Sev.en provides an overview of the company, including general information and notable cases such as pollution incidents, legal disputes, and lobbying efforts to delay the phasing out of coal. This approach mirrors that of Cherry and Sneirson (2010) and NGOs' reports on greenwashing and corporate malpractices, who juxtaposed corporate presentations with controversies and legal entanglements to obtain a nuanced understanding.

Secondly, to complement this contextual backdrop, a content analysis of the company's communication is conducted. Content analysis emerges as the preferred method due to its efficacy in scrutinising greenwashing practices in corporate communication as used by Banerjee, Gulas, and Iyer (1995); Baum (2012); Carlson, Grove, and Kangun (1993); Scanlan (2017); Segev (2016). The ensuing discussion contextualises the findings within the regulatory framework as proposed by Delmas and Burbano (2011).

4.1.1 Content Analysis

Content analysis is a "research technique for an objective, systematic and quantitative description of the manifest content of communication." (Berelson 1952, 18). This is the classic definition of the method. The method should be objective and systematic, adhering to clearly defined rules and procedures content (Lewis, Zamith, and Hermida 2013, 35-36). It examines content on the basis of predetermined features based on the literature review (Riffe et al., 2005, 92).

This method is characterised by a high degree of structuring and, therefore, also by its subsequent simple verifiability. Its advantage is the possibility of expressing its results in values and tables. (Lewis, Zamith, and Hermida 2013, 39). The analysis focuses only on obvious content, i.e. what is explicitly expressed. However, this can lead

to the omission of an essential part of the message. According to Holsti (1969, 14), "content analysis is any technique for making inferences by objectively and systematically identifying specified characteristics of messages." (Riffe et al., 2005, 92). Holsti (1969) argues that latent meaning analysis is reserved for the interpretative stage, not the initial coding process (Riffe et al., 2005, 38). This is why the results of the analysis are interpreted along the profile of Sev.en, to understand the meaning of the quantitative results.

The content analysis follows these steps: defining the research topic and research questions, choosing a sample, assembling coding categories, and coding; reliability check; and lastly, the coded data are analysed. (Lewis, Zamith, and Hermida 2013, 36).

4.1.2 Unit of Analysis

The source of units of analysis chosen for this research encompasses both the corporate website www.7.cz/cz and the published ESG reports. The company has published so far 5 reports for the years 2018, 2019, 2020, 2021, and 2022 from its inception in 2017. The source is the Czech version of the website because firstly, using the Czech version of the website due to the concentration on the main country of operation of the company. Secondly, the Czech version has additional information compared to the English one. In addition, the given website includes a "news" section with short articles about CSR activities, press releases, etc., of which 99 articles were analysed, published from 24 November 2020 to 15 April 2024.

In light of Group Sev. en's lack of an advertising campaign, focusing on the website content and reports aligns with the company's current communication landscape. This approach ensures that relevant data are collected efficiently and effectively while still providing valuable insights into the company's communication efforts. The units of analysis are textual paragraphs and pictures.

The main website of the group, the website also includes various external links which were not included in the analysis. Due to the scope of this research and limits of using just one coder.

The website and the reports are not included in the appendix of this work as they cannot be distributed due to copyright restrictions. However, they are publicly available on the company's website.

4.1.3 Codebook

The codebook was made based on a synthesis of the literature review that presented various aspects of greenwashing that were applied in the previous research. The codebook captures those aspects to understand how the company engages in greenwashing. Firstly, the codebook draws on codebooks from Baum (2012) and Segev (2016). Their codebooks have an intersection in multiple instances. Therefore, I merged the overlapping categories. The hidden trade-offs and omissions both consider the omission of information that puts in context the performance of the product/company. Consequently, categories vagnuess and vague/ambiguous entail the same criterion. The difference is that Baum (2012) included concrete codes for no proof, false labels, lesser of two evils, and irrelevance of information. Additionally, Segev (2016) included the category of acceptable, denoting substantiated claims. Baum (2012) included the category of fibbing. Nonetheless, Segev (2016) excluded such a criterion due to the challenge of proving such claims without extensive research dedicated to the individual claims. My codebook, along with Segev's acknowledgement, excluded this criterion.

Segev's coding had additional codes that were also included in my codebook. First, the specific targets of the claim, those intersect with Scanlan's (2017) code, which included the identification of social aspects, particularly "environmental protection for the people." But while Scanlan linked this protection directly to societal benefits, Segev just looked for the presence of these aspects without a direct link to the benefit to the society, namely "planet preservation, animal preservation and personal health". Therefore, my codebook retains both directions to offer deeper insights on whether the company attempts to directly highlight the social benefits. Furthermore, Segev's focused on product characteristics and executional greenwashing.

Additionally, a social claim code was added to capture the social aspect of greenwashing. This category includes promoting economic development, energy security, job creation, good employer, responsible company, CSR activities, and expertise self-presentation to discern the social dimension's salience. To get a comprehensive look at the information on the website, the third category, governance, was added to provide insight into the third pillar of sustainability.

Reflecting the new EU legislation on green claims, I added the category "Misleading Environmental Language," encompassing terms like nature-friendly that must also be coded as no proof or acceptable to see whether these terms are used properly.

Additionally, the criteria for the company and product level of the claim and green shifting were added. Greenshifting is a communication strategy that can be spotted by a coder already in the coding stage compared to the rest of the shades of green, which are typically identified at the interpretation stage of the analysis.

Lastly, for the reports, additional codes were added based on the Pokorná (2023) research dedicated to the reporting of energy firms. It evaluates whether the important information is in reporting. Importantly, the codebook does not evaluate reports based on various reporting standards but prioritises the detection of greenwashing, which is the aim of this thesis.

