

# Major energy companies conceal 47% of biodiversity damage, according to research

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A study by the UPV/EHU's Research Group on Circular Economy, Business Performance and Achievement of Sustainable Development Goals reveals that energy companies conceal 47% of the damage

wrought on biodiversity as a result of their activity. The study is [published](#) in the *Journal of Behavioral and Experimental Finance*.

A total of 47 events relating to 30 major [energy companies](#) in the Euro area (cases of deforestation, electrocution of birds, [habitat destruction](#), etc.) were analyzed, and 22 of them did not even get a mention in their sustainability reports.

"European directives oblige large companies to publish documents relating to the environment and biodiversity, but the information that has to be included in them is not fully specified. Each company decides which aspect to cover. So they act freely and soften their image," said the author of the study. Indeed, energy companies were found to disclose, with clarity, only 23% of the events that threaten biodiversity.

However, some events are also communicated in a vague way. In 30% of the adverse impacts analyzed across 14 cases, the companies were found to have resorted to strategies to neutralize their responsibility.

According to Blanco, the most commonly used technique is to emphasize good aspects and positive actions, "For example, palm oil trees are planted by some companies in [tropical areas](#) to produce biofuels, and this destroys the local ecosystems. However, in their sustainability reports they divert attention towards softening the issue.

"They emphasize that they have planted numerous trees in other areas. And that does not make up for the deforestation caused by the company as a result of palm oil trees, among other things, because the plantations are located far from the damaged sites."

On other occasions, energy companies argue that it is unclear who is responsible for the destruction. Or else they blame other actors directly. The suppliers, for example.

## Transparency according to event type

The UPV/EHU research also showed that transparency varies according to event type. The negative events that energy companies explain more accurately are the electrocuting of birds and those affecting indigenous communities.

"In the latter cases, it is clear that it is more difficult to be non-transparent when humans are involved. People, unlike nature, speak, protest and engage in confrontation. Such events have to be communicated," explained Blanco.

In the case of birds, when they are killed by the power lines, there are also fines. And, what is more, it is easy to account for them. That is why companies tend to report on these deaths accurately.

According to the researcher, the same does not apply regarding more complex issues. For example, when ecosystems are destroyed and transformed. "Continuing with the bird issue, for example, if a wind farm has been built on the migratory corridor of a species, they do not communicate it clearly. As the effects are deeper and more difficult to measure, they tend to conceal these events."

To reach these conclusions, a piece of research based on counter-accounting was conducted. In other words, the sustainability reports of the energy companies were not reviewed directly. Firstly, external sources (Google News, X social media, counter-information websites, etc.) were scanned for incidents that have led to biodiversity loss, and the official documents of the institutions involved were subsequently checked.

So the UPV-EHU group has made a methodological contribution to this field. "Counter-accounting is used in matters relating to corruption and

society. In the case of biodiversity, however, it is more recent and is very useful. In fact, companies tend to conceal information in official reports," admitted Blanco.

"It is true that our research has limitations because it is qualitative and because the perspective of us researchers comes into play, but to measure transparency it is essential to look at information that is not under the control of companies, and we have been as objective as is humanly possible."

**More information:** Goizeder Blanco-Zaitegi et al, Impression management of biodiversity reporting in the energy and utilities sectors: An assessment of transparency in the disclosure of negative events, *Journal of Behavioral and Experimental Finance* (2024). [DOI: 10.1016/j.jbef.2024.100942](https://doi.org/10.1016/j.jbef.2024.100942)

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