

Green fraud - crime's new frontier

LONDON, UK: A new frontier for fraud and market abuse has opened up as the scale of sustainable business activity and 'green' projects grows while the controls and systems that protect them remain relatively weak, says a PwC report.



Programmes such as the EU Trading Scheme (which covers approximately 11 000 installations across Europe, or half of the EU's greenhouse gas emissions - worth nearly US\$120 billion - about R840 billion) are now of such a size that they are attracting the serious attention of professional criminals.

Jonathan Holmes of PwC forensic services, said: "We are seeing a surge in frauds with a green element. Often this is down to a lack of a mature information security policies and controls."

Massive losses

The seriousness of such threats was recently demonstrated by the closure of national carbon registries across the EU after a phishing scam and cyber attack led to a €45 million (about R435 million) theft from several companies. Several are yet to re-open.

Jonathan Grant of PwC's sustainability and climate change (S&CC) practice, said: "Fraudsters are using the latest techniques to attack weak points in the system, but these are essentially old frauds applied to new markets."

Weak information security measures are a classic entry point for many of these, and concerns about phishing scams (online exercises in illicit information gathering) are creeping up boardroom agendas elsewhere. PwC recently conducted a fake phishing test for a multinational client which caught over 5% of the tested population. Over 2000 employees clicked through to a fake internet page. The same team has conducted tests where over 20% of the tested group have been caught out.

Companies need to take the threat far more seriously

The PwC report, *How to assess your green fraud risks*, provides an overview of current and emerging frauds in carbon markets, emissions trading, the project based markets and voluntary markets. It covers bribery, phishing, cyber-attacks and

also the dangers for companies when reporting on their own green credentials.

Jonathan Holmes of PwC forensic services, said: "Companies need to apply the same diligence to their sustainable business activities as they do to their core financial reporting and controls."

[Download the Green Report.](#)

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