This comprehensive codebook ensures a systematic approach to analysing greenwashing content, incorporating diverse perspectives and robust criteria for thorough evaluation.

The codebook is in the appendix.

4.1.4 Organisation

The website and the reports were saved as PDF files and coded in the software Atlas.ti.

4.1.5 Reliability

Due to my limited resources of this research, I coded all the units alone. To test the reliability, 10% of the codes were recoded again to test the reliability. With recoding one dispute occurred regarding code “equipment /power plants” whether to code it as related or unrelated. After deliberation, I decided to recode all 11 cases as related. With that the interceding disagreement was resolved.

5 Group Sev.en profile

Group Sev.en Energy is a Czech energy company with significant operations both domestically and internationally. Established in 2017, its origins trace back to 2013 when the owner, Czech billionaire, Pavel Tykač entered the energy market by acquiring the Chvaletice power plant. Since then, Sev.en Energy has expanded to become the second largest energy provider in Czechia (7.cz n.d.) and one of the world's largest coal investors (Riordan and Macdonald 2024). The company's assets in the Czech Republic include the Chvaletice and Počerady power plants, the Kladno and Zlín heating plants, and the ČSA and Vršany lignite mines. Internationally, Sev.en Energy has expanded into the UK and Australia with gas and coal power plants in 2019 and into the USA with coal mines in 2020 (7.cz n.d.).

Sev.en's business model revolves around capitalising on fossil fuel assets that other companies have abandoned due to their contribution to global warming (Riordan and Macdonald 2024). For instance, Sev.en acquired Počerady in 2020 from ČEZ, which sought to sell it to lower its CO2 emissions (Hnutí DUHA 2019). While many European energy companies are transitioning away from coal, Sev.en Energy is pursuing the opposite strategy: acquiring coal assets and operating them for as long as possible (Greenpeace CZ d 2024).

Despite its claims of honouring a commitment to nature on its green-themed website, Sev.en Energy's emissions have steadily increased. In 2022, its emissions reached 11,840 tons of CO2 equivalent (CO2-eq), nearly three times higher than in 2018 except for a slight decline in 2020 attributed to the COVID-19 pandemic (Report 2022, 47). Over the past five years, the efficiency of Sev.en's overall production has remained unchanged, indicating no meaningful operational improvements. Although the company emphasises efforts to reduce emissions through technological innovations, the overall emissions have risen, mainly due to the acquisition of Počerady, which has high emissions. By focusing on emission intensity rather than absolute numbers, Sev.en engages in greenwashing (Ketan 2021).

In 2022, only 6% of Sev.en's total output of 11,662 GWh was labelled as green energy. However, this so-called green energy was produced by co-burning biomass and coal (2022 report, 25). While EU taxonomy currently considers biomass a sustainable fuel, its specificities can make it a controversial source of green energy, especially if co-burned with coal. The company's website states, "The future of energy is undoubtedly in clean energy." Nevertheless, as late as September 2022, Sev.en announced plans to install solar panels with a capacity of only 130 GWh per year, representing just 1% of its total output, indicating no significant transition to low-emission energy.

Sev.en underscores the necessity of fossil fuels for a safe transition. However, the EU taxonomy does not consider coal a transition source, so this connection made by Sev.en is problematic. Sev.en claims that the coal is needed due to Czechia's current insufficient capacity for 100% non-emission energy. However, the company does not specify a timeframe for transitioning to low-carbon energy and it intends to continue coal mining and power generation activities until legally prohibited (7.cz), positioning itself as crucial for energy security. The Czech government's decision to phase out coal by 2038 (Government of the Czech Republic 2021) still allows 14 more years of coal operations. In addition, the Czech energy policy has a scenario accounting for 23 366 GWh of energy generated from coal until 2035. Sev.en's website cites this governmental scenario, giving legitimacy to its intention to continue the operations (7.cz). Nonetheless, relating its plans to Czechia's plan for decarbonisation of power generation is troublesome as currently it is not aligned with the Paris Agreement 1.5 target (Carbon Tracker b) 2023). This strategy of turning the use of coal into a security question mirrors the approach described by Scanlan (2017), where the industry reshapes perceptions of risk and consequences by presenting fossil fuel reliance in a positive manner.

Sev.en has been involved in several controversies and legal actions related to its environmental impact and operational practices. Notably, to the Počerady power plant, acquired in 2020, that is Czechia's most inefficient and polluting energy source (Greenpeace CZ b 2024). The firm requested a mercury emissions exemption of three times the limit to keep running, despite having previously promised to install mercury filters but failing to do so (Hnutí DUHA 2021). Regardless of this, the exemption was granted again. Sev.en justified this by ensuring energy security. But experts from Czech environmental NGOs, Greenpeace, Hnutí DUHA, and Frank Bold, argue that shutting down Počerady would not compromise Czech energy security, as it primarily reduces electricity exports (Greenpeace CZ b 2024). In 2021, Czechia exported 26 TWh of electricity and over 30 TWh in 2022, while Sev.en produced only 11 TWh and 13 TWh in those years, respectively. The annual electricity exports are twice the output of Sev.en's plants (Moravanský 2023). The government's plan to close Počerady by 2033 allows for many more years of pollution (Greenpeace CZ b, c 2024).

