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Mitigating the risk of ESG reporting fraud

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Many of you are familiar with the term greenwashing. But since not all environmental, social, and governance (ESG) matters involve green initiatives, I'd like to focus this month's column on the broader issue of ESG reporting fraud.

In my investigative days, I did a fair amount of work on cases involving financial or nonfinancial reporting fraud. Interestingly, the factors that increase the risk of fraudulent ESG reporting are no different than those I saw dozens of times investigating accounting fraud and other types of reporting fraud.