Another lignite power plant, Chvaletice, is the 5th most inefficient of Czech coal power plants, with 939 gCO2/kWh (Greenpeace CZ 2020). In 2020, Sev.en sought to prolong Chvaletice's operational life and applied for exemptions from air pollution regulations to avoid investing in advanced clean technologies required by European laws. Although a court cancelled these exemptions in June 2022, Sev.en continued to breach limits due to regulatory inaction (Frank Bold 2023). Recently, the exemptions were reinstated, allowing them to exceed mercury and NO_x limits (iDNES 2024).

Sev.en claims substantial investments in "ecologising," yet these are merely to comply with EU emission standards (Greenpeace CZ 2020). This greenwashing

attempt misleads the public into believing meaningful impact reductions occur when they simply meet legal requirements. Sev.en's coal fleet is excessively carbon-intensive, and even among lignite generators, their plants produce 20-25% more CO2 emissions per kWh than more modern counterparts (Greenpeace CZ 2020). Lignite burning is inherently unsustainable, generating 15% more CO2 per kWh than hard coal and almost twice as much as natural gas (Dębiec & Kędzierski 2021).

Se.ven's lignite is mined by open-pit methods, significantly altering the landscape and polluting the air (Dębiec & Kędzierski 2021). The Vršany mine, under its current permit, will be operated shortly after 2050. Showing Sev.en's plans not to halt operations before then (7.cz n.d.).

Image

Sev.en's website"About Us" section outlines their operations, which include mining high-quality lignite and generating electricity and heat, while acknowledging that clean energy is the future. They envision a gradual shift from traditional to renewable sources, aiming to act as a bridge ensuring a reliable energy supply during this transition (7.cz) The "About Us" section plays a crucial role in conveying a firm's strategic message by transmitting its corporate identity (García García, Carrillo-Durán, & Tato Jimenez, 2017, 6), underpinned by their green logo evoking eco-friendliness.

The green logo dates back to Mr. Tykač's business acquisition of Severní energetická in 2013. When he acquired Severní energetická in 2013 from previous owners, he conducted extensive rebranding in green colours. This rebranding aimed to present a more positive perspective on a brand in the mining and power generation industry, which often has a negative image. The new green branding was intended to highlight that coal mining and the energy sector do not necessarily entail environmentally unfriendly practices. The colour green represents the company's commitment to environmental awareness and responsibility for the environment (EnviWeb 2013). This green branding is present throughout all its communications, including the website, reports, and buildings.

The today's name of Group Sev.en was born from abbreviating the name of the previous company, Severní energetická (North Energy). By bolting the first letters of 'Sev' and 'En' in 2013 the number seven, which is culturally associated with magic and good fortune This number was incorporated into their logo as a symbol of positivity and optimism (EnviWeb 2013).

The shift to green branding, coupled with statements about commitment to sustainability, was a clear move to only give the impression of an environmentally friendly business, as the nature of its business, built on the lignite industry, was unchanged. To

further distance the group from its coal image, in January 2022, the group's entity, Coal Services, was renamed Sev.en Inntech (Report 2021). However, it continues to predominantly focus on coal (7.cz). In 2024, Sev.en created a new investment company separated from the coal business to attract capital from funds adhering to sustainable financing based on the Taxonomy, which prevents financing fossil businesses (Kubátová 2024). Given the aforementioned context of the Group and its environmental performance, this rebranding clearly shows a case of executional greenwashing on a company level.

In 2023, Sev.en ran a branding campaign to promote its role as a major Czech energy producer (Médiář 2023). This effort also involved an emphasis on energy security. The campaign included a short advertisement that aired for two months, underscoring Sev.en's significant presence in the Czech energy market. It aimed to convey three key messages: "Sev.en is the second-largest electricity producer in Czechia, it powers homes and cities for over a million Czech families, and it generates more than a quarter of the country's electricity" (Médiář 2023). The communication manager of Sev.en stated: "We are a strong and modern Czech energy group that produces reliable, stable, and safe electricity and heat for the Czech Republic using conventional methods from Czech raw materials. [..] We strive to deliver this information to the people." (Médiář 2023). This campaign reinforced the image of coal-generated energy as a guarantee of national security, especially relevant after the "energy crises" due to sanctions against Russia.

In addition, Sev.en curates its corporate image by engaging in various CSR activities, including supporting sports clubs, children's lunch meals, and women in difficult life situations (7.cz n.d.). Further, there are more blended activities on the borderline between social and environmental initiatives, such as providing free charging stations for electric bikes in the regions where they operate. The bikes are coloured green, underpinning the idea of electromobility as a sustainable transport and, therefore, giving the impression of environmental action (7.cz n.d.; 74b.cz). However, Sev.en does not disclose the source of energy for these charging stations. A closer examination of the charging stations reveals, for example, an absence of solar panels that could charge it. This selective disclosure about the benefits of electromobility suggests that this project is likely powered by lignite-generated energy.

On top of that, Sev.en is planting trees and reclaiming former mining areas, bringing benefits to people and the environment as presented on its websites and reports. However, there is a lack of detailed and sourced information explaining the environmental benefits of these projects. Mass tree planting, often used for off-setting emissions, is connected to controversies, such as bringing monocultures and undesired results (West et al. 2023). Even though Sev.en is not presenting it for off-setting purposes; more information would be needed to evaluate the benefits of such action. In

addition, the reclamation of post-mining areas is a legal requirement in the Czech Republic. Therefore, presenting these activities as environmental action could be classified as the greenwashing sin of irrelevance. However, in one case, the reclamation efforts clearly go beyond the legal requirements, turning it into a CSR activity.

The "Coal Safari," which has been running for 10 years, offers visits to both reclaimed nature after coal mining and to the open-pit mine ČSA, showcasing mining equipment (uhelnesafari.cz n.d.). This cleverly merges the experience of coal mining with a pleasant nature experience. The unique curation of this visit aims to blend public perception of nature and coal mining into a single, positive experience, a novel way to greenwash the public. Additionally, the project for future reclamation of ČSA is named “Green Mine” (greenmine.cz n.d.).

Interestingly, in March 2024, Sev.en announced that it would not hold any excursions to power plants, mines, or reclaimed nature areas this summer season due to "the challenging situation regarding the future of Czech energy" (7.cz a) 2024). This could indicate tension within the company’s management and concerns about public support. This might explain the emphasis on energy security and the campaign in 2023 in their communications. Tykač himself has publicly mentioned the threat of blackouts multiple times (Moravanský 2023). The behaviour of management is another pillar of the corporate image. In fact, the behaviour of all employees towards the public represents the company, but due to the limits of this research, only some controversies related to the management is presented here.

The controversial management action is tied to the reclamation mandated by law, which must be financed from the company’s revenue and deposited in a special bank account. However, Sev.en did not deposit this money and, on the contrary, requested 1.2 billion CZK from the EU Just Transition Fund to finance the reclamation. So, Sev.en is shifting the cost of its environmental externalities to the public (Hnutí Duha 2022; Reportéři ČT 2022). And not only that, it even plans to profit from the public money by installing solar panels and other facilities for their economic activities in the reclaimed area (Hnutí Duha 2022; Reportéři ČT 2022; greenmine.cz). Essentially, the company intends to fund its legally mandated environmental actions with public money while portraying itself as committed to nature. This approach indicates not only a sin of irrelevance but also an unfair business practice.

In addition, Sev.en generates significant revenue in the Czech Republic and pays certain taxes there. However, due to the often–changing governance structure of the company, this Czech-based company is not paying all the taxes in Czechia. The official headquarters of Sev.en is in Liechtenstein, which owns its Czech subsidiary companies through Cyprian shells, benefiting from tax optimisation (Greenpeace CZ 2020; Patočka 2023). While the company presents itself as an important actor in economic

development in the area, it profits from public money and tax evasion and causes environmental damage.

While the owner, Pavel Tykač has increased his fortune, the company is currently at lost (Klimecká 2024). According to Carbon Tracker, currently, 60% of the country's coal capacity is unprofitable, and this figure is projected to rise to 91% by 2030 (Carbon Tracker b) 2023). But Tykač is seeking government subsidies to sustain his coal operations. He used the threat of possible closure of the power plants as leverage to secure public funding. He has informed the ministries that it would lead to potential energy shortfall and job losses (Klimecká 2024; Deník N 2024).

Furthermore, the company has ties to politics that are leveraged for lobbying for maintain and expand its coal operations despite the increasing environmental regulations and commitments to reduce carbon emissions (Patočka 2021). This influence over politics was reinforced by securing lucrative contracts to supply electricity to key Czech governmental institutions. From January 2024, part of the electricity for railways is sourced from Sev.en's plants. Railways are generally considered eco-friendly, but this is undermined by using electricity from coal plants. Other critical facilities powered by Sev.en include several ministries and the military. This deal increases the company's influence and could pressure the government to provide subsidies to keep coal plants running despite their environmental impact. The power plants operate due to lenient and controversial emission exemptions, which pressures authorities to accommodate to them. This conflicts with the country's goal to phase out coal by 2033 (Moravanský 2023). This strategy appears to secure a future position for Sev.en's coal business, but it seriously undermining its publicly communicated commitment to sustainability on its website. This disconnect between public statements and actual practices is further highlighted by its actions to undermine NGOs and activists, bringing light their harmful way.

In 2019, Sev.en was involved in an affair called "Greenpiss", a Facebook page that shamed environmental activists and the idea of renewable energy. While it appeared to be a private initiative, it was discovered that it was ran and financed by a PR agency that worked for Sev.en. This was the same company that created Sev.en's green branding in 2013 (Truchlá and Biben 2019; Greenpeace CZ b) 2020).

From 2019, Sev.en was leading a legal battle with a small non-profit group, NoLog, which pointed out the externalities of Sev.en's activities on public health on its website since 2019. Sev.en sued the group for harming their business interests and reputation, and after years of court battles, Sev.en won (iROZHLAS 2023).

5.1 Content Analysis Results

The communication comprised of text with a prominent occurrence of visual cues alongside overall green branding.

There were 133 visual cues, almost equally divided between related (68) and unrelated (65) categories. The cues were coded based on their relevance to the topics discussed. For instance, nature imagery was considered related if it appeared in sections dedicated to nature, such as about reclamation; children were coded as related if they featured in CSR activities involving children. However, if we consider that a coal business is inherently unrelated to those then the number of related visuals drops to 23 showing equipment and 15 showcasing workers where related to the topic discussed. In 11 cases, workers were depicted as not related to the topic discussed. In 2 cues there were both workers and equipment.

There were 11 worth-noting cases involving equipment or power plants. Even within the code for equipment/power plants, questions arose about whether the picture was related or not. The overall impression was "green," often focusing on the surrounding nature with a small portion of equipment, such as an electricity pylon in a meadow or a bird's-eye view of a power plant showing the nature around it. This issue led to intercoder disputes. After deliberation, I decided to recode all 11 cases as related. Because, firstly, based on my codebook, the overall green feel did not exclude the code "related." Secondly, the judgment of what is related in terms of the picture's focus ratio is subjective. Therefore, I opted to consider depictions of power plants and equipment as related. This case highlights the complexity of detecting greenwashing using a set of fixed rules. Nonetheless, these cases demonstrate the company's tendency to showcase its infrastructure in natural settings.

Overall, from all the visuals the most appearing code was colour (87), followed by green feel (77). Not all visuals that included nature colour had the overall green feel, in some cases, there was only a hint of the colour or post-edit added the colour. Furthermore, the visuals included animals (11), and children (14) in CSR. There were pictures of children completely unrelated in the report, CSR (14) graphics (11), and nature (64). The visuals of nature were related only 23 times to the topic described to the topic discussed. Especially in the reports the depiction of unrelated nature was used as intersperse between pages. There were 26 visuals of workers compared to 12 people, hose who could not be clearly identified as employees.

Table 1: Relatedness of the visual cues to the topic

	related	unrelated	total
animal	9	2	11
children	3	11	14
colour	40	47	87
CSR	5	9	14
graphics	4	7	11
green feel	31	46	77
nature	23	41	64
people	7	5	12
workers	15	11	26
equipment/power plant	23	0	23

* One visual may include multiple visual themes. The relatedness reflects the overall link to the topics discussed.

Table 2: Relatedness of the visual cues across website and reports

	related	unrelated	total
ESG reports	28	56	83
Website	40	9	45
Total	68	65	133

There were 108 claims. Only 31 were deemed acceptable, the rest were categorised as type of greenwashing, with zero falling under the lesser of two evils. Sev.en frequently used buzz phrases like "sustainability is in our DNA" and "we think ecologically," but without concrete explanations or actions.

Table 3: Frequency of claims

	frequency
acceptable	31
hidden trade-offs	12
irrelevance	14
lack of proof	18
lesser of two evils	0
vagueness	31
false label	2
total	108

There were only two occurrences of the false label in report (2019, 83; 2020, 77). The paragraph claimed: "We ensure that all of the Group's products are certified, tested and meet our strict quality requirements." Then it discussed a "certification" of quality assurance of the quality of the lignite, offering information on "combustion characteristics, as well as ash, sulphur, hydrogen and water content.", which could inform about its environmental performance. Nonetheless, the link attached lead only to the general website. There are no specific details on the certification standards they meet and the issuing authority. Additionally, the paragraph mentioned that some by-products are certified by the Technical and Testing Institute of Civil Engineering Prague s.p., leaving uncertain which by-products are tested by this institution. Further, it mentioned:" Energy by-products include materials that are produced from coal-fired heating and power plants, and result from operational activities including emission reductions, dust separation and flue gas desulphurisation.", leaving the reader confused about the activities carried out for emission reductions. The disjointed structure further complicates understanding of the certification process and scope, resulting in a code of "false label".

It is worth noting that an acceptable environmental claim was associated with a label in one instance. This involved organically grown food harvested from reclaimed areas. (7.cz a) 2023).

In terms of the use of misleading environmental language the frequency was not salient.

Table 4: Use of misleading language

	no proof	irrelevance	vagueness	hidden trade-off	acceptable	total
eco	2	3	1	0	1	7
green	0	0	0	1	0	1
nature-friendly	0	0	0	0	0	0
Total	2	3	1	1	1	8

Among the units of analysis, 226 mentions of social topics were identified, with 40 instances of co-occurrence of environmental and social topics. Sev.en emphasised its role social responsibility.

Table 5: Social topics frequency

	frequency
CSR	86
energy security	44
good employer	19
innovative/scientific/experties	20
job creation	10
economic development	17
environmental protection for people	2
responsible company	28
total	226

The code "Governance" was detected (5) in the website.

Sev.en also emphasised the security and reliability of the energy supply captured in the code energy security (44). While coding, I noticed not only energy security emphasis but also negative framing of the coal phase-out. Therefore, I created a new code and observe whether it reappears. In total, the negative framing appeared 6 times. Example of negative framing from a press release 2023: "It is important to remember the importance of lignite for the heating industry that is in short-term irreplaceable. […] There is a real risk of a lack of electricity, as the production capacity of coal-fired power plants cannot be replaced in a matter of coming years." (7.cz. 2023). Contrary the code "energy security" was used in the cases when coal was framed positively ensuring the security: "The modernised Počerady power plant will be a key stability element that will enable the Czech Republic to gain the necessary time for a safe transition to

alternative energy solutions, […].” (Report 2021, 27). Another code added was “Czech/national sources of energy”, which further highlighted the security aspect.

Table 6: Security topic frequency

	frequency
energy security	44
negative framing	6
Czech fuel source	4

The category target of the claim proved to be of limited utility for analysis due to its lack of explicitness in many cases. Frequently, the targets were implicit and involved underlying content that was not included in this analysis. This made it challenging to identify the target. Despite Segev's (2016) addition of target categories in comparison to Carlson, Grove, and Kangun (1993) and Baum (2012), this modification did not enhance the analysis in my case.

Table 7: Claim target frequency

	frequency
animal preservation	6
greenshifting	0
planet preservation	17
environmental protection for the public	2
total	25

The communication on the environment included various mentions about reclamation. Coding those sections showed to be challenging. The company’s promotion of reclamation efforts often obscures the fact that these activities are legally mandated. For example, they highlight extensive reclamation work at the ČSA mine, emphasizing the transformation of the landscape into agricultural, forest, and hydric areas and the creation of biotopes for protected species, giving more precise information about the types of reclamation they do. However, it is only briefly mentioned that these activities are required under the Mining Act. It is difficult to discern what is done within the

mandate of law and what extra activities would be carried out such as services for the locals etc. The company does not communicate that clearly. Even among the authorities is not agreement. (Reportéři ČT 2022). I decided to code the reclamation as irrelevant because as an act on its own it is mandated by law.

In general, there was an emphasis on company-level promotion, reinforcing its positive branding of their power plants and its reputation as a good employer. Specifically, the company level was mentioned 125 times, but implicitly, company promotion was present throughout the communication, which is not surprising as websites are the main tools for self-presentation. Only 5 claims were related to the product level.

Reports

The table 8 shows the included information in reports across the years. Only emissions within scope 1 have been reported. Across the year, there was not a dedicated section to accidents, including the lack of occurrence.

Some indicators were partially reported across all years. This means that there was not a dedicated section explaining this matter in depth, but the topics were mentioned, suggesting a mixed level of transparency in these areas.

In social reporting, information was consistently reported, highlighting the company's social profiling.

Additionally, the shift from reporting in Czech to English raises a question of the information's availability to various stakeholders due to language barriers.

Overall, none report was audited. Only the emissions from 2018 to 2020 were audited by a third party.

Table 8: ESG reporting information

	2018	2019	2020	2021	2022
environmental reporting					
air management	1	1	1	0	1
CO2, GHG report	1	1	1	1	1
scope 1	1	1	1	1	1
scope 2, scope 3	0	0	0	0	0
environmental events /accidents section	0	0	0	0	0
waste management	1	1	1	1	1
water management	1	1	1	1	1
governance reporting					
corruption	1	1	1	1	1
fair competition, unfair business practices	partialy	partialy	partialy	partialy	partialy
human rights protection	partialy	partialy	partialy	partialy	partialy
social reporting					
sponsorhips	1	1	1	1	1
employee education	1	1	1	1	1
occupational health and safety	1	1	1	1	1
turnover rate	1	1	1	1	1
union relations and negotiations	partialy	partialy	partialy	partialy	partialy
Other information					
number of pages	83	83	153	77	76
audited	emmisions only	emmisions only	emmisions only	Not at all	Not at all
declared direct emissions CO2 eq in tonnes	4 360 766	5 851,070	4 250 279	9 800 732	11 840 142
language	Czech	Czech	English	English	English

6 Discussion

This part answers the research questions discusses the findings.

Sub-question 1: What type of greenwashing Group SEV.EN commits?

Sev.en Energy engages in various types of greenwashing, prominently through executional greenwashing and misleading claims. The company frequently uses nature imagery, children, and animals, which are unrelated to its core operations, to create a misleading perception of environmental and social responsibility. The extensive use of visual cues, especially those unrelated to their actual business, highlights a deliberate effort to project a "green" image. Nearly half of visuals were irrelevant to the discussed topics. This reliance on visual elements to convey environmental responsibility without substantial backing is evident in Sev.en Energy's communication strategies. The use visuals is consistent with Baum's (2012) findings that the energy industry relies more heavily on images to link their company to green causes, reinforcing public support.

Sev.en also engages in claim greenwashing through text, attempting to deliver a positive image of itself. Out of 106 claims, 75 fell under the category of greenwashing. In terms of classification, Sev.en communicated hidden trade-offs that fall under selective disclosure, as defined by De Freitas Netto et al. (2020). This involves highlighting positive environmental actions while omitting negative impacts. For example, Sev.en Energy's portrayal of coal plant modernisation or biomass co-burning as a major green initiative while downplaying the adverse effects of coal investments fits this pattern. The trend in selective disclosure mirrors TotalEnergies' promotion of emission decrease while expanding fossil fuel production, akin to Sev.en's claims of "ecolosing" its power plants while increasing coal assets.

Sev.en's greenwashing practices can be further analysed through the Seven Sins of Greenwashing; it committed all of them except for the "lesser of two evils," which involves presenting a product positively due to its above-average performance within a category that is inherently harmful to the environment. However, even this sin could be considered applicable by some. An example could be presenting modernised coal plants as a green solution within an inherently harmful industry. The claims about these adjustments were not coded as "lesser of two evils" because they fell under "irrelevant" claims, as these power plant adjustments were mandated by law. This practice is connected to the asymmetry of knowledge between the readers and the company, where the company presents information relying on the public's unawareness of

the law. This reliance on knowledge asymmetry in the energy sector aligns with Scanlan's findings (2017).

In terms of fibbing, it was not included in the coding, similar to Segev (2016), as verifying possible lies is beyond the scope of this research. However, it is worth noting that, as pointed out in the chapter about the profile of the Group, cases of breaching environmental limits were discovered despite the company's claims of adhering to the law, which indicates possible lying. Consequently, this indicates the untransparency of Sev.en's communication regarding this matter. This is akin to BP's case, where only after proven breaches following the Deepwater Horizon incident, the greenwashing of BP's campaign promoting its environmental responsibility was highlighted (Cherry and Sneirson 2010, 988).

Sev.en also engages in signalling and corporate legitimacy theory, which involves companies pursuing greenwashing to gain legitimacy. Sev.en's green communication efforts, despite ongoing investments in coal, suggets the motivation to appear environmentally friendly and gain associated benefits, this was manifested by mentions about CSR., While Sev.en heavily emphasising its responsibility towards society while undermining civil society in courts and through defamatory campaigns. This mirrors BP's pattern (Cherry and Sneirson 2012).

According to Fieseler, Fleck, and Meckel (2010, 601), commitment to CSR can help lessen conflicts with NGOs, enhance a company's reputation. Sev.en uses its role as a strategic energy provider to both the government and a significant share of the public as a tool to ensure operational legitimacy and ease regulations. The reliance on the energy supply from Sev.en is framed by Sev.en as a matter of national energy security to deter actions against its business. This aligns with Scanlan's findings (2017), where the fracking industry promoted this method as a safeguard of domestic energy security and independence. Similarly, Sev.en emphasises the Czech origin of its coal, suggesting Czechia's energy independence. Additionally, energy companies often frame their activities to continue environmentally harmful energy production by downplaying risks and promoting supposed benefits. This strategy is similar to earlier examples of greenwashing by the fracking industry and by the forerunner of greenwashing, the Westinghouse (Watson 2016).

Sev.en also uses vague language in its environmental communications to cover the gap between its sustainability promises and its actual actions. This gap, known as decoupling, is another stream of greenwashing. Sev.en Energy's marketing emphasises on future-oriented renewable energy projects while continuing significant coal operations, demonstrating this discrepancy. This falls under greenlighting, as defined by Carbon Tracker (Willis et al., 2023, 4). This mirrors Cherry's observation (2012, 151),

pointing out that Chevron was making minor investments in renewable energy compared to its income. This suggests an effort to divert attention from the negative impacts of their core operations. This gap is evident as Sev.en positively portrays its environmental performance while overall emissions are increasing. As pointed out by NGOs such as Greenpeace and ClientEarth, this constitutes greenwashing. Furthermore, Sev.en has not presented any pathway to align with the goals of the Paris Agreement. Additionally, most of their environmental actions are linked to social engagement, such as local land management and species protection, rather than transitioning away from coal. This strategy diverts attention from their continued fossil fuel activities and portrays them as environmentally responsible.

Overall, Sev.en Energy's actions mainly fall into company-level greenwashing. It does not attempt to sell "sustainable energy", likely due to the lack of renewable energy in their portfolio. Instead, they steer attention to the power plants and their environmental improvements or their ability to provide a stable energy supply. Highlighting its tendency to engage in company-level greenwashing.

Sev.en's practices align with broader definitions and categories of greenwashing outlined by the literature review. These encompass selective disclosure, decoupling, signalling, and both execution and claim to greenwash.

Sub-question 2: How is Sev.en's corporate image portrayed?

Based on the content analysis and the profile of Sev.en, the company portrayed itself as an environmentally and socially responsible, emphasising its economic and security role in Czechia. However, this image is heavily contradicted by their significant investments in high-emission coal assets and the superficial nature of their "green" initiatives.

Besides the textual visual cues to curate its image, the company underwent rebranding to create the impression of being environmentally friendly, despite the unchanged nature of its core business. Sev.en changed its name from Severní energetická in 2013 to distance itself from the previous company. This was repeated in 2022 when its subsidiary, Coal Services, was renamed Sev.en Inntech. Furthermore, the company adopted green branding colours and a logo featuring the number 7, a symbol of positivity and optimism (EnviWeb 2013). This mirrors BP's change of name from British Oil to BP and the adoption of a green logo. Among other examples is Aramco, Saudi oil company that has a green-blue logo. Similarly, in 2018, Norwegian Equinor changed its name and rebranded, claiming this rebranding symbolised its shift from focusing solely on oil and gas to becoming a more diversified energy provider. (ClientEarth b, n.d.).

This rebranding trend within the energy sector aims to improve public image and serve as a landmark to leave behind the legacy of harmful, unsustainable business practices. This was also showcased by campaigns like BP's "It's a Start" campaign (Cherry and Sneirson 2010, 1002) and TotalEnergies' '#MoreEnergiesLessEmissions' (Willis et al. 2023, 4).

Sub-question 3: What sustainability reporting the Group SEV.EN publish on its website?

Sev.en published on its website ESG reports that aim to present the company as environmentally and socially responsible. These reports utilise visual cues and green branding to merge the company's image with environmental friendliness. Moreover, the reports blend environmental performance with discussions on energy security. This strategy aligns with broader trends in the energy sector, where companies use sustainability reports as public relations tools, often obscuring the true environmental impact and methodology (Zieliński and Adamska 2022, 6).

The reports included vague language mixed with irrelevant and acceptable claims. Sev.en's reports are characterised by a narrative style that often lacked tangible facts and verifiable data. This makes it challenging to assess the truthfulness of their claims, potentially serving as an attempt to greenwash through selective disclosure and visual rhetoric. Overall, this undermines the credibility of the reports, coupled with the fact that they are not audited. It creates distrust of the customers who then can a priori expect the reporting to be greenwashing (Vollero et al. 2016, 122). In addition, the publishing in either Czech or English creates harder accessibility of the data for broader audience. Which goes against the spirit of transparency enshrined in the governance pillar of ESG.

Sub-question 4: How is the communication related to the regulatory framework?

The absence of a legally binding definition of greenwashing benefits companies like Sev.en, making it challenging to address these practices legally. This lack of definition allows for greenwashing with less fear of repercussions, even though it is partly covered by the Unfair Consumer Practices Directive. This may explain why Sev.en avoids outright lies, instead using vague and irrelevant information. However, the new Green Claims Directive, covering misleading communication and visuals, could alter Sev.en's future greenwashing practices.

Despite these advancements, guidelines on executional greenwashing remain imprecise. For instance, it is unclear whether green branding would be considered a

breach of the directive. Does the green branding imply a company is “less damaging to the environment” as defined by the directive? This ambiguity raises questions about whether fossil energy companies should use green logos. For instance, a parallel could be made to the branding ban on cigarette packaging, making them less attractive due to their harmful health impacts.

The green claims directive primarily targets environmental aspects, while Sev.en also employs social greenwashing in its text and visuals. The EU’s "high-level common understanding" of greenwashing introduces a broader scope for interpreting environmental claims, aiming to reflect a company’s entire sustainability profile, which could impact Sev.en's communication strategy.

Further, from 2025, ESG reports will require auditing, enhancing their credibility but not entirely preventing their use as PR tool for self-promotion. The demand for substantiated claims and clarity per green directives remains still subjective, as it is not clearly defined, influenced by varying public awareness. Consequently, Sev.en might continue leveraging knowledge asymmetry to promote irrelevant environmental actions.

Sev.en’s strategic presentation of their activities, such as co-burning biomass with coal and labelling it as green energy and coal as a transition fuel, is not aligned with the EU Taxonomy. While the Taxonomy is a guiding tool for reporting and sustainable investment, it would be interesting in the future if Sev.en’s communication can be legally challenged based on this. Furthermore, its approach to the Taxonomy is reflected in the attempt to attract more capital from taxonomy–aligned investors by creating a new company in 2024 detached coal business. Rather than transitioning towards genuinely sustainable practices, Sev.en often rebrands or creates new divisions, maintaining its core fossil fuel business. This tactic aligns with its history of frequent governance changes.

In the context of Czech regulations, Sev.en’s greenwashing is facilitated by exemptions from environmental limits, allowing less scrutiny and lenient reporting on adherence to environmental laws.

Sev.en's communication tactics illustrate the challenges of effectively regulating greenwashing. While EU legislation is evolving to offer better consumer and investor protection, the lack of binding definitions, robust enforcement, and specific guidelines leaves room for Sev.en to exploit these gaps.

Main R.Q.: To what extent does the Group SEV.EN deploy greenwashing in its communication?

Sev.en prominently employs greenwashing in its communication. This tactic is evident across its website, ESG reports, and branding, using both visual and textual elements to present an image of environmental and social responsibility. The salient use of unrelated visual cues and vague claims suggests a deliberate effort to mislead the public about the company's true environmental impact. This aligns with broader trends in the energy sector (Baum 2012). Also, a novel way to greenwash was identified by merging the experience of coal mining with a pleasant nature experience in the Coal Safari.

Overall, Sev.en's profile suggests that the high deployment of greenwashing is motivated by economic gains, influenced by the company's institutional setting, particularly the perspectives of top management, as outlined by Delmas and Burbano (2011). Pavel Tykač, the owner, has publicly emphasised the importance of maintaining the coal industry to ensure a "safe transition" to sustainable energy, reflecting the company's commitment to its coal-centric business model. Further, Sev.en might be motivated to deploy greenwashing in its reports to avoid being left behind by competitors such as ČEZ, the biggest energy provider, who won prize for its complex ESG data reporting (EnviWeb 2023; Delmas and Burbano 2011).

Research on Se.ven and its communication practices shows that greenwashing is deployed to undermine the genuine transition to green. To mitigate this multifaceted phenomenon, both legislation and market drivers must push for change. Raising consumer awareness is essential to discern misleading claims and ask corporations for meaningful actions.

Conclusion

This research found that Sev.en use greenwashing saliently in its communication. It is deployed across its website, ESG reports, and branding, using both visual and textual elements to present an image of environmental and social responsibility. The salient use of unrelated visual cues and vague claims suggests a deliberate effort to mislead the public about the company's true environmental impact. Sev.en communicates a lot of its social engagement to divert the attention from its intention to continue to produce fossil energy without plans to decarbonise. Sev.en's greenwashing communication practices align with broader definitions and categories of greenwashing outlined by the literature review, notably selective disclosure, decoupling, signalling and legitimacy theory (De Freitas Netto et al. 2020). With a novel way to greenwash by merging the experience of coal mining with a pleasant nature experience in the Coal Safari.

Overall, Sev.en's profile suggests that the high deployment of greenwashing is motivated by both market and non-market drivers. Notably, the insufficient regulatory environment aids greenwashing. Although the new EU regulations, such as the Green Claim Directive and ESRS, seek to address these issues, currently, policy gaps still remain that might continue greenwashing practice.

In summary, Sev.en's communication tactics illustrated the challenges in effectively regulating greenwashing, which is a broader trend in the energy sector (Baum 2012). This emphasises the need for greater scrutiny and regulatory oversight to fulfil the goals of the EU's Green Deal for genuine green transition and align with the Paris Agreement target and.

Limitations and Future Research

The research utilised quantitative content analysis, analysing content. Future research could employ qualitative analysis, researching the latent content of the communication. This approach would be particularly valuable for Sev.en's podcasts. Additionally, studies could focus on Sev.en's social media profiles, which were excluded due to the scope.

With new legislation coming into effect, a comparative study could investigate the impacts of these directives.

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Appendix A Code book

code name
product level
company level
environmental
executional: animal
executional: children
executional: colour
executional: combination
executional: CSR
executional: graphics
executional: green feel
executional: nature
executional: people
executional: related
executional: unrelated
executional: workers
executional: equipment/power plant
product level: activity
product level: characteristics
product level: production
product level: product level
claim target: animal preservation
claim target: greenshifting
claim target: planet preservation
claim target: personal health
governance
claim: acceptable
claim: hidden trade-offs
claim: irrelevance
claim: lack of proof
claim: lesser of two evils
claim: vagueness
false labels
misleading environmental language: eco
social: CSR
social: energy security
social: environmental protection for the people
social: good employer
social: innovative/scientific/experties
social: job creation
social: economic development
social: responsible company
Czech fuel sources
Negative framing of coal phase-out

misleading environmental language: green
misleading environmental language: nature-friendly
social: CSR
social: energy security
social: environmental protection for the people
social: good employer
social: innovative/scientific/experties
social: job creation
social: economic development
social: responsible company
Czech fuel sources
Negative framing of coal phase